

Actuarial Valuations as of June 30, 2018 Presentation to City Council

Federated City Employees' Retirement System
Police & Fire Department Retirement Plan

April 16, 2019
Presented by: Roberto L. Peña

Annual City Contributions– Amounts Throughout the Fiscal Year

Valuation ending 6/30	2018	2017
Fiscal Year	2019–2020	2018–2019
Police & Fire Pension	\$186,000	\$170,100
Police & Fire OPEB	24,000	22,500
Police & Fire	\$210,000	\$192,600
Federated Pension	\$180,000	\$168,900
Federated OPEB	\$22,000	\$21,000
Total Federated	\$202,000	\$189,900
Total Pension	\$366,000	\$339,000
Total OPEB	\$46,000	\$43,500
Grand Total	\$412,000	\$382,500

Total Unfunded Actuarial Liability As of June 30, 2018

\$ in Thousands	Police & Fire	Federated	Total UAL
Pension UAL – AVA	\$1,099,838	\$1,921,333	\$3,021,171
OPEB UAL – AVA	\$584,754	\$372,858	\$957,612
Total UAL – AVA	\$1,684,592	\$2,294,191	\$3,978,783
Pension UAL – MVA	\$1,200,238	\$2,031,489	\$3,231,727
OPEB UAL – MVA	\$584,754	\$372,858	\$957,612
Total UAL – MVA	\$1,784,992	\$2,404,347	\$4,189,339

Key Valuation Results – P&F

In Thousands	Pension 6/30/18	Pension 6/30/17	OPEB 6/30/18	OPEB 6/30/17
Discount Rate	6.75%	6.875%	6.50%	6.875%
Total Actuarial Liability (AL)	\$4,696,428	\$4,464,402	\$747,274	\$680,246
Actuarial Value of Assets (AVA)	\$3,596,590	\$3,439,922	\$162,519	\$142,517
Unfunded Actuarial Liability (UAL)	\$1,099,838	\$1,024,480	\$584,755	\$537,729
AVA Funded Ratio	76.6%	77.1%	21.7%	21.0%
Market Value of Assets (MVA)	\$3,496,190	\$3,293,257	\$162,519	\$142,517
UAL – MVA	\$1,200,238	\$1,171,145	\$584,755	\$537,729
MVA Funded Ratio	74.4%	73.8%	21.7%	21.0%

Actuarial Liability (AL) – Police and Fire Pension (Amounts in Thousands)

	Police	Fire	Total PF
Tier 1			
Active members	\$873,339	\$578,298	\$1,451,637
Deferred vested	89,767	7,762	97,529
Retirees	1,971,344	1,158,431	3,129,775
Total Tier 1 AL	\$2,934,450	\$1,744,491	\$4,678,941
Tier 2			
Active members	\$12,392	\$4,540	\$16,932
Deferred vested	520	35	555
Total Tier 2 AL	\$12,912	\$4,575	\$17,487
Total Actuarial Liability	\$2,947,362	\$1,749,066	\$4,696,428

Key Valuation Results – Federated

In Thousands	Pension 6/30/18	Pension 6/30/17	OPEB 6/30/18	OPEB 6/30/17
Discount Rate	6.75%	6.875%	6.75%	6.875%
Total Actuarial Liability (AL)	\$4,100,821	\$3,923,966	\$650,114	\$630,452
Actuarial Value of Assets (AVA)	\$2,179,488	\$2,101,435	\$277,256	\$248,583
Unfunded Actuarial Liability (UAL)	\$1,921,333	\$1,822,531	\$372,858	\$381,869
AVA Funded Ratio	53.1%	53.6%	42.6%	39.4%
Market Value of Assets (MVA)	\$2,069,332	\$1,972,791	\$277,256	\$248,583
UAL – MVA	\$2,031,489	\$1,951,175	\$372,858	\$381,869
MVA Funded Ratio	50.5%	50.3%	42.6%	39.4%

Actuarial Liability (AL) – Federated Pension (Amounts in Thousands)

	Federated
Tier 1	
Active members	\$1,049,568
Deferred vested	232,508
Retirees	2,765,610
Total Tier 1 AL	\$4,047,686
Tier 2	
Active members	\$49,242
Deferred vested	3,708
Retirees	185
Total Tier 2 AL	\$53,135
Total Actuarial Liability	\$4,100,821

Actuarial Value of Assets

Development of Actuarial Value of Assets - Police and Fire

Market Value of Assets							\$ 3,496,190
<u>Earnings</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Total</u>	
Actual	\$ 404,979	\$ (27,690)	\$ (29,206)	\$ 292,733	\$ 233,474	\$ 874,291	
Expected	<u>202,301</u>	<u>225,302</u>	<u>221,094</u>	<u>212,514</u>	<u>230,741</u>	<u>1,091,952</u>	
Gain or (Loss)	\$ 202,678	\$ (252,992)	\$ (250,300)	\$ 80,220	\$ 2,733	\$ (217,661)	
Deferred %	0%	20%	40%	60%	80%		
Deferred Amount	\$ 0	\$ (50,598)	\$ (100,120)	\$ 48,132	\$ 2,187	\$ (100,400)	
Final Actuarial Value of Assets							\$ 3,596,590

Amounts in Thousands

Development of Actuarial Value of Assets - Federated

Market Value of Assets							\$ 2,069,332
<u>Earnings</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Total</u>	
Actual	\$ 263,687	\$ (16,642)	\$ (35,011)	\$ 146,011	\$ 117,493	\$ 475,538	
Expected	<u>129,928</u>	<u>141,389</u>	<u>138,173</u>	<u>131,352</u>	<u>140,082</u>	<u>680,924</u>	
Gain or (Loss)	\$ 133,760	\$ (158,031)	\$ (173,184)	\$ 14,659	\$ (22,589)	\$ (205,385)	
Deferred %	0%	20%	40%	60%	80%		
Deferred Amount	\$ 0	\$ (31,606)	\$ (69,274)	\$ 8,795	\$ (18,071)	\$ (110,156)	
Final Actuarial Value of Assets							\$ 2,179,488

Amounts in Thousands

Summary of Contribution Rates and Amounts – Pension – Police & Fire

\$ Amounts in Thousands	6/30/20		6/30/19		Change	
	Police	Fire	Police	Fire	Police	Fire
<u>Member Rates (Excluding Reclassification Payments)</u>						
Tier 1 Member	10.70%	11.46%	10.28%	11.09%	0.42%	0.37%
Tier 2 Member	14.06%	15.39%	13.71%	15.13%	0.35%	0.26%
<u>City Rates and Amounts</u>						
Tier 1 UAL Payment	\$125,055		\$112,671		10.99%	
Tier 1 Normal Cost/Admin	\$52,487 31.8%		\$51,386 30.7%		2.14% 1.1%	
Tier 2 Contribution	\$8,717 14.4%		\$6,053 14.1%		44.0% 0.3%	
Aggregate Contribution	\$186,259 82.6%		\$170,110 80.8%		9.49% 1.8%	

Summary of Contribution Rates and Amounts – Pension – Federated

\$ Amounts in Thousands	6/30/20	6/30/19	Change
<u>Member Rates (Excluding Reclassification Payments)</u>			
Tier 1 Member	7.06%	6.81%	0.25%
Tier 2 Member	8.33%	8.28%	0.05%
<u>City Rates and Amounts</u>			
Tier 1 UAL Payment	\$137,409	\$127,894	7.4%
Tier 1 Normal Cost/Admin	\$28,866 19.34%	\$29,548 18.61%	-2.3% 0.73%
Tier 2 Contribution	\$13,282 8.33%	\$11,418 8.28%	16.3% 0.05%
Aggregate Contribution	\$179,558 58.17%	\$168,861 56.92%	6.3% 1.25%

Summary of Contribution Rates – OPEB

\$ in Thousands	6/30/20		6/30/19		Federated	
	Police	Fire	Police	Fire	6/30/20	6/30/19
Members:						
Fed Member Rates	–	–	–	–	7.50%	7.50%
Fed Member – Explicit Subsidy Amounts	–	–	–	–	\$9,890	\$10,778
PF Member Rates	8.0%	8.0%	8.0%	8.0%	–	–
PF Member – Explicit Subsidy Amounts	\$6,871	\$5,477	\$6,891	\$5,519	–	–
City:						
Actuarially Determined Amount – Explicit Subsidy	\$14,595	\$9,408	\$13,723	\$8,752	\$21,790	\$21,247
Estimated City Optional Cap – Explicit Subsidy (14% for Fed and 11% for PF of payroll)	\$24,808		\$23,148		\$43,218	\$41,535