

**Staff Recommendations for Actuarial Assumption Changes
Per Experience Investigation for the Five Years Ended December 31, 2017**

Staff recommends implementing all actuary-recommended assumption changes, with the qualification that the investment return assumption be lowered to the 6.5% alternative offered by the actuary. Additionally, staff recommends lowering to the 6.5% level decrementally over a four-year period to allow the City to better manage the financial impact.

Recommendations:

Lower the investment return assumption rate decrementally over a four year period, utilizing plan credit balance as possible to minimize the impact on the City budget.

| <u>Year</u> | <u>Rate</u> | <u>Estimated Cost</u> |
|-------------|-------------|-----------------------|
| FY2019 | 7.00% | n/a |
| FY2020 | 6.75% | \$ 1,138,770 |
| FY2021 | 6.65% | 450,000 |
| FY2022 | 6.55% | 1,000,000 |
| FY2023 | 6.50% | 650,000 |
| | | <u>\$ 3,238,770</u> |