2016-2017 BUDGET QUESTION

Response to Request for Information

DEPARTMENT: Financial Services – Budget

REQUEST NO.: 69

REQUESTED BY: Zimmerman

DATE REQUESTED: 6/16/16

DATE POSTED: 6/21/16

REQUEST: Regarding the City of Austin Employees' Retirement System (COAERS):

- If the City of Austin increased the Employer Contribution Rate to 22%, based on the assumptions outlined in the COAERS 2015 Comprehensive Annual Financial Report, how many years until the current unfunded liability would be fully amortized?

- If the City of Austin decreased the Employer Contribution Rate to 16%, based on the assumptions outlined in the COAERS 2015 Comprehensive Annual Financial Report, how many years until the current unfunded liability would be fully amortized?

RESPONSE:

At the current Employer Contribution Rate of 18%, the expected amortization period of the unfunded actuarial accrued liability is 33 years. The results below are not based upon a formal actuarial analysis and can vary based upon a number of assumptions. Please note that a reduction in the current employer contribution rate would not be in compliance with the COAERS funding policy.

If the City of Austin increased the Employer Contribution Rate to 22%, based on the assumptions outlined in the COAERS 2015 Comprehensive Annual Financial Report, how many years until the current unfunded liability would be fully amortized?

- Based on the assumptions used in the COAERS 12/31/2015 Actuarial Valuation and an employer contribution rate of 22%, the expected amortization period of the unfunded actuarial accrued liability would be 20 years.

If the City of Austin decreased the Employer Contribution Rate to 16%, based on the assumptions outlined in the COAERS 2015 Comprehensive Annual Financial Report, how many years until the current unfunded liability would be fully amortized?

- Based on the assumptions used in the COAERS 12/31/2015 Actuarial Valuation and an employer contribution rate of 16%, the expected amortization period of the unfunded actuarial accrued liability would be 55 years.