

OFFICE OF RETIREMENT SERVICES

2019-2020 Proposed Operating Budget

OUTCOMES:

- Properly Administered Retirement Plans
- Investment of Assets to Satisfy Retirement Plans' Obligations

2018-2019 Accomplishments

- Completed implementation and adjustments related to the rest of the pensionable earnings corrections for the Federated System
- Went live with the new pension administration system, excluding the Measure F-related updates
- Completed 14 and partially completed 3 recommendations out of the 20 recommendations from the City Auditor's Audit of Retirement Services
- Completed hiring of new Deputy Director
- Investment Program implemented new asset allocations, as well as updated the Investment Policy Statements
- Conducted second annual joint Board-Council meeting
- Completed third annual Investment Fee Analysis reports
- Conducted Board retreat to discuss investment strategies and ways to improve operations of the pension plans

2019-2020 Work Plan Highlights

- Work with retirement plan actuaries to adopt appropriate rates and assumptions
- Conduct and manage over 100 board and committee meetings
- Continue to provide quality customer service to members
- Publish annual financial reports and obtain GFOA award for both CAFRs and PAFRs
- Complete implementation of the Measure-F related updates to the new pension administration system
- Continue to properly manage retirement plan assets
- Continue enhancement of member information and communication through Annual Stakeholder meetings, quarterly newsletters and targeted presentations to specific member groups, as well as hire a communications consultant
- Contract with necessary medical professionals to complete Measure F 3-doctor Board medical panel, as needed

2019-2020 Personnel Budget Proposals

- Make permanent limited date position for Senior Analyst in the Benefits division
- Extend limited date position for Information Systems Analyst in the IT division for one year

2019-2020 Comprehensive Budget Proposal

	2018-2019 Adopted	2018-2019 Forecast	2019-2020 Proposed
Source of Funds			
Beginning Balance – Claims Reserve	\$6,005,301,000	\$6,005,301,000	\$6,302,041,932
COLAs	40,000	38,741	38,868
City Contributions	376,197,533	380,058,257	411,516,000
Participant Contributions	72,685,382	70,281,554	75,080,966
Investment Income, net of expenses*	324,786,076	324,946,585	341,991,346
Total Source of Funds	\$6,779,009,991	\$6,780,626,137	\$7,130,669,112
Use of Funds			
COLAs	40,000	38,741	38,868
Benefits	422,117,120	413,757,635	433,829,903
Health Insurance	56,492,663	54,534,328	56,662,277
VEBA Withdrawals	0	18,900	0
Personnel Service	7,118,000	6,201,733	7,387,000
Non-Personnel/ Equipment	2,624,000	2,283,328	2,816,000
Professional Fees	2,316,000	1,749,540	1,962,000
Ending Balance – Claims Reserve	\$6,288,302,208	\$6,302,041,932	\$6,627,973,064
Total Use of Funds	\$6,779,009,991	\$6,780,626,137	\$7,130,669,112

* Investment expenses are approximately 1% of asset size. See 2017 Annual Fee report for detail.

ORS Proposed Administrative Budget

Expenses	2018-2019 Adopted (A)	2018-2019 Forecast (B)	2019-2020 Proposed (C)	% Increase (Decrease) (A to C)	% Increase (Decrease) (B to C)
Personnel* Services	\$7,118,000	\$6,201,733	\$7,387,000	3.8%	19.1%
Non- Personnel / Equipment	\$2,624,000	\$2,283,328	\$2,816,000	7.3%	23.3%
Professional Services	\$1,878,000	\$1,413,270	\$1,607,000	(14.4%)	13.7%
Medical Services	\$438,000	\$336,270	\$355,000	(18.9%)	5.6%
Total	\$12,058,000	\$10,234,601	\$12,165,000	0.9%	18.9%

*The personal services costs reflected in the above table vary from the amount included in the 2019-2020 Proposed Budget due to revised salary, retirement, and benefit costs when compared to those that were approved by the Federated Retirement and the Police and Fire Retirement Boards in March.