



Annual Pension Update

Audit & Finance Committee

Financial Services Department
February 28, 2018



City Pension Systems

- Overview
- Independent Oversight
- 2017 Investment Returns



Pension Overview

- 3 City Pension Systems – ERS, Fire, Police - defined benefit plans
- Each system is run by a Board of Trustees consisting of elected officials, management appointees, employees and retirees
- All three Systems have adopted well diversified asset allocation strategies



Independent Oversight

- External Legal Counsel
- Independent Auditor
- Independent Actuary
- Investment Consultant
- External Money Managers
- Custodial Bank

Market Performances at a Glance

ASSET TYPE	BENCHMARK	4th QTR 2017	CY 2017	CY 2016
US Equities	S&P 500	6.6%	21.8%	12.0%
Fixed Income	Barclays US Aggregate	0.4%	3.5%	2.7%
Fixed Income	Barclays High Yield Bonds	0.5%	7.5%	17.1%
Commodities	Bloomberg Commodity Index	4.7%	1.7%	11.8%
International	MSCI EAFE	4.2%	25.0%	1.5%
Real Estate	NCREIF Property Index	1.8%	7.0%	8.0%

2017 Quarter by Quarter

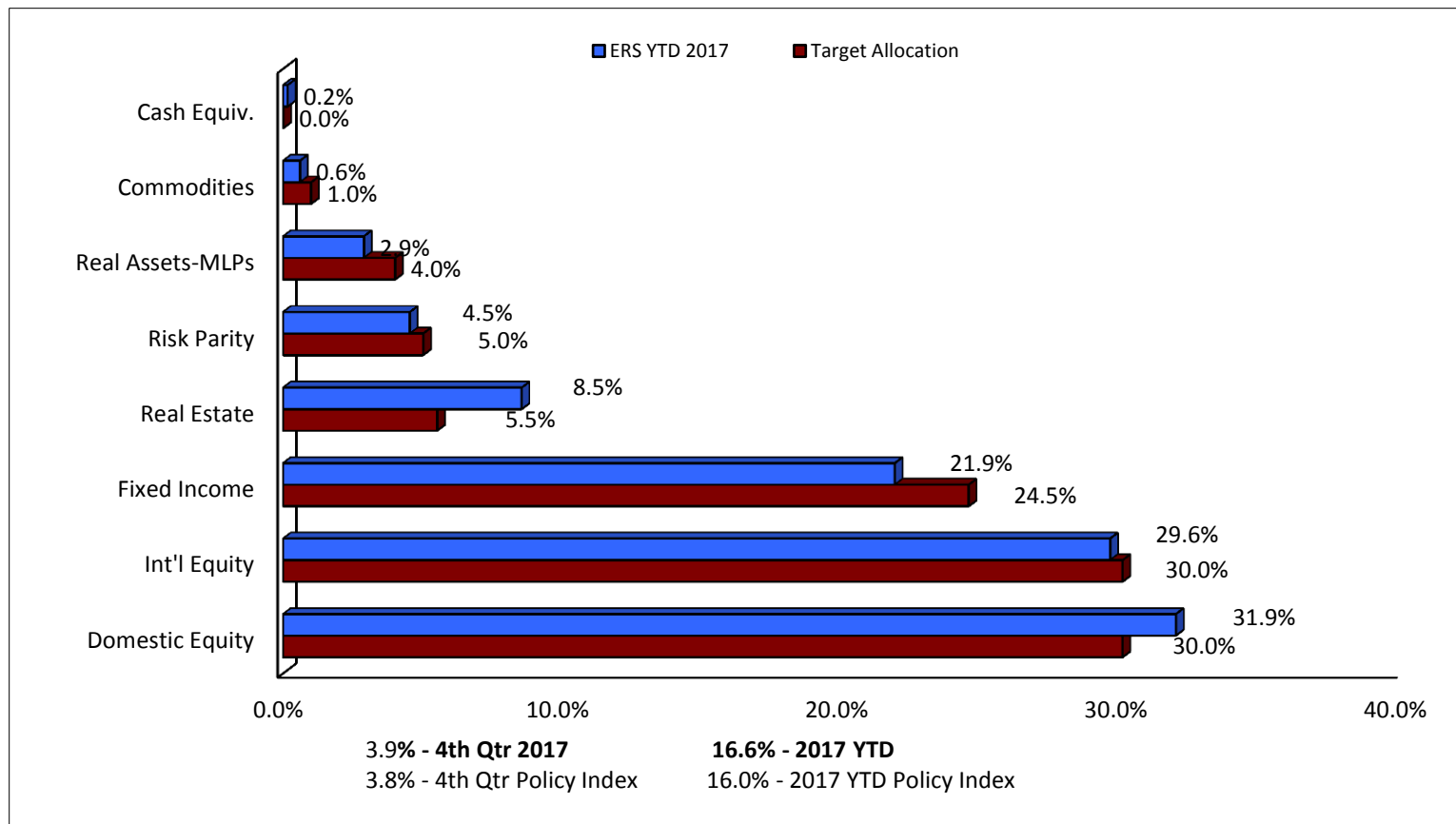
Investment Returns (net of fees)					
Retirement System	1st Qtr 2017	2nd Qtr 2017	3rd Qtr 2017	4th Qtr 2017	Calendar Year 12/31/17
COA ERS	4.8%	3.1%	3.5%	3.9%	16.6%
Fire	5.0%	3.7%	4.1%	3.5%	17.0%
Police	3.8%	2.2%	2.9%	3.2%	12.0%

Historical Returns

Investment Returns (net of fees)					
Retirement System	Trailing 1 Year 12/31/17	Trailing 5 Years 12/31/17	Trailing 10 Years 12/31/17	Trailing 20 Years 12/31/17	Long Term Returns
COA ERS	16.6%	8.4%	6.0%	7.0%	8.6% 30 years
Fire	17.0%	9.1%	5.4%	7.1%	9.1% 30 years
Police	11.9%	6.9%	2.8%	6.3%	8.3% 25 years

Assumed Rate of Return:
ERS 7.5%, Fire 7.7%, Police 7.6%

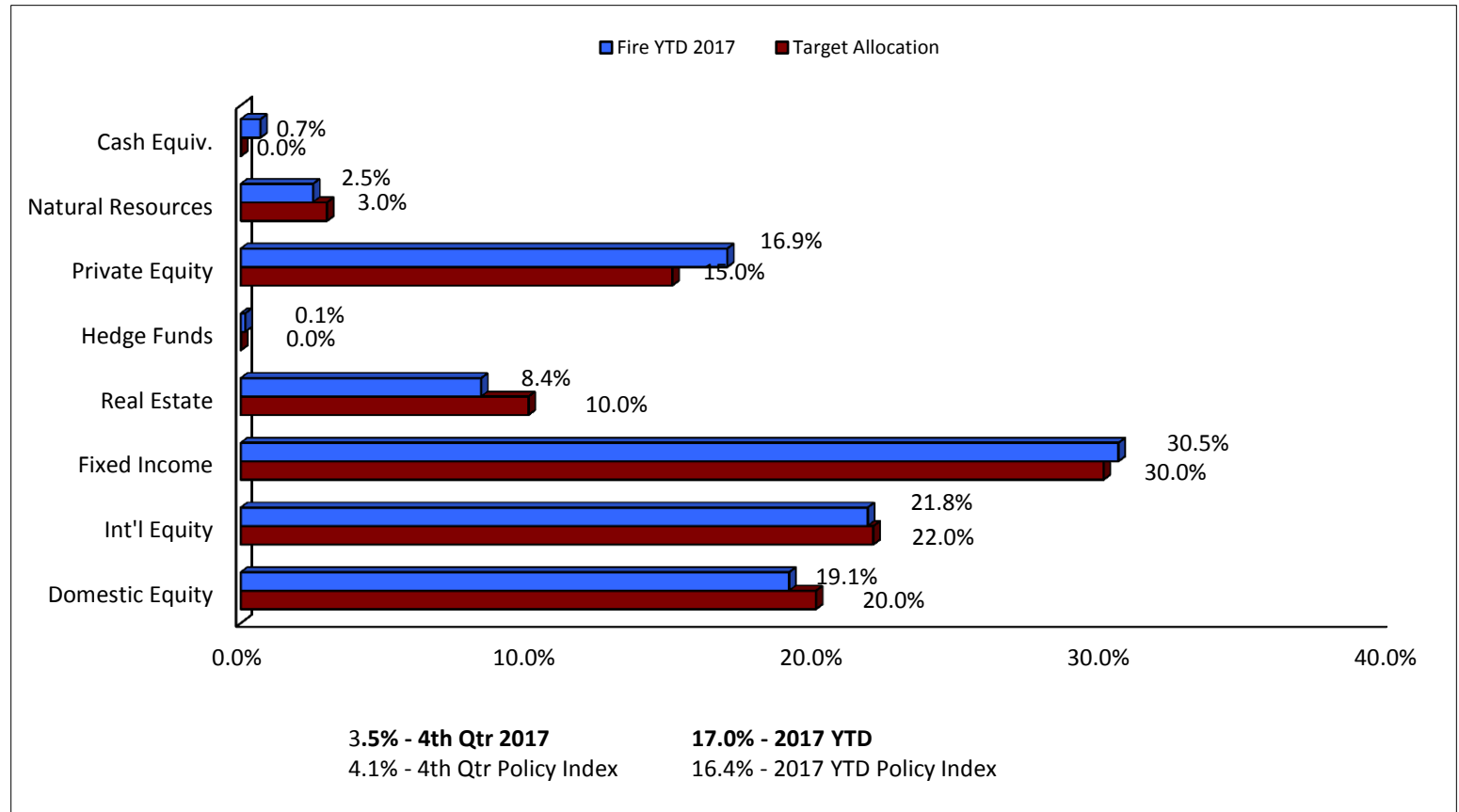
City of Austin Employees' Retirement System (\$2.6B) Allocations



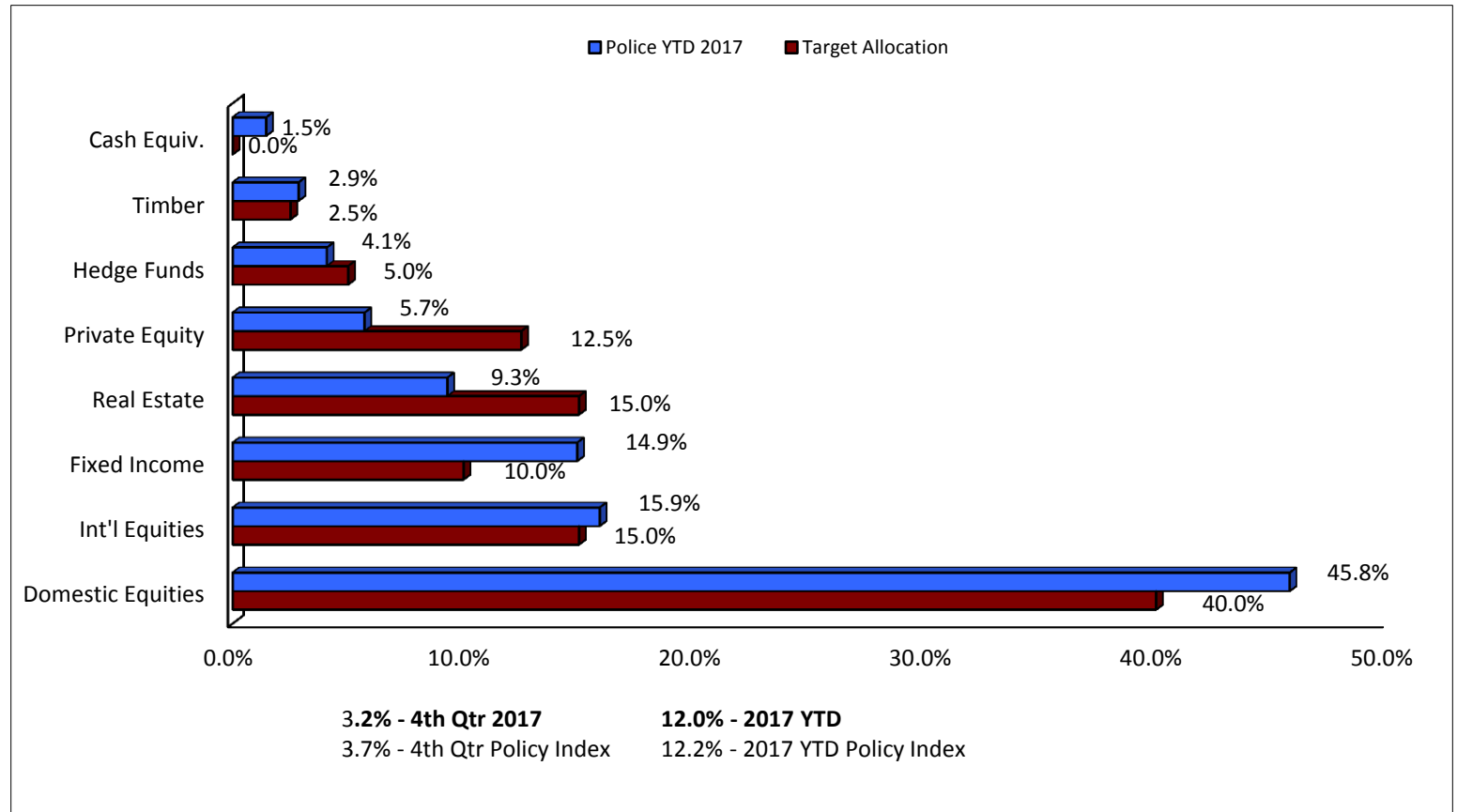
City of Austin

Firefighters Relief & Retirement Fund (\$949M)

Allocations



City of Austin Police Retirement System (\$770M) Allocations





Questions or Comments
