

Future of Retirement Study Commission

Role of Pension Benefit in Local Government Recruitment & Retention

Rebecca Troutman,
NCACC IGR Director

Paul Meyer,
NCLM Legislative Counsel



Purpose

- Determine local government experiences and preferences of pension benefit impacts on:
 - Recruitment
 - Retention
 - Employee value
 - Labor market



Process

- Focus group of local government managers & HR directors
- Series of questions
- Retirement system expertise
 - *Many thanks to David Vanderweide*



Role of pension benefits...

In attracting employees at certain career points?

- Prefer wide range of experience
 - Type of position dictates breadth
- Focus on Quality
- System should attract experienced worker
 - Younger worker less influenced



Role of pension benefits...

In retaining employees at certain career points?

- Current system incents experienced workers to stay for 30 years & leave after 30 years
 - 20 yrs+ leave only for other local govt jobs
 - 30 yr retirement incentive opens career path for mid-level staff
 - *Salary incentive to keep individual 30+ years*



Role of pension benefits...

In retaining employees at certain career points?

- Current system works better than private sector retention bonuses
 - Minimizes political influence in funding & employment decisions
- *Food for thought?*
 - Explore lengthening final compensation averaging period
 - Remove incentive to job hop in last 4 years



Role of pension benefits...

In encouraging employees to leave at 30 years?

- Current system provides sufficient incentive
- *Food for thought?*
 - Local governments have option, & funding responsibility, to offer phased retirement to specific employee
 - Provide mentoring, training



Role of pension benefits...

In attracting/retaining certain job types?

- Difficult to attract highly specialized positions
- Pension system not appropriate fix
 - Salary enhancements better fit

Role of pension benefits...

In attracting quality workers?

- Difficult to attract highly sought-after positions
- Pension system not appropriate fix
 - Salary enhancements better fit



Role of pension benefits...

When combined with other salary & benefits?

- Salary, health care coverage, pension valuable to:
 - Local government recruiters
 - Local government employees
 - Remain competitive with private sector's higher salaries
- *Food for thought?*
 - Local governments need to do a better job at explaining packets
 - Retirement system could provide marketing tools



Conclusions

- Pension system attracts experienced workers
 - Younger workers less influenced
- Pension system retains experienced workers
 - Consider expanding final compensation averaging
- Salary incentives to retain 30+ & attract/retain sought-after positions
 - Consider local govt funding & option of transition
- Local govt employees highly value pension, as important component of salary & benefits package

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Final Thoughts?

- Remain future focused
 - Look beyond today's economy
- Look to inform funding discussion
 - Focus on stability
 - Focus on affordability
 - Focus on parity



Questions & Comments?

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