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# St. Clair County Employees' Retirement System and Retiree Health Care Benefits

## Study Committee Summary of Process



Presentation  
February 9, 2011

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moran



# The Study Committee

## **Committee Members**

Members can include Board of Commissioners, Board of Trustees, retirement system beneficiaries, human resource and financial management, citizens and taxpayers, etc.

# The Study Committee

## Committee Goals

Given all the identified constraints coupled with great latitude, the goals of the Committee are to:

1. Discuss issues
2. Review issues
3. Prioritize issues
4. Determine best practices

associated with the St. Clair County Employees' Retirement System and the Retiree Medical Benefits.

Produce non-binding recommendations.

# The Study Committee

## Representative Issues to be Discussed

**Benefits** - Are the retirement benefits offered to County employees appropriate, reasonable and affordable? Should the County consider alternatives to the present retirement plan for future employees?

**Retiree Health Care** - What are the County's options regarding funding for retiree health care? What long-term strategies do are recommended regarding health care benefits for current and future retirees?



# The Study Committee

## Issue Categorization and Prioritization

With the recognition that there is an inevitable overlap in the issues, the Committee decided to address the issues weighting them in terms of immediate and sustained impact:

Retiree Health Care

Retirement System Funding

Retirement System Plan Design

Legal Constraints

# The Study Committee

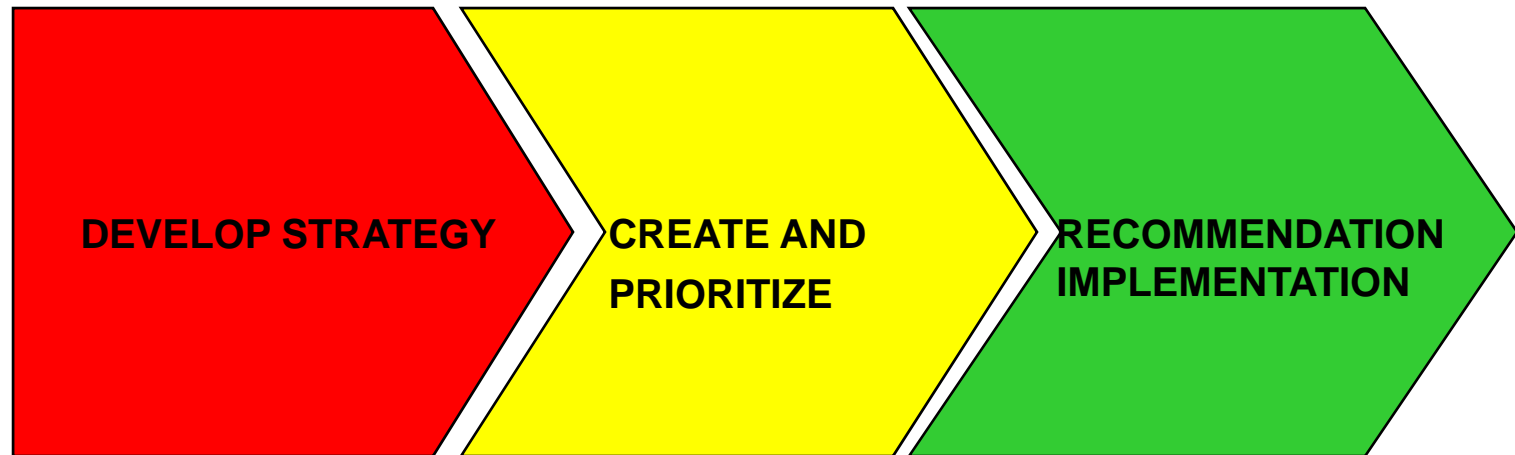
## Committee **SAMPLE** Charter

*For the benefit of employees, retirees, and the citizens of the St. Clair County, a Study Committee was formed to explore and promote best practices within the St. Clair County Employees' Retirement System. Given the current national trends in public and private pension retirement plans, health care costs, and available revenues, the County desires to be proactive in ensuring the continued strength of the county and its retirement system.*

*The Committee is a voluntary group of commission members, county residents, county employees, retirement system trustees, retirement system beneficiaries, and professionals with broad experiences in pension plan, healthcare and financial matters. It is the intention of the Committee to act in an advisory capacity and provide non-binding recommendations.*

*By design, this committee is temporary, has not been limited to any specific retirement system issues, and it intends for this review process to be structured to include all interested parties.*

# Recommendation development process:



Target based upon the overall goals of the Committee

- A. Identify issues
- B. Identify obstacles, opportunities
- C. Determine interaction between issues
- D. Summarize objectives – refer to Committee Charter

Decide which issues will be addressed

- A. Develop key messages/ value statement
- B. Prioritize and re-prioritize throughout process
- C. Review alternatives/ supplement recommendation

A. Develop recommendation elements

- B. Review impact
- C. Address additional work that needs to be done
- D. Draft report

# The Study Committee

## Committee Recommendations

Represent:

- No indictment of any past practice.
- Input from many.
- A majority opinion not unanimity.
- Goals of fairness – to the system participants and the taxpayers – balanced with fiscal responsibility.
- Understanding that there is more work to be done.



# The Study Committee

## Mandatory Recommendations

### Retiree Health Care Entitlement

The County should conclude, as soon as possible, whether the current employees have a vested right to retiree health care in its current form without modification. If the answer is no, the employees should be given that information. If the answer is yes, a plan for payment of the liability should be immediately developed.



# The Study Committee

## Mandatory Recommendations

### Health Care Design

The County should direct the Committee to study and report on the financial impact of health care plan design changes, including increasing copayments and deductibles as well as limiting the annual amounts paid by the County.

# The Study Committee

## Mandatory Recommendations

### Sustainable Benefit Levels

This Committee must evaluate the basic design of the retirement system retirement benefits in the context of:

1. Defined benefit versus defined contribution plans
2. Comparable public and private organizations
3. The County's ability to sustain the funding of all retirement benefits within the existing and projected revenue structure



# The Study Committee

## Committee Recommendations

### Conclusion

Fiscal responsibility in dealing with benefit obligations is something that is owed to taxpayers and employees – setting the appropriate benefit levels and recognizing the corresponding liabilities is necessary for the future health of the County and the retirement system.