METROPOLITAN LIBRARY COMMISSION OF OKLAHOMA COUNTY

LIBRARY RETIREMENT PENSION BOARD AGENDA

Members:
- Hugh Rice, Chair
- Ann Caine, Vice-Chair
- David Greenwell, Disbursing Agent
- Donna Morris, Executive Director
- Jim Welch, Deputy Executive Director/Technology
- Lloyd Lovely, Deputy Executive Director/Finance & Support

Tuesday, January 25, 2005
3:30 p.m.

Belle Isle Library
5501 N. Villa
Oklahoma City (843-9601)

NOTE: Comments from the general public will be limited to 15 minutes with time pro-rated among speakers. Preference will be given residents of Oklahoma County. Persons signing up to address the committee must list their residential address and personally sign a speaker form.

I. Call to Order and Establishment of Quorum – Hugh Rice, Chair

II. Approval of Minutes of November 10, 2004 meeting

III. Discussion: Pension Plan analysis
- MLS Pension Poll results

cc: Metropolitan Library Commission
MLS Administrative Team
MLS Managers and Supervisors
President, MLS Staff Association
Laura Tallant, Staff Association Representative
Ken Culver, President, FBD Consulting, Inc.
Asset Services Company
Bank of Oklahoma, Trustee Services
Library Endowment Trust, Treasurer

METROPOLITAN LIBRARY COMMISSION OF OKLAHOMA COUNTY

LIBRARY RETIREMENT PENSION BOARD

MINUTES

Wednesday, November 10, 2004 at 3:30 pm
Belle Isle Library
5501 N. Villa
Oklahoma City, OK 73112
(405) 843-9601

Written public notice of the time, date, and place of this meeting was given to the County Clerk of Oklahoma County, on September 2, 2004. Notice of the time, date, place, and agenda for this meeting was posted by the Secretary of the Commission in prominent public view at the Downtown Library, 300 Park Avenue, and the Belle Isle Library, 5501 N. Villa, Oklahoma City, on November 1, 2004, in conformity with the Oklahoma Open Meeting Act. § 311.

PRESENT:

Penny McCaleb, Chair, Metropolitan Library Commission
Hugh Rice, Disbursing Agent, Metropolitan Library Commission
Donna Morris, Executive Director Metropolitan Library System
Jim Welch, Deputy Executive Director Metropolitan Library System/Technology
Lloyd Lovely, Deputy Executive Director Metropolitan Library System/Finance & Support

EXCUSED:

David Greenwell, Vice-Chair, Metropolitan Library Commission

ALSO PRESENT:

Greg Womack, Metropolitan Library Commission Member
Ken Culver, President, FBD Consulting, Inc.
Cassaundra Frost, Financial Consultant, Asset Services Company
Chuck Turci, Bank of Oklahoma, Trustee Services
Lori Kane, Executive Assistant

AUDIENCE ATTENDANCE: 4

I. The meeting was called to order at 3:30 pm by Mrs. Penny McCaleb, Chair.

Roll was called to establish a quorum. Present: Lovely, Morris, Rice, Welch, McCaleb.

II. Mrs. McCaleb introduced Mr. Greg Womack, Metropolitan Library Commission member and Finance Committee member; Mrs. Laura Tallant, MLS Staff Association representative; Mr. Ken Culver, President, FBD Consulting, Inc.; Mrs. Cassaundra Frost, Asset Services Company; and Mr. Chuck Turci, Trustee Services, Bank of Oklahoma.

III. Mrs. McCaleb presented Agenda Item II- Approval of Minutes of the November 3, 2004, meeting.

The minutes were approved as presented. 4 - Yeas, 1 - No (Mr. Welch abstained).

Mrs. McCaleb requested that future minutes reflect the amount by which each account manager or account fund has either underperformed or outperformed its index.

IV. Mrs. McCaleb called on Mr. Culver to present the Metropolitan Library System Pension Plan's Annual Valuation July 1, 2004.

Mr. Culver stated that this report contains a detailed description and the results of a valuation of the Metropolitan Library System Pension Plan (Plan) as of July 1, 2004. The purpose of the valuation is to set forth the financial condition of the Plan and to determine the level of the Metropolitan Library System's (Library System) contribution July 1, 2004, through June 30, 2005, of the Plan year.

He stated the Plan's assets as of June 30, 2004, are $16,144,193, (market value) and when compared with accrued benefits, produces a benefit security ratio of 115%. Mr. Culver stressed that a retirement plan with a security ratio of 115% is enviable in today's market.

The recommended contribution is based upon the actuarial assumptions used by the Plan's Enrolled Actuary and is input into the system as plan specifications. If the Employer contribution is made on February 1, 2005, the amount is $1,573,250. The estimated Employee contribution for the 2004 plan year is assumed to be $218,147.

The Employer's dollar amount normal cost has increased from $1,374,555 last year to $1,511,529 this year. The Employer normal cost percentage has increase from 20.33% in the prior valuations to 21.45% in the current valuation.

The Plan's market value investment rate of return for the year ending June 30, 2004, was approximately 10.81%. The Plan's actuarial value investment rate of return for the year ending June 30, 2004, was approximately 1.12%. This compares to an assumed rate of return of 7%. This produced a loss of approximately $ 964,000. The overall experienced loss was approximately $1,127,000. This loss includes part of the previously unrecognized investment losses that were incurred during the past four years.

The average salary increase for participants included in both the current and prior year valuation was approximately 4.82%. The actuarial assumption for salary increases was 5% for the prior year.

Mr. Culver reviewed the demographics of the Metropolitan Library System's workforce. The active participants in the Plan have an average age of 47.3 and an average service of 10.8 years. New entrants' average age is 38.3. There are 36 participants who have completed 8 to 15 years of service and 53 who have completed 16 to 29 years of service. Mr. Culver stated that these figures have not changed much over last year's. He asked for questions; discussion followed.

V. Mrs. McCaleb presented Agenda Item IV - Metropolitan Library System's contribution to Pension Fund FY 2004-05.

The Metropolitan Library System's contribution to the pension fund each year is based on the recommendation of the plan administrator, FBD Consulting, Inc. (FBD). This year the actuary's recommended amount is $1,573,250 payable by February 1, 2005. The Commission has approved an amount of $1,573,250 in the FY 2004-05 budget for this contribution.

> **Mr. Hugh Rice moved to make the Metropolitan Library System's contribution to the pension fund for FY 2004-05 of $1,573,250 payable around February 1, 2005. Mrs. Donna Morris seconded. No further discussion; motion passed unanimously.**

VI. Mrs. McCaleb called on Mr. Culver to begin Agenda Item V ~ Pension Plan analysis discussion.

Mr. Culver presented a Retirement Plan Study that offers 4 possible options to create an equitable retirement plan for employees, the System, and the taxpayers.

He began by explaining the 4 options:

- **Option 1**: Continue current defined benefit plan with no changes
- **Option 2**: Tweak current plan by:
  - Increasing employee contribution from 3% post-tax to 5% pre-tax
    ~~~~And/Or~~~~
  - Increasing normal retirement age from 62 to 65
- **Option 3**: Freeze the accrual for all plan participants **AND** start a new defined contribution plan
- **Option 4**: Split and start (a combination of option 2 & 3) by:
  - Continuing current plan for employees <u>45 and older</u>; and
  - Increasing employees' contribution from 3% post-tax to 5% pre-tax
    ~~~~And/Or~~~~
  - Increasing normal retirement age from 62 to 65

  <u>AND</u>
  - Freeze the accrual for all plan participants <u>44 years and younger</u> **AND** start a new defined contribution plan (all new hire employees would entered into a defined contribution plan)

Mr. Culver stated that the next steps in the Retirement Study are to seek any other additional input from the Board and to identify the costs associated with each option offered. He asked for questions; discussion followed.

Mr. Rice asked for the Actual Plan Fund performance versus Index Fund performance if the Plan fund had been indexed. Mrs. Morris stated that Asset Services Company (ASC) has provided that information. She recapped the ASC memo showing the analysis period from December 1995 through September 2004. The analysis shows from the beginning period to the ending period, both portfolios began with $7,396,300. An indexed portfolio would have ended with a value of $19,053,557 versus the actual portfolio's value of $16,022,123. Questions and discussion followed.

Mr. Culver presented the questions for review submitted by Finance Committee Member Scott Duncan. The Board requested that Mr. Culver and ASC answer the questions that pertain to their area of expertise and present their answers at the next meeting of the Board.

Mr. Culver did answer some of the questions submitted.

- Question 4: "On the spreadsheet produced by the Director of Finance, it shows the percentage of pension ratio to salary as 15.73%; whereas the document produced by FBD shows that ratio to be 21.45%. Why is there a difference?"

  Mr. Culver stated the difference is that the 15.73% calculates every employee on payroll, even part-time employees who do not participate in the Plan; whereas the 21.45% calculates only those employees eligible to participate in the Plan.
- Question 5: "Option 2 of the Pension Plan study states that employees have previously contributed 5%. Was that pre- or post- tax contribution?"

  Mr. Culver stated when the employees' contribution to the defined benefit plan was 5%, it was a post-tax contribution.

Mr. Culver stated that he would provide an answer for questions 1 and 3 at the next meeting. He stated that question 6 would be a Board decision. He referred question 2 to ASC. He called for questions; discussion followed.

Mrs. Morris stated that while the minutes will not be able to reflect it there are many positives to the change options offered, such as the portability of a retirement plan, post-tax versus pre-tax contributions, and survivor benefits which many of the Plan participants would benefit from knowing about.

Mr. Culver asked the Board for permission to price all the options submitted in the Retirement Plan Study. By Board consensus Mr. Culver is to price all recommended options.

Mrs. McCaleb asked that the minutes reflect the possible timeline for implementation of any changes to the Plan. Mr. Culver suggested than any changes to the Plan would need to be effective on July 1, 2005, and would need to be decided upon no later than April 2005.

Mr. Welch stated that he and Donna each have met the 32-year Plan contribution cap and that he feels that he would rather present the information of options to the Plan participants and obtain their feedback rather than offer just his opinion as a reflection of all participants.

To that end, he would like to conduct a poll of all Plan participants that would explain each option. The Board agreed by consensus and charged staff with putting together and implementing such a poll. The results of the poll are to be presented at the next meeting of the Board.

Mr. Culver closed by stating that the result of not making any changes to the Plan is that the costs will continue to rise.

Mrs. Morris stated that is the concern administratively as a body, that we want to do what is best for the employees and protect their benefits yet at the same time honor our fiduciary responsibilities in order to be good stewards of the taxpayers' dollars, while also keeping costs from rising to the point where cuts would need to be made within the operating budget of the System just to keep the Plan solvent.

Mrs. McCaleb called for questions; discussion followed.

VII. There being no further business, the meeting was adjourned at 5:05 p.m.

Donna Morris

Donna Morris, Executive Director
(Secretary)

MLS Pension Poll

Prepared by

Donna Morris, Executive Director
Lloyd Lovely, Deputy Executive Director / Finance & Support
Jimmy Welch, Deputy Executive Director / Technology

January 2005

Table of Contents

Introduction

At the request of the Metropolitan Library System's Pension Board, a staff opinion poll was conducted starting January 10 running through January 16. This document presents the findings.

Approximately 90 percent of the 209 staff eligible for the pension plan attended one of the eight pension information sessions. In the information session, participants were informed about the four options that FBD Consulting formulated as possibilities for our pension plan:

Option 1 – Continue the current plan with no changes.

The MLS contribution to the pension plan for FY05 was $1,573,250 or 21.45% of participants' compensation

Option 2 -- Tweak the current plan.

- Normal retirement age changed from 62 to 65
- Employee contribution changed from 3% post-tax to 5% pre-tax

The MLS contribution to the pension plan for FY05 would have been $1,037,248 if this option were in effect. As a result the MLS pension costs would have been **reduced by $536,002** for FY05. (13.83% of participants' compensation as compared to 21.45% for the current plan)

Option 3 – Freeze the accrual in the current plan and start a new *defined contribution plan.*

The MLS contribution to the pension plan for FY05 would have been $720,759 if this option were in effect. As a result the MLS pension costs would have been **reduced by $852,491** for FY05.

Option 4 – Split and Start

- Participants 44 and younger would be placed in a plan equivalent to option 2.
- Participants 45 and older would be placed in a plan equivalent to option 3.

If this option were in effect the MLS contribution to the pension plan for FY05 would have been $1,179,729 ($235,779 for age 44 and younger and $943,950 for age 45 and older). As a result the MLS pension plan costs would been **reduced by $393,521**.The projected savings in future years will be significantly more since all new hires regardless of age will be under the new defined contribution plan.

Next, Staff received a *Pension Poll Tips* sheet (see Appendix A). The Staff viewed an online demonstration of how to complete the web form (see Appendix B) and view their own personal information pertaining to the four options (Appendix C). At the conclusion of the information session, there was a question and answer session.

Pension Poll Questions

The Pension Poll asks participants to answer three questions:

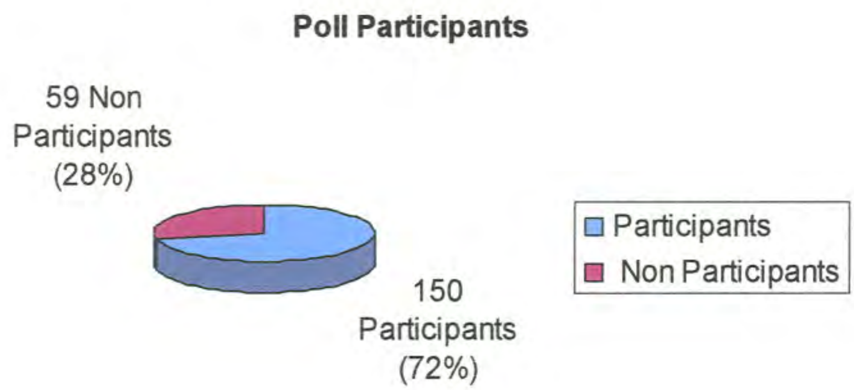
1. Please rank the options below according to what plan best fits your needs. (1=Best, 2=Next Best, ... 4=Least)

2. Please rank the options below according to what plan you feel is fairest to taxpayers. (1=Fairest, 2=Less Fair, ... 4=Least Fair)

3. Please rank the options according to what you feel is a fair balance between what you want and the cost to taxpayers. (1=Fairest, 2=Less Fair, ... 4=Least Fair)

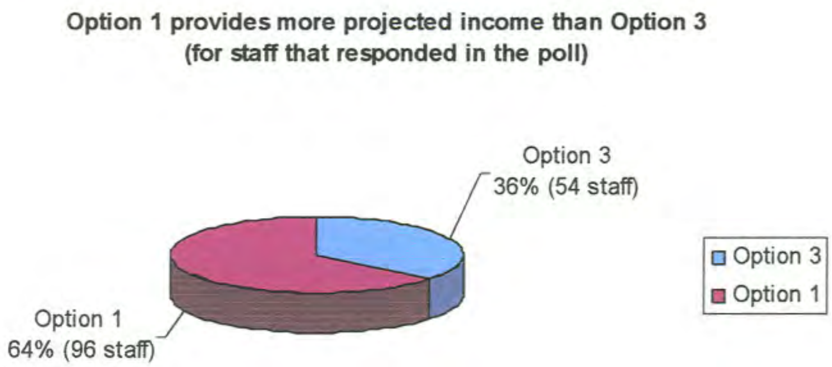
Participants were also allowed to enter other comments and suggestions to be shared with the Pension Board. See Appendix D.

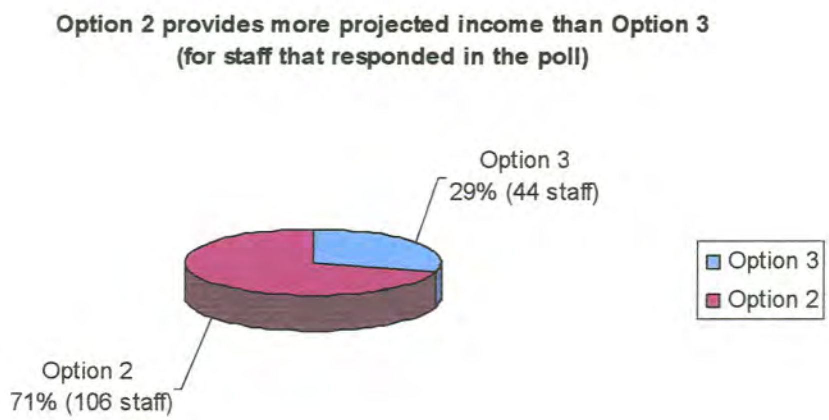
Out of 209 staff eligible to participate in the poll, 150 provided their opinion.



Observations

As background information, it may be helpful to know how staff faired monetarily among the options.





Question 1

The table below shows poll participant's top choice to question 1.

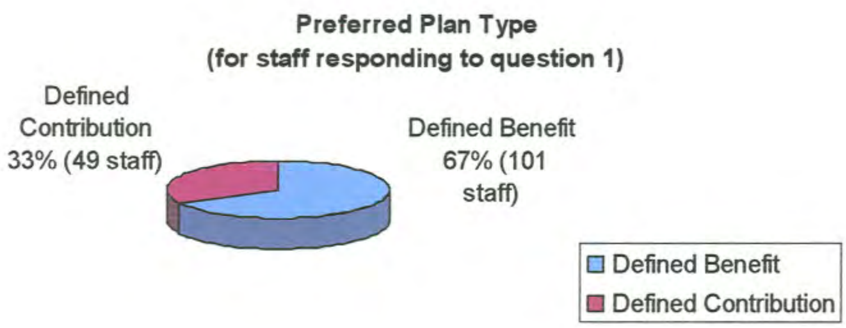
1. Please rank the options below according to what plan best fits your needs. (1=Best, 2=Next Best, ... 4=Least)

Picked Number One

All Respondents		Response Percent	Response Total
Option 1: Continue Current Plan With No Changes		37.3	56
Option 2: Tweak Current Plan (3% post-tax to 5% pre-tax and increase normal retirement Age from 62 to 65)		24.0	36
Option 3: Freeze the Accrual in Current Plan and Start New Plan		30.7	46
Option 4: Split and Start (45 and older continue; less than 45 freeze and start new plan)		8.0	12
		Total Respondents	**150**

The results are not surprising since there is a direct correlation with the option providing the highest projected benefit. There were 101 staff choosing either Option 1, Option 2, or Option 4 (staff age 45 or older) resulting in 67% of respondents indicating that some form of *Defined Benefit Plan* was best for them.

The chart below shows staff preference for a *Defined Benefit Plan* versus a *Defined Contribution Plan*.



Question 2

The table below shows poll participant's top choice to question 2.

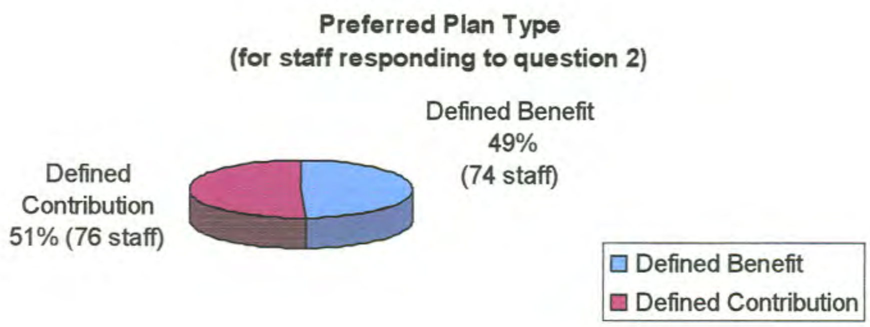
2. Please rank the options below according to what plan you feel is fairest to taxpayers. (1=Fairest, 2=Less Fair, ... 4=Least Fair)

Picked Number One

All Respondents		Response Percent	Response Total
Option 1: Continue Current Plan With No Changes		14.0	21
Option 2: Tweak Current Plan (3% post-tax to 5% pre-tax and increase normal retirement Age from 62 to 65)		22.0	33
Option 3: Freeze the Accrual in Current Plan and Start New Plan		48.7	73
Option 4: Split and Start (45 and older continue; less than 45 freeze and start new plan)		15.3	23
		Total Respondents	**150**

Question 2 was a very difficult question for staff to answer because they had to consider the options from a taxpayer perspective without giving consideration to themselves. 86% of staff chose an option that saved taxpayers money.

There was 76 staff choosing Option 3 or Option 4 (staff under age 45) resulting in 51% of respondents feeling that some form of *Defined Contribution Plan is* best for taxpayers. The chart below shows staff preference for a *Defined Benefit Plan* versus a *Defined Contribution Plan*.



Question 3

The table below shows poll participant's top choice to question 3.

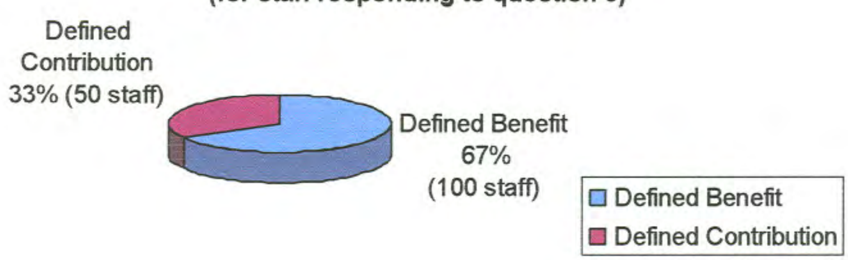
3. Please rank the options according to what you feel is a fair balance between what you want and the cost to taxpayers.
(1=Fairest, 2=Less Fair, ... 4=Least Fair)

Picked Number One

All Respondents		Response Percent	Response Total
Option 1: Continue Current Plan With No Changes		18.7	28
Option 2: Tweak Current Plan (3% post-tax to 5% pre-tax and increase normal retirement Age from 62 to 65)		37.3	56
Option 3: Freeze the Accrual in Current Plan and Start New Plan		29.3	44
Option 4: Split and Start (45 and older continue; less than 45 freeze and start new plan)		14.7	22
	Total Respondents		**150**

The results are almost identical to question 1. There were 100 staff choosing Option 1, Option 2, or Option 4 (staff age 45 or older) resulting in 67% of respondents indicating that some form of *Defined Benefit Plan* was best for them.

Preferred Plan Type
(for staff responding to question 3)



The following chart summarizes the responses of staff less than 45 years old:

3. Please rank the options according to what you feel is a fair balance between what you want and the cost to taxpayers.
(1=Fairest, 2=Less Fair, ... 4=Least Fair)

Picked Number One

Under/Over 45	Less than 45 years old	Response Percent	Response Total
Option 1: Continue Current Plan With No Changes		13.0	6
Option 2: Tweak Current Plan (3% post-tax to 5% pre-tax and increase normal retirement Age from 62 to 65)		17.4	8
Option 3: Freeze the Accrual in Current Plan and Start New Plan		56.5	26
Option 4: Split and Start (45 and older continue; less than 45 freeze and start new plan)		13.1	6
		Total Respondents	**46**

The following chart summarizes the responses for staff 45 years and older:

3. Please rank the options according to what you feel is a fair balance between what you want and the cost to taxpayers.
(1=Fairest, 2=Less Fair, ... 4=Least Fair)

Picked Number One

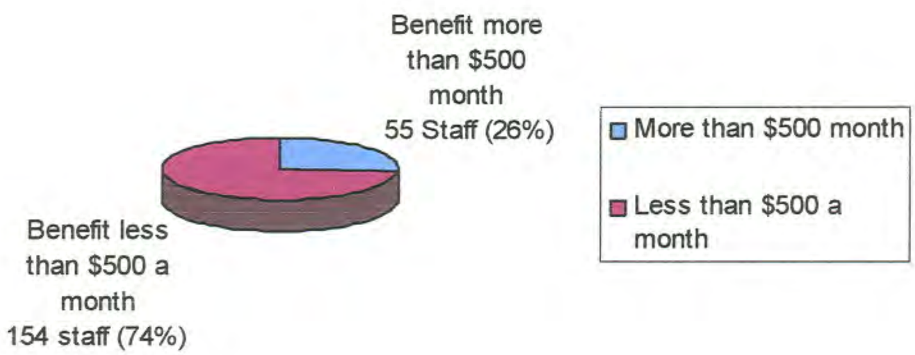
Under/Over 45	45 or more years	Response Percent	Response Total
Option 1: Continue Current Plan With No Changes		21.2	22
Option 2: Tweak Current Plan (3% post-tax to 5% pre-tax and increase normal retirement Age from 62 to 65)		46.2	48
Option 3: Freeze the Accrual in Current Plan and Start New Plan		17.3	18
Option 4: Split and Start (45 and older continue; less than 45 freeze and start new plan)		15.3	16
		Total Respondents	**104**

Summary

This report shows the difficulty of trying to speak for staff and come to a consensus on a single option that is best for all. Respondents typically chose the option providing the highest projected benefit if there was a significant difference. If there was no significant benefit, respondents chose some type of *defined benefit plan* where the library shoulders the investment risk.

The following chart shows how some participants are projected to have a substantially increased monthly benefit with a *defined contribution plan*.

Defined Contribution Plan Projection



A considerable number of staff under age 45 are concerned about managing their own investments and want to continue in a *defined benefit plan*. A number of employees age 45 and older are projected to fare better in a *defined contribution plan*. Because of these facts, it appears that staff opinion would be to allow each member to choose either a *defined benefit plan* or *defined contribution plan*.

Appendix A – Pension Poll Tips

Pension Poll Tips

- Login to the Pension Poll at
  http://cybermarsx.mls.lib.ok.us/mlsPensionPoll/PensionPoll.asp
- Print a copy of each option then exit the poll.
- Spend some time seriously studying your personal information and implications for the future.
- Ask yourself questions like:
  - At what age do I wish to retire?
  - How likely am I to stay with MLS until retirement?
  - How long do I think I will live?
  - Is there someone besides me that I need to support when I die?
- Make plan rankings based on how they impact you. Do not consider what option would be best for other staff members when making your rankings, i.e. staff much older or younger than you.
- When you have made up your mind, login to the poll and provide your opinion.
- You can login at anytime until the poll closes and change your rankings or comments. The poll closes Sunday, January 16 at the end of the work day.
- After poll closing you can still view the information that you provided, but you won't be able to update.
- View the latest poll results at
  http://cybermarsx.mls.lib.ok.us/mlsPensionPoll/PensionPoll.asp?wci=results
- For questions call Lloyd Lovely at 606-3795 or Jimmy Welch at 606-3777.

Appendix B -- Pension Poll Form

MLS Pension Opinion Poll

(To view option and personal information, click on the option links below.)

1. Please rank the options below according to what plan best fits your needs. (1=Best, 2=Next Best, ... 4=Least)

Option 1: Continue Current Plan With No Changes
Option 2: Tweak Current Plan (3% post-tax to 5% pre-tax and increase normal retirement Age from 62 to 65)
Option 3: Freeze the Accrual in Current Plan and Start New Plan
Option 4: Split and Start (45 and older continue; less than 45 freeze and start new plan)

2. Please rank the options below according to what plan you feel is fairest to taxpayers. (1=Fairest, 2=Less Fair, ... 4=Least Fair)

Option 1: Continue Current Plan With No Changes
Option 2: Tweak Current Plan (3% post-tax to 5% pre-tax and increase normal retirement Age from 62 to 65)
Option 3: Freeze the Accrual in Current Plan and Start New Plan
Option 4: Split and Start (45 and older continue; less than 45 freeze and start new plan)

3. Please rank the options according to what you feel is a fair balance between what you want and the cost to taxpayers. (1=Fairest, 2=Less Fair, ... 4=Least Fair)

Option 1: Continue Current Plan With No Changes
Option 2: Tweak Current Plan (3% post-tax to 5% pre-tax and increase normal retirement Age from 62 to 65)
Option 3: Freeze the Accrual in Current Plan and Start New Plan
Option 4: Split and Start (45 and older continue; less than 45 freeze and start new plan)

4. Please enter other comments and suggestions to be shared with the Pension Board.

send survey

Appendix C -- Personal Opinion Examples

Example One (Age 33) -- Option 1

Option 1: Continue Current Plan With No Changes

Points to consider:

- The plan remains a defined benefit plan. MLS guarantees funding and assumes investment risks.
- The years of service accrual rate is 2 ½ % per year for a maximum of 32 years.
- Normal retirement age for all employees is 62.
- The following information was calculated as of 07/01/2004 and subject to final verification before payments are made:
    - Your Projected Monthly Retirement Income is $1,773.00
    - Your Vested Monthly Income is $283.37
- Benefits are based on the normal form of annuity specified in the plan document. Benefits are payable for **your lifetime only**, unless an alternate election is made prior to the payment start date. Generally any optional form of annuity will **reduce** the monthly amount payable to you.
- 3% of your gross pay is deducted from your paycheck as a contribution to the MLS Pension Plan. For example, using the first pay period of the month:

Plan	Net Pay	Retirement Contribution	Federal Withholding Tax	State Withholding Tax
Current	746.21	31.22	83.00	48.00

- Your Employee contribution draws 5% interest and belongs to you. If for any reason you are no longer employed by MLS, and have less than 5 years credited service or wish to withdraw your funds, you **forfeit** all the contributions made by MLS and all future pension plan benefits.
- The MLS contribution to the pension plan for FY05 is $1,573,250 or 21.45% of compensation.

Disclaimer: The figures provided in this document are offered as guides only and should not be regarded as official calculations.

Example One (Age 33) -- Option 2

Option 2: Tweak Current Plan with 5% percent employee contribution rate and age 65 Normal Retirement

Points to consider:

- The plan remains a defined benefit plan. MLS guarantees funding and assumes investment risks.
- The years of service accrual rate will remain at 2 ½ % per year for a maximum of 32 years.
- Normal retirement age for all employees will be 65. Early retirement will result in a slight reduction of benefits under this option.
- The following information was calculated as of 07/01/2004 and subject to final verification before payments are made:
    - Your Projected Monthly Retirement Income at age 62 if the current plan were continued is $1,773.00
    - Your Projected Monthly Retirement Income at age 65 if this new plan were implemented is $1,773.00
- Benefits are based on the normal form of annuity specified in the plan document. Benefits are payable for **your lifetime only**, unless an alternate election is made prior to the payment start date. Generally any optional form of annuity will **reduce** the monthly amount payable to you.
- Currently each payday 3% of your gross pay is deducted from your paycheck as a contribution to the MLS Pension Plan. This proposed option raises the contribution to 5%. However, you pay no withholding taxes on the deduction. For example, using the first pay period of the month:

Plan	Net Pay	Retirement Contribution	Federal Withholding Tax	State Withholding Tax
Current	746.21	31.22	83.00	48.00
Option 2	736.39	52.04	75.00	45.00
+/-	9.82-	20.82	8.00-	3.00-

- Your Employee contribution draws 5% interest and belongs to you. If for any reason you are no longer employed by MLS, and have less than 5 years credited service or wish to withdraw your funds, you **forfeit** all the contributions made by MLS and all future pension plan benefits.
- The MLS contribution to the pension plan for FY05 would have been $1,037,248 if this option were in effect. As a result the MLS pension costs would have been **reduced by $536,002** for FY05. (13.83% of compensation as compared to 21.45% for the current plan)

Disclaimer: The figures provided in this document are offered as guides only and should not be regarded as official calculations.

Example One (Age 33) -- Option 3

Option 3: Freeze the Accrual in Current Plan and Start New Plan

Points to consider:

- The current *defined benefit plan* will be frozen. A new *defined contribution plan* will be started. You assume investment risks.
- Your accrued monthly income from the current plan is $283.37 as of 07/01/2004.
- Assume this option were in effect on 07/01/2004 and MLS contributed 10% and you contributed 5% each pay period into your new *defined contribution plan*. Assume investments earned 7% interest your plan would be worth $474,362.22 at age 65.
- If your defined contribution plan funds were converted to an annuity at age 65 your monthly proceeds would be $4,020.02.
- If this option were in effect, your total projected monthly income would be $4,303.39. ($283.37 accrued plus $4,020.02 defined contribution annuity @ 65)
- Your total projected monthly income if our current plan were continued is $1,773.00.
- Your projected monthly benefit would be **$2,530.39 greater** than the current plan.
- Currently each payday 3% of your gross pay is deducted from your paycheck as a contribution to the MLS Pension Plan. This proposed option raises the contribution to 5%. However, you pay no withholding taxes on the deduction. For example, using the first pay period of the month:

Plan	Net Pay	Retirement Contribution	Federal Withholding Tax	State Withholding Tax
Current	746.21	31.22	83.00	48.00
Option 3	736.39	52.04	75.00	45.00
+/-	9.82-	20.82	8.00-	3.00-

- Your defined contribution plan belongs to you. If for any reason you are no longer employed by MLS, all **funds** in your plan are **yours** including the 10% contributed by MLS.
- The MLS contribution to the pension plan for FY05 would have been $720,759 if this option were in effect. As a result the MLS pension costs would have been **reduced by $852,491** for FY05.

Disclaimer: The figures provided in this document are offered as guides only and should not be regarded as official calculations.

Example One (Age 33) -- Option 4

Option 4: Split and Start (45 and older continue; less than 45 freeze and start new plan)

Points to consider:

- Your age on July 1, 2005 will be 33.
- The current *defined benefit plan* will be frozen. A new *defined contribution plan* will be started. You assume investment risks.
- Your accrued monthly income from the current plan is $283.37 as of 07/01/2004.
- Assume this option were in effect on 07/01/2004 and MLS contributed 10% and you contributed 5% each pay period into your new *defined contribution plan*. Assume investments earned 7% interest your plan would be worth $474,362.22 at age 65.
- If your defined contribution plan funds were converted to an annuity at age 65 your monthly proceeds would be $4,020.02.
- If this option were in effect, your total projected monthly income would be $4,303.39. ($283.37 accrued plus $4,020.02 defined contribution annuity @ 65)
- Your total projected monthly income if our current plan were continued is $1,773.00.
- Your projected monthly benefit would be **$2,530.39 greater** than the current plan.
- Currently each payday 3% of your gross pay is deducted from your paycheck as a contribution to the MLS Pension Plan. This proposed option raises the contribution to 5%. However, you pay no withholding taxes on the deduction. For example, using the first pay period of the month:

Plan	Net Pay	Retirement Contribution	Federal Withholding Tax	State Withholding Tax
Current	746.21	31.22	83.00	48.00
Option 4	736.39	52.04	75.00	45.00
+/-	9.82-	20.82	8.00-	3.00-

- Your defined contribution plan belongs to you. If for any reason you are no longer employed by MLS, all **funds** in your plan are **yours** including the 10% contributed by MLS.
- If this option were in effect the MLS contribution to the pension plan for FY05 would have been $1,179,729 ($235,779 for age 44 and younger and $943,950 for age 45 and older). As a result the MLS pension plan costs would been **reduced by $393,521**.The projected savings in future years will be significantly more since all new hires regardless of age will be under the new defined contribution plan.

Disclaimer: The figures provided in this document are offered as guides only and should not be regarded as official calculations.

Example Two (Age 54) -- Option 1

Option 1: Continue Current Plan With No Changes

Points to consider:

- The plan remains a defined benefit plan. MLS guarantees funding and assumes investment risks.
- The years of service accrual rate is 2 ½ % per year for a maximum of 32 years.
- Normal retirement age for all employees is 62.
- The following information was calculated as of 07/01/2004 and subject to final verification before payments are made:
  - Your Projected Monthly Retirement Income is $983.00
  - Your Vested Monthly Income is $341.89
- Benefits are based on the normal form of annuity specified in the plan document. Benefits are payable for **your lifetime only**, unless an alternate election is made prior to the payment start date. Generally any optional form of annuity will **reduce** the monthly amount payable to you.
- 3% of your gross pay is deducted from your paycheck as a contribution to the MLS Pension Plan. For example, using the first pay period of the month:

Plan	Net Pay	Retirement Contribution	Federal Withholding Tax	State Withholding Tax
Current	678.87	43.08	95.00	71.00

- Your Employee contribution draws 5% interest and belongs to you. If for any reason you are no longer employed by MLS, and have less than 5 years credited service or wish to withdraw your funds, you **forfeit** all the contributions made by MLS and all future pension plan benefits.
- The MLS contribution to the pension plan for FY05 is $1,573,250 or 21.45% of compensation.

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Example Two (Age 54) -- Option 2

Option 2: Tweak Current Plan with 5% percent employee contribution rate and age 65 Normal Retirement

Points to consider:

- The plan remains a defined benefit plan. MLS guarantees funding and assumes investment risks.
- The years of service accrual rate will remain at 2 ½ % per year for a maximum of 32 years.
- Normal retirement age for all employees will be 65. Early retirement will result in a slight reduction of benefits under this option.
- The following information was calculated as of 07/01/2004 and subject to final verification before payments are made:
  - Your Projected Monthly Retirement Income at age 62 if the current plan were continued is $983.00
  - Your Projected Monthly Retirement Income at age 65 if this new plan were implemented is $1,215.17
- Benefits are based on the normal form of annuity specified in the plan document. Benefits are payable for **your lifetime only**, unless an alternate election is made prior to the payment start date. Generally any optional form of annuity will **reduce** the monthly amount payable to you.
- Currently each payday 3% of your gross pay is deducted from your paycheck as a contribution to the MLS Pension Plan. This proposed option raises the contribution to 5%. However, you pay no withholding taxes on the deduction. For example, using the first pay period of the month:

Plan	Net Pay	Retirement Contribution	Federal Withholding Tax	State Withholding Tax
Current	678.87	43.08	95.00	71.00
Option 2	666.15	71.80	84.00	66.00
+/-	12.72-	28.72	11.00-	5.00-

- Your Employee contribution draws 5% interest and belongs to you. If for any reason you are no longer employed by MLS, and have less than 5 years credited service or wish to withdraw your funds, you **forfeit** all the contributions made by MLS and all future pension plan benefits.
- The MLS contribution to the pension plan for FY05 would have been $1,037,248 if this option were in effect. As a result the MLS pension costs would have been **reduced by $536,002** for FY05. (13.83% of compensation as compared to 21.45% for the current plan)

Disclaimer: The figures provided in this document are offered as guides only and should not be regarded as official calculations.

Example Two (Age 54) -- Option 3

Option 3: Freeze the Accrual in Current Plan and Start New Plan

Points to consider:

- The current *defined benefit plan* will be frozen. A new *defined contribution plan* will be started. You assume investment risks.
- Your accrued monthly income from the current plan is $341.89 as of 07/01/2004.
- Assume this option were in effect on 07/01/2004 and MLS contributed 10% and you contributed 5% each pay period into your new *defined contribution plan*. Assume investments earned 7% interest your plan would be worth $81,744.43 at age 65.
- If your defined contribution plan funds were converted to an annuity at age 65 your monthly proceeds would be $592.35.
- If this option were in effect, your total projected monthly income would be $934.24. ($341.89 accrued plus $592.35 defined contribution annuity @ 65)
- Your total projected monthly income if our current plan were continued is $983.00.
- Your projected monthly benefit would be **$48.76 Less** than the current plan.
- Currently each payday 3% of your gross pay is deducted from your paycheck as a contribution to the MLS Pension Plan. This proposed option raises the contribution to 5%. However, you pay no withholding taxes on the deduction. For example, using the first pay period of the month:

Plan	Net Pay	Retirement Contribution	Federal Withholding Tax	State Withholding Tax
Current	678.87	43.08	95.00	71.00
Option 3	666.15	71.80	84.00	66.00
+/-	12.72-	28.72	11.00-	5.00-

- Your defined contribution plan belongs to you. If for any reason you are no longer employed by MLS, all **funds** in your plan are **yours** including the 10% contributed by MLS.
- The MLS contribution to the pension plan for FY05 would have been $720,759 if this option were in effect. As a result the MLS pension costs would have been **reduced by $852,491** for FY05.

Disclaimer: The figures provided in this document are offered as guides only and should not be regarded as official calculations.

Example Two (Age 54) -- Option 4

Option 4: Split and Start (45 and older continue; less than 45 freeze and start new plan)

Points to consider:

- Your age on July 1, 2005 will be 54.
- The plan remains a defined benefit plan. MLS guarantees funding and assumes investment risks.
- The years of service accrual rate will remain at 2 ½ % per year for a maximum of 32 years.
- Normal retirement age for all employees will be 65. Early retirement will result in a slight reduction of benefits under this option.
- The following information was calculated as of 07/01/2004 and subject to final verification before payments are made:
    - Your Projected Monthly Retirement Income at age 62 if the current plan were continued is $983.00
    - Your Projected Monthly Retirement Income at age 65 if this new plan were implemented is $1,215.17
- Benefits are based on the normal form of annuity specified in the plan document. Benefits are payable for **your lifetime only**, unless an alternate election is made prior to the payment start date. Generally any optional form of annuity will **reduce** the monthly amount payable to you.
- Currently each payday 3% of your gross pay is deducted from your paycheck as a contribution to the MLS Pension Plan. This proposed option raises the contribution to 5%. However, you pay no withholding taxes on the deduction. For example, using the first pay period of the month:

Plan	Net Pay	Retirement Contribution	Federal Withholding Tax	State Withholding Tax
Current	678.87	43.08	95.00	71.00
Option 2	666.15	71.80	84.00	66.00
+/-	12.72-	28.72	11.00-	5.00-

- Your Employee contribution draws 5% interest and belongs to you. If for any reason you are no longer employed by MLS, and have less than 5 years credited service or wish to withdraw your funds, you **forfeit** all the contributions made by MLS and all future pension plan benefits.
- If this option were in effect the MLS contribution to the pension plan for FY05 would have been $1,179,729 ($235,779 for age 44 and younger and $943,950 for age 45 and older). As a result the MLS pension plan costs would been **reduced by $393,521**.The projected savings in future years will be significantly more since all new hires regardless of age will be under the new defined contribution plan.

Disclaimer: The figures provided in this document are offered as guides only and should not be regarded as official calculations.

Appendix D

Individual Comments

4. Please enter other comments and suggestions to be shared with the Pension Board.

	All Respondents
1	Plan 3 is too vague and I do not feel comfortable having to assume so much risk. (age=57 yos=22)
2	I really feel like the 7% average investment is to high. I'd like to know what the administrator of the plan's average has been say the last 10 yrs. I'm concerned about the change from 3% post-tax to 5% pre-tax. Is this really a smart change. Won't we also be paying in less to SSN which means we will have less when we retire.(age=38 yos=6)
3	If we were to impliment a 401A plan, I would want the option to roll my current 457 plan into the new 401A. Keeping track of investments choices would be simpler.(age=50 yos=3)
4	Thanks Jimmy for all of the hard work that you put into this project.What has not been addressed by the current MLS administration is what would the savings be used for if the plan was changed. Perhaps better benefits! We have been hearing for some time that the system is having budget issues (budget exceeds revenues). Revising the pension plan and thereby saving money is a one-time fix. As we have seen recently from the events in Tulsa, taxpayers are fed up paying higher taxes. Higher taxes are not the answer, better fiscal responsibility is ! I am a employee with less than 5 years service, so option #3 provides the most benefit, however I feel uncomfortable accepting the risk. I also feel it is unfair to change the plan for those who have been here and have planned for retirement based on 62 age retirement.(age=37 yos=3)
5	Since I did not attend the meetings, I am not familliar with the new plan. However, I do not wish to be a part of the silent majority. (age=40 yos=1)
6	If changes are necessary due to the economic impact of our current plan design, please consider beginning with small plan adjustments, as presented in option 2. Wouldn't it be better to start small and determine what impact those changes have before making the drastic change to a defined contriubution plan? In addition to the most obvious concern with a defined contribution plan, NO GUARANTEED INCOME AT RETIREMENT, there are other issues for consideration: - proposed pre-tax contriubtion arrantement would cause taxation at retirement; a time when participants can least afford additional cost - pre-tax contributions would also lower contriubtions to Social Security, causing a decrease in potential income from that source at retirement - current discussions of Social Security privitization; with a defined contribution plan and Social Security privitization, what other avenues will there be for guaranteed retirement income? MLS has a dedicated staff; providing expertise, talent and energy to MLS and the community. In exchange, MLS provides an excellent benefit package, including the option to earn a secure retirement. If there are no retirement income guarantees, as with the current defined benefit plan, will MLS increase salaries to offset this tremendous loss of security? How will MLS complete for jobs when other organizations continue to provide defined benefit plans? What impact will an insecure financial future have on staff morale? Please consider these issues; our futures are in your hands! (age=40 yos=2)
7	1.Older folks (20 yos & close to retirement) should be grandfathered in original plan. 2. Instead of an annuity-could retiree receive roll-over cash so upon death, the family could benefit instead of the annuity company. There would be no extra costs for MLS. 3. How about distributing the entire retirement fund into individual 401A accts to save admin. costs? (age=59 yos=21)
8	Thanks for taking the time to personalize the calculations for each employee. The personalize calculations made it easier to decide on which options to select for the poll. (age=56 yos=23)
9	I don't really understand. I need some advice.(age=58 yos=2)
10	I don't care for the risks in Option 3. I have put my risks for retirement income in other kinds of savings. I

	am close to retirement. I don't think those of us who are near retirement or who have invested years of their lives in this library system should get less than they anticipated at age 62 or if waiting later to retire (as I plan to do). (age=61 yos=4)
11	I feel that plan #4 would (as you have stated) have a greater saving in the future to the tax payers and that the ratio in a few short years would be equivalent to Plan #3. This to me seems to be the fairest solutions to the problem. (age=55 yos=16)
12	With the old plan the money the library put in our retirement should be ours regurdless.If we retire or terminate our employment early And all the money should be able to go to a family member.Changing the retirement age do not benefit me at all.As soon as I can retire the better off it is for me.(age=42 yos=1)
13	I don't feel that it is right for the MLS to not continue to contribute towards the employees benifits up to 32 years. What if a staff person would like to work at least 35 more years for the MLS what then? Some companies pays their employees' benefits up to 35 years of service. Another issue that I have is...why haven't the MLS look into investing into a 401k?(age=42 yos=24)
14	I think that a fair and balanced option for the taxpayers would include a fair and balanced plan for all employees and it seems that option 2 would strike a better balance for long-term employees over age 50, save the system lots of money and still give those under 50 a decent plan.(age=46 yos=20)
15	First of all, I appreciate the chance to provide input and I appreciate Jimmy's software which allows us to have some idea of the real impact of our recommendation. However, while I'm not opposed to Option 3, I think the suggestion that we will get 7% return is wildly optimistic. I wish the estimate could've been produced at maybe 5%. I would also hope that we could have some more help than I'll bet we get in making our choices. Can some of the money saved be spent on having a financial advisor meet with us once per quarter or twice a year? (age=39 yos=7)
16	I appreciate having the opportunity to see how each plan would affect me as well as the taxpayers. I contribute to the 457 (deferred compensation) plan also and I'm wondering if I could combine the two if option 3 or 4 were chosen. I have confidence that serious consideration will be given to each plan and the best one will be chosen. I feel fortunate to be an employee of MLS. (age=37 yos=5)
17	I appreciate being able to provide my input.(age=55 yos=36)
18	I think that if we could do a split and start, maybe we could just leave it up to the individual. I understand that having two different plans could be confusing and more work for those who administer the plan. However, we would have two under Plan 4. (age=54 yos=18)
19	As a younger employee, it was difficult to choose what is only best for me and disregard the needs of those who have worked their entire adult lives for the Library and are nearing retirement. I know the Pension Board will choose the best option for everyone, and I appreciate your time and concern for all of us.(age=35 yos=8)
20	I looked at the projected monthly retirement income among option 2, 3, & 4 and the difference for me was about 500.00 this is not enough of a difference to take the risk with difined contribution. (age=38 yos=18)
21	I don't want to wait and retire at 65. Age 62 is bad enough, and I really expect that SS won't be there to help. Loyalty should count for something if you've been with the system years and years.(age=56 yos=11)
22	I would like to know if a cost of living adjustment is considered in any of these options. Also, I think that the wording of the questions make me think that the employees are not considered taxpayers by MLS.(age=52 yos=3)
23	The taxpayers of Ok Cty want an excellent library system.You get what you pay for.The employees of the MLS deserve current plan which is one of the reasons some of us chose to work here, even though as Donna Morris stated we are below reg-ional salary averages.This plan is a great equal- izer.I don't believe that a few extra $s per mon of ESTIMATED $s w/THE DEFINED CONTRIBUTION PLAN WITH ME BEING THE RISKTAKER is worth it. Especial-ly at my age.I want a sure thing.& most of us have seen what the stock market risk takers in the pension plans have done to people in the last few years.THEY HAVE HAD TO GO BACK TO WORK.We started with this plan,we should be entitled to finish with this

	plan.Not all of us are transi-ents in our careers & don't want nor need a port- able plan.Offer choices to those that do.(age=51 yos=2)
24	I am in the 45 and older group and have more than 20 years of service with the library. I would not be happy if I were forced into Option 4 as Option 3 would be to my benefit as well as a benefit to taxpayers. If the committee chooses Option 4, I would sincerely hope they would allow those over 45 to choose Option 3 if they wanted to go with that type of plan. If the library stays with a defined benefit plan, I would want the retirement age to stay at 62. I would have my 32 years long before 62 so having to work an extra three years to keep my benefits from being reduced would make me very unhappy.(age=46 yos=21)
25	As an employee of MLS, I would like to extend my gratitude for considering our needs and the needs of the taxpayers. To hire and keep the most qualified people is the best use of tax dollars! Customers comment every week that the return to the community is ten fold their investment (tax) dollars. I feel increasing the employee contribution rate to 5% and increasing retirement age to 65 , to be a fair compromise for employees and taxpayers. Thank you again for your time and consideration.(age=45 yos=4)
26	As I on a second career and I'm over 45, obviously it is worth the risk to go with Option 3 or 4, but I realize that Option 2 is probably the most fair to tax payers with the least risk to employees. (age=45 yos=1)
27	Thanks to Jimmy incredible software! (therefore, Jim's hard work)I could retire in one year, July 2006 @ age 62 and was hoping to. It's a great disappointment to even think that I'll miss the opportunity by 12 months. However, I know the reality for Commission is pressure of running libraries w/this dramatic increase in pension costs: It cannot continue. Personally, I'd rather give up dental, eye care, some of the --cadillac-- medical benefits or pay more, out of pocket; but I'm sure that would make many staff upset(I use & enjoy those benefits, as well---however, there have to be trade-offs). Companies all over the United States are struggling with these issues, so library staff should not feel that they are being personally picked on. It's just reality. Good luck to Pension Board members. Glad I'm in my sneakers and not yours. What a job.(age=61 yos=23)
28	The Summary Plan Description for the pension plan state --the people who operate your Metropolitan Pension Plan, called 'fiduciaries' of the Metropolitan Pension Plan, have a duty to do so prudently in the interest of you and other Metropolitan Pension Plan Participants and beneficiaries.-- In the poll questions and the meetings, we were told to consider four options, one of which is described as the fairest to the taxpayers. A second one talks about a fair balance between the participant and the cost to the taxpayers. To me, it seems that maybe some people are talking about something that doesn't meet the --interest of you and other ... participants-- statement. We have been told that the investments made by the professional investors earned 10% over the last year. What's the investment returns over the last 5 years? I understand that the employee who participate in our 457 plan have options that earned a negative return over the last 5 years (-.816%). If we are to --assume-- a return of 7% on investments, what's the record been for the professional investors on our current plan? If they haven't been getting 7% return, would the plan, if they had got 7%, been ok? Has the actuary over-estimated at 7%? For those who have 32 years of service and are no longer contributing, does the library contribute the average 20 to 21% of salary into the current plan for them? Am I right that there doesn't seem to be any risk by going to an option 3 plan if I have 32 years in already? I've heard something about a federal district court ruling that IBM violated age discrimination laws when it converted its pension plan to a cash balance plan. Is that what is being proposed with the defined contribution plan? If my contribution draws 5% interest which belongs to me, where does the other 5% (based on earning 10% last year) go? If it is divided between the investment firm, the plan consultant and the plan, in years when the investments don't bring in 5%, do all three take a loss or only the plan? I think I understand that our portion of social security is paid with after tax dollars. If our portion of retirement goes to pre-tax dollars and if an individual has tried to supplement retirement with pre-tax contributions into the 457 plan, doesn't this mean that the person will have to come up with more money out of pocket to pay taxes each year? I know that everybody says that the concept is based on a lower tax bracket at retirement, but 457 money, social security (library contribution), defined benefit plan retirement, defined contribution plan retirement, maybe an IRA, etc., maybe it will a lower tax bracket, maybe not. We were told that so many public plans are switching to defined contribution and given the impression that they have to do so to say the employee's retirement plan. What about the nation's largest public pension fund and third largest in the world. They aren't talking about dumping their multitude of defined benefits plans which are the only kinds they have. They cover more than 2,500 employers and more than 1.4 million public employees, retirees and their families. There end of year (6/30/04) rate of

	returns was 16.7% and their 5 year average was 3.6%. If they can't average but 3.6% over the last five years, what is it that is supposed to make me believe I can earn 7%? The actuary's or plan consultant's opinion? (age=56 yos=23)
29	I am planning to take early retirement at age 60. I don't know if any one of the options would be of benefit to me at this time. I like number #2 option the best for my needs.(age=57 yos=21)
30	As an employee who's been in the System over 15 years, I would receive a lesser amount going with option #3, so I just can't seem to favor that one. On question #3, I believe that Option #3 would not benefit me as a tax-payer in the end. I like our current plan but think that Option #2 or #4 would benefit everyone where Option #3 would not. I hope the committee can adopt a plan that will equally benefit all staff as much as possible. Thanks for asking our opinion. (age=55 yos=16)
31	I think that staff who have more than 5 years of service with MLS ought to be allowed the option of staying with the plan they were hired under. MLS should not renege on the contract both employee and employer agreed upon and then substitute a plan that only the employer wants and agrees to. I feel the same way about changing the retirement age from 62 to 65. I plan on retiring much sooner than that so whatever is decided will not greatly affect me. However, I strongly feel that the money will be spent in any case so it rightfully should be spent on the employees for they are the heart, breath and soul of the library system. It could be argued that the money should be spent elsewhere. My answer to that is MLS has already wasted too much of the taxpayers resources on items it undervalued and threw away before their time. Witness the last a(age=53 yos=18)
32	Sure hope you can pick a choice that not only serves the current staff & the taxpayers but also recognizes long-time, hardworking, loyal service by employees to MLS.(age=53 yos=21)
33	Option 3: I really don't feel comfortable accepting risk for investments on an amount I will need to survive on when I retire. Who knows what the market will be at that time? 2. Librarians in a public library job make less than in the academic, school, or private sectors. To make it sweeter for librarians to work in a public library, wouldn't it be better to offer some benefits such as a defined benefit retirement plan? (age=54 yos=12)
34	As a Oklahoma County taxpayer I think most tax payers of Oklahoma realize that their money is going to be use whether its for library employees or paying for a toll roll that has been completed for years. It seems that all of these plans are attempting to move the retirement age to 65. I am totally oppose to this. Sure, people are living longer, but maybe that's because medical equipments extends their lives. We also know that after 65 people health begins to fail and they begin to have medical problems and spend most of their retirement paying medical bills. I would be willing to pay more if the retirement age stayed at 62.(age=47 yos=8)
35	Option 3 is only my preference if a professional manages my funds. If I am responsible for managing the account it would probably not be the best.(age=42 yos=3)
36	I see the fact that the library system has taken the initiative to address this problem now, instead of waiting until the pension fund is in serious trouble, as positive. Realistically, I know that there is no way that the current plan can continue to be funded. I realize that some of the plans require the employee to assume more risk, we should remember that there are very few plans anymore that do not place risk on the employee. Another thought... I'm surprised at all the fury regarding the retirement age. I never even thought about it, just assumed it was 65. For those wanting to retire before that, I urge them to consider the health insurance issue. I know several people who have retired before being eligible for Medicare, and keeping health care coverage is a constant struggle and very expensive.(age=45 yos=19)
37	I am 24 years old and plan to stay with MLS until retirement. At my age, option 3 would benefit me far greater than any other plan. But I am also aware that the average age of most MLS employees is around 45 years of age and that would not be the best for them. I do not mind that the retirement age for me would be raised to 65 but I don't believe that it would be fair to do that to those who are in their 40's, 50's, or 60's since they've been planning on their retirement when they hit the age of 62. I think that if we do not choose option 1 or 2, MLS would eliminate having to deal with this issue in the future, since its contribution would always be defined. So, to make a long story short (I know, too late), for me option 3 would be best but for the system's employees overall I think that option 4 would be best. --Josh Schell(age=25 yos=1)

38	I really believe that we should begin a new plan and freeze the current one. I didn't realize that if I were to retire and then died after receiving a few checks, my spouse would not be receiving any payments on my behalf. That's heartbreaking and not fair. If I put money into something I expect to receive all of it back at some point in the future. (age=32 yos=11)
39	I THINK WE SHOULD JUST LEAVE IT THE WAY IT IS, EVERY ONE WAS HAPPY WITH THE ONE WE HAVE, MAYBE THATS WHY SOME OF US CAME HEAR. FOR THE BEST OF EVERY ONE JUST LEAVE IT THE WAY IT IS.....(age=21 yos=2)
40	Thank you for doing this poll for us. I hope that whichever plan is chosen it will be one which will attract quality employees who will stay with the sytem.(age=70 yos=4)
41	Options 2 & 4 would be equally beneficial to me due to my age and years of service.(age=62 yos=4)
42	I'm over 45 with considerable years of service. Option 3 is significantly better for my future. If for some reason Option 4 is chosen by the board, I hope that you will consider modifying it so that those 45 and over can choose to go to the new plan with those 44 and younger. (age=58 yos=32)
43	There should be a pension awareness siminar annually. It could be scheduled similar to the way the pension board information meeting. This would allow the employee to ask questions and stay abreast of what is going on with their funds.(age=33 yos=4)
44	Sorry, I just haven't had time to think about questions 2 and 3, but I do appreciate the opportunity to have this explained and to say which one is best for me. Thanks(age=66 yos=4)
45	I think that what is fairest to taxpayers would be to develop a pension plan that would not only lower the MLS's contribution but also still be able to help attract high level employees to maintain top quality service to customers. Thank you for all of your work in developing and presenting this poll and for giving us a chance to voice our opinions on this important matter.(age=62 yos=3)
46	I am all for Option 3 but I would prefer to be able to retire at age 62 not 65.(age=26 yos=2)
47	I do not care for Option 3. The employee assuming the investment risks is risky in itself. Also, the 7% assumed interest rate may be unrealistic even though the projected monthly income could increase IF that percentage was obtained. Potential hirees might be looking for more stability, so this option might not even be that beneficial. (age=65 yos=27)
48	I think there should be a time for transition--such as one to three years--before any new plan is firmly in place. This would allow employees soon approaching age 62--who have planned for retirement at this age--to proceed with their plans and allow younger employees to take their places. It would also prevent a demoralizing effect on these retiring employees.(age=61 yos=16)
49	I feel that the staff that stayed through years of no pay raises, long hours and staff shortages should not be forgotten for their loyalty to this library system now that they are close to retirement. Consider that the staff that is close to retirement has planned their dreams on our current retirement plan.(age=51 yos=28)
50	Option 1 is my preference. Option 2 would be my second choice. In considering option 2, would it be possible to have an additional option of working till age 62 and make a higher employee contribution (i.e. 5 to 7%). I have been aiming my retirement age to age 62. Thanks for the opportunity to make an input.(age=47 yos=22)
51	Thanks Jimmy for this great program to help us decide, and thanks to the PB for your willingness to hear our opinions! It would be nice for dependents to receive annutities after employee's death--if the money was earmarked for the employee anyway, and previously sold to an annuity company, then it would be no loss to MLS(?) I like option #4 best, because it should be better for me to freeze and start over, yet it may be fairer to those with longer service or who are older to keep the current plan, plus it would save MLS considerably more money than #2. I also am happy that ANY change we effect may make it easier for me to think about relocating someday--I will greatly appreciate having a plan that's not so stable and wonderful that I feel like I HAVE to stay. (hopefully we won't have too much turnover, though)(age=37 yos=9)

52	I like the mobility that the 'new plan' offers. I love the library and want to continue working here. I feel that starting the new plan betters me financially and will help ensure that our jobs ,here, are safe for the long run.(age=24 yos=0)
53	Option 3 - too much risk to the employee. This could be deterimental to the ability to attract quality employees in the future.(age=47 yos=25)
54	Option 3 suggests quite an increase in the amount I would receive upon retirement, but I'm not comfortable with the risk and unknowns. I want to be able to plan and know exactly what I am due at retirment age.(age=38 yos=13)
55	The defined contribution plan looks the best for me. The only thing I worry about with the defined contribution plan is the interest rates. I understand that one of the system's financial advisors is on watch for not doing such a great job with our money. Will we be using new financial advisors and investing in funds that have long-running success? (age=27 yos=2)
56	With the view to trying to attract highly qualified professionals, it would seen reasonable and the best use of money available to be able to offer fringe benefits that would help entice not only the new recruits but those already well trained. The personnel determines the quality of the service provided. Highest quality of service for money available is the best use of taxpayers money.(age=67 yos=8)
57	What is most favorable to me about option 3 is the ability to leave money to my family if I should die shortly after retirement. With the current plan and other options; they would get nothing unless I chose an option at retirement that would greatly lower my benefits. (age=49 yos=20)
58	There is very little difference in benefit for me with all 4 plans. I do not like the risk involved with a defined contribution plan.(age=50 yos=7)
59	Please continue with the current plan.(age=49 yos=11)
60	I appreciate the opportunity for input. I don't believe asking the employees to take the risk is good management--library workers are traditionally underpaid and having a good benefits plan is one way to reward their important work. As a taxpayer and as an employee, I believe it is in the community's best interest to treat employees fairly and even generously when possible.(age=54 yos=9)
61	I'm not a big fan of the stock market and I certainly don't want to put all my eggs in that basket, especially in times that are as politically unstable as these. I don't want to put the burden of depending on the market on later hires, but my guess would be that the pension plan will have to adapt again to economic conditions sometime in the future anyway.(age=56 yos=19)
62	I feel that option 3 is too risky for my situation. It assumes a particular return but that is not predictable. It also assumes a knowledge of investing that many individuals do not have.(age=57 yos=2)
63	Why is the MLS the county agency who has to change their Pension Plan in 2005? Why didn't anyone look at this 5, 10, or 20 years ago? I want what is best for the MLS.(age=58 yos=8)
64	As I am in the middle of the road, early 50s and only 10 years with MLS, I feel option 2 has the greatest benefit to me but yet it still saves the system money (ranks 2nd highest in savings). I like option 3 because it helps MLS in the long run but it gives me nothing greater. Option 4 is beneficial to me but not for the system. I know we must change so Option 2 gets my vote.(age=52 yos=8)
65	It is my opinion that it is in the taxpayers best interest to have an excellent and stable retirement plan because it will encourage dedicated and long term employees.(age=35 yos=2)
66	Please give careful consideration to the effect of any changes in this plan on those who, like me, are quite close to age 65 since we have little time left to augment our retirement savings.(age=63 yos=7)
67	Option 3 would only be good for me if I were a younger person who may be with MLS for more years. The possible 7% interest would not guarantee or benefit me with my current status and the volatility of the market situation. (age=51 yos=6)

68	I feel if you have reached the age of 62 and have your 32 years in you should be left on the current retirment plan as is. (age=62 yos=39)
69	Having more portability in a plan would be a good thing.(age=46 yos=9)
70	I personally believe that the System should not change the current plan at all. I would have chosen option 4 as the best, but I miss the cutoff, I will only be 44 by July 1, 2005. I would vote whole heartedly for a split and start, if all current employees are kept in the defined benefit plan and all new hires are held to a new plan. I believe this is the fairest way for those of us who have given our time and loyalty to this system and came here with the understanding that the current retirement plan is the benefit we contracted for, I DO NOT want to work additional years, and I ABSOLUTELY do not want to give up the SECURITY of a defined benefit plan. I will stongly oppose the loss of a defined benefit plan! (age=44 yos=7)
71	I would like option # 2 IF our retirement % were taken out ***POST-tax*** because I'd rather pay taxes on it NOW than when I'm trying to live on it then! (age=47 yos=8)
72	I think option 2 is fair balance-it protects us and also saves a lot of money but I would prefer to retire at 62 and plan to do that regardless. I have very strong objections to option 3. Even though it frees up more money it seems too risky and unfair to all the faithful employees who have worked hard and expect a fairly comfortable retirement. (age=48 yos=9)
73	Options 1 and 2 are better plans to keep good employees in todays market.(age=45 yos=22)
74	Thank you Jimmie for all your work and time. Option 3 for employees who are at least 59 and over takes from our monthly retirement income and doesn't allow any growth to income for age 65. Please let us grandfather in option 1 if we are so close to retirement with the current plan. Thank you for your consideration.(age=59 yos=15)
75	With Option #4, if an employee is 45 or older can they start with the new option or must they continue with the current option?(age=57 yos=6)
76	I hate giving up the age 62 retirement date. (age=50 yos=26)
77	I would like to suggest that the 401A be added as an OPTION for retirement plans (vs. annuity). This would allow the retiree to have the choice of cutting out the middle man and take responsibility for their own retirement plan. It would also allow them to determine where their retirement would go in the event of their death. According to my understanding it would also cut down administrative costs. Re: 2. I think keeping good trained staff and drawing excellent new staff with a good retirement plan is fair to the tax payers. (you get what you pay for)(age=49 yos=9)
78	What happen to the 30+50=80, I thought that was a great deal-like what the Teachers have. What about the Library paying out all Oldtimers. Give us what we have put in plus 25% and let everybody start with the new plan. (age=48 yos=25)
79	Option 3 seems ideal for me and other younger employees not only because my benefit is higher, but because the pension is portable. I plan to be here for a while, but knowing that I wouldn't lose money if I have to change jobs is reassuring. It reduces my paycheck a little, but I don't mind contributing a bit more of my own money for a plan that works better for me. I don't like 2 at all. It costs me more money, does not provide me with more retirement, and is not portable. There is absolutely no benefit in it for me. While option 4 is my second pick because it would give me the same benefits as 3, I have to say that it is NOT the best COMBINATION of plans. My coworkers who are closer to retirement all seem to think sticking to the current plan is best. If you can combine two plans in the first place, I I don't understand why there(age=25 yos=0)

Comment Summary

There were 79 of the 150 respondents that submitted comments.

There were 15 respondents that expressed appreciation to the Pension Board for being allowed to express their opinion.

There were 19 respondents that expressed concern over managing their portfolio and the assumed rate of return.

There were 16 respondents that expressed concern over raising the normal retirement age from 62 to 65.

There were 8 respondents that said it was unfair to make any changes.

There were 7 respondents that said let each individual choose the plan best for them.

There were 5 respondents that expressed wanting a portable plan or more flexibility with death benefits after retirement.

There were 5 respondents expressing concern over changing employee contributions from post-tax to pre-tax.

There were 2 respondents that wanted to roll their 457 plan into a defined contribution plan.

Memo

To: Library Retirement Pension Board
From: Andrew Junkin – Asset Services Company
Date: January 25, 2005
Subject: Fees from 1999 through 2004

Attached is a spreadsheet detailing the fees paid by the pension plan for management, consulting, custodial and trustee fees from 1999 through 2004. Note that the change to the multi-manager system occurred in 2001.

If you have any questions, please let me know.

Metropolitan Library System Pension Plan
Fees from 1/1/1999 through 12/6/04
Cash Basis

	1999	2000	2001	2002	2003	2004
914013016 Clearing [1]	49,477.00	52,764.39	49,316.29	1,250.39	1,105.94	1,119.43
914013024 Windham [2]	0.00	0.00	0.00	5,474.93	5,814.08	7,023.27
914013032 Todd [2]	0.00	0.00	0.00	5,619.60	5,838.30	7,207.87
914013040 BOk [2]	0.00	0.00	0.00	20,999.01	20,683.04	25,476.43
	49,477.00	52,764.39	49,316.29	33,343.93	33,441.36	40,827.00
Asset Services	0.00	0.00	8,334.00	20,000.00	20,059.53	23,593.78
Windham	0.00	0.00	0.00	16,641.00	16,816.00	19,371.95
Todd	0.00	0.00	0.00	13,658.20	14,562.08	19,426.70
	0.00	0.00	8,334.00	50,299.20	51,437.61	62,392.43
Total Fees Paid	49,477.00	52,764.39	57,650.29	83,643.13	84,878.97	103,219.43
Year Ending Market Value*	12,871,800	12,756,700	12,535,304	11,768,784	14,515,256	16,547,812
Fee as a % of YE Market Value	0.38%	0.41%	0.46%	0.71%	0.58%	0.62%

[1] BOk services include Trustee Services, Fixed Income Mgmt., and Pension Payroll Services

[2] Accounts were funded in October 2001

* YE Market Value for 2004 is actually November 2004