



CITY RETIREMENT (PERS)

COSTS AND LIABILITY

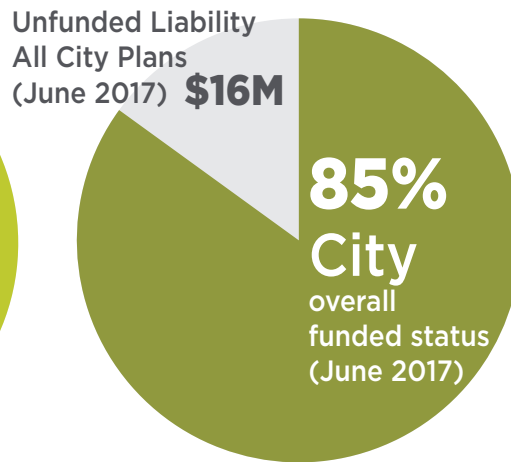
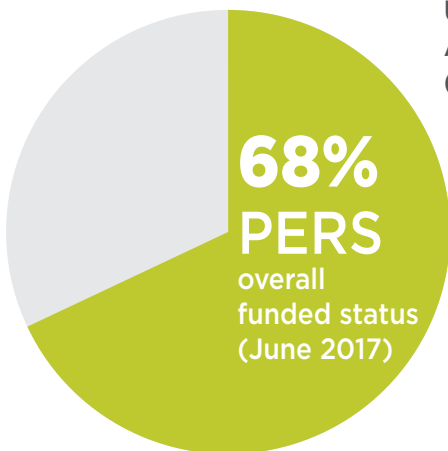
The City contracts with the Public Employees' Retirement System (PERS) to provide retirement benefits to its employees. The City's PERS costs are projected to increase compared to current costs, but the City has actively planned prepayment which will decrease these future costs. The savings to the City from interest costs are likely to be similar to the amount of the prepayments over time.

Liability-When investment earnings are less than PERS expected a liability is created. If there is no unfunded liability the funded status would be 100%.

TWO TYPES OF PAYMENTS TO PERS

- NORMAL COST - percent of payroll that funds the benefit earned in the current year
- FIXED ANNUAL PAYMENTS - payment applied to any unfunded liability

CITY DOES NOT PARTICIPATE IN SOCIAL SECURITY
EQUALS SAVINGS OF 6.2%



PERCENTAGE OF CITY EMPLOYEES IN MOST COSTLY TIER 1 PLANS

(highest Normal Cost)

Since both the City and State implemented Pension Reform, the City has realized a decrease in the number of employees enrolled in the more expensive Tier 1 plan.

Fixed Annual Required Payment to Unfunded Liability FY 2019	\$947,891
Budgeted Prepayment FY 2019	\$900,000
Total FY 2019 Unfunded Liability Payment	\$1,847,891

PERS projects the City's Annual Payment to continue to increase through FY 2025 to be	\$1,886,100
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City has issued Accelerated Prepayments to the Unfunded Liability of almost

\$5.3 million since FY 15/16



FUTURE UNFUNDED LIABILITY ACCELERATED PREPAYMENT FUNDING PLAN

- Five Year Forecast proposed a \$900,000 Annual Accelerated Payment
- Reinvest Early Payment Discount (3.5%) each Fiscal Year towards the Unfunded Liability
- Recognize Salary & Benefit savings at Mid-Year Budget Review as an additional opportunity to provide Accelerated Prepayments to the Unfunded Liability