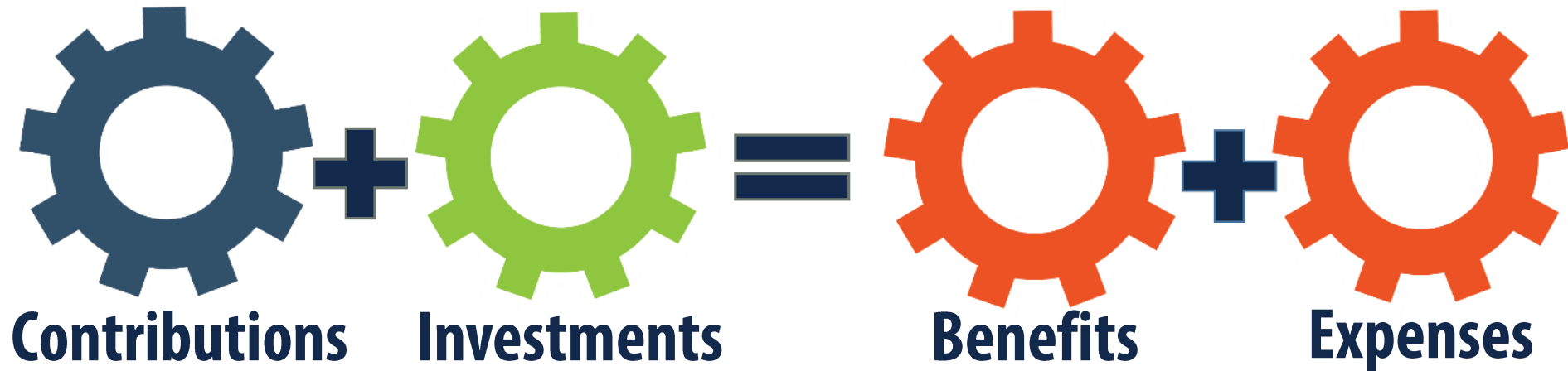


# 2021 EMPLOYER RATE PREVIEW



# PENSION FUNDING FORMULA



# LAGERS SOURCES OF FUNDING

Investment Returns

Employer Contributions

Employee Contributions



MARCH 1, 2019 – FEB. 29, 2020



A secure retirement for all

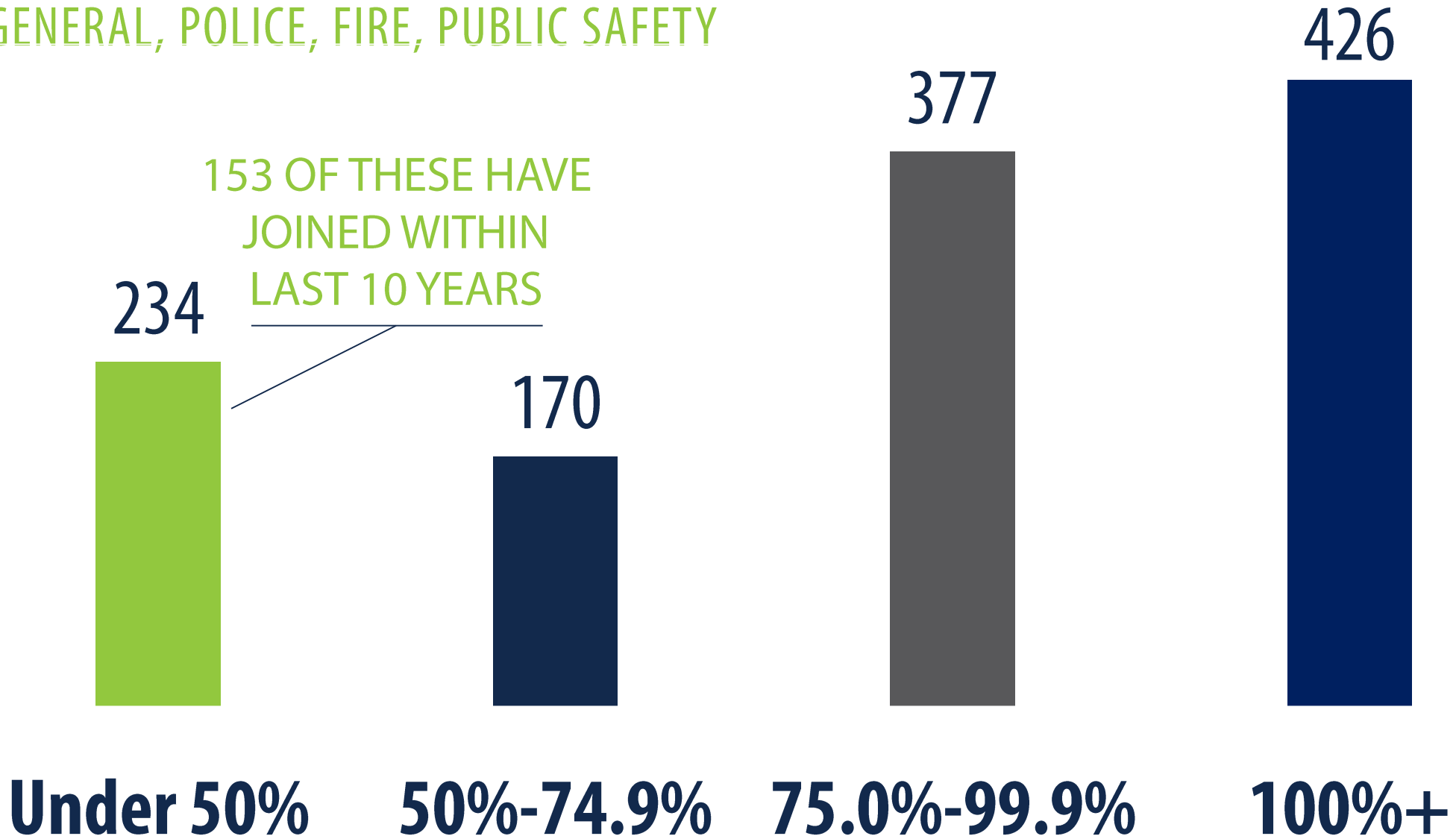
# WHERE DOES THE MONEY COME FROM?

## REVENUES

<b>Additions</b>	<b>February 29, 2020</b>
<b>Employees' Contributions</b>	<b>20.2 Million</b>
<b>Employer Contributions</b>	<b>225.6 Million</b>
<b>Investment Income</b>	<b>614.0 Million</b>
<b>Total</b>	<b>859.9 Million</b>

# EACH EMPLOYER GROUPS' FUNDED STATUS VARIES

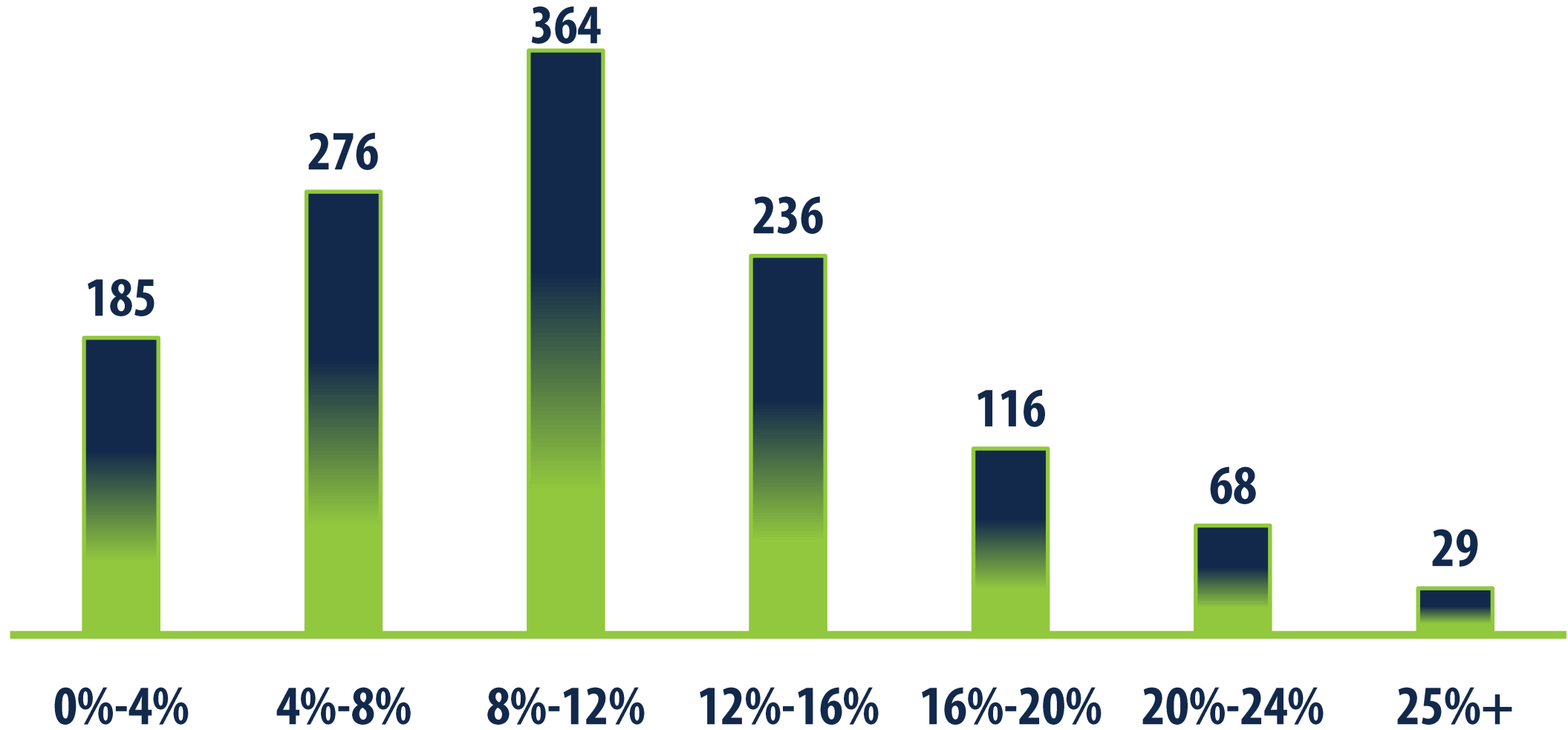
GENERAL, POLICE, FIRE, PUBLIC SAFETY



*A secure retirement for all*

# THE RATE FOR EACH EMPLOYER GROUP VARIES

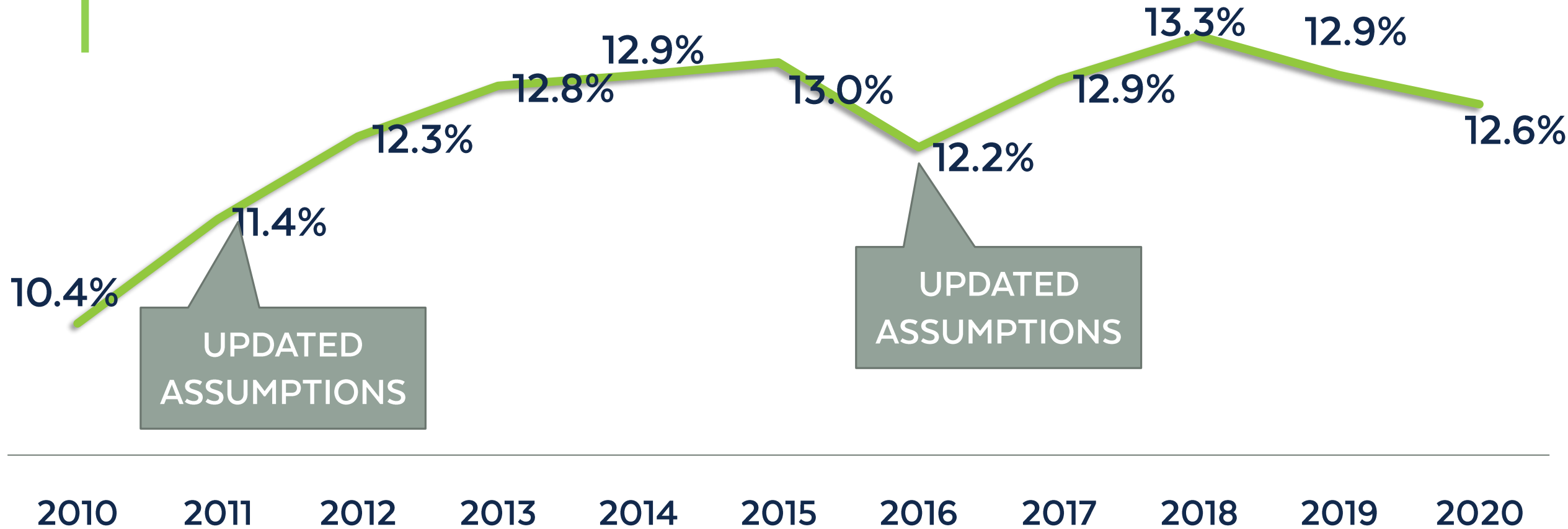
GENERAL, POLICE, FIRE, PUBLIC SAFETY



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# TOTAL EMPLOYER CONTRIBUTIONS

AS A % OF TOTAL PAYROLL



# THE FLEXIBILITY OF LAGERS

Each Local Employer May Adjust Benefits Once Every 2 Years

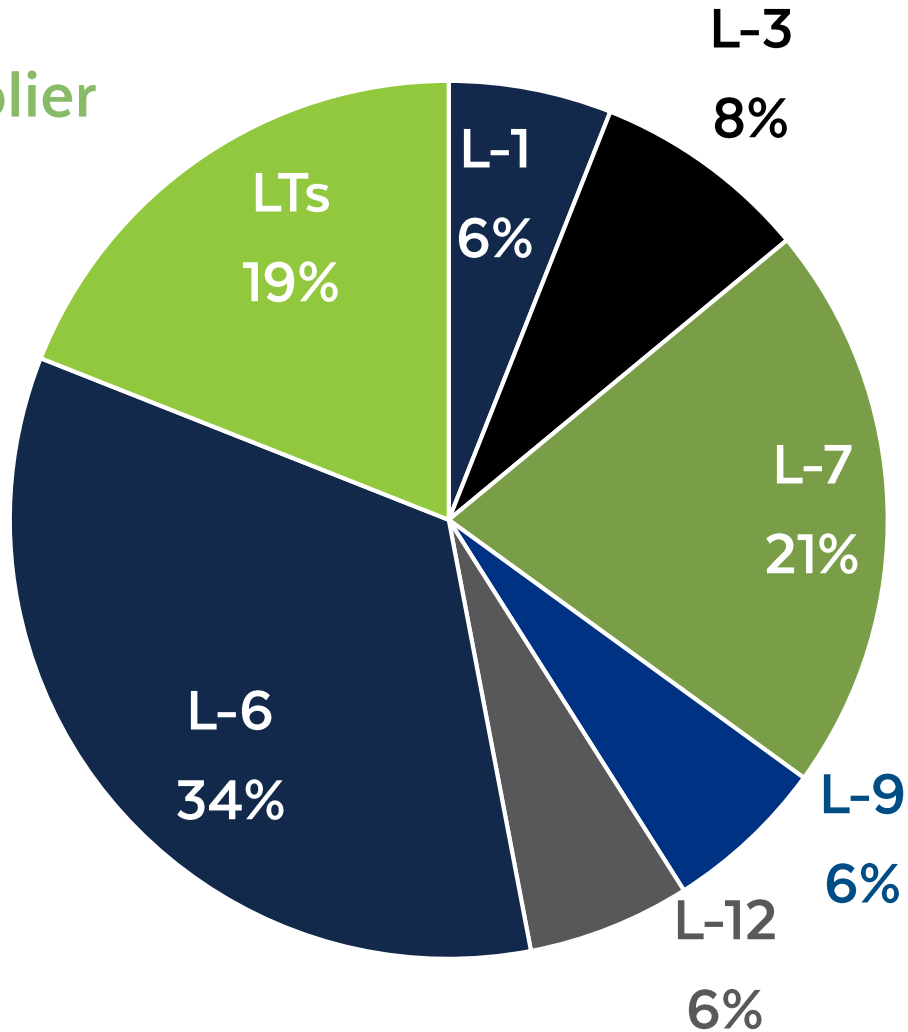




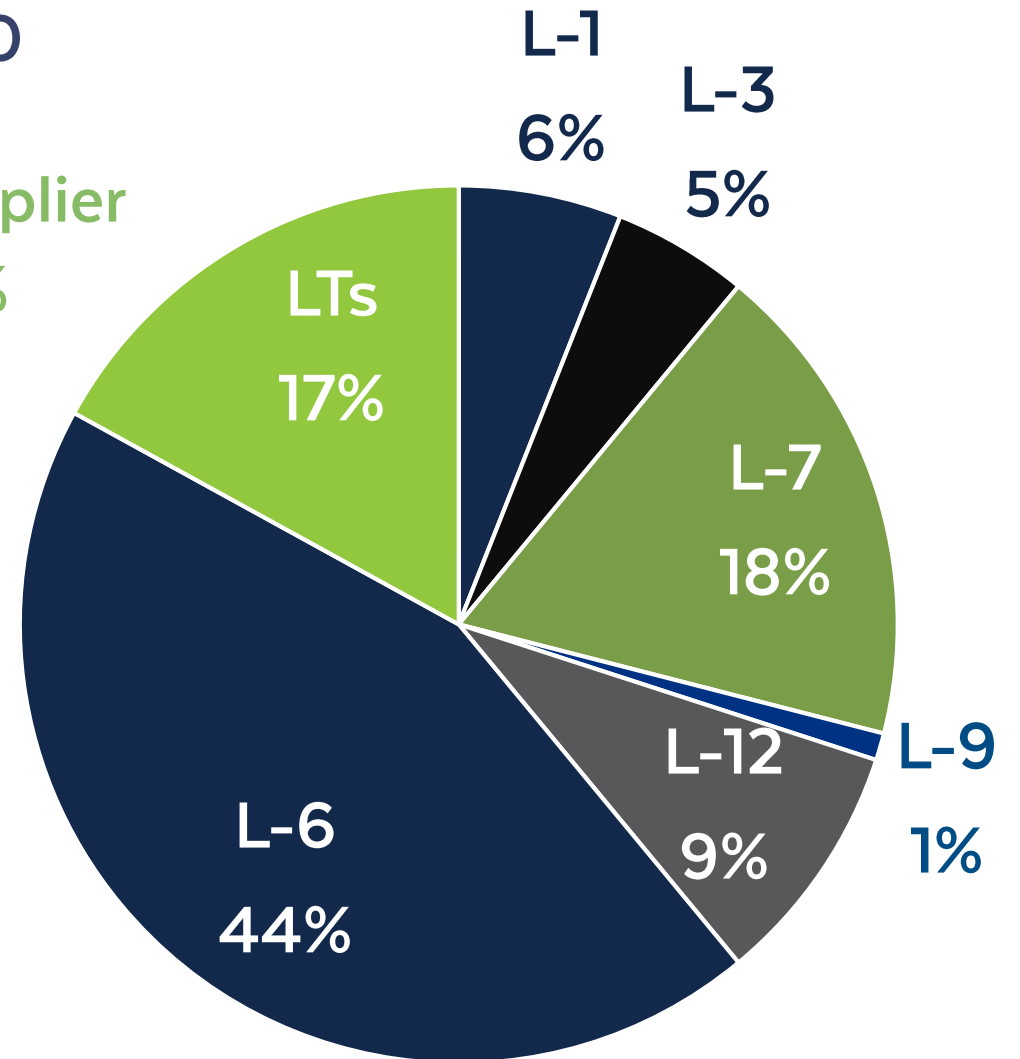
# BENEFIT PROGRAMS: 2010 VS. 2020

% OF ACTIVE MEMBERSHIP

2010  
Avg.  
Multiplier  
1.65%



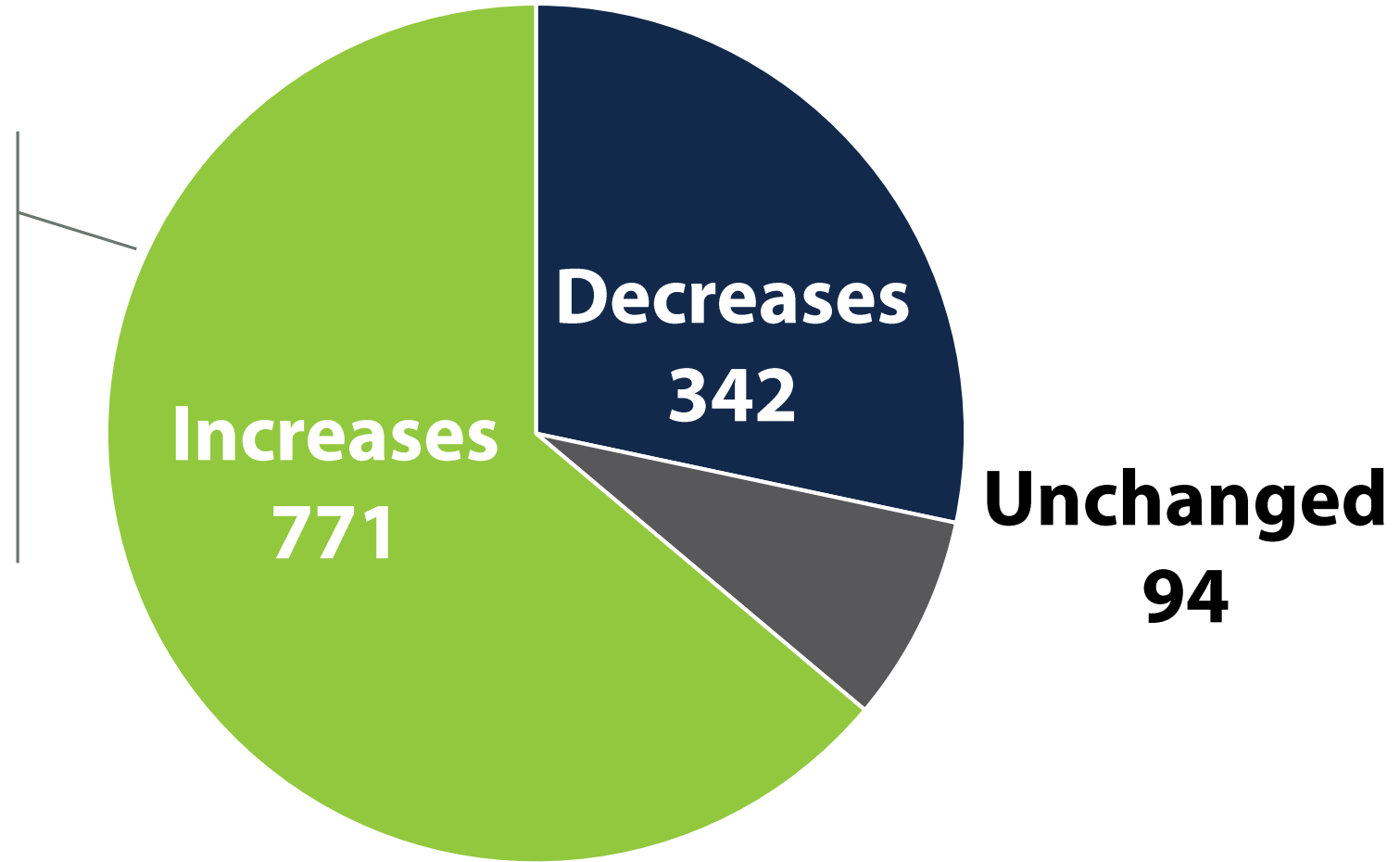
2020  
Avg.  
Multiplier  
1.74%



# EMPLOYER CONTRIBUTION RATES FOR FY 2021

Primarily Due to:

1. Investment Returns
2. Higher Pay Increases Than Assumed
3. 2016 Actuarial Assumption Changes



# YOUR EMPLOYER PAYS ONLY FOR BENEFITS EARNED WITH YOUR EMPLOYER

## Rates Determined By

- Benefits Chosen
- Economic & Demographic Experience at your Employer
- Economic Experience of LAGERS

## Exceptions:

**Pooled Benefit Reserve Fund**

**&**

**Casualty Reserve Fund**



# ACTUARIAL ASSUMPTIONS

**Used to calculate how much money is needed to fund future benefits**

## **LAGERS' Board Sets Assumptions**

- Reviewed Every 5 Years (Currently under Review)
- Updated if Needed



# ACTUARIAL ASSUMPTIONS

## DEMOGRAPHIC

- Members that leave employment
- Disabilities for Members
- Retirements of Members
- Salary Increases for Members
- Mortality of Active Members & Retirees

## ECONOMIC

- Price Inflation: 2.50% Annually
- Wage Inflation: 3.25% Annually
- Payroll Growth: 3.25% Annually



# EXPERIENCE VS. ASSUMPTIONS

**Some variances are out of your control as an employer.**

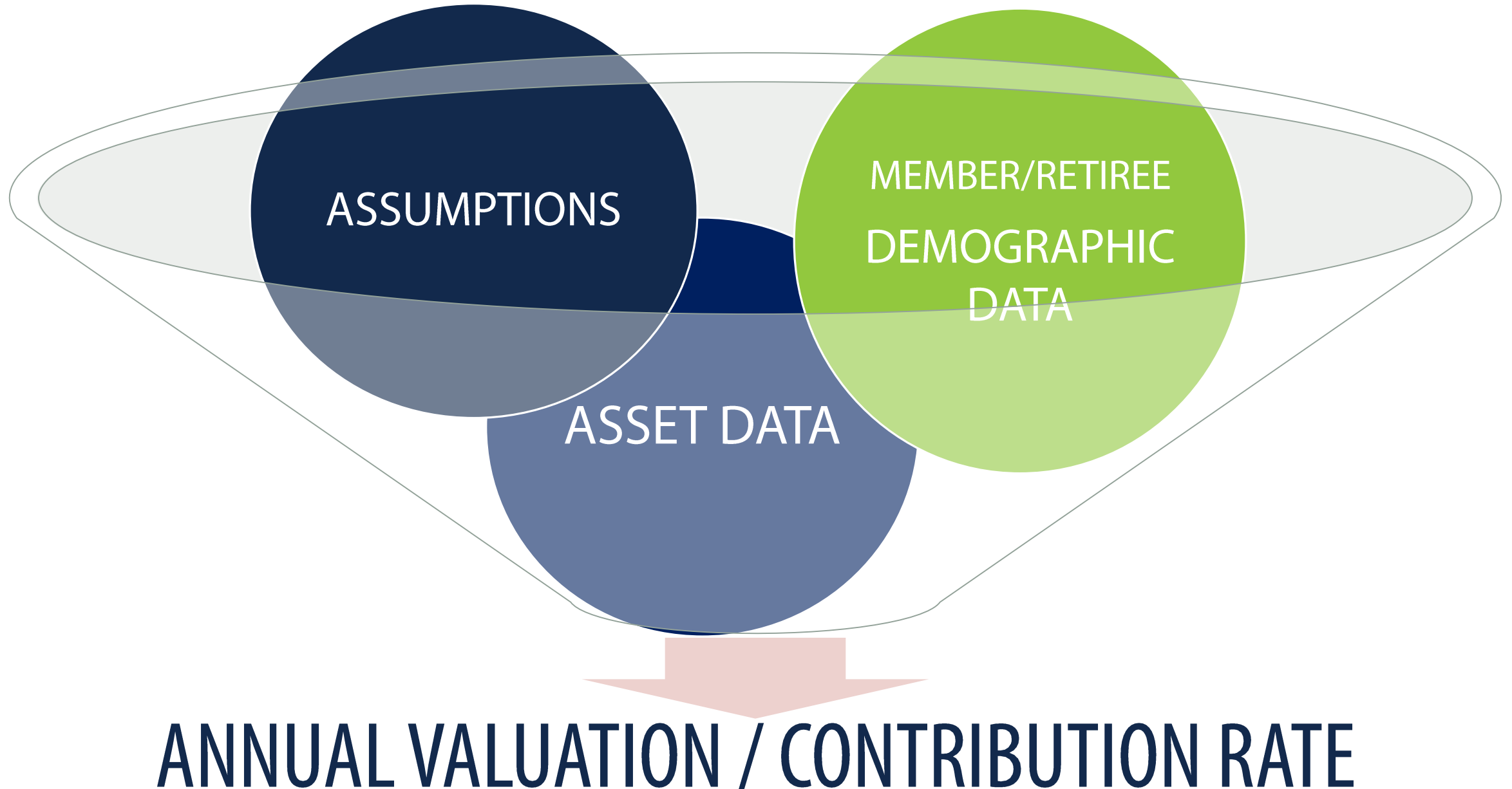
- Example: Disability rates

**Some variances are in your control as an employer.**

- Example: Pay increases. LAGERS assumes 3.25% annual increase.



# HOW YOUR EMPLOYER'S RATE IS DETERMINED



# FACTORS AFFECTING COSTS

**Actuarial Assumptions And Methods**

**Differences In Benefit Levels**

**Size Of Unfunded Liabilities**

**Administrative & Investment Expenses**





# 2020 EXPERIENCE STUDY

- **Investigates system experience from 2015 to 2020**
- **Purpose is to determine if actuarial assumptions should be updated**
- **May result in recommendations to change actuarial assumptions, which could affect employer contribution rates in 2022**

