



# CMERA

## CINCINNATI MUNICIPAL EMPLOYEES RETIREMENT ASSOCIATION

FALL 2020 | OCTOBER 1

### WHAT IS CMERA?

#### CMERA

- ▶ **Advocates** for retirees' interests
- ▶ **Offers** information and education
- ▶ **Monitors** the Collaborative Settlement Agreement (CSA)
- ▶ **Pushes** for longterm stability of the CRS
- ▶ **Is not** a union or a legal representative
- ▶ **Uses** dues and donations for meetings and communication materials
- ▶ Board and officers are **volunteers**

#### CMERA NEEDS YOUR HELP.

Email us at [cmera.org@gmail.com](mailto:cmera.org@gmail.com).

### HOW UNDERFUNDED IS THE PENSION PLAN?

Each year, the CRS's professional actuary calculates the value of assets and liabilities for the pension and healthcare funds. They project the funding level of the trusts in future years. After 2018, the actuary assessed the pension plan was 72.6% funded, and the healthcare trust 97.3% funded. That's not good, but far worse are the future projections. In 20 years, the pension was projected to be only 35% funded; healthcare 6.1%!

Keep in mind, this report was well before COVID-19 came along and brought with it the severe economic downturn we have seen. CMERA will continue to call attention to and insist on proper funding of our retirement plan. Read more about these issues and see the report here: <https://cmera.org/board-of-trustees-report-to-city-council/>. ●



## PRESIDENT'S MESSAGE

By Kathy Rahtz

**GREETINGS FROM CMERA!** I hope this newsletter finds you well. So far 2020 has been a difficult year. We had to cancel our Spring General meeting, and the hopes for a Fall meeting are not high. If an online membership meeting in October can work, we will get the word out about it.

When I became CMERA's president this year, I set two immediate goals: to improve our group's communication and to grow the membership of our organization. In keeping with both, we are mailing this issue of the biannual newsletter to a much broader audience than usual: to every current CMERA member, to everyone who was ever a member in the past but has fallen out of touch, and to retirees who have never belonged to CMERA - people we hope will become our newest members. CMERA is for all retirees of the Cincinnati Retirement System - recently retired, longtime retired, and everyone in between. For those who are receiving this newsletter for the first time, I welcome you. Please take a few minutes to read it through and see what CMERA has to offer to you in the way of information, support, and friendship. I hope you will join us as a member.

**CMERA-QT WILL SOON BE CMERA@GROUPS.IO.** We are launching an email discussion group to take the place of the old CMERA-QT. The "QT" was a great way to keep in touch with current events and to ask questions and share experiences with each other. But we've had problems with it lately that cannot be resolved, most notably that we cannot add any new users to it. The replacement application is [CMERA@groups.io](mailto:CMERA@groups.io), and it will work the same way the QT does. In the coming few weeks we will send invitations to join to all email addresses that we have. If you haven't given us your current email address, don't worry, you can request an invitation to join on [www.CMERA.org](http://www.CMERA.org), or by emailing your request to [cmera.org@gmail.com](mailto:cmera.org@gmail.com). Please note, only CMERA members current on their dues will be accepted as users for the discussion group.

**CITY COUNCIL BUDGET HEARING.** In late June, after a few public hearings, City Council adopted its budget update for FY 2021. CMERA made its concerns known through the public commenting process - by sending emails, and by speaking during the hearings. I thank the many CMERA members who responded and let the councilmembers know what retirees think about our issues with the 2021 budget. **Continued, see President on page 2.**

## President continued.

It's good that many people commented on our positions; it is unfortunate that we could not easily personally attend these meetings. It's much harder for the politicians to ignore roomfuls of people than it is to ignore emails. In the end, Council did not include additional funding for the retirement system in the 2021 budget even though it is underfunded and the liability is growing. They also approved the early retirement buyout plan, which will make the underfunding worse. The mayor is pushing to re-open the CSA to "negotiate" costs and benefits. Neither retirees nor active employees should agree to this until the conditions laid out in the CSA for a re-opener are met. We must also resist the city's timeless strategy of "divide and conquer" -

sowing discord by pitting the parties against each other. It is in no one's interest for the retirement system to fail.

### CRS TRUSTEE ELECTION.

Congratulations to Tom Gamel and Bill Moller, who were both re-elected to the CRS Board of Trustees. And, I want to thank those who signed my petition for the election. Due to an unforeseen personal matter, I withdrew my petition for Trustee and did not run. I no longer hold a seat on the Board. My personal matter is now resolved, and if an opportunity arises for me to serve as Trustee in the future, I will run for the position again.

### MEMBERSHIP EXPIRATION DATE.

A question we get commonly: when

does my membership expire? Followed by: why don't you send me a postcard when it's time to renew? Separate mailings are costly, and the timing would be tricky. Instead, we have included the date your membership expires on your mailing label on this newsletter. Please renew when you are due and help keep CMERA going strong.

This newsletter has information outlining the serious concerns of retirees about the CRS, contributed by Tom Gamel, CMERA Past President, and by Steve Dietrich, CMERA Vice President. Please take some time bringing yourself up to speed about the current issues for all retirees. Thank you all for your support. ●



## CSA UPDATE

### By Tom Gamel, CMERA Past President

Whether you are a member of the Retiree Class or Active Class, when we retire, we are all retirees of the Cincinnati Retirement System. The CSA and the City's Municipal Code provides slightly different benefits for the two groups, but we should all be concerned about the benefits that we are supposed to get and not allow the City to independently reduce those benefits.

Ever since we had the CSA agreement there have been issues that seem to go unresolved. The City tells the court that parties are negotiating, yet in reality that is not the truth. For example, the Retiree Plaintiffs have been waiting since August of 2015 for the City to propose a meaningful funding policy for the 115 (Healthcare) Trust. We need to point out that this is very important to all retirees, but the retiree group seems to be the only group whose attorneys are concerned about it. The City refuses to commit any funding to keep this Trust solvent. Remember, this fund is for a closed group as defined as all those hired before January 1, 2016. As more members retire, the cash flow out of this fund increases. The only funds that are going into this

Trust are funds previously contributed by us members prior to 2009, from the City on behalf of us members prior to 2010, earnings from the healthcare trust and reimbursements from Medicare. Our cost of healthcare is greater than the funds going into the system which means we are cutting into our funding base (declining balance). This is not good for the members of the system who are counting on healthcare.

It's important for all of us to recognize that whether you are a member of the Retiree Class or Active Class, the healthcare that is provided for us retirees is the same. The cost may be slightly different, but the healthcare program is the same. We gave up the compound COLA for a guaranteed healthcare program.

What the City has been doing is shifting our healthcare from City-managed healthcare to basically a Federal Government-controlled healthcare through the Anthem Advantage program. We have experienced some changes in coverages from what was agreed to in the CSA. This has been raised as CSA violations for the court to address. To date the court has been silent on this as well as many other issues, since the City keeps saying they

are working on resolving the issues.

We still have problems with pharmaceutical coverage that is different than what the City agreed to in the CSA. Even though the language of the CSA is very clear regarding what coverages that the City committed to, the City is now saying they would never have agreed to providing all of the drugs listed in the exhibits as well as new drugs that came out that were approved by the Federal Government to be used. This issue and many others still remain unresolved.

All of the City's delays in meeting and resolving these and other issues are costing money to all members impacted by the City independently making changes without negotiating and court approval. The lack of court response has put all retirees' health in jeopardy.

CMERA is trying to stay on top of these issues and pushing for all the plaintiffs' attorneys to get involved. We need your help in helping us identify any healthcare issues that you personally have experienced. Feel free to contact one of CMERA's board members directly with your issues. ●



# CINCINNATI RETIREMENT SYSTEM VICE PRESIDENT'S MESSAGE

By Steve Dietrich

If you are getting this newsletter, you are getting a monthly pension check from the City of Cincinnati. It is important that you read this.

When I was working for the City, I was told that my retirement system was a defined benefit plan. In that program I was promised that I had a defined pension and healthcare which was a powerful incentive for me to remain employed by the City. The promise of a pension kept me from taking other jobs that paid a higher salary. The pension and healthcare were the “velvet handcuffs” that kept me from leaving the city. I’m sure many you have similar stories of how the promise of a pension in the future had a major impact on your career decisions. You may have passed on higher paying job opportunities for the security and peace of mind that a defined pension provides. Your pension provides the foundation for your financial security in retirement. Your monthly check most likely covers a significant portion of your living expenses, in some cases it may be your only source of income. We take it for granted that this check just magically appears in our mailbox or checking account every month like clockwork. We also may not appreciate the healthcare benefits that we receive; nor what the cost of those benefits would be if we had to purchase healthcare insurance individually. The significant benefit over time of our annual cost of living increase (COLA) is easily overlooked. We mistakenly assume that these benefits will continue in the future. There are efforts underway by individuals that want to change your benefit and by change I do not mean improve what we currently have today.

Many of us, including myself, were lulled into a feeling of complacency after the

Collaborative Settlement Agreement (CSA) became effective in 2016. The CSA provides a court-ordered framework to keep our pension and Healthcare Trust financially sound. The reasonable person would think that the CSA means the battle is done; not so. As part of the CSA, we agreed to not receive a cost of living increase (COLA) for 3 years, gave up our 3% compound cost of living increase, and agreed to move \$ 220,000,000 from our Healthcare Trust to the Pension Trust. These were significant concessions made by all of us retirees so that the pension trust would remain strong.

The city committed to establishing a funding policy for the Pension Healthcare Trust (115 Trust Fund) to keep the Healthcare Trust fully funded. The CSA called for the city to establish the funding policy for the 115 Trust by August 24, 2015. After five years the city has still not established a simple acceptable funding policy. Additionally, the city has also changed our healthcare benefits without involving the Cincinnati Retirement System Board of Trustees, any member of the Plaintiffs involved in the CSA nor the Court. Changing our healthcare benefits is not allowed per the CSA.

The city, as part of their budget reductions, has now offered an early retirement package to approximately 500 individuals without providing a funding plan of how its impacts on the Cincinnati Retirement System will be paid to the system to cover the additional liabilities the ERIP created. By offering the ERIP the City cut their operating costs and passed them onto the CRS. Cincinnati’s budget issues should not be funded by your

retirement system. If the city wants to offer a program to allow individuals to retire up to 2 years early, they also need to provide the necessary funding to both the Retirement Systems Pension and Healthcare Trusts to fund it. They have not provided a funding plan nor committed to fund the early retirement program.

The pandemic is causing havoc to the economy. It is very possible that our retirement trust will have low returns or negative returns for 2020 and beyond. Financial projections have been done by our retirement systems actuaries projecting the impact of the early retirement program coupled with the possibility of low or negative returns for 2020. The results are frightening - the cost of the early retirement program coupled with the possibility of negative for 2020 returns could make the pension trust insolvent within 15 or 16 years. We cannot let this happen. It would be devastating for retirees and active employees alike. A current city employee in mid-career now, could be faced with an insolvent pension system in 2036 when they retire.

CMERA needs your support to keep our pension and healthcare trusts solvent. Both Kathy and I are asking for your support. If you are not a member, then please join CMERA, if you are a CMERA member, then be our advocate and reach out to retirees that you know, but who are not currently a CMERA Member. If we sit on the sidelines and do not become advocates for our own retirement System, it may not exist in the future or at the very least we will see our benefits decline over time. ●

**CMERA needs your support to keep our pension and healthcare trusts solvent.**

## LEADERSHIP

Kathy Rahtz, President  
Steve Dietrich, Vice President  
Jane Kettlehake, Secretary  
Don Beets, Treasurer  
Tom Gamel, Past President  
Paul Smith, Sergeant at Arms

## NOW ACCEPTING NOMINATIONS

Elections are in October for two CMERA offices: Vice-President and Secretary. To nominate someone (yourself or a fellow retiree) please contact Paul Smith at [cincypauls@aol.com](mailto:cincypauls@aol.com). We welcome your involvement in our organization!

## TIME TO RENEW?

We're not having any in-person meetings this year. If you're used to paying your dues at the general membership meetings, that won't work for this year. Please keep current by using the membership form in this newsletter and mailing it with your check. Thank you!



[www.cmera.org](http://www.cmera.org)



CINCINNATI MUNICIPAL EMPLOYEES  
RETIREMENT ASSOCIATION

P.O. Box 11026 | Cincinnati, OH 45211-1026

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STANDARD  
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CINCINNATI, OHIO  
PERMIT NO. 777

## ADDRESS SERVICE REQUESTED



## JOIN CMERA!

## RENEW YOUR MEMBERSHIP!

Complete and mail the application below with **\$10.00 cash, check or money order payable to CMERA** (you can pay for multiple years if you wish).

**Mail payment to:** P.O. Box 11026, Cincinnati, OH 45211-1026

### CMERA MEMBERSHIP APPLICATION

\$

Today's date

Amount paid with this form

Name

Street address

City

State

Zip

Phone number

Email address

Department(s) worked/retired from

Year/month retired

CSA Group