



New Castle County

2017 Pension Plan Review

March, 2017





2017 Valuation Overview

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Demographics

	Actives	Terminated Vested	Retired	Disabled	Total	<i>Prior Year Total</i>
County Employees' Pension Plan	151	26	151	16	344	<i>346</i>
Employees' Retirement System	18	2	315	1	336	<i>338</i>
- Police	661	57	766	28	1,512	<i>1,541</i>
- General Personnel						
Alternative Pension Plan (closed plan)	5	1	31	0	37	<i>40</i>
Crossing Guards Pension Plan	83	10	47	1	141	<i>139</i>
County 2011 Pension Plan	174	0	0	0	0	<i>146</i>
Total	1,092	96	1,310	46	2,544	<i>2,550</i>



Plan Assets

Market Value and Actuarial Value

	12/31/2015	12/31/2016
Market Value	\$404,847,096	\$401,979,779
Investment Return	(1.10%)	4.11%
Actuarial Value*	\$420,669,363	\$427,266,539
Investment Return	6.74%	7.03%
Actuarial Value/Market Value	104%	106%

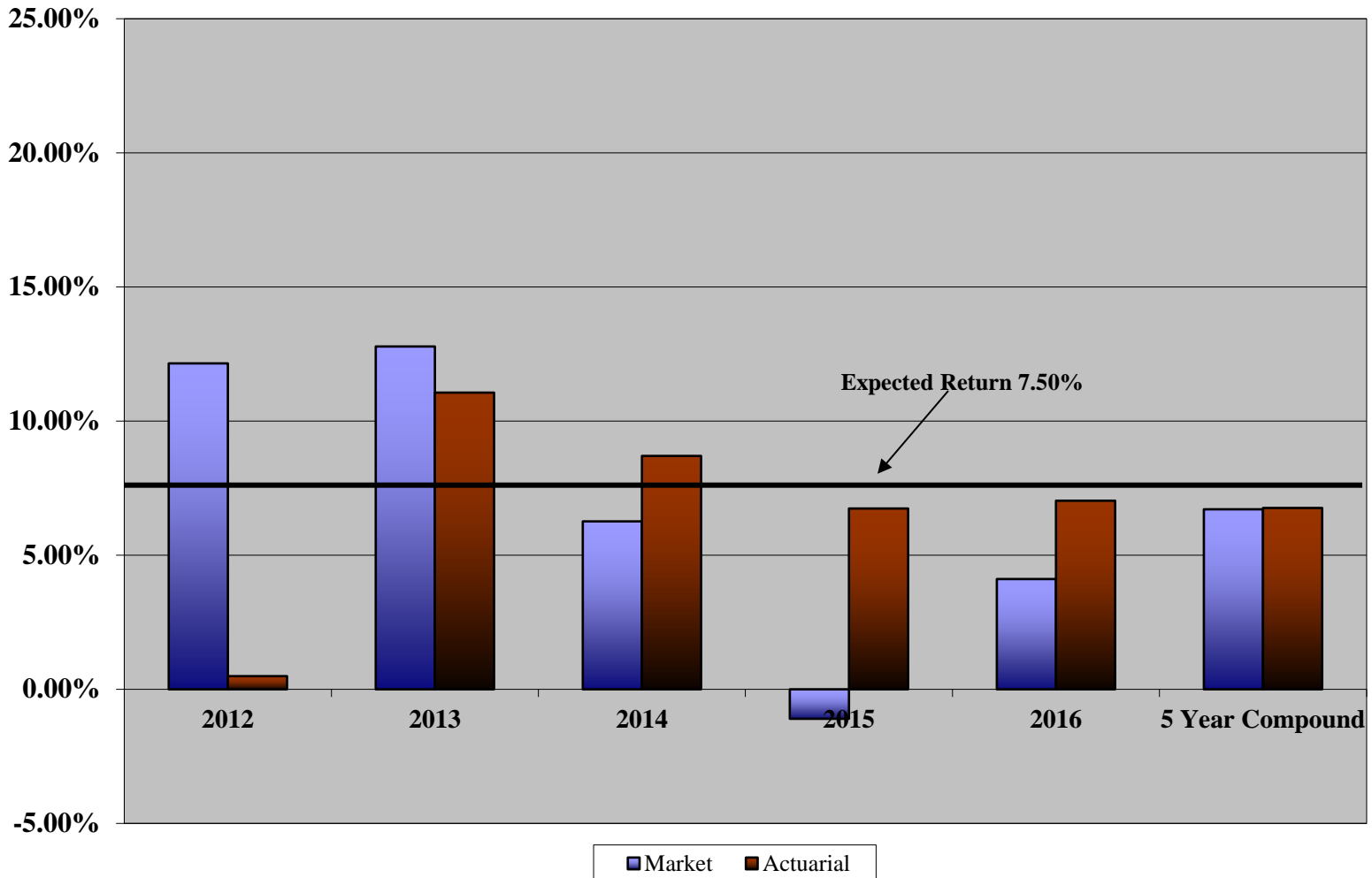
5 Year Average Investment Return

	12/31/2015	12/31/2016
Market Value	5.33%	6.71%
Actuarial Value*	6.00%	6.76%

* Note: Actuarial Value of Assets is based on 5 year averaging method for investment gains/losses.

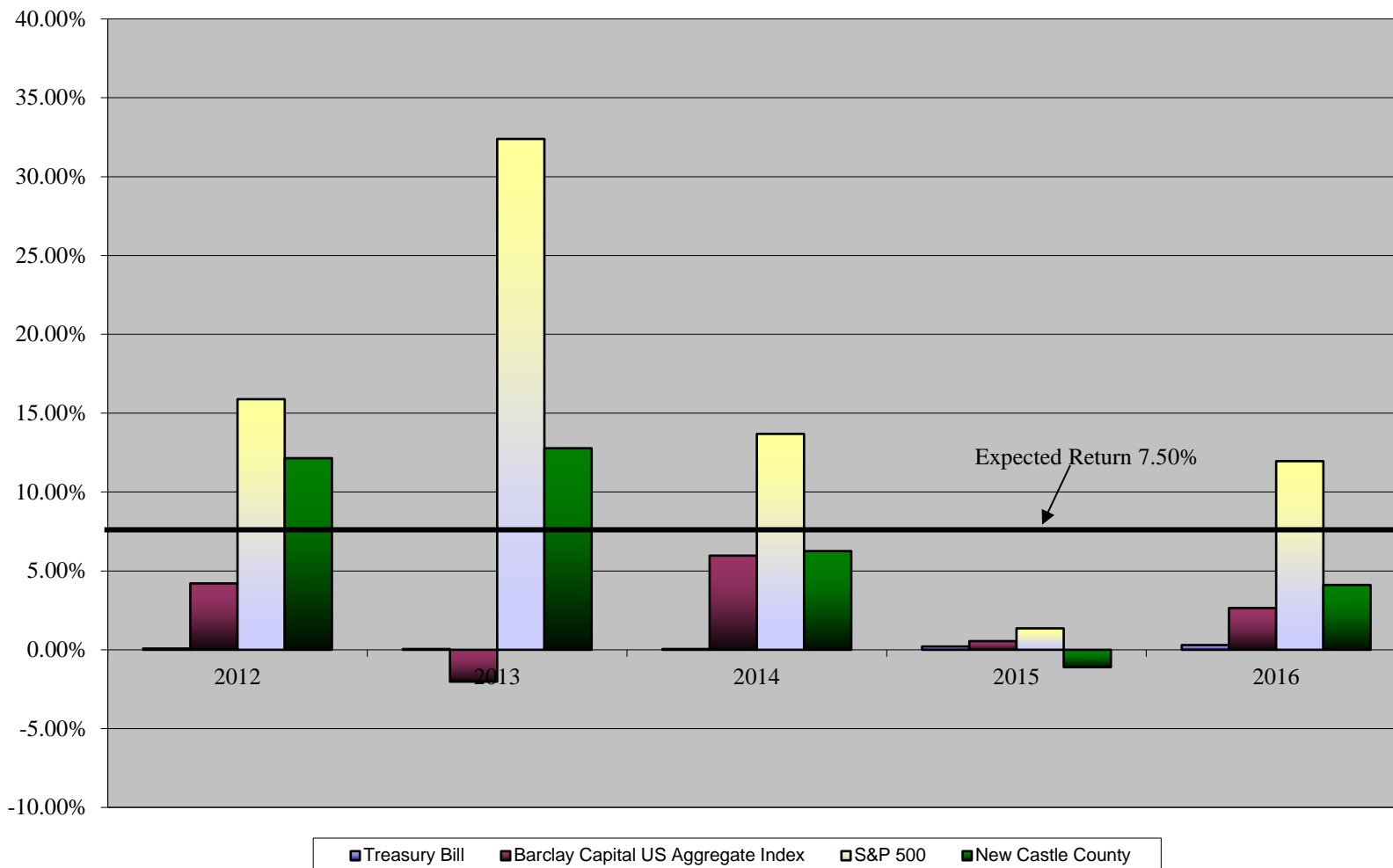


Rates of Return Market and Actuarial Asset Values





Comparison of Investment Performance (Market Value) to Selected Indices





Market Value Changes

Market Value of Assets 1/1/2016		\$404,847,096
Contributions	\$19,712,996	
Income	6,590,543	
		26,303,539
Unrealized Appreciation and Other Investment Proceeds		12,398,279
Benefit Payments	(38,771,390)	
Expenses	(2,797,745)	
		<u>(41,569,135)</u>
Market Value of Assets as of 12/31/2016		\$401,979,779



Valuation Approach

- 1/1/2016 Demographic Population Projected Forward to 1/1/2017
- Actual Assets and Contributions Recognized



2016 Valuation Assumptions

Investment Return	7.50%
Salary Increases	4.00%
Ultimate Retirement Age	Varies by Plan:
General	Age 70
Police	30 years of service
County	Age 65 with 5 years of service
Alternate	Age 65 with 15 years of service
Crossing Guards	Age 75
County 2011 Pension Plan	Age 70
Mortality	RP-2000 Combined Healthy Males/Females Table projected to 2011 with Scale BB
Disability	75% of 1974-78 Social Security Experience Study
Withdrawal	Tables based on age and service
Spouse	80% assumed married
Post Retirement Adjustment	For Retirement System only: Non-Police – 2% of initial benefit per annum Police – 3% per annum Assumed 40% of Cost of COLA paid by the State
State Contributions (Police Plan)	Average of past 3 plan years: 2,331,953
Expenses	Average of past 3 plan years: 930,745



Total Funded Status

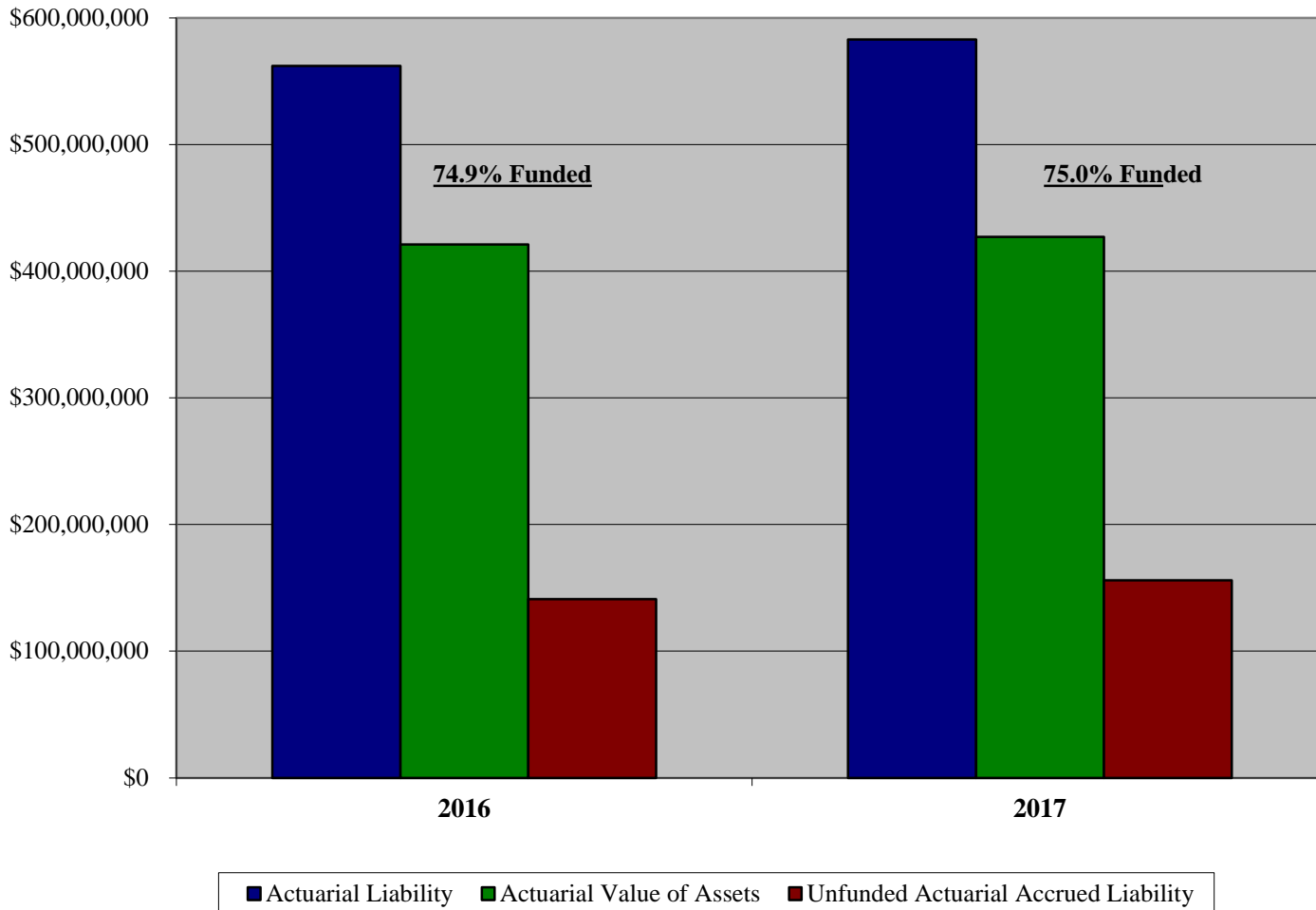
	01/01/2016	01/01/2017
Actuarial Accrued Liability	\$561,973,000	\$569,851,000
Actuarial Value of Assets	420,669,000	427,267,000
Unfunded Actuarial Accrued Liability	141,304,000	142,584,000
Funded Ratio	74.9%	75.0%

Present Value of Accumulated Benefits*	\$530,008,000	\$538,142,000
Market Value of Assets	404,847,000	401,980,000
Funded Ratio	76.4%	74.7%

* Unit Credit Basis



Total Plan Funded Status





Total Recommended County Contributions

	2016	2017
Total Normal Cost	\$7,969,000	\$7,975,000
Employee Contributions	\$3,066,000	\$2,903,000
Net County Normal Cost	\$4,903,000	\$5,072,000
Amortization Payments	\$13,866,000	\$14,375,000
Total as of Beginning of Plan Year	\$18,769,000	\$19,448,000
Total as of End of Plan Year	\$20,176,000	\$20,906,000
Expected State Subsidy	\$2,463,000	\$2,507,000
Total Net of Expected State Contribution	\$17,713,000	\$18,400,000
As a % of Payroll	23.68%	26.23%
As a % of Payroll (4 Primary Plans)	24.28%	26.88%

Note: For GASB purposes, Annual Required Contribution (ARC) is now reported on a % of pay basis vs. a dollar basis.



Net Allocated County Contributions

	County Pension Plan	Retirement System		Alternate	County 2011	Crossing Guards	Total
		General	Police				
2016							
Contribution	\$1,705,000	\$12,533,000	\$3,241,000	\$30,000	\$124,000	\$80,000	\$17,713,000
As % of Pay	13.74%	25.86%	82.78%	8.09%	1.66%	3.67%	23.68%
Subtotal (excluding Crossing Guards)					\$17,633,000		
As % of Pay					24.28%		
2017							
Contribution	\$1,948,000	\$12,885,000	\$3,269,178	\$27,000	\$187,000	\$82,000	\$18,400,000
As % of Pay	17.53%	28.19%	154.88%	9.33%	2.10%	4.10%	26.23%
Subtotal (excluding Crossing Guards)					\$18,317,000		
As % of Pay					26.88%		



Governmental Accounting Standards Board (GASB) Summary

	GASB	Funding
Actuarial Method	Entry Age Normal (EAN)	Entry Age Normal (EAN)
Measurement Date	6/30/2016	12/31/2016
Actuarial Accrued Liability (AAL)	\$ 583,995,000	\$ 569,851,000
Assets	\$ 400,021,000	\$ 427,267,000
Funded Ratio: Assets/AAL	68.50%	75.0%
Unfunded Liability	\$ 183,974,000	\$ 142,584,000



Conclusions

- Funded Ratios
 - Remained about the same.
- Factors Impacting Plan Costs/Liabilities
 - Loss on Actuarial Asset Basis (Loss on Market Value Return on Assets) – relative to 7.50% expected return
 - Actuarial Loss due to changes in the plan population
- Recommended Contributions
 - Percent of Pay: increase about 2.50% in total



Appendix



Summary of Results

	1/1/2016	1/1/2017	% Change
<u>TOTAL PLANS</u>			
Number of Participants			
Active	1,106	1,092	
Terminated Vested or due Refund	88	96	
Retired	1,356	1,356	
Total	2,550	2,544	(0.2%)
Annual Compensation of Active Participants	\$74,805,169	\$70,151,158	(6.2%)
Average Annual Compensation of Active Participants	\$67,636	\$64,241	
Average Age	50.88	51.23	
Average Service	15.77	16.10	
<u>ASSETS</u>			
Market Value	\$404,847,000	\$401,979,779	(0.7%)
Actuarial Value	\$420,669,363	\$427,266,539	(1.6%)
<u>FUNDING PROGRESS</u>			
Actuarial Accrued Liability	\$ 561,973,025	\$ 569,850,765	1.4%
Funding Ratio	74.9%	75.0%	
<u>RECOMMENDED CONTRIBUTION</u>			
Total Contribution as of 12/31:**	\$23,484,161	\$24,290,059	3.4%
Four County Plans Subtotal	\$20,096,090	\$20,824,293	
Subtotal as % of Payroll	27.67%	30.56%	
Net Subtotal as % of Payroll	24.28%	26.88%	
Estimated Contribution for Police Covered in State Plan	\$3,307,833	\$3,383,580	
As a % of Payroll	13.81%	12.60%	
Crossing Guards Plan	\$80,238	\$82,187	
County 2011	\$124,311	\$187,097	
*Based on County estimated budgeted payroll			
**Includes County contributions to State Plans for Police			
Reflects estimated State contribution of \$2,291,339 and \$2,331,953 for 2015 and 2016 respectively.			



EMPLOYEES' RETIREMENT SYSTEM

	County Employees Pension Plan	General Personnel	Police	Alternate Pension Plan	Crossing Guards	County 2011	Total
	\$	\$	\$	\$	\$	\$	\$
Allocated Market Value of Assets at 12/31/2015	43,854,240	222,910,160	131,057,552	1,000,797	2,195,731	3,828,616	404,847,096
Employee Contributions	255,799	2,006,532	103,859	0	16,140	261,949	2,644,279
Buybacks	0	0	0	0	0	0	0
Employee Contributions	255,799	2,006,532	103,859	0	16,140	261,949	2,644,279
Employer Contributions	2,257,092	9,609,027	1,215,356	64,930	80,238	2,170,535	15,397,178
State Contributions			1,671,539				1,671,539
	2,512,891	11,615,559	2,990,754	64,930	96,378	2,432,484	19,712,996
Benefit Payments	2,664,735	21,487,063	14,328,356	96,814	133,658	60,764	38,771,390
Prorata Administration Expenses *	108,076	549,349	322,983	2,466	5,411	9,435	997,721
Prorata Investment Expenses	194,984	991,099	582,706	4,450	9,763	17,023	1,800,024
	2,967,795	23,027,511	15,234,045	103,730	148,832	87,222	41,569,135
Expected Return	3,272,009	16,290,314	9,370,193	73,605	162,713	375,094	29,543,928
Actual Return	2,056,926	10,455,309	6,147,083	46,941	102,988	176,576	18,988,822
Market Value of Assets at 12/31/2016	45,456,262	221,953,517	124,961,344	1,008,938	2,246,264	6,353,454	401,979,779
Allocated Actuarial Value of Assets at 12/31/2016**	39,835,698	243,518,548	140,732,779	672,119	1,524,878	982,518	427,266,539

* Adjusted for miscellaneous receipts

** Re-allocated based on Actuarial Accrued Liability