

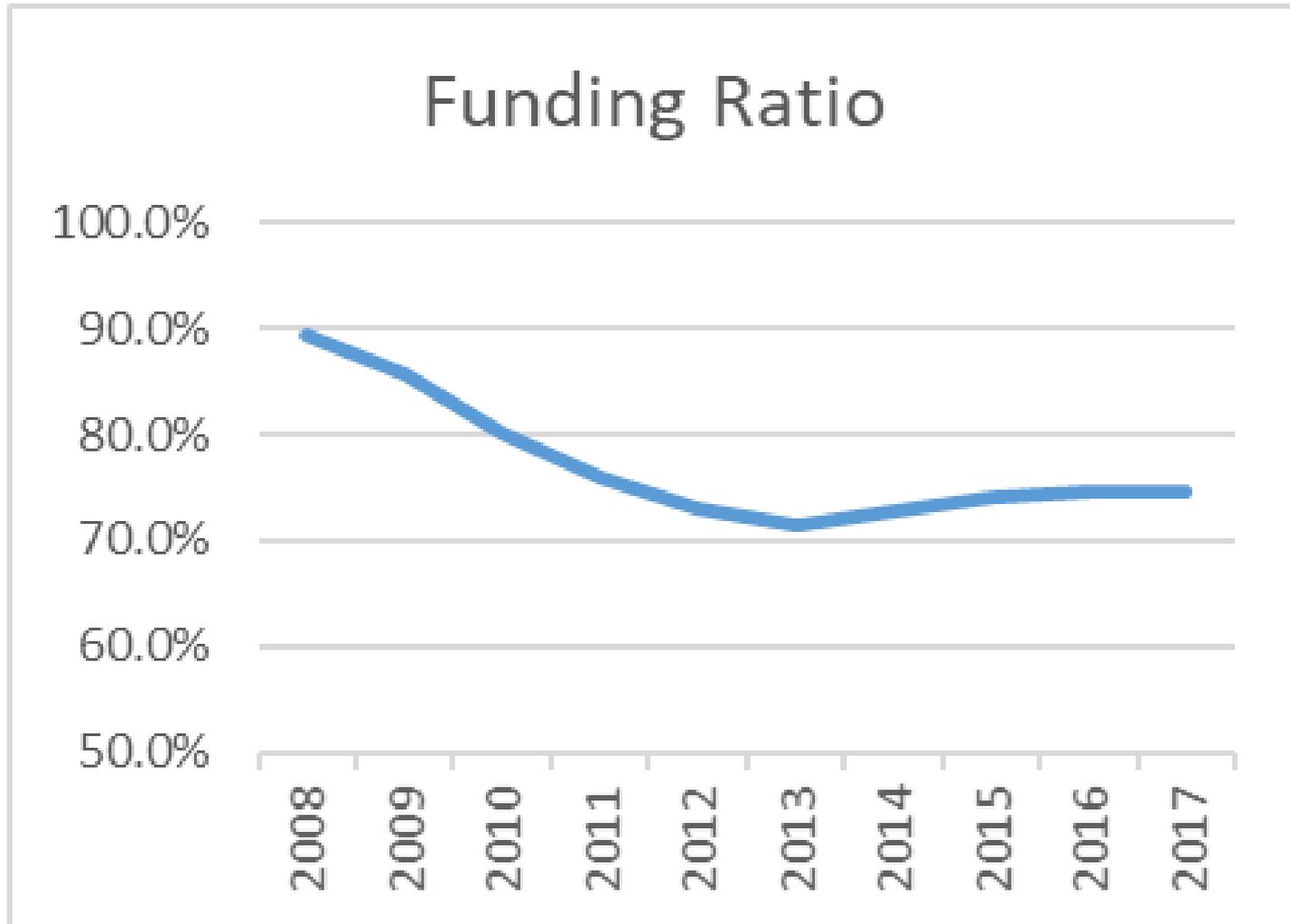
## *Current State*

- Most recent valuation date: 6/30/2017
  
- Funding ratio: 74.7%
- Unfunded Accrued Liability: \$4.427 billion
- Employer Contribution Rates (for FY20):
  - Old Plan / New Plan: 24.66%
  - GSEPS: 21.64%
- Active Members and Payroll:
  - 60,906 (current: ~61,000)
  - \$2.546 billion
- Retired Members / Beneficiaries and Payroll:
  - 49,475 (current: ~51,000)
  - \$1.346 billion

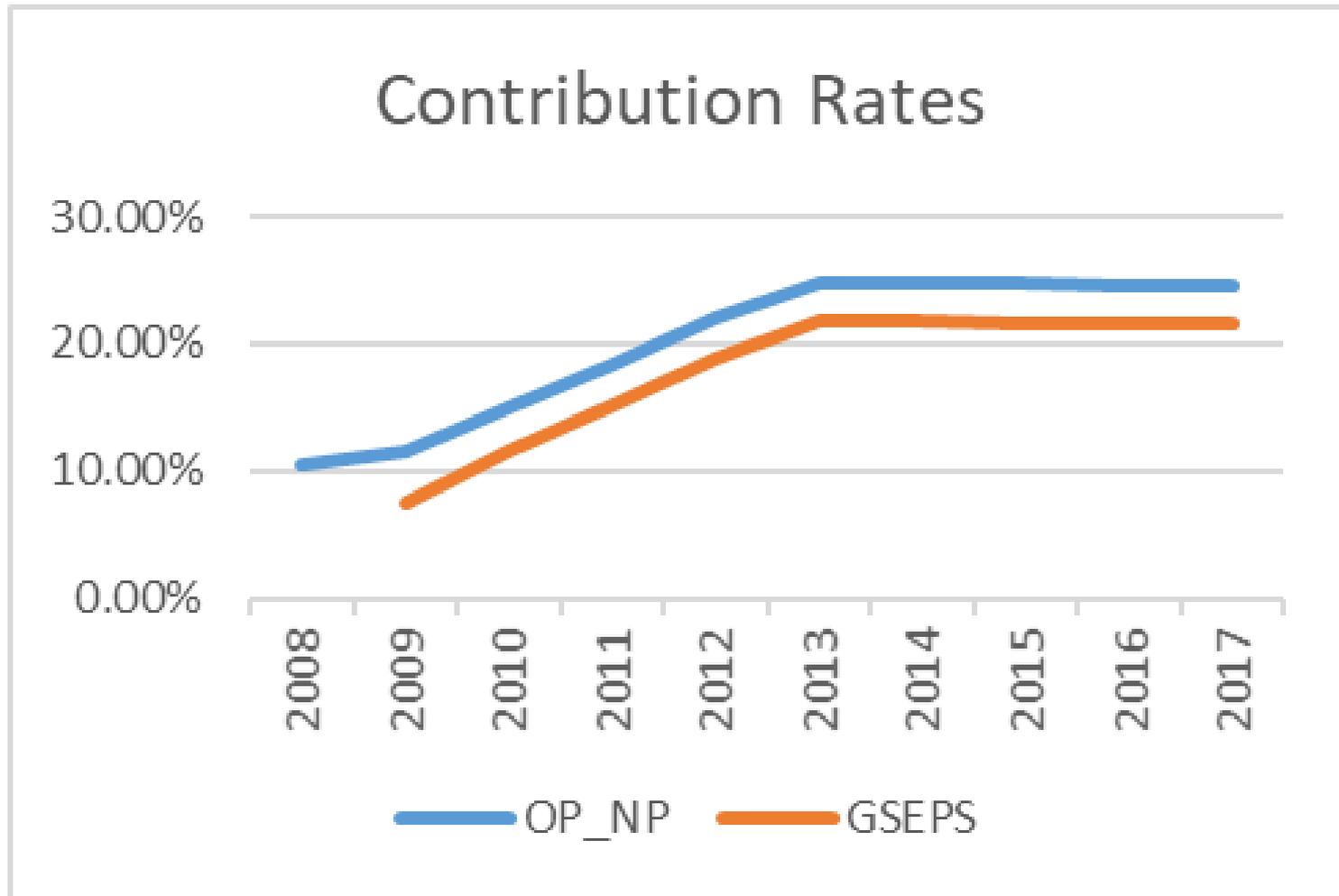
# Current State

- Key valuation assumptions:
  - Rate of Return / Discount Rate: 7.40%
    - Will be 7.3% for FY18 and future projections
    - Long-term target assumption 7.0%
  - Amortization Period: 25-year closed
  - Amortization Method: Level Dollar
  - Asset Smoothing: 5 years
  - Active Member Payroll: 6.8% growth
- Investment return, FY18: 9.2%
- Investment return, FYTD19: ~1.5% @ 2/15/19
  - Low point of (-8%) in mid-December

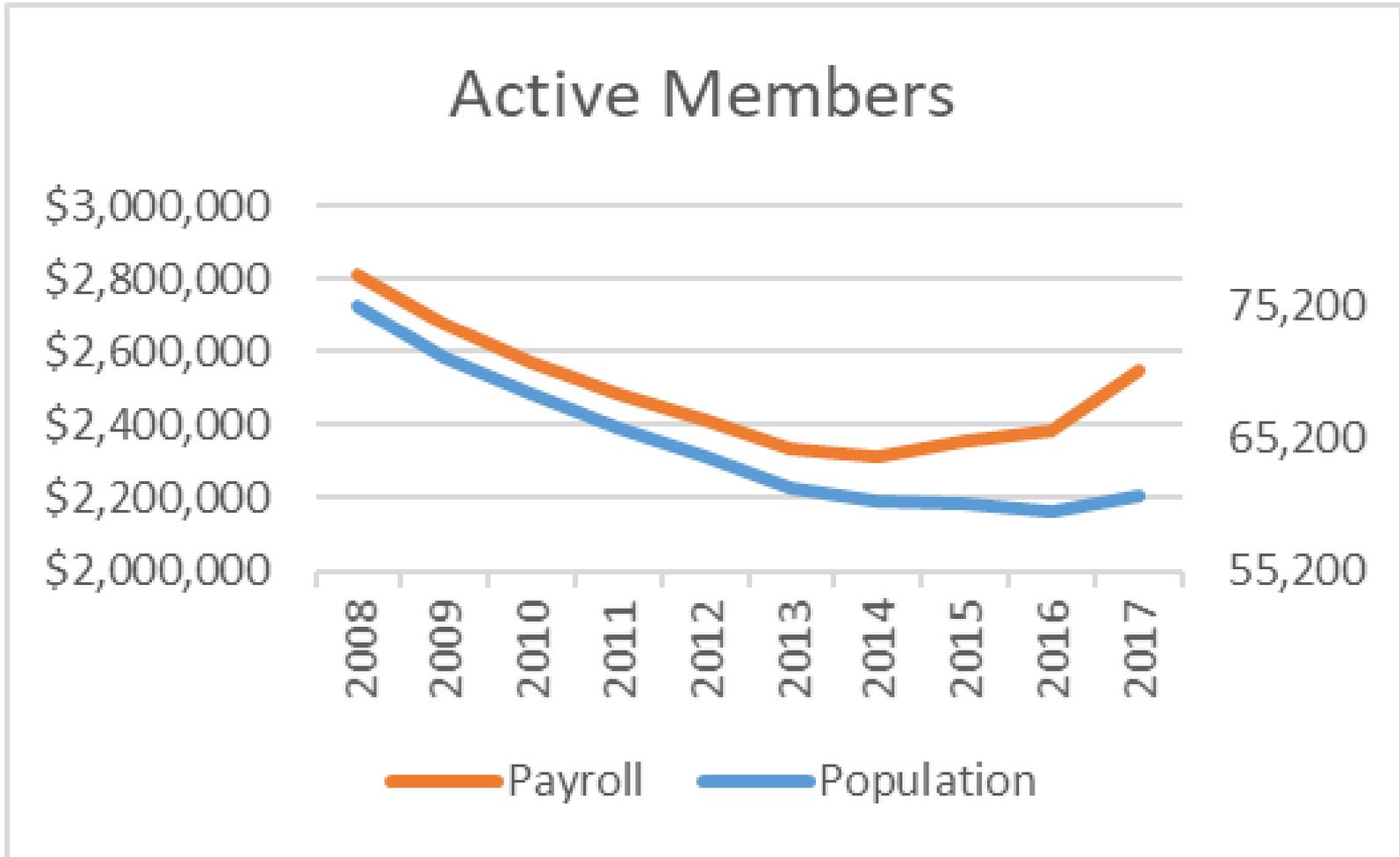
## Recent History



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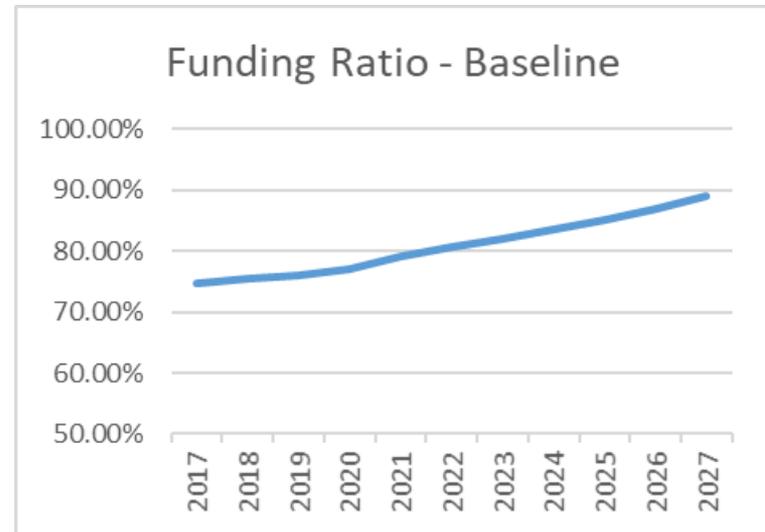
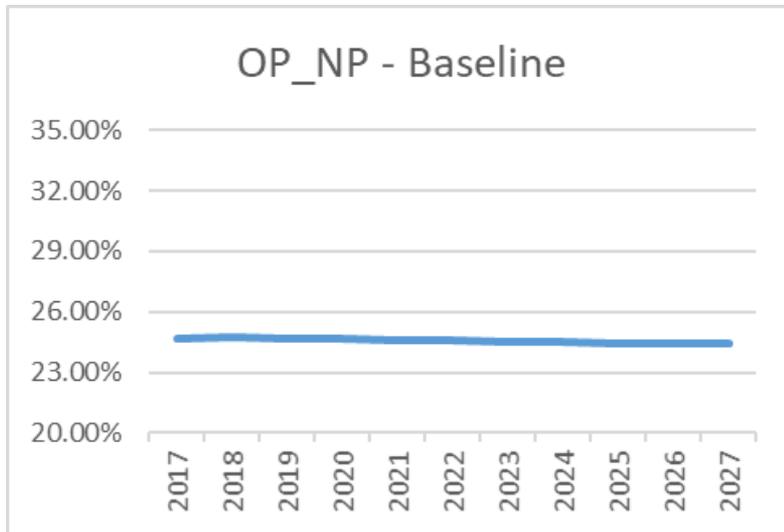
## Recent History



# Projections – Baseline

7.30% return on investments in FY 2019

7.30% return on investments in all future years



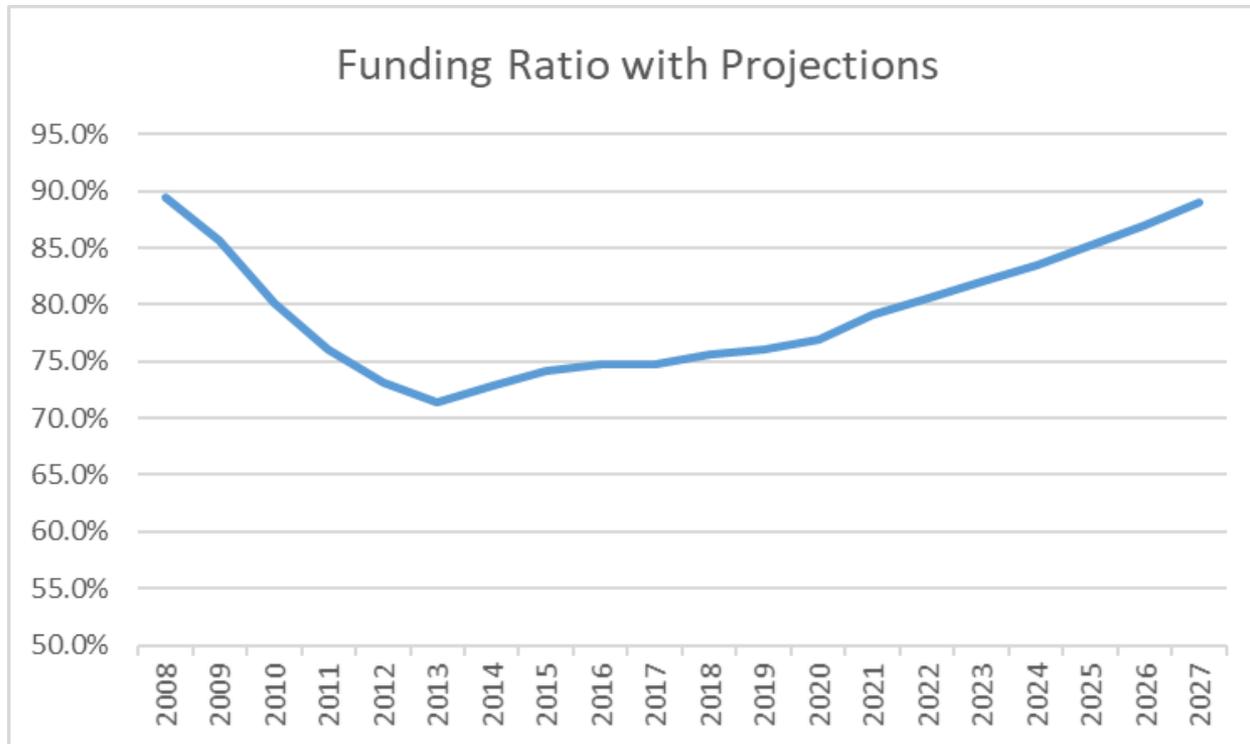
100% funded ratio projected as of 6/30/2032 valuation

# Twenty Years

7.3% discount rate and assumed RoR, all years

Includes 9.2% RoR for FY18

Includes 13<sup>th</sup> and 14<sup>th</sup> checks paid 7/1/2018 and 1/1/2019



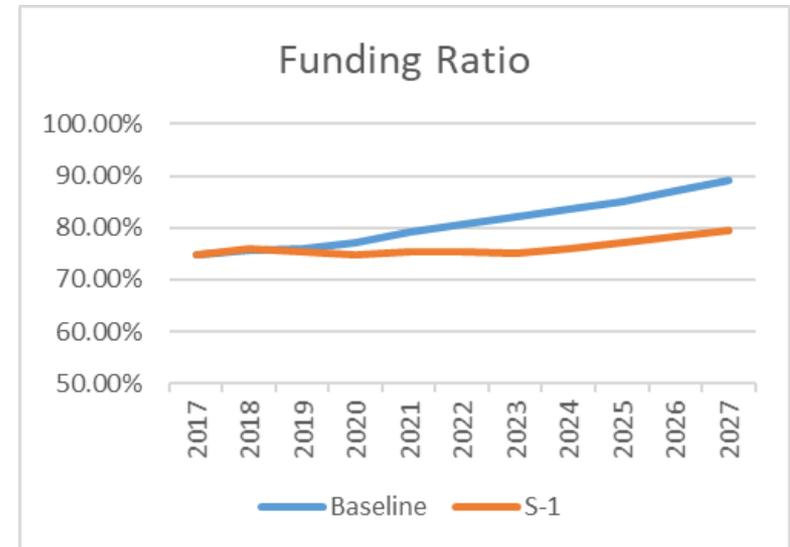
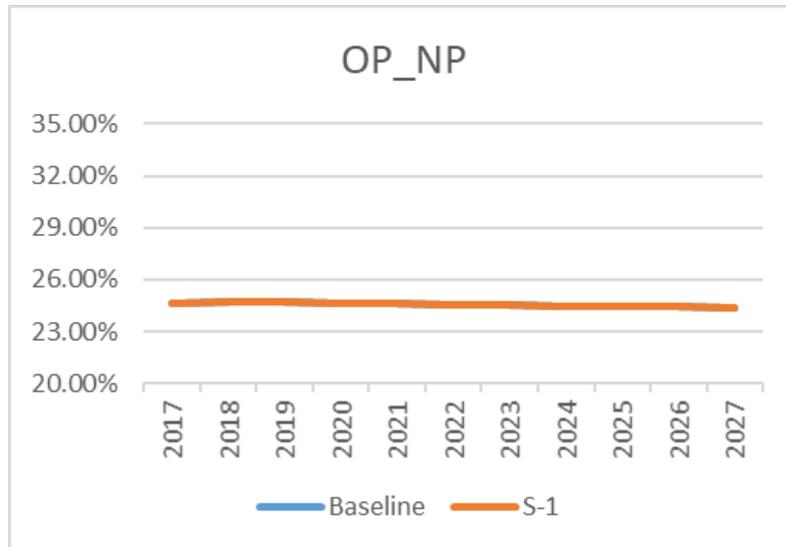
100% funded ratio projected as of 6/30/2032 valuation

# Scenario "S-1"

Changes from Baseline:

0.00% return on investments in FY 2019

7.30% return on investments in all future years



100% funded ratio projected as of 6/30/2036 valuation (S-1)

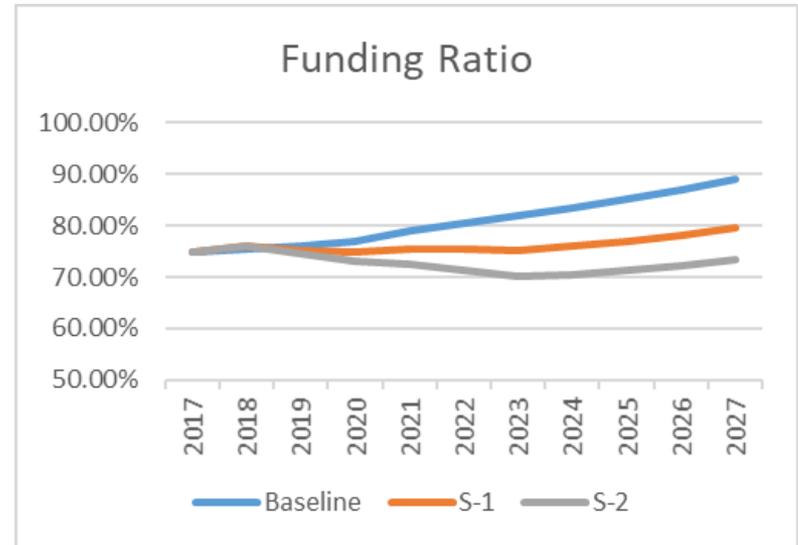
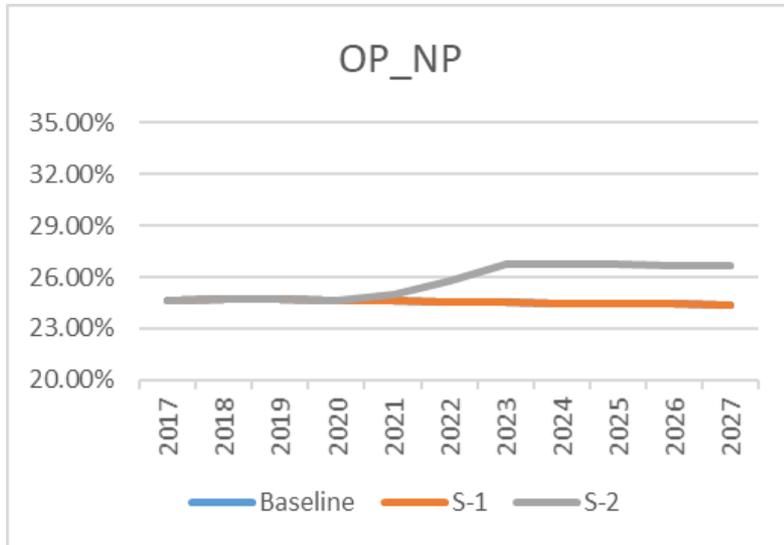
No change in Contribution Rates

# Scenario "S-2"

Changes from Baseline:

(-5.00%) return on investments in FY 2019

7.30% return on investments in all future years



100% funded ratio projected as of 6/30/2038 valuation (S-2)

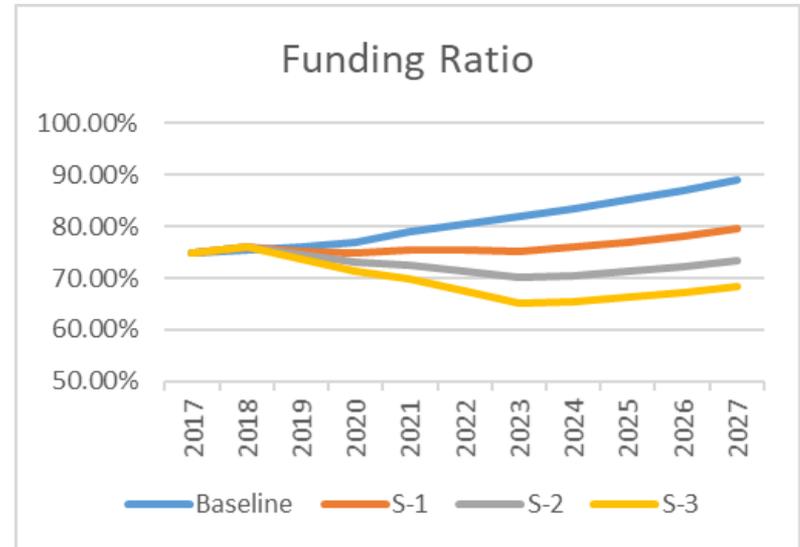
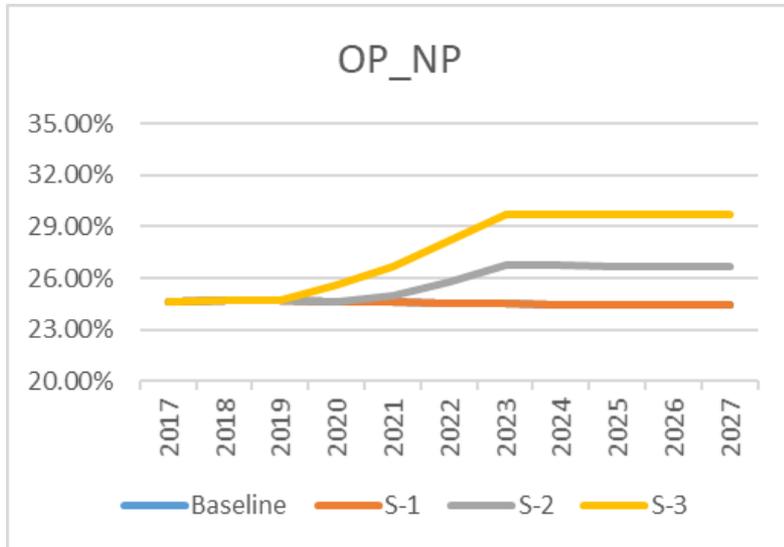
Contribution Rates final increase of 2.27% (\$59 million per year)

# Scenario "S-3"

Changes from Baseline:

(-10.00%) return on investments in FY 2019

7.30% return on investments in all future years



100% funded ratio projected as of 6/30/2039 valuation (S-3)

Contribution Rates final increase of 5.27% (\$137 million per year)

# Post-Retirement Adjustments – Costs

COLA Type	Assumptions (\$2.6 billion payroll)	Unfunded Liability (UAL) Change	Amount Amortized over 25 Years	Increase in Employer Contribution Rate
3%	No retirement income cap	+\$375 million	\$33.1 million per year	+1.27%
1%	No retirement income cap	+\$125 million	\$11 million per year	+0.42%
3%	Only on income up to \$30,000	+\$278 million	\$24.5 million per year	+0.94%
3%, one-time ("13 <sup>th</sup> check")	Only on income up to \$30,000	+\$30.6 million	\$2.7 million per year	+0.11%
1%, one-time ("13 <sup>th</sup> check")	Only on income up to \$30,000	+\$10.2 million	\$900,000 per year	+0.04%
Prefunded 1%	No retirement income cap	+1.26 billion	\$111.1 million per year	+4.27%

## *Next Steps*

- Currently working on draft actuarial valuation reports
- Annual Board meetings (all systems): April 18, 2019
  - Review and approve valuation reports
  - Consider payment of post-retirement adjustments
- I'm available, as always, to answer questions