


City of Austin Pension Plans Update

Audit & Finance Committee
September 26, 2019



City of Austin Pension Plans

- City of Austin Employees' Retirement System
- Austin Police Retirement System
- Austin Firefighter's Relief and Retirement Fund

Pension Plan Eligibility

- **City of Austin Employees' Retirement System**

- All regular, full time City of Austin employees working 30 hours or more/week (excluding civil service police officer and fire fighters), includes Emergency Medical Services employees
 - Group A – employees hired before January 1, 2012
 - Group B – employees hired on or after January 1, 2012

- **Austin Police Retirement System**

- All commissioned law enforcement officers employed by the City of Austin Police Department and cadets upon enrollment in the Austin's Police Academy

- **Austin Fire Fighter's Relief and Retirement Fund**

- All commissioned civil service and Texas state-certified fire fighters with at least six months of service employed by the Austin Fire Department

Contribution Rates

	Employees	Police	Fire
Employee Contribution (percent of earnings)	8.00%	13.00%	18.70%
City Contribution (percent of earnings)	18.00%	21.313%	22.05%
City Contributions (in thousands) 09/30/2018	\$114,149	\$34,944	\$19,809

Source: 2018 City of Austin Comprehensive Annual Financial Report

Plan Membership

	Employees	Police	Fire
Inactive employees or beneficiaries receiving benefits	6,225	867	786
Inactive employees entitled to but not yet receiving benefits	2,657	98	9
Active employees	9,612	1,866	1,045
Total Members	18,494	2,831	1,840

Source: 2018 City of Austin Comprehensive Annual Financial Report

Retirement Eligibility

Employees	Police	Fire
<u>Group A</u>		
<ul style="list-style-type: none"> • 20 years service at age 55 • 23 years service at any age • Any number of years of service at age 62 	<ul style="list-style-type: none"> • 20 years service at age 55 	<ul style="list-style-type: none"> • 10 years service at age 50
<u>Group B</u>	<ul style="list-style-type: none"> • 23 years service at any age 	<ul style="list-style-type: none"> • 25 years service at any age
<ul style="list-style-type: none"> • 30 years service at age 62 • 5 years service at age 65 		
	<ul style="list-style-type: none"> • Any number of years of service at age 62 	

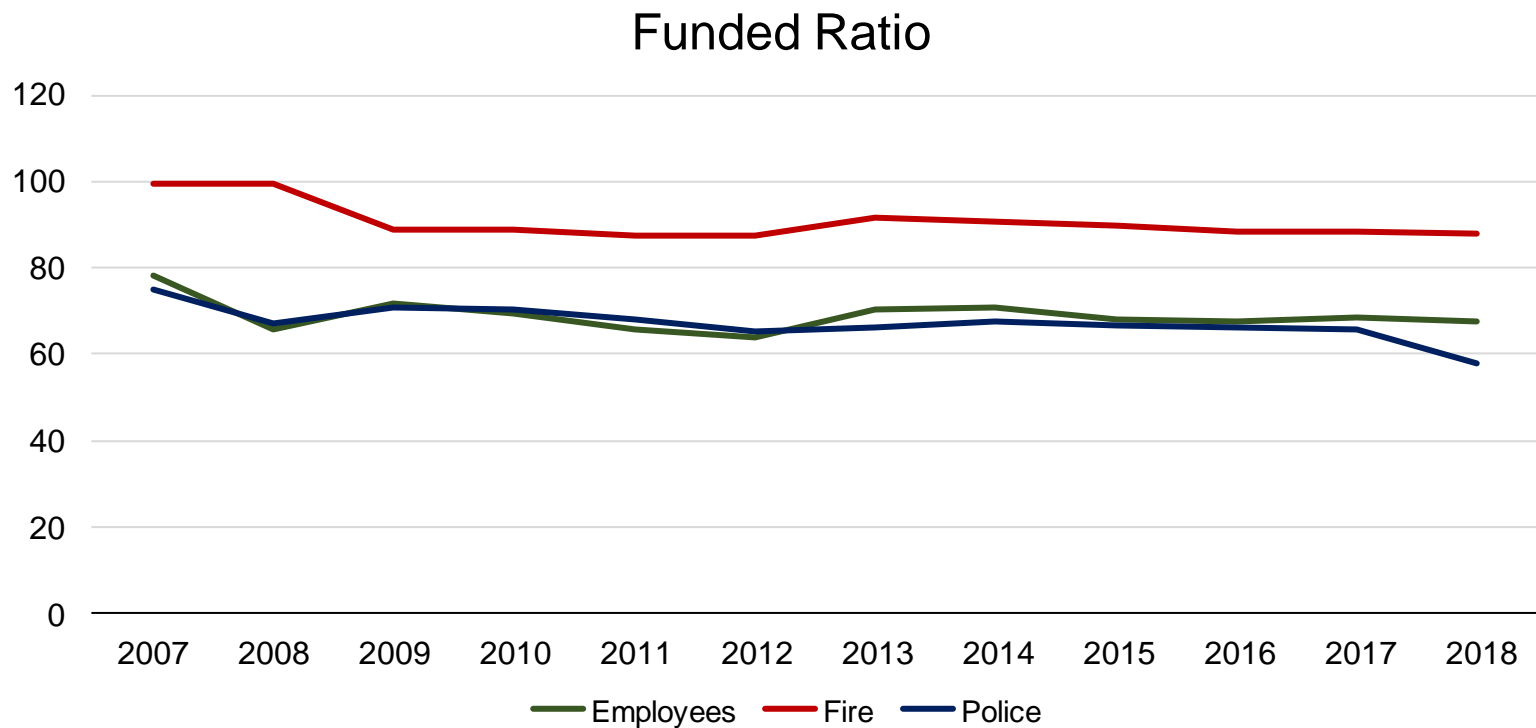
Actuarial Assumptions

12/30/2018	Employees	Police	Fire
Inflation Rate	2.75%	2.50%	2.75%
Payroll Growth	4.00%	3.00%	3.50%
Investment Return	7.50%	7.25%	7.70%

Actuarial Calculations

	Employees	Police	Fire
Date of Last Actuarial Valuation	12/31/2018	12/31/2018	12/31/2018
Actuarial Value of Investments <i>(millions)</i>	\$2,695.4	\$808.0	\$954.6
Actuarial Accrued Liability <i>(millions)</i>	\$3,989.6	\$1,389.7	\$1,084.5
Unfunded Accrued Liability <i>(millions)</i>	\$1,294.2	\$581.7	\$130.0
Amortization Period	32 years	Indefinite	17.9 years
Funded Ratio	67.6%	58.1%	88.0%

Funded Ratio History



Pension Plan Investment Returns

	Employees	Police	Fire
12/31/2018	-5.91%	-6.04%	-2.00%
3 year return	5.80%	4.20%	7.10%
5 year return	4.00%	3.40%	5.40%
10 year return	8.60%	5.30%	8.10%
Assumed Actuarial Return	7.50%	7.25%	7.70%

City of Austin's FY 2020 Budget – Pension Plan Initiative

- Work closely with our partners at the Police and Employees' Retirement Systems to develop long-term strategies for ensuring their financial health.
- Funding approved in FY 2020 budget for consulting assistance to evaluate options.

Questions?

City of Austin Employees' Retirement System Annual Audit:

<https://www.coaers.org/Resources/CAFR>

Austin Police Retirement System Annual Audit:

<https://www.ausprs.org/reports>

Austin Fire Fighters Relief and Retirement Fund Annual Audit:

<https://www.afrs.org/financial-statements>

City of Austin's Actuarial Audit of the City's 3 Pension Systems (Item# 17):

<http://www.austintexas.gov/department/city-council/2019/20190509-reg.htm>