

# ST. MARY'S COUNTY SHERIFF'S OFFICE RETIREMENT PLAN

## BOARD OF TRUSTEES MEETING

October 25, 2007

**Members Present:** John W. Savich, County Administrator  
Elaine M. Kramer, Chief Financial Officer  
Daniel L. Morris, Citizen Member  
Lt. Terry L. Black  
Sr. DFC William E. Raddatz

**Others Present:** Susan Sabo, Plan Administrator  
Dee Snyder, Benefits Coordinator  
Tom Lowman, Bolton Partners  
Mark Kelbaugh, Bolton Partners

### CALL TO ORDER

The meeting was called to order at approximately 2:08 p.m.

### ACCEPTANCE OF THE AGENDA

Dan Morris made a motion, seconded by Terry Black, to accept the agenda as presented. Motion carried.

### APPROVAL OF MINUTES

Elaine Kramer made a motion, seconded by Bill Raddatz, to approve the minutes from the meeting of 9-27-07. Motion carried.

### PROPOSED PENSION ENHANCEMENTS

Bolton Partners Actuaries, Tom Lowman and Mark Kelbaugh, reviewed their plan study outlined in their letter dated October 22, 2007. Tom Lowman emphasized the likelihood that the next Valuation to be done in 2008 will have two new assumptions that will increase disability rates to 2.5 per year and change the mortality table to RP 2000 Blue Collar for health participants and the same table "set forward" three years for disabled participants. These two assumptions will cause an increase in the percentage of payroll of 6.1% or an increase from 27.5% to 33.6%. A proposed change in the benefit accrual rate from 2% to 2.5% (for future service)

would increase the percentage of payroll by an additional 6.5% bringing the percentage total to 40.1%. Reducing the penalty for early retirement from 6% per year to 5% would add .3% to the percentage of payroll. A change to a 4% penalty would add .4%, and a change to a 3% penalty would add .5% to the percentage of payroll. If members increased their contribution rates, each 1% increase would decrease the employer cost by .95% or \$85,000/year. Bill Raddatz and Terry Black reported that they had sent a survey to all of the members in regard to their willingness to increase the percentage of their contributions to receive increased benefits, and the result was a general consensus that the majority of the members would be willing to increase their contributions to 8%. A discussion followed regarding the costs involved if the 2.5% benefit accrual increase were made retroactively instead of only for future years. The discussion also included the subject of the high cost of disability retirements and what might be done to decrease the cost.

Bolton Partners was asked to provide a further study on the cost to make the 2.5% accrual rate retroactive to 5 years, 10 years and all years of service. They were also asked to calculate the savings if there was no COLA for disability retirements, and how much would be saved if 66-2/3% disability retirements were cut back to normal retirement rates at normal retirement age.

John Savich asked Sue Sabo and Dee Snyder to prepare a list of options on how disability retirement costs might be reduced for discussion at the next meeting.

#### ADMINISTRATOR'S REPORT

Bills paid since last meeting:

Bolton Partners for services through 9-30-07 for \$3,235.00

Nominating Ballots were sent to members on 10-24-07.

#### NEXT MEETING

The next meeting is scheduled for 11-15-07.

#### ADJORNMENT

The meeting adjourned at approximately 3:30 p.m.

Respectfully submitted,

APPROVED:

Dee Snyder

John W. Savich Recorder

Chair