



Legislation Details (With Text)

**File #:** ID#21-9316    **Version:** 1    **Name:** Accept the January 1, 2021 Annual Actuarial Valuation Report for the Employees' Pension Plan

**Type:** Action Item    **Status:** Passed

**File created:** 5/27/2021    **In control:** Pension Trustees

**On agenda:** 6/14/2021    **Final action:** 6/14/2021

**Title:** Accept the January 1, 2021 Annual Actuarial Valuation Report for the Employees' Pension Plan.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Clearwater Employees Pension Plan - 1-1-2021 Valuation Report

Date	Ver.	Action By	Action	Result
6/14/2021	1	Pension Trustees		

**SUBJECT/RECOMMENDATION:**

Accept the January 1, 2021 Annual Actuarial Valuation Report for the Employees' Pension Plan.

**SUMMARY:**

Per the actuarial valuation report dated January 1, 2021, a minimum city employer contribution of \$11.40 million, or 12.30% of covered payroll, is required for fiscal year 2022. This is a decrease of approximately \$121 thousand over the fiscal 2021 required contribution of \$11.52 million, which represented 12.72% of covered payroll.

The breakout of the required contribution by group is as follows:

Police	\$ 4,681,293	21.84%
Fire	\$ 3,230,263	18.68%
Non-public safety	<u>\$ 3,489,438</u>	6.46%
Total	<u>\$11,400,994</u>	12.30%

The calendar year 2020 investment return was 15.12%, versus an assumed rate of 6.65% for 2020. The five-year smoothed actuarial investment rate of return was 11.10% versus the 6.65% assumption. Calendar 2016 through 2020 investment returns were 6.70%, 16.01%, (2.48%), 20.20%, and 15.12%, respectively. As previously approved by the Trustees, the assumed rate of return will reduce to 6.55% for 2021 and to 6.50% effective January 1, 2022.

The plan experienced a net actuarial experience gain of \$45.7 million for the year. The gain was primarily due to investment returns, slightly offset by net liability-related experience losses. The net liability-related experience losses included salary and mortality experience losses offset by retirement and disability experience gains.

The plan's funded ratio at January 1, 2021 was 108.70% (including the credit balance) versus 102.60% for the prior year. The market value of assets exceeds the actuarial value of assets by \$129.6 million as of January 1, 2021.

The plan's credit balance, which reflects actual contributions in-excess of actuarially required contributions in prior years, increased from \$28.96 million to \$31.55 million during calendar 2020, primarily due to interest earned on the credit balance. This credit balance is available to subsidize volatile employer contribution requirements during future investment market downturns.