

Norfolk County Retirement System

Actuarial Update



Valuation as of 1/1/2018

	<u>1/1/2016</u>	<u>1/1/2018</u>	<u>% Change</u>
Actives	5,278	5,406	2.4%
Retired	2,833	2,975	5.0%
Disabled	351	354	0.9%
Inactives	2,425	2,793	15.2%
Total	10,887	11,528	5.9%
Payroll	\$267.5m	\$289.1m	8.1%
Average Salary	\$50,673	\$53,482	5.5%
Average Service	11.1	11.0	
Average Age	48.9	48.6	

Valuation as of 1/1/2018

	<u>1/1/2016</u>	<u>1/1/2018</u>	<u>% Change</u>
Expected Employee Contributions	\$23.54m	\$25.54m	8.5%
Employer Normal Cost	\$9.86m	\$6.01m	-39.0%
Administrative Expenses	\$1.70m	\$1.78m	4.7%
Total Normal Cost	\$35.10m	\$33.32m	-5.1%
% of Payroll	13.1%	11.5%	

Valuation as of 1/1/2018

	<u>1/1/2016</u>	<u>1/1/2018</u>	<u>% Change</u>
Accrued Liability	\$1,311m	\$1,467m	10.5%
Actuarial Value of Assets	\$814m	\$945m	14.6%
Unfunded Liability	\$496m	\$522m	5.8%
Funded Ratio	62.1%	64.4%	3.5%
Actuarial (Gain)/Loss		\$2.99m	
- Asset Loss		\$3.38m	
- Liability (Gain)		(\$0.39m)	
Assumption Changes		\$36.21m	
Plan Change		\$12.20m	

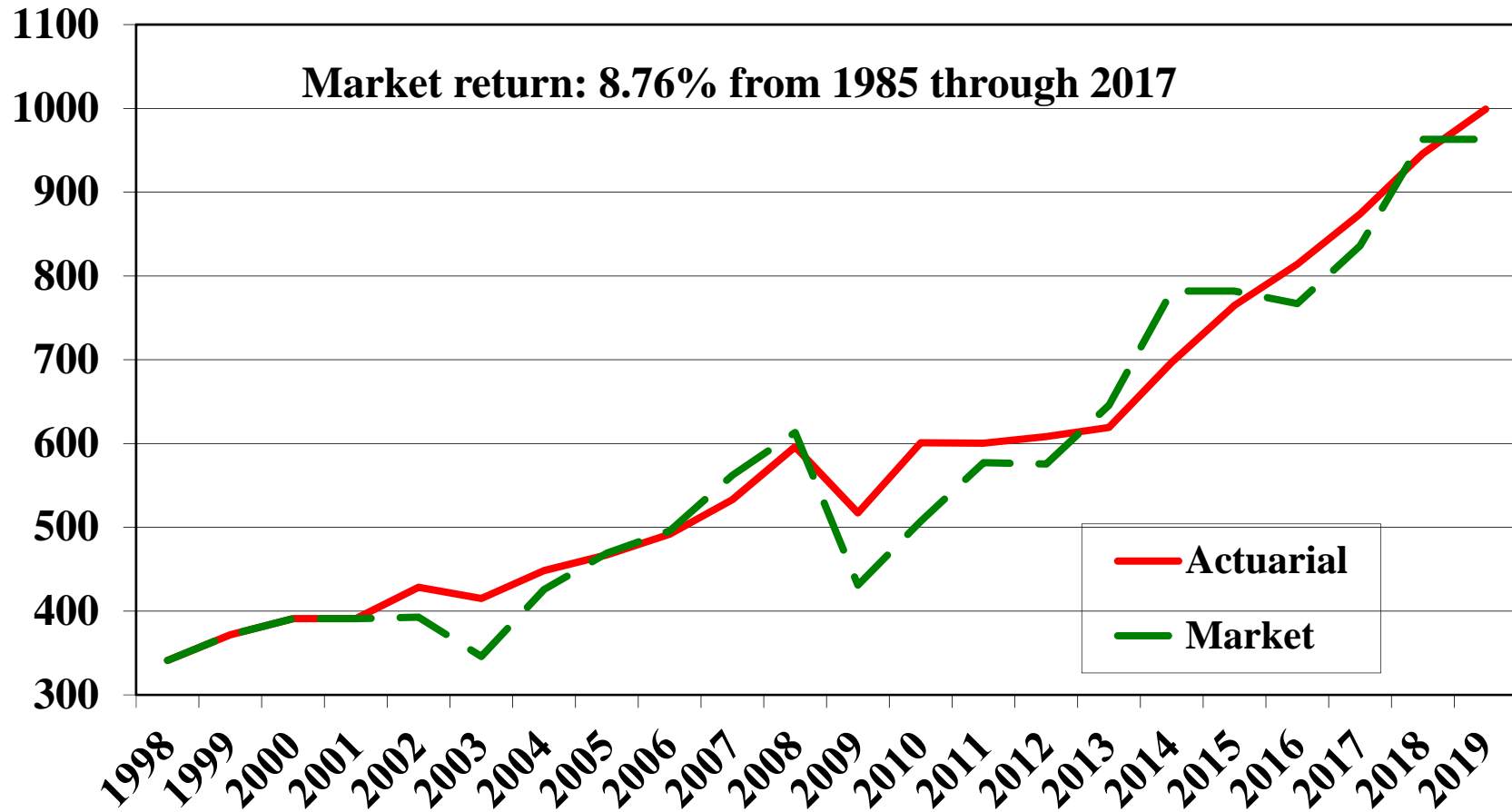
Liability Gain / (Loss)

Salary Increases	\$252,676
Actives – Retirements	6,860,825
Actives – Terminations	(11,459,965)
Actives – Mortality	1,029,857
Actives – Disabilities	2,373,154
New Participants	(4,431,063)
Retiree Mortality	6,355,050
Other	<u>590,748</u>
Total	2,992,535

Estimated Valuation as of 1/1/2019

	<u>Actuarial Value</u>	<u>Market Value</u>
Assets 2018	\$945.6m	\$963.1m
Investment Return 2018	5.60%	0.00%
Actuarial Loss	\$15.0m	
Assets 2019	\$998.5m	\$963.1m
Ratio of MV to AV		103.7%
Shortfall to be made up		\$35.4m
Funded Ratio	64.7%	62.5%

Asset Growth



Results

- ⊕ The unfunded liability grew more than expected since 2016
- ⊕ COLA Base increased to \$17,000
- ⊕ New demographic and economic assumptions
 - ⊕ 2016 Experience Study
 - ⊕ Investment return assumption lowered to 7.75%
- ⊕ The FYE20 appropriation will increase 7.0% to maintain the 2029 funding schedule

Projected Funding Schedule

Fiscal		Employer	Amortization	Employer	Employer		Unfunded
Year	Employee	Normal Cost	Payments	Total Cost	Total Cost	Funded	Accrued
<u>Ending</u>	<u>Contribution</u>	<u>with Interest</u>	<u>with Interest</u>	<u>with Interest</u>	<u>% of Payroll</u>	<u>Ratio %**</u>	<u>Laibility</u>
2019	\$25,567,216	\$9,863,991	\$61,363,442	\$71,227,433	24.6	62.4	\$570,528,511
2020	\$26,956,150	\$10,055,777	\$66,161,312	\$76,217,089	25.2	64.4	\$548,554,158
2021	\$28,418,314	\$10,244,850	\$71,307,435	\$81,552,285	25.8	67.2	\$522,221,414
2022	\$29,957,487	\$10,430,577	\$74,406,707	\$84,837,284	25.7	70.0	\$491,085,939
2023	\$31,577,639	\$10,612,273	\$77,618,502	\$88,230,775	25.6	73.1	\$454,664,678
2024	\$33,282,940	\$10,789,200	\$80,970,806	\$91,760,006	25.5	76.3	\$412,432,690
2025	\$35,077,774	\$10,960,561	\$84,469,845	\$95,430,406	25.3	79.7	\$363,819,721
2026	\$36,966,745	\$11,125,495	\$88,122,128	\$99,247,623	25.2	83.3	\$308,206,508
2027	\$38,954,690	\$11,283,079	\$91,960,753	\$103,243,832	25.1	87.1	\$244,920,788
2028	\$41,046,693	\$11,432,316	\$95,941,269	\$107,373,585	25.0	91.2	\$173,232,986
2029	\$43,248,093	\$11,572,137	\$81,513,594	\$93,085,731	20.7	95.4	\$92,351,568
2030	\$45,564,500	\$11,701,390	\$2,060,901	\$13,762,291	2.9	99.8	\$3,830,240

* Calendar basis

** As of beginning of the Fiscal Year

Allocations

- Unit allocations are based on Salary
- Units will not see an exact increase of 7.0% due Early Retirement Incentives and Payroll changes different than the System as a whole
- Units with Public Safety, a higher proportion of older and longer service employees, and retirees are subsidized by the others

Q and A