

City of Taylor Police and Fire Retirement System

Summary Annual Report

June 30, 2019

Dear Member:

The following is a summary of your Retirement System. Each year, an actuarial valuation is prepared to compare assets to liabilities. Assets are held and invested in a trust separate from other City assets. The only disbursements from this trust are to members who are retired or disabled, beneficiaries of members, members who receive contribution refunds, and for Retirement System expenses.

As Retirement Board Members, our tasks include making sure trust assets are invested prudently, required City and member contributions are received and that benefits are paid in accordance with the Retirement System's provisions.

Various professionals are hired to help in the administration of the System. They are listed in the column to the right.

The City is funding Retirement System benefits as they accrue in accordance with a sound level percent of payroll funding objective.

Respectfully submitted,

Board of Trustees
City of Taylor Police and Fire Retirement System

Board Members and Investment Fiduciaries

Nick Hill,
Chairman

Jesse Kriebel,
Trustee

Jason Coture,
Trustee

Michelle Tocco,
Trustee

Gerry Taylor,
Trustee

Professional Advisors

Investment Fiduciaries

Fred Alger Management
 Brown Advisory
 Herndon Capital Management
 PNC Capital Advisors
 NewSouth Capital Management
 Thornburg Investment Management
 First Eagle Investment Management
 Scout Investments
 Intercontinental Real Estate Corp.
 Optima Fund Management
 Gray & Company,
Investment Consultant

Service Providers

Rodwan Consulting Company, *Actuary*
 Maurico Gomes, Website Manager
 Mike Vela, IT Specialist
 VanOverbeke, Michaud & Timmony, P.C.,
Attorney

Plan Administrator

Linda Mills Kemp

Actuarial Information Used for this Report:

1. 99 active members
2. 250 retirees/beneficiaries
3. Plan is open to new hires
4. \$52,048 average annual pension benefit
5. \$13,011,937 annual pension benefits
6. \$7,860,354 valuation payroll used
7. Employer's normal cost of benefits: 20.78%
8. Employer's total contribution rate: \$6,314,749
9. Member contribution rate: 8.00%
10. The required employer contribution for the fiscal year was received
11. 7.25% assumed rate of investment return
12. Assumed rate of wage inflation 3.5%.
13. Closed 5 year smoothing method used
14. Level percent of payroll amortization period used
15. Individual Entry Age cost method used
16. Funded ratio 65.2%

Investment Performance*

	1	3	5	7	10**
Combined	Year	Year	Year	Year	Year
Account	5.45%	10.49%	7.69%	10.53%	10.73%

*Calendar year ending June 30, 2019 (net of fees)

**Net performance has been estimated based on historical fees.

2019-2020 Projected Expenditures

Pension Payments/ Withdrawals: \$13,612,691
 Refund of Member Contributions: \$19,584
 Investment Fees: \$493,700
 Memberships/Training/Education/Travel: \$1,000
 Administrative Expenses: \$36,850

City of Taylor Police and Fire Retirement System Summary Annual Report (cont.)

Actuarial Valuation Summary

Rodwan Consulting Company was hired to prepare the June 30, 2018 Actuarial Valuation. The funding objective of the System is to contribute a contribution that remains level from year to year as a percent of payroll. The actual level of contribution is dependent on past and assumed future experience, including investment performance, and benefit provisions.

Below is a summary of the results:

Contribution Requirements	
Normal Cost of Benefits	
Total	28.78%
Member portion	8.00
Employer portion	20.78
Amortization of unfunded liability (25 years)	56.84
Computed Employer Rate	77.62%

Contribution rates are expressed as a percent of eligible member payroll.

Assets & Liabilities

Funded Status

Market Value of Assets	\$128,945,416
Smoothed Valuation Assets	123,671,115
Actuarial Accrued Liability	189,748,432
Funded Ratio – Entry Age cost method	65.2%

There were no changes in benefit provisions, assumptions or methods in the June 30, 2018 valuation.

Actuary's Statement – The System is being funded based on sound actuarial assumptions, methods and level percent of payroll funding objective. For a complete analysis, please review the June 30, 2018 actuarial valuation.

Revenues & Expenditures

Beginning Balance (Market Value) – June 30, 2018	\$128,945,416
Revenues	
Employees' contributions	715,718
Employer contribution	6,576,408
Investment income	6,706,356
Other income	<u>122</u>
Total	13,998,604
Expenditures	
Pension payments	13,612,691
Refunds and annuity withdrawal	0
Non-Investment Expenses	<u>120,428</u>
Total	13,733,119
Ending Balance (Market Value) – June 30, 2019	\$129,210,901
Recognized Return on Smoothed Funding Value of Assets-06/30/18	9.9%