



FINANCIAL SERVICES DEPARTMENT

2022 City of Austin Pension Update

Belinda Weaver, Treasurer



City of Austin Pension Plans



FINANCIAL SERVICES
DEPARTMENT

City of Austin Employees' Retirement System

Austin Police Retirement System

Austin Fire Fighters Relief and Retirement Fund

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

Group A – employees hired before January 1, 2022

Group B – employees hired on or after January 1, 2022

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

Retirement Eligibility



City of Austin Employees' Retirement System	Austin Police Retirement System	Austin Fire Fighters Relief and Retirement Fund
<u>Group A</u>	<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 • 23 years service at any age • Any number of years of service at age 62 	<ul style="list-style-type: none"> • 10 years service at age 50 • 25 years service at any age
<u>Group B (01/01/2012)</u>	<u>Group B (01/01/2022)</u>	
<ul style="list-style-type: none"> • 30 years service at age 62 • 5 years service at age 65 	<ul style="list-style-type: none"> • 25 years service at age 50 • Any number of years of service at age 62 	

Contribution Rates



<i>December 31, 2021</i>	City of Austin Employees' Retirement System	Austin Police Retirement System	Fire Fighters Relief and Retirement Fund
Employee Contribution (Percent of Earnings)	8%	13% (2)	18.70%
City Contribution (Percent of Earnings)	19% (1)	21.737% (3)	22.05%

1. City of Austin Employees' Retirement System – Effective 01/01/2021 City Contributions voluntarily increased from 18% to 19%
2. Austin Police Retirement System – Effective 01/01/2022 Employee Contributions increased to 15%
3. Austin Police Retirement System – Effective 01/01/2022 City Contributions are determined by the recently adopted legislation - ADC, which includes 30-year amortization of the unfunded actuarially accrued liability

Plan Membership



<i>December 31, 2021</i>	City of Austin Employees' Retirement System	Austin Police Retirement System	Austin Fire Fighters Relief and Retirement Fund
Inactive employees or beneficiaries receiving benefits	7,221	1,164	924
Inactive employees entitled to but not yet receiving benefits	3,459	138	29
Active employees	10,228	1,673	1,175
Total Members	20,908	2,975	2,128

Key Actuarial Assumptions



- Inflation
- Investment Return
- Payroll Growth

<i>December 31, 2021</i>	Inflation	Investment Return	Payroll Growth
City of Austin Employees' Retirement System	2.50%	6.75%	3.50%
Austin Police Retirement System	2.50%	7.25%	3.00%
Austin Fire Fighters Relief and Retirement Fund	2.50%	7.30%	2.50%

City of Austin Employees' Retirement System

Actuarial Valuation Calculations



FINANCIAL SERVICES
DEPARTMENT

Actuarial Valuation Year	Amortization Period	Actuarial Value Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
2017	30 years	\$2,592,460,631	\$3,797,823,303	\$1,205,362,672	68.3%
2018	32 years	\$2,695,388,390	\$3,989,560,137	\$1,294,171,747	67.6%
2019	40 years	\$2,848,950,000	\$4,487,884,062	\$1,638,934,062	63.5%
2020	32 years	\$3,069,233,497	\$4,701,215,166	\$1,631,981,669	65.3%
2021	33 years	\$3,320,288,049	\$5,032,043,201	\$1,711,755,152	66.0%

Austin Police Retirement System

Actuarial Valuation Calculations



FINANCIAL SERVICES
DEPARTMENT

Actuarial Valuation Year	Amortization Period	Actuarial Value Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
2017	35 years	\$779,484,342	\$1,185,017,294	\$405,532,952	65.8%
2018	Infinite	\$807,978,988	\$1,389,660,616	\$581,681,628	58.1%
2019	Infinite	\$852,294,229	\$1,459,529,788	\$607,235,559	58.4%
2020	31 years	\$904,436,131	\$1,542,174,418	\$637,738,287	58.6%
2021	30 years	\$977,909,434	\$1,623,334,720	\$645,425,286	60.2%

Austin Fire Fighters Relief and Retirement Fund

Actuarial Valuation Calculations



FINANCIAL SERVICES
DEPARTMENT

Actuarial Valuation Year	Amortization Period	Actuarial Value Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
2017	16.95 years	\$916,931,500	\$1,038,118,100	\$121,186,550	88.33%
2018	17.9 years	\$954,574,850	\$1,084,533,600	\$129,958,770	88.02%
2019	21.9 years	\$1,001,980,200	\$1,154,365,600	\$152,385,420	86.80%
2020	23.3 years	\$1,079,202,794	\$1,233,739,575	\$154,536,781	87.47%
2021	17.5 years	\$1,176,967,709	\$1,313,297,933	\$136,330,224	89.62%

Investment Returns



	City of Austin Employees' Retirement System	Austin Police Retirement System	Austin Fire Fighters Relief and Retirement Fund
YTD as of <i>December 31, 2021</i>	12.99%	17.68%	17.59%
3 year return	14.73%	16.68%	15.39%
5 year return	10.63%	10.77%	12.00%
10 year return	9.19%	8.49%	10.17%
Investment Return Assumption	6.75%	7.25%	7.30%

Austin Police Retirement System (APRS) Legislation –

Approved in the 87th Legislature (2021)



- Summary of Legislative Changes to APRS

- New Group B Benefit Tier

- Police officers and cadets hired on or after 01/01/2022
 - Multiplier lowered from 3.2% to 2.5%
 - Retirement eligibility changed from 23 years of service at any age to 25 years of service at age 50
 - Average final compensation for benefit calculations based on the highest 60 months of salary instead of 36 months

- Member Contributions

- Member contributions increase from 13% to 15% of earnings
 - Member contributions can increase an additional 2%, which would total 17% of earnings, if the ADC corridor maximum is breached

- Actuarially Determined Contribution (ADC)

- Variable City contribution for future liabilities as required to achieve a funding period of 30 years or less
 - ADC Corridor – City contributions may not increase or decrease by more than 5% from a corridor midpoint
 - Legacy Liability Contributions – fixed schedule of City contributions over a 30-year period that is carved out of the ADC calculation
 - City involvement in the experience study process of the APRS
 - Increased City contributions phased in over 3 years

- Governance

- Replace one active member seat with one citizen seat appointed by City Council
 - Board of Trustees no longer have the ability to provide benefit enhancements, COLAs, or modify member eligibility requirements

City of Austin Employees' Retirement System (COAERS) –

Proposed to go forth in 88th Legislature (2023)



FINANCIAL SERVICES
DEPARTMENT

- Summary of Proposed Legislative Changes to COAERS

- Member Contributions

- Member contributions increase from 8% to 10% of earnings – 2 year phase-in beginning in January 2024
 - Member contributions can increase an additional 2%, which would total 12% of earnings, if the ADC corridor maximum is breached

- Actuarially Determined Contribution (ADC)

- Variable City contribution for future liabilities as required to achieve a funding period of 20 years or less
 - ADC Corridor – City contributions may not increase or decrease by more than 5% from a corridor midpoint
 - Legacy Liability Contributions – fixed schedule of City contributions over a 30-year period that is carved out of the ADC calculation
 - City involvement in the experience study process of the COAERS
 - Increased City contributions phased in over 2 years

- Governance

- Replace one active member seat with City appointed seat
 - Board of Trustees will not have the ability to provide benefit enhancements, COLAs, or modify member eligibility requirements

Questions?



FINANCIAL SERVICES
DEPARTMENT