



Retirement Plan A Called Meeting Agenda
Thursday, November 4, 2021, 10:00 AM
Administration Building, Board Room
300 Henry Ward Way, 3rd Floor
Chairman or Vice Chairman Presides

OLD BUSINESS:

- Retirement Plan A Improvement Study - Work Session

Tommy Hunt,
Chairman

ADJOURNMENT:

NEXT SCHEDULED MEETING
November 9, 2021, 10:00 AM

Final, November 3, 2021, 3:03 PM

Date Submitted: 11/3/2021
Presenter: Tommy Hunt, Chairman
Item of Business: Retirement Plan A Improvement Study - Work Session
Meeting Date: 11/4/2021

Purpose of Request:

The purpose of this request is to allow the Retirement Plan A Board to review the revised Plan Improvement Study and discuss viable improvements to the Plan.

History/Background:

The RPA Board held a work session on February 11, 2020 to discuss possible Plan enhancements. The results from the work session were put on hold due to COVID-19 limitations.

Facts & Issues for Consideration:

Department Recommendation:

Department Director:

Tommy Hunt, Chairman

If funding is involved, are funds approved within the current budget?

Amount Requested: **Source of Funds:**

Finance Comments:

Administrative Comments:

ATTACHMENTS:

Description	Type
 Revised RPA Improvement Study	Backup Material

Memorandum

To: City of Gainesville Retirement Plan A Board of Trustees

From: Malichi S. Waterman, FCA, MAAA, EA

Date: October 15, 2021

Re: Potential Benefit Changes

As requested by the Retirement Plan A Board, Segal has developed the impact on plan funding of potential benefit changes.

Current: Preliminary valuation results, updated as of July 1, 2021

Potential Changes:

1) Plan for Post-2008 Actives

Proposal: There are four options under consideration:

- a) Early Retirement Reductions at 20 years of service at any age of 1.65% per year
- b) Normal Retirement Eligibility at age 60 with 10 years of service for General Employees
- c) Early Retirement Reductions at 20 years of service at any age of 5.00% per year but no more than 40%
- d) Benefit multiplier of 3.00% with Early Retirement Reductions at 20 years of service at any age of 3.00% per year

2) Cost-of-living Allowance (COLA) for All Participants

Proposal: There are four options under consideration:

- a) Immediate COLA for All Retirees of 0.5% per year (This keeps the effective amortization of the unfunded actuarial accrued liability at less than 25 years.)
- b) Five-year deferred COLA for All Retirees of 0.65% per year (This keeps the effective amortization of the unfunded actuarial accrued liability at less than 25 years.)
- c) Graduated COLA of 0.25% for years 0-5, 0.50% for years 6-10, 1.00% for years 11-15, and 2.00% for all years after 15.
- d) 1.00% COLA for retirees aged 60-64 and 2.00% COLA for all ages older than 65

The cost impacts of the various plan changes are shown on the attached exhibit.

The actuarial calculations were directed under my supervision. I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of my knowledge, the information supplied in this study is complete and accurate.

Segal does not practice law and any plan changes should be reviewed by Legal Counsel.

Please let us know if you require additional information.

cc: Karen Rojas

Post-2008 Active Plan Change Costs					
	Preliminary July 1, 2021 Actuarial Valuation Results	Option 1(a)	Option 1(b)	Option 1(c)	Option 1(d)
1. Actuarial Accrued Liability (AAL)	\$170,300,973	\$170,398,280	\$170,677,991	\$170,485,670	\$172,331,524
2. Actuarial Value of Assets (AVA)	118,763,536	118,763,536	118,763,536	118,763,536	118,763,536
3. Unfunded Actuarial Accrued Liability (UAAL): (1) – (2)	51,537,437	51,634,744	51,914,455	51,722,134	53,567,988
4. Funded Percent on AVA Basis: (2) / (1)	69.74%	69.70%	69.58%	69.66%	68.92%
5. Market Value of Assets (MVA)	\$138,626,378	\$138,626,378	\$138,626,378	\$138,626,378	\$138,626,378
6. Funded Percent on MVA Basis: (5) / (1)	81.40%	81.35%	81.22%	81.31%	80.44%
7. Total Normal Cost, Including Administrative Expenses, Adjusted for Timing	\$3,352,279	\$3,384,950	\$3,459,917	\$3,378,825	\$3,747,799
8. Amortization Payment on UAAL (20-year level percent of pay), Adjusted for Timing	6,563,483	6,570,442	6,590,445	6,576,691	6,708,696
9. Total Recommended Contribution	\$10,545,041	\$10,587,186	\$10,688,183	\$10,587,319	\$11,120,091
10. Projected Payroll	28,740,422	28,740,422	28,740,422	28,740,422	28,740,422
11. Total Recommended Contribution as a Percent of Projected Payroll: (12) / (13)	36.69%	36.84%	37.19%	36.84%	38.69%
12. Actual Total Contribution Rate	26.40%	26.40%	26.40%	26.40%	26.40%
13. Years to Amortize UAAL	19.22 years	19.53 years	20.32 years	19.54 years	24.41 years

COLA Plan Change Costs					
	Preliminary July 1, 2021 Actuarial Valuation Results	Option 1(a)	Option 1(b)	Option 1(c)	Option 1(d)
1. Actuarial Accrued Liability (AAL)	\$170,300,973	\$178,006,045	\$177,883,703	\$187,499,430	\$193,646,195
2. Actuarial Value of Assets (AVA)	118,763,536	118,763,536	118,763,536	118,763,536	118,763,536
3. Unfunded Actuarial Accrued Liability (UAAL): (1) – (2)	51,537,437	59,242,509	59,120,167	68,735,894	74,882,659
4. Funded Percent on AVA Basis: (2) / (1)	69.74%	66.72%	66.76%	63.34%	61.33%
5. Market Value of Assets (MVA)	\$138,626,378	\$138,626,378	\$138,626,378	\$138,626,378	\$138,626,378
6. Funded Percent on MVA Basis: (5) / (1)	81.40%	77.88%	77.93%	73.93%	71.59%
7. Total Normal Cost, Including Administrative Expenses, Adjusted for Timing	\$3,352,279	\$3,434,901	\$3,412,228	\$3,470,643	\$3,647,464
8. Amortization Payment on UAAL (20-year level percent of pay), Adjusted for Timing	6,563,483	7,114,505	7,105,756	7,793,418	8,232,999
9. Total Recommended Contribution	\$10,545,041	\$11,218,898	\$11,185,482	\$11,978,906	\$12,634,427
10. Projected Payroll	28,740,422	28,740,422	28,740,422	28,740,422	28,740,422
11. Total Recommended Contribution as a Percent of Projected Payroll: (12) / (13)	36.69%	39.04%	38.92%	41.68%	43.96%
12. Actual Total Contribution Rate	26.40%	26.40%	26.40%	26.40%	26.40%
13. Years to Amortize UAAL	19.22 years	24.94 years	24.59 years	33.73 years	47.29 years