



# **City of Austin Pension Plan Comparisons**

Audit & Finance Committee  
June 17, 2008



# Plan Membership and Annual Contributions

<i>December 31, 2006</i>	Employee	Police	Fire	Total
Retirees and Beneficiaries currently receiving benefits	4,181	432	443	5,056
Current Employees	8,055	1,455	974	10,484
<b>Total</b>	<b>12,236</b>	<b>1,887</b>	<b>1,417</b>	<b>15,540</b>

<i>Contributions for Year ended September 30, 2007 (in thousands)</i>	Employee	Police	Fire	Total
City	\$31,634	\$18,047	\$12,389	\$62,070
Employee	\$31,529	\$11,021	\$10,819	\$53,369
<b>Total</b>	<b>\$63,163</b>	<b>\$29,068</b>	<b>\$23,208</b>	<b>\$115,439</b>

# Average Contributions by Plan

	Employee	Police	Fire
Average Annual Employer (City) Contribution	\$3,927	\$12,403	\$12,720
Average Annual Employee Contribution	\$3,914	\$7,575	\$11,108
Average Supplemental Contribution (per Employee)	\$491	N/A	N/A
Total	\$8,332	\$19,978	\$23,828

# Retirement Eligibility

Employee	Police	Fire
- 20 years service at age 55	- 20 years service at age 55	- 10 years service at age 50
- 23 years service at any age	- 23 years service at any age	- 25 years of service at any age
- any number of years of service at age 62	- any number of years of service at age 62	

# Actuarial Assumptions

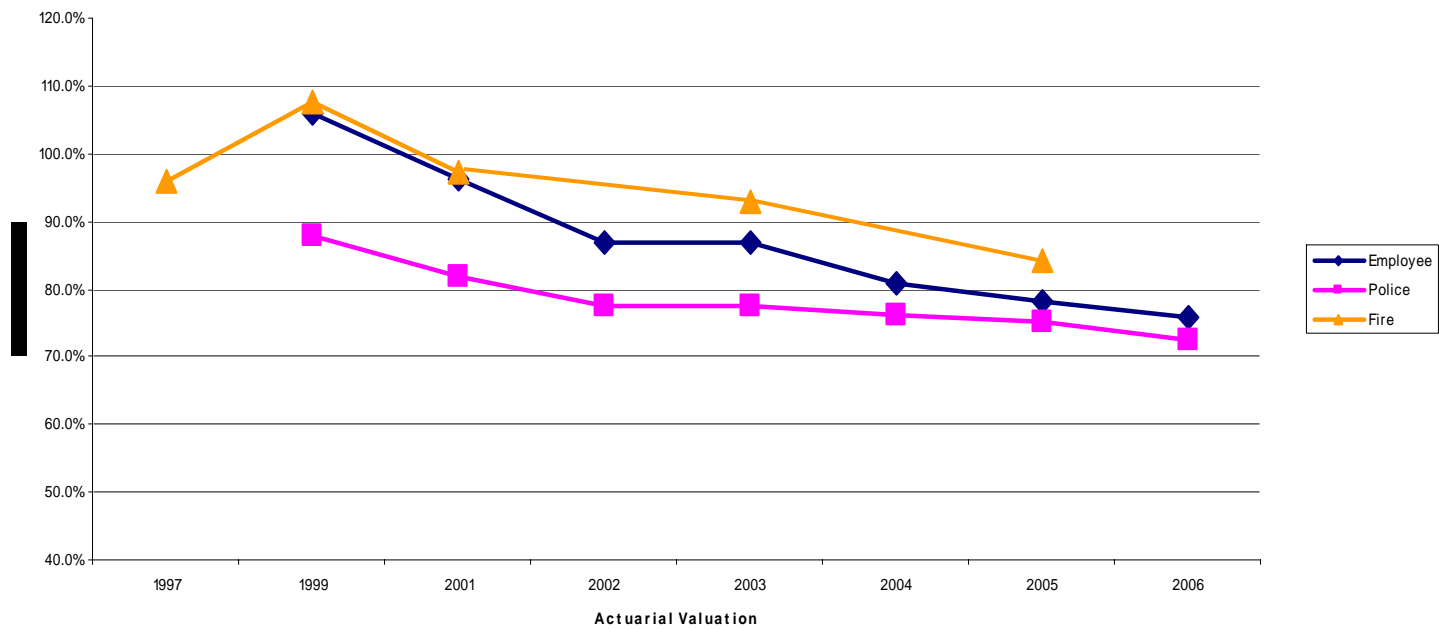
	Employee	Police	Fire
Inflation Rate	3.50%	4.00%	3.15%
Projected Annual Salary Increases	5% - 6%	6.8% average	8%
Post Retirement Benefit Increase	N/A	N/A	1%
Assumed Rate of Return on Investments	7.75%	8.00%	7.75%

# Actuarial Calculations

<i>(millions)</i>	Employee	Police	Fire
Date of last Actuarial Valuation	12/31/2006	12/31/2006	12/31/2005
Actuarial Value of Investments	\$1,497.8	\$417.3	\$493.6
Actuarial Accrued Liability	\$1,974.0	\$576.1	\$580.1
Unfunded Accrued Liability	\$476.2	\$158.8	\$86.5
Amortization Period	Infinite	29.7 yrs	115.9 years
Funded Ratio	75.90%	72.40%	85.10%

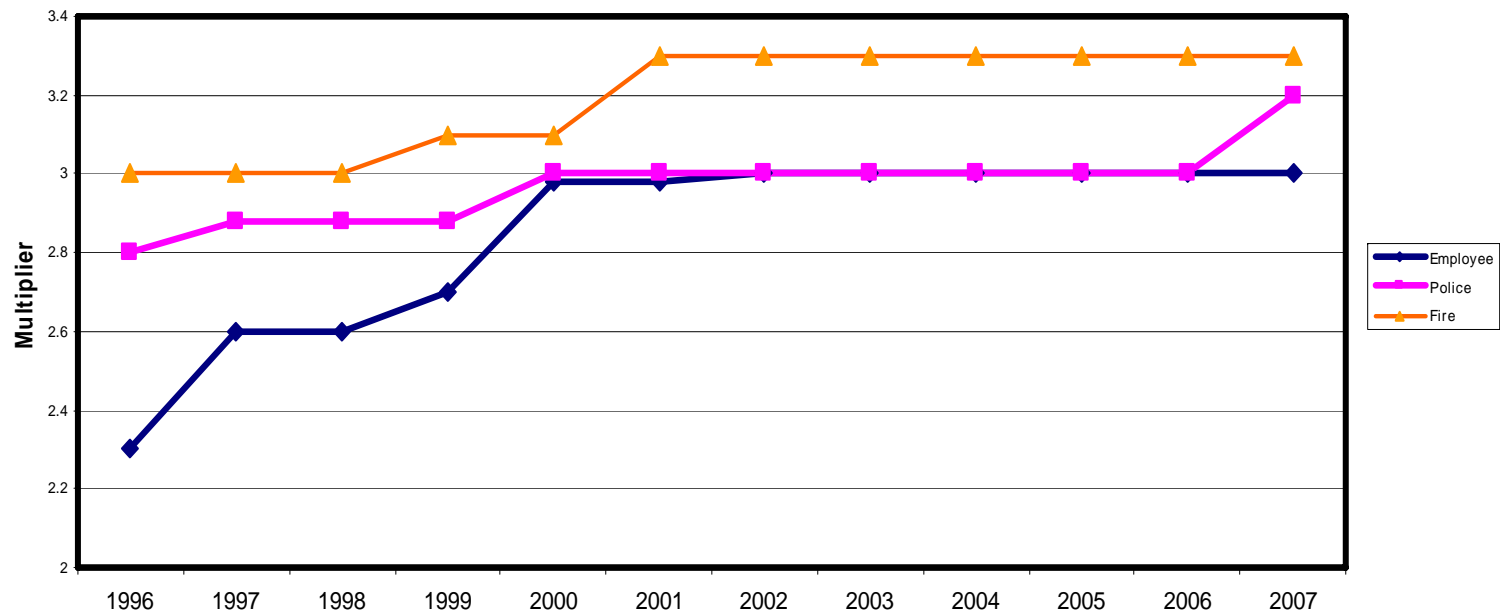
# Historical Funded Ratios

Historical Funded Ratios



# Pension Multiplier Rates

Multiplier by Retirement System



# Current Contribution Rates

	Employee	Police	Fire
Employer	8.00%	18.00%	18.05%
Employer-Social Security	6.20%	6.20%	N/A
Subtotal-Employer	14.20%	24.20%	18.05%
Employee	8.00%	13.00%	15.70%
Employee-Social Security	6.20%	6.20%	N/A
Subtotal-Employee	14.20%	19.20%	15.70%
Total	28.40%	43.40%	33.75%
Supplemental	Yes	No	No

*Supplemental is currently 1%. Will increase in annual increments of 1% if ERS rate of return is below 12%.*

*not to exceed 4%. Total. Discontinued upon achieving 30 year amortization period*

# COLA History

	Employee	Police	Fire
2007	0.00%	1.00%	0.00%
2006	0.00%	0.00%	\$100 per month to each annuitant
2005	0.00%	1.75%	\$32 per month to each annuitant
2004	0.00%	3.00%	0.00%
2003	0.00%	1.50%	0.00%
2002	2.50%	3.00%	2.10%
2001	3.50%	3.00%	3.40%
2000	0.00%	3.00%	2.60%
1999	3.00%	4.00%	1.50%
1998	5.00%	2.00%	2.10%
1997	6.00%	3.00%	3.00%
1996	6.00%	2.00%	2.90%

# Sample Retirement Calculation

## 25 years employment service

	Employee	Police	Fire
<b>Multiplier</b>	3.0	3.2	3.3
<b>% of average salary</b>	75.0%	80.0%	82.5%
<b>Average Annual Salary per Pension Plan</b>	\$48,537	\$68,790	\$59,545
<b>Annual Annuity</b>	\$36,403	\$55,032	\$49,125
<b>Average Constant Salary</b>	\$58,957	\$58,957	\$58,957
<b>Annual Annuity</b>	\$44,218	\$47,166	\$48,640

# Summary of Key Measures

- Annual Contributions
- Funded Ratio
- Unfunded Liabilities

**Questions?**