

LOCAL PENSIONS.

#freeCERS

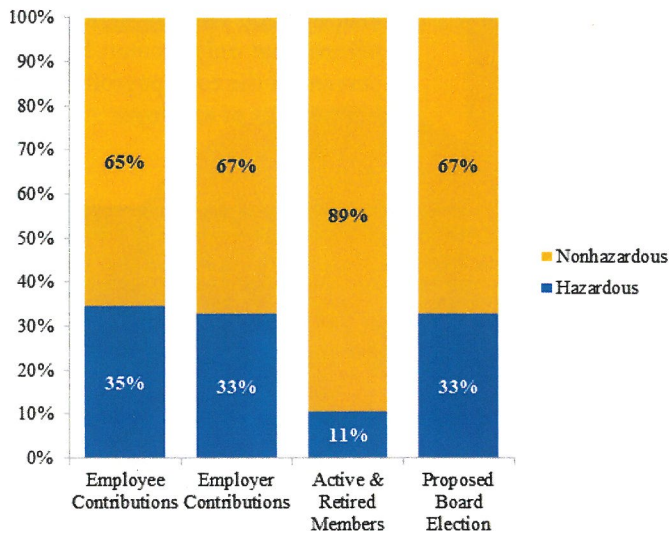
LOCAL CONTROL.

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CERS: WHAT YOU NEED TO KNOW

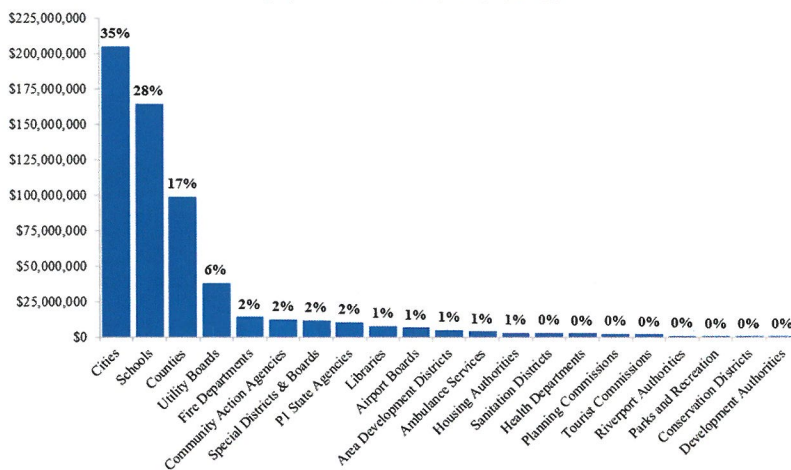
WHO CONTRIBUTES

Proportion of CERS Contributions and Membership (FY 2015)



One-third of CERS contributions are from hazardous duty positions, which would equal one-third of the seats on the proposed CERS Board of Trustees. Hazardous duty employment represents 11 percent of all active/retired CERS members.

CERS Employer Contributions by Employer Type: FY 2016



Note: Many of the employer types are ultimately answerable to their creating entities (i.e. cities or counties) and/or city or county elected officials serve on or approve membership of their governing boards.

Cities represent the largest employer in CERS. Cities, counties and schools combined represent 80 percent of employer contributions and would have 67 percent of the seats on the proposed CERS Board of Trustees.

* Cities include police departments and urban government agencies. Counties include county attorneys, clerks, fiscal courts, jailers and sheriff's departments.

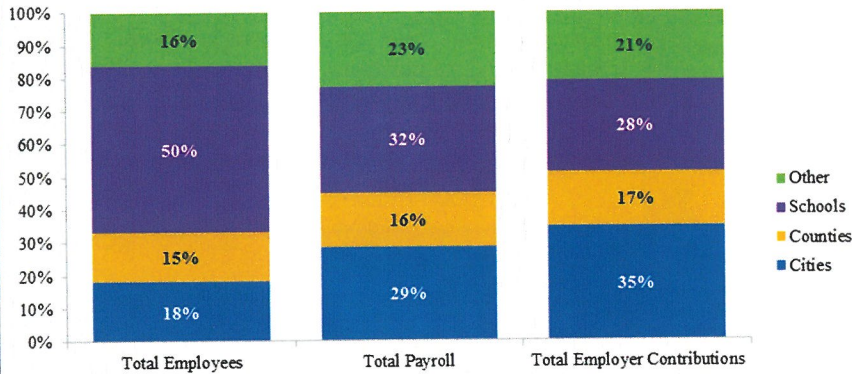
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Employees, Payroll, and Employer Contributions for CERS by Employer Type: FY 2016

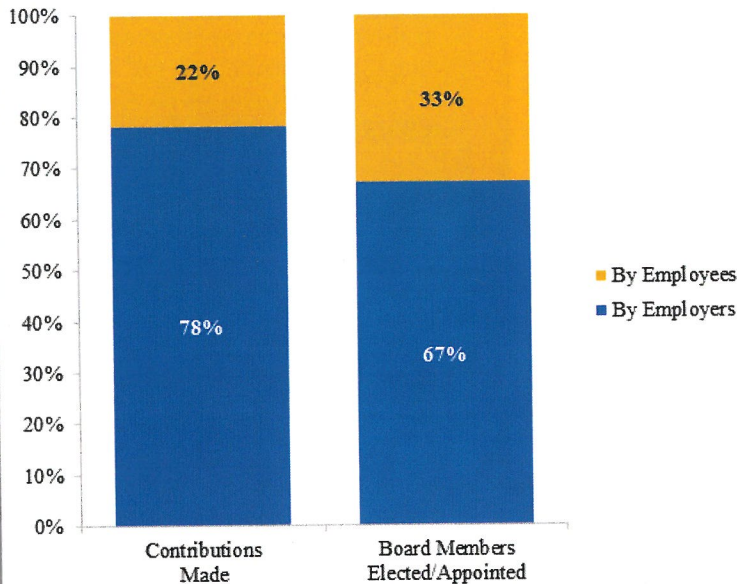


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School boards have the largest percent of active employees, at 50 percent, but only account for 32 percent of the total payroll and 28 percent of employer contributions.

PROPOSED CERS BOARD

Proportion of CERS Contributions (FY 2015) and Proposed Board Representation



Employers would appoint 67 percent of the seats on the CERS Board of Trustees and employees would elect 33 percent of the board members.

The new nine member board would include three elected officials, three members with investment experience and three members with management experience.

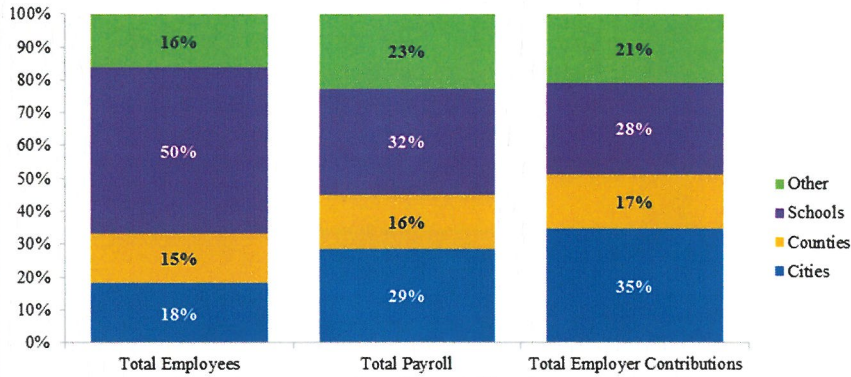
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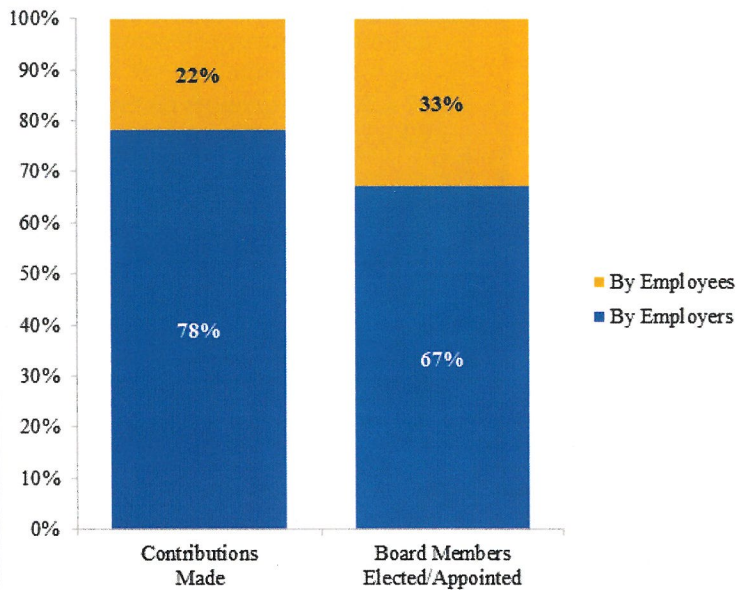


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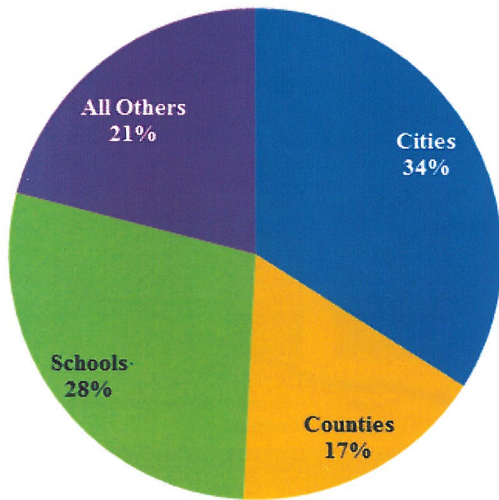
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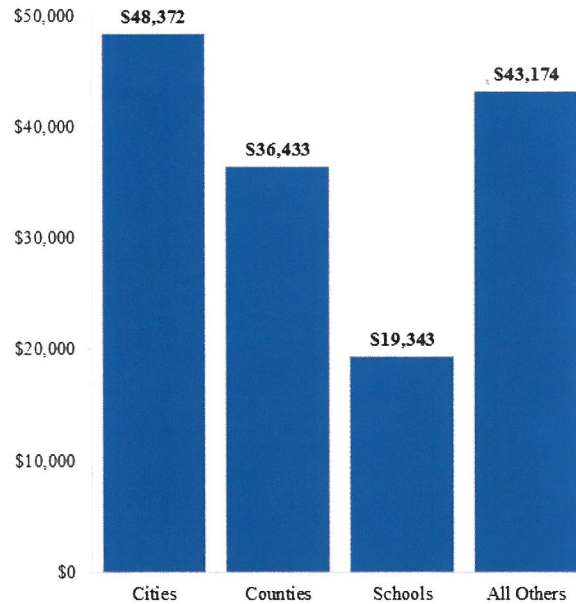
CERS ASSETS

Estimated Asset Allocation Based on Employer and Employee Contributions to CERS: FY 2015



In FY 2015 city employers and employees paid more into the system and have more assets within CERS, which the CERS Board of Trustees will be tasked with managing.

CERS Average Annual Employee Payroll by Employer Type: FY 2015



FY 2015	Total Payroll	Number of Employees	Average Annual Pay
Cities	\$817,003,318	16,890	\$48,372
Counties	\$476,537,942	3,080	\$36,433
Schools	\$935,902,248	48,385	\$19,343
All Others	\$647,779,899	15,004	\$43,174
Total:	\$2,877,223,407	93,359	\$30,819

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WHAT CERS SEPARATION WOULD MEAN

WHAT HAPPENS IF THINGS GO WRONG...

Possible Scenarios	Under Current Law	After Separation
One employer leaves CERS:	Liability is shared with other 1,139 CERS employers.	No change
Multiple CERS employers cease to participate (dissolution or bankruptcy):	Liability is shared with other 1,139 CERS employers.	No change
Almost all CERS employers cease to participate (dissolution or bankruptcy):	Commonwealth is responsible for ensuring that benefits associated with the inviolable contract are paid to beneficiaries.	No change
Cost of Living Adjustment (COLA):	1.5% cap; remains suspended unless the General Assembly enacts legislation to provide for prefunding.	No change
CERS Nonhazardous unfunded liability dramatically increases quickly:	Smoothing spreads investment losses over five years, pushing employer contribution rates slightly higher.	No change
CERS Hazardous unfunded liability dramatically increases quickly:	Smoothing spreads investment losses over five years, pushing employer contribution rates slightly higher.	No change
Change in benefits for CERS members:	Changes must be made through legislation enacted by the General Assembly.	No change

IMPACT TO ELEMENTS OF CERS...

CERS Components	Under Current Law	After Separation
CERS structure:	Cost-sharing, multiple-employer defined plan covering all regular full-time employees of each participating county, city and school board, and any additional eligible local agencies electing to participate.	No change
Inviolable Contract:	Benefits cannot be reduced or impaired for members who began participation prior to January 1, 2014.	No change
Hybrid cash balance plan:	Personal accounts are maintained for members that first participated on or after January 1, 2014, and include automatic crediting.	No change
Proportion of all CERS members in retirement system:	63%	100%
Proportion of CERS representatives on Board of Trustees:	35%	100%