

City of Austin Pension Plan Update

AUDIT & FINANCE
COMMITTEE

OCTOBER 21, 2020

City of Austin Pension Plans

City of Austin Employees' Retirement System (Employees)

Austin Police Retirement System (Police)

Austin Firefighters Relief and Retirement Fund (Fire)

Pension System Eligibility

City of Austin Employees' Retirement System

- All regular, full time employees working 30 hours or more (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 and cadets upon enrollment in Austin's Police Academy

Austin Fire Fighters 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

Current Contribution Rates

September 30, 2019	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)	\$120,795	\$35,617	\$20,890

*Source: 2019 City Comprehensive Annual Financial Report

Plan Membership

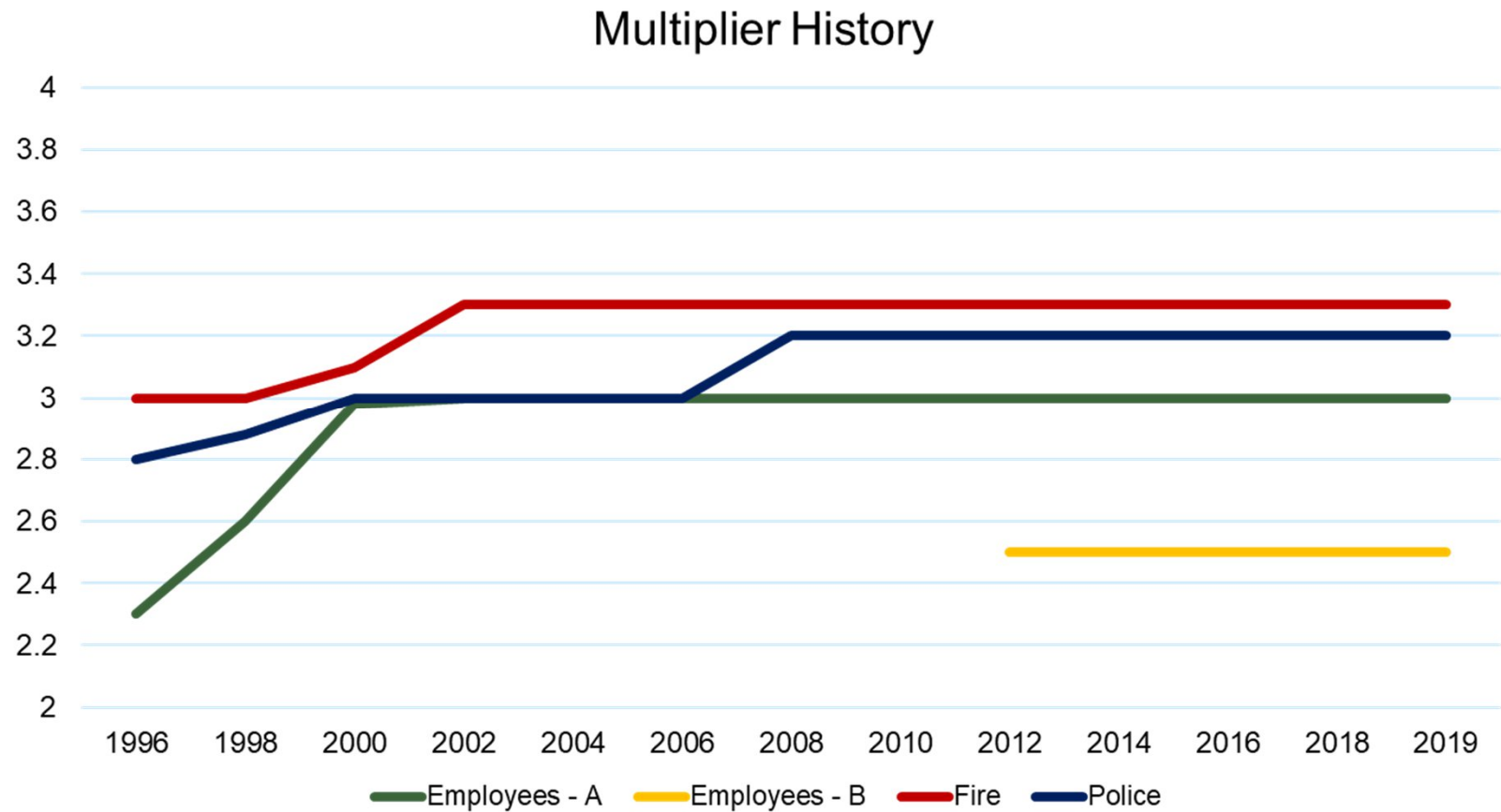
December 31, 2019	Employees	Police	Fire
Inactive employees or beneficiaries receiving benefits	6,703	950	854
Inactive employees entitled to but not yet receiving benefits	3,057	112	10
Active employees	10,149	1,872	1,130
Total Members	19,909	2,934	1,994

*Source: Pension Systems 2019 Annual Audit and Actuarial Reports

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 	

Pension Multiplier Rates



Actuarial Assumptions

	Employees	Police	Fire
Inflation Rate	2.50%	2.50%	2.50%
Payroll Growth	3.50%	3.00%	2.00%
Investment Return	7.00%	7.25%	7.50%

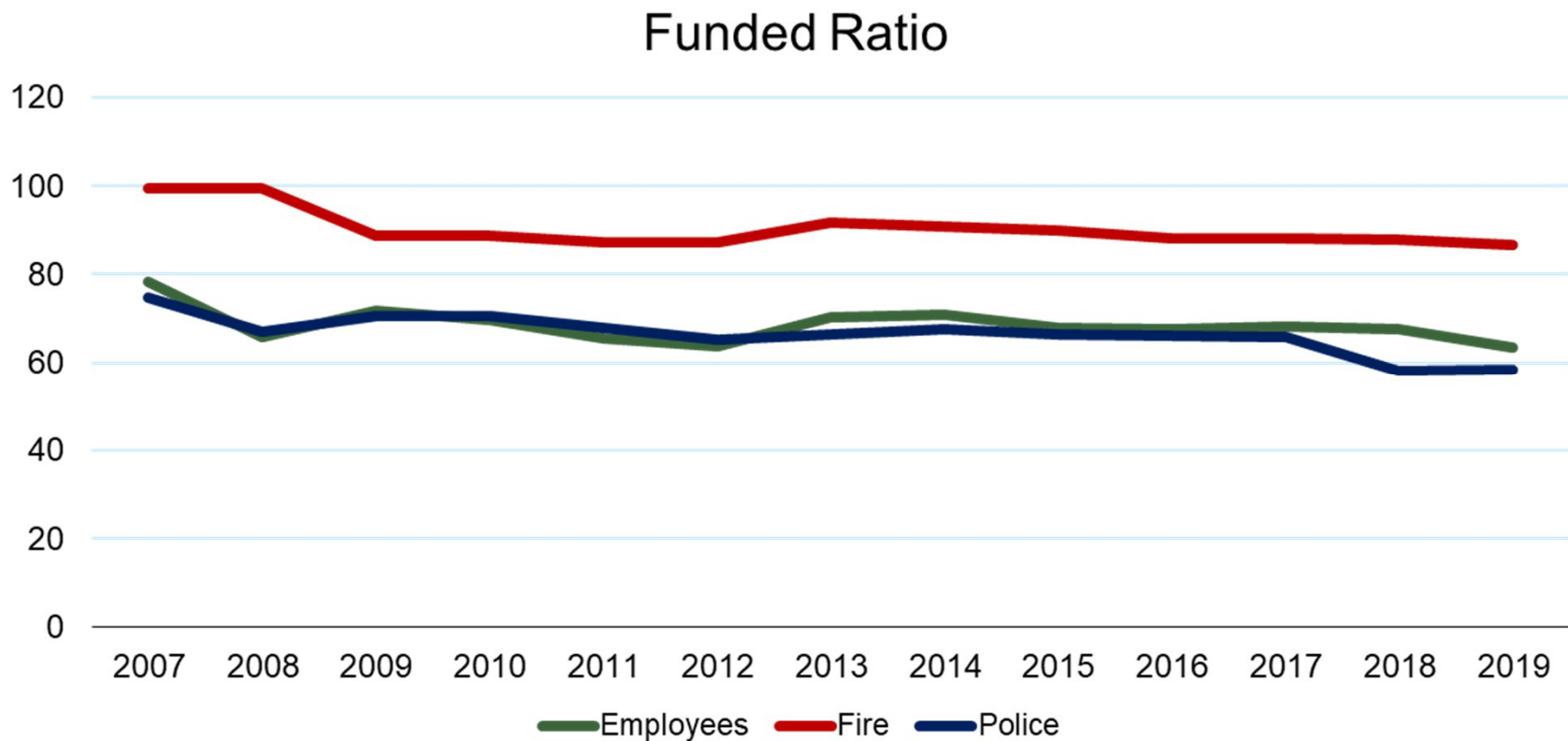
*Source: Pension Systems 2019 Annual Audit and Actuarial Reports

Actuarial Calculations

<i>(millions)</i>	Employees	Police	Fire
Date of last Actuarial Valuation	12/31/2019	12/31/2019	12/31/2019
Actuarial Value of Assets	\$2,849.0	\$852.3	\$1,002.0
Actuarial Accrued Liability	\$4,487.9	\$1,459.5	\$1,154.4
Unfunded Accrued Liability	\$1,638.9	\$607.2	\$152.4
Amortization Period	40 years	Infinite	21.9 years
Funded Ratio	63.5%	58.4%	86.8%

*Source: Pension Systems 2019 Annual Audit and Actuarial Reports

Funded Ratio History



Pension System Investment Returns

	Employees	Fire	Police
YTD as of 12/31/2019	20.66%	15.70%	20.79%
3 year return	9.80%	9.90%	8.24%
5 year return	6.99%	7.60%	6.20%
10 year return	8.16%	8.20%	6.32%
Assumed Actuarial Return	7.00%	7.50%	7.25%

*Source: Pension Systems Investment Reports – 4th Quarter 2019

Questions?
