

Actuarial Valuations as of June 30, 2019 Presentation to City Council

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

April 14, 2020
Presented by: Roberto L. Peña

Annual City Contributions– Amounts Throughout the Fiscal Year

Valuation ending 6/30	2019	2018
Fiscal Year	2020–2021	2019–2020
Police & Fire Pension	\$206,000	\$186,000
Police & Fire OPEB	25,000	24,000
Police & Fire	\$231,000	\$210,000
Federated Pension	\$191,000	\$180,000
Federated OPEB	\$21,000	\$22,000
Total Federated	\$212,000	\$202,000
Total Pension	\$397,000	\$366,000
Total OPEB	\$46,000	\$46,000
Grand Total	\$443,000	\$412,000

Total Unfunded Actuarial Liability As of June 30, 2019

\$ in Thousands	Police & Fire	Federated	Total UAL
Pension UAL - AVA	\$1,282,125	\$1,971,906	\$3,254,031
OPEB UAL - AVA	\$507,372	\$337,263	\$844,635
Total UAL - AVA	\$1,789,497	\$2,309,169	\$4,098,666
Pension UAL - MVA	\$1,400,004	\$2,068,556	\$3,468,560
OPEB UAL - MVA	\$507,372	\$337,263	\$844,635
Total UAL - MVA	\$1,907,376	\$2,405,819	\$4,313,195

Key Valuation Results – P&F

In Thousands	Pension 6/30/19	Pension 6/30/18	OPEB 6/30/19	OPEB 6/30/18
Discount Rate	6.75%	6.75%	6.50%	6.50%
Total Actuarial Liability (AL)	\$4,988,427	\$4,696,428	\$693,329	\$747,274
Actuarial Value of Assets (AVA)	\$3,706,302	\$3,596,590	\$185,957	\$162,519
Unfunded Actuarial Liability (UAL)	\$1,282,125	\$1,099,838	\$507,372	\$584,755
AVA Funded Ratio	74.3%	76.6%	26.8%	21.7%
Market Value of Assets (MVA)	\$3,588,423	\$3,496,190	\$185,957	\$162,519
UAL – MVA	\$1,400,004	\$1,200,238	\$507,372	\$584,755
MVA Funded Ratio	71.9%	74.4%	26.8%	21.7%

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

	Police	Fire	Total PF
Tier 1			
Active members	\$903,155	\$608,320	\$1,511,475
Deferred vested	95,139	9,069	104,208
Retirees	2,128,637	1,213,424	3,342,061
Total Tier 1 AL	\$3,126,931	\$1,830,813	\$4,957,744
Tier 2			
Active members	\$22,213	\$7,762	\$29,975
Deferred vested	661	47	708
Total Tier 2 AL	\$22,874	\$7,809	\$30,683
Total Actuarial Liability	\$3,149,805	\$1,838,622	\$4,988,427

Key Valuation Results – Federated

In Thousands	Pension 6/30/19	Pension 6/30/18	OPEB 6/30/19	OPEB 6/30/18
Discount Rate	6.75%	6.75%	6.75%	6.75%
Total Actuarial Liability (AL)	\$4,200,708	\$4,100,821	\$631,752	\$650,114
Actuarial Value of Assets (AVA)	\$2,228,802	\$2,179,488	\$294,489	\$277,256
Unfunded Actuarial Liability (UAL)	\$1,971,906	\$1,921,333	\$337,263	\$372,858
AVA Funded Ratio	53.1%	53.1%	46.6%	42.6%
Market Value of Assets (MVA)	\$2,132,152	\$2,069,332	\$294,489	\$277,256
UAL – MVA	\$2,068,556	\$2,031,489	\$337,263	\$372,858
MVA Funded Ratio	50.8%	50.5%	46.6%	42.6%

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

	Federated
Tier 1	
Active members	\$980,568
Deferred vested	237,780
Retirees	2,905,129
Total Tier 1 AL	\$4,123,477
Tier 2	
Active members	\$69,468
Deferred vested	6,961
Retirees	802
Total Tier 2 AL	\$77,231
Total Actuarial Liability	\$4,200,708

Actuarial Value of Assets – Pension

Development of Actuarial Value of Assets - Police and Fire

Market Value of Assets							\$ 3,588,423
Earnings	2015	2016	2017	2018	2019	Total	
Actual	(27,690)	(29,206)	292,733	233,474	114,180	583,491	
Expected	225,302	221,094	212,514	230,741	241,113	1,130,764	
Gain or (Loss)	(252,992)	(250,300)	80,219	2,733	(126,933)	(547,273)	
Deferred %	0%	20%	40%	60%	80%		
Deferred Amount	-	(50,060)	32,088	1,640	(101,546)	(117,879)	
Final Actuarial Value of Assets							\$ 3,706,302

Amounts in Thousands

Development of Actuarial Value of Assets - Federated

Market Value of Assets							\$ 2,132,152
Earnings	2015	2016	2017	2018	2019	Total	
Actual	(16,642)	(35,011)	146,011	117,493	76,855	288,706	
Expected	141,389	138,174	131,352	140,081	144,760	695,756	
Gain or (Loss)	(158,031)	(173,185)	14,659	(22,588)	(67,905)	(407,050)	
Deferred %	0%	20%	40%	60%	80%		
Deferred Amount	-	(34,637)	5,864	(13,553)	(54,324)	(96,650)	
Final Actuarial Value of Assets							\$ 2,228,802

Amounts in Thousands

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

\$ Amounts in Thousands	6/30/21		6/30/20		Change	
	Police	Fire	Police	Fire	Police	Fire
<u>Member Rates (Excluding Reclassification Payments)</u>						
Tier 1 Member	10.72%	11.72%	10.70%	11.46%	0.02%	0.26%
Tier 2 Member	14.18%	15.53%	14.06%	15.39%	0.12%	0.14%
<u>City Rates and Amounts</u>						
Tier 1 UAL Payment	\$79,984	\$61,213	\$70,024	\$55,031	\$9,960	\$6,182
Tier 1 Normal Cost/ Admin	\$29,649 <i>31.8%</i>	\$23,634 <i>33.18%</i>	\$29,050 <i>31.43%</i>	\$23,437 <i>32.25%</i>	\$599 <i>0.37%</i>	\$197 <i>0.93%</i>
Tier 2 Contribution	\$8,279 <i>14.18%</i>	\$3,204 <i>15.53%</i>	\$6,151 <i>14.06%</i>	\$2,567 <i>15.39%</i>	\$2,128 <i>0.12%</i>	\$637 <i>0.14%</i>
Aggregate Contribution	\$117,912 <i>77.76%</i>	\$88,051 <i>95.87%</i>	\$105,225 <i>77.27%</i>	\$81,035 <i>90.69%</i>	\$12,687 <i>0.49%</i>	\$7,016 <i>5.18%</i>

Summary of Contribution Rates and Amounts – Pension – Federated

\$ Amounts in Thousands	6/30/21	6/30/20	Change
<u>Member Rates (Excluding Reclassification Payments)</u>			
Tier 1 Member	7.22%	7.06%	0.16%
Tier 2 Member	7.92%	8.33%	-0.41%
<u>City Rates and Amounts</u>			
Tier 1 UAL Payment	\$148,460	\$137,409	\$11,051
Tier 1 Normal Cost/Admin	\$28,160 19.82%	\$28,866 19.34%	-\$706 0.48%
Tier 2 Contribution	\$14,306 7.92%	\$13,282 8.33%	\$1,024 -0.41%
Aggregate Contribution	\$190,926 59.16%	\$179,558 58.17%	\$11,368 0.99%

Summary of Contribution Rates – OPEB

\$ in Thousands	6/30/21		6/30/20		Federated	
	Police	Fire	Police	Fire	6/30/21	6/30/20
Members:						
Fed Member Rates	-	-	-	-	7.50%	7.50%
Fed Member - Explicit Subsidy Amounts	-	-	-	-	\$9,356	\$9,890
PF Member Rates	8.0%	8.0%	8.0%	8.0%	-	-
PF Member - Explicit Subsidy Amounts	\$6,666	\$5,196	\$6,871	\$5,477	-	-
City:						
Actuarially Determined Amount - Explicit Subsidy	\$15,320	\$10,062	\$14,595	\$9,408	\$20,949	\$21,790
Estimated City Optional Cap - Explicit Subsidy (14% for Fed and 11% for PF of payroll)	\$26,783		\$24,808		\$43,116	\$43,218