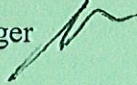


NOTES

TO: Honorable Mayor and City Council Members

FROM: Michael Cowin, Assistant City Manager 

DATE: September 5, 2018

SUBJECT: Materials for Your Information

Please find attached the following materials for your information:

1. A memo from Byron Hayes, Director of Financial Services, regarding Retirement Systems Division letter and report on pension spiking
2. An agenda for the September 11, 2018 meeting of the Police Community Relations Committee and minutes from the June 12, 2018 meeting

mc

Attachments

Memorandum

To: Ann E. Wall, City Manager

From: Byron Hayes, Financial Services Director *BH*

Date: August 31, 2018

Subject: Retirement Systems Division Letter and Report on Pension Spiking

During the 2014 General Assembly session, contribution-based benefit cap legislation was enacted effective January 1, 2015 for the Local Government Retirement System. The purpose of the legislation is to control the practice of "pension spiking" in which a member's (City's employee who has retired) compensation significantly increases late in his or her career, creating unforeseen liabilities for the Local Government Retirement System. The legislation applies to members who retire on and after July 1, 2015, with an average final compensation of \$100,000 or higher.

Per the legislation, the State Treasurer's Office is required to report monthly to each employer a list of those members for whom the employer may be required to make an additional employer contribution should the member elect to retire in the following 12 months. The chief financial officer is required to provide a copy of the report to the governing body.

To this end, please find an attached letter and report from the State Treasurer's Office listing employees of the City who may be eligible to retire in the next 13 months, and whose salary is \$90,000 or greater based on the employee's most recent annual benefits statement. The City may be required to submit an additional amount to the Retirement System in the form of a lump sum payment after the employee retires. The list is not exhaustive, and members on this list may or may not exceed the contribution based benefit cap upon retirement.

This is merely a notification of a potential cost that the City may be required to pay in the future.

cc: Michael Cowin, Assistant City Manager
Ken Graves, Assistant City Manager

Attachment



RETIREMENT SYSTEMS DIVISION

STEVEN C. TOOLE
EXECUTIVE DIRECTOR

8/16/2018

RECEIVED

97411 - CITY OF GREENVILLE
ATTN: CHIEF FINANCIAL OFFICER OR BUDGET ADMINISTRATOR
PO BOX 7207
GREENVILLE, NC 27835

AUG 23 2018

CITY MANAGER'S OFFICE

Dear 97411 - CITY OF GREENVILLE:

During the 2014 General Assembly session, contribution-based benefit cap legislation was enacted effective January 1, 2015. The purpose of this legislation is to control the practice of "pension spiking," in which a member's compensation significantly increases late in his or her career, thereby creating unusually high unforeseen liabilities to the Retirement System to pay a monthly retirement benefit that is significantly greater than the member and employer contributions would fund. Prior to January 1, 2015, these liabilities were shared and consequently absorbed by all agencies participating in the Retirement System. This legislation applies to members who retire on and after January 1, 2015, with an average final compensation of \$100,000 or higher (adjusted annually for inflation), and will only directly impact a small number of those individuals. It requires the member's last employer to pay the additional contribution required to fund the member's benefit in excess of the cap. [G.S. 135-5(a3); 135-4(jj); 128-27(a3); and 128-26(y)]

In order to assist employing agencies with planning and budgeting to comply with the contribution-based benefit cap provisions, we are required to report monthly to each employer a list of those members for whom the employer made a contribution to the Retirement System in the preceding month that are most likely to require an additional employer contribution should they elect to retire in the following 12 months. This letter and the attached report serve as our required monthly notification to your agency under this provision. [G.S. 135-8(f)(2)(f) and G.S.128-30(g)(2)(b)]

The chief financial officer of your agency is required to provide a copy of the attached report to the chief executive of your agency, as well as to the governing body, including any board which exercises financial oversight. Additionally, the chief financial officer of a public school system is required to provide a copy of the report to the local board of education and notify the board of county commissioners of the county in which the local administrative unit is located that the report was received and how many employees were listed in the report. [G.S. 115C-436(c); 135-8(j); and 128-30(j)]

The attached report lists employees of your agency who may be eligible to retire in the next 13 months, and whose salary is \$90,000 or greater based on information in the employee's most recent annual benefits statement. Your agency may be required to submit an additional amount to the Retirement Systems in the form of a lump-sum payment, due after the employee retires, to cover these unforeseen liabilities should the employee elect to retire in the next 12 months.

This list is not exhaustive, and members included on this list may or may not exceed the contribution-based benefit cap upon retirement, depending on a number of factors such as the member's average final compensation, the member's age at retirement, and membership service. This is merely a notification of a potential cost that your agency may be required to pay in the future.

Your agency can utilize the statutory formula to help determine the likelihood that the retirement allowance of a member listed on the attached report might exceed the contribution-based benefit cap (CBBC). The current CBBC Factor for TSERS is 4.5 and LGERS is 4.7. The current multiplier for TSERS is 0.0182 and LGERS is 0.0185. The listing of current annuity factors can be found at <https://www.nctreasurer.com/Retirement-and-Savings/For-Government-Employers/Pages/default.aspx>. You can access the member's accumulated contribution balance and service history through ORBIT Self-Service (Reporting – View Member Info – View Account History). The total contribution balance does not include the interest (currently 4%) for the current year. The CBBC formula is as follows:

Benefit Formula = AFC X Multiplier X Service

CBBC Formula = Contributions / Annuity Factor X CBBC Factor

If Benefit is greater than CBBC, the difference is multiplied by the Annuity Factor

You can contact the Retirement System for assistance in calculating the likelihood of a potential CBBC liability for a particular member. Additional information and video training regarding the contribution-based benefit cap is available on our website at www.myncretirement.com.

If you have any questions or concerns, please contact Shannon Wharry at (919) 814-4187 by phone or at shannon.wharry@nctreasurer.com by email.

Sincerely,

Ron Chisolm Jr.

Ron Chisolm Jr.
Chief of Retirement Processing
Retirement Systems Division

623_PENSPK

North Carolina
Total Retirement Plans



North Carolina Department of State Treasurer
Retirement Systems Division
3200 Atlantic Ave, Raleigh, NC 27604
1-877-NCSECURE (1-877-627-3287) toll-free • Fax (919) 855-5800
www.myncretirement.com

Dale R. Foltwell, CPA
SENIOR TREASURER OF NORTH CAROLINA
DALE R. FOLTWELL, CPA



CONTRIBUTION-BASED BENEFIT CAP REPORT

Agency	Member ID	Name
97411-CITY OF GREENVILLE	485644	MCGIRT, EMANUEL D
	528705	WALL, ANN E

* PLEASE FORWARD TO YOUR CHIEF FINANCIAL OFFICER OR BUDGET ADMINISTRATOR

ORBIT - PensionSpikingReportbyAgency Version # 1



Find yourself in good company®

POLICE COMMUNITY RELATIONS COMMITTEE

A G E N D A

Tuesday, September 11th, 2018, 6:30 PM
Pitt Community College
Law Enforcement Center

2096 Central Park Drive
Winterville, NC

- 1) Call to Order – Diane Kulik, Chair
- 2) Roll Call
- 3) Approval of the Agenda –September 11th, 2018
- 4) Approval of Minutes – June 12th, 2018
- 5) State briefly the mission of committee and purpose of meeting
- 6) Topic: Policing: Challenges and Rewards, Greenville Police Application Process & Total Benefits Compensation

Speakers: Sgt. Chris Burack
Greenville Police Department

Officer Tyler Whaley
Greenville Police Department

Sgt. Dale Mills
Greenville Police Department

- 7) Public Expression and Questions
- 8) ADJOURN

NOTE:

To maintain order of the board and clarity of recording, please allow one person to speak at a time.
Thank you.

The Police Committee Relations Committee Mission Statement

Serve as a liaison between the community and the police. To serve as an advocate for programs, ideas, and methods to improve relations between the community and the police. To disseminate information to the community and the City with regard to the state of relations between the community and the Greenville Police Department. To assist and promote the community education efforts concerning safety awareness and community and individual awareness.



**Greenville Police Department
Police Community Relations Committee**

**Policing: Challenges and Rewards,
Greenville Police Application Process &
Total Benefits Compensation**

Tuesday, Sept, 11, 2018 at 6:30 PM

Speakers:

Chris Burack, Tyler Whaley, and Dale Mills
Greenville Police Department

- **GPD Application Process:** Educational Requirements, Physical Fitness, GPD Interview, Polygraph Examination, Psychological Examination, ECU Human Performance Lab Exam, NC Mandated Background, Firearms Qualification
- **Total Benefits Compensation:** Patrol Vehicles, Personal Equipment, Technology, Health Care, Retirement

Pitt Community College, Law Enforcement Center
2096 Central Park Dr. (between John Deere East Coast Equipment and
ABC Store)
Winterville, NC

Question and Answer Period after Presentations

**SUMMARY MINUTES FOR THE
POLICE COMMUNITY RELATIONS COMMITTEE**

Chairperson Diane Kulik called the Police Community Relations Committee meeting to order at 6:30 p.m., at The Church of Jesus Christ of Latter-Day Saints, Greenville, NC.

INTRODUCTION OF COMMITTEE MEMBERS

Chairperson Diane Kulik asked each committee member and city staff to introduce themselves.

Committee members present:

Greg Rubel, District 3	Diane Kulik, Chairperson
Jermaine McNair, Mayoral	Carol Bass, District 5
Gregory Barrett, District 1	

City Staff Members present:

Mayor P. J. Connelly	Sgt. Dale Mills
Council Member Rick Smiley	Sgt. Glen Webb
Chief Holtzman	Det. Michael Grady
Devinder Culver	Lt. Carlton Williams
Donald K. Phillips	Officer R. McClain
Officer T. Greene	

APPROVAL OF THE AGENDA

Chairperson Diane Kulik asked for a motion for approval of the agenda. A motion was made and seconded. The agenda was unanimously approved by the committee.

APPROVAL OF THE MINUTES

Chairperson Diane Kulik asked for a motion for approval of the April 10th, 2018 Minutes. A motion was made and seconded. The minutes were unanimously approved by the committee.

MISSION AND PURPOSE OF MEETING

Chairperson Diane Kulik read the Police Community Relations Committee mission statement.

Diane briefly discussed the Police Department's three designated zone substations. Then she introduced Sgt. Glen Webb.

Sgt. Glen Webb showed a power point presentation while discussing that aspects of Internet Safety. He discussed his experience and knowledge of internet risks that he gained while working with the Special Victims Unit.

He discussed some risks that come with not supervising children while on the Internet; one risk being cyberstalking. He explained that cyberstalking is any threats, repeated harassment or

pranks that communicated through the internet. He stated that children put entirely too much personal information on the internet, without thinking about risks and consequences. There are a lot of fraudulent crimes that occur on the internet from gaining personal information.

There has been a growth in cybercrimes in dealing with child exploitation. He discussed how perpetrators are constantly on the internet posing as kids to gain access to children for criminal means.

He shared information about the many apps that kids are using and how to research for safe apps. He talked about how to discuss internet safety with children; and how to put in place safeguards as parents to protect children. He discussed how communication with your children is one key to keeping your children safe.

He stated that you could find more resources for internet safety at local law enforcement agencies; from school resource officers; at the National Center for Missing/Exploited children; and from the FBI/SBI ICAC Task Force.

Detective Grady discussed how internet gaming is also a popular activity for kids. His experience also comes from working with the Special Victims Unit. He discussed how it can become an addiction. He stated that kids spend so much time on gaming because they connect with other people while playing the games. He stated that one idea for safety is to research names on the internet that your kids may connect with. He even suggested research your own children's names because some try to have a social network with false names, to hide it from their parents. They don't fully understand the risks that they are taking.

Lt. Carlton Williams stated that Family Sharing is the best app that you can have on the iPhone. He stated that he uses it with his family. He also suggested monitoring your children while they are on the internet, especially if they use headphones.

There was discussion on how cyber bullying is becoming the worst type of bullying for children today.

Everyone thanked Sgt. Webb and Detective Grady for coming and sharing this information.

Motion was made to adjourn. Motion approved.