

Norfolk County Retirement System

Actuarial Update



Valuation as of 1/1/2014

	<u>1/1/2012</u>	<u>1/1/2014</u>	<u>% Change</u>
Actives	5,008	5,153	2.8%
Retired	2,613	2,691	3.0%
Disabled	328	332	1.2%
Inactives	2,154	2,249	4.4%
Total	10,103	10,425	3.2%
Payroll	\$229.1m	\$246.7m	7.7%
Average Salary	\$45,746	\$47,879	4.6%
Average Service	11.5	11.4	
Average Age	49.1	49.1	

Valuation as of 1/1/2014

	<u>1/1/2012</u>	<u>1/1/2014</u>	<u>% Change</u>
Expected Employee Contributions	\$19.57m	\$21.28m	8.7%
Employer Normal Cost	\$10.53m	\$11.95m	13.5%
Administrative Expenses	\$1.45m	\$1.55m	6.7%
Total Normal Cost	\$31.55m	\$34.78m	10.2%
% of Payroll	13.8%	14.1%	

Valuation as of 1/1/2014

	<u>1/1/2012</u>	<u>1/1/2014</u>	<u>% Change</u>
Accrued Liability	\$1,129m	\$1,248m	10.5%
Actuarial Value of Assets	\$608m	\$697m	14.6%
Unfunded Liability	\$521m	\$551m	5.8%
Funded Ratio	53.9%	55.8%	3.5%
Actuarial (Gain)/Loss		(\$11.99m)	
- Asset Loss		\$2.02m	
- Liability (Gain)		(\$14.01m)	
Plan Change		\$16.7m	

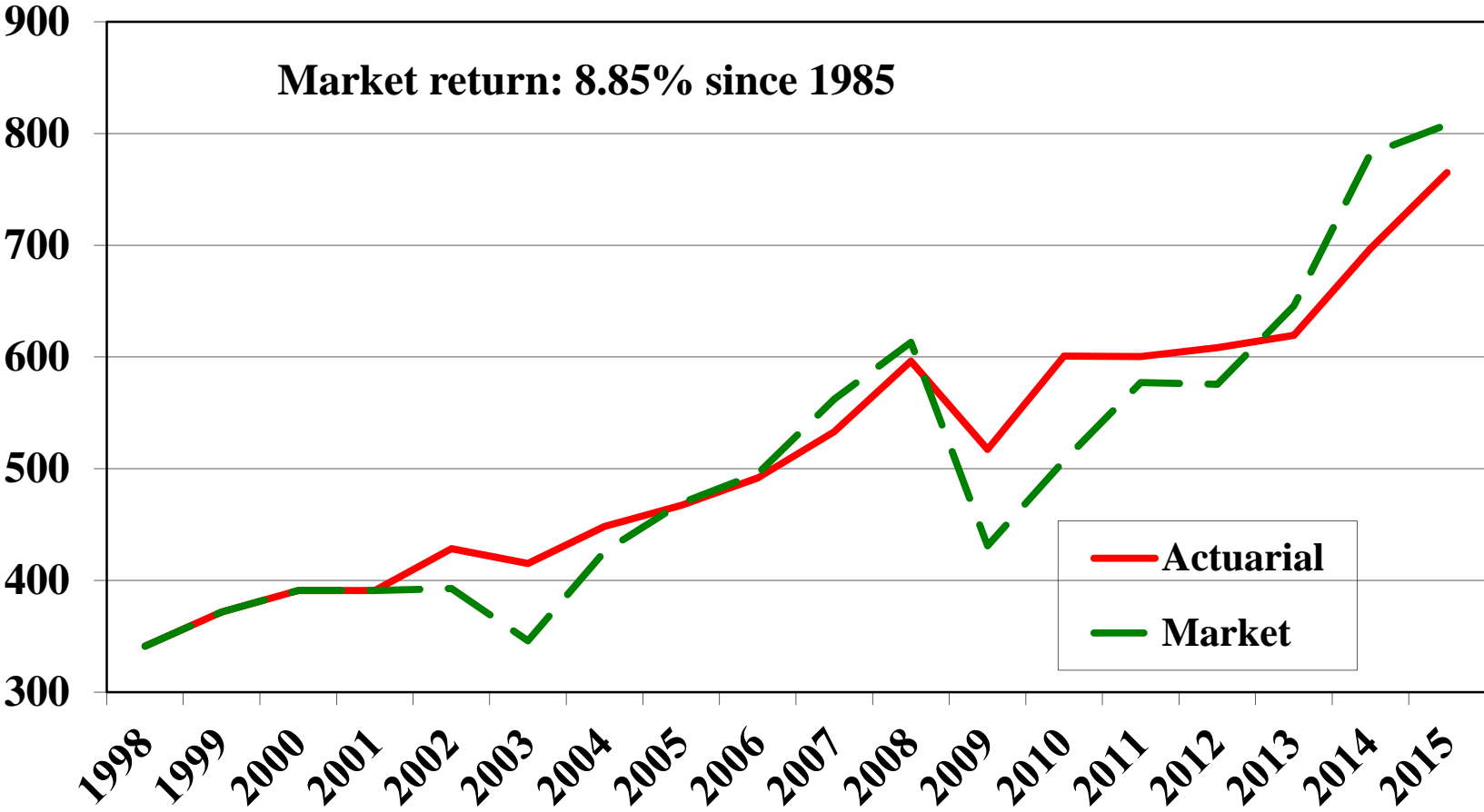
Liability Gain / (Loss)

Salary Increases	\$8,240,677
Actives – Retirements	9,144,419
Actives – Terminations	(5,420,550)
Actives – Mortality	602,300
Actives – Disabilities	987,504
New Participants	(2,696,920)
Retiree Mortality	2,861,110
Other	<u>288,882</u>
Total	14,007,423

Estimated Valuation as of 1/1/2015

	<u>Actuarial Value</u>	<u>Market Value</u>
Assets 2014	\$696.7m	\$752.9m
Investment Return 2014	10.79%	4.69%
Actuarial Gain	\$17.7m	
Assets 2015	\$765.5m	\$808.7m
Ratio of MV to AV		97.9%
Cushion against down markets		\$43.2m
Funded Ratio	58.9%	60.1%

Asset Growth



Results

- ⊕ The unfunded liability grew less than expected since 2012
- ⊕ COLA Base increased to \$15,000
- ⊕ The FYE17 appropriation will increase 10% to maintain the 2031 funding schedule
- ⊕ Pension reform permits a smoothing of the increase over the future
- ⊕ 10% will apply through 2019, or until a new valuation dictates a change

Projected Funding Schedule

Fiscal Year	Employee Payroll*	Employee Contribution	Employer Normal Cost with Interest	Amortization Payments with Interest	Employer Total Cost with Interest	Employer Total Cost % of Payroll	Funded Ratio %**
2015	\$246,722,941	\$21,275,861	\$14,329,208	\$34,950,792	\$49,280,000	20.0	55.8
2016	\$257,825,473	\$22,434,875	\$14,760,115	\$39,412,137	\$54,172,252	21.0	57.4
2017	\$269,427,620	\$23,655,116	\$15,200,787	\$44,390,116	\$59,590,903	22.1	59.5
2018	\$281,551,863	\$24,939,749	\$15,651,230	\$49,901,873	\$65,553,103	23.3	61.6
2019	\$294,221,696	\$26,292,096	\$16,111,431	\$55,999,470	\$72,110,901	24.5	63.8
2020	\$307,461,673	\$27,715,652	\$16,581,357	\$60,748,841	\$77,330,198	25.2	66.0
2021	\$321,297,448	\$29,214,087	\$17,060,950	\$63,186,961	\$80,247,911	25.0	68.3
2022	\$335,755,833	\$30,791,257	\$17,550,129	\$65,722,973	\$83,273,102	24.8	70.6
2023	\$350,864,846	\$32,451,213	\$18,048,787	\$68,360,810	\$86,409,597	24.6	73.1
2024	\$366,653,764	\$34,198,213	\$18,556,784	\$71,104,562	\$89,661,346	24.5	75.7
2025	\$383,153,183	\$36,036,729	\$19,073,952	\$73,958,483	\$93,032,435	24.3	78.3

* Calendar basis

** As of beginning of the Fiscal Year

Allocations

- Unit allocations are based on Salary
- Units expanding their payroll at a greater rate than the group will see the largest increases in appropriation
- Units will not see an exact increase of 10% due Early Retirement Incentives and Payroll increases different than the System as a whole

Q and A