Overview of Pension Obligation Bonds
July, 2021

- The City of Norwich has a very significant pension liability – approximately $144 million - that must be addressed to meet its legal obligations to retirees and current employees

    - While the City has taken a number of steps to slow the growth of this liability, a more ambitious step could be taken to reduce the City's long-term costs.

- Issuing Pension Obligation Bonds to address one of the most pressing financial issues facing the City of Norwich is a smart investment for the future of this community.

- With interest rates at historically low rates and the City's strong financial standing, this is the right time to take this bold step.

- Very low interest rates would allow the City to essentially refinance this debt at a lower rate, generating an estimated $43 million in savings over the next 30 years.

- POBs are a growing trend of municipalities in Connecticut and around the country taking this approach (most recently in West Hartford).

- Issuing POBs would strengthen the overall financial condition for the City going forward
    - Stronger financial position = stabilized tax rates

- The City could have more resources and flexibility each year to pay for annual municipal services with less pressure on taxes:
    - Norwich Public Schools
    - Norwich Police Department
    - Norwich Fire Department
    - Norwich Volunteer Fire Departments
    - Programs and services for kids and senior citizens
    - Critical City infrastructure

- The City has been working with municipal finance experts who have run very sophisticated simulations of how this process would work; in more than 70% of these scenarios, the outcome was a stronger pension fund for the City at a lower cost for the taxpayers of Norwich.

- If approved by the voters in a referendum in November, the City's plan would be subject to review and approval by the Office of the State Treasurer and the State's Budget (the Office of Policy and Management).