

# **Lehigh County Employees' Retirement Board**

**May, 2014**

Agenda & Meeting Minutes



# COUNTY OF LEHIGH

## Office of Fiscal Affairs

**Timothy A. Reeves**  
**Fiscal Officer**

### MEMO

To: Lehigh County Employees

From: Timothy A. Reeves, Fiscal Officer

Date: May 8, 2014

Subject: Change in Mortality Table / Life Expectancy

Effective January 1, 2015 the Hay Group, as actuary of the retirement plan, is updating the mortality table used for actuarial equivalence from the 1983 Group Annuity Mortality Table to the RP 2013 Annuitant Mortality Table due to longer life expectancies.

This change does not affect the amount of the benefit that a member earns (your contributions paid into the fund together with regular interest plus the county portion). It does affect the expected time period / number of years that your pension is expected to be paid over. The magnitude of the change depends on various factors including age at retirement, the amount of accumulated deductions, and the present value of the benefit. In most cases the present value of the benefit is higher and therefore the monthly benefit amount is actually increasing.

The NO OPTION selection is typically where a decrease in the monthly benefit occurs. The decreased amount varies due to the factors described above, but in most cases the monthly benefit fully recovers within a six month period (i.e. by June 30, 2015).

As you know, monthly payment estimates are currently available on the intranet (using the old tables). In conjunction we have attached a spreadsheet that can be used by anyone considering retiring in 2014 or early 2015, which will calculate the change in your monthly payment using the new mortality table for the NO OPTION only. You will need to run your 2014 projection on the intranet to determine your current monthly benefit for the NO OPTION. Then simply input your age and accumulated deductions from the intranet projection into the attached spreadsheet and it will compute the change to your monthly payment using the new mortality table.

Please note that this spreadsheet is designed to give an estimate of the change due to the mortality table updates. An actual quote can be obtained from our office when you are ready to finalize your retirement paperwork.

*Government Center  
17 South Seventh Street,  
Allentown, Pennsylvania 18101-2400*

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**RESOLUTION OF THE LEHIGH COUNTY RETIREMENT BOARD  
RECOMMENDING CERTAIN CHANGES TO THE LEHIGH COUNTY  
RETIREMENT SYSTEM**

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**WHEREAS**, in 1971 the County of Lehigh (County) established its current retirement system in accordance with the County Pension Law, Act 96 of 1971, 16 P.S. §11651 et seq., which created a 1-60 or 1/60 class for member contributions; and

**WHEREAS**, the Lehigh County Retirement Board (Retirement Board) is responsible for the administration of the retirement system and has a fiduciary responsibility to manage the fund for the benefit of its members and retirees; and

**WHEREAS**, the Retirement Board has reviewed the future liabilities and potential expenses of the retirement system, and has evaluated the soundness of the system and has concluded that it would be in the long term best interests of the system to establish a second class or tier of retirement fund for newly elected or hired County officers and employees, commencing on January 1, 2015; and

**WHEREAS**, the new class would be established as a 1-70 or 1/70 class with a required member contribution rate of five percent (5%) of the member's salary.

**NOW, THEREFORE, BE IT RESOLVED THAT,**

The Lehigh County Retirement Board hereby recommends to the Lehigh County Executive and to the Board of Commissioners of Lehigh County that a two-tier retirement system be established as set forth herein.

ADOPTED this 8<sup>th</sup> day of May, 2014, by the

following vote:

<u>Members</u>	<u>AYE</u>	<u>NAY</u>
David Bausch	✓	
Glenn Eckhart	✓	
Vic Mazziotti	✓	
Daniel K. McCarthy		Absentee
Tom Muller	✓	
Timothy Reeves	✓	
Lisa Scheller	✓	

ATTEST:



Secretary to the Lehigh County Retirement Board



As of 3/31/2014

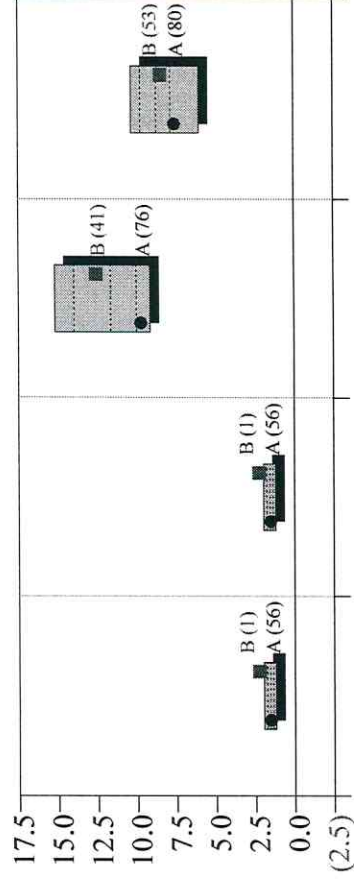
## Asset Class Index Performance

	Return						Std Dev 3 Yr (Mo-End)		
	MTD	QTD	YTD	1 Year	3 Year	5 Year		7 Year	10 Yr
Not Classified									
S&P 500 TR USD	0.84	1.81	1.81	21.86	14.66	21.16	6.31	7.42	12.47
Russell 3000 TR USD	0.53	1.97	1.97	22.61	14.61	21.93	6.60	7.86	13.04
NASDAQ Composite TR USD	-2.45	0.83	0.83	30.18	16.14	23.76	9.30		14.17
DJ Industrial Average TR USD	0.93	-0.15	-0.15	15.66	13.05	19.85	7.04	7.47	11.80
Russell 1000 Value TR USD	2.39	3.02	3.02	21.57	14.80	21.75	4.78	7.58	13.22
Russell 1000 Growth TR USD	-1.01	1.12	1.12	23.22	14.62	21.68	8.23	7.86	12.77
Russell 2000 Value TR USD	1.24	1.78	1.78	22.65	12.74	23.33	5.44	8.07	16.26
Russell 2000 TR USD	-0.68	1.12	1.12	24.90	13.18	24.31	7.08	8.53	16.78
Russell 2000 Growth TR USD	-2.46	0.48	0.48	27.19	13.61	25.24	8.63	8.87	17.57
MSCI EAFE NR USD	-0.64	0.66	0.66	17.56	7.21	16.02	1.29	6.53	16.79
MSCI ACWI Ex USA NR USD	0.26	0.51	0.51	12.31	4.15	15.52	1.70	7.12	16.88
MSCI EM NR USD	3.07	-0.43	-0.43	-1.43	-2.86	14.48	3.39	10.11	19.49
DJ Composite All REIT TR USD	0.42	8.90	8.90	2.04	9.99	26.85	2.07	7.10	15.62
DJ UBS Commodity TR USD	0.41	6.99	6.99	-2.10	-7.37	4.24	-2.72	0.43	15.23
BofAML ABS Master Floating Rate TR USD	0.36	0.67	0.67	1.27	1.53	4.16	-2.25	-0.43	0.79
BofAML Convertible Bonds All Qualities	-2.05	4.30	4.30	22.64	11.11	18.13	8.34	7.59	9.27
S&P Preferred Stock TR USD	1.86	6.94	6.94	3.51	6.58	20.92	4.10	4.54	7.26
Barclays US Treasury US TIPS TR USD	-0.47	1.95	1.95	-6.49	3.50	4.91	5.20	4.52	5.51
Barclays US Agg Bond TR USD	-0.17	1.84	1.84	-0.10	3.75	4.80	4.96	4.46	2.84
Barclays US HY Intern TR USD	0.22	2.83	2.83	7.49	8.77	17.57	8.42	8.40	6.45
Barclays Municipal 1-10Y Blend 1-12Y TR	-0.37	1.60	1.60	0.78	3.89	4.02	4.39	3.86	2.53
Barclays Global Aggregate TR USD	-0.07	2.40	2.40	1.88	2.78	5.10	4.98	4.50	4.49

## Blended Index Performance

	Return						Std Dev 3 Yr (Mo-End)		
	MTD	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Yr	
Not Classified									
100% Equity (70.30)	0.45	1.53	1.53	19.50	11.45	20.06	5.20	7.72	13.83
80% Equity, 20% Fixed Income	0.32	1.63	1.63	15.40	10.05	17.09	5.45	7.29	10.97
60% Equity, 40% Fixed Income	0.20	1.71	1.71	11.40	8.58	14.07	5.55	6.75	8.15
Cornerstone Base Case	0.18	1.93	1.93	9.34	7.44	12.85	4.95	6.20	7.39
40% Equity, 60% Fixed Income	0.08	1.77	1.77	7.48	7.04	11.01	5.50	6.09	5.46
20% Equity, 80% Fixed Income	-0.05	1.82	1.82	3.65	5.42	7.92	5.30	5.33	3.22
Liquid Alternatives	0.61	4.68	4.68	1.18	2.31	11.35	1.45	3.51	6.57

Returns  
for Periods Ended March 31, 2014  
Group: CAI Public Fund - Mid (100mm-1B)



10th Percentile  
25th Percentile  
Median  
75th Percentile  
90th Percentile

Lehigh County IPS Target Return ● A

Lehigh County ■ B

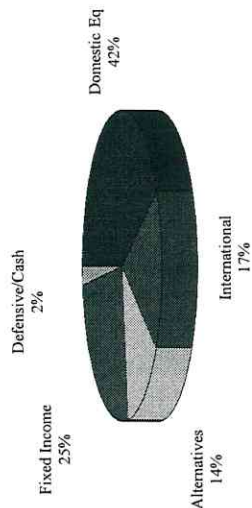
**Lehigh County Employees' Retirement System  
Manager Performance Summary**

	<i>Quarterly Return 1st Quarter 2014</i>	<i>Market Value Beginning of Period</i>	<i>Market Value End of Period</i>
<b>Lomax - Large Cap Value</b>	<b>3.80%</b>	<b>\$24,645,661</b>	<b>\$25,582,108</b>
Russell 1000 Value	3.02%		
<b>Vanguard - Core Equity</b>	<b>1.79%</b>	<b>\$40,344,377</b>	<b>\$41,068,046</b>
S&P 500	1.81%		
<b>Philadelphia Trust - Core Equity</b>	<b>3.11%</b>	<b>\$46,174,502</b>	<b>\$47,609,286</b>
S&P 500	1.81%		
<b>SGA - Large Cap Growth</b>	<b>-0.65%</b>	<b>\$25,134,640</b>	<b>\$24,971,673</b>
Russell 1000 Growth	1.12%		
<b>Vanguard - Small Cap Value</b>	<b>3.45%</b>	<b>\$22,518,549</b>	<b>\$23,295,219</b>
Russell 2000 Value	1.78%		
<b>Emerald - Mid Cap Growth</b>	<b>2.40%</b>	<b>\$12,935,089</b>	<b>\$13,245,033</b>
Russell Mid-Cap Growth	2.04%		
<b>Emerald - Small Cap Growth</b>	<b>3.65%</b>	<b>\$13,058,434</b>	<b>\$13,534,490</b>
Russell 2000 Growth	0.48%		
<b>Amer Funds EuroPac - International</b>	<b>0.69%</b>	<b>\$22,827,549</b>	<b>\$22,986,009</b>
MSCI ACWI Ex US	0.61%		
<b>Mondrian - International</b>	<b>3.07%</b>	<b>\$26,871,652</b>	<b>\$27,647,158</b>
MSCI ACWI Ex US	0.61%		
<b>Vanguard - International</b>	<b>0.52%</b>	<b>\$24,465,767</b>	<b>\$24,593,748</b>
MSCI EAFE	0.66%		
<b>CBRE Clarion - Real Estate</b>	<b>10.26%</b>	<b>\$11,201,123</b>	<b>\$12,349,978</b>
FTSE NAREIT Equity REIT	8.52%		
<b>Eaton Vance FRN - Alternatives</b>	<b>0.56%</b>	<b>\$10,991,802</b>	<b>\$11,052,966</b>
S&P/LSTA Leveraged Loan	1.13%		
<b>Nuveen Preferred Secs - Alternatives</b>	<b>4.36%</b>	<b>\$11,122,483</b>	<b>\$11,607,444</b>
S&P Preferred Stock	6.94%		
<b>CS Commodity - Alternatives</b>	<b>6.09%</b>	<b>\$10,437,672</b>	<b>\$11,072,883</b>
Dow AIG Commodity	6.98%		
<b>Jhancock Glob Abs Return - Alternatives</b>	<b>-0.18%</b>	<b>\$11,185,053</b>	<b>\$11,164,845</b>
HFRX Global Hedge Fund In	1.11%		
<b>MS Structured Note - Alternatives</b>	<b>0.80%</b>	<b>\$6,287,500</b>	<b>\$6,337,500</b>
Structured Note Index	0.80%		
<b>Agincourt - Fixed Income</b>	<b>1.96%</b>	<b>\$43,501,789</b>	<b>\$44,353,163</b>
Barclays Capital Aggregate	1.84%		
<b>CSMcKee - Fixed Income</b>	<b>2.11%</b>	<b>\$54,956,312</b>	<b>\$56,116,755</b>
Barclays Capital Aggregate	1.84%		
<b>Vanguard ST Inv Grade - Fixed Income</b>	<b>0.82%</b>	<b>\$13,102,661</b>	<b>\$13,207,582</b>
Barclays US Corp 1-3 Yr	0.47%		
<b>Misc Cash - Money Market</b>	<b>0.01%</b>	<b>\$1,326,204</b>	<b>\$1,265,226</b>
30 Day MM Yield	0.01%		
<b>Cash Account - Money Market</b>	<b>0.01%</b>	<b>\$12,330,188</b>	<b>\$7,479,461</b>
30 Day MM Yield	0.01%		
<b>Weighted</b>	<b>2.26%</b>	<b>\$445,419,007</b>	<b>\$450,540,573</b>
<b>Rate of Return</b>	<b>1.89%</b>		

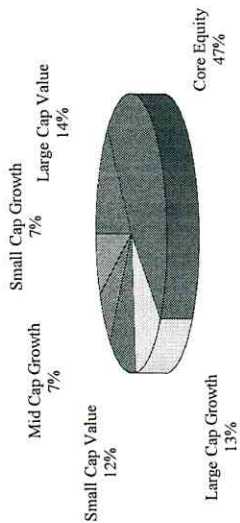


## Lehigh County Employees' Retirement System Equity Summary - Style & Capitalization

Current Portfolio

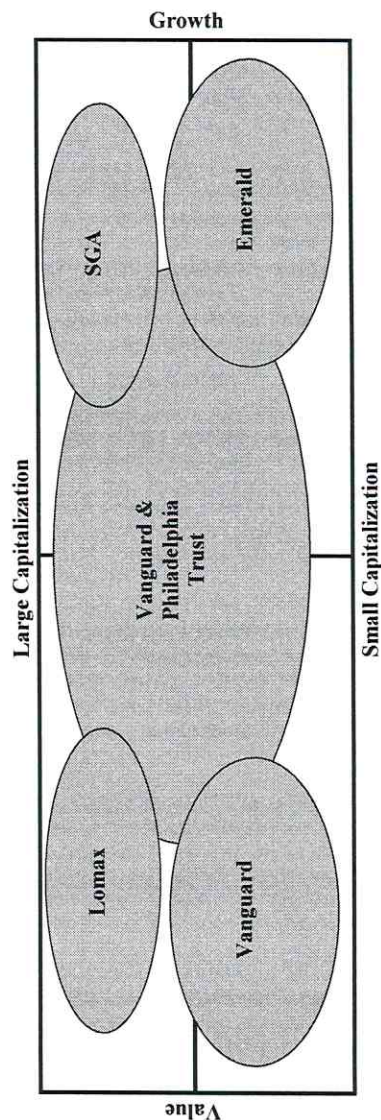


Current Equity Portfolio



	Market Value	Target	% of Portfolio	Deviation	Estimated Yield
Domestic Eq	\$189,305,855	35.0%	42.0%	7.0%	1.9%
International	\$75,226,915	15.0%	16.7%	1.7%	2.9%
Alternatives	\$63,585,616	10.0%	14.1%	4.1%	3.5%
Fixed Income	\$113,677,500	35.0%	25.2%	-9.8%	3.2%
Defensive/Cash	\$8,744,687	5.0%	1.9%	-3.1%	0.0%
	\$450,540,573	100.0%	100.0%	0.0%	2.6%

	Market Value	Target	% of Equity	Deviation
Large Cap Value	\$25,582,108	14.3%	13.5%	-0.8%
Core Equity	\$88,677,332	51.4%	46.8%	-4.6%
Large Cap Growth	\$24,971,673	14.3%	13.2%	-1.1%
Small Cap Value	\$23,295,219	10.0%	12.3%	2.3%
Mid Cap Growth	\$13,245,033	5.0%	7.0%	2.0%
Small Cap Growth	\$13,534,490	5.0%	7.1%	2.1%
	\$189,305,855	100.0%	100.0%	0.0%





## Lehigh County Employees' Retirement Plan

### Monthly Flash Report

	<i>Monthly Return April-2014</i>	<i>Market Value Beginning of Period</i>	<i>Market Value End of Period</i>
<b>Lomax</b>	<b>0.91%</b>	<b>\$25,538,132</b>	<b>\$25,769,912</b>
Russell 1000 Value	0.95%		
<b>Vanguard Institutional Index</b>	<b>0.73%</b>	<b>\$41,068,046</b>	<b>\$41,369,770</b>
S&P 500	0.74%		
<b>Philadelphia Trust</b>	<b>-0.26%</b>	<b>\$47,581,608</b>	<b>\$47,456,885</b>
S&P 500	0.74%		
<b>Sustainable Growth Advisors</b>	<b>-2.60%</b>	<b>\$24,955,932</b>	<b>\$24,307,738</b>
Russell 1000 Growth	0.00%		
<b>Vanguard SCV Index</b>	<b>-1.12%</b>	<b>\$23,295,219</b>	<b>\$23,034,991</b>
Russell 2000 Value	-2.57%		
<b>Emerald</b>	<b>-4.49%</b>	<b>\$13,244,722</b>	<b>\$12,650,051</b>
Russell Mid-Cap Growth	-1.47%		
<b>Emerald Advisors</b>	<b>-8.54%</b>	<b>\$13,532,021</b>	<b>\$12,375,966</b>
Russell 2000 Growth	-5.14%		
<b>American Funds EuroPac</b>	<b>-0.20%</b>	<b>\$22,986,009</b>	<b>\$22,939,403</b>
MSCI EAFE	1.53%		
<b>Vanguard Developed Mkts Idx</b>	<b>1.51%</b>	<b>\$24,593,748</b>	<b>\$24,952,808</b>
MSCI EAFE	1.53%		
<b>CSMcKee</b>	<b>0.61%</b>	<b>\$55,837,753</b>	<b>\$56,180,058</b>
Barclays Capital Aggregate	0.84%		
<b>Agincourt</b>	<b>0.93%</b>	<b>\$43,995,789</b>	<b>\$44,403,212</b>
Barclays Capital Aggregate	0.84%		
<b>CBRE Clarion</b>	<b>3.58%</b>	<b>\$12,310,238</b>	<b>\$12,750,844</b>
Dow Jones US Total Market REIT Index	2.98%		
<b>Liquid Alternatives</b>	<b>0.85%</b>	<b>\$51,087,328</b>	<b>\$51,526,653</b>
Blended Alternatives Benchmark	1.28%		
<b>Vanguard ST Investment Grade</b>	<b>0.36%</b>	<b>\$13,160,344</b>	<b>\$13,211,328</b>
Barclays US Corp 1-3 YR	0.23%		
<b>Cash Account</b>	<b>0.00%</b>	<b>\$8,828,569</b>	<b>\$6,957,382</b>
30 Day MM Yield	0.00%		
<b>Weighted</b>	Portfolio	<b>\$422,015,457</b>	<b>\$419,887,002</b>
<b>Rate of Return</b>	Index		

#### Assets Not Valued Daily

	<i>Market Value Beginning of Period</i>	<i>Market Value End of Period</i>
<b>Mondrian Intl</b>	<b>\$27,274,799</b>	<b>\$27,647,158</b>

<b>Grand Total</b>	<b>\$449,290,256</b>	<b>\$447,534,160</b>
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#### 2014 YTD Performance

Portfolio	<b>2.22%</b>
Net Portfolio	<b>2.10%</b>
Index	<b>2.50%</b>

Minutes of the Lehigh County Retirement Board Meeting

Lehigh County Government Center Public Hearing Room

Thursday, May 8, 2014

9:30 a.m.

First Quarter Review Presentation

A meeting of the Lehigh County Employees' Retirement Board was held at 9:40 a.m. in the Public Hearing Room of the Lehigh County Government Center. Members present were David Bausch, Tom Muller, Lisa Scheller, Vic Mazziotti, Glenn Eckhart and Tim Reeves. Chris Lakatosh and Kevin Karpuk from Cornerstone also attended.

Daniel McCarthy was not present.

Tom Muller, County Executive, called the meeting to order at 9:40 a.m.

Tom Muller called for a voice vote for approval of the meeting minutes from the special Retirement Board meeting held on April 10, 2014. All were in favor. Minutes were approved unanimously.

Tim Reeves gave an update on the mortality table changes.

This change is changing in most counties in PA with the Hay Group.

This change does not affect the amount of the benefit that a member earns. It does affect the number of years that your pension is expected to be paid over. The magnitude of the change depends on various criteria. In most cases the monthly benefit amount is increasing.

Short Term: A spreadsheet was created. If you run a 2014 projection on the Intranet then input your age and accumulated deductions into the spreadsheet it will compute the change for 2015.

Long Term: We're most likely purchasing Hay Group software when it comes out to accommodate

This change really only affects the No Option selection with a negative change.

Within 6 months or less this change reverts back to the actual 2014 level and grows from that point on.

The spreadsheet will be sent out. If anyone has any questions, follow up with Tim Reeves.

Questions from employees:

“No Option” – does the mortality table change for the county portion as well as the member portion?

Tim Reeves Answer:

It does not. The County doesn't factor in the change in the mortality it's only on the employee section.

Question: So if someone was going to cash out on their member portion and roll it over somewhere, there would be no affect either.

Tim Reeves Answer:

Correct. Option 4 there is zero impact. Option 4 you take out your portion and then it's just the county so there is zero impact.

Can you explain the 6-month window?

Tim Reeves Answer:

Over the next 6 months and more if you continue to work, you will continue to put money into the plan so that will continue to grow your monthly amount. Even though the mortality change will cause a decrease under the No Option on 1/1/2015, for every month you continue to work and contribute into the plan you will be recouping that change and by 6 months' time you will get back to the number you had on December 31, 2014 or higher.

Glenn Eckhart made a point that options where you are going to be leaving money to a beneficiary like a child or a spouse; in 2015 your amount would actually be more if you retire in 2015 versus 2014.

When is the letter going out regarding mortality table changes, it's dated the 8th?

Tim Reeves Answer:

Probably will be release by the end of today with the spreadsheet.

And that's going to every single county employee?

Tim Reeves Answer:

All employees. Yes.

How many people actually take the “No Option” ?



Tim Reeves Answer: Its about 1/3.

The current table I understand was based on the age of 83 being your life expectancy to be 83?

Glenn Eckhart Answer: No the table was done last in 1983. The New table is based on the RP 2013 table which was created last year and is recognized. Its 30 years old.

What is the life expectancy?

Glenn Eckhart Answer:

It varies between male/female, beneficiary's age, etc.

By this change how much percent per month does it impact your pension?

Tim Reeves Answer:

There is no real answer to that. It's based on several factors, the biggest factor being what your accumulated deductions are. The more money you have accumulated in the planned depending on your age, will impact what that number is. Based on the info from the Hay Group, the range impacted is most likely \$20 to \$200.

The other options have no negative affect?

Tim Reeves Answer: Correct.

You mentioned that you are looking to post the calculations for 2015 on the intranet. Do you have an estimated date when that might be available?

Tim Reeves Answer:

We don't. We need to wait until the Hay Group has the software completed and then we need to work with our IT group to figure that all out. The goal is to have it by the 4<sup>th</sup> quarter of this year – October being the target.

How does this benefit the County? What the purpose of making these changes and how does the County finance this benefit?

Tim Reeves Answer:

There is no benefit to Lehigh County. The change was mandated by the Hay Group. This change is not specific to Lehigh County. Other than the No Option, it is beneficial to most people with their option. Little or no impact.



Will our retirement person be able to accommodate the number of employees that would like to speak to someone?

Tim Reeves Answer:

We have one person who has been doing a great job of keeping up. The risk is if a mass amount of people needing to get numbers, we'll set it up in level of priority but certainly support her internally in our office – with Mary or myself. We will do what we need to do to make sure people get their information.

If this software is not in place by the 4<sup>th</sup> quarter, does that mean we can't compare 2014 rates to 2015 rates going into 2015? I'm talking about hard numbers to make an educated decision.

Tim Reeves Answer:

If you are absolutely in the scenario that you are considering retiring in that time frame, we can get you hard numbers from the Hay Group. It's going to cost money to do that which is why we developed the spreadsheet to try to give people an idea to make educated decisions. For people looking to retire January to June 2015 we can provide the numbers.

Tom Muller interjected that from the Administration point of view the numbers are not such that anyone should rush to change what their normal retirement plans were. I would encourage you not to seek numbers out of curiosity. If you are in the January to June 2015 window, we will work hard to get you the information. When Hay Group is done, I will put very high priority on IT to make sure we get it online as fast as possible.

Do you know the formulary for next year for the pensions?

Tim Reeves Answer:

We are still waiting on the software from Hay Group. Again the No Option part has not changed with the formulary. That is how we were able to develop the spreadsheet. The rest is more complex but is being developed.

Chris Lakatosh from Cornerstone gave an update on the fund's performance.

This is first quarter review. Everything was positive for the quarter. International stocks did well and continued to return positive. The spread between domestic stocks and international stocks – domestic outperformed international counterparts Emerging markets was the only sign of weakness. Market incredibly strong – last 5 years averaging 20% return per year. Lehigh County is the best performing county pension plan in the nation with respect to its peer groups. It outperformed just about every other public pension plan in the country. Current asset value of the plan is \$448,280,000. Pension plan has grown \$132,000,000 in the past 3 years.

Questions:

As individuals do we have the ability to choose our own allocation percentages or does the County set that and we get what we get?

Chris Lakatosh Answer:

In defined pension worlds, those are liabilities are maintained by the County so the County has the fiduciary responsibility to manage those assets. You don't have the individual ability to manage your overall allocation like you would in a corporate 401K plan where you have the liability and the liability is on the employee. Here the liability is on the County to make those benefit promises.

As the returns that you recorded, have the returns ever kept up with inflation?

Chris Lakatosh Answer:

Sure. Inflation is typically only about 3%. Over the last 3½ years or so, your plan has averaged or annualized about 10% return. The goal of the pension plan is to keep up with your actuarial which is about 7%. But there will be times in years where that doesn't happen.

Tom Muller deferred to Glenn Eckhart to explain the Resolution.

A Resolution of the Lehigh County Retirement Board recommending a new class or tier for **newly** hired officers and employees to the Lehigh County Retirement System commencing on January 2, 2015 was presented.

**This change will not affect CURRENT county employees. It will only affect new employees starting employment after January 2015.**

This is looking out for the long term and sustaining the plan long term.

There are three other counties doing this second tier – Butler, Chester, and Monroe Counties have already created a second tier. This isn't new in the state of PA. In my opinion people that continue to work for Lehigh County work longer due to need for medical benefits. In September of 1986 life time medical benefits were taken away from employees hired as of January 1, 1987. This has cause employees to work longer because of medical benefits. In 1988 the average employee worked for Lehigh County for just under 9 years today it is just under 14 years. By creating a second tier it spreads out the amount of actuarial contributions over a longer period of time. The net result was if this was in effect the last 11 years, the actuarial contributions from the county would have been \$5,000,000 less over that period of time. This change will save taxpayers money long term.

Mike Lakis asked, Is this is absolutely necessary to do?

Glenn Eckhart Answer:

No this is not absolutely necessary to do; but, it will save money long term by reduced contributions to the pension system. Current employees will continue to have medical benefits to till they are 65 which is why most folks continue to work for Lehigh County till they are eligible for Medicare. Remember who we are talking about an average employee hired in 2015 under this



new tier would not retire till 2029 if today's data continues to hold up. By then people may continue to live even longer. I liken this to Social Security over the years they raise the retirement age in this case we are asking county employees to work on an average 5 years longer to get the county portion of their retirement benefit that they are getting today. The difference between 1/60 and 1/70 is 5 years. But data already proves the average person is working 5 years longer because of the no lifetime medical benefit to retire at 60 with. Remember this will only affect the 32 % of the workers that currently retire from Lehigh County and it will not affect the member's portion of their return that they will continue to make between 4% and 5.5% on it.

Lisa Scheller interjected that she supports this as it will benefit upcoming employees and the taxpayers who fund 80% of the budget. She also supports a 401K program for employees so they can manage their own retirement plan.

Vic Mazziotti interjected there's an additional 457 plan where you have control of your money but you're taking the risk as it's your money. No county money involved – only your money.

Another question was asked regarding who mandated the mortality table changes – the county? the state? Who mandated this?

Tim Reeves Answer:

The Hay Group

Mike Lakis had a question which he directed to Chris Lakatosh from Cornerstone – So the sky is not falling for our pension plan?

Chris Lakatosh Answer: No

Lisa Scheller interjected that the county funded the pension plan from the reserves.

Question: Has pension fund always been underfunded?

Glenn Eckhart Answer:

No as late as 2007 we are 103% funded. There were many years when the county did not have to make a contribution to the retirement fund in the early to mid 1990's for 7 years. But, as long as I have been here the county has always made the actuarial recommendation. But, there are arguments to be made when times were good we should have put more into the fund and we wouldn't be as far behind as we are now. But it is my hope when we get the actuarial recommendation this year we will be funded at 88% far better than most.

There were no more questions so Tom Muller called for a voice vote on the resolution.  
All in favor – Aye. Opposed – None. The vote was unanimous.

No further business or questions.

Tom Muller made a motion to adjourn at 10:30 a.m.

Lisa Scheller made a motion to adjourn. Glenn Eckhart seconded the motion.

Meeting adjourned at 10:35 a.m.

A handwritten signature in dark ink, appearing to read 'Glenn Eckhart', written over a horizontal line.

Glenn Eckhart, Secretary



**OATH OF OFFICE FOR LEHIGH COUNTY RETIREMENT BOARD**

Pursuant to Section 11654 of the County Pension Law, I take this Oath of Office for the term of my office, which Oath shall be effective \_\_\_\_\_, 201\_\_.

I do solemnly swear (or affirm) that I will diligently and honestly administer the affairs of the retirement board and that I will not knowingly violate or permit to be violated any of the provisions of the County Pension Law.

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**OATH OF OFFICE FOR LEHIGH COUNTY RETIREMENT BOARD**

Pursuant to Section 11654 of the County Pension Law, I take this Oath of Office for the term of my office, which Oath shall be effective MAY 9, 2014

I do solemnly swear (or affirm) that I will diligently and honestly administer the affairs of the retirement board and that I will not knowingly violate or permit to be violated any of the provisions of the County Pension Law.

  
\_\_\_\_\_

**OATH OF OFFICE FOR LEHIGH COUNTY RETIREMENT BOARD**

Pursuant to Section 11654 of the County Pension Law, I take this Oath of Office for the term of my office, which Oath shall be effective *8 May*, 2014

I do solemnly swear (or affirm) that I will diligently and honestly administer the affairs of the retirement board and that I will not knowingly violate or permit to be violated any of the provisions of the County Pension Law.

*D. W. Z. Bane*

**OATH OF OFFICE FOR LEHIGH COUNTY RETIREMENT BOARD**

Pursuant to Section 11654 of the County Pension Law, I take this Oath of Office for the term of my office, which Oath shall be effective *May 9*, 2014.

I do solemnly swear (or affirm) that I will diligently and honestly administer the affairs of the retirement board and that I will not knowingly violate or permit to be violated any of the provisions of the County Pension Law.

A handwritten signature in dark ink, appearing to be "DL [unclear]", is written over a horizontal line.



**OATH OF OFFICE FOR LEHIGH COUNTY RETIREMENT BOARD**

Pursuant to Section 11654 of the County Pension Law, I take this Oath of Office for the term of my office, which Oath shall be effective *May 9*, 201*4*.


I do solemnly swear (or affirm) that I will diligently and honestly administer the affairs of the retirement board and that I will not knowingly violate or permit to be violated any of the provisions of the County Pension Law.

*Vin Mazzilli*

**OATH OF OFFICE FOR LEHIGH COUNTY RETIREMENT BOARD**

Pursuant to Section 11654 of the County Pension Law, I take this Oath of Office for the term of my office, which Oath shall be effective MAY 9, 2014.

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\_\_\_\_\_

**OATH OF OFFICE FOR LEHIGH COUNTY RETIREMENT BOARD**

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I do solemnly swear (or affirm) that I will diligently and honestly administer the affairs of the retirement board and that I will not knowingly violate or permit to be violated any of the provisions of the County Pension Law.

  
\_\_\_\_\_

**OATH OF OFFICE FOR LEHIGH COUNTY RETIREMENT BOARD**

Pursuant to Section 11654 of the County Pension Law, I take this Oath of Office for the term of my office, which Oath shall be effective May 8, 2014

I do solemnly swear (or affirm) that I will diligently and honestly administer the affairs of the retirement board and that I will not knowingly violate or permit to be violated any of the provisions of the County Pension Law.

A handwritten signature in dark ink, consisting of a series of loops and flourishes, positioned above a horizontal line.