



City of Cincinnati Retirement System Board of Trustees Meeting

Agenda

**December 5, 2024 / 2:00 P.M.
City Hall, Council Chambers and via Zoom**

Members

Bill Moller, Chair
Tom Gamel, Vice Chair
Kathy Rahtz
Mark Menkhaus, Jr.
Monica Morton
Seth Walsh
Aliya Riddle
Sonya Morris
Tom West

CRS Staff

Jon Salstrom

Law

Linda Smith

Call to Order

Public Comment

Approval of Minutes

- November 7, 2024

Executive Session

Report from Benefits and Performance Evaluation Committee

Informational – Staff Report

- Marquette Investment Report (pages: 5-7)
- CRS Dashboards (Perform, Demographics, Benefits, Liquidity and Budget) (8-15)
- Staff Update
- 115 Subcommittee Memo (16-19)
- 415B Update
- Fiduciary Audit Recommendations Update (20-22)
- Futures Commissions Update (23-33)

Old Business

- Term Limits Ordinance (34-38)

New Business

- Board Chair and Vice Chair Elections
- Approve Investment Policy Changes (39 - 71)
- 2025 CRS Budget Recommendations (72)

Adjournment

Next Meeting: Thursday, January 9, 2025, 2:00 P.M. City Hall Council Chambers and via Zoom

**City of Cincinnati Retirement System
Board of Trustees Meeting Minutes
November 7, 2024 / 2:00 P.M.
City Hall – Council Chambers and remote**

Board Members

Bill Moller, Chair
Tom Gamel, Co-Chair
Kathy Rahtz
Mark Menkhaus Jr.
Monica Morton
Seth Walsh
Aliya Riddle
Sonya Morris
Tom West

Administration

Jon Salstrom

Law

Linda Smith

CALL TO ORDER

Chair Moller called the meeting to order at 2:12 p.m. and a roll call of attendance was taken. Trustees Moller, Gamel, Rahtz, Menkhaus, Morton, Walsh, Riddle, Morris, and West were present.

PUBLIC COMMENT

There was one person present for public comment.

APPROVAL OF MINUTES

Approval of the minutes of the Board meeting of October 3, 2024, was moved by Trustee Gamel and seconded by Trustee Menkhaus. The minutes were approved by unanimous roll call vote.

Report from Investment Committee

Chair Moller explained the three motions made at the Investment Committee:

- Motion to accept the Quarterly Investment Report and Private Equity recommendation, which included \$12-15 million commitment to Siguler Guff Fund VI, \$7-10 million commitment to JPM Coin Fund II, and a \$5 million commitment to Timber Bay Fund III. No second needed. The motion was approved by unanimous roll call vote.
- Motion to update the target benchmarks used to compare CRS's performance. This will be updated now and reviewed, updated, etc... if necessary, when the asset allocation studies are accepted by the Board or at least annually after the 4th quarter Investment Report is accepted by the CRS Board. No second needed. The motion was approved by unanimous roll call vote.
- Motion to amend the Investment Policy. The CRS staff defines in the Investment Manager selection, monitoring and communication, which was provided in the packet. For the Investment

Committee, there were two modifications to that motion; 1. Correct misspelling of Executive Director and 2. Where CRS Staff and Director are mentioned in the Investment Policy, to change that to just the Director. No second needed. The motion was approved by unanimous roll call vote.

Informational – Staff Report

Marquette Investment Report

Chair Moller referenced the Investment Report included in the packet.

Staff Update

Director Salstrom explained that CRS staff are in the process of interviewing for their open Administrative Specialist position.

115 Subcommittee Update

Director Salstrom explained that there was no update at this time. Chair Moller mentioned that the 115 Subcommittee was a recommendation from outside counsel. He created a summary, which he provided to Director Salstrom, of his concerns regarding the 115 Subcommittee and the possible conflicts with the CSA and Consent Decree. The goal is to have the concerns clarified and then be brought back to the Board at the appropriate time.

City Stabilization Fund – Waterfall mechanism update (IRC 415B overview)

Director Salstrom gave a high-level overview of the report from Administration to Council on the Stabilization Fund. Similar to last year, as part of the Municipal Code, the CRS benefits from overfunding within the Stabilization Fund and will receive \$2 million. That is in addition to the 17.75% contribution rate from the City. There is an additional \$2 million that will be coming into the CRS Pension Trust due to an IRS Code requirement for which CRS needs to come into compliance. Both have been transferred into the Pension account already.

Director Salstrom referenced the Internal Revenue Code 415B presentation included in the packet. This code puts a limit on the benefit the defined benefit can pay. It is to limit the impact that a highly compensated employee has on an overall plan. The reason CRS needs to stay in compliance with this is to keep its tax deferred status.

Fiduciary Audit Recommendations Update

Director Salstrom explained that there is no real update at this time and the Governance Manual is the main item being worked on.

Mayoral Trustee Appointments

Chair Moller explained that Tom West was reappointed.

Futures Commissions Motion Update

Director Salstrom explained that he did not have an update at this time.

Old Business

Term Limits Ordinance

Chair Moller explained that the Board's original thought was to eliminate term limits, and the committee of Council suggested that there not only be term limits, but the Board create a way to increase interest in the future for Board members to run. Chair Moller motioned to discuss the 3 motions he created, that is

included in the packet and seconded by Trustee Rahtz. The motion was approved by unanimous roll call vote, except for Trustee Walsh who abstained.

- The first motion is to provide notice to the constituent groups when there is a vacancy coming up and giving them plenty of time to consider running.
- Motion number two provides for 3 consecutive 4-year terms.; an incumbent can run again if you skip a term; if a term ends and the election is not complete, the incumbent may continue to serve for up to 180 days or until the election is complete; if the incumbent is unable to continue to serve the 180 days, Board member can elect an interim qualified replacement for the remainder of the 180 days.
- Motion number three would ask the Law Department to prepare an ordinance to modify the Administrative Code to incorporate motion two.

Memorandum of Understanding – Funston Recommendations

Director Salstrom explained that he included his notes from the meeting with Administration. He recommends moving forward by tackling each item one at a time, as far as him working with Administration.

New Business

Board and Committee Meeting Agenda for 2025

The 2025 Board and Committee meeting schedule for 2025 is included in the packet.

Adjournment

Following a motion to adjourn by Trustee Rahtz and seconded by Trustee Morris. The Board approved the motion by unanimous roll call vote. The meeting was adjourned at 2:42 p.m.

Meeting video link: <https://archive.org/details/crs-board-11-7-24>

Next Meeting: Thursday, December 5, 2024, at 2:00 p.m. – City Hall Council Chambers and via Zoom

Secretary



Cincinnati Retirement

Monthly Report

Executive Summary
October 31, 2024

Total Fund Composite

Monthly Report
As of October 31, 2024

	Market Value	% of Portfolio	Policy %	Target Allocation	Difference	Last Month
Fixed Income Composite	484,974,904	20.6	22.5	529,041,035	-44,066,131	Total Fund Composite
Private Debt Composite	97,473,375	4.1	6.5	152,834,077	-55,360,702	Beginning Market Value
U.S. Equity Composite	672,746,474	28.6	28.5	670,118,644	2,627,830	Net Cash Flow
Non-U.S. Equity Composite	347,299,724	14.8	16.0	376,206,958	-28,907,234	Gain/Loss
Volatility Risk Premium Composite	61,704,623	2.6	2.5	58,782,337	2,922,285	Ending Market Value
Real Estate Composite	148,504,601	6.3	6.0	141,077,609	7,426,991	
Infrastructure Composite	254,935,727	10.8	10.0	235,129,349	19,806,379	
Private Equity Composite	263,952,016	11.2	8.0	188,103,479	75,848,537	
Total Fund Composite	2,351,293,488	100.0	100.0	2,351,293,488		

	1 Mo	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	5 Yrs	7 Yrs	10 Yrs	SI	Inception Date
Total Fund Composite	-1.5	1.5	8.3	17.8	11.3	3.9	8.2	7.2	7.2	8.8	Jun 85
Target Benchmark	-1.6	1.3	8.2	18.3	11.2	3.0	7.9	7.3	7.4	-	
Actuarial Rate 7.5%	0.6	1.8	6.2	7.5	7.5	7.5	7.5	7.5	7.5	7.5	
Fixed Income Composite	-2.2	0.5	2.8	11.5	6.4	-1.1	1.5	2.2	2.6	5.0	Dec 95
Blmbg. U.S. Aggregate Index	-2.5	0.2	1.9	10.5	5.3	-2.2	-0.2	1.1	1.5	4.2	
Private Debt Composite	0.1	2.5	9.3	10.8	12.2	6.8	-	-	-	5.1	Oct 20
Blmbg. U.S. Aggregate Index	-2.5	0.2	1.9	10.5	5.3	-2.2	-0.2	1.1	1.5	-1.8	
Bloomberg US High Yield TR	-0.5	2.7	7.4	16.5	11.2	3.0	4.5	4.6	4.9	4.8	
U.S. Equity Composite	-0.8	3.0	18.2	36.9	19.7	7.4	13.5	11.4	11.0	9.7	Mar 89
Russell 3000 Index	-0.7	3.5	19.7	37.9	22.2	7.6	14.6	13.3	12.4	10.9	
Non-U.S. Equity Composite	-5.1	0.3	8.4	23.6	18.0	1.8	5.8	3.7	4.7	5.9	Jun 93
MSCI AC World ex USA (Net)	-4.9	0.4	8.6	24.3	18.0	1.6	5.8	4.4	4.8	-	
Volatility Risk Premium Composite	0.0	1.7	9.8	15.8	13.4	-	-	-	-	6.1	Feb 22
Cboe S&P 500 PutWrite Index	-0.5	3.4	12.8	17.8	14.8	6.8	8.6	7.0	7.4	7.5	
Real Estate Composite	0.1	0.5	-2.2	-5.9	-8.3	0.2	3.5	4.4	6.4	4.8	Sep 07
NFI-ODCE	0.0	0.0	-3.2	-6.5	-9.7	-1.9	2.0	3.1	5.1	3.8	
NCREIF Property Index	-	-	-	-	-	-	-	-	-	-	
Infrastructure Composite	-0.2	2.2	5.4	8.3	9.1	8.5	9.0	8.0	7.5	8.3	Sep 08
3 Month T-Bill +4%	0.7	2.3	7.9	9.6	9.3	7.8	6.5	6.4	5.8	5.2	
Private Equity Composite	0.0	0.8	3.9	6.8	6.0	5.2	13.7	13.6	12.5	8.8	Aug 93
Burgiss Global All Private Equity	0.0	0.0	1.9	5.0	4.1	1.6	14.3	14.4	13.8	15.1	

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Investment Objectives

Status - Long-term Annualized Return versus Actuarial Assumed Rate of Return

	1Y	3Y	5Y
CRS Fund - Net Return	17.80%	3.90%	8.20%
CRS Actuarial Assumed Rate of Return	7.50%	7.50%	7.50%
Difference	10.30%	-3.60%	0.70%
Status	Above	Below	Above

Status - Long-term Annualized Return versus Passive Index (50% Russell 3000/ 20% MSCI ACWI ex US /30% US AGG)

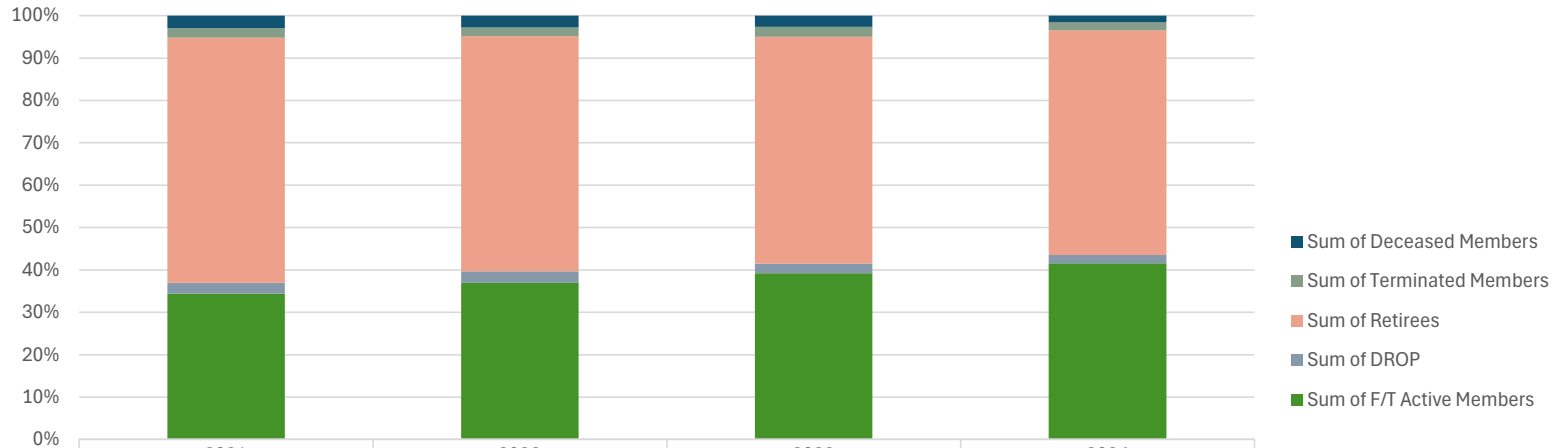
	1Y	3Y	5Y
CRS Fund - Net Return	17.80%	3.90%	8.20%
CRS Passive Index	26.52%	3.61%	8.52%
Difference	-8.72%	0.29%	-0.32%
Status	Below	Above	Below

Status - Long-term Annualized Return versus Policy Index

	1Y	3Y	5Y
CRS Fund - Net Return	17.80%	3.90%	8.20%
CRS Policy Index	18.30%	3.00%	7.90%
Difference	-0.50%	0.90%	0.30%
Status	Below	Above	Above

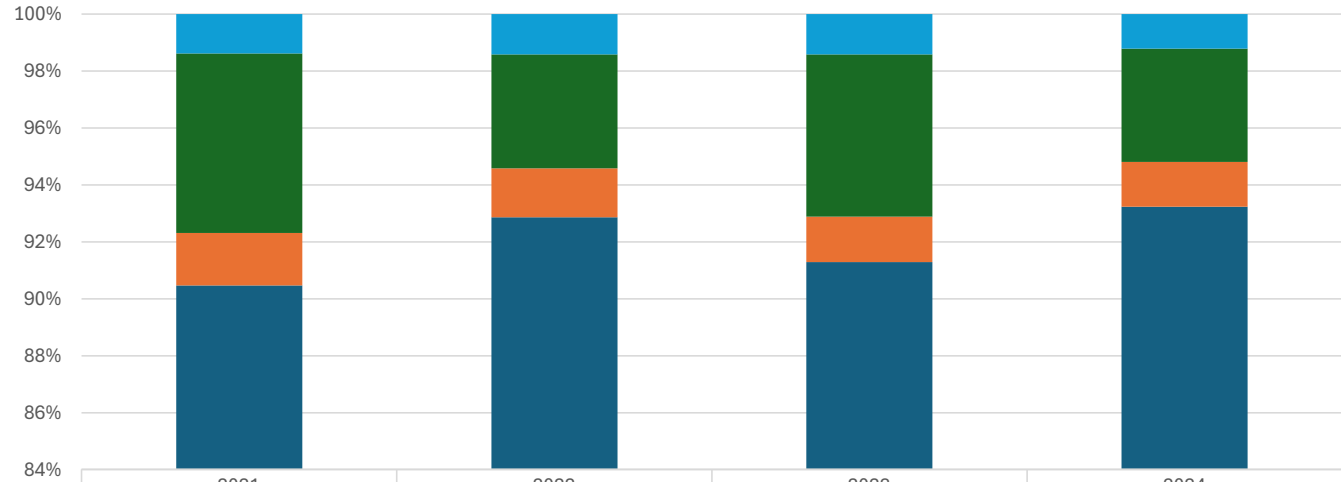


CRS Demographics
(thru 09/01/2024)



	2021	2022	2023	2024
Sum of Deceased Members	213	206	204	123
Sum of Terminated Members	164	156	178	148
Sum of Retirees	4216	4160	4125	4135
Sum of DROP	191	203	176	156
Sum of F/T Active Members	2504	2770	3023	3243

CRS Benefits Paid
(thru 09/01/2024)



	2021	2022	2023	2024
Sum of Refunded/Non-Retirees Benefits Paid	\$2,647,835.99	\$2,694,546.81	\$2,780,272.59	\$2,326,018.19
Sum of DROP Disbursement Paid	\$12,100,505.14	\$7,603,078.41	\$11,232,153.30	\$7,674,527.93
Sum of Other Benefits Paid (Disability/Survivor/Burial)	\$3,521,886.97	\$3,278,624.36	\$3,134,244.62	\$3,036,720.14
Sum of Retiree Benefits Paid	\$173,504,198.40	\$176,693,255.18	\$179,852,770.72	\$179,608,585.88



Risk Category	Risk Description	Rank	Risk Level	Expected Risk Level Trend	Risk Response	Change	Mitigation Activities	Risk Owner	Reporting and Oversight Committee
Personnel	Ability to attract and retain talented staff; succession planning.	1	High	↔	Mitigate	No Change	CRS has hired additional staff to ensure all CRS functions covered and with trained backup. Implement succession plan for 3 key staff near retirement.	Executive Director	Board of Trustees
Funding	A lack of sound funding for the plan could lead to insufficient assets to pay for long-term benefits and financial obligations.	2	High	↔	Mitigate	No Change	Seek City adoption of incremental contribution rate increase; next step is moving up from 17.75%.	Executive Director	Board of Trustees
Cyber	Cyber security controls could lead to breaches or sabotage of CRS systems. Unauthorized access of confidential information could result in state or federal law violations and harm the best interests of CRS and its members.	3	Medium	↔	Monitor	No Change	Monitor ETS security plans. Evaluate and monitor CRS servers and vendors protocol annually	Executive Director, ETS Director	Performance Evaluation
Market	Market volatility could lead to undesirable investment outcomes due to monthly liquidity needs to pay benefits.	4	Medium	↓	Monitor	No Change	Market volatility should remain elevated until after the elections. Gold and US Dollar to be headwinds to ACWI. Fed funds appear to be moving lower following Fed's Jackson Hole speech.	Executive Director, Marquette	Investment Committee
Counterparty	Business partners or entities are unable to fulfill their obligations or do not complete transactions as agreed upon.	5	Medium	↔	Monitor	No Change	Diversifying manager and vendor exposure to limit counterparty risk. Shift check printing and reconciliation process to 5/3 Bank.	Executive Director	Audit Committee (TBD), Investment Committee
Operational	Event causes a major business interruption, such as late monthly pension payroll. Generally strive to improve efficiencies lowering plan cost and customer satisfaction	6	Medium	↔	Mitigate	No Change	Complete document scanning project, with image to accessible and secure server. Evaluate resilience and efficiency or pension payroll process. Develop continuity of operations plan for CRS pension operations and payroll.	Executive Director	Audit Committee (TBD)
Governance	Not following processes and procedures in decision making.	7	Medium	↔	Mitigate	No Change	Consider creation of Audit Committee. Consolidate Board manual, rules and policies into one document	Board of Trustees	Governance Committee
Physical	Monitor facilities for inadequacies; general facilities management; improve space utilization.	8	Medium	↔	Accept	No Change	Current space is adequate; a physical move was completed recently and would be extremely disruptive now. Improve remote access and redundancies to improve worker flexibility.	Executive Director	Benefits
Compliance	Evaluation of legal, tax and operational compliance variations to the City Solicitors office for review	9	Low	↔	Accept	No Change	The preponderance of current request for review are due to new contracts with investment managers and services providers	Executive Director	Performance Evaluation
Legislative	Legislative events may lead to adverse relations, unfavorable investment and operation policy and/or restricted funding.	10	Low	↓	Monitor	No Change	Conduct regular meetings with Council members, Mayor and CMO.	Board, Executive Director	Board of Trustees

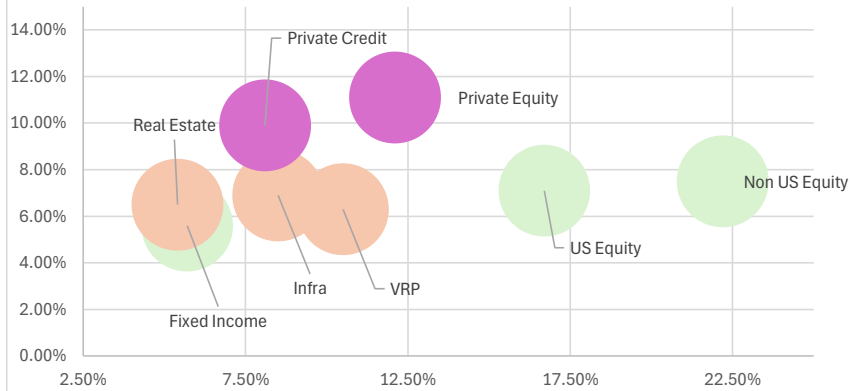
High	Represents immediate risk to the plan. Trustees should be mindful and monitoring regularly for resolution
Medium	Represents concern for the plan. Trustees should determine the appropriate interval for evaluation and monitoring
Low	Represents limited risk to the plan. No plan of action is required.

Fund Positioning

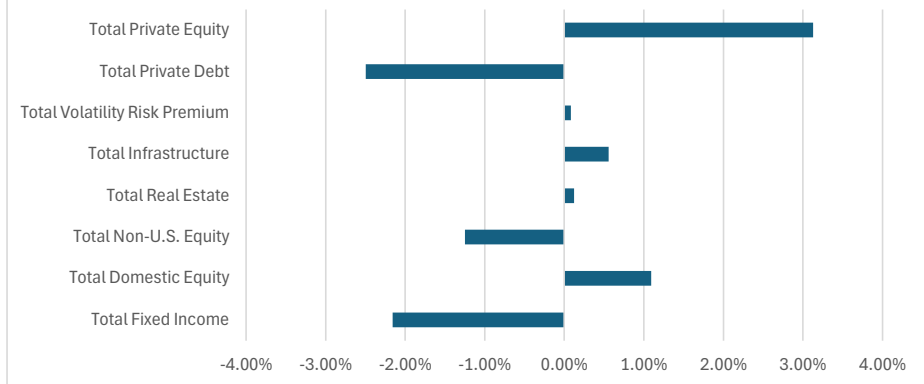
Marquette

Asset Class	Liquidity	Current	10 YR Return Expectation	10 YR Risk (standard deviation)	Policy	Relative	In Compliance
Total Fixed Income	high	20.34%	5.60%	5.70%	22.50%	-2.16%	Yes
Total Domestic Equity	high	29.59%	7.10%	16.70%	28.50%	1.09%	Yes
Total Non-U.S. Equity	high	14.75%	7.50%	22.20%	16.00%	-1.25%	Yes
Total Real Estate	medium	6.12%	6.50%	5.40%	6.00%	0.12%	Yes
Total Infrastructure	medium	10.56%	6.90%	8.50%	10.00%	0.56%	Yes
Total Volatility Risk Premium	medium	2.58%	6.30%	10.50%	2.50%	0.08%	Yes
Total Private Debt	low	4.00%	9.90%	8.10%	6.50%	-2.50%	Yes
Total Private Equity	low	11.13%	11.10%	12.10%	8.00%	3.13%	Yes
TOTAL		0.95077			100.00		

Asset Class Return versus Risk versus Liquidity



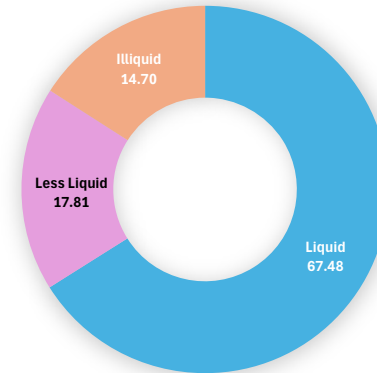
Asset Position versus Target





Fund Positioning

Portfolio Redemption Liquidity	%	Market Value
Daily/Weekly	57.91%	\$1,383,679,055
Monthly	8.17%	\$195,227,664
Quarterly	12.98%	\$310,118,069
Semi Annual	5.02%	\$119,860,705
Illiquid	15.94%	\$380,992,640
Unfunded Commitments (PE, PC, RE, Infra)	7.04%	\$168,207,352
Expected Distributions (PE, PC, RE, Infra)	8.73%	\$208,563,259



Capital Call Ratio	Total Capital Needs		
	at Various Call Ratios	3 Year Investment Period	Additional dollars per month
75%	\$ 126,155,514.00	\$ 50,462,205.60	\$ 4,205,183.80
80%	\$ 134,565,881.60	\$ 53,826,352.64	\$ 4,485,529.39
85%	\$ 142,976,249.20	\$ 57,190,499.68	\$ 4,765,874.97
90%	\$ 151,386,616.80	\$ 60,554,646.72	\$ 5,046,220.56

Average
Avg Montly Cash Flow Needs
\$14,000,000

Monthly CF/Liquid Portfolio
0.89%

Worst Case CF/Liquid Porfolio
1.21%

Max 3M Draw Down Period (4Q'08)*
Montly Cash Flow Needs
\$14,000,000

3M CF/Liquid Portfolio
3.13%

Worst Case 3M CF/Liquid Porfolio
4.26%

*Assumes negative 15% return to liquid portfolio

** Liquid portfolio is Daily, Weekly, and Monthly added together

Investment Strategy and Asset Diversification

1. Following prudent investment strategy by implementing the following:	Completion Date	As of Date	Service Provider
Formal asset allocation study every 3 years	Jan'23	Sept'22	Marquette
Review strategic asset allocation parameters annually	Nov'24	Sept'24	Marquette
Review Investment Policy Statement annually	Nov'24	Nov'24	

2. Maintain proper diversification of assets by:	Completion Date	Status	
Fund is within strategic asset allocation limits	Q3'24	Ok	
Investment managers are in compliance	Q3'24	Ok	Marquette
Manager diversification and counterparty risk are reviewed	Q3'24	Ok	

Legal , TAX, Regulatory and Operational

3. Legal, tax and operational review	Completion Date	Status
Monitor pension operations quarterly	Q3'24	Ok
Monitor legal, tax and regulatory quarterly	Q3'24	Ok

4. Monitor administrative budget and Professional service :	Completion Date	Status
Monitor budget and professional services fees quarterly	Q3'24	Ok
Professional services review annually	Q1'24	Ok

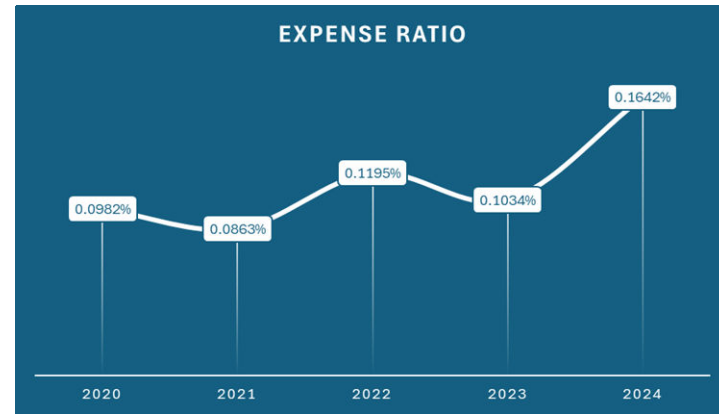
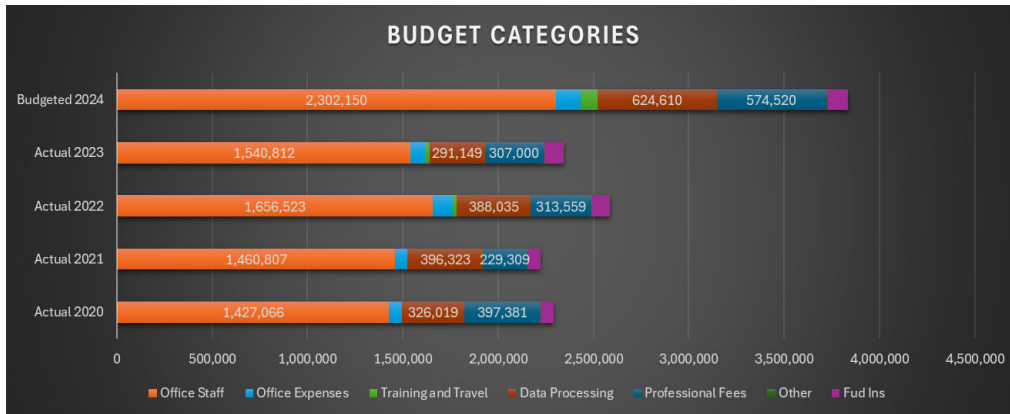
CRS Budget Dashboard

30-Sep-24



Summary

	Actual Q3,2024	75% of Budget	Difference 75% of Budget v	% of Budget Utilized	Budget 2024	Actual 2023	Actual 2022	Actual 2021	Actual 2020
Office Staff	1,326,009	1,726,613	400,604	58%	2,302,150	1,540,812	1,656,523	1,460,807	1,427,066
Office Expenses	65,212	98,250	33,038	50%	131,000	76,930	104,313	62,767	69,261
Training and Travel	8,376	67,125	58,749	9%	89,500	22,412	23,156	355	425
Data Processing	271,215	468,459	197,244	43%	624,610	291,149	388,035	396,323	326,019
Professional Fees	471,368	430,890	-40,478	82%	574,520	307,000	313,559	229,309	397,381
Other	1,790	5,625	3,835	24%	7,500	4,135	3,260	3,175	3,994
Fund Ins	104,389	80,025	-24,364	98%	106,700	99,952	96,959	71,127	67,887
Total Operating Cost	2,248,359	2,876,987	628,628	59%	3,835,980	2,342,390	2,585,805	2,223,863	2,292,033
Member Cost (75% Expectation)	172,865,117	176,941,575	4,076,458	73%	235,922,100	222,548,260	216,971,971	221,785,744	200,433,689
Contribution (75% Expectation)	58,760,868	51,876,713	6,884,155	85%	69,168,950	67,373,843	64,443,827	59,941,004	56,566,387
Net Investment Returns (75% Expectation)	225,047,103	115,286,074	109,761,029		153,714,765	251,362,593	(216,487,362)	406,692,091	178,957,178



Funston Performance Audit - Summary of Recommendations

Assignment

		Board	Board, Adm.	Priority	Board	Governance	IC	Staff	Performance evaluation	Audit
1. Legal and Regulatory		Status								
1.1	Improve definition and clarity of roles and authorities of:									
	<ul style="list-style-type: none"> The Board of trustees 	Initiated	X		X					
	<ul style="list-style-type: none"> Board chair 	Initiated	X		X					
	<ul style="list-style-type: none"> Individual trustees 	Initiated	X		X					
	<ul style="list-style-type: none"> City Council and Mayor 	Initiated		X						
	<ul style="list-style-type: none"> City Manager and City Finance Director 	Initiated		X						
	<ul style="list-style-type: none"> CRS Director 	Initiated		X						
1.2	The City should expand Board of Trustees personnel authorities to align with the Board's responsibilities, for example, naming the CRS Director as a direct report to the Board, with authority to hire/fire, evaluate, and set compensation.	Initiated			X					
1.3	The City Solicitor should provide the Board of Trustees with independent external legal counsel or establish a policy and process that allows CRS to retain independent external counsel and/or hire internal CRS counsel to address potential conflicts of interest associated with the City Solicitor's representation of other clients on the same matters.	Initiated			X		X			
1.4	Confirm the Board's authority, as the named fiduciary, to contract with actuaries, investment consultants, investment managers, custodial banks, benefit providers, and legal counsel, all of which require unique pension and investment expertise.	Initiated			X		X			
1.5	The City Manager should allow CRS trustees who are not City employees to vote on CRS procurement decisions; the Board, as fiduciaries, should have final authority on those decisions.	Initiated			X		X			
1.6	If the CRS Board is not given authority to hire/fire/evaluate/compensate the Director, work with the City Manager to develop a Memorandum of Understanding that addresses the City Manager's role as a potential fiduciary and formalizes procedures where the Board and City Manager, Finance Director or other officers have overlapping responsibilities (e.g., setting goals for and evaluating the Executive Director); CRS may need to consider options for engagement of independent fiduciary legal counsel to assist with this initiative.	Completed			X		X			

GREEN - SHORTER TERM COMPLETION
 RED - LONGER TERM COMPLETION
 Board - CRS Board has authority to complete
 Board, Adm. - CRS Board and City Administration have shared authority to complete
 Priority - CRS Board priority to complete as soon as possible
 Note: Some Recommendations may require CSA update.

2. Governance Framework

2.1	Aggregate and organize the Board policies from all sources into a Board Governance Manual with online access and links to underlying document provisions; include the mission statement, goals, trustee responsibilities, committee charters and the Code of Ethics.	Initiated			X		X			
2.2	Develop new policies or formalize current policies and practices for:									
	<ul style="list-style-type: none"> Trustee personal financial disclosures 	Initiated	X							
	<ul style="list-style-type: none"> Board self-evaluation / Board education policy 	Initiated	X							
	<ul style="list-style-type: none"> Funding 	Initiated			X					
	<ul style="list-style-type: none"> Separate investment policy statement for the 115 trust fund that is tailored to its liabilities 	Reviewed	X							
	<ul style="list-style-type: none"> Strategic planning, in coordination with the City 	Initiated			X					
	<ul style="list-style-type: none"> Collection of claims in securities class actions 	Initiated	X							

		Board	Board, Adm.	Priority	Board	Governance	IC	Staff	Performance evaluation	Audit
	• Succession planning, in cooperation with relevant City appointing authorities	Initiated	X							
	• Business continuity and resumption	Initiated	X							
	• Independent governance and benchmarking reviews	Initiated	X							
	• External communications by Board members	Initiated	X							
	• Due diligence and reporting for referral of service provider candidates by trustees, along with limits on candidate contacts with trustees during an RFP process	Initiated	X							
2.3	Reduce the size of each committee to three or five members to better utilize trustee time.	Reviewed	X							
2.4	Adopt a consent agenda for approval of routine business and reports.	Reviewed	X							
2.5	Conduct periodic board retreats for more in-depth discussion on key topics, conducting board self-evaluations and executive director evaluations, and trustee education.	Not Reviewed Yet	X							
2.6	Following implementation of the recommendations in this report, conduct a biennial self-evaluation process, potentially with external assistance; this process should help to inform educational priorities.	Not Reviewed Yet	X							
2.7	Define ongoing training requirements for Board members, including onboarding plan for new trustees and required fiduciary training; link training to board self-assessment findings and the calendar of Board agenda action items.	Initiated	X	X						
2.8	Formalize a CRS stakeholder communications plan that identifies key stakeholders, communications responsibilities, and messages and objectives.	Initiated	X							
2.9	Issue new system email accounts to be used by trustees for all CRS-related business.	Reviewed	X	X						
2.10	Discuss with the Director and the investment consultant how reporting could be improved and executive summaries better utilized to enhance trustee understanding and insight.	Completed	X	X						
2.11	Appoint a Board Audit Committee with oversight of internal and external audits to commission an independent financial audit and obtain internal audit services from the City Internal Audit Department and/or an independent firm; include oversight of enterprise performance and risk in the committee charter responsibilities.	Initiated	X	X						
3. Investment Program and Operations										
3.1	Develop a separate Statement of Investment Beliefs (SIB) to guide development and implementation of the strategic asset allocation.	Completed	X							
3.2	Develop a liquidity policy as part of the Investment Policy Statement (IPS) to ensure that the cash needs of the organization are effectively and efficiently met.	Completed	X	X						
3.3	Develop a separate IPS for the 115 Trust (Health Care Trust) that reflects the unique liability structure of the 115 Trust.	Reviewed	X	X						
3.4	Extend the time horizon for the strategic asset allocation to 3-5 years and only make changes to the target asset allocation as part of a comprehensive Asset Liability Study.	Completed	X							
3.5	Include a more comprehensive rebalancing policy in the IPS that describes how rebalancing is linked to the Board's investment philosophy and what the process should be.	Completed	X							
3.6	Discuss with Marquette Associates how reporting might be improved through development of an introductory executive summary, with an exception reporting approach, to the quarterly reporting package focused on actual performance compared to the IPS.	Completed	X	X						
4. Pension Operations										
4.1	Clarify the Board's responsibilities and role (or lack thereof) in pension and benefits administration.	Initiated	X	X						
4.2	Consider if pension staffing resources and capabilities should be improved through Implementation of a member contact center telecommunications system.	Initiated	X	X						
4.3	Develop a long-term plan with service, performance, and cost objectives, to ensure that member self-service, website redesign, and other improvements, are all developed and implemented in a coordinated manner and achieve desired results.	Not Reviewed Yet	X							
4.4	Charter a pension administration cost and performance benchmarking report.	Initiated	X							
4.5	Consult with its actuary and determine if an adjustment to the investment assumed rate of return should be recommended.	Reviewed		X						
4.6	Develop and adopt a formal actuarial and funding policy describing responsibilities and frequency of actuarial and asset/liability study processes and addressing investment, demographic and benefit risks.	Reviewed	X	X						

5. Administrative Operations

		<u>Board</u>	<u>Board, Adm.</u>	<u>Priority</u>	<u>Board</u>	<u>Governance</u>	<u>IC</u>	<u>Staff</u>	<u>Performance evaluation</u>	<u>Audit</u>
5.1	Develop succession planning and implement a cross training program for staff to minimize key person risk and enhance staff development.		X							
5.2	Work with the City Administration and the Law Department to delegate authority to the CRS Board to engage external counsel to obtain more timely legal support or unique expertise when appropriate. See also Recommendation 1.3.		X	X						
5.3	Develop a long-term IT plan that identifies future needs.		X							
5.4	Work with the City Enterprise Technology Solutions (ETS) Department to ensure security is adequate and tested.		X	X						
5.5	Update the documented disaster recovery plan.		X	X						

6. Compliance

6.1	Assign leadership, training, and monitoring responsibilities for compliance to ensure compliance with conflict of interest and ethics policies.		X	X						
6.2	Develop a repository of risk-ranked compliance requirements.		X							
6.3	Establish tracking mechanisms to identify and escalate non-compliance.		X							

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 Board, Adm. - CRS Board and City Administration have shared authority to complete
 Priority - CRS Board priority to complete as soon as possible

Note: Some Recommendations may require CSA update.

August 7, 2024

To: Mayor and Members of City Council
From: Sheryl M.M. Long, City Manager
Subject: Cincinnati Futures Commission – Response and Next Steps

Reference Document #202401283

On May 8, 2024, the City Council referred the following item for report:

MOTION, submitted by Mayor Aftab Pureval, WE MOVE that the Administration provide a report in 60 days regarding the "Cincinnati Futures Commission, A Vision for the Future Cincinnati" recommendations. This report will allow the Mayor and Council to be intentional around the recommendations that require policy guidance. (BALANCE OF STATEMENT ON FILE)

INTRODUCTION

The purpose of this report is to respond to the Mayor’s motion regarding the Cincinnati Futures Commission report. The Mayor and Council have made clear that their overarching goal for the City is equitable growth—growing our entire City in a way that drives increased economic prosperity but also leaves no one behind. To accomplish that goal, the City must have a strong financial footing so we can provide excellent city services and invest in our neighborhoods and residents.

I want to acknowledge the foresight and leadership of our Mayor in convening this commission, and I want to thank the business, labor, and civic leaders who volunteered their time to take on our most difficult challenges and recommend strategies for our City to thrive.

The hard work of the Commission has produced a robust and thoughtful road map for improving the finances of the City and for Cincinnati’s continued growth. This report lays out proposed next steps for undertaking and vetting the Futures Commission recommendations. In this report, the recommendations are organized into three sections:

- Section I – Recommendations Completed or Underway
- Section II - Recommendations Requiring Additional Policy Guidance or a Vote of the Electorate
- Section III – Recommendations Requiring Additional Due Diligence

As described below, work on a significant portion of the recommendations is either underway or even completed. This consistency of vision is notable and provides significant momentum for implementation of many recommendations. The recommendations addressed in Sections II and III will require additional public conversation, vetting, and decision-making. The Administration looks forward to working in tight coordination with our elected officials on those efforts.

I. Recommendations Completed or Underway

It is encouraging that many of the recommendations from the Futures Commission report are aligned with existing long-term Administration initiatives and policy initiatives, many that have been underway for one or more years. Of the twenty-five enumerated recommendations in the report, fourteen (56%) of the report recommendations are underway or completed.

Connected Communities and Update Plan Cincinnati – Page 24

The Futures Commission report supports passage of the Connected Communities legislation as well as recommends an update to Plan Cincinnati.

Over the last two years under the leadership of Mayor Aftab, Councilmember Harris, and Councilmember Cramerding, Connected Communities was thoughtfully developed. The policy includes pro-growth changes to equitably move our City forward. City Council considered and approved that legislation on June 5, 2024.

Plan Cincinnati is the City's comprehensive plan, and it has not been updated in over a decade. The City's FY 2025 Budget Update includes resources for undertaking a full update to Plan Cincinnati. The update process is being planned now and will be launched later in this fiscal year.

Industrial Redevelopment for Job Creation – Page 29

The Futures Commission report recommends investing resources to acquire and improve sites to support commercial and industrial development that will create good jobs. This is a strategy that is in line with previous actions of the Mayor and Council, with \$7 million in resources allocated in FY23 to an initiative with the Port Authority for industrial site acquisition and redevelopment and an additional \$1.3 million allocated to the same initiative in FY24. Those resources are still being deployed. Before allocating additional resources to this initiative, the Administration recommends completing the process to clearly establish strategic economic development objectives for the City, as discussed in detail in Section II of this report, and reviewing the structure and impact of the previous investment.

Neighborhood Growth Funding – Page 34

The Futures Commission report recommends investing additional resources to support development projects in neighborhoods, suggesting \$5 million annually for 10 years. The FY 2025 Budget Update includes over \$6.2 million in new resources to support this use, including an additional \$1 million allocated to the Neighborhood Business District Improvement Program, \$1 million for strategic acquisitions by the City, \$1 million for the new Quick Strike Fund, and another approximately \$3.2 million allocated to additional neighborhood development initiatives. These additional resources build on investments made over the past few years by the Mayor and Council for neighborhood growth by increasing funding to existing programs, establishing new programs, and providing funding directly to community development corporation projects. New programs like the Neighborhood Catalytic Capital Improvement Fund, Empower Neighborhoods program, and the Quick Strike Fund are directly putting dollars towards the use recommended by the Futures Commission.

Affordable Housing Leverage Fund Investments – Page 35

The Futures Commission report recommends increasing funding to the Affordable Housing Leverage Fund to \$10 million per year. Over the last several years the Mayor and Council have significantly increased contributions to this initiative. In FY24, the City contributed \$6.5 million to the Affordable Housing Leverage Fund. In FY25, this amount is projected at approximately \$7 million per year—with \$1.9 million in the approved FY 2025 Budget Update as well as an additional \$5 million expected from the carryover in the fall. Increases in short-term rental registration revenues and the changes to the stabilization policy introduced by the Mayor in February of 2022 have enabled this increased contribution. In addition to the sources above, the City's VTICA (Voluntary Tax Incentive Contribution Agreement) program generates a small but growing amount of revenue for the Affordable Housing Leverage Fund each year.

Historic trends predict increasing short-term rental revenues and VTICA revenues. That growth will drive increased contributions to the Affordable Housing Leveraged Fund, in line with the report's recommendation.

Homebase and Community Development Corporation (CDC) Capacity Building – Page 36

The Futures Commission report recommends increased funding to support CDC capacity building. Recent and continuing funding by the Mayor and Council for this purpose demonstrates significant existing alignment on this recommendation.

Prior to 2023 the City typically provided about \$600,000 a year in operating support to Homebase and neighborhood community development corporations. Beginning in 2023 the City nearly doubled that annual operating support to approximately \$1.1

million per year. This is in addition to the millions of additional dollars that have been invested in project support.

Before allocating additional resources to this initiative, the Administration recommends completing the process to clearly establish strategic economic development objectives for the City, as discussed in detail in Section II of this report, and reviewing the structure and impact of the previous investment.

Equitable Economy Recommendations – Pages 36-38

To achieve a more equitable economy, the report recommends (1) The above discussed investment in industrial redevelopment and (2) Additional investment of \$2.5 million annually in the Lincoln and Gilbert initiative to support the growth of minority-owned businesses.

To date, the City has provided \$5 million to the Lincoln and Gilbert initiative. Further, the City has significantly invested in growing minority-owned businesses—both through investments with partners supporting minority-owned businesses as well as through providing additional resources and policies for economic development projects that support minority-owned businesses. Before allocating additional resources to this initiative, the Administration recommends completing the process to clearly establish strategic economic development objectives for the City, as discussed in detail in Section II of this report, and reviewing the structure and impact of the previous investment.

Police and Fire Operational Studies – Pages 47-48

The Futures Commission report recommends that the City engage in an in-depth study of police and fire operations. That process is underway with a contractor already engaged to assess facility and operational needs of both police and fire. The study is analyzing operations to benchmark against peers, identify industry best practices, and suggest any adjustments to facilities and staffing necessary to maintain and improve public safety services. The City has engaged a vendor and the FY 2025 Budget Update includes \$2 million to fully fund this study.

The project is broken out into five phases:

- Phase A: Data Collection, June 2024 – July 2024
- Phase B: Space and Programming Needs Assessment, June 2024 – October 2024
- Phase C: Facilities Condition Assessment, August 2024 – January 2025
- Phase D: Sustainability Strategy, September 2024 – December 2024
- Phase E: Public Safety Facilities Master Plan, January 2025 – July 2025

The report also mentions increased use of civilians within Police. Police Chief Teresa Theetge is leading an ongoing effort to examine the use of civilians for the work of the Cincinnati Police Department (CPD). In the FY 2025 Budget Update, there are

personnel changes that will return four sworn officers to the street. The City has also proposed civilianization efforts through the ongoing collective bargaining negotiation process.

It is important to highlight that the Futures Commission report's discussion related to public safety does not fully account for the realities of the collective bargaining negotiation process. The report states that the City should maintain its annual expense growth for public safety at 2.7% (Page 45). This recommendation is not feasible, without forced staffing reductions. Police and Fire expenditure growth is largely driven by wage increases negotiated through the collective bargaining process, which is controlled by state law. In the absence of a negotiated agreement, wage increases are decided by a third-party in mediation. Over the last ten years, this process has driven an average expense growth rate of 3.6% per year for CPD and 4.9% per year for Fire. Any plan to create a more sustainable financial structure for the City must account for the realities of collective bargaining.

Billing for Emergency Medical Services (EMS) – Page 48

The Futures Commission report recommends that the City adjust its policies around EMS fees and reimbursement to increase revenues, specifically by accessing additional federal funds through the Ground Emergency Medical Transport program. To do this, the State of Ohio must expand Medicaid benefits to encompass this program, and the City is underway in working with its lobbyist to advocate for this expansion. Additionally, in alignment with the stated goal of the recommendation, the City has already reviewed and updated its EMS billing rates.

Performance Management and Performance-Based Budgeting – Page 54

The Futures Commission report generally recommends leveraging data to improve public services—mentioning specifically applications for the Department of Public Services as well as budgeting. The Administration has been hard at work on this for several years and continues to make great strides, in line with the recommendation.

The adoption of data-based management practices has been a primary strategic goal of the Administration for City operations. These efforts include implementing a rigorous performance management process and putting the City on a three-year plan to migrate from pure continuation budgeting to performance-based budgeting.

The recommendation for use of performance management to improve Fleet operations is also aligned with ongoing efforts. The Administration has been working over the last two years to modernize our fleet management and routing processes—including investments in technology and staffing. The FY2025 Budget Update includes a new data analyst position to further this work.

This progress lays a deep foundation for lasting operational improvements, and the City appreciates the Futures Commission report’s recommendation and recognition of this work’s value.

Gainsharing – Page 55

The report recommends the adoption of a gainsharing strategy — a process by which employees who reduce costs while maintaining service standards can receive a share of the savings from increased operational efficiency. The City is employing a version of gainsharing strategy in its Green Cincinnati Revolving Loan Fund, where Departments can re-capture operating funds saved via sustainability projects. The FY 2025 Budget Update includes a significant contribution to this revolving loan fund.

The report identifies other opportunities to employ a gainsharing strategy to create additional operating efficiencies. The City Administration will work internally to identify feasible opportunities, including for fleet maintenance.

Cincinnati Southern Railway Recommendations – Pages 65-67

The Futures Commission report acknowledges the forthcoming benefits stemming from the sale of the Cincinnati Southern Railway. The report recommends focusing investment on road repaving; pedestrian-friendly infrastructure; and parks, recreation, and public safety facilities. It also recommends focusing investments on projects that will create operating budget savings.

In the FY 2025 Budget Update, the City laid out the first installment of the Cincy On Track initiative, an effort to provide a high-level of transparency on investment of the proceeds from the sale of the railway. Of the \$29.2 million available for this year, 59.7% is being invested in road and bridge repair projects—including pedestrian-friendly infrastructure such as the Complete Streets overhaul of Victory Parkway. The remaining resources are split among investments in parks, recreation, health, and other city facilities. These investments closely track the recommendation from the report.

FY26 will be the first year where the City expects to see a substantial increase in capital resources from the sale of the Cincinnati Southern Railway. To prepare the Administration continues to enhance the structure, sophistication, and transparency of capital resource allocation decisions. The report’s recommendations will be incorporated into those efforts.

Admission Tax Changes – Page 70

The Futures Commission report recommends changing the City’s Admission Tax to better capture revenue from resale of tickets through third-party resellers. In January of 2024, Council approved an amendment to the Cincinnati Municipal Code to accomplish this.

Parking Enforcement and Meters – Page 71

The Futures Commission report recommends increasing parking enforcement, expanding parking meter assets, and removing peak hour parking restrictions.

Work on increasing parking enforcement has been well underway for over a year through an Administration initiative to identify service delivery challenges and opportunities for increased efficiency and revenue generation. This work resulted in a staffing proposal that was included in the FY 2025 Budget Update. By converting existing, vacant part-time positions to full-time positions, adding four Parking Enforcement Officers, and filling all current vacant Parking Enforcement Officer positions, the City has more than doubled the number of deployed Parking Enforcement Officers as of July 1, 2024. This will allow for significant increases in service delivery and increased revenues. This work tightly aligns to the recommendation contained within the report.

Regarding the footprint of meters, the Administration is establishing a process for periodic curb usage review, which will include review for addition of on-street meters. Additional curb usage fees are also being explored.

The Futures Commission report also recommends removal of rush hour lane restrictions. Based on a motion dated May 31, 2022 (Item# 202201296) and outlined in an Administration report (Item# 202201915) DOTE has an ongoing initiative to re-evaluate rush hour lane restrictions and remove these restrictions where possible. Recently rush hour lane restrictions have been removed on State Avenue in Lower Price Hill, Hamilton Avenue and North Bend in College Hill, Woodburn Avenue in East Walnut Hills, E. McMillan Avenue in Walnut Hills, and Observatory Avenue in Hyde Park. Upcoming removals are planned for W. McMillan Avenue in CUF, Burnet Avenue in Avondale, and Gilbert Avenue in Walnut Hills. Rush hour lane restrictions in the Central Business District are currently being studied and removals will be completed by mid-2025.

II. Recommendations Requiring Additional Policy Guidance or a Vote of the Electorate

Economic Development Strategic Objectives and Measures (Page 17) and Economic Development Service Delivery (Pages 22-23)

The Futures Commission report criticizes the City for a lack of clear communication of defined economic development goals and measures and also critiques the City's service delivery related to economic development.

While the Mayor and our elected officials have clearly articulated their goal of equitable growth for our City, a clear, written, and collective statement of strategic objectives for this growth from the Mayor and Council would be helpful in achieving

that goal. It will enable the City Administration to offer specific recommendations about administrative structure, staffing, capital investments, and measurable metrics to track progress in achieving these objectives. The City Administration is prepared to facilitate a process to achieve this collective statement of strategic objectives.

We acknowledge that the service delivery challenges identified in the report are real, and we have been diligently focused on solutions. Many of the challenges identified in the report are the result of years of insufficient resources, lack of management oversight, and failure to prioritize long-term initiatives needed to address inefficiencies. Although these issues will take time to correct, significant process has already been made on addressing staffing challenges in the Department of Building and Inspections, streamlining processes in the Department of Community and Economic Development, and securing technology improvements for permitting and development applications.

The Futures Commission report recommends a consultant-led development services review and the establishment of an Office of Strategic Growth. The Administration recommends that consideration of these recommendations be sequenced after the clarification of strategic objectives (discussed above) is completed. This sequencing will ensure that, if pursued, these efforts are structured and aligned properly with those objectives.

Increase Earnings Tax by 0.1% for Economic Development Initiatives – Page 39

The Futures Commission report proposes a 0.1% earnings tax increase to fund economic development initiatives. As noted in the report, this requires voter approval. This change would raise approximately \$23 million per year. The proposed expenditures related to this recommendation are largely a question of economic development policy. If the City's elected officials choose to pursue this recommendation, the Administration is available to support that process and will develop an administrative plan for implementation. As described above and in line with the report, the Administration recommends that as a first step, the City's elected officials articulate their strategic objectives for economic development in a consolidated written statement to aid in communication to the public and structuring of any investments of resources.

Increase Earnings Tax by 0.05% for Public Safety Expenses – Page 49

The Futures Commission report recommends a 0.05% earnings tax increase to support public safety spending. As noted in the report, this will also require voter approval. This change would raise approximately \$11.5 million per year. If the City's elected officials choose to pursue this recommendation, one aspect to consider for this recommendation is how, as proposed, this revenue growth could lead to accelerated expense growth beyond the recommended 2.7% growth per year, in light of the collective bargaining process. Another aspect to consider is the timebound nature of the proposed tax increase. Public safety spending is primarily wages for personnel,

which is an ongoing expense. If the income tax increase were not renewed, adjusting to this significant loss of revenue would likely require layoffs.

Create A Waste Collection Fee – Pages 52-53

The Futures Commission report recommends establishing a waste collection fee. As noted in the report, the Charter requires voter approval for the proposed fee. The Futures Commission report projects that the proposed fee would raise \$164 million over ten years, or \$16.4 million per year. If the City’s elected officials choose to pursue this recommendation, the Administration will develop a proposed plan for implementation, billing, and collection, including a plan for specifying criteria and verifying eligibility for the proposed reduced fee.

Redeploy Smale 0.1% Infrastructure Income Tax to Fund City Operations – Page 69

The Futures Commission report recommends passing an ordinance to redirect a portion of the revenue received under the City’s 0.1% income tax, the “Smale Tax,” for infrastructure spending. As proposed, this recommendation is not feasible. The Ohio Constitution strictly regulates municipal income tax processes and requires that (1) Every income tax be approved by the voters and (2) Income taxes must be used only for the purpose stated in the ballot language.

The Smale Tax was approved by the Cincinnati electorate in 1988 for the specific purpose of providing for “direct and indirect costs related to the construction, operation, maintenance, equipment and repair of the city’s streets, bridges, parks and recreation areas, buildings, structures, fixtures, and other portions of the infrastructure.” Given the Ohio Constitution’s limits on municipal income tax and the stated purpose of the Smale Tax, the proposed change to how the Smale Tax is deployed requires approval by the electorate and may not be accomplished by an act of City Council alone.

III. Recommendations Requiring Additional Due Diligence

The Futures Commission report recommends some changes that require further due diligence before the City Administration can present options to the Mayor and Council. These include changes to the City’s pension, sale of the assets of Greater Cincinnati Water Works, shared Parks and Recreation services, and the sale or lease of City real property assets.

Transfer the City’s Pension to the Ohio Public Employees Retirement System (OPERS) – Pages 56-59

The City Administration will evaluate the report’s recommendation that the City transfer the Cincinnati Retirement System (CRS) to the OPERS. The initial evaluation will be done by an internal working group and focused on determining the State’s criteria for accepting CRS into OPERS and identifying impacts to the City’s active and retired employees.

As a threshold matter, a transition of the CRS to OPERS would involve significant benefit changes for employees and retirees. Therefore, this recommendation must be diligently studied to understand those impacts before any decisions are made.

Further, any migration of CRS into OPERS is contingent upon court approval. The City's pension is subject to a Collaborative Settlement Agreement (CSA) that governs certain obligations of the City related to CRS. Pursuing the report's recommendation that CRS transfer to OPERS would require a renegotiation of CSA terms, which are currently in effect until 2045. Finally, any change impacting employees or retiree benefits could result in legal challenges from the parties to the CSA and existing members of the pension.

Once the initial evaluation of this recommendation is completed, the Administration will provide a formal report to the Mayor and Council to support additional policy discussions on this recommendation.

Regional Water Authority – Pages 59-64

The Futures Commission report recommends monetizing Greater Cincinnati Water Works (GCWW) by selling its assets to a newly created regional water district.

The recommendation is premised on the concept that the funds realized by the sale will provide cash resources that can be utilized as a lump sum contribution to CRS to raise its funding levels to what OPERS will require for the recommended transfer. The report estimates the cash payment for GCWW assets as \$680 million. The report does not provide an in-depth analysis of how this transaction would be structured, how ratepayers would be impacted by the sale, or how the resulting liability will impact the regional water authority. For context, all currently outstanding debt for GCWW operations is approximately \$422 million. It also does not provide an analysis on the impacts to current GCWW employees or to CRS from the loss of their contributions. The recommendation is further premised on the concept that GCWW's growth is being curtailed as a result of its current legal structure.

The report does acknowledge the need for additional extensive due diligence and voter approval to change the Cincinnati Charter to allow the transaction. The Administration agrees that additional and extensive due diligence of this recommendation is needed, including an analysis of the above premises. Further, the analysis must closely investigate the benefit to the City, as opposed to benefits to the region, from the proposed transaction—as there are many City-specific benefits that arise from GCWW being a city-owned enterprise.

Therefore, the Administration supports the report's recommendation of creating a dedicated task force comprised of, among others, GCWW and MSD staff and consultant experts as needed to fully examine this proposal. This task force will have to be structured with legal guidance.

Shared Services for Parks and Recreation Operations – Pages 49-51

The Futures Commission report recommends further diligence of several efficiency proposals related to Parks and Recreation operations and facilities—including shared services between the two departments and exploring outsourcing management of certain facilities to Great Parks of Hamilton County. The Administration recommends that the Park Board and Recreation Commission undergo a feasibility assessment and produce a report outlining the findings and opportunities.

Sale or Lease of City Assets – Page 72

The Futures Commission report recommends the divestiture or lease of City assets that do not support what the Commission considers core services of the City, including City-owned golf courses, parking assets, and Lunken Airport. The recommendation suggests that the sale or lease of these assets can generate revenue to the City or be leveraged as development incentives. Consistent with this recommendation, City staff will assemble a catalogue of City assets, and the City Solicitor will provide an opinion laying out the parameters for disposition. Once this process is complete, the creation of one or more task forces may be appropriate to perform necessary due diligence to understand the impacts of divesting each asset and make recommendations.

Conclusion

Thank you again to the business, labor, and civic leaders who volunteered their time to take on our most difficult challenges and recommend strategies for our City to thrive. As City manager, I am encouraged that the Futures Commission is in alignment with the vision that our elected officials have articulated, evidenced by the number of recommendations that are in close alignment with ongoing or completed policy and administrative initiatives. However, as noted above, some recommendations require further discussion and diligence.

The City Administration looks forward to supporting our elected officials as they undertake the challenging task of making decisions about the City's future. I am energized by the work that remains and look forward to creating a Cincinnati for all to thrive.

Cincinnati
Retirement System

Statement of Investment Policy

November 2024

Definition of Terms

"System" Defined

In this Policy, the "System" refers to the pool of assets held in trust under the terms of a Trust Agreement established by the Cincinnati Retirement System, which will be used to pay qualified employee, disability, and health benefits (see Addendum C).

"Board of Trustees" Defined

In this Policy, the "Board of Trustees" refers to the named fiduciary appointed to administer the System pursuant to the Trust Agreement (see Addendum E).

"Investment Professionals" Defined

In this Policy, the "Investment Professionals" refers to investment managers, the cash equitization manager, the investment consultant(s), the custodian, the securities lending provider, commission re-capturing agent(s), and third-party proxy voting service provider.

"Investment Manager" Defined

In this Policy, the "Investment Manager" refers to any firm, fund, or individual that analyzes, selects, and executes the purchase or sale of individual securities. The investment manager may manage the assets of the System in separate accounts held by a third-party custodian, a commingled fund, a limited partnership, or a mutual fund.

"Investment Consultant" Defined

In this Policy, the "Investment Consultant" refers to any firm that provides investment advice and information and assists the Board of Trustees in fulfilling their fiduciary responsibilities as Trustees.

"Cash Equitization Manager" Defined

In this policy the "Cash Equitization Manager" refers to any firm, fund, or individual that executes the purchase or sale of futures contracts in order to replicate the returns of the equity markets on the cash holdings in the equity manager portfolios.

"Custodian" Defined

In this Policy, the "Custodian" refers to any third-party firm that safe-keeps the assets of the System.

"Securities Lending Provider" Defined

In this Policy, the "Securities Lending Provider" refers to any third-party firm or investment manager that lends the assets of the System to other parties in exchange for collateral and interest.

"CRS Staff" Defined

In this Policy, the "CRS Staff" refers to the retirement division's Executive Director that provides investment advice and information and assists the Board of Trustees in fulfilling their fiduciary responsibilities as Trustees.

"Trust Account" Defined

In this Policy, the "Trust Account" refers to cash and short-term cash investments managed by our third-party custodian bank that may be used by CRS to expeditiously conduct transactions without involving outside funds.

Investment Beliefs

The Board of Trustees has adopted the following Investment Beliefs:

Fiduciary Duty – The Board of Trustees has a fiduciary responsibility solely to the active and retired members of CRS. The Board of Trustees shall invest and manage assets as a prudent investor.

Time Horizon – The Board of Trustees maintains a long-term investment horizon, recognizing that our obligations extend far into the future. Investment decisions are aimed at providing sustainable returns over the long term, rather than focusing solely on short-term market fluctuations.

Strategic Asset Allocation – A long-term strategic asset allocation will be adopted, and assets will be rebalanced regularly. However, in times of extreme market dislocations, tactical adjustments will be considered. The Board of Trustees recognizes that, if properly compensated for the risk, tactical shifts could benefit the portfolio.

Diversification –The Board of Trustees recognizes the importance of diversification across asset classes, geographies, and investment strategies. Diversification helps to mitigate risk and enhance the resilience of our portfolio against market volatility. However, over diversification is to be avoided, and investments must be sizable enough to impact the overall portfolio.

Efficient Markets – The Board of Trustees subscribes to modern portfolio theory which means that generally over long periods of time, major market segment asset prices reflect all available information and that consistently exceeding market returns on a risk adjusted basis is improbable.

Risk – An appropriate level of risk is necessary to achieve desired long-term investment returns. Risk should be discussed in terms of balancing desired returns with tolerance for volatility, tracking error, beta, value at risk, and maximum draw down. The portfolio risk should be evaluated based on the System’s investment capacity to recover from adverse market volatility. Since no single metric adequately conveys risk, the Board of Trustees will evaluate risk holistically, incorporating quantitative and qualitative assessments into management of the portfolio.

Active vs. Passive – In markets where evidence suggests that security prices are efficiently set, passive (indexed) market strategies will be employed. Conversely, in less efficiently priced markets, the Board of Trustees will use active management strategies.

Private Markets/Illiquid Strategies – Private markets/illiquid strategies can add value when an appropriate illiquidity premium is expected to be captured. The Board of Trustees has the ability and risk tolerance to invest in illiquid strategies.

Liquidity Management – The Board of Trustees will strive to maintain appropriate levels of liquidity to meet our short-term cash flow needs and take advantage of investment opportunities as they arise. Adequate liquidity ensures that we can navigate market disruptions and capitalize

on attractive investment prospects without compromising our long-term objectives.

Performance Evaluation – Performance will be evaluated over long periods of time in the context of the actuarial assumed rate of return, the Statement of Investment Policy, and peer systems relative performance. The influence of the market environment should be considered when evaluating performance.

Alignment of Interest – The Board of Trustees seeks Investment Managers whose interests align with those of the System as a public pension system and reflect the Statement of Investment Policy. Investment Managers must recognize the long-term success of the System, thereby fostering a culture of accountability and shared purpose.

Governance– The Investment Committee is responsible for oversight of the System and will provide recommendations to the Board of Trustees regarding implementation of the Statement of Investment Policy. The Board of Trustees will engage the expertise of an Investment Consultant for assistance in meeting its fiduciary duty. The Investment Consultant will assist the Investment Committee and the Board of Trustees in establishing investment objectives, asset allocation, selection of investment managers, and investment performance.

The Statement of Purpose

The System's Purpose

The System was established in 1931 as a defined benefit System and provides for both monthly pension benefits and medical benefits to qualified retirees, survivors of retirees, and disabled retirees of the City as well as retired members from closed groups (University Hospital, University of Cincinnati, and Hamilton County). The System is governed by Section 203 of the Cincinnati Municipal Code as adopted by the City of Cincinnati Council. A Board of Trustees has been established to oversee the operation of the System.

The Purpose of the Investment Policy

This investment policy is set forth by the Board of Trustees in order to:

- Define and assign the responsibilities of all involved parties.
- Establish a clear understanding of all involved parties of the investment goals and objectives of System.
- Establish the relevant investment horizon for which the System assets will be managed.
- Establish a target asset allocation and re-balancing procedures.
- Establish a methodology and criteria for hiring and firing investment professionals.
- Offer guidance and limitations to all investment managers regarding the investment of System.
- Establish a basis for evaluating investment results.

In general, the purpose of this Policy is to outline a philosophy which will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical. This document is intended to serve as a reference tool, an operating code, and a communications link between the Board of Trustees, its staff, and its investment professionals.

Distinction of Responsibilities

The Board of Trustees' Authority and Responsibilities

Chapter 203-65 of the Cincinnati Municipal Code assigns a Board of Trustees with the responsibility for managing the assets of the System. The Board of Trustees must discharge its duties solely in the interest of the System and the System participants. The standards of care for the System are specified in Section 203-65 of the Cincinnati Municipal Code and conform to the standards described in Section 5809.02 of the Ohio Revised Code.

The Board of Trustees will generally be responsible for the following:

- 1) Complying with applicable laws, regulations, and rulings, including the Collaborative Settlement Agreement between the City of Cincinnati and various plaintiff groups representing certain active and retired members of the System that was approved by the Court on October 5, 2015 and generally effective January 1, 2016.
- 2) Selecting all qualified investment professionals.
- 3) Monitoring and evaluating investment performance and compliance with this Policy.
- 4) Reviewing and suggesting changes, as needed, to this Policy.
- 5) Establishing and reviewing the appropriateness of the System's asset allocation policy.
- 6) Taking action according to this Policy.

The Investment Manager's Authority and Responsibilities

The Board of Trustees will hire competent, registered professional investment managers to manage the assets of the System. Investment managers have the following responsibilities:

- 1) Vote proxy issues on securities held, unless a third-party proxy voting service provider has been retained by the System. All proxies will be voted exclusively for the best interests of the System and its participants. Managers will maintain written policies for proxy voting and keep a proper record of all proxies to which the Program is entitled. Managers will provide an annual report that includes their current proxy voting policy, a summary and detailed records of all proxies voted, and a statement indicating whether proxies were voted in conformance with the manager's internal proxy voting guidelines.
- 2) Provide written reports to the plan sponsor and consultant on at least a quarterly basis detailing performance for the most recent period as well as the current outlook of the markets.

- 3) Notify the client and the Investment Consultant on a timely basis of any significant changes in the ownership, organizational structure, investment strategy, portfolio design, or configuration of the investment team.
- 4) The investment firm shall notify the client annually when, in aggregate as a firm, the organization owns more than 10% of the outstanding shares in a single stock.
- 5) All qualified investment managers retained by the Board of Trustees will exercise discretion within the parameters set forth in these guidelines for the portfolio(s) they manage on behalf of the System (see Addendum A).

The Investment Consultant/Staff Authority and Responsibilities

The Board of Trustees will hire an Investment Consultant to assist the Board of Trustees in fulfilling their fiduciary responsibilities and in fulfilling their responsibilities in accord with this Policy. The Investment Consultant will generally be responsible for the following:

- 1) Complying with applicable laws, regulations, and rulings.
- 2) Maintaining databases of qualified investment managers, custodians, securities lending providers, and any other pertinent professionals that may assist in oversight of assets.
- 3) If needed, the Investment Consultant will assist the Board of Trustees with the search and selection of investment managers, custodians, and securities lending providers.
- 4) Calculate investment performance and reconcile that performance with the investment managers.
- 5) Providing written reports that summarize the performance and analysis of the System's investments to the Board of Trustees no later than 45 days after the end of each calendar quarter.
- 6) Monitoring and evaluating investment performance and compliance with this Policy. This includes meeting with the System's investment managers on a regular basis.
- 7) Make long-term assumptions on the capital markets for the purpose of evaluating the System's asset allocation policy.
- 8) Establishing and reviewing the appropriateness of the System's asset allocation policy.
- 9) Reviewing and suggesting changes, as needed, to this Policy.

The Investment Consultant retained by the Board of Trustees will exercise discretion within the parameters set forth in these guidelines on behalf of the System (see Addendum A).

The Custodian's Authority and Responsibilities

The Board of Trustees may utilize a third-party custodian for the following:

- 1) hold and safeguard the assets of the System,
- 2) collect the interest, dividends, distributions, redemptions or other amounts due,
- 3) provide monthly reporting to all necessary parties,
- 4) forward any proxies to the investment manager, the client, or their designee,

- 5) sweep all interest and dividend payments and any other un-invested cash into a short-term money market fund for re-deployment, and
- 6) other duties as detailed in the respective custodial agreement.

The custodian retained by the Board of Trustees will exercise discretion within the parameters set forth in these guidelines on behalf of the System (see Addendum A).

The Cash Equitization Manager's Authority and Responsibilities

The Board of Trustees may utilize a cash equitization manager to replicate the investment returns of the equity markets on the cash held in the equity managers' portfolios. The cash equitization manager will purchase and sell futures contracts whose market value is based on the returns of specific equity markets. The notional value of the futures contracts will be closely equivalent to the aggregate cash holdings of all equity managers employed by the Board of Trustees. In addition, the Board may utilize a cash equitization manager to replicate the investment returns of the overall portfolio on the cash held in the margin account and/or checking accounts. These cash holdings will be monitored on a daily basis and futures contracts will be bought or sold accordingly (see Addendum A and B).

The Securities Lending Provider's Authority and Responsibilities

The Board of Trustees may utilize a securities lending provider to create income through the lending of the assets of the System. Securities lending providers will provide reports on a monthly basis to all necessary parties. The securities lending provider will be responsible for ensuring that adequate collateral will be provided to the System for the securities that are lent and that the interest rate generated by the securities lending program is fair and reasonable. Furthermore, the securities lending provider will attempt to return all lent securities to the System's appropriate account before any transactions on the lent securities are executed. The securities lending provider retained by the Board of Trustees will exercise discretion within the parameters set forth in these guidelines on behalf of the System (see Addendum A).

Investment Objectives

Return Objectives

The primary return objectives of the System are to:

- (a) preserve the safety of principal,
- (b) earn the highest possible total return consistent with prudent levels of risk, and
- (c) create a stream of investment returns to insure the systematic and adequate funding of actuarially determined benefits through contributions and professional management of the System assets.

To achieve these goals, the System has been optimized to meet its actuarial assumed rate of return (see Addendum C). The performance objective for the System is to exceed, after investment management fees, a customized blended benchmark. To evaluate success, the Board of Trustees will compare the performance of the System to the actuarial assumed rate of return and the performance of a custom benchmark. This benchmark represents a passive implementation of the historical investment policy targets, and it is re-balanced regularly.

Risk Tolerance

While achieving the return objectives, the System is able to tolerate certain levels of risk, which are:

- (a) to accept prudent levels of short and long-term volatility consistent with the near-term cash flow needs, funding level, and long-term liability structure of the System,
- (b) to tolerate appropriate levels of downside risk relative to the System's actuarial assumed rate of return (see Addendum C). In doing so, the Board of the Trustees will attempt to minimize the probability of underperforming the System's actuarial assumed rate of return over the long-term and to minimize the shortfall in the event such underperformance occurs,
- (c) to accept prudent variances in the asset allocation structure of the System relative to the broad financial markets and peer groups, and
- (d) to tolerate prudent levels of short-term underperformance by the System's investment managers.

Constraints on the Investment Objectives

The investment objectives of the System are constrained by Federal law, State law, Section 203 of the Cincinnati Municipal Code, time, taxes, and liquidity. The System has a long-term time horizon as the assets are used to pay qualified participant and disability benefits. The System is a tax-exempt entity but can be subject to taxes involving unrelated business taxable income ("UBTI"). UBTI is income earned by a tax-exempt entity that does not result from tax-exempt activities. The liquidity needs of the System are to meet the regular cash flow requirements of the System.

Investment Philosophy

Fixed Income

The fixed income portion of the portfolio is intended to offset the volatility of equities, particularly during market downturns, as well as generate yield and provide deflation protection. The System's current fixed income investment philosophy is to allocate approximately 40% to core plus fixed income (core investment grade bonds with the ability of the manager to add high yield and global bonds to the portfolio), approximately 30% to core fixed income, approximately 7% to opportunistic fixed income (comprised mostly of non-investment grade bonds and loans), and approximately 23% to private debt (non-publicly traded fixed income offering higher returns, offset by less liquidity). This approach allows the fixed income portfolio to provide higher yield (and therefore a higher expected return) than a core fixed income portfolio while also providing diversification to the rest of the portfolio.

U.S. Equity

U.S. equities are a source of long-term growth for the portfolio. The System's current U.S. equity investment philosophy is to allocate 71% to large cap stocks, 17% to mid cap stocks, and 12% to small cap stocks. Considering the overall U.S. public equity market is roughly 74% large cap, 20% mid cap, and 6% small cap, the System's U.S. equity allocation is roughly in line with the broad market with a slight overweight to small cap stocks. Further, because value stocks are expected to outperform growth stocks over the long-term (and this is more pronounced in small), a value bias is also targeted, with approximately 58% of small cap equities managed in a value style, approximately and approximately 12% of large cap managed in a value style. This results in a total U.S. equity portfolio overweight to value of 16%. Due to the efficiency of the U.S. equity market, the assets are passively managed, which also significantly lowers management fees.

International Equities

International equities also provide long-term growth for the portfolio. Today nearly half of the world's public equity market capitalization is outside the U.S., and therefore, allocating to non-U.S. stocks reduces overall portfolio volatility, expands the universe of stocks and countries to invest, and potentially increases expected returns with higher risk emerging markets. The System's current investment philosophy is to allocate approximately 85% to large cap stocks and 15% to mid cap stocks, replicating the portfolio construction of the MSCI ACWI ex. U.S. Separately, the System is targeting 30% to emerging markets. Due to the efficiency of the Non-U.S. equity market, the assets are passively managed, which also significantly lowers management fees.

Private Equity

The allocation to private equity is meant to capture outperformance of over 2 percentage points, net of fees, above the traditional equity portfolio. The System will utilize a Fund of Funds approach of multiple managers and allocate as evenly as possible among calendar years to properly diversify. Although private equity funds are illiquid and incur higher fees, the expected benefits of higher returns should outweigh these costs.

Real Estate

The allocation to real estate is meant to capture consistent yield in excess of fixed income, as well as provide some inflation protection and diversification from other asset classes. The System currently uses open-end core real estate funds to maintain maximum liquidity and minimum risk in the asset class.

Infrastructure

The allocation to infrastructure is meant to capture consistent yield in excess of fixed income as well as provide diversification from other asset classes. The System is moving to an open-end, core investment philosophy in infrastructure for maximum liquidity and minimum risk in the asset class.

Volatility Risk Premium

The allocation to volatility risk premium is meant to add diversification to the overall portfolio by capturing premiums via selling S&P 500 puts to generate consistent monthly premiums on the equity market with volatility that has historically been 50-75% less than the equity markets.

Asset Allocation and Re-Balancing Procedures

General Methods and Frequency of Evaluating the Asset Allocation

The Board of Trustees, with the assistance of the Investment Consultant, will conduct a strategic asset allocation study and an asset/liability study every 3 to 5 years. Tactical studies may take place more frequently in times of extreme market dislocations. They will take into consideration applicable statutes, the actuarial rate of return of the System, the long-term nature of the asset pool, the cash flow needs of the System, and the general asset allocation structure of their peers. They will make assumptions on the capital markets over the long-term and optimize the asset allocation to best meet the actuarial and cash flow needs of the System at a prudent level of risk.

Asset Allocation/Rebalancing

The minimum and maximum allocation range for each specific asset class is also shown in the table set forth below:

Exhibit 1 – Asset Allocation (~~November~~ May 2, 2024)

Asset Class	Target	Minimum*	Maximum*
Core Plus Bonds	11.5%	8 9.0%	14.0%
Core Bonds	9.0%	6 7.0%	11.0%
Opportunistic Credit	2.0%	1.0%	3.0%
Private Debt	<u>6.5%</u>	<u>0.0%</u>	<u>7.5</u> 8.0%
Total Fixed Income	<u>29.0%</u>	<u>24</u> 15.0%	<u>36</u> 4.0%
All-Cap Core Equity	24.0%	16.5%	26.5%
Large-Cap Value Equity	2.5%	1 0.5%	5.5%
Small-Cap Value Equity	<u>2.0%</u>	<u>1</u> 0.5%	<u>5</u> 5%
Total Domestic Equity	<u>28.5%</u>	<u>23</u> 518.5%	<u>35</u> 5%
All-Cap Non-U.S.	16.0%	1 3.0%	23.0%
Total Non-U.S. Equity	<u>16.0%</u>	<u>1</u> 3.0%	<u>23</u> 0%
Real Estate Core	<u>6.0%</u>	<u>2</u> 3.0%	<u>8</u> 0%
Total Real Estate	<u>6.0%</u>	<u>2</u> 3.0%	<u>8</u> 0%
Infrastructure	<u>10.0%</u>	<u>5</u> 0%	<u>15</u> 0%
Total Infrastructure	<u>10.0%</u>	<u>5</u> 0%	<u>15</u> 0%
Volatility Risk Premium	<u>2.5%</u>	<u>1</u> 0%	<u>4</u> 0%
Total Volatility Risk Premium	<u>2.5%</u>	<u>1</u> 0%	<u>4</u> 0%
Private Equity - Fund of Funds	<u>8.0%</u>	<u>0</u> 0%	<u>14</u> 0%
Total Private Equity	<u>8.0%</u>	<u>0</u> 0%	<u>14</u> 0%
TOTAL	100.0%		

*May not equal 100%

The purpose of rebalancing procedures is to minimize the unintended drift from CRS strategic asset allocation, thus ensuring compliance with the Investment Policy. Systematic rebalancing is intended reduce volatility and increase portfolio returns over the long term.

CR staff, with the assistance of the Investment Consultant, will review the Asset Allocation at least quarterly and adjust the portfolio to comply with the Asset Allocation Target and Minimum and Maximum ranges (Exhibit 1). Given the ongoing cash flow needs of CRS, it is anticipated by the Board of Trustees, in consultation with the Investment Consultant, that the Asset Allocation will be achieved under most market conditions.

The CRS staff will monitor the Asset Allocation structure of the portfolio and attempt to stay within the ranges allowed for each Asset Class (Exhibit 1). CRS staff, with advice from the Investment Consultant, will develop a plan of action to rebalance when necessary. The process for any rebalancing will include, but not limited to, evaluating the most recent market values and liquidity for all investments compared to the Strategic Asset Allocation assumptions. The CRS Staff and the Investment Consultant will decide on the best course of action based on the analysis and implement the plan. Historically, the System has experienced net negative annual cash flows, therefore some rebalancing typically takes place monthly within the Asset Allocation Minimum and Maximum ranges to raise cash for benefits.

Cash Management and Liquidity Policy

The purpose of the policy is to establish general guidelines for cash flow management to ensure that sufficient cash is available for the day-to-day operational need of the CRS system.

To facilitate liquidity requirements, CRS established and maintains a Trust Account with the Custodian Bank to:

- 1) Monitor cashflow from investments
- 2) Pay financial obligations of the System
- 3) Facilitate funding of capital calls
- 4) Provide the margin and liquidity necessary for the cash overlay program that is maintained by the cash overlay manager
- 5) Daily sweep of cash balance

The Trust Account will be funded to contain a sufficient reserve, an amount which CRS staff deems necessary to meet short-term commitments. The Trust Account will be monitored daily and replenished when necessary. The funding sources of the Trust Account will be in accordance with the CRS strategy asset allocation. When cash is needed in the Trust Account, in consultation with CRS's Investment Consultant, CRS staff will determine the appropriate funding sources. The funding sources may include accounts with greater liquidity, lower transaction costs or accounts which are overweight compared to their target allocation.

CRS recognizes that certain investments which entail a greater degree of illiquidity, such as private equity, real estate, and infrastructure offer the potential for greater return and /or enhanced diversification. As a long-term investor, CRS has the ability to hold illiquid investments. When considering illiquid asset class allocations, the staff and the Investment Consultant will work with the Board of Trustees to incorporate net annual cash flows requirements of CRS in determining a prudent allocation of illiquid assets.

Investment Manager & Specialty Advisors Selection, Monitoring, and Communication

Investment Manager Selection

Introduction - This policy establishes general guidelines for selecting and monitoring external investment managers, actuarial services and custodians for effectiveness, identifying issues of concern, and for making decisions concerning retention.

Manager Selection – The manager selection process requires the evaluation of all aspects of a firm’s organization and investment process to assess the probability that the identified firm’s product will successfully meet the objectives of a given investment mandate going forward. A series of quantitative and qualitative factors should be analyzed when evaluating prospective firms. When possible, a suitable manager universe for a given mandate should be screened for potential manager candidates. The following, as applicable, should be considered in the manager selection process:

1. Organizational Factors
 - a. Stable Structure
 - b. Sound strategic direction
 - c. Business viability
 - d. Manageable assets under management
2. Investment Philosophy
 - a. Well defined and understood philosophy and process
 - b. Clear competitive advantage executed over a market cycle or the life of the fund
 - c. Demonstrated consistent adherence to philosophy and approach with no style drift
3. Investment Professionals
 - a. Experienced investment professionals managing this type of mandate
 - b. Continuity of team and process – Limited turnover overall and a PM team that has worked over a market cycle together
 - c. Requisite investment skillset required to perform mandate
 - d. Well-resourced team and a team with the strategic pathway to execute on their stated philosophy and process over an investment cycle
4. Historical Performance (Public Markets)
 - a. Performance vs. relevant benchmarks/peers
 - b. Consistency – no style drift
 - c. Appropriate level of risk to match the investment style
 - d. Performance attribution showcasing skill and investment style true to the philosophy
5. Historical Performance (Private Markets)
 - a. Performance vs. relevant benchmarks/peers
 - b. Overall fund performance consistent to stated goals and objectives
 - c. Prior funds showcase appropriately balanced approach to risk management
 - d. Performance attribution that makes investment style and objectives

- e. Reasonable sequential growth of AUM with each new fund

No investment managers shall be hired who are a party in interest or who have not, by their record and experience, demonstrated their fiduciary responsibility, their investment expertise, their investment experience, and their capacity to undertake the mandate for which they are being considered. Investment manager candidates must be GIPS® compliant and have a track record of at least three years. (The GIPS® compliance and three-year track record requirements do not apply to managers of real estate, private equity, infrastructure, hedge funds, risk parity, and overlay managers.) The firm's GIPS® compliance must be audited at least every 4 years.

Manager Monitoring / Termination - Each manager should be analyzed on an individual basis, taking into account any specific circumstances affecting the particular relationship. At minimum, the CRS Staff and Investment Consultant shall review all managers on a quarterly basis. The review process should include, while not being limited to, the following factors:

1. Performance:

1. **Public Markets:** An evaluation of performance should focus primarily on trailing three- and five-year periods, taking into account the manager's expected tracking error versus the agreed-upon benchmark. Over these time horizons, active manager performance, net of fees, is generally expected to outperform the agreed upon benchmark and fall within the top two quartiles of an appropriate peer group.
2. **Private Markets:** Performance is measured on an ongoing basis and is evaluated using several different performance calculation metrics. Funds are monitored for progress of acquisitions, asset management, and disposition of assets. The appropriate time horizon for evaluating private market investments is generally the full term of the fund. At the end of a fund's term, it is expected that it will achieve or exceed its initial performance targets and fall within the top two quartiles of an appropriate peer group. Investment in subsequent fund offerings will be based, in large part, on actual versus expected performance of existing fund investments at the time consideration is being given to subsequent fund offerings.
2. **Adherence to Stated Philosophy, Process and Style:** The default expectation would be continued adherence to the manager's stated philosophy, process, and style in existence at the time of hiring.
3. **Organizational Matters:** Stability is the basic expectation. Any material change in the manager's organizational structure, ownership or personnel should be carefully considered.
4. **Guidelines:** Managers are expected to maintain compliance with guidelines established by the CRS and Investment Consultant. As circumstances warrant, the manager may provide recommended revisions to the guidelines in writing to CRS staff and Investment Consultant; however, CRS staff and the Investment Consultant shall be under no obligation to accept such recommendations.
5. **Service and Responsiveness:** Managers are expected to be reasonably responsive to the needs of the CRS staff and investment consultant, including requests for information and/or analysis, requests for periodic meetings to review performance, etc.

Frequency of Measurement and Meetings

The Board of Trustees, with the assistance of the Investment Consultant & Staff, expects to measure investment performance quarterly.

Investment Manager Communication and Evaluation Terminology

The following terminology has been developed to facilitate efficient communication between the investment managers, investment consultant, and staff. Each term signifies a particular status with the System and any conditions that may require improvement over time (rolling 12-month window). In each case, communication is made only after consultation with the Board of Trustees.

Actuarial Services

The Board retains an actuary for the purpose of forecasting asset and liability growth and the many complex factors included in estimating future health care cost and the solvency period for CRS. The actuary shall be held to the highest standards and shall provide periodic reports on the fund and shall provide recommendations to the Board including, among other things, the estimated level of contributions necessary to maintain a target funded ratio.

Investment actuary selection and monitoring policies are designed to ensure that qualified professionals are chosen, and their performance is continuously evaluated to maintain financial stability and fiduciary responsibility. CRS generally employs the following policies:

- **Qualifications and Expertise:** Examples include Professional certifications (e.g., Fellow of the Society of Actuaries, Enrolled Actuary), experience with public pension plans, and demonstrated knowledge of applicable laws and actuarial standards.

Monitoring Policies

- **Annual Performance Reviews:** CRS staff to review and evaluate the actuary's performance annually to the Board of Trustees
- **Ongoing Communication:** Regular meetings between the actuary and the pension board help monitor actuarial assumptions, changes in demographics, and investment returns.
- **Compliance with Actuarial Standards:** The actuary must adhere to the standards of practice established by the Actuarial Standards Board (ASB) and other regulatory bodies.

Replacement and Transition

- **Cause for Replacement:** An actuary may be replaced for reasons such as poor performance, failure to meet deadlines, or significant errors in actuarial valuations. Major shifts in the pension plan's financial status may also trigger a re-evaluation of the actuary's services.
- **Succession Planning:** A clear transition plan ensures the smooth handover of actuarial responsibilities if a new actuary is selected, minimizing disruption to the pension plan's financial planning.

<u>STATUS</u>	<u>DESCRIPTION</u>
A. "In Compliance"	The investment manager is acting in accordance with the Investment Policy Guidelines.
B. "Alert"	The investment manager is notified of a problem in performance (usually related to a benchmark or volatility measure), a change in investment characteristics, an alteration in management style or key investment professionals, and/or any other irregularities. The investment manager will be completing a monthly compliance checklist from the investment consultant to ensure thorough oversight.
C. "On Notice"	The investment manager is notified of continued concern with one or more Alert issues. Failure to improve upon stated issues within a specific time frame justifies termination. The investment manager will be completing a monthly compliance checklist from the investment consultant to ensure thorough oversight.
D. "Termination"	The program's management has decided to terminate the investment manager. The investment manager is notified and transition plans are in place.

Operational Guidelines

Investment Policy Guidelines for the Core Plus Bond Manager(s)

This document contains the guidelines and restrictions that apply to the core plus bond investment manager(s) of the Pension Fund (see Addendum A).

Permissible Investments

1. No single issuer should comprise more than 5% of the market value of the portfolio, as determined at the time of purchase. The only exception is for securities issued by the U.S. Treasury, its agencies, instrumentalities or government sponsored entities (such as FNMA and FHLMC), and G-7 sovereigns.
2. Up to 20% of the market value of the portfolio may be invested in securities rated below investment grade. If the ratings assigned to a security by Standard & Poor's, Moody's, and/or Fitch are not the same, the highest rating of these rating agencies will be used. If an issue is not rated by any of these agencies, then the investment manager will determine a rating. If an investment grade security already held in the portfolio is downgraded to below investment and a breach of the 20% limit occurs, prompt client notification is required concerning intent to hold the issue going forward. The minimum average portfolio quality shall be A-.
3. At least 75% of the market value of the portfolio must be invested in U.S. dollar denominated securities, counting cash and cash equivalents toward this percentage, as determined at the time of purchase. Included in this limit are U.S. dollar denominated securities issued in the U.S. by foreign domiciled issuers and traded in U.S. markets. Non-U.S. dollar denominated bonds may be held up to 25% of the portfolio.
4. Effective aggregate currency exposure is limited to a maximum of 10% of portfolio market value. This includes direct currency exposure (long and short foreign currency positions held without owning securities denominated in such currencies).
5. Local currency emerging market debt (defined using the World Bank definition, which is based on GNP per capita) is limited to 10% of portfolio market value. Emerging market yankee bonds limited to 20% of portfolio market value.
6. In aggregate, investment in convertible, convertible preferred and preferred securities (including trust preferreds) may not exceed 25% of the market value of the portfolio, as determined at the time of purchase.
7. Common stock may only be held if it is acquired as a result of a financial restructuring, bankruptcy or from an exchange or conversion of a permissible security held in the portfolio. The investment manager will provide notification concerning the intent to hold the issue going forward.

8. The portfolio may invest up to 75% of the market value of the portfolio, as determined at the time of purchase, in securities issued pursuant to Rule 144(a), including those issued with and without registration rights.
9. Eligible derivatives include contracts to buy or sell futures on securities, indices, interest rates and currencies ("Futures"); structured notes; forward contracts for securities, indices, interest rates and currencies; credit default swaps (long and short) and swap contracts on indices, interest rates and currencies ("Swaps"); put and call options on securities, indices, interest rates, Futures, Swaps, and currencies ("Options"), foreign currency exchange contracts, and senior loans. Futures cannot be used to create economic leverage. Additionally, there is a 50% gross notional limit on futures.
10. Put and call options on exchange-traded options on Treasury Futures may be written if they are fully covered. Call options are considered covered if the manager owns an amount equal to the exercise cost in high-quality fixed income securities (A- rated or higher) with maturities that are comparable to the maturities in the deliverable basket for the Treasury futures contract. Put options are considered covered if cash equivalent assets in an amount equal to the exercise cost are maintained in the account. Investment managers may purchase back options on exchange-traded Treasury future contracts in order to close out positions. The aggregate value of each manager's option positions shall not exceed 25% on an absolute basis of the account's market value.
11. The average effective duration of the portfolio is not to vary more than +/-30% of the duration of the portfolio's benchmark index.
12. The investment manager may hold up to 15% of its portfolio in cash and cash equivalents. The only exception to this rule is during trading activity associated with the initial start-up phase of the portfolio. The portfolio should be fully-invested and construction completed within 60 days of the start date. The investment manager is not responsible for investments made pursuant to any cash sweep arrangement with the custodian.
13. If any of the parameters described above are breached as a result of market movements, capital additions, or withdrawals, the investment manager shall have a reasonable period, not to exceed sixty (60) days, to bring the portfolio into compliance with the applicable investment guidelines. The investment manager must receive written permission to permit such a breach to continue past this 60-day window.
14. Eligible investments include public or private debt obligations issues or guaranteed by U.S. or foreign issuers, including but not limited to corporations, governments (including their agencies, instrumentalities and sponsored entities, partnerships and trusts (such obligations may be issued at fixed, variable, adjustable or zero coupon rates or convertible into equity securities); private debt obligations are limited to those issued pursuant to regulations S and Rule 144A; preferred, hybrid, mortgage-backed, commercial mortgage-backed or asset-backed securities issues by any of the above-names entities; senior loans; interests specified under

"Eligible Commingled Investments"; derivatives specified under "Eligible Derivatives" and cash equivalents specified under "Eligible Cash Equivalents."

Investment Objective

Over reasonable measurement periods (3 to 5 years), the portfolio's return net of fees should exceed the return of the appropriate benchmark index (see Addendum A).

Investment Policy Guidelines for the Separately-Managed, U.S. Equity Manager(s)

This document contains the guidelines and restrictions that apply to the separately-managed equity investment manager(s) of the System (see Addendum A).

Permissible Investments

1. The investment manager may hold up to 5% of its portfolio in a money market and/or cash. The only exception to this rule is during trading activity, which can only be maintained for very short time periods, i.e. less than 30 days.
2. Options, financial futures, private placements, restricted stock, issues related to the investment manager, or venture capital may not be purchased. The purchase of securities on margin and short selling is prohibited.
3. No investments should be made in securities not traded on an U.S. exchange or traded in U.S. dollars.
4. The combined holdings of preferred stocks and convertible bonds shall not exceed 5% of the portfolio.
5. No single security in the manager's portfolio, including Exchange Traded Funds, will comprise more than 10% of the portfolio at market.
6. Investments in Rule 144a securities are permitted if the securities have registration rights requiring the issuer to swap the securities for fully registered publicly traded bonds and if the investment is otherwise consistent with the above guidelines. The combined holdings of these investments may not exceed 10% of the portfolio's overall asset allocation.
7. At no point in time should the aggregate position (within each equity investment manager's portfolio in the System) in any company exceed 5% of the fair market value of the outstanding stock in the company.

Investment Objective

Over reasonable measurement periods (3 to 5 years), the portfolio's return net of fees should exceed the return of the appropriate benchmark index (see Addendum A).

Investment Policy Guidelines for the Separately-Managed, Non-U.S. Equity Manager(s)

This document contains the guidelines and restrictions that apply to the separately-managed non-U.S. equity investment manager(s) of the System (see Addendum A).

Permissible Investments

1. The investment manager may hold up to 5% of its portfolio in a money market and/or cash. The only exception to this rule is during trading activity, which can only be maintained for very short time periods, i.e. less than 30 days.
2. Options, financial futures, private placements, restricted stock, issues related to the investment manager, or venture capital may not be purchased. The purchase of securities on margin and short selling is prohibited.
3. The maximum investment in companies classified by MSCI in the United States is 5%. Investment in ADRs and GDRs, which are classified by MSCI in non-U.S. countries, are excluded from the calculation. ADRs, or American Deposit Receipts, is a stock that trades in the United States but represents a specified number of shares in a foreign corporation. GDRs, or Global Deposit Receipts, are the global equivalent of ADRs.,
4. The combined holdings of preferred stocks and convertible bonds shall not exceed 5% of the portfolio.
5. No single security in the investment manager's portfolio, including Exchange Traded Funds, will comprise more than 10% of the portfolio at market.
6. Investments in Rule 144a securities are permitted if the securities trade on a recognized exchange; are fully fungible with securities traded on a recognized exchange; or will be, when seasoned, fully fungible with securities traded on a recognized exchange, provided that the investment is otherwise consistent with the other guidelines. The combined holdings of these investments may not exceed 10% of the portfolio's overall asset allocation.
7. At no point in time should the aggregate position (within each equity manager's portfolio in the System) in any company exceed 1.5% of the fair market value of the outstanding stock in the company.
8. Currency hedging for defensive purposes will be permitted. Forward currency contracts may be used to hedge currencies. This includes hedging back into the base currency. Cross currency hedging is permitted.
9. The combined holdings of emerging and frontier market equities as defined by MSCI in aggregate shall not exceed 30% of the portfolio at market.
10. The combined holdings of Canada stocks and convertible bonds shall not exceed 10% of the portfolio at market.

Investment Objective

Over reasonable measurement periods (3 to 5 years), the portfolio's return net of fees should exceed the return of the appropriate benchmark index (see Addendum A).

Investment Policy Guidelines for Limited Partnership, Commingled Fund, Collective Trusts, Limited Liability Companies, Mutual Fund, and any other type of Commingled Fund Manager(s) ("Commingled Funds")

This document contains the guidelines and restrictions that apply to all commingled fund investment manager(s) of the System (see Addendum A).

Permissible Investments

1. These funds are governed by the guidelines and restrictions contained in any of the following applicable documents: prospectus', subscription agreements, limited partnership agreements, and confidential information memorandums.

Investment Objective

Over reasonable measurement periods (3 to 5 years), the portfolio's return net of fees should exceed the return of the appropriate benchmark index (see Addendum A).

Investment Policy Guidelines for the Cash Equitization Manager

This document contains the guidelines and restrictions that apply to the cash equitization investment manager of the System (see Addendum A).

Permissible Investments

1. The cash equitization program is governed by Addendum B.

Investment Objective

The cash equitization program should maintain a futures program for unallocated cash and cash reserves in accordance with the guidelines set forth in Addendum B.

Investment Policy Modification and Revision

Policy Modification

The Board of Trustees, with the assistance of the investment consultant, will review this Policy annually. Key environmental or operational occurrences, which could result in a Policy modification, include:

- (1) significant changes in expected patterns of the System's liability stream,
- (2) impractical time horizons or changes,
- (3) change in the System's priorities,
- (4) convincing arguments for change presented by investment professionals,
- (5) legislation, and
- (6) areas found to be important, but not covered by the Policy.

Modification of Addendums

Changes to investment professionals, Board of Trustees, or plan information contained within Addendums A-D can and should be modified, as necessary, without a complete review by the Board of Trustees.

**Addendum A-
Defining the Investment Professionals and Benchmark Indexes**

Asset Class	Investment Manager	Benchmark Index
Core Bonds	Northern Trust	Bloomberg U.S. Aggregate
Core Bonds	Diamond Hill	Bloomberg U.S. Aggregate
Core Plus Bonds	Loomis	Bloomberg U.S. Aggregate
Core Plus Bonds	Reams	Bloomberg U.S. Aggregate
Opportunistic Bonds	Shenkman	Bloomberg High Yield Bond
Private Debt	H.I.G.	Bloomberg U.S. Aggregate
Private Debt	Carlyle	Bloomberg U.S. Aggregate
Private Debt	Blue Owl	Bloomberg U.S. Aggregate
Private Debt	TPG	Bloomberg U.S. Aggregate
Private Debt	JP Morgan	Bloomberg U.S. Aggregate
Private Debt	Bain Capital	Bloomberg U.S. Aggregate
U.S. Large-Cap Value Equity	Northern Trust	Russell 1000 Value
Broad U.S. Equity	Northern Trust	Russell 3000
U.S. Small-Cap Value Equity	Northern Trust	Russell 2000 Value
Broad Non-U.S. Core Equity	Northern Trust	MSCI ACWI ex. U.S.
Real Estate - Core	Morgan Stanley	NCREIF ODCE
Real Estate - Core	J.P. Morgan	NCREIF ODCE
Real Estate- Value Added	Prudential	NCREIF ODCE
Real Estate - Value Added	Principal	NCREIF ODCE
Real Estate-Non U.S.	StepStone	NCREIF ODCE
Private Equity Fund of Funds	Fort Washington	Cambridge All PE
Private Equity Fund of Funds	North Sky	Cambridge All PE
Private Equity Fund of Funds	JPM PEG	Cambridge All PE
Private Equity Fund of Funds	Portfolio Advisors	Cambridge All PE
Private Equity Fund of Funds	Siguler Guff	Cambridge All PE
Private Equity	Timber Bay	Cambridge All PE
Private Equity	JPMorgan Co Investment	Cambridge All PE
Infrastructure	JP Morgan	T-Bill + 4%
Infrastructure	IFM	T-Bill + 4%
Infrastructure	Ullico	T-Bill + 4%
Volatility Risk Premium	Neuberger Berman	CBOE Put/Write Index

Investment Professional	Service Provider
Custodian	Bank of New York Mellon
Investment Consultant	Marquette Associates
Cash Equitization Manager	Parametric
Securities Lending Provider	Bank of New York Mellon

The Total Fund customized benchmark is currently 20.57% Bloomberg U.S. Aggregate Index, 2% 50/50 Bloomberg US High Yield Index/S&P Leveraged Loan Index, 4% S&P Leveraged Loan Index, 24.0% Russell 3000 Index, 2.5% Russell 1000 Value Index, 2.0% Russell 2000 Value Index, 16% MSCI

**Addendum B-
Cash Equitization Guidelines**

The System will select the assets to be overlaid by Parametric's PIOS program. Specifically, that portion shall consist of those funds designated by the System as cash reserves at its custodian as well as cash held from time to time by other investment managers for the System (the investment manager portfolio(s)).

The asset class allocation targets and associated benchmark indexes are as follows:

<u>Asset Class</u>	<u>Target %</u>	<u>Benchmark Index</u>
Domestic Equity	28.5%	Russell 3000
International Equity-Dev.	16.0%	MSCI ACWI ex. U.S.
Fixed Income	29.0%	Bloomberg U.S. Aggregate
Real Estate	6.0%	NCREIFODCE
Infrastructure	10.0%	T-Bill + 4%
VRP	2.5%	CBOE Put/Write
Private Equity	8.0%	Cambridge All PE
Total	100.0%	

It is the System's responsibility to establish and revise as necessary the asset class categories.

INVEST UNALLOCATED CASH COMPONENT OF CASH/MARGIN ACCOUNTS:

Unallocated cash will be synthetically invested as follows:

<u>Asset Class</u>	<u>Target %</u>	<u>Benchmark Index</u>
Domestic Equity	39.0%	Russell 3000 MSCI
International Equity	16.0%	ACWI ex. U.S.
Fixed Income	45.0%	Bloomberg U.S. Aggregate
Total	100%	

INVEST UNALLOCATED CASH COMPONENT OF EQUITY ACCOUNTS:

Unallocated cash will be synthetically invested as follows:

<u>Asset Class</u>	<u>Target %</u>	<u>Benchmark Index</u>
Domestic Equity	100.0%	Russell 3000 MSCI
International Equity	100.0%	ACWI ex. U.S.

**Addendum C-
Summary of Plan Information**

Plan Name:	<u>City of Cincinnati Retirement System</u>
Type of Plan:	<u>Defined Benefit</u>
Plan Adoption Date:	<u>1931</u>
Plan Year-End Date:	<u>December 31st</u>
Assumed Actuarial Rate of Return (Net-of-fees):	<u>7.50%</u>

**Addendum D-
Investment Professional Adoption of Policy**

This Policy document was adopted by the Board of Trustees for the Cincinnati Retirement System on May 2, 2024.

Investment Professional's Acknowledgments:

The firm has received this copy of the System's Policy. The firm has studied its provisions and believes that we can both abide by its restrictions and fulfill its goals and expectations over the timetables set forth in the Policy.

Firm Name

Investment Professional

**Addendum E-
Board of Trustees Adoption of Policy**

This Policy document was adopted by the Board of Trustees for the System on May 2, 2024.

Board of Trustees' Acknowledgments:

The Board of Trustees of the Cincinnati Retirement System has approved the System's Policy.

Secretary of the CRS Board of Trustees

2024 CRS CASH FLOW BUDGET				
	2025	% Cost of	2024	% Cost of
I. OPERATING EXPENSES	BUDGET	Operations	BUDGET	Operations
A Office Staff				
1. Salaries & Wages	1,814,400	45.94%	1,680,150	43.80%
2. Fringe (35%)	635,000	16.08%	592,000	15.43%
3. Temporary Services	0	0.00%	30,000	0.78%
A. Total Office Staff	2,449,400	62.02%	2,302,150	60.01%
B Office Expenses				
1. Office Improvements	20,000	0.51%	28,000	0.73%
2. Equipment / Purchase and Rent	7,500	0.19%	10,000	0.26%
3. Supplies	3,300	0.08%	3,300	0.09%
4. Printing and Postage	89,700	2.27%	89,700	2.34%
B. Total Office Expenses	120,500	3.05%	131,000	3.42%
C Training and Travel				
1. Training/Travel Board	22,000	0.56%	32,500	0.85%
2. Training/Travel Staff	40,500	1.03%	57,000	1.49%
C. Total Training and Travel	62,500	1.59%	89,500	2.34%
D Data Processing Expenses				
1. Pension Gold Hosting and Modifications	153,158	3.88%	204,480	5.33%
2. Pension Gold Annual License Fee	148,545	3.76%	152,830	3.98%
3. Regional Computer Center (ETS)	6,010	0.15%	6,010	0.16%
4. Hardware and Software for PCs	91,780	2.32%	78,030	2.03%
5. Other	120,073	3.04%	183,260	4.78%
D. Total IT Expenses	519,566	13.15%	624,610	16.28%
E Professional Services				
1. Actuarial Fees	170,215	4.31%	155,300	4.05%
2. Consulting Fees	245,000	6.20%	231,000	6.02%
3. Legal Services	242,000	6.13%	110,000	2.87%
4. Retiree Locator Fees	1,500	0.04%	3,000	0.08%
5. Treasury, Accounts and Audits	13,766	0.35%	25,220	0.66%
6. Financial Audit	0	0.00%	50,000	1.30%
E. Total Professional Services	672,481	17.03%	574,520	14.98%
F Other Expenses				
1. Board Meeting Expenses	2,500	0.06%	2,500	0.07%
2. Membership and Subscriptions	5,000	0.13%	5,000	0.13%
F. Total Other	7,500	0.19%	7,500	0.20%
G Insurance				
Fiduciary Insurance	117,370	2.97%	106,700	2.78%
G. Total Insurance	117,370	2.97%	106,700	2.78%
Total Operating Costs	3,949,317	100.00%	3,835,980	100.01%
II. MEMBER BENEFITS EXPENSES				
A. Pensions	205,661,900	86.26%	201,451,100	85.39%
B. Return of Contributions	2,874,000	1.21%	2,874,000	1.23%
C. Death Benefits	550,000	0.23%	670,000	0.28%
D. Medical	29,330,500	12.30%	30,927,000	13.11%
Total Benefit Costs	238,416,400	100.00%	235,922,100	100.01%
III. CONTRIBUTIONS				
A. City Contributions	50,922,275	65.30%	43,698,050	63.18%
B. Employee Contributions (9.0%)	25,036,900	32.11%	23,493,700	33.97%
C. Retiree Medical Premiums	2,271,500	2.91%	2,227,200	3.21%
D. Transfers In (Out) Reciprocity	(250,000)	-0.32%	(250,000)	-0.36%
Total Contributions	77,980,675	100.00%	69,168,950	100.00%
IV. NET INVESTMENT RETURNS				
A. Gross Returns	179,025,354		161,917,765	
B. Investment Expenses				
1. Custodial Fees	232,000		232,000	
2. Investment Consultant	270,000		270,000	
3. Investment Management Fees	8,569,000		7,701,000	
Total Investment Expenses	9,071,000	0.38%	8,203,000	0.38%
Net Investment Returns (Budget 7.5%)	169,954,354		153,714,765	
NET CHANGE IN FUND BALANCE	5,569,312		-16,874,365	



Cincinnati Retirement System: Proposed 2025 Budget

December 2024

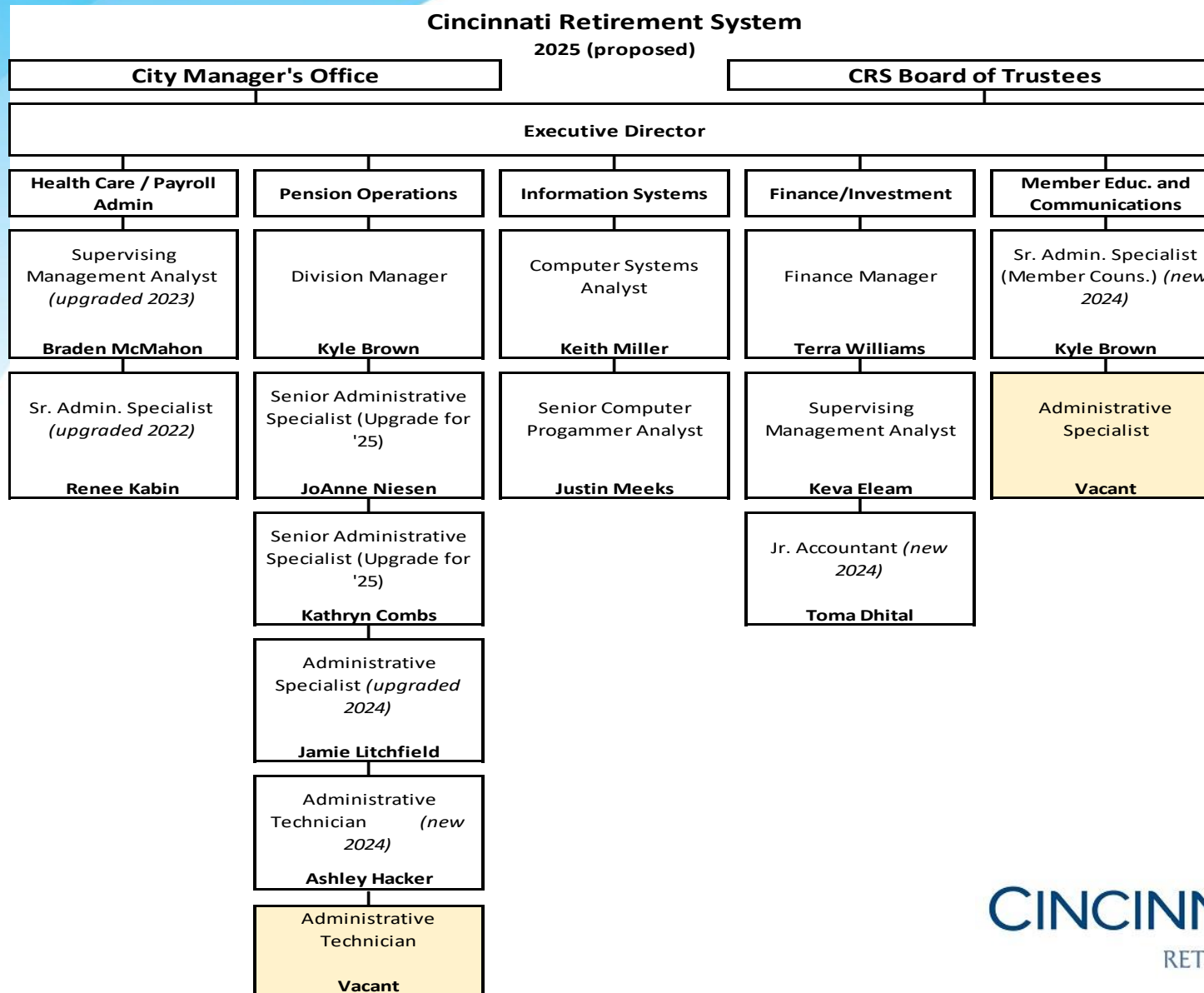
CINCINNATI RETIREMENT SYSTEM

→ Proposed 2025 Op. Exps. Budget

- Summary of changes:
 - Office Staff +\$147.2k
 - Office Expenses -10.5k
 - Training & Travel -27.0k
 - Data Processing -105.0k
 - Professional Services +97.9k
 - Other Expenses +0.0k
 - Insurance +10.6k
 - Total Op. Exps. Increase: +\$113.3k

CINCINNATI RETIREMENT SYSTEM

→ Org Chart with Proposed Staffing



CINCINNATI RETIREMENT SYSTEM

→ Observed Staffing Issues

- High “Personnel” Risk
 - 2 staff members (49 yrs combined CRS exp) one retired in '24 (Head of IT) and one in '25 (Division Head)
- Need to build-in staff redundancy, natural succession, and increase capacity
 - One staff member responsible for monthly payroll, health administration, member education
 - Overburdened when one or more team members is out sick/vacation
- Bulk up staffing for communications and daily operations

CINCINNATI RETIREMENT SYSTEM

→ Observed Functional Gaps

- Customer Service and Member Education
 - Increase 1-on-1 member counseling
 - Increase mid-career member education
- Hired one IT person in '24
 - Build in redundancies and natural succession
 - Review and improve website design & content

CINCINNATI RETIREMENT SYSTEM

→ Proposed 2024 Op. Exps. Budget

- Office Staff needs and priorities for '25:
 - Admin Tech: support staff and front desk, answer phones
 - Members Counselor Position – Communications and Education
 - Admin Spec: support operations and new members counselor position
 - Formalize succession planning

CINCINNATI RETIREMENT SYSTEM

→ Proposed 2025 Op. Exps. Budget

- Data Processing: -\$105.0k (+\$17K in '24)
 - -\$50K in Pension Gold consulting fee
 - -\$60K in PSX scanning project
 - +\$13K refresh staff workstations and equipment
- CRS made substantial progress in '24 on our data processing improvements to enhance customer experience: imaged member files, multi-factor authentication for security, etc.

CINCINNATI RETIREMENT SYSTEM

→ Proposed 2025 Op. Exps. Budget

- Professional Svcs: +\$97.9K (-\$33k in '24)
 - -\$100K due to completed fiduciary audit & eliminated financial audit expense
 - Seyfarth (+132K – increase contract work with onboarding investment managers)
 - Cheiron (+\$25K – non retainer, 415b work and increase scenario analysis)
 - Treasury (-\$11K – negotiated reduction in fees paid to treasury)
 - CEM Benchmarking (+\$64K – Funston recommendation for Investment and Pension Admin Benchmarking)

CINCINNATI RETIREMENT SYSTEM

→ Proposed CEM Benchmarking

Our annual subscriptions provide benchmarking, best practices, and shared insights for institutional investors & administrators

	1 Investment Benchmarking Subscription (IBS)	2 Defined Contribution Benchmarking (DC)	3 Pension Administration Benchmarking Subscription (PABS)	4 Transparency Benchmarking (TB)
Subscription Overview	Comparison of costs and investment performance against curated DB and DC peers	Comparison of costs and investment option performance against curated DC peers	Comparison of member experience and costs against curated peers	Comparison of disclosure against 75 funds across 15 geographies
Benchmarking Specifics	Benchmarking is at total fund, asset class, and mandate levels	Benchmarking is at plan and investment option levels	Benchmarking of costs and service levels for key activities	Review of governance, performance, cost, and RI disclosures
Subscription Inclusions	<ul style="list-style-type: none"> • CEM Dashboard • Electronic Report • Live Presentation • Staffing (FTE) Analysis • Original Research 	<ul style="list-style-type: none"> • CEM Dashboard • Electronic Report • Live Presentation • Original Research 	<ul style="list-style-type: none"> • Electronic Report • Live Presentation • Conference Invitations • Peer Intelligence Network (PIN) access • Original Research 	<ul style="list-style-type: none"> • Electronic Report • Live Presentation • Report of 120+ best examples

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CINCINNATI RETIREMENT SYSTEM

→ Proposed CEM Benchmarking

The CEM Benchmark helps pension administrators assess and improve their performance.



Demonstrate success

Value-for-money comparisons for key stakeholders like your Board or executive team.

- Board report



Improve performance

Make better decisions based on operational insights and a service improvement framework

- Management report
- Dashboard



Learn with others

Connect with like-minded peers. Discuss challenges, successes, and share ideas.

- Conference
- Online forum



Get new insights

Access client-sponsored, best practice research on topical administration issues.

- Research report
- Client-led webinars

CINCINNATI RETIREMENT SYSTEM

→ Proposed CEM Benchmarking

The reporting provides detailed comparisons across key areas.

Journeys/activities	Service Levels	Costs	Staffing (FTE)	Volumes	Member feedback
Active member experience	✓				
Inactive member experience	✓				
Retiring experience	✓				✓
Annuitant experience	✓				
Contact centre	✓	✓	✓	✓	✓
Website	✓	✓	✓	✓	✓
Member transactions	✓	✓	✓	✓	
Member communications	✓	✓	✓	✓	✓
Service to employers		✓	✓	✓	✓
Information technology		✓	✓		
Governance		✓	✓		
Other support		✓	✓		

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CINCINNATI RETIREMENT SYSTEM

→ Proposed CEM Benchmarking

Our Global Investment Database allows us to answer questions across key topical areas

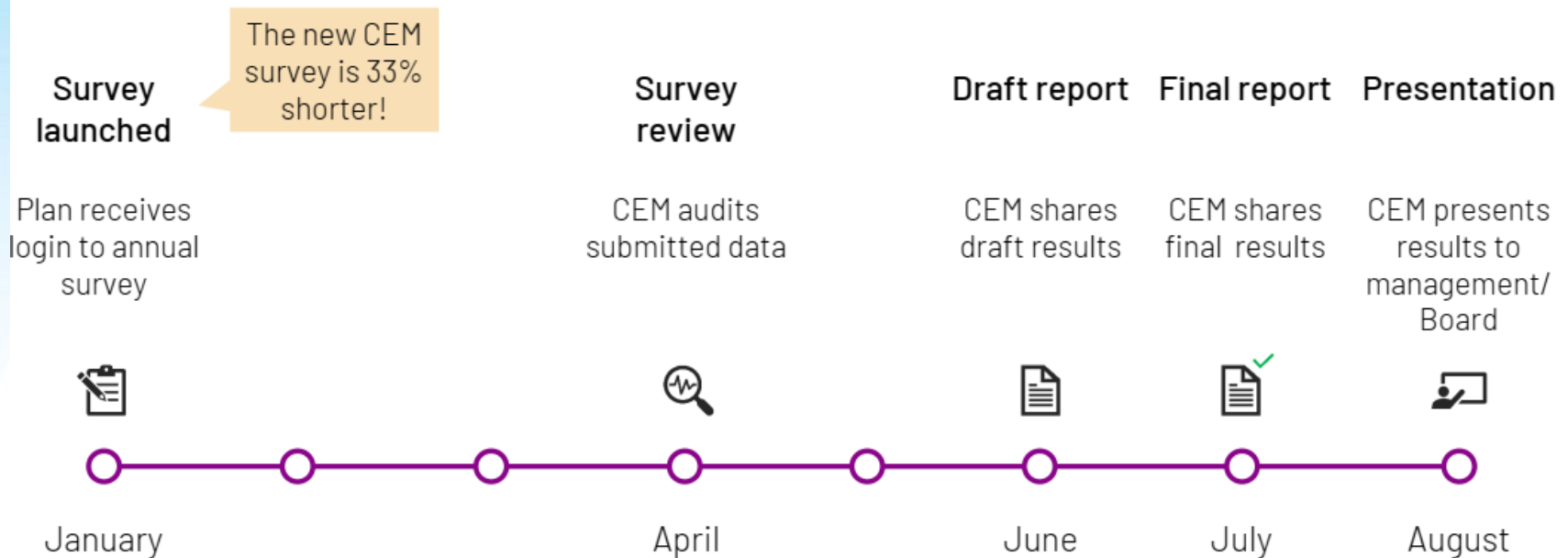
Global Investment Database	Total Fund	By Asset Class	By Mandate	By Implementation Style
Asset Allocation	✓	✓	✓	✓
Returns	✓	✓	✓	✓
Benchmarks	✓	✓		
Net Value Added	✓	✓		
Base Fees	✓	✓	✓	✓
Performance Fees	✓	✓	✓	✓
Internal Costs	✓	✓	✓	✓
Transaction Costs*	✓	✓	✓	✓
Internal FTE	✓	✓		✓
Policy Allocation	✓	✓		
Asset Risk	✓			
Asset-Liability Risk	✓			

10

CINCINNATI RETIREMENT SYSTEM

→ Proposed CEM Benchmarking

The reporting process and timeline is as follows.



CINCINNATI RETIREMENT SYSTEM

→ Proposed CEM Benchmarking

Annual
subscription fee

Payable on receipt
of the draft
benchmarking
report

\$25,000

Total Per Annum
Subscription Fee

Payable on receipt
of benchmarking
report

USD \$39,000

CINCINNATI RETIREMENT SYSTEM

→ Proposed 2025 Inv. Exps. Budget

- Summary of changes:
 - Custodial Fees: +0.0k
 - Investment Consultant: +\$0.0k
 - Inv. Mgmt. Fees: +868.0k
 - Total Investment Exps: +\$276.0k

CINCINNATI RETIREMENT SYSTEM

→ Proposed 2025 Inv. Exps. Budget

- Investment mgmt. fees projected to be up
 - Due to increased asset value
 - +\$868K – As measured by basis points, CRS still below NCPERs & Marquette averages at 39bps & 46 bps respectively.
 - CEM benchmarking will allow for CRS to have greater visibility into where and how are manager fees compare to peers.

CINCINNATI RETIREMENT SYSTEM

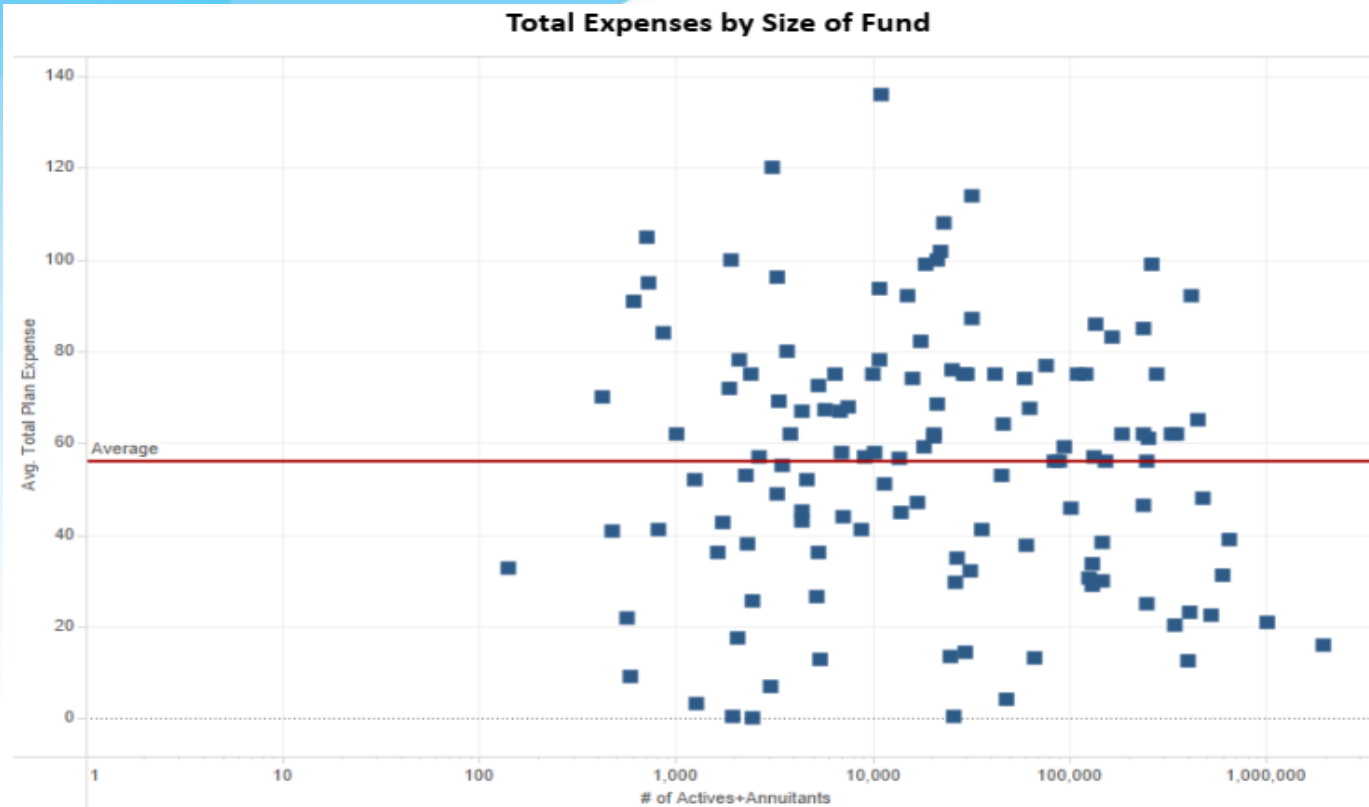
→ Proposed 2025: Measured as % Assets

- 11/08/24 Asset Balance (unaudited) =
\$2,389,567,489
 - Operating Expenses: \$3,949,317
 - 0.1652% or 16.52 bps
 - Investment Expenses: \$9,071,000
 - 0.3796% or 37.96 bps
 - Total: 0.5448% or 54.48 bps
 - FY23 Budget: 0.536% or 53.6 bps

CINCINNATI RETIREMENT SYSTEM

→ Peer Expenses

NCPERS 2024 Public Retirement Systems Study



Average Fund Expenses (Basis Points)



CINCINNATI RETIREMENT SYSTEM

→ Budget-Related 2024 Board Objectives

- Prepare annual comprehensive financial report - **Completed**
- Prepare & present CRS Annual Report to Council – **Completed**
 - Incrementally increased contribution rate from the City to 17.75% of covered payroll - **Completed**
- Actuary Consultant & Dental RFP - **Completed**
- Review CRS Department staffing positions and complement - **Completed**
- Investment Policy Statement additions (SIB, Liquidity, rebalance, manager selection/monitoring policies) - **Completed**
- Members Handbook & Trustee Training Policy - **Completed**
- Continued improvement to customer service practices - **Members Counselor Hire in Q1'24 & Performance Audit Recommendations**

 DRAFT



CINCINNATI RETIREMENT SYSTEM

Members' Retirement Plan Benefit Guide

(Group F – CSA Current Employee Class Members)

TABLE OF CONTENTS

- Terminology 2–3**
- Overview & Plan Summary 4**
- Membership 4**
- Contributions 4**
- Administration & Governance 5**
- Group F Current Employee Class Qualifications 5**
- Earning Service Credit 5**
- Purchasing Service Credit 6**
- Pension Benefit Calculation 9**
- Average Highest Compensation 10**
- Retirement Eligibility 11**
- The Retirement Process 11**
- Retiree Healthcare 13**

 DRAFT

Legal Disclaimer

This guide is designed to give you information about the benefits provided by the Cincinnati Retirement System for Group F Members CSA Current Employee Class. It is intended only as a summary of general information and is compiled for your convenience.

The benefits described herein are governed by the Cincinnati Municipal Code (CMC) Chapter 203 and the Collaborative Settlement Agreement (CSA) which became effective January 1, 2016. While these benefits are secured and protected for members who are included in the Active Employee Class under the Collaborative Settlement Agreement, they are subject to change if approved by the U.S. Federal District Court under the terms of the CSA. The Collaborative Settlement Agreement will expire at the end of 2045.

The CSA and the CMC contain the actual language that governs the Retirement System. Nothing within this handbook can change or supersede the provisions of the Cincinnati Municipal Code (CMC) Chapter 203 and/or the Collaborative Settlement Agreement (CSA). If there are changes made to either the CMC or the CSA, the information described herein may change.

Since its establishment in 1931, the Cincinnati Retirement System has enabled thousands of employees to retire with income security. This guide has been developed specifically for your assigned Group and is intended to help you better understand the benefits that the System provides for you as an employee member. Please read this guide carefully so that you may take full advantage of the System's many benefits.

The information presented in this guide is specifically for members of Group F who are covered by the terms of the 2015 Collaborative Settlement Agreement.

TERMINOLOGY

Here are some of the terms used in this membership guide:

Average Highest Compensation (AHC): The monthly average of your highest pensionable earnings over 36 consecutive months and 60 consecutive months occurring at any time during your CRS membership.

Beneficiary: a person or organization named by the Member to receive a one time payment of the Member's accumulated employee contributions if that Member dies PRIOR to retirement.

Creditable Service: This is ALL service that you earned while working as a City of Cincinnati employee. This includes your Membership Service PLUS any service that **you purchased**, such as:

- Withdrawn prior CRS service;
- Eligible service purchased or transferred from another Ohio Retirement System (such as OPERS, STRS, SERS, or OP&F);
- Prior active duty military service for which you were honorably discharged;
- Service credit purchased for eligible Out of State and/or Federal employment;
- Service credit purchased for eligible unpaid Leave of Absence service.

CMC: City of Cincinnati Municipal Code.

CSA: The Collaborative Settlement Agreement, which mandates changes to the Cincinnati Retirement System, was approved by the Federal District Court on October 5, 2015, effective January 1, 2016.

Current Employee Class (CSA Employee): The Current Employee Class consists of employees who were in active employment service on July 1, 2011, and who had five years of service on that date.

Defined Benefit Plan: A defined-benefit plan is an employer-sponsored retirement plan where employee retirement benefits are computed using a formula that includes member Service Credit, established Multiplier(s) and Average Highest Compensation.

Employee Contributions: Members currently contribute 9.0% of their pensionable earnings. Employee pension contributions are pre-tax and deducted from payroll before Federal and State taxes are calculated.

Employer Contributions: The City of Cincinnati currently contributes a minimum of 16.25%. Employer contributions paid by the City of Cincinnati are paid into the Retirement Trust and are not owned by the member.

Member: A City of Cincinnati employee enrolled into the Cincinnati Retirement System.

Membership Date: New employee's date of hire is their Membership Date. Membership Date ONLY changes IF a member terminates employment, refunds their contributions, and is rehired at a later date. The new date of hire for all refunded members will be their new Membership Date.

Membership Service: This is service credit earned for paid hours while working for the City of Cincinnati, as



well as purchased prior active duty military service and withdrawn prior CRS service re-purchased. It does not include service transferred or purchased from another retirement system, service for Federal or Out of State employment, or unpaid leave of absence time.

Multiplier: The multiplication factors used in the pension calculation formula. The Multiplier used to calculate your pension benefit will be:

- 2.5% for the greater of:
 - o 20 years of service; OR
 - o the number of years of service credit you had as of 7/1/2011,

AND

- 2.20% for all other service.

Optionee: a person named by the Member at Retirement, to receive a monthly pension benefit for the remainder of their life IF pre-deceased by the Retired Member.

Pensionable Earnings: The portion of a member's compensation from the City that is subject to CRS contributions. Pensionable earnings include:

- total base pay including acting pay,
- shift differential,
- longevity pay, and
- annual sick sell back.

Pensionable earnings do not include:

- overtime pay,
- lump sum payments received for accrued vacation or sick leave upon termination, and
- other non-regular pay, such as bonuses or awards.

Service Credit: Service credit, expressed in years, is based on base paid hours (including paid Holiday, Sick and Vacation; excluding Overtime pay). You begin earning service credit on the first day of work and continue earning service credit until your employment with the City ends. A maximum of 1.0 year of service credit can be earned for 2080 paid hours per calendar year.

Vesting: Upon reaching 5 years of service credit with CRS, members become eligible to receive a monthly pension benefit upon reaching Retirement eligibility requirements (Age or Service).

OVERVIEW & PLAN SUMMARY

The Cincinnati Retirement System (CRS) is a Defined Benefit Plan, sponsored by the City of Cincinnati as a 401(a) Plan under the United States Internal Revenue Code and qualifies as a Social Security replacement plan. As a government retirement plan, the CRS is a qualified plan for tax purposes and is exempt from the provisions of Employee Retirement Income Security Act (ERISA). The CRS is established by Chapter 203 of the Cincinnati Municipal Code and is a qualified governmental plan (401A) for tax purposes pursuant to 26 USC § 414(d).

Available pension benefits are determined exclusively by the member's service credit years, plan multiplier, and average highest compensation. The CRS was established by Ordinance #412-1931 adopted by City Council on June 24, 1931 and became effective on August 1, 1931. It was the first retirement plan for general City employees in the State of Ohio. The creation of CRS predates the establishment of the Ohio Public Employees Retirement System (OPERS) and the Social Security System in 1935.

MEMBERSHIP

Because public employees in Ohio do not participate in the Social Security System, all employees of the City of Cincinnati are required to become members of CRS as a condition of employment, with the following exceptions:

- Sworn Police & Fire personnel who are required to be members of the Ohio Police and Firemen's Disability and Pension Fund;
- Rehired retired members of the Ohio Police and Firemen's Disability and Pension Fund;
- Elected officials and members of the City's Civil Service Commission who are required to be members of the Ohio Public Employees Retirement System (OPERS);
- Police Recruits;
- Seasonal and part time employees who are active contributing members of the Ohio State Teachers Retirement System (STRS) or the Ohio School Employees Retirement System (SERS).

CONTRIBUTIONS

Your CRS employee contributions are 9% of pensionable earnings. Payroll deducted contributions to CRS are mandatory for City of Cincinnati employees who are members of the System.

Employee contributions to the System are deducted before federal and state income taxes are calculated and deducted (but not City earnings tax), so you pay less in current Federal and State income taxes while employed. CRS benefits when paid to you, either as a monthly pension benefit or as a refund, are taxable for Federal and State purposes.

Your balance of accumulated employee contributions is NOT a component for determination of your pension benefits. While employed, members do not have access to their accumulated contributions. There are NO loans available against your accumulated contributions balance.

If a member terminates employment with the City of Cincinnati, they are eligible to refund the balance of their employee contributions in a lump sum payment. Refer to the "Terminating Employment" section (insert page number here) for more information.

How Does CRS Work?

CRS is a "defined benefit" retirement plan that is designed to provide lifetime monthly retirement benefits to eligible employees. Employees and the City make contributions to the Retirement System.

- ▶ The investments and administration of the System are handled by professionals.
- ▶ Retirement benefits are "defined" based upon your average highest compensation, years of service credit, and your pension multiplier.
- ▶ If you leave the City before your retirement eligibility you may be eligible for future benefits at your retirement age, OR you can receive a lump sum distribution of your employee contributions.
- ▶ CRS provides several pension payment options and additional benefits, which are described in detail in this guide.

ADMINISTRATION & GOVERNANCE

The Cincinnati Retirement System is administered by the Retirement Division of the City Manager's Office (CMO). The Division is managed by the Executive Director, appointed by the City Manager upon the recommendation of the CRS Board of Trustees. The staff of the Retirement Division report to the Executive Director.

The CRS Board of Trustees is composed of 9 members: 3 Retired members elected by pensioners; 2 Active members elected by active employee members, and 4 members appointed by the Mayor of Cincinnati.

The CRS Board of Trustees has adopted the following mission statement:

- Assure promised pension and healthcare benefits (where eligible) for current and future retirees
- Assist and support CRS members in achieving a successful retirement
- Assure CRS transparency and accessibility for all stakeholders

How CRS is Funded

CRS benefits are funded by participating employees, the City of Cincinnati, and investment earnings. Employees contribute 9% of their pensionable earnings to CRS through pre-tax payroll deduction. The City contributes no less than 16.25% of payroll to the CRS. The CRS Board of Trustees is responsible for investing these contributions. The contributions plus the investment earnings are used to pay your retirement benefits.

Group F CSA Current Employee Class Qualifications

In 2011, City Council enacted Ordinance 84-2011, which assigned all members of the Cincinnati Retirement System to a group based on their membership date, age, service credit, and employment status as of July 1, 2011. In October 2015, the Collaborative Settlement Agreement established the Current Employee Class.

Group F CSA Current Employee Class member qualifications:

- a membership date prior to January 1, 2010;
- not eligible to retire before January 1, 2014
- minimum of 5 years of Service Credit on July 1, 2011; and



- actively employed by the City of Cincinnati on July 1, 2011.

Your Group assignment is determined by your most recent membership date in CRS. If you terminate employment:

- If you terminate employment and withdraw your employee contributions from CRS, you will terminate your CRS membership (your service credit is eliminated); and if rehired, your new membership date will determine your new Group assignment. **Prior membership dates and prior Group assignments cannot be re-established through the purchase of withdrawn CRS service credit.**
- If you terminate employment but **DO NOT** withdraw your employee contributions, your membership date and group classification will remain the same.

EARNING SERVICE CREDIT

You earn service credit for every paid regular (base) hour, up to a maximum of 1.0 year of service credit in a calendar year. No service credit is earned for overtime hours paid. You begin earning membership service

credit beginning on your first day of employment. Membership service credit is updated with each biweekly City payroll.

For example, an employee who is paid for 1500 regular hours in a calendar year will receive 0.72 service credit (1500/2080) for that year. An employee who is paid for 2080 regular hours in a calendar year will receive 1.0 service credit (2080/2080) for that year.

Members **DO NOT** earn service credit for any period of unpaid service or donated time, **OR** for any amounts **NOT** paid through the City's payroll system (such as Workers Compensation or Long-Term Disability benefits).

Employees who are called up for Active Duty Military leave while employed with the City of Cincinnati that have met any necessary requirements under the provisions of the Uniformed Services Employment and Re-employment Readjustment Act (USERRA) continue to earn service credit as normal during their deployment and continue to have CRS employee contributions deducted.

PURCHASING SERVICE CREDIT

Concurrent service (service credit earned in any other Ohio public retirement system with another employer for the same period of time that you were employed by the City of Cincinnati and a member of the Cincinnati Retirement System) is not eligible for purchase or transfer.

Service credit purchases and/or transfers must be completed prior to separation from employment. **CRS Membership dates cannot be changed through service purchases or transfers.** Any prior service credit purchased (or transferred) into a member's CRS account is credited to the member's current plan (multiplier) in effect at the time that the prior service is purchased (or transferred).

Service credit purchased or transferred from any of the Ohio public retirement systems, and service credit purchased for prior Federal or Out-of-State service, is determined according to the CRS service credit standard: One year service credit = 2080 paid base hours in a calendar year.

CRS Membership dates cannot be changed through service purchases or transfers.

Service credit purchased or transferred from any of the Ohio public retirement systems, and service credit purchased for prior Federal, Out-of-State, or Leave of Absence service counts toward retirement eligibility (creditable service), but does NOT count toward healthcare eligibility (minimum 20 years of membership service in the Cincinnati Retirement System). Retirement healthcare benefits are subject to change and are not a vested benefit.

Prior Military Service

You may purchase retirement service credit for military service performed **PRIOR TO** your enrollment in CRS. You can make the purchase at any time before retirement, but you may only purchase up to three years of retirement service credit. You also have the option of purchasing all three years of military service credit at one time or in one-year increments.

You may only purchase retirement service credit for active duty with honorable discharge as a member of the armed forces of the United States (including Army, Navy, Air Force, Marine Corps, Coast Guard, Auxiliary Corps, Nurse Corps, Red Cross Nurse).

Keep in mind that you may not use military service credit purchased from the Retirement System under any other retirement program except military retirement or Social Security.

If you would like to purchase retirement service credit for past military service, you must:

- have been honorably discharged;
- provide CRS with a copy of your discharge form (DD214); and
- complete an application form.

The service purchase cost will be based upon the following:

- Number of years being purchased (maximum is three years);
- Retirement employee contribution in effect as of your membership date in the Retirement System was established (9% rate started in 2013);
- Your initial annual salary as a City of Cincinnati employee;
- Interest of 4%, compounded annually, from the date of discharge to the date of payment.

Prior City of Cincinnati Service

By obtaining a return of contributions, the member's original membership date is voided permanently and cannot be retrieved through future service purchase should the member be re-employed by the City and become a member of the Cincinnati Retirement System.

Active members of the Cincinnati Retirement System (CRS) who have at least 18 months of service may re-purchase prior City of Cincinnati service credit earned as an employee of the City of Cincinnati for which pension contributions were paid to the Cincinnati Retirement System and for which the member received a refund of their CRS contributions for that period of employment service.

CRS Membership dates cannot be changed through service purchases or transfers. A cost calculation will be prepared and mailed to the member upon receipt of their signed application for the purchase of eligible prior City of Cincinnati service. Members

must repay the amount of the withdrawn CRS pension contributions, plus interest from the date of withdrawal, to obtain this prior service credit. Withdrawn prior City service credit purchased in the Cincinnati Retirement System counts toward retiree healthcare eligibility – if you qualify. The purchase of prior service credit must be completed prior to your separation from employment with the City.

Employment service with the City of Cincinnati in exempted, part-time, seasonal, student or co-op positions for which no CRS employee contributions were paid or collected, held prior to July 1, 1991, is NOT eligible for the purchase of prior service credit. Applications for ineligible service will not be accepted by the Retirement Office.

Federal and Out of State Service

Active members of the Cincinnati Retirement System (CRS) who have at least 18 months service credit may purchase up to five years of service credit for their employment with the Federal Government or with a



public entity in another state (other than Ohio) which occurred **prior to their membership in the Cincinnati Retirement System** and during which time they were enrolled in a Defined Benefit Pension Plan. Eligible service must have occurred PRIOR to your membership in the Cincinnati Retirement System and cannot be used in the calculation of retirement benefits under any other retirement system. Your pension contributions to your former employer's Defined Benefit Plan must have been refunded to you in order to purchase service credit for that period of employment.

Contributions to Social Security are not eligible for the purchase of prior Federal or Out-of-State service credit. If the prior service occurred prior to July 1, 1991, the position you held must have been a full-time permanent position to be eligible for purchase of prior



service. Part-time, seasonal, student or co-op positions held prior to July 1, 1991 are not eligible for purchase of prior service credit. All service credit earned after July 1, 1991 is eligible to be purchased. Service credit purchased for prior Federal or Out-of-State service is determined according to the CRS service credit standard: One year service credit = 2080 paid base hours in a calendar year.

Federal and Out-of-State service credit purchased counts toward retirement eligibility but does NOT count toward retiree healthcare eligibility. Retirement healthcare benefits are subject to change and are not a vested benefit.

The purchase of Federal or Out-of-State service credit must be completed prior to your separation of employment. A cost calculation will be prepared by the Retirement System's actuary and will specify the total cost. Members must pay a non-refundable application fee of \$250 to request a cost calculation for the purchase of Federal/Out-of-State service credit. Cost calculations are valid only for 30 days from the date they were issued to the member. If you choose to proceed with the service purchase, the \$250 application fee will be applied toward the cost of purchasing the Federal or Out-of-State service credit. If you do not notify the CRS within the 30-day time limit and choose to proceed with a purchase, an additional \$250 application fee will be required to generate an updated cost calculation and only one of those application fees paid will be applied toward your purchase of the Federal or Out-of-State service credit.

In addition to the completed application and fee payment, YOU must provide the Cincinnati Retirement System with a signed and dated certification from either your previous public employer or your previous public retirement plan, which must include:

- The employing agency name, address, telephone, and contact person;
- Your name and Social Security number;
- Your date of hire and date of termination;
- Your gross earnings and pension contributions by calendar year;
- Verification of part-time or full time status in your prior position;
- Certification that pension contributions have been refunded (including refund date and amount);
- Verification that the service credit will not be used in the calculation of a retirement benefit for you.

Ohio Retirement Systems Service (OPERS/STRS/SERS/OP&F/SHPRS)

In December 2001, the Cincinnati Retirement System entered into reciprocity agreements with the five statewide Ohio public retirement systems (OPERS, STRS, SERS, OP&F, and State Highway Patrol) making it possible for active members of these systems to purchase service credit if they were former members of any Ohio public retirement system.

Due to a change in Ohio law in 2016, any transfer or purchase of service credit and contributions between CRS and any of the Ohio public retirement systems CAN ONLY OCCUR IF:

- a) the purchase or transfer of such service will make the member eligible to retire from service within 90 days of the date the service is purchased or transferred; OR
- b) the member is already eligible to retire AND the member will retire from service within 90 days from the date the service is purchased or transferred.
 - CRS Membership dates cannot be changed through service purchases or transfers.
 - If contributions were not withdrawn, there may be little or no cost to transfer the service credit. If contributions were withdrawn, those contributions plus interest must be repaid in order to obtain credit for the prior service. Service credit purchased or transferred from any of the Ohio public retirement systems is determined according to the CRS service credit standard: One year service credit = 2080 paid base hours in a calendar year.

- If the prior service occurred before July 1, 1991, the position you held must have been a full time permanent position to be eligible for purchase or transfer of prior service. Part-time, seasonal, student or co-op positions held prior to July 1, 1991 are not eligible for purchase or transfer of prior service credit. Any service credit earned after July 1, 1991 is eligible to be re-purchased or transferred.
- Concurrent service (service credit earned in one of the statewide Ohio public retirement systems with another employer while you were employed by the City of Cincinnati and a member of the Cincinnati Retirement System) is not eligible for purchase or transfer.
- Ohio service credit purchased through or transferred to the Cincinnati Retirement System counts toward retirement eligibility but does not count toward retiree healthcare eligibility.
- Service credit purchases or transfers must be completed prior to your retirement effective date.
- Retirement healthcare benefits are subject to change and are not a vested benefit.
- Any Ohio Service credit purchased or transferred between a Statewide retirement system and CRS will be attributed to the System where the member has the majority of their service credit and the member must retire under the rules of that System

HOW DEFINED BENEFIT PLANS WORK

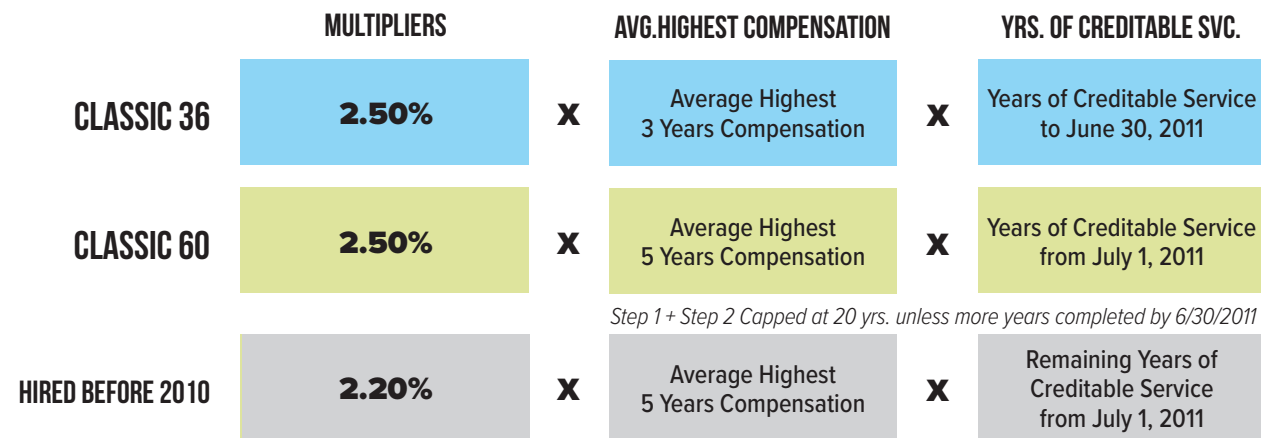
The monthly pension benefit is a formula-based monthly payment that will be made to you for the rest of your life upon retirement. If you are married, this benefit can be extended to last for the rest of your and your Optionee's life. You may name your spouse or someone else as an Optionee.



In a defined benefit plan, the goal is to provide salary replacement so that long-term employees can achieve a secure retirement.

How Your Monthly Pension Benefit is Calculated

The Group F formula can have up to three separate plans to calculate the pension benefit amount:



The service credit earned under the Classic 36 and Classic 60 plans are capped at a total of 20 years. Service credit in excess of 20 years applies to the Hired Before 2010 plan. However, if you had more than 20 years of service credit on June 30, 2011, only the Classic 36 and Hired Before 2010 plans would apply. The sum of the calculations of each of these plans equals the gross monthly pension benefit amount (prior to any actuarial adjustments for a selection of an Optionee or Early Retirement).

PENSION BENEFIT PAYMENT OPTIONS

When you retire, CRS offers a variety of payment options that give you the flexibility to select the arrangement that best fits your circumstances and retirement needs.

Single Life Option – A monthly pension benefit is paid to you (the member) during your lifetime only. The pension stops when you die and no further payments are made to anyone.

If you are legally married, you must select one of the following four options and name your legally married spouse as your optionee. Retirees may ONLY select one optionee (multiple optionees are not permitted). Your legally married spouse must complete a “Spousal Waiver of Joint and Survivor Annuity” in order for you to select the Single Life pension benefit or to select a different Optionee other than your spouse.

Option 1 - Joint and 100% Survivor Payment: In the event you die first, your designated optionee will receive a monthly pension benefit for the remainder of his or her lifetime equal to 100% of the monthly pension benefit amount that was payable to you on your date of death. No matter who dies first (you or your Optionee), there is no change to the monthly pension benefit amount payable.

Option 2 - Joint and 50% Survivor Payment: In the event you die first, your designated optionee will receive a monthly pension benefit for the remainder of his or her lifetime equal to 50% of the monthly pension benefit amount that was payable to you on your date of death for the remainder of his or her life. If your Optionee pre-deceases you, there is no change to your monthly pension benefit amount.

Option 3 - 66 2/3% Joint and Survivor Payment: Regardless of who dies first (you or your designated optionee), the monthly pension benefit amount payable for the remainder of your, his or her lifetime will be reduced to 66 2/3% of the monthly pension benefit amount that was payable to you on the date of the first death.

Option 4 - 80% Joint and Survivor Payment: Regardless of who dies first (you or your designated optionee), the monthly pension benefit amount payable for the remainder of your, his or her lifetime will be reduced to 80% of the monthly pension benefit amount that was payable to you on the date of the first death.

The Actuarial Adjustment is based on the member’s age and gender and their selected Optionee’s age and gender on the retirement date. An example is shown in the table below:

PAYMENT OPTION	ACTUARIAL ADJUSTMENT	REDUCED PAYMENT WHEN BOTH RETIREE AND OPTIONEE ALIVE	AFTER DEATH OF RETIREE: AMOUNT TO SURVIVING OPTIONEE	AFTER DEATH OF OPTIONEE: AMOUNT TO SURVIVING RETIREE
Unreduced Pension (Single Life Annuity)	1.000000	\$3,203.00	\$0.00	\$3,203.00
Option 1 100% to Survivor	0.844272	\$2,704.20	\$2,704.20	\$2,704.20
Option 2 50% to Survivor	0.914717	\$2,929.84	\$1,464.92	\$2,929.84
Option 3 66 2/3% Joint and Survivor	0.904136	\$2,895.95	\$1,930.63	\$1,930.63
Option 4 80% Joint and Survivor	0.879204	\$2,816.09	\$2,252.87	\$2,252.87

Your option election is irrevocable on and after your retirement date, unless you get divorced after retirement. In the event of divorce after retirement, your pension may be recalculated to an unreduced, Single-Life Option beginning with the first day of the month following the CRS receipt of : a) an executed Spousal Benefit Waiver from your ex-spouse; OR b) your divorce decree and separation agreement provides for it; AND c) your written request to have your pension recalculated to a Single Life benefit. **No NEW Optionee may be added AFTER your retirement date.**

TYPES OF RETIREMENT BENEFITS

Normal Service Retirement for Group F

You can retire from service and receive your monthly pension benefit:

- At age 60 with at least 5 years of creditable service; OR
- At any age with at least 30 years of creditable service.

Death in Service Provision (a.k.a. 20 Year Option)

If a member dies while an active employee of the City with at least 20 years of service credit OR is retirement eligible, the legally married spouse is eligible to receive a monthly pension benefit under Payment Option 1 (Joint and 100% Survivor).

To be eligible for this benefit, you must designate your legally married spouse as your sole, primary beneficiary on record with CRS at the time of your death. Proof of marriage will be required.

This benefit is payable at the EARLIEST of:

- 1st day of the month following what would have been your 60th birthday¹; OR
- 1st day of the month following the date you would have reached 30 years of service if you had continued employment; OR
- 1st day of the month following the date of your death IF you were already eligible to retire on or before the day you died.



Early Retirement

If an actively employed member is unable or unwilling to reach normal Retirement eligibility, Early Retirement is available upon reaching Early Retirement eligibility. Group F Members can retire from active service and receive a reduced monthly pension benefit **as early as age 55 with at least 25 years of membership service.**

There is a substantial actuarial reduction in monthly pension benefits paid to those members who elect Early Retirement (based on your Normal Retirement age of 60). **However, Early Retirement voids your eligibility for retiree healthcare coverage through CRS (see section Retiree Healthcare Eligibility).**

Early Retirement is **ONLY** available when retiring from active employment service.

Deferred Retirement

If you have at least five years of service and you leave City employment **PRIOR TO** reaching retirement eligibility requirements, you may choose to leave your contributions with CRS. When you reach your Normal Retirement eligibility age (60), you will be eligible to begin receiving your retirement benefit from CRS.

If you die in Deferred status **PRIOR TO** reaching your retirement eligibility age (60), your legally married spouse is eligible to receive a monthly pension benefit under Payment Option 1 (Joint and 100% Survivor).

This benefit is payable on the first day of the month following what would have been your 60th birthday. To be eligible for this benefit, your legally married spouse must be designated as your sole, primary beneficiary on record with CRS. Proof of marriage will be required.

If your Membership Date is **on or after** January 9, 1997 (see Retiree Healthcare Point System), be advised that if you terminate employment **PRIOR TO** your Normal Retirement eligibility **AND** you defer your retirement with over 20 years of Service (meaning you are eligible to purchase Retiree Healthcare coverage through CRS), you can begin receiving a monthly pension benefit at age 60. **However, you will NOT BE ELIGIBLE to purchase Retiree Healthcare coverage until you reach your Medicare eligibility age (65).**

Disability Retirement

Active members who have at least five years of Creditable Service are eligible to apply for Disability Retirement benefits.

To apply for Disability Retirement benefits, you must submit an application and provide medical records to the CRS Medical Director. Please see the Disability Rules on the CRS Website for further information.

The CRS Medical Director will review your medical records and schedule a medical exam. CRS may also refer you to the Americans with Disabilities Act (ADA) Coordinator and the City's Return to Work Coordinator.

The CRS Medical Director will make a recommendation to the CRS Board of Trustees. The CRS Board of Trustees will either approve or deny your application for Disability Retirement.

If your application is approved by the Board, the Disability Retirement benefit is a 10% reduction from your calculated monthly pension benefit based on your service credit and AHC at the time of your application. The minimum monthly pension benefit is 25% of your AHC at the time of your application.

Be advised, that if approved for a Disability Retirement benefit, you will **NOT** be eligible to purchase Retiree Healthcare coverage through CRS (because you will not have reached the Retiree Healthcare eligibility requirements).

CRS is authorized by the Cincinnati Municipal Code to annually confirm that you remain mentally or physically incapacitated and unable to work. In the event that the CRS Board of Trustees determines that you are no longer disabled and may return to work, your disability retirement benefit *will be terminated*.

If your Disability Retirement benefit is terminated prior to reaching age 60, your service credit earned prior to your disability will be restored and you will be eligible to receive your calculated monthly pension benefit upon reaching age 60.

DEATH IN SERVICE

Survivor Benefits

If you are an Active Member with at least 18 months of employment and if you die in service, and you are not eligible for a CRS monthly pension benefit at the date of death, a one-time payment equal to 2/3rds of your annual salary at the time of death will be paid to:

- Your legally married spouse; AND/OR
- Your natural or legally adopted children under the age of 18 (Survivor Benefits are divided equally among eligible children).

Proof of marriage and/or birth certificates or adoption documents will be required.

Refund of Contributions for Active Death in Service

If you die in service, and you are not eligible for a CRS monthly pension benefit at the date of death, your

designated primary beneficiary is eligible to receive a refund of your accumulated CRS contributions plus interest. As a reminder, the Employer contributions paid by the City of Cincinnati do not accrue to individual member accounts.

Federal taxes are withheld from refund of contributions at the time of payment per IRS regulations. Any additional Federal, state or local tax liability as a result of the refund of contributions paid is the responsibility of the recipient.

It is in your best interest to keep your CRS beneficiaries up to date, so your loved ones may receive eligible benefits in a timely manner.

RETIREE HEALTHCARE ELIGIBILITY

Group F:

- Upon retirement at or above age 60 with at least 20 years of membership service; OR
- Upon retirement at any age with at least 30 years of creditable service, at least 20 years of which is membership service.

If you meet the above requirements, retiree healthcare benefits are also available for your legally married spouse and eligible dependent children for an additional cost.

Please be advised that if you do **NOT** select a pension benefit payment option that provides for a continuing pension benefit for your legally married spouse, the retiree healthcare coverage for your spouse and eligible dependents terminates upon your death.

RETIREE HEALTHCARE COVERAGE

CRS offers the "Model Plan" to eligible retirees. The Model Plan is modeled after the most favorable plan offered to active employees. For the cost structure of the Model Plan, please see CRS' website: <https://www.cincinnati-oh.gov/retirement/pension-benefits/retiree-healthcare/>

Once you become eligible for Medicare, you are required to enroll. Medicare becomes your primary coverage and the Model Plan becomes secondary. CRS will contact you before you are age 65 to enroll.

DEPENDENT HEALTHCARE ELIGIBILITY

If you are eligible for retiree healthcare, your eligible dependents are:

- Your legally married spouse
- Your dependent children if they were born or legally adopted before your retirement date and:
 - They are under the age of 19
 - They are under the age of 24, but are attending an accredited school as a full-time student.
- Your adult disabled children:
- If they are determined to be permanently and totally disabled prior to age 19 and you have established legal guardianship for them.

RETIREE HEALTHCARE

Retirees share in the cost of the monthly premium for retiree healthcare. Monthly Retiree healthcare premiums are determined annually and change each year. CRS offers voluntary open enrollment each year in October for coverage beginning January 1 of the following year. Outside of open enrollment, changes to Retiree Healthcare coverage are only permissible for a Qualifying Life Events. If you believe that you have a Qualifying Life Event in retirement, please contact the CRS office.

Keep in mind, upon Retirement, your Active Employee coverage provided by the City of Cincinnati will terminate. If you are eligible and purchase Retiree healthcare coverage through CRS, annual deductible and out-of-pocket costs will start over beginning on your Retirement date. Active employees of the City of Cincinnati are prohibited from being covered under CRS Retiree Healthcare.

Retirees may purchase Dental and/or Vision coverage at 100% of the premium.

Is your CRS membership date before January 9, 1997?

YES → Premium share may not exceed 10%										
NO → You earn 1 point for each full year of creditable service and 1 point for each year of age at retirement.										
$\text{Full Years of Creditable Service} + \text{Age on the last day worked} = \text{Points}$										
<table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #e6f2ff;"> <th style="padding: 5px;">YOUR TOTAL POINTS</th> <th style="padding: 5px;">PREMIUM SHARE</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">85 – 100 points</td> <td style="padding: 5px;">10%</td> </tr> <tr> <td style="padding: 5px;">80 – 84 points</td> <td style="padding: 5px;">20%</td> </tr> <tr> <td style="padding: 5px;">70 – 79 points</td> <td style="padding: 5px;">40%</td> </tr> <tr> <td style="padding: 5px;">60 – 69 points</td> <td style="padding: 5px;">60%</td> </tr> </tbody> </table>	YOUR TOTAL POINTS	PREMIUM SHARE	85 – 100 points	10%	80 – 84 points	20%	70 – 79 points	40%	60 – 69 points	60%
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60 – 69 points	60%									

Health Reimbursement Arrangement (Medical Expense Reimbursement Plan)

For retirees who are eligible for retiree healthcare but have access to other insurance (cannot be City of Cincinnati or CRS coverage), CRS offers a Health Reimbursement Arrangement (HRA) a.k.a. a Medical Expense Reimbursement Plan (MERP) at no cost. In exchange for maintaining your alternative insurance, the CRS will reimburse your out-of-pocket medical expenses, including co-pays, co-insurance, deductibles and premium differentials.

DEFERRED RETIREMENT OPTION PROGRAM (DROP)

The Deferred Retirement Option Program (DROP) allows eligible employees to defer their retirement for up to five years while remaining employed with the City of Cincinnati.

The DROP is ONLY available to members of the CSA Current Employee Class. All other City of Cincinnati employees are NOT eligible for DROP.

Members protected under the CSA Current Employee Class may enter DROP if they have a minimum of 30 years of Creditable Service. The following service is eligible for purchase enter DROP:

- Military service
- Prior withdrawn CRS service
- Ohio Police and Fire Pension Fund service
- Purchased Federal/Out-of-State service

Due to a change in state law in 2016, the following service is NOT eligible to purchase enter the DROP:

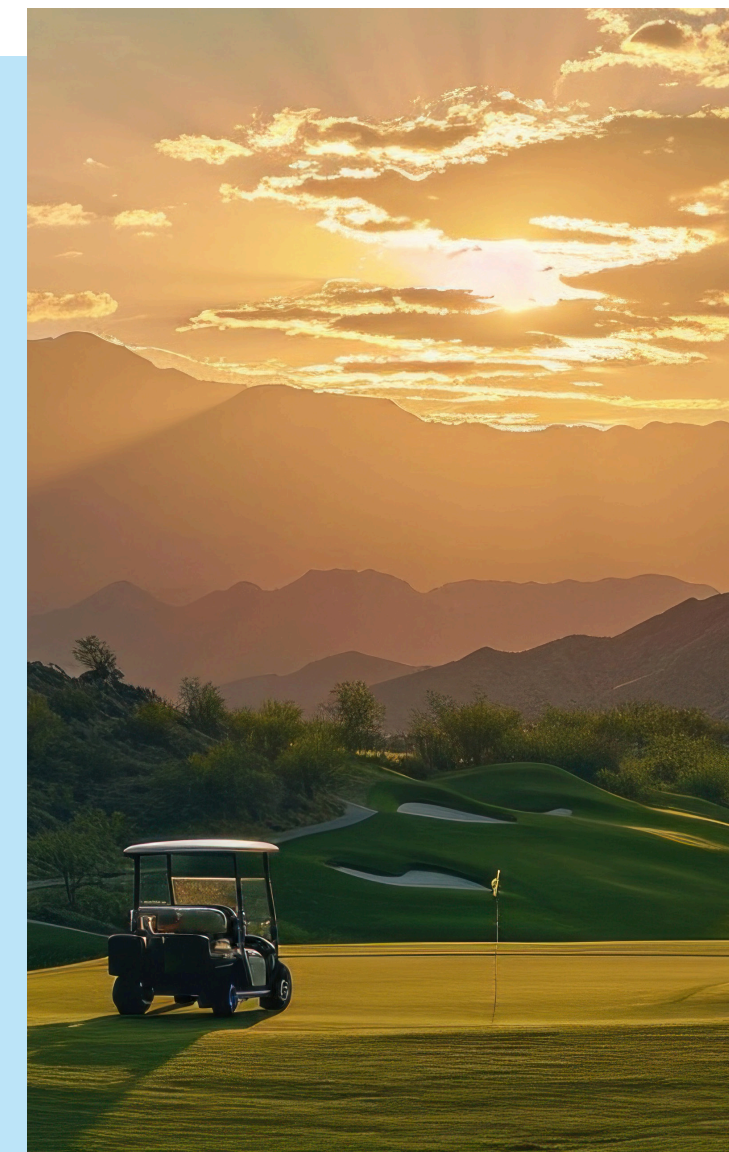
- Ohio Public Employees Retirement System (OPERS);
- State Teachers Retirement System (STRS);
- School Employees Retirement System (SERS);
- State Highway Patrol Retirement System (SHPRS).

Your participation in the DROP is limited to a maximum of five (5) calendar years. If you retire from service in less than two years after entering the DROP, any interest that has accumulated on your DROP account will be forfeited.

In order to receive the balance of your DROP account, you must retire from service with the City of Cincinnati by following the published CRS retirement procedures.

For members participating in the DROP, the gross monthly pension benefit amount that they would have received if they had retired on their DROP entry date, is paid into an account held under the Retirement Trust. These monthly pension benefit payments accrue during the duration of your participation in the DROP and continued employment with the City. In addition, 75% of the member's employee contributions that are deducted from bi-weekly payroll are added to this account. When the member retires, these amounts plus interest are paid out to the member as a lump sum. The lump sum can be paid either as cash to the member OR rolled over to any tax-deferred retirement account, such as a 457 deferred compensation account or an Individual Retirement Account (IRA).

To enter DROP, eligible members may contact their department HRL (Human Resources Liaison) to apply.





Deferred Compensation (457 Plan)

For public employees, Deferred Compensation plans provide opportunities for supplementing your future monthly pension benefit. If you are not enrolled in one of these plans, consider enrolling today. The earlier you start investing, the more time your investments will have to compound.

The City of Cincinnati offers two (2) different Deferred Compensation programs (457 Plans) for employees. Any City employee may participate in either or both plans. The Retirement Division is responsible for coordinating City employee participation in these plans.

Employees may enroll in the Ohio Public Employees Deferred Compensation Program (also known as Ohio 457) and/or the Mission Square Retirement (formerly known as the ICMA Retirement Corporation). Contributions to a 457 Plan are ONLY permitted through employee payroll deduction.

Each of these Plans offers both a Traditional Pre-Tax option (reduces your current tax liability but distributions from the Plan are taxable) and a Roth Post Tax option (contributions are made after tax and future earnings and distributions are not taxable). Each year, the Internal Revenue Service establishes the annual contribution limits for 457 Plans. These limits are for total contributions to ALL plans (regardless of provider or plan type (Pre-Tax or Roth)).

Employees must contact the providers (Ohio 457 and/or Mission Square Retirement) to enroll in a Plan and to designate the biweekly payroll deduction amount.

Ohio Public Employees Deferred Compensation Program (Ohio 457)

257 East Town Street
Suite 457
Columbus, OH 43215
1 (877) 644-6457
www.ohio457.org

Mission Square Retirement Corp. (fka ICMA Retirement Corporation)

P.O. Box 219320
Kansas City, MO 64121-9320
1 (800) 669-7400
www.missionsquare.org

TERMINATING EMPLOYMENT

If you terminate your employment with the City of Cincinnati before you are eligible to retire, you can choose to do one of the following:

Refund Your Contributions

If your employment with the City ends for any reason, you are entitled to a refund of your own contributions with interest. In accordance with Federal law, 20% of the taxable portion of the refund will be withheld for Federal taxes, unless you request a direct rollover to another qualified retirement plan (such as an Individual Retirement Account (IRA), a 457 Deferred Compensation Plan or a 401K Plan). The refund of your employee contributions may be taxable for the purposes of your state of residency, although no state taxes are withheld from the payment.

The withdrawal of your CRS employee contributions terminates your membership in CRS, eliminates your service credit, and voids your eligibility for ANY and ALL CRS retirement benefits. If you withdraw your employee contributions, you cannot re-establish your prior membership date and/or Group assignment through the purchase of withdrawn prior service if you are rehired by the City of Cincinnati. Employer contributions paid by the City of Cincinnati are not owned by the member and are not eligible for a lump sum withdrawal.

If you withdraw your contributions and later return to City service, you can repurchase the membership service credit which you lost when you withdrew your contributions. However, you must repay the withdrawn contributions with interest. This cost will vary for each member. You do not become eligible to re-purchase that service until you have completed 18 months of membership service after your re-enrollment in the System.

In deciding whether to refund your contributions, consider whether you will return to City employment in the future, or whether you will take employment with another public employer that accepts a purchase of your Cincinnati service credit. The value of leaving your contribution in the system so that it can be transferred or count towards vesting in retirement benefits later in your career may greatly exceed the value of any refund. You may want to discuss this course of action with a financial advisor.

Transfer Your Contributions and Service Credit

If you are transferring to a job with another public entity in the State of Ohio, you may be eligible to transfer your CRS service credit to one of the Ohio statewide retirement systems (OPERS, STRS, SERS, OP&F, SHPRS). You will need to contact the Ohio retirement system which covers your new job to determine how to transfer your CRS service.

SOCIAL SECURITY

Public employees in the City of Cincinnati and the State of Ohio DO NOT participate in Social Security. If you have only been employed by the City or a State of Ohio governmental entity, you are not directly eligible for Social Security benefits.

For CRS members that have worked for an employer that participates in Social Security (such as a private sector employer) and worked long enough to become eligible for Social Security benefits, you should be aware that your Social Security benefits could be reduced by the Windfall Elimination Provision (WEP). The Social Security Administration provides a WEP calculator on its website, so that you can estimate how much this reduction might be in your case. The link to the WEP calculator is here:

<https://www.ssa.gov/benefits/retirement/planner/anyPiaWepjs04.html>

Additionally, any Social Security survivor benefits for you following your spouse's death could be eliminated under the Government Pension Offset provision. You should consider setting up an account at <https://www.ssa.gov> to obtain information on your Social Security contributions and learn whether you are eligible for Social Security benefits.

RETIREMENT RESOURCES

Retirement can be a complicated transition. But there are many resources available to you. Bookstores have a large array of retirement books. There are retirement podcasts as well as websites dedicated to retirement.

CRS maintains a retirement resources webpage here: <https://www.cincinnati-oh.gov/retirement/retirement-resources/>

RETIREMENT READINESS

Preparing for retirement should begin well in advance of retirement. Here are things you can do to help prepare for retirement:

- Attend a CRS retirement 101 seminar. Consider attending a seminar once every five years as you progress through your career. At these seminars a CRS representative will explain the benefits that you have and provide any updates on the retirement process. These classes are available by contacting your Department Training Registrar.
- Generate an estimate of your monthly pension benefits for your planned retirement date using the CRS Member Direct portal
- Seek professional advice. You may want to find a financial advisor, tax advisor or retirement planner that can help you understand your retirement benefits and help you plan for your retirement.
- Prepare an estimated retirement budget. Estimating the expenses that you will have in retirement will help you know if you are on track with your retirement savings.
- Contact representatives of other retirement plans you may have. You may have multiple retirement plans as well as Social Security. You should understand in advance what the processes and timing are for applying for all your retirement benefits. If you worked in employment subject to Social Security, you can check your benefits by creating an account here: <https://www.ssa.gov/myaccount/>
- Consider Long-Term Care Insurance. Long-term care insurance can provide coverage for you and your spouse if you are no longer able to live independently. This kind of insurance can help cover costs related to nursing home care, home care, and assisted living care. The chance that you or your spouse will need some form of long-term care is relatively high.

READY TO RETIRE

About nine weeks before you retire, you will need to apply for your benefits by completing an Application for Service Retirement, which you must obtain from your HR Liaison.

To determine the Retirement application deadline for your retirement date, check the Retirement Schedule posted on our website:

www.cincinnati-oh.gov/retirement/ready-to-retain/2024-retirement-schedule/

The Retirement Process is outlined on our website here: <https://www.cincinnati-oh.gov/retirement/ready-to-retain/>

After CRS receives your retirement application, we will send you an information packet. CRS will also enroll you in a Retirement Processing Session. At the Retirement Processing Session you will complete the following documents:

- Payment Option Election form (for Single Life or Options 1 through 4)
- Updated Beneficiary form
- Retiree Health Insurance enrollment/waiver form
- Spousal Waiver of Benefits (for Single Life option if you are married)
- Direct Deposit form
- W-4 Tax Withholding Form

You may withdraw your Application for Service Retirement prior to your Retirement Effective Date. The withdrawal request must be made using the CRS Rescission Form, signed by you, and received by the CRS office no later than 4:00 PM not less than 15 days prior to your Retirement Effective Date. If your Retirement Application is not withdrawn prior to the close of business by that time, then your application becomes irrevocable. Please note: after three withdrawals, CRS charges a fee of \$250 to process a new Retirement application.



PLEASE KEEP CRS UPDATED

It's important to keep CRS updated on your contact information. Please let us know when you change your address or your phone number. Please let us know when you change your marital status. Please update your beneficiary designations.

TAXES

Federal Income Tax

You will specify the amount of federal tax to withhold on your WP-4. Each year the system will send you a 1099-R form in compliance with federal tax law.

You may wish to consult with a tax advisor or tax preparation service to complete your annual federal income tax filing. You may also refer to IRS Publication 575, Pension and Annuity Income.

State and Local Income Taxes

CRS only withholds State of Ohio income tax. CRS does not withhold for any other State or Local jurisdictions.

ASSIGNMENT/GARNISHMENT OF BENEFITS

Your benefits from the Retirement System cannot be assigned, attached or garnished, except to comply with a federal tax lien or a court order, such as a divorce decree for spousal support or a child support order. Court actions covered include divorce, dissolution, custody, paternity and domestic violence. Retirement Benefits and Refunds of Contributions are also subject to Federal Tax Levy.

REHIRED RETIREE

A CRS retiree can apply for and be rehired by the City of Cincinnati, but only if the retiree meets ALL of the following conditions:

- The retiree has been retired for a minimum of 1 calendar year;
- The retiree has not been a contractor to the City for at least 12 consecutive months (365 consecutive days) between their retirement date and their proposed rehire date;
- The retiree has not performed services for the City through a temporary employment agency for at

least 12 consecutive months (365 consecutive days) between their retirement date and their proposed rehire date.

Retirees who meet these qualifications and are rehired by a City Department continue to receive their monthly pension benefit but ARE NOT PERMITTED to continue to participate in CRS provided retiree healthcare (if the retiree was eligible to purchase retiree healthcare through CRS) during their period of re-employment.

PAYMENT OF YOUR MONTHLY PENSION BENEFIT

Your monthly pension payment is paid 1 month in arrears. The pension benefit payable to you for any month is payable on the 1st business day of the following month. For example, your pension benefit for May is paid on the first business day of June.

Due to the amount of time required to process your retirement, your first retirement benefit payment is issued two months after your retirement (for the preceding two months). Thereafter, you will receive your normal monthly pension benefit on the 1st business day of the month. *So please be prepared not to receive a pension check during this period.*

CRS monthly pension benefits are paid only through direct deposit to your designated banking account (an account in YOUR name and registered to YOUR Social Security number). A direct deposit form will be provided to you at your retirement processing session. Direct deposit may only be used with a single financial institution.

The direct deposit of your monthly pension benefit is issued to banks payable on the first business day of each month. The banking system in the U.S. does not process payments on weekends or holidays.

COST OF LIVING ADJUSTMENTS (COLAS)

At the start of your fourth year of retirement, you will begin receiving a 3% simple cost of living adjustment (COLA). The COLA will be applied annually in the same

amount. So, for example, if your initial annual benefit is \$30,000, the annual COLA amount is \$900. In the first year of receiving the COLA, the pension benefit is increased to \$30,900. In the second year, the pension benefit is again increased by \$900, to \$31,800.

MEMBER DIRECT

Cincinnati Retirement System (CRS) has developed MemberDirect, an internet portal that allows its active employee members and retirees independent access to personal retirement account information. Once you are enrolled in MemberDirect, you can log on from any computer at any time.

You will find that the system is intuitive and simple to use: just visit **CRSMemberDirect.org** and sign up with your personal email address today. Be advised that you cannot use your City of Cincinnati work email address for setting up your Member Direct account.

Using Member Direct will allow you to:

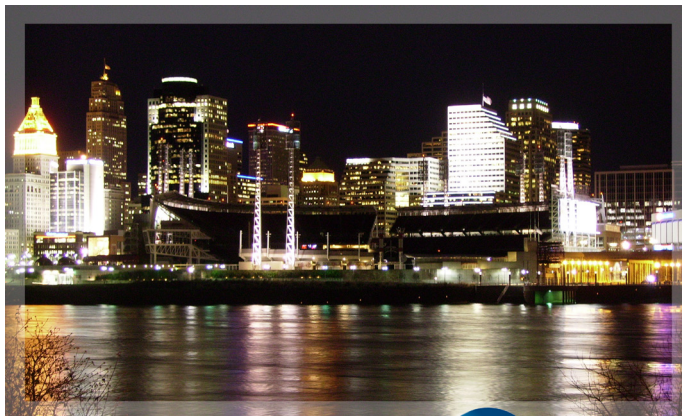
- Review Account Summary and Nominated Beneficiaries
- Download and Complete Forms
- Create Personal Retirement Benefit Estimates

Any inquiries falling outside of the scope of the Member Direct FAQ page should be directed to: **Retirement@Cincinnati-OH.gov**

Retirees enrolled in Member Direct will not receive printed copies of their monthly pension advices (Direct Deposit receipts) nor of their annual 1099R form. The monthly pension advices and 1099R forms are able to be retrieved and downloaded from Member Direct.

GOT QUESTIONS? GET ANSWERS

- Email: retirement@cincinnati-oh.gov
- Call the Retirement Office at 513-352-3227
- Visit us: 801 Plum Street, Suite 328, Cincinnati, OH 45202
- MemberDirect: <https://crsmemberdirect.org>
- Website: <https://www.cincinnati-oh.gov/retirement/>



801 Plum Street, Suite 328 | Cincinnati, OH 45202