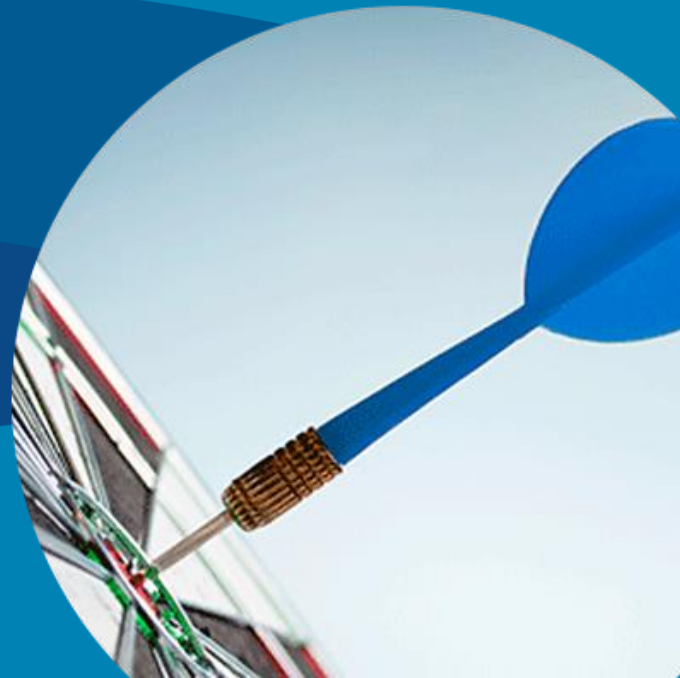# City of Grand Rapids General Retirement System & City of Grand Rapids Police and Fire Retirement System

Update for Committee of the Whole

July 13, 2021

James D. Anderson, FSA, EA, FCA, MAAA
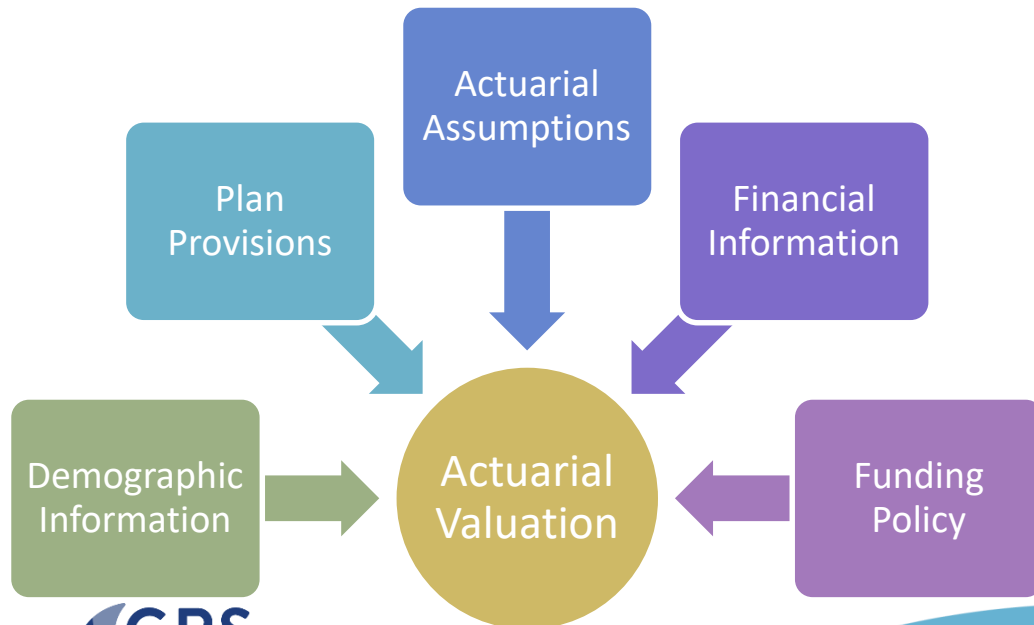
Jeffrey T. Tebeau, FSA, EA, MAAA

30,000 Foot View of Retirement Plan Financing

GRS mathematically combines people data, benefits, assumptions, & financial information

To produce digestible information for decision-making by the Board and City

Actuarial Assumptions

Plan Provisions

Financial Information

Demographic Information

Actuarial Valuation

Funding Policy

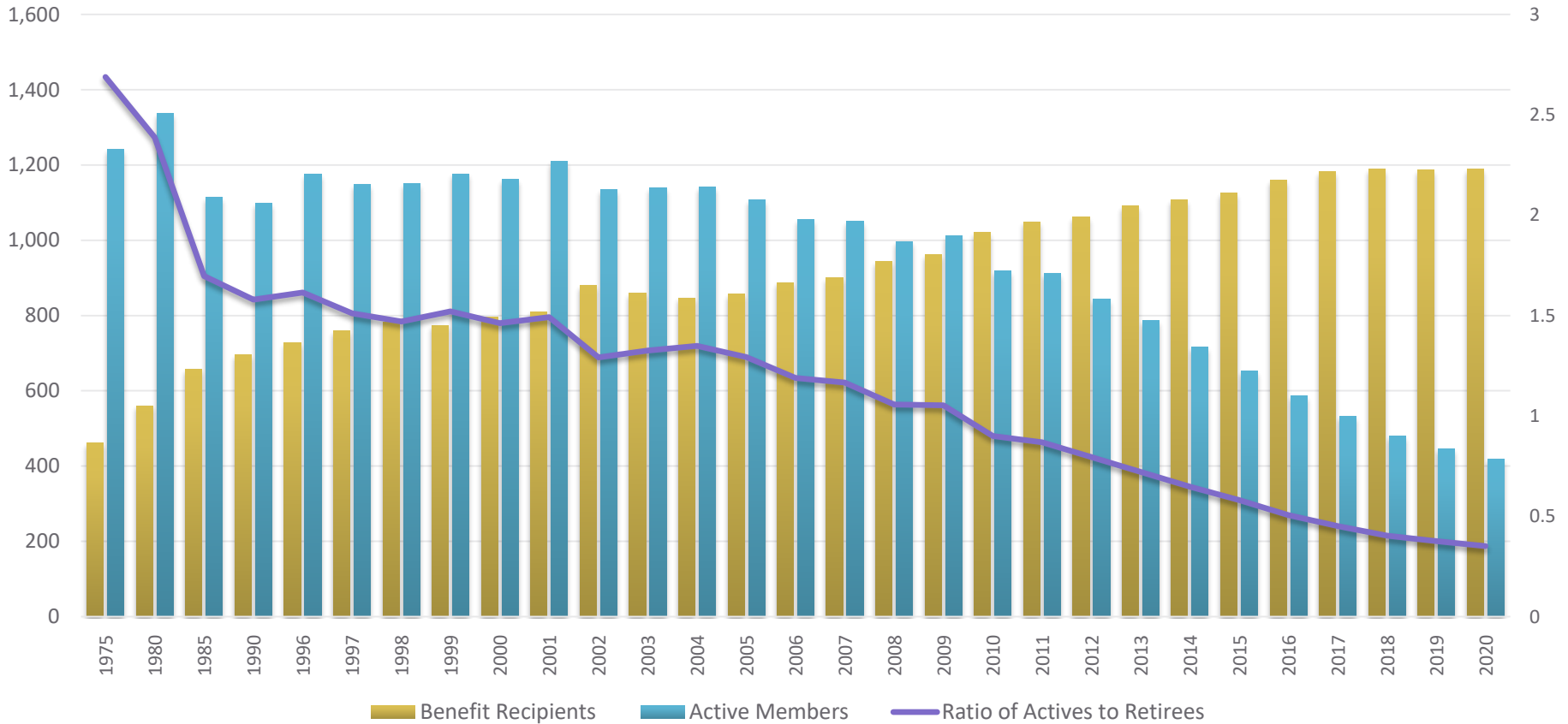Employer Contributions

Funded Status

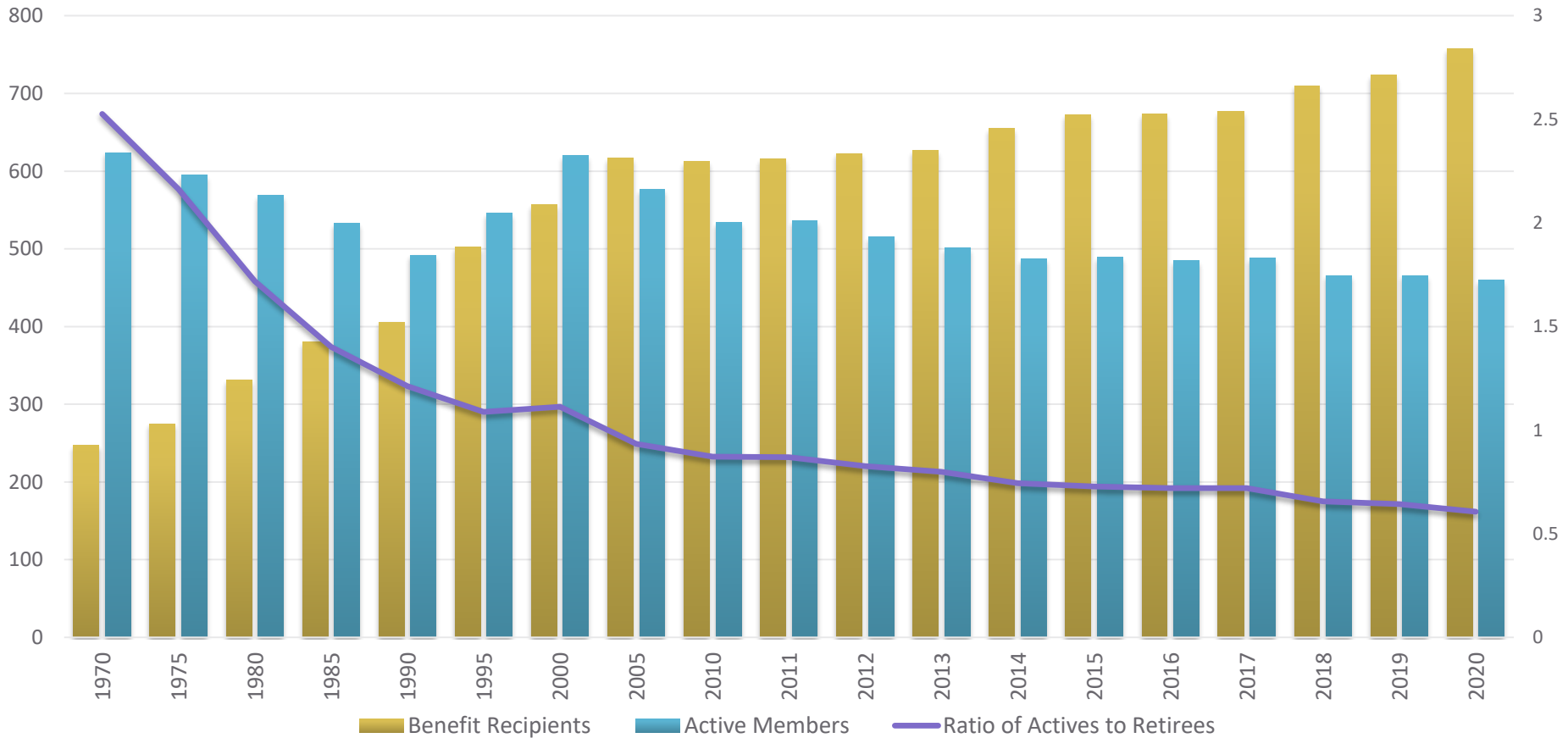Unfunded Liability

Funding Plan

GRS

Retirement System Demographic Information – Summary of Membership: General

Active Members and Benefit Recipients

Retirement System Demographic Information – Summary of Membership: Police and Fire


Active Members and Benefit Recipients

Retirement System Plan Provisions

Provision	General Ret System	Police & Fire Ret System
Retirement Eligibility	30 years of service, or age 62 with 8 years of service	Police - after age 50 with 10 years of service Fire - after age 55 with 10 years of service, or at age when service credit limit reached.
Benefit Multiplier and Member Contributions	1.8% to 2.7%, depends on hire date or member election; member contributions vary accordingly	2.0% to 2.8%, depends on hire date or member election; member contributions vary accordingly
Post-Retirement Increases	1.0%, after 4-7 year delay, or 13th check (gain sharing)	1.0% to 1.5%, after 2-5 year delay, or 13th check (gain sharing)
Open to new members?	No -- Defined Contribution plan for members hired after dates in 2011-2012	Yes

Key Retirement System Assumptions/Methods

- Board Governance – Prudent Practices
  - Perform an experience study every 5 years to review assumptions
- Assumed investment return of 7%
- Mortality assumption- most recent table based on public plan experience
  - Including specific rates for General and Public Safety
- Unfunded liabilities financed over approx. 26 year period (layered amortization)

Public Pension Investment Return Assumptions: N= 130 Large Public Pension Plans, 2001-2020

Distribution of Nominal Investment Return Assumptions, FY 01 to present

Public Fund Survey, NASRA Feb-21
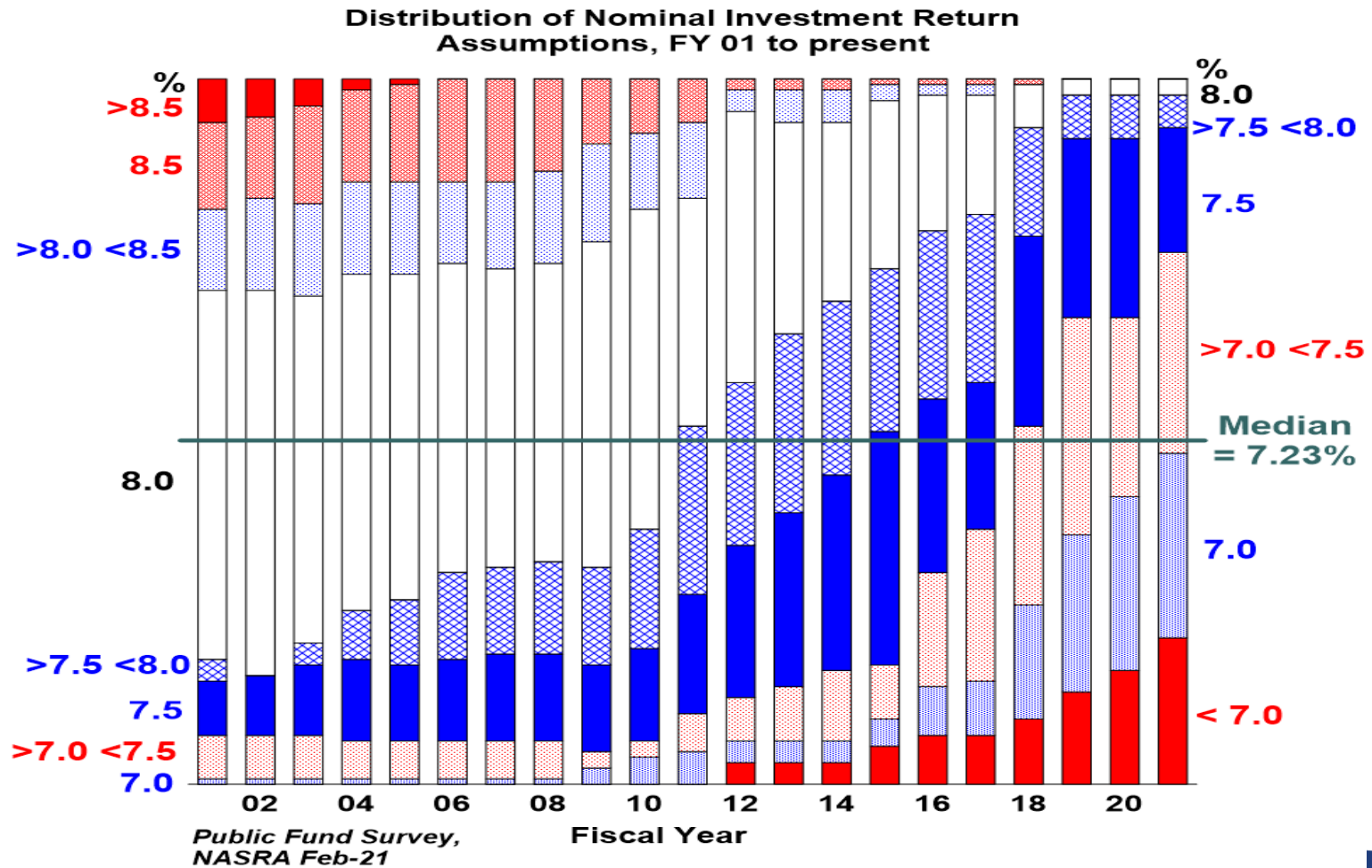
Retirement Program Sustainability Equation

$$C + I = B + E$$

Benefits depend on:

- ▶ Plan Provisions

- ▶ Experience

Contributions depend on:

- ▶ Short Term: Actuarial Assumptions & Cost Method

- ▶ Long Term: **I**nvestment Income, **B**enefits, **E**xpenses

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Summary of Valuation Highlights – Grand Rapids General: June 30, 2020, P/F: December 31, 2020
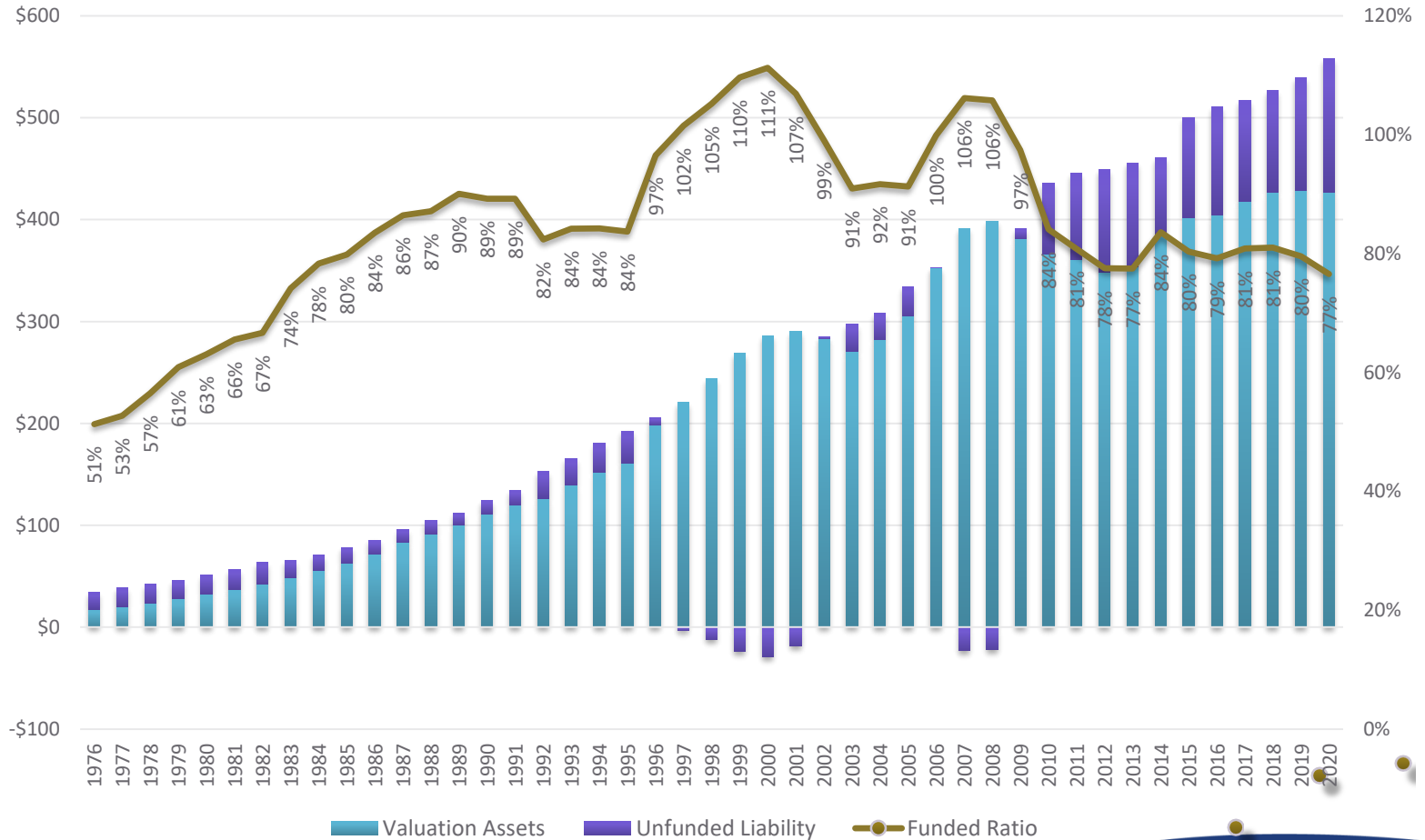
($ in millions)

	General Retirement System	**Police and Fire Retirement System**
Actuarial Value of Assets	$ 427.0	$ 586.1
Total Actuarial Accrued Liability	$ 557.6	$ 457.7
Unfunded Actuarial Accrued Liability*	$ 130.6	$ 128.4
FYE 2022 Estimated Contribution	$ 12.5	33.16% of Payroll
Funded Ratio	77%	78%

* Amortized over 26 years, on a layered basis

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Retirement System Information – Funded Status: Grand Rapids General

Retirement System Information – Funded Status: Grand Rapids Police and Fire