

# City of Smyrna



## Summary of the January 1, 2017 Actuarial Valuation

March 30, 2017



★ Segal Consulting

# City of Smyrna

Summary of Key Valuation Results		
<b>Valuation date</b>	January 1, 2017	January 1, 2016
<b>Contributions for fiscal year beginning:</b>	July 1, 2017	July 1, 2016
Recommended Contribution	\$2,038,041	\$1,790,463
as a percent of expected payroll	11.42%	10.40%
net amortization period as of the valuation date	10	10
Absolute Minimum	\$1,226,466	\$1,108,131
as a percent of expected payroll	6.87%	6.44%
<b>Funding Percentage</b>	<b>83.36%</b>	<b>85.54%</b>
<b>Active Demographics as of valuation date:</b>		
Number of active employees	386	387
Total valuation payroll	\$17,565,791	\$16,942,753
Average age	42.5	42.7
Average service	9.7	10.1

*The above information presumes an ongoing plan.*

# City of Smyrna

## Legacy City Retirement Program

### The City provides three retirement plans:

- Social Security
- A defined benefit (DB) plan
  - Accrual multiplier of 2.00%, 35 year service cap
  - Normal retirement age of 65 or Rule of 80 with a minimum age of 55
  - 3.25% employee contributions are required
  - The plan does not include a Cost of Living Adjustment
  - Vesting is 100% at 7 years
  - 2.00% of the average City salary per year for Elected Officials
- A deferred compensation plan that is funded with employee contributions



# City of Smyrna

## New City Retirement Program (effective 4-1-2010)

### The City provides three retirement plans:

- Social Security
- A defined benefit (DB) plan
  - Accrual multiplier of 1.00%
  - Normal retirement age of 65 or Rule of 80 with a minimum age of 55 or 35 years of service
  - 5.00% employee contributions are required
  - The plan does not include a Cost of Living Adjustment
  - Vesting is 100% at 5 years
  - 2.00% of the average City salary per year for Elected Officials (limited and modified by later amendments)
- A deferred compensation plan that is funded with employee contributions with a City match of 50% to a maximum employee contribution of 4%



# City of Smyrna

## Valuation History

Year	Recommended Contribution Rate	Funding Percentage	Number of Active Employees	Covered Salary	Average Salary
1/1/2008	11.88%	83.32%	376	15,244,200	40,500
1/1/2009	16.60%	65.42%	386	16,362,900	42,400
1/1/2010	14.62%	76.61%	370	15,444,900	41,700
1/1/2011	14.75%	75.80%	363	16,587,000	45,700
1/1/2012	13.39%	77.70%	382	16,948,900	44,400
1/1/2013	13.56%	79.48%	364	16,090,800	44,200
1/1/2014	11.91%	82.36%	381	16,237,300	42,600
1/1/2015	10.19%	84.93%	389	16,751,800	43,100
1/1/2016	10.40%	85.54%	387	16,942,800	43,800
1/1/2017	11.42%	83.36%	386	17,565,800	45,500

### Key impacts on the above valuations

- 2009 – The decrease in Funding Percentage and associated Contribution Rate increase was due to the downturn of the financial markets during the valuation year. An Alternative Recommended Contribution of 12.76% was calculated to defer the impact of this event.
- 2010 – Based on the 2010 experience review study, the GMEBS Board changed a number of the valuation assumptions used to value plan liabilities.
- 2015 – The increase in Funding Percentage and associated Contribution Rate decrease was mostly due to the new assumptions used to value the plan.
- 2017 – 203 of 386 active participants were hired or rehired after 4/1/2010, and benefit under the new plan provisions.

# City of Smyrna

Cost Reconciliation	
<b>Recommended Contribution for FYB July 1, 2016</b>	<b>\$1,790,000</b>
Loss due to retirement experience	184,000
Loss due to larger than expected salary increases	70,000
Loss due to investments	42,000
Loss due to mortality experience	20,000
Loss due to new participants entering the plan	17,000
Gain due to withdrawal experience	(78,000)
Gain due to administrative expenses	(7,000)
<b>Recommended Contribution for FYB July 1, 2017</b>	<b>\$2,038,000</b>

## Selected Details of the Reconciliation

- There were 23 new retirements during the year (20 expected) – 17 from active status and 6 from terminated vested
- All retirements came from the portion of the population with a 2.0% benefit formula and Rule of 80
- There were 7 participant deaths during the year (7 expected)
- There were 44 terminations during the year (35 expected)
- Although assets earned 11.15% on a market value basis, the return on smoothed actuarial assets was only 7.13%, due to deferred investment gains of about \$280,000.



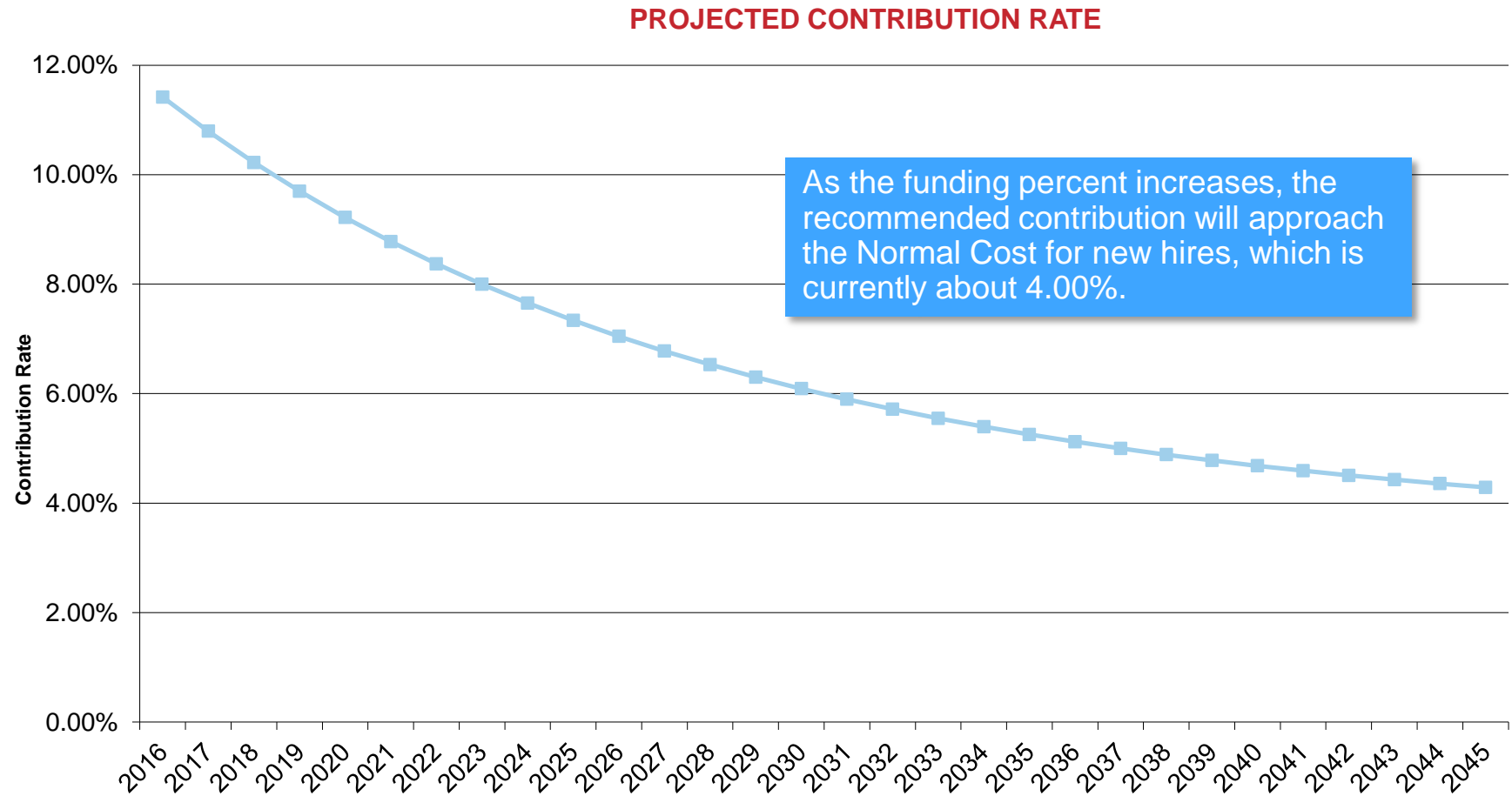
# City of Smyrna Projections

- The following slides include projections of the Plan's contribution rates, contribution amounts and funding percentage.
- All investment gains and losses are expected to be recognized through the asset smoothing method over the next few years. Future returns are projected to be 7.75% annually.
- All assumptions are presumed to be met in the aggregate, so that no future experience gains or losses are anticipated (other than those resulting from the smoothing of existing deferred investment gains and losses).
- The recommended contributions are determined based on the GMEBS funding policy approved by the Board.
- No changes in plan provisions are anticipated for this purpose.



# City of Smyrna

## Projected Contribution Rates



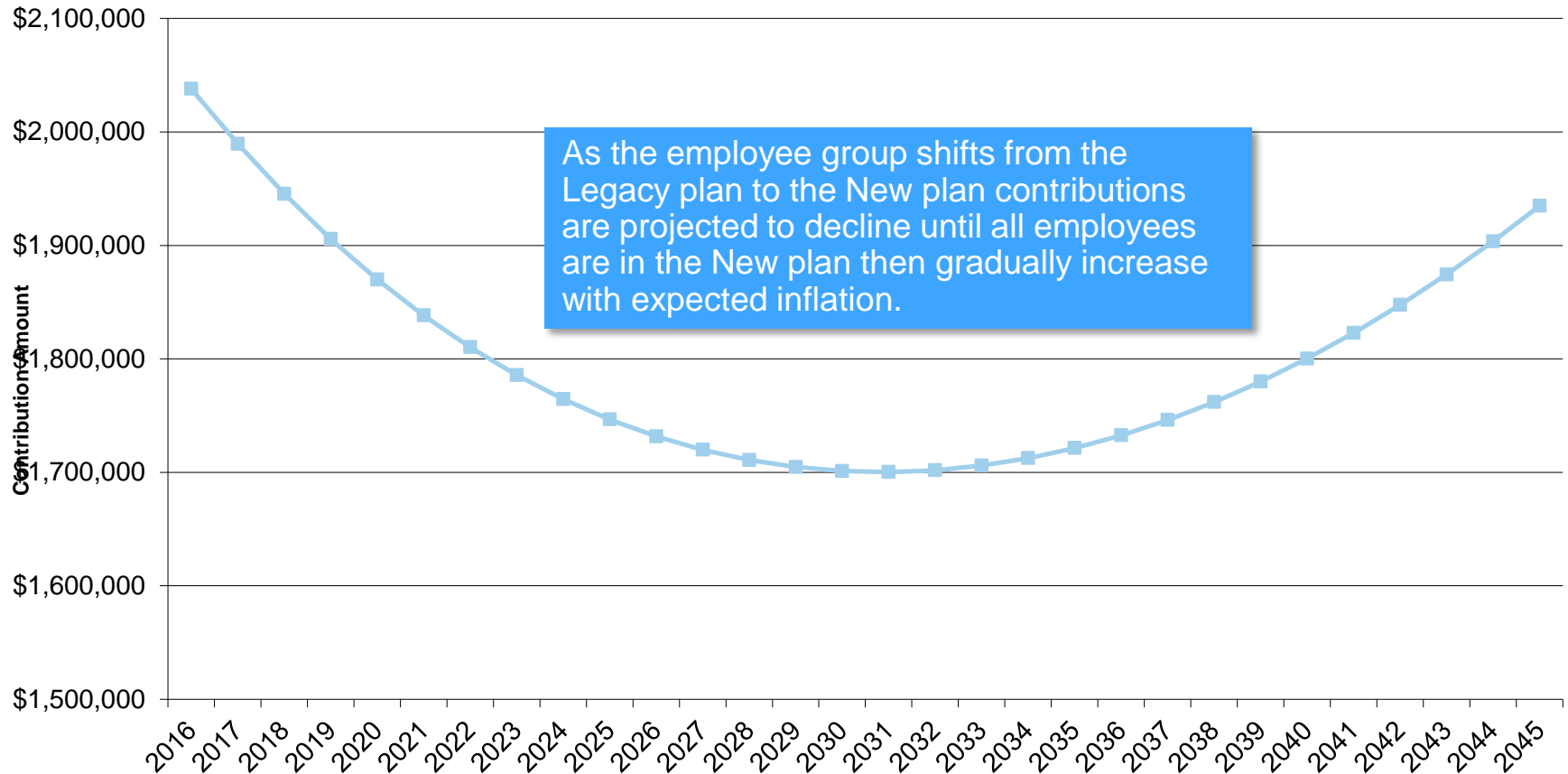
The above projections assume that plan experience will match current assumptions and that the number of active employees, their age and service will remain relatively consistent from year to year.



# City of Smyrna

## Projected Contribution Amounts

### PROJECTED CONTRIBUTION AMOUNT

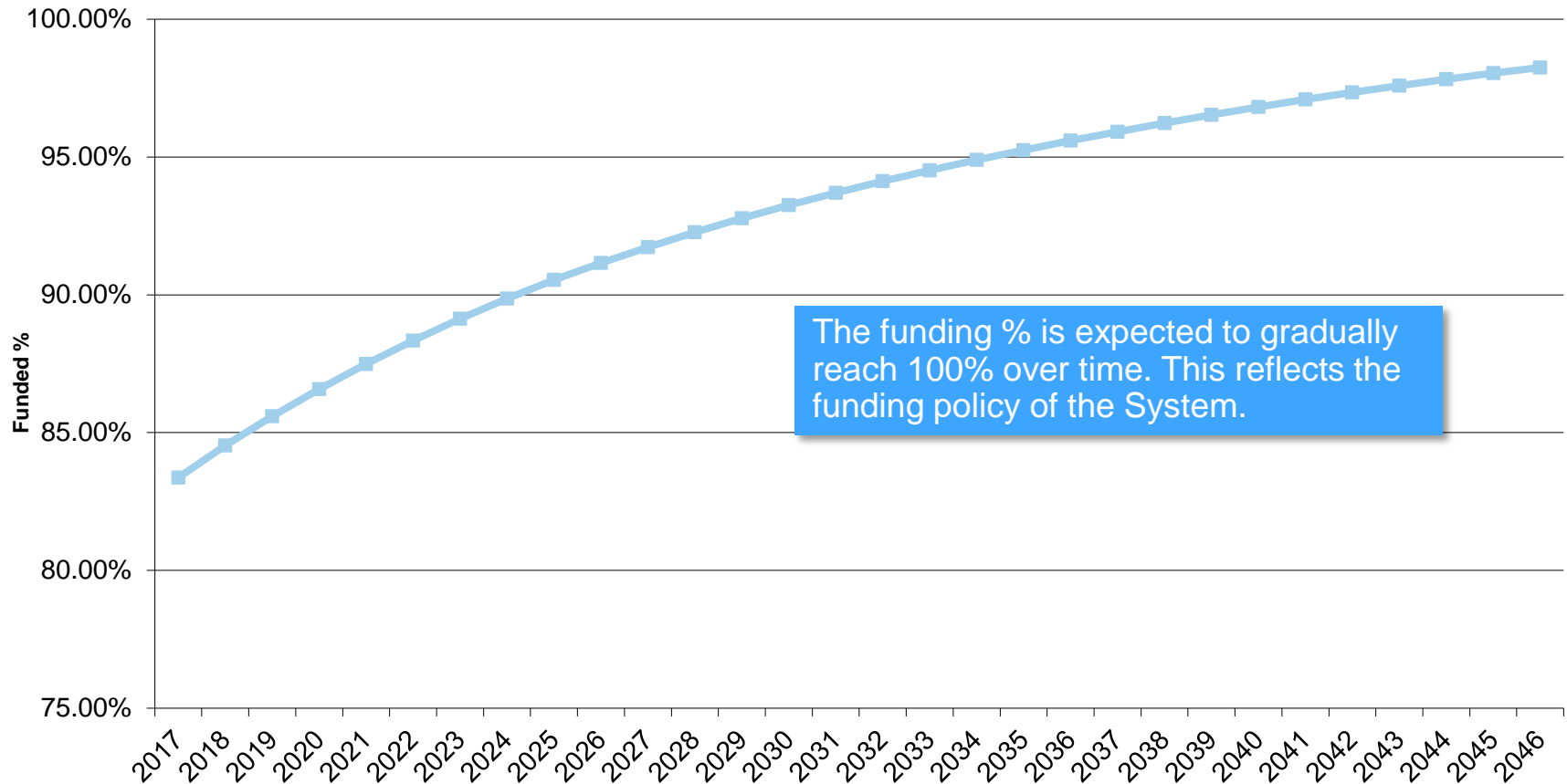


The above projections assume that plan experience will match current assumptions and that the number of active employees, their age and service will remain relatively consistent from year to year.

# City of Smyrna

## *Projected Funded Percentage*

### PROJECTED FUNDED %



The above projections assume that plan experience will match current assumptions and that the number of active employees, their age and service will remain relatively consistent from year to year.

# City of Smyrna

## The Small Print

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- This presentation is intended for the use of interested parties of the Plan, and is a supplement to Segal Consulting's full valuation report for the Plan as of January 1, 2017.
- Please refer to the full valuation report for a description of assumptions and plan provisions reflected in the results shown in this presentation. The report also includes more comprehensive information regarding the System's membership, assets, and experience during the most recent plan year.
- Projections, by their nature, are not a guarantee of future results. They are intended to serve as estimates of future financial outcomes that are based on assumptions about future experience and the information available to us at the time the modeling is undertaken and completed. The projected future results included in this presentation show how the System would be affected if specific investment return, salary, mortality, turnover, disability and retirement assumptions are met. Actual results may differ due to such variables as demographic experience, the economy, stock market performance and the regulatory environment.
- The calculations included in this presentation were completed under the supervision of Leon F. (Rocky) Joyner, FCA, ASA, MAAA, EA, Jeanette Cooper, FCA, FSA, MAAA, EA and Malichi Waterman, MAAA, EA.

# Questions

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