

11/1/06 Board
HANDOUT

SEMSWA Retirement Updates

- 1) We have received verbal notification that SEMSWA can elect not to participate in Social Security.
- 2) We have been told by PERA that SEMSWA does NOT have to join if they don't want to.
- 3) Great West Life does NOT do DB plans unless they are in conjunction with a DC plan with over \$25 million in assets, so they are not an option.
- 4) The Colorado County Officials and Employees Retirement Association that Ed talked about offers a group 401(a) and 457 plan.
- 5) ICMA has the same type of offerings as CCOERA.
- 6) Have a call in to Rich Todd at Innovest, but we believe Innovest is a money manager only. We don't think they will offer any DB plan options.
- 7) A SEMSWA-only DB plan was determined to not be cost effective at the Oct. 25 Board meeting and will not be pursued further.
- 8) Based on Ed Krisor's work for Jefferson County, it appears there are no other existing DB pools to join, other than PERA.

SEMSWA Retirement - Options Being Analyzed

Option	Plan Type	Design & Contribution Level	Vesting	Participate in Social Security?	Employer Contribution	Employee Contribution	Notes
1	PERA (Defined Benefit plan)	Both employee and employer contribute 2.5% x years of service x final average salary	5 years	No	10.5%	8%	Take into account Social Security "Windfall Reduction", COL after retirement, known escalating employer costs over the next few years.
2	Defined Contribution plan, participating in Social Security	Age, service and compensation used to determine employer's contribution for each individual employee. Employee contributes as well.	5 years	Yes	8%	8%	Formula designed to attain a benefit level close to transition employees' current defined benefit plan. Employee and employer contribute to Social Security.
3	Defined Contribution plan, opting out of Social Security	Both employee and employer contribute	5 years	No	6.5%	6.5%	Employee and employer would also contribute to a Social Security replacement plan. Benefit level would be different than transition employees' current defined benefit plan.

SEMSWA - Retirement Plan Comparisons

Plan Provisions	Arapahoe County	Denver's Waste Management Division	City of Fort Collins Utility	City of Littleton Utility	Arapahoe County Water and Wastewater Authority	Urban Drainage and Flood Control District	OMI
Defined Benefit Plan	Yes		Yes	No	No	No	Yes
Benefit Formula	2.5% times YOS times Final Average Monthly Compensation (FAMC)		No new plan entrants beginning in 1999. Final monthly salary (highest 60 months last ten years) times 1.5% times credited svc.	N/A	N/A	N/A	1.5% x YOS up to 20 x FAMC, .5% x YOS over 20 x FAMC
Defined Contribution Plan	No		Yes	Yes	Yes	Yes	Yes
Contribution Formula			First 3% of employee contributions are mandatory. Employer matches first 3% and contributes an additional 4.5% to the DC. Those still participating in the DB do not receive 4.5% in the 401(a) plan.	First 4% of employee contributions are mandatory. First 4% matched by the city. No SS replacement program.	Mandatory 5% for Employees. Mandatory 5% match for Authority. 6.2% of employees' accounts goes to an investment account rather than going to SS.	Mandatory 4% for both employees and the district. District also contributes 2% to additional deferred 457 program. SS replacement program (Program opts out of SS deductions - EE controls the investment of SS deductions taken from pay)	Match \$.50 per \$1.00 up to \$200 employer contribution per year
Normal Retirement Age	65		65 on DB. 55 on DC	59.5 and five years to be 100% vested	N/A	65	65
Special Early Retirement	Rule of 75 at age 52		DB - can leave at 55 w/ reduced benefit.	None	N/A	Can retire at 59.5 with no penalties.	Age 55 with 10 years service
Employee Contribution Requirement	6.50%		3%	4%	5%	4%	None
Employer Contribution Requirement	6.50%		3% Match, 4.5% district contribution	4% Match	5% Match	6% - 4% match and 2% to 457 plan	6%
Vesting							
On Benefits	8 Year Schedule		0% up to 2 yrs. 40% at 2 yrs. 60% at 3. 80% at 4. 100% at 5.	N/A	N/A		5 years
On Contributions	15 Year Schedule		100% immediate. Six-month wait to enter plan.	5 year cliff. < 5 yrs = 0%, > 5 yrs = 100%	25% each year, 100% after 4	20% each year starting with first year (100% after 5 yrs.) vesting schedule on district portion	
Lump Sum Provision	Yes		Both plans offer lump-sums. Four annuity options under DB plan. Annuities also available under DC plan (paid from the plan - no annuity contract purchased)	Lump Sum, Annuities	Lump Sums only	Lump sums, Annuities	No
457 Plan Available	Yes		Yes. Any employee contribs in addition to the mandatory 3% go to the 457. No limit up to IRS regs.	Yes. Anything above the mandatory EE 4% goes into the 457 plan.	Yes anything above the 5% mandatory goes to 457.	Yes. District contributes 2%	No