



City of Venice Firefighters and Police Officers Pension Contributions

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Venice Fire and Police Pensions

- ◆ Originally Determined City Contribution Requirements for FY 2016: \$3.177 million
 - ▶ Revisions in assumptions/methods were made subsequently to the original determinations
 - ▶ Investment Return Assumptions reduced to 7.0% (from 7.75% for Fire and 7.9% for Police)
 - ▶ Method for amortizing unfunded liability changed to level dollar; contribution method changed to dollar amount
- ◆ Revised City Contribution Requirements for FY 2016: \$4.453 million (\$1.276 million increase)



Potential Alternative A

- ◆ GRS agrees 7.0% is a reasonable and appropriate investment return assumption for the long-term given the closed status of both pension plans
- ◆ However, rather than reducing the assumption from 7.75% / 7.9% to 7.0% all at once, this change might be phased in over a few years
- ◆ We have modeled the impact of a 3-year phase-in (7.75% → 7.50% → 7.25% → 7.0% for Fire; 7.9% → 7.6% → 7.3% → 7.0% for Police)



Potential Alternative B

- ◆ As part of the change from a percentage of pay contribution to a dollar amount, the Plans' actuary is applying a salary increase adjustment to the contribution to bring it forward from the valuation date (10/1/2014) to the 2016 Fiscal Year
- ◆ Since plans are closed, covered pay is expected to decline each year (through attrition), so GRS does not believe this adjustment is necessary
- ◆ We have modeled the impact of removing the salary increase adjustment



Potential Alternative C

- ◆ All current members were given the option to move over to FRS for future benefit accruals
- ◆ 18 firefighters and 29 police officers elected to move over to FRS
- ◆ These elections have not yet been reflected in the Plans' actuarial valuations / impact statements
- ◆ If reflected, the City's required contributions in FY 2016 would decline by more than \$800k



10-Year Projection (Combined)

City of Venice Fire and Police Pension Trust Funds (Combined) 10-Year Projection of Required City Contributions

Annual Required City Contributions (Fire and Police Combined)

<u>Fiscal Year</u>	<u>No Changes to F&F Valuation</u>	<u>3-Year Phase-In of IR Assumption</u>	<u>3-Year Phase-In & No Salary Adj to Contribution</u>	<u>Reflect Actual FRS Elections at 10/1/2014</u>	<u>Reflect Actual FRS Elections & No Sal Adj to Contribution</u>
2016	4,454,000	3,977,000	3,662,000	3,624,000	3,333,000
2017	3,504,000	3,242,000	2,980,000	3,362,000	3,091,000
2018	3,395,000	3,420,000	3,192,000	3,434,000	3,199,000
2019	3,283,000	3,371,000	3,196,000	3,370,000	3,188,000
2020	2,966,000	3,059,000	2,943,000	3,060,000	2,936,000
2021	2,439,000	2,516,000	2,445,000	2,526,000	2,449,000
2022	2,123,000	2,201,000	2,166,000	2,218,000	2,177,000
2023	1,857,000	1,921,000	1,904,000	1,938,000	1,918,000
2024	1,778,000	1,850,000	1,862,000	1,868,000	1,879,000
2025	1,708,000	1,783,000	1,827,000	1,804,000	1,843,000
Sum Total:	27,507,000	27,340,000	26,177,000	27,204,000	26,013,000
Present Value:	21,194,000	20,877,000	19,867,000	20,705,000	19,680,000



Disclaimers

- ◆ This presentation is intended to be used in conjunction with our letter report dated December 1, 2015 as a supplement to that report. This presentation should not be relied on for any purpose other than the purpose described herein or in that report.
- ◆ This presentation shall not be construed to provide tax advice, legal advice or investment advice.