

Employees' Retirement System

2018 Budget Overview
Finance & Personnel Committee
October 10, 2017

Budget Data

	2017 ADOPTED BUDGET	2018 PROPOSED BUDGET	DIFFERENCE (amount, %)
FTEs – O&M	43.50	48.50	5.00 (11%)
FTEs - Other	0	0	0
Salaries & Wages	\$2,852,489	\$3,258,822	\$406,333 (14%)
Fringe Benefits	\$1,283,620	\$1,499,058	\$215,438 (17%)
Operating Expenditures	\$20,283,000	\$18,270,000	\$-2,013,000 (-10%)
Equipment	\$564,000	\$629,000	\$65,000 (12%)
Special Funds	\$0	\$0	\$0 (0%)
TOTAL	\$24,983,109	\$23,656,880	\$-1,326,229 (-5%)

Administrative Budget Changes

1. Restructure Staffing

- In-source 3 IT contractor positions
 - Cost of \$257,553 in salaries
 - Offset by reduction to Professional Consultant services fees
 - Estimated savings of approximately \$1.5 million over 3 years
- Add a Deputy Chief Investment Officer
 - Salary to be determined by DER classification study
 - Offset by In-sourcing the Real Estate Portfolio that was managed by Townsend
- Add a Deputy Disability Officer

2. Operating Cost Reductions

- Reduction in contractor cost as a result of In-sourcing IT position and Investment manager fees related to Real Estate Portfolio.

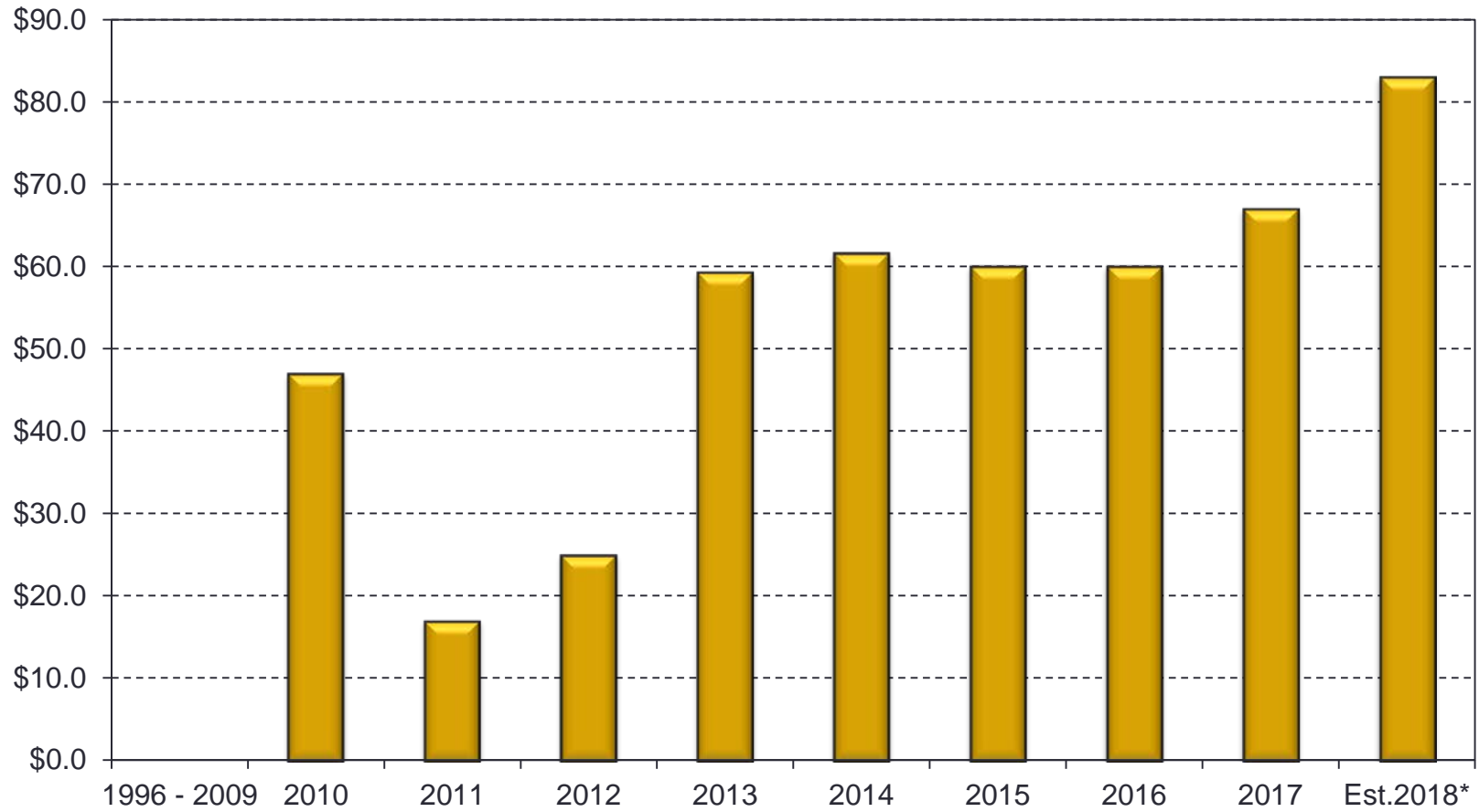
Pension Fund Status January 1, 2017

- ❑ 96.1% on an actuarial basis
- ❑ 92.9% on a market basis
- ❑ 8.33% return on investment on actuarial value
- ❑ 8.83% return on investment on market value

2018 Pension Contribution

- ❑ Pension reserve fund will have a balance of approximately \$15.6 million at year-end
- ❑ The budget provides a payment of \$83 million for the Employer Contribution
 - \$5 million of the pension reserve funds
 - \$78 million from the tax Levy
- ❑ No member contribution paid by the employer; employee now pay their own contributions
- ❑ The 5 years reset goes into effect 2018. Next reset is 2023

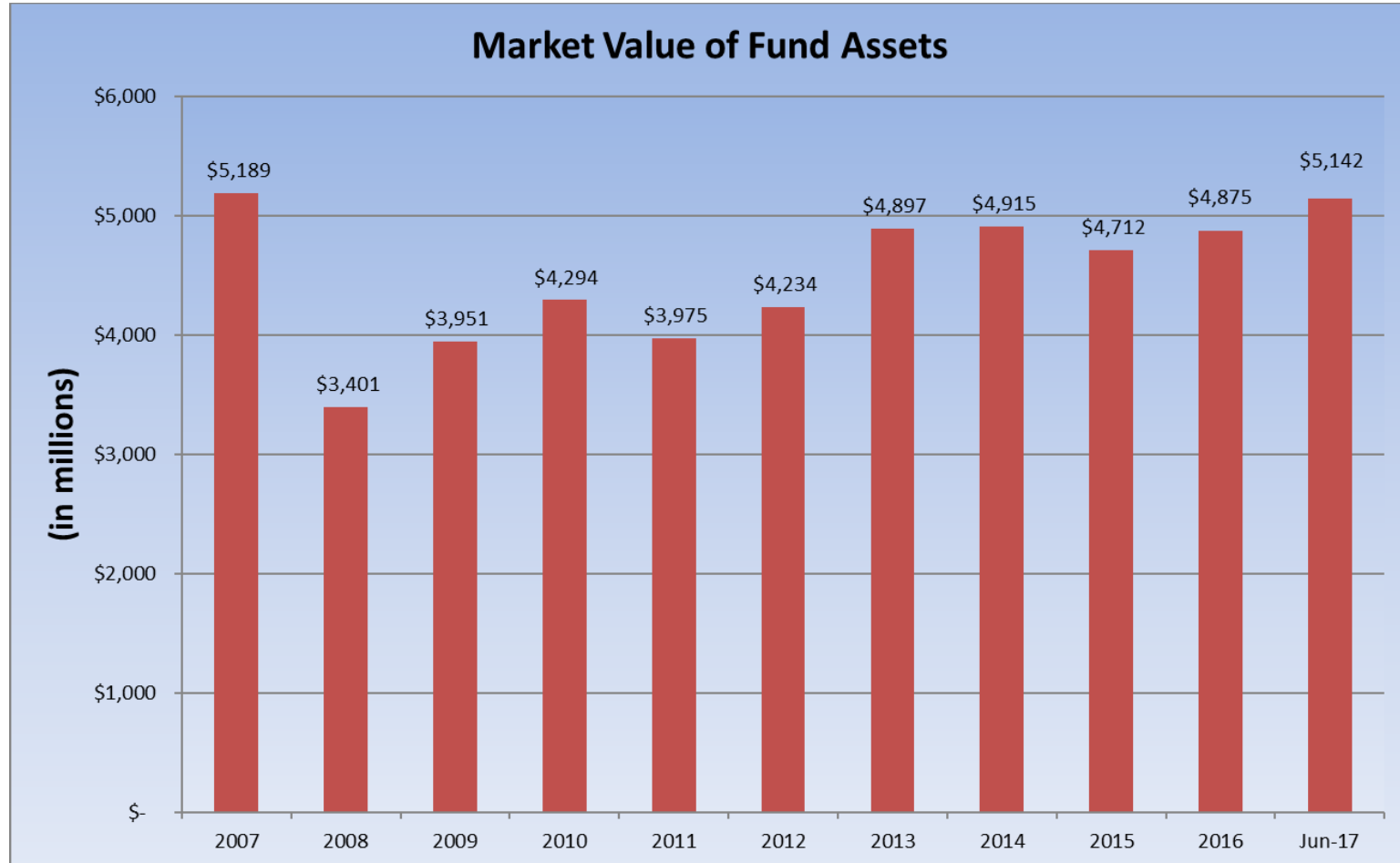
“New Normal” for Employer Pension Contributions



Contributions in 2011 and 2012 were made to the employer's pension reserve. 2018-2022 contributions will be based on a reset of stable contribution rates. Source: City Budget documents.

Fund Value of Assets: 2007 - June 30, 2017

(Year Ended Dates reflect 12/31 Fund Values)



Benefit Payments	\$2.9 billion
Expenses	\$172 million
Contributions	\$797 million
Investment Gain	\$2.2 billion



How would things shakeout in the next cycle?"

