

# Employees' Retirement System

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**2019 Budget Overview**  
**Finance & Personnel Committee**  
**October 10, 2018**

# Budget Data

	2018 ADOPTED BUDGET	2019 PROPOSED BUDGET	DIFFERENCE (amount, %)
<b>FTEs – O&amp;M</b>	48.50	48.50	0.00 (0%)
<b>FTEs - Other</b>	0	0	0
<b>Salaries &amp; Wages</b>	\$3,258,822	\$3,310,326	\$51,504 (2%)
<b>Fringe Benefits</b>	\$1,499,058	\$1,489,647	\$-9,411 (-1%)
<b>Operating Expenditures</b>	\$18,270,000	\$18,093,000	\$-177,000 (-1%)
<b>Equipment</b>	\$629,000	\$313,000	\$-316,000(-50%)
<b>Special Funds</b>	\$0	\$0	\$0 (0%)
<b>TOTAL</b>	\$23,656,880	\$23,205,973	\$-450,907 (-2%)

# Pension Fund Status January 1, 2018

- ❑ 89.9% on an actuarial basis
- ❑ 92.7% on a market basis
- ❑ 9.09% return on investment on actuarial value
  - Assumption was 8.25%
- ❑ 16.41% return on investment on market value
  - Assumption was 8.25%

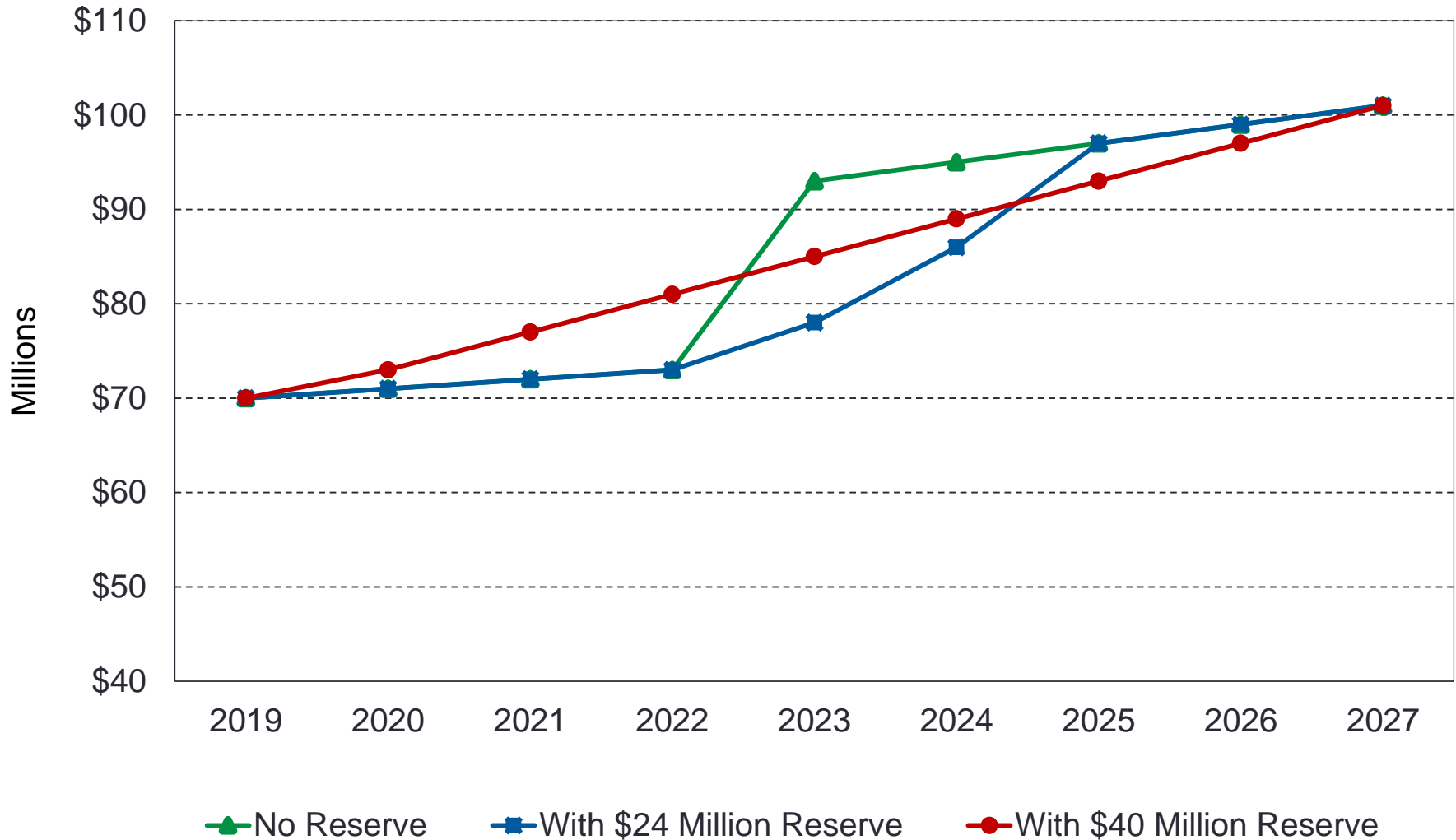
# Changes to 2018 Plan Reset

- ❑ Major Changes in Pension Funding Policy & Economic and Demographic Assumptions
  - Actuarial cost method changed to mirror GASB 67 requirements
  - Updated mortality table to reflect increased life expectancy
  - New amortization schedule for unfunded liability increases due to change in actuarial cost method cited above
  - Asset Corridor rescinded
  - Reduced assumed expected investment return, wage escalation, and inflation
- ❑ This increased the actuarial accrued liability by \$156.6 million and decreased the funded ratio
- ❑ 8.00% reset rate of return for first 5 years (2018-2022)
- ❑ 8.25% rate of return for next 25 years

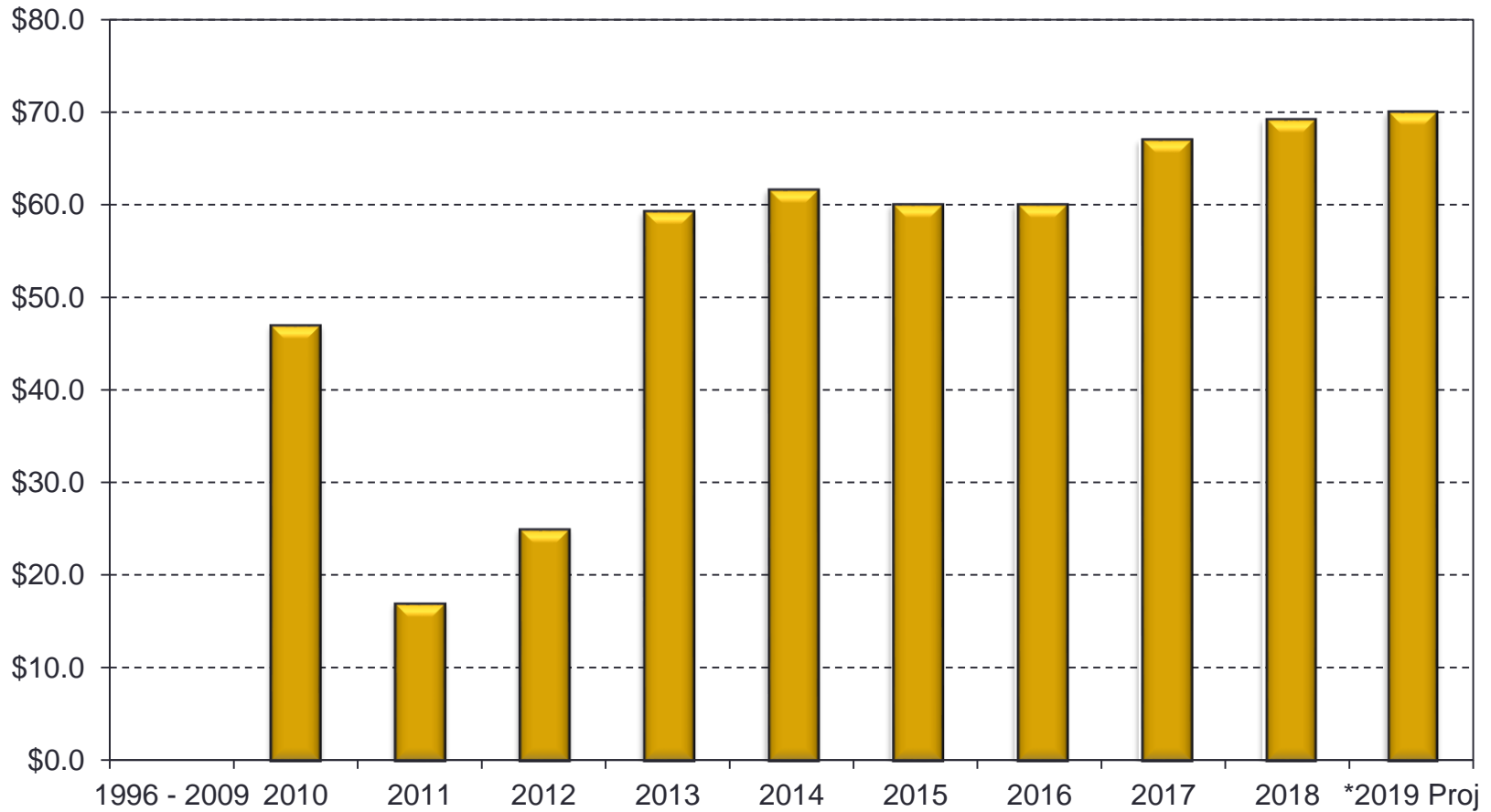
# 2019 Pension Contribution

- ❑ Pension reserve fund will have a balance of approximately \$10.6 million at year-end 2018
- ❑ Pension reserve fund balance projected to be \$24 million year-end 2019
- ❑ The budget provides a payment of \$70 million for the Employer Contribution
  - \$13.4 million off set from the pension *trust* funds
  - \$56.6 million from the tax Levy
- ❑ No member contribution paid by the employer; employee now pay their own contributions

# Future Pension Payments



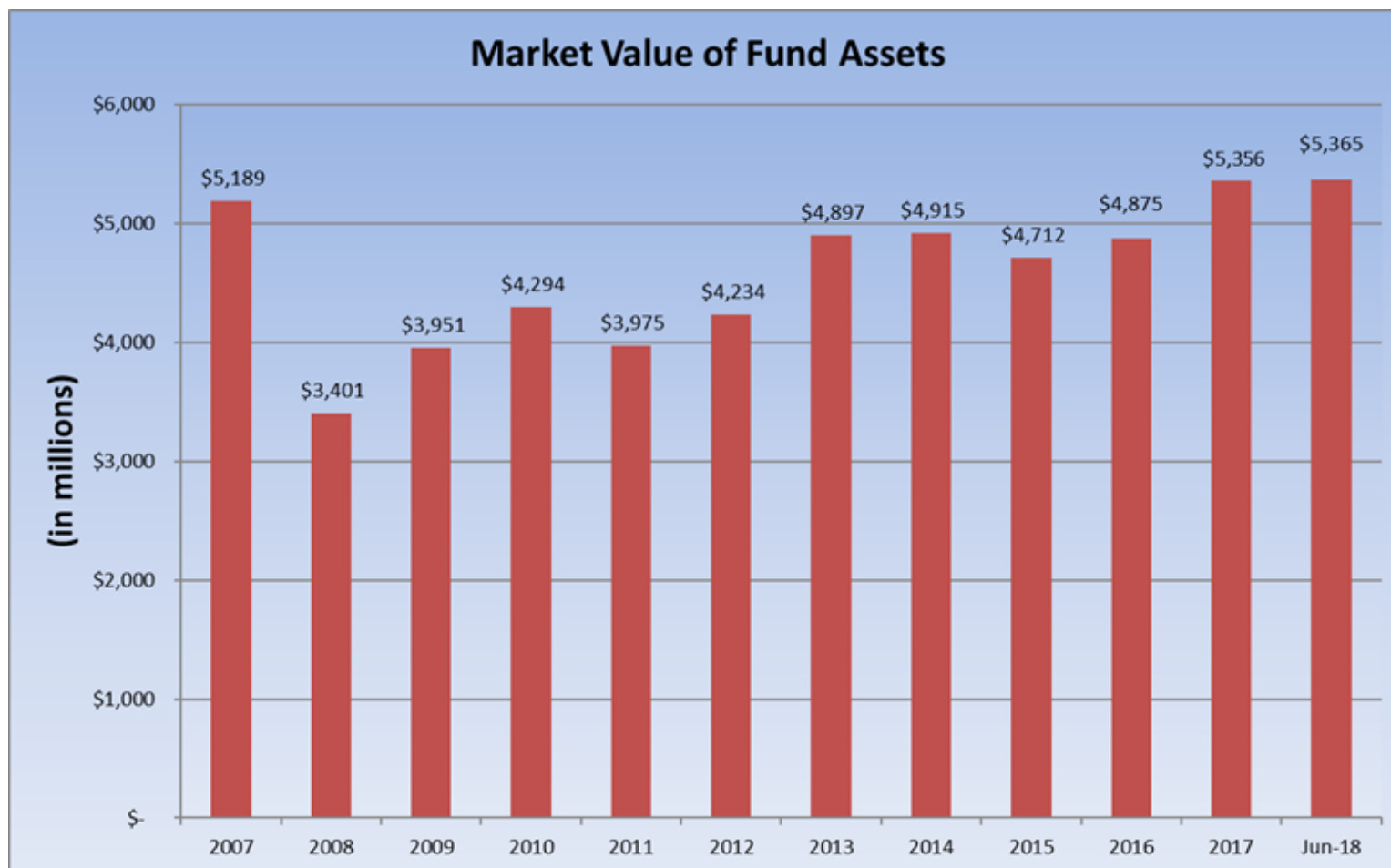
# Employer Pension Contributions Trends 1996 – 2019 Projection



*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, 2018

(Year Ended Dates Reflect 12/31 Fund Values)



<b>Benefit Payments</b>	\$3.3 billion
<b>Expenses</b>	\$189 million
<b>Contributions</b>	\$933 million
<b>Investment Gain</b>	\$2.7 billion

10 1/2 Year Estimates (1/1/08 - 6/30/18)





"I'm too tired to hear the whole story. Who wins, the bear or the bull?"