

**ANNUAL REPORT OF  
THE CITY EMPLOYEES' RETIREMENT FUND  
FISCAL YEAR 2004-2005**

The City of New Haven City Employees' Retirement Fund (the "Fund") was established on January 1, 1938 under provisions of the City Charter to provide service and disability pensions, as well as death benefits, to eligible employees of the City of New Haven. The Fund is administered by a retirement board consisting of seven members.

This Annual Report has been prepared by the Department of Finance to provide members and other interested parties with statistical and financial information concerning the Fund. Also included is general information concerning participation and benefits provided under the Fund. Eligible City employees should refer to their union contracts to determine the specific pension and benefit provisions which apply.

Active participants in the Fund numbered 1,181 as of June 30, 2005. Also as of that date, there were 1047 individuals receiving monthly retirement checks including retired and disabled members and survivors of deceased members.

Net assets of the Fund available for pension plan benefits totaled \$183,396,000 on June 30, 2005. The City Employees' Retirement Fund Board (the "Retirement Board") serves in an administrative and fiduciary capacity to provide retirement benefits to members of the Fund. The investment goal of the Retirement Board is to ensure that current and future benefits are adequately funded while preserving capital and realizing sufficient return through diversification of fund investments.

This Annual Report of the Fund has been completed for the fiscal year ended June 30, 2005. Questions concerning this report or pension benefits should be directed to the Pension Division at:

**The Kennedy Mitchell Hall of Records  
200 Orange Street, Room 405  
New Haven, CT 06510  
(203) 946-8297**

## **SUMMARY OF PRINCIPAL PLAN PROVISIONS**

This summary describes the principal plan provisions which apply to the majority of employees covered by the City Employees' Retirement Fund (CERF). Some employees or groups of employees are subject to different eligibility requirements and benefit provisions than those outlined below. Therefore, we ask that Plan members refer to the applicable union contracts for more specific information.

### **Effective Date**

January 1, 1938 and dates of subsequent amendments.

### **Plan Year**

July 1 through June 30.

### **Employees Covered**

Full-time employees (20 hours or more), full-time elected or appointed officials, and persons regularly employed in public school cafeterias if:

- (1) hired before age 55; hired before age 60 for Locals 3144, 884, and 68 and 71;
- (2) not receiving benefits from or eligible for participation in any other pension plan of the City and,
- (3) employee contributions are made.

Participation is mandatory for (Civil Service) employees. Elected or appointed officials may choose to participate in CERF rather than Social Security within their first year of employment. Once a choice is made to be in CERF, future participation is mandatory.

### **Employee Contributions**

6.0% of gross earnings for all participating employees except members of Local 217 who contribute 5.0% and Local 68 who contribute 6.25%.

### **Service Retirement**

Age 65 (60 if enrolled before July 1, 1974) with 10 years of credited service, or if earlier, the age at which the "Rule of 80" (age plus credited service equals or exceeds 80) is satisfied.

### **Early Retirement Date**

Within 10 years of service retirement date and with 10 years of credited service.

## **Service Retirement Benefit**

Members are entitled to pension benefits that are equal to 2% of the higher of the following: average of employee's five highest salaries (budgeted or actual, whichever is higher) or budgeted salary at time of retirement for each full and fractional year of service, up to 20 years plus 3% for each full and fractional year in excess of 20. Maximum benefit equals 70% of highest average or budgeted salary. Minimum benefit is \$2,000 per year. **Members of Local 287 and 68 may purchase pension service credit for periods they were receiving Workers' Compensation.**

## **Early Retirement Benefit**

Determined in the same manner as the service retirement benefit and reduced by 2% (4% for Local 217 employees) for each full and fractional year benefit payments start prior to service retirement date.

## **Form of Benefit Payment**

Life annuity with a 50% survivor benefit for service pensioners and disabled pensioners.

## **Non-Occupational Disability**

Payable, after 10 years of credited service, upon medical proof of being "permanently disabled from performing duties of the nature required by the job". Benefit is equal to the service retirement benefit with a minimum equal to 50% of the disabled member's rate of pay at time of disability (lower calculation for members hired after age 40/except for members of Local 287). Benefits are subject to reductions for portions of any earnings earned while disabled. Continuance of benefits is subject to periodic medical examinations.

## **Occupational Disability**

Same as non-occupational disability, except that there is no service requirement if disability arises "out of and in the course of employment". Disability benefits are reduced by any weekly benefit received from Workers' Compensation.

Disability retirees, under age 65, who retired after June 30, 1973 must file a statement of outside earnings with the Pension Division. The benefit will be reduced by 50% of the excess over \$6,800.

## **Vested Benefits**

100% of the service retirement benefit will be payable at the time the employee becomes eligible for age retirement (or 10 or fewer years prior to that date with an early retirement reduction based on an age retirement/no provision for early retirement Rule of 80) to members who have completed 10 years of credited service, have made application for a conditional retirement benefit, and have not elected to withdraw their accumulated employee contributions.

No person who retires from the employment of the City shall be eligible to work more than 19 hours per week for the City. If they do so, their pension will be subject to offset.

## **Survivor Benefits**

The benefit payable to a qualified spouse or the qualified children of members with at least 10 years of credited service is equal to either 50% of the benefit to which the active member would have been entitled if the member was approved for a disability pension on the date of death, or 50% of the benefit that the retired member actually was receiving on the date of death. The minimum benefit, subject to a six month service requirement, is set forth in a table in the pension provisions based on the number of qualified survivors and the member's "highest average pay." The maximum monthly benefit set forth in this table for an average annual pay of \$16,800 or more amounts to \$265, \$510 and \$800, respectively, when there are one, two or three-or-more qualified survivors. (These figures do not apply to Local 217 employees. Please refer to the applicable union contract for further information).

Survivorship benefits cease upon remarriage. A survivor who collects spousal death benefits and subsequently remarries is no longer entitled to that pension benefit and consequently subject to repayment.

## **Death Benefits**

If the accumulated employee contributions exceed the benefit payments made to a member and/or the member's survivors, the difference will be paid to the appropriate beneficiary, legal representative or estate in a lump sum.

## **Termination Benefits**

Terminating non vested members, upon application, receive their accumulated contributions in a lump sum.

Vested members may choose to waive their rights to a pension and can, upon application, receive their accumulated contributions in a lump sum. Also, terminating members with 10 or more years of credited service will receive 3% interest on their contributions.

If a member who withdrew their contributions returns to employment with the City, they have up to six months of their return to work to request a reinstatement of their prior credited service.

## **Cost-of-Living Adjustments**

Employees and their beneficiaries who are receiving monthly benefits will have these benefits increased or decreased each year according to the U.S. Consumer Price Index subject to the following restrictions:

- (1) the annual increase or decrease will be limited to 3%.
- (2) the cost-of-living adjustments will never reduce the benefit below its original level.
- (3) the cost of living increase will be paid out beginning each July, if at least 18 monthly prior pension payments have been received.

**Direct Deposit is available for all participants. Direct deposit provides security, convenience, reliability and timeliness. The majority of retirees currently have direct deposit. Please contact the Pension Division at 946-8297 if you would like to enroll, or complete the attached form.**

# **PLEASE TAKE NOTE**

## **IMPORTANT FACTS CERF RETIREES SHOULD KNOW:**

1). **SURVIVORSHIP ELIGIBILITY:** If you are the spouse of a deceased CERF retiree and you are receiving a survivorship pension benefit, you must notify the City of New Haven Payroll & Pension Division immediately if you plan to remarry. ***Your survivorship eligibility terminates upon remarriage.*** CERF will institute legal action against any survivorship recipient who remarries, fails to give immediate notification of this change of marital status, and continues to receive ineligible survivorship benefits. Such failure to comply will constitute the illegal collection of ineligible retirement benefits and the survivor will be subject to the legal civil consequences thereof, including but not limited to repayment with compounded interest of all ineligible retirement benefits received, and the possible pursuit of criminal litigation.

2). **RETURN TO WORK FULL TIME PROHIBITION:** As per City of New Haven Ordinance 2-87 c, a CERF retiree may return to City Of New Haven reemployment provided his/her work week is part time (does not exceed nineteen (19) hours per week). If the retiree's reemployment is full time, twenty (20) or more work hours per week), his/her CERF **pension benefits will be immediately revoked.**

**CERF STATEMENT OF ASSETS & LIABILITIES 2004-2005 WITH  
COMPARABLE FIGURES FOR 2003-2004**

	2003-2004		2004-2005	
	Amount	Percent	Amount	Percent
<b>ASSETS (1)</b>				
Long Term Debt Obligations - Government	\$43,579,100	15.0%	\$30,307,600	10.0%
Long Term Debt Obligations - Corporate	25,617,400	8.9%	10,904,000	3.6%
Common Stock	100,370,000	34.6%	106,901,000	35.5%
Preferred Stock	0	0.0%	116,200	0.0%
Cash and Cash Equivalents	5,407,000	1.9%	34,797,700	11.5%
Accrued Investment Income	805,700	0.3%	375,200	0.1%
Accrued Member Contributions	57,100	0.0%	17,700	0.0%
Accrued City Contributions	0	0.0%	0	0.0%
Due From Other Funds	200	0.0%	0	0.0%
Due From Sale of Securities	1,976,600	0.7%	2,383,700	0.8%
Net Assets Available For Pension Plan Benefits	177,813,100	61.4%	185,803,100	61.5%
Future City Contributions for Prior Service	111,630,800	38.6%	116,549,600	38.5%
<b>Total Assets</b>	<b>\$289,443,900</b>	<b>100.0%</b>	<b>\$302,161,000</b>	<b>100.0%</b>
<b>LIABILITIES</b>				
Purchases of Securities Payable	\$558,900	0.2%	\$2,263,700	0.8%
Due to Other Funds	0	0.0%	0	0.0%
Expenses Payable	2,200	0.0%	0	0.0%
Benefits Payable	266,300	0.1%	143,400	0.0%
Active Members				
a. Portion Funded by Member Contributions	22,903,900	7.9%	25,831,400	8.5%
b. Portion Funded or to be Funded by City Contributions	61,143,600	21.1%	71,435,300	23.7%
<b>Total</b>	<b>\$84,874,900</b>	<b>29.3%</b>	<b>\$99,673,800</b>	<b>33.0%</b>
Conditional Members	\$636,800	0.2%	\$569,700	0.2%
Retired Members	173,776,700	60.1%	172,583,800	57.1%
Disabled Members	15,362,200	5.3%	15,001,800	5.0%
Survivor Members	14,793,300	5.1%	14,332,000	4.7%
<b>Total Liabilities</b>	<b>\$289,443,900</b>	<b>100.0%</b>	<b>\$302,161,100</b>	<b>100.0%</b>
 Funded Ratio (2)		<b>61.3%*</b>		<b>61.2%**</b>

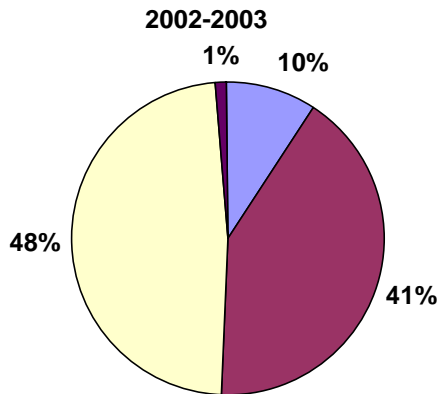
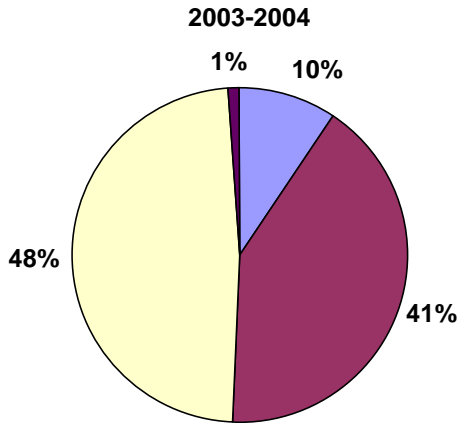
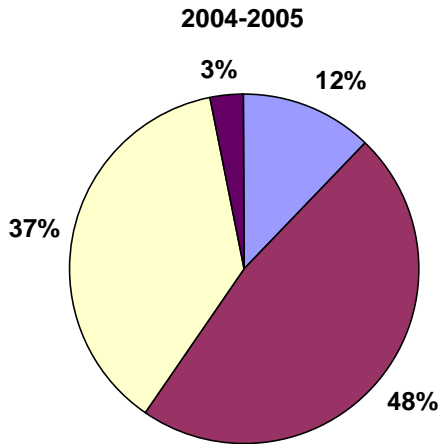
(1) Investments Reported at Market Value

(2) Net Assets less Liability Payables divided by Total Liabilities less Liability Payables

\* Market value basis. Funded ratio is 63.3% on an actuarial value basis as of 6/30/2004.

\*\*Market value basis. Funded ratio is 61.5% on an actuarial value basis as of 6/30/2005.

**DISTRIBUTION OF INVESTMENT ASSETS  
FISCAL YEARS 2003-2005**

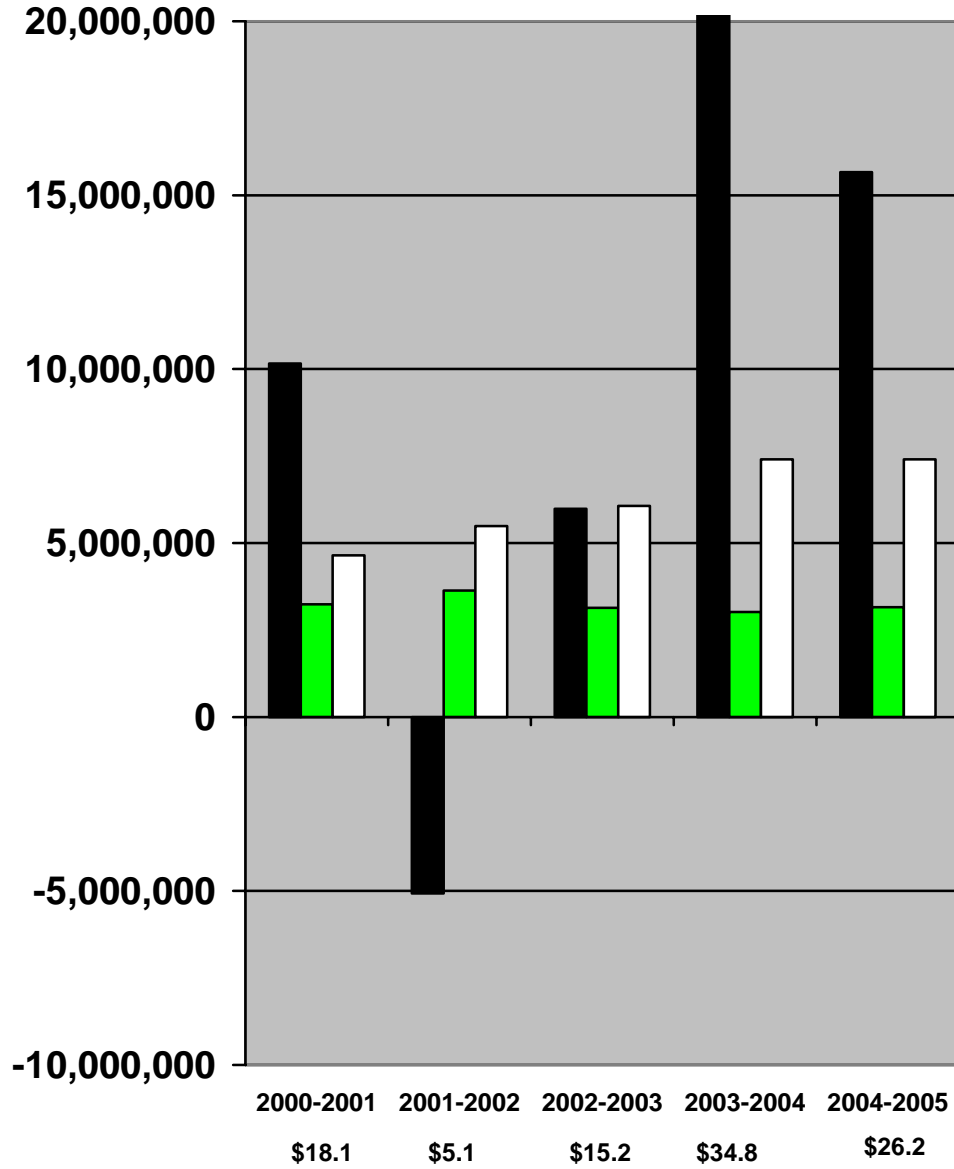


- International Equities
- Equities are Common or Preferred Stock
- Fixed are U.S. Government or Corporate Bonds
- Other is Cash or Cash Equivalents

**CERF STATEMENT OF INCOME AND EXPENDITURES 2004-2005 WITH  
COMPARABLE FIGURES FOR 2003-2004**

	2003-2004	2004-2005
<b>Income</b>		
Members' Contributions	\$3,021,800	\$3,157,800
City's Contributions	7,408,600	7,407,500
Interest and Dividends	4,638,200	4,561,600
Realized Gains (Loss) From Investment Activity	9,912,900	8,117,300
Unrealized Gains (Loss) From Investment Activity	9,770,300	2,984,400
Other	3,300	13,600
<b>Total Income</b>	<b>\$34,755,100</b>	<b>\$26,242,200</b>
<b>Expenditures</b>		
Payments to Retired Members	\$14,529,400	\$15,111,800
Payments to Disabled Members	1,629,800	1,566,700
Payments to Survivors of Deceased Members	1,819,000	1,812,400
Payments to Retirees - Special Act 391	200,000	179,900
Refund Payments for Members Who Withdrew or Died	425,000	439,400
Administrative Expenses	657,900	721,900
<b>Total Expenses</b>	<b>\$19,261,100</b>	<b>\$19,832,100</b>
 <b>Net Income</b>	 <b>\$15,494,000</b>	 <b>\$6,410,000</b>

# INCOME CHART FISCAL YEARS 2001-2005



- Investments are earnings from the Fund portfolio
- Employee contributions are payroll contributions to the Fund
- Employer Contributions are City contributions to the Fund

**INVESTMENT MANAGERS**

**Oppenheimer Capital:** ..... New York, New York  
**Blackrock Financial:**..... New York, New York  
**Kennedy Capital\*:** ..... St. Louis, Missouri  
**Morgan Stanley:** ..... New York, New York  
**New Amsterdam:**..... New York, New York  
**Israel Bonds:**..... New York, New York  
**Trust Company of the West:**..... Los Angeles, California  
**Voyageur Asset Management:**..... Minneapolis, Minnesota  
**Bernzott Capital:** ..... Camarillo, California

**CUSTODIAN**

**Northern Trust:**..... Chicago, Illinois

**LEGAL COUNSEL**

**Brenner, Saltzman, and Wallman:** ..... New Haven, Connecticut

**INVESTMENT CONSULTANT**

**New England Pension Consultants:** ..... Cambridge, Massachusetts

**ACCOUNTANT**

**Levitsky and Berney** ..... Woodbridge, Connecticut

**ACTUARY**

**Hooker and Holcombe, Inc.**..... West Hartford, Connecticut

**CITY EMPLOYEES' RETIREMENT FUND  
EMPLOYEE GROUP PARTICIPANTS**

Local 884-Council 4 of the AFSCME, AFL-CIO, Clerical & Technical  
Local 287-Council 4 of the AFSCME, AFL-CIO, School Custodians  
Local 68-Connecticut Independent Labor Union, Public Works  
Local 71-Connecticut Independent Labor Union, Parks & Recreation  
Local 3144-Council 4 of the AFSCME, AFL-CIO, Management  
Local 217 of the AFSCME, AFL-CIO, Education Cafeteria  
Local 24, 90, 777, and 349, of the AFSCME, AFL-CIO, Education Crafts  
Executive Management/Professional/Confidential

\* Terminated 8/05

## RETIREMENT BOARD

**Ex-Officio Representative:** ..... Honorable John DeStefano, Jr.

**Secretary:** ..... Mark Pietrosimone

**Appointed Representatives:**..... Rae Ann Boykin  
William Iovanne, Sr.  
Pasquale Ambrogio

**Employee Representatives:**.....Jerome Sagnella, Chairman  
John Varrone

**IT IS HIGHLY RECOMMENDED THAT ALL RETIREES TAKE ADVANTAGE OF ELECTRONIC TRANSFER OF THEIR MONTHLY PENSION BENEFITS DIRECTLY TO THEIR DESIGNATED ACCOUNT. DIRECT DEPOSIT PROVIDES SECURITY, CONVENIENCE, RELIABILITY AND TIMELINESS. WE CAN GUARANTEE YOUR MONTHLY BENEFIT WILL BE ELECTRONICALLY DEPOSITED ON TIME. HOWEVER, IF YOU DO NOT USE DIRECT DEPOSIT, RECEIPT OF YOUR NEGOTIABLE CHECK CANNOT BE GUARANTEED BY THE LAST BUSINESS DAY OF THE MONTH DUE TO FLUCTUATIONS IN POSTAL SERVICE DELIVERY. THE MAJORITY OF RETIREES CURRENTLY HAVE DIRECT DEPOSIT AND THOROUGHLY ENJOY ITS ADVANTAGES. PLEASE CONTACT THE PENSION DIVISION AT 946-8297 IF YOU WOULD LIKE TO ENROLL OR COMPLETE THE ATTACHED FORM.**