

CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM

428 East Fourth Street • Suite 205 • Charlotte, North Carolina • 28202 • (704) 626-2728 • Fax (704) 626-7365

BENEFITS COMMITTEE MINUTES

September 12, 2024

PRESENT: Melinda Manning - Chair, Kim Heffernan, Ryan Pope (left at 10:00 a.m.) and Kevin Gordon (via phone, left at 9:56 a.m.)

ABSENT: Sheila Simpson

OTHER: Staff - Sandy Thiry, Ty Phelps, Tony Bass, Desiré Dixon, Lisa Flowers – legal counsel

GUEST: Michael Feehley

OFFICIAL CALL TO ORDER

Melinda Manning called the meeting to order at 8:04 a.m.

I. Melinda Manning advised the Committee that nominations for Committee Chairperson were in order. Ryan Pope motioned to open the floor for nominations of the Committee Chair and Kim Heffernan seconded the motion. Motion carried unanimously. Ryan Pope nominated Melinda Manning for Committee Chair. Hearing no other nominations, Kim Heffernan motioned to close nominations of Committee Chair. Ryan Pope seconded the motion. Motion carried unanimously. Ryan Pope motioned to vote for Melinda Manning as Committee Chair. Kim Heffernan seconded the motion. Motion carried unanimously. Congratulations were given to Melinda Manning on re-election for Committee Chair.

II. MEETING MINUTES APPROVAL

Kim Heffernan motioned to approve the July 11, 2024 meeting minutes as presented. Ryan Pope seconded the motion. The motion carried unanimously.

III. NOTEWORTHY NEWS

Starting in January 2027, the Secure Act 2.0 will provide that service-related disability payments from the pension plan can be exempt from gross income. CFRS members could be eligible for this program, however, it's not clear yet how this will be implemented, such as either tax reporting codes at time of payment or through the member's annual tax filing with the IRS. Sandy Thiry will continue to monitor for updates.

As of September 2024, some U.S. House Representatives will be filing a petition to force a vote on the Social Security Fairness Act which would eliminate the Windfall Elimination Provision and the Government Pension Offset. These provisions reduce and sometimes fully eliminate the Social Security benefits for CFRS retirees. This could impact retired members as well. The situation continues to be closely monitored for updates.

III. WORKPLAN

The Committee reviewed the workplan and made no updates at this time.

IV. POLICIES AND REGULATIONS

The Committee tabled the policies and regulations discussions until the approval of the funding initiative has progressed.

V. FUNDING INITIATIVE

The Committee discussed the pension reform suggestions supported by the Board at the July Board Meeting. The Board had suggested looking at including capping sick time and eliminating the conversion of unused sick time for both active members and new hires. The Committee had extensive training and conversation regarding the calculation of the unused sick time and impact to the benefits. Lisa has been working on resurrecting the previously drafted Act amendment to include the supported suggestions by the Board. However, the option of changing compensation definition has posed additional questions to research with outside counsel. The analysis performed by the actuary with the Board supported changes was reviewed. The actuary had mentioned a contribution-based benefit cap method for helping to control the impact of overtime on the plan which could be used in lieu of changing the definition of compensation. Sandy Thiry will work with the actuary to have additional analysis results back in time for the October Committee meeting.

The Committee is aware of the City's and State's legislative timelines for the Act amendment submissions. A special meeting to finalize these options may be necessary.

The working session started at 10:00 a.m. and adjourned at 10:08am.

VI. NEW BUSINESS

No new business was presented during the September BC Meeting.

The next meeting is scheduled for Thursday, October 10, 2024 at 8:00 a.m.

