

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	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Total</u>
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	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Total</u>
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