CITY OF
GAINESVILLE

Retirement Plan A Called Meeting Agenda
Friday, December 3, 2021, 9:00 AM
Administration Building, The Station
300 Henry Ward Way, The Station
Chairman or Vice Chairman Presides

OLD BUSINESS:

- Retirement Plan A Improvement Study — Tommy Hunt, Chairman

ADJOURNMENT:

NEXT SCHEDULED MEETING
December 14, 2021, 10:00 AM

Final, November 3, 2021, 8:22 PM

CITY OF GAINESVILLE

AGENDA REQUEST

Date Submitted: 12/3/2021

Presenter: Tommy Hunt, Chairman

Item of Business: Retirement Plan A Improvement Study

Meeting Date: 12/3/2021

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

History/Background:
The RPA Board held work sessions on February 11, 2020 and November 3, 2021 to discuss possible Plan enhancements.

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

2727 Paces Ferry Road SE
Building One, Suite 1400
Atlanta, GA 30339-4053
T 678.306.3100
F 678.669.1887
segalco.com

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**