

Retirement News Update

A Publication of the City of Austin Employees' Retirement System

Available online at www.coaers.org

3rd Quarter 2018

2017 Financial Summary

Introduction

This edition of Retirement News Update provides a financial overview of the City of Austin Employees' Retirement System (COAERS or the System) based on the 2017 Comprehensive Annual Financial Report (CAFR). The complete report provides information about the financial, investment and actuarial aspects of the System. To obtain a copy of the complete 2017 CAFR, contact the retirement office by phone at (512) 458-2551, or download a copy from our website at www.coaers.org.

As of December 31, 2017, COAERS' net position totaled \$2.65 billion.

Summary of Fiduciary Net Position December 31, 2017 and 2016

	2017	2016
Assets		
Cash and receivables	\$ 21,968,064	\$ 87,126,461
Investments	2,629,928,427	2,274,600,237
Invested securities		
lending collateral	148,922,849	102,574,024
Capital assets, net	4,347,529	3,370,047
Total assets	<u>2,805,166,869</u>	<u>2,467,670,769</u>
Liabilities		
Total liabilities	<u>154,708,753</u>	<u>167,962,383</u>
Net position restricted for pensions	<u>\$ 2,650,458,116</u>	<u>\$ 2,299,708,386</u>

Summary of Changes in Fiduciary Net Position December 31, 2017 and 2016

	2017	2016
Additions:		
Contributions	\$ 167,251,257	\$ 165,289,544
Investment income	382,719,865	176,689,033
Investment expenses	5,899,840	5,050,013
Net investment income	<u>376,820,025</u>	<u>171,639,020</u>
Other income	—	995
Total additions	<u>544,071,282</u>	<u>336,929,559</u>
Deductions:		
Benefit payments and contribution refunds	190,543,262	179,344,379
General and administrative expenses	2,778,290	2,700,916
Total deductions	<u>193,321,552</u>	<u>182,045,295</u>
Net increase in net position	<u>350,749,730</u>	<u>154,884,264</u>
Net position restricted for pensions:		
Beginning of year	2,299,708,386	2,144,824,122
End of year	<u>\$ 2,650,458,116</u>	<u>\$ 2,299,708,386</u>

Actuarial Overview and Funding Status

Each year, the COAERS actuary presents the results of the actuarial valuation to the Board of Trustees (Board). The actuarial valuation provides the costs of the System's liabilities, assesses the adequacy of contributions paid to the System, and provides a snapshot of the System's funded status as of December 31st of the previous year.

The Actuarial Valuation for the year ending December 31, 2017, reports an unfunded liability of \$1.205 billion, an increase from \$1.168 billion in 2016. The funding period was 30 years, compared to 31 years at the end of 2016, and COAERS current obligations were 68.3% funded.

Key Actuarial Valuation Results

	December 31, 2017 (1)	December 31, 2016 (2)
• Members		
— Actives	9,612	9,364
— Retirees (including disabled) and beneficiaries	6,225	5,934
— Vested - terminated	<u>964</u>	<u>981</u>
— Total	16,801	16,279
• Covered payroll	\$ 629,943,122	\$ 599,574,934
• Normal cost as % of payroll*	17.73%	18.01%
• Actuarial accrued liability	\$ 3,797,823,303	\$ 3,591,376,306
• Actuarial value of assets	\$ 2,592,460,631	\$ 2,423,269,015
• Unfunded actuarial accrued liability (UAAL)	\$ 1,205,362,672	\$ 1,168,107,291
• Estimated yield on assets		
— Actuarial value basis	8.10%	5.74%
— Market value basis	16.48%	8.03%
• Contribution rate		
— Employee	8.00%	8.00%
— Employer	18.00%	18.00%
• Benefit and refund payments	\$ 190,332,179	\$ 179,128,881
• Amortization period of unfunded actuarial accrued liability	30 years	31 years
• Funding Policy employer contribution rate	19.33%	19.61%
• Funded ratio	68.3%	67.5%
• Funded ratio using market value of assets	69.8%	64.0%

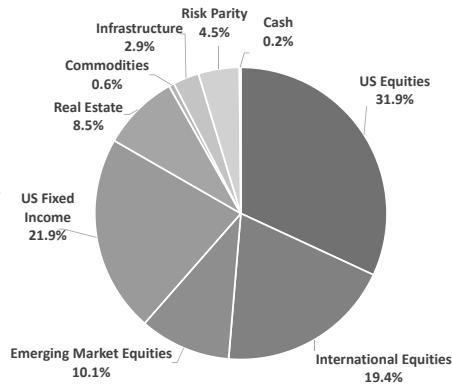
* Includes 0.51% of payroll for administrative expenses beginning in December 31, 2015 valuation.

The actuarial valuation results for COAERS this year reflect the strong market returns in 2017 and new active membership growth. Both of these factors have had a positive impact in decreasing the System's amortization period of unfunded actuarial accrued liability (UAAL) from 31 to 30 years. While the UAAL did increase this year, the overall funded position of COAERS improved from 67.5% to 68.3%. The current financial condition does not pose any threats to the benefits of current retirees.

The Board is conducting an Asset/Liability Study in 2018 to ensure that the System is in the best position to meet all of its responsibilities in the long-term.

2017 Financial Summary (cont'd)

The purpose of Fund investments is to accumulate the long-term financial reserves necessary to provide benefits to COAERS members and their beneficiaries. The Board of Trustees has the fiduciary duty of overseeing investments and relies upon consultation, advice and assistance from the System's staff and investment consultant to do so. Diversification is the primary focus of the Fund's design, and strategic asset allocation is the primary tool used to achieve long-term targets for return and risk. The portfolio is allocated across a wide range of geographies and asset classes, and the Board has retained 13 professional investment firms to manage these portfolios. During 2017, the Fund delivered a 16.6% return net of fees, its best performance since 2009, with an asset allocation at year-end that is depicted in the chart.



Call for Candidates Retiree Member Election Place 11

Are you interested in serving as a Trustee on the COAERS Board? We are gearing up for the upcoming COAERS Retiree Member Election for Place 11. Currently, Place #11 is held by Mr. Anthony B. Ross, Sr. His term expires at the end of December 2018. The new term will begin January 2019 and continue through December 2022.

To be an eligible candidate, you must be a retired member of COAERS. To apply, pick up an application at our office located at 418 E. Highland Mall Blvd. or visit www.coaers.org. Applications are due by 5:00 p.m. on Friday, September 7, 2018.

A Candidates Training Workshop is scheduled for Friday, September 14, 2018 to inform candidates of Trustee duties and responsibilities. Candidates may withdraw their application after the session should they be unable to make the necessary commitments.

STAFF ANNOUNCEMENTS

WELCOME

Welcome to our newest team members.



Brooke Van Court
Member Services
Coordinator



Julie Barschow
Communications
Specialist



Amy N. Kelley
Chief Technology
Officer

CONGRATS

Lovie Robinson-Laurant
has been promoted from
Member Services Coordinator
to Member Services Specialist.



FAREWELL

After 17 years of service helping COAERS members retire, now it is Laura's turn. We would like to wish Member Services Specialist Laura Fugate a final farewell as she heads in to retirement. "I want everyone to know how much I have enjoyed getting to know them and how privileged I am to have been part of their retirement journey," she said. In retirement, Laura and her husband plan on traveling, connecting with friends and enjoying the pleasures of home. During her career, Laura was recognized for her work with City of Austin veterans and has helped numerous COAERS members from a wide variety of city departments such as the Austin Water Utility, Austin Resource Recovery, EMS and the non-sworn employees of the Police and Fire departments. We will miss you and wish you the best, Laura!



Member Services Team

Have a question about your retirement eligibility? Curious about purchasing service credit? Our Member Services team is ready to help you! Contact us Monday through Friday from 8:00 a.m. to 5:00 p.m. at (512) 458-2551 or member.services@coaers.org.



(L to R): Bobbie Simpson, Lee Wilson, Lovie Robinson-Laurant, Teresa Cantu, Brooke Van Court, Catherine Pezulich

HealthyConnections Health & Lifestyle Expo in September

You are invited to the Health & Lifestyle Expo on Wednesday, September 19 from 7:30 a.m. to 2:00 p.m. at the Palmer Events Center, 900 Barton Springs Rd. Free parking is available in the garage.

The Health Expo is presented by the City's HealthyConnections wellness program. A wide range of services, activities and giveaways are available. These include nutrition coaching, vision screening, massage, home improvement products and many more.

Visit this year's Expo to:

- Get a fingerstick screening which includes a check for cholesterol, glucose, triglycerides and blood pressure as well as height and weight. To register for an appointment, call Onsite Health Diagnostics at (877) 366-7483.
- Get a free flu shot, no appointments needed.
- Make your health a priority by taking steps to manage your diabetes or prediabetes! HealthyConnections offers free Tier 1 medication and supplies for eligible participants.

If you have questions call (512) 974-3284 and ask to speak with a Wellness Consultant.

This is not a COAERS-sponsored activity.

With Deepest Sympathy

We extend our condolences to the family and friends of those members of COAERS who have passed away since our last publication:*

Retirees

Austin Energy

Ronald Fisher
John Giles
Kevin Remmert
Tim Pierce

Austin Public Health

Ruth Haywood

Austin Public Library

Margaret McCracken

Austin Resource Recovery

Clarence Campbell
Charles Kepney

Austin Water Utility

George Shoop
Anthony Middleton
Morgan Washington

Brackenridge

Shirley Coulter
Robert Kuehner
Georgia Smith

Financial Services

Alfred Beckham
Susanne Brubaker
Selina Carrizales
Rafael Hernandez

Parks & Recreation

George Gonzales

Police

Alison Ender

Public Works

Jesus Estala-Mata
Leon Wade

Small & Minority Business Resources

Hemantkumar Motwani

Transportation & Planning

Cyrus Ambrose

Actives

Angelique Brunt

Austin Public Health

Devon Coney

Austin Fire Department

Michael Watson

Development Services Department

* Please note, this list only includes those deaths of which COAERS has been notified

*** Corrected on 8/6/18.

COAERS Board of Trustees

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Mike Benson - Vice-Chair
Stephanie Beach
Eyna Canales-Zarate
Amy Hunter
Yuejiao Liu
Frank Merriman
Leslie Pool
Anthony B. Ross, Sr.
Randy Spencer
Ed Van Eenoo



Help our green initiative and sign up to receive this newsletter electronically. This not only helps our environment, it also reduces cost—and COAERS' savings is your savings! Visit www.coaers.org and look for the E-Newsletter sign-up at the bottom of the home page. Thanks for going green with us!

AUGUST

- 16 Pre-Retirement Seminar
- 31 Retiree Payday

SEPTEMBER

- 3 Observance of Labor Day Holiday
- 20 Pre-Retirement Seminar
- 25 Board Meeting
- 28 Retiree Payday

OCTOBER

- 16 Board Workshop
- 18 Pre-Retirement Seminar
- 31 Retiree Payday



City of Austin Employees' Retirement System

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www.coaers.org

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AUSTIN ENERGY RETIREE REUNION

When: **Friday, September 7, 2018**
6:00 p.m.

Where: **Ross' Old Austin Cafe**
11800 N. Lamar Blvd.
Austin, TX 78753
(512) 835-2414

Hope to see you there. Come early, people don't usually stay too late.

This is not a COAERS-sponsored activity.

Upcoming 2018 Retiree Pay Dates

August 31st
September 28th
October 31st
November 30th
December 31st

Note: Expect monthly benefit payments to be available on the last business day of each month

Retirement News Update is a publication of the City of Austin Employees' Retirement System and is distributed for the information of COAERS active, vested, and retired members and their beneficiaries. While COAERS has made every attempt to provide correct information, it does not guarantee the accuracy of the information contained or referenced herein.