

April 25, 2022

Mayor Aftab Pureval
City of Cincinnati
801 Plum Street, Suite 150
Cincinnati, OH 45202

Re: Cincinnati Retirement System Board of Trustees Communication to City Council

Dear Mayor Pureval,

At its meeting of April 7, 2022, the Board of Trustees of the Cincinnati Retirement System unanimously approved the following motion, making a recommendation to the Mayor and City Council:

The City of Cincinnati Board of Trustees hereby recommends that the City Council increase the Employer Contribution rate to the Cincinnati Retirement System from 16.25% of pensionable payroll, to 16.75% of pensionable payroll.

The enclosed statement explains the background to this recommendation.

The CRS Board of Trustees requests that this item be placed on the City Council agenda as a communication item.

Sincerely,



William E. Moller, Chair
Cincinnati Retirement System
Board of Trustees

attachment

c: Members of City Council
CRS Board Members
John Curp, Interim City Manager
Billy Weber, Assistant City Manager
Michael Barnhill, CRS Executive Director



Statement
CRS Board of Trustees Recommendation
City Employer Contribution

Over the past several months, the CRS Board has worked with its actuary, Cheiron, on an asset liability study. As part of this effort, Cheiron has produced a range of funding scenarios that project the impact of different actuarial assumptions including changes to the City's employer contribution rate (currently 16.25%).

At its meeting on April 7, 2022, the Board unanimously voted to recommend that the Mayor and City Council increase the City's employer contribution rate to 16.75%, an increase of 0.5%. The basis for this recommendation is the attached scenario produced by Cheiron. In this scenario, the CRS pension trust fund reaches 100% funding by 2045, as originally envisioned by the 2015 Collaborative Settlement Agreement. The scenario calls for annual increases in the employer contribution rate of 0.5% until the City's contribution rate reaches 22.25% in 2033. Each increase of 0.5% equates to approximately \$1.1mm of additional contributions (all fund sources).

At this time, the Board believes that modest incremental adjustments to the City's funding of the CRS can restore the City's pension system to full funding. Abrupt changes in the economy, however, such as protracted inflation or substantial downturns in investment returns, would require the Board to revisit this recommendation.

CINCINNATI RETIREMENT SYSTEM

Scenario to Fully Fund by 2045

