

Retirement News Update

A Publication of the City of Austin Employees' Retirement System

Available online at www.coaers.org

3rd Quarter 2016

2015 Financial Summary

Introduction

This edition of Retirement News Update provides summary financial information about the City of Austin Employees' Retirement System (COAERS) based on the 2015 Comprehensive Annual Financial Report (CAFR). The complete report provides in-depth information about the financial, investment and actuarial aspects of the retirement plan (the Plan). To obtain a copy of the full 2015 CAFR, contact the retirement office by phone at (512) 458-2551, or download a copy of the report from our website at www.coaers.org.

About COAERS

COAERS is a public employee retirement system originally established in 1941 by city ordinance and governed since 1991 by the laws of the State of Texas. The purpose of COAERS is to provide retirement, disability and death benefits for its members. As of December 31, 2015, COAERS' net position totaled \$2.14 billion.

Membership

Regular employees working 30 or more hours per week become members of COAERS on their date of employment. Civil service police officers, firefighters and cadets do not participate in COAERS. Furthermore, the mayor and members of the City Council are excluded from membership. As of December 31, 2015, COAERS had 9,063 active members, 5,679 retired members, and 985 vested terminated members.

Contributions

Members of COAERS currently contribute 8% of their base pay, calculated on a 40-hour work week; contributions are made through payroll deduction each pay period. The City of Austin contributes 8% of base pay plus an additional 10% contribution pursuant to City Council resolution.

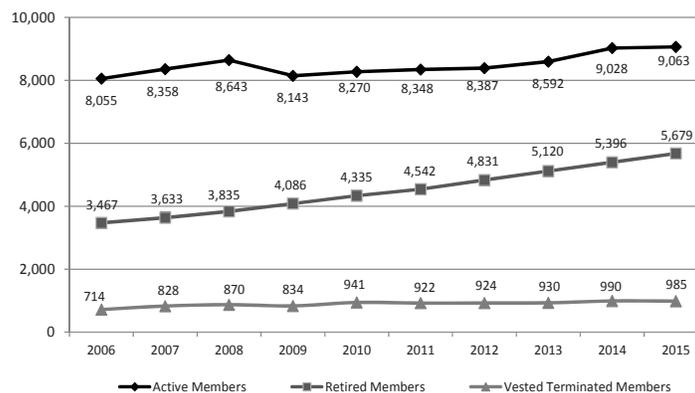
Retirement Eligibility

Eligibility for retirement depends on the group to which a member belongs. Members hired before January 1, 2012 are in Group A. Members hired on and after January 1, 2012 are in Group B.

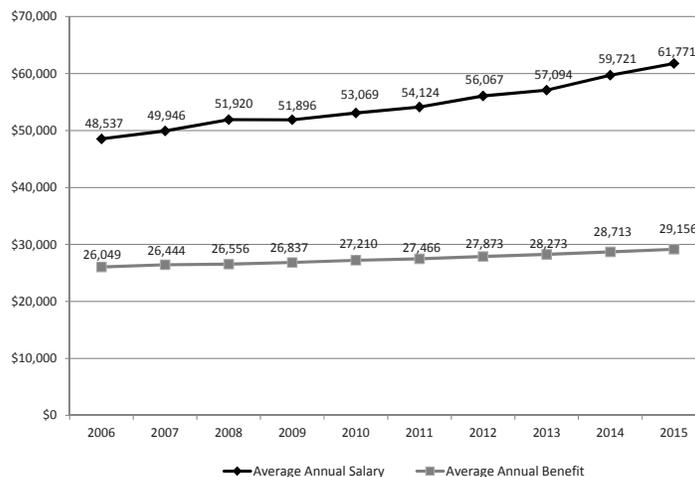
Group A members qualify for normal retirement benefits at age 62; age 55 with 20 years of creditable service; or any age with 23 years of creditable service. Group B members qualify for normal retirement benefits at age 65 with five years of service; age 62 with 30 years of creditable service excluding supplemental service credit; or reduced early benefits at age 55 with ten years of creditable service excluding supplemental service credit. Vesting occurs at five years of creditable service for both Group A and Group B members.

For more information about specific retirement benefits, please refer to your COAERS Member Handbook or contact the Retirement Office at (512) 458-2551.

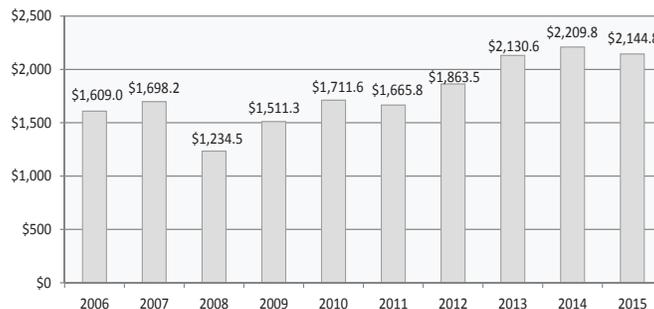
Membership Profile



Average Salary and Average Benefit



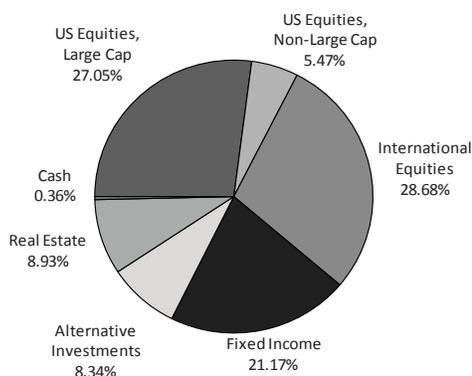
Total Net Position Restricted for Pensions (in millions)



2015 Financial Summary (cont'd)

Investments

COAERS is responsible for the prudent management of funds held in trust for the exclusive benefit of its members, with the sole purpose of providing pension benefits to members and their beneficiaries. The Board of Trustees approves all strategic investment decisions and has diversified the investment portfolio across five major asset classes: U.S. (domestic) equities, international equities, fixed income, real estate, and alternative investments. The Board has retained 15 professional investment management firms to manage portfolios within the approved asset classes. Board decision-making is assisted by an internal chief investment officer and an independent investment consultant. Investment performance for 2015 was -1.97% net of fees. At December 31, 2015, the asset allocation for the portfolio was as follows:

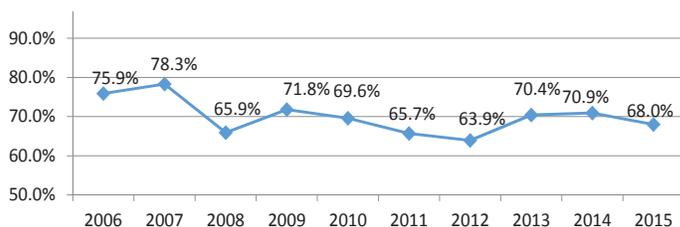


Funding Status and Actuarial Overview

The Actuarial Funding Valuation for the plan year ending December 31, 2015, reports an unfunded liability of \$1.084 billion, an increase from \$900 million in 2015. The funding period was 33 years, compared to 24 years at the end of 2014, and its current and future obligations were 68% funded.

An experience investigation was performed for the five-year period ending December 31, 2015. As a result of the study, revised assumptions were adopted by the Board effective with this valuation as of December 31, 2015.

Funded Ratio



Summary of Fiduciary Net Position December 31, 2015 and 2014

	2015	2014	\$ Change	% Change
Assets				
Cash and receivables	\$ 24,550,092	\$ 29,427,801	\$ (4,877,709)	(16.6%)
Investments	2,125,761,049	2,195,189,470	(69,428,421)	(3.2%)
Invested securities				
lending collateral	147,167,478	177,128,773	(29,961,295)	(16.9%)
Capital assets (net)	2,099,727	1,149,272	950,455	82.7%
Total assets	2,299,578,346	2,402,895,316	(103,316,970)	(4.3%)
Liabilities				
Total liabilities	154,754,224	193,075,637	(38,321,413)	(19.8%)
Net position restricted for pensions	\$ 2,144,824,122	\$ 2,209,819,679	\$ (64,995,557)	(2.9%)

Summary of Changes in Fiduciary Net Position Years Ended December 31, 2015 and 2014

	2015	2014	\$ Change	% Change
Additions:				
Contributions	\$ 154,702,426	\$ 143,959,262	\$ 10,743,164	7.5%
Investment income (depreciation)	(40,810,744)	106,077,708	(146,888,452)	(138.5%)
Investment expenses	6,799,215	6,377,080	422,135	6.6%
Net investment income (depreciation)	(47,609,959)	99,700,628	(147,310,587)	(147.8%)
Other income	2,298	3,471	(1,173)	(33.8%)
Total additions	107,094,765	243,663,361	(136,568,596)	(56.0%)
Deductions:				
Benefit payments and contribution refunds	169,668,990	161,856,915	7,812,075	4.8%
General and administrative expenses	2,421,332	2,631,217	(209,885)	(8.0%)
Total deductions	172,090,322	164,488,132	7,602,190	4.6%
Net increase (decrease)	(64,995,557)	79,175,229	(144,170,786)	(182.1%)
Net position restricted for pensions:				
Beginning of year	2,209,819,679	2,130,644,450	79,175,229	3.7%
End of year	\$ 2,144,824,122	\$ 2,209,819,679	\$ (64,995,557)	(2.9%)

Service Purchase Costs to Go Up in 2017 - Survivor Options Also Affected

Recent changes in actuarial assumptions will affect the calculations for service purchases, partial lump sum payments, and survivor annuities beginning January 1, 2017 and after. The changes will increase costs for service purchases. The changes can also reduce the portion of your monthly retirement benefit amount if you choose a survivor option.

Those members who have had a service purchase estimate or a retirement benefit estimate should have these estimates redone, especially if you are contemplating retirement in 2016 or 2017. For a new estimate, contact COAERS at 512-458-2551 or go to www.coaers.org for the forms to request a purchase calculation estimate or retirement benefit estimate.

Actuarial Assumption Changes Affect:

- Service Purchase Calculations
- Partial Lump Sum Calculations
- Early Retirement Reduction Factors for Group B Members
- Joint & Survivor Annuity Factors
- Internal Revenue Code Section 415 Limitations
- Recalculations of Retirement Benefits for Retirees Who Returned To Work and Suspended Benefits

With Deepest Sympathy

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

Austin Energy

George Gambrell
Frank Klepac
Glenn Moore
John Moos
Hilton Norwood
Tomas Resendez
Cary Shelton
Ganel Troxell
Frank Walker

Austin Water Utility

Ray Alba
Bernard Goss
Joe Pavel
Herbert Sander

Brackenridge

Dorothy Hendrix
Janette LeBlanc
Gabriel Ornelas
Cynthia Schulemann

Communications & Tech Mgmt.

Oliver Wesley

Convention Center

Louis Rodriguez

Financial Services

Ruth McDonald-Bourland

Fleet Services

Edgar Stevens

Health & Human Services

Amie Byrd

Library

Maurine Brown

Parks & Recreation

John L. Williams

Planning, Environmental &

Conservation Svcs

Milton Roberson, Jr.

Police

Evelyn Halverson

Public Works

Charles Beckwell, Jr.
Malaquias Morales

Correction

November 1, 2016

Upcoming Retired Member Election Place 10

Are you interested in serving as a Trustee on the COAERS Board? We will be gearing up for the upcoming COAERS Retired Member Election for Place 10 to be held in December 2016. Currently, Place #10 is held by Sam Jones. His term expires December 2016. The new term will begin January 2017 and continue through December 2020.

To be an eligible candidate, you must be a retired member of COAERS. Applications will be available at the Retirement Office or on the website at www.coaers.org, and will be due by close of business on Friday, September 9, 2016.

A Candidates Training Workshop will be held on Friday, September 16, 2016 to inform candidates of Trustee duties and responsibilities. Candidates may withdraw their application after the session if they are unable to make the necessary commitments.

Ballots will be mailed to retired members in mid-October and must be returned to the Retirement Office before 5:00 p.m. on December 1, 2016. Make sure your address is up to date with our office. Only retired members of COAERS are eligible to vote in this election.

With Deepest Sympathy

We also extend our condolences to the family and friends of those members of COAERS who were active City of Austin employees who have passed away:

Leonard Adams
Austin Water Utility

Fernando Cantu
Austin Energy

Robert Pilgrim
Public Works

Carolyn Rogers
Library

Jeffrey Sailus
Police

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

COAERS Board of Trustees

Jim Williams - Chair
Chris Noak - Vice-Chair
Mike Benson
Reagan David
Francine Gertz
Elizabeth S. Gonzales
Sam Jones
Leslie Pool
Anthony B. Ross, Sr.
Russ Sartain
Ed Van Eenoo

AUGUST

18 Pre-Retirement Seminar
31 Retiree Pay Day

SEPTEMBER

5 Observance of Labor Day Holiday
15 Pre-Retirement Seminar
27 Board Meeting
30 Retiree Pay Day

OCTOBER

19 Annual Members' Meeting
20 Pre-Retirement Seminar
31 Retiree Pay Day

2016



City of Austin Employees' Retirement System

418 E. Highland Mall Blvd. • Austin, Texas 78752-3720
tel: (512) 458-2551 • fax: (512) 458-5650

www.coaers.org

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PMS 654 @ 70%

Printed on FSC®-certified recycled stock,
10% post-consumer waste, with soy-based inks.

ANNUAL RETIREMENT GATHERING FOR AUSTIN ENERGY RETIREES

When: **Friday, September 23, 2016**
6:00 P.M.

Where: **Good Luck Grill**
14605 N. FM 973
Manor, TX 78653
(512) 272-8777
<http://goodluckgrill.com>

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

This is not a COAERS sponsored activity.

Upcoming 2016 Retiree Pay Dates

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

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.