

Norfolk County Retirement System

Actuarial Update



Valuation as of 1/1/2012

	<u>1/1/2012</u>	<u>1/1/2010</u>	<u>% Change</u>
Actives	5,008	5,526	-9.4%
Retired	2,613	2,557	2.2%
Disabled	328	313	4.8%
Inactives	2,154	2,059	4.6%
Total	10,103	10,455	-3.4%
Payroll	\$229.1m	\$223.3m	2.6%
Average Salary	\$45,746	\$40,415	13.2%
Average Service	11.5	10.6	
Average Age	49.1	48.0	



Valuation as of 1/1/2012

	<u>1/1/2012</u>	<u>1/1/2010</u>	<u>% Change</u>
Expected Employee Contributions	\$19.57m	\$18.65m	4.9%
Employer Normal Cost	\$10.53m	\$8.38m	25.7%
Administrative Expenses	\$1.45m	\$1.31m	10.7%
Total Normal Cost	\$31.55m	\$28.39m	11.1%
% of Payroll	13.8%	12.7%	

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Valuation as of 1/1/2012

	<u>1/1/2012</u>	<u>1/1/2010</u>	<u>% Change</u>
Accrued Liability	\$1,129m	\$1,002m	12.7%
Actuarial Value of Assets	\$608m	\$601m	1.2%
Unfunded Liability	\$521m	\$401m	29.9%
Funded Ratio	53.9%	60.0%	-11.3%
Actuarial Loss	\$86.9m		
- Asset Loss	\$69.1m		
- Liability Loss	\$17.8m		
Assumption Change	\$27.6m		

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Liability Gain / (Loss)

Salary Increases	\$8,230,336
Actives – Retirements	(3,335,937)
Actives – Terminations	(961,002)
Actives – Mortality	340,999
Actives – Disabilities	(6,463,029)
New Participants	(3,801,189)
Retiree Mortality	(19,344,549)
Other	<u>7,518,813</u>
Total	(17,815,557)

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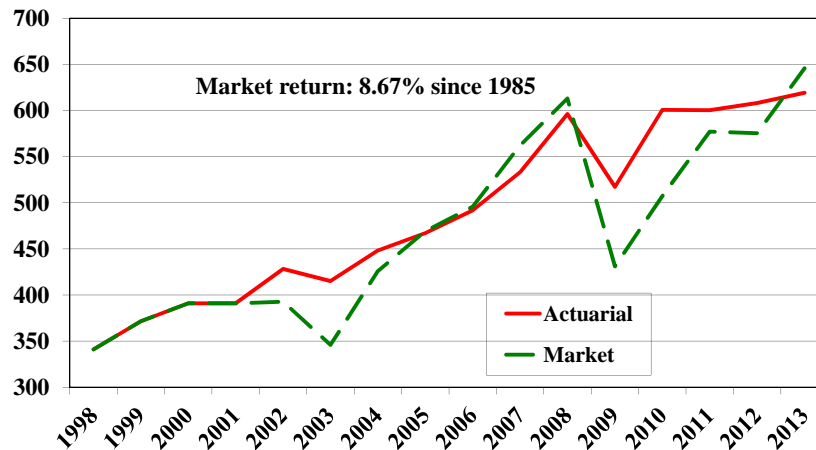
Estimated Valuation as of 1/1/2013

	<u>Actuarial Value</u>	<u>Market Value</u>
Assets 2012	\$608.3m	\$575.5m
Investment Return 2012	2.79%	13.29%
Actuarial Loss	\$33.2m	
Assets 2013	\$619.3m	\$645.8m
Ratio of MV to AV		95.9%
Cushion against down markets		\$26.5m
Funded Ratio	52.3%	54.6%

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Asset Growth



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Services

Results

- ✦ The unfunded liability grew substantially since 2010, principally due to the 2008 financial crisis
- ✦ The FYE15 appropriation should increase 32% to maintain the 2031 funding schedule
- ✦ Pension reform permits a smoothing of the increase over the future
- ✦ Increase for FYE15 will be 10% over FYE14
- ✦ 10% will apply through 2019, or until a new valuation dictates a change

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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 %**
2013	\$229,095,409	\$19,571,812	\$12,717,375	\$29,997,264	\$42,714,639	18.6	53.9
2014	\$239,404,702	\$20,639,942	\$13,090,705	\$31,709,295	\$44,800,000	18.7	56.1
2015	\$250,177,914	\$21,764,570	\$13,471,883	\$35,808,117	\$49,280,000	19.7	58.3
2016	\$261,435,920	\$22,948,619	\$13,860,859	\$40,347,141	\$54,208,000	20.7	60.5
2017	\$273,200,537	\$24,195,159	\$14,257,561	\$45,371,239	\$59,628,800	21.8	62.8
2018	\$285,494,561	\$25,507,417	\$14,661,899	\$50,929,781	\$65,591,680	23.0	65.1
2019	\$298,341,816	\$26,888,782	\$15,073,755	\$56,899,181	\$71,972,936	24.1	67.3
2020	\$311,767,198	\$28,342,819	\$15,492,988	\$59,182,968	\$74,675,956	24.0	69.7
2021	\$325,796,722	\$29,873,268	\$15,919,428	\$61,558,457	\$77,477,885	23.8	72.0
2022	\$340,457,574	\$31,484,064	\$16,352,874	\$64,029,335	\$80,382,209	23.6	74.4
2023	\$355,778,165	\$33,179,338	\$16,793,093	\$66,599,431	\$83,392,524	23.4	76.9

* Calendar basis

** As of beginning of the Fiscal Year

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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

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Q and A