GRS Retirement Consulting
800.521.0498 | P: 248.799.9000 | F: 248.799.9020 | www.grsconsulting.com

November 14, 2019 E-Mail

Mr. Jeff Pabst
Education and Outreach Coordinator
Missouri Local Government
Employees Retirement System
P.O. Box 1665
Jefferson City, Missouri 65102

Re: Pulaski County 911 Communications Public Safety Department Split (#7854)

Dear Jeff:

As you requested, we have performed actuarial valuations as of February 28, 2019 for the active members reported as Public Safety members and the remaining active members of the General department of the Pulaski County 911 Communications. The results of the actuarial valuations follow (contribution rates shown below are uncapped employer contribution rates):

	Public Safety Subdepartment	Other General Subdepartments	Combined
Member Statistics			
Number Active	11	1	12
Payroll	$453,121	$39,890	$493,011
Average Pay	41,193	39,890	41,084
Accumulated Contributions (Actives)	-	-	-
Number Deferred	0	1	1
Actuarial Accrued Liabilities (AAL)			
Active AAL	$960,981	$87,880	$1,048,861
Deferred AAL	0	46,154	46,154
Increase AAL - Police Provisions and Assumptions	83,941	0	0
Total AAL	$1,044,922	$134,034	$1,095,015
Actuarial Value of Assets			
Members Deposit Fund (MDF)	$ 0	$ 0	$ 0
Employer Accumulation Fund (EAF)*	504,307	70,339	574,646
Total Assets	$504,307	$70,339	$574,646
Funded Ratio	48.3%	52.5%	52.5%
Unfunded Actuarial Accrued Liability (UAAL)	$540,615	$63,695	$520,369
Computed Employer Contribution Rate			
Current Service Cost	12.50%	10.30%	10.80%
Disability Cost	0.70	0.40	0.40
Prior Service Cost	9.10	12.30	8.10
Total Employer Contribution Rate (Uncapped)	22.30%	23.00%	19.30%

* Assets allocated to each division are estimated.

The Public Safety subdepartment is valued using police benefit provisions (normal retirement and deferred age equal to 55). In addition, the actuarial assumptions for police members were used in accordance with direction from LAGERS staff. For members proposed to be covered in the Public Safety subdepartment, the actuarial accrued liability increased by $83,941 and is amortized over 20 years based on the funding policy for benefit changes.

Please note that the results for the 'Combined' department are the same as those reported for the General department in the February 28, 2019 annual actuarial valuation report for the Pulaski County 911 Communications. However, adding the results for the subdepartments shown on the previous page will not match the combined results due to valuing the Public Safety members alone as Police members and combined as General members.

Per LAGERS staff, EAF assets were split between the two subdepartments so that each subdepartment's funded percent would be the same as the combined General department based upon the General benefit provisions and assumptions as of February 28, 2019. This would require an accounting transfer based on market value, as of February 28, 2019, of $504,761 of EAF assets to the Public Safety department. The remainder of the EAF assets would be allocated to the remaining General department.

Deferred members as of February 28, 2019 for each employer were valued with the General subdepartment.

Below are projections needed to comply with Missouri state disclosure requirements (Section 105.665 of the RSMo) regarding the adoption of LAGERS benefits by a political subdivision. Under the Present Plan, members eligible to be considered Public Safety members are valued using General plan provisions and assumptions. Under the Alternate Plan, these members are valued using Police plan provisions and assumptions. The projections below only include members eligible for the Public Safety subdepartment.

		Present Plan			Alternate Plan			Change due to Proposed Provisions		
		Estimated Employer Contribution		Estimated Difference Between AAL and AVA	Estimated Employer Contribution		Estimated Difference Between AAL and AVA	Estimated Employer Contribution		Estimated Difference Between AAL and AVA
Valuation Date	Estimated Projected Payroll	As a % of Payroll	Annual Dollars		As a % of Payroll	Annual Dollars		As a % of Payroll	Annual Dollars	
2019	$ 453,121	19.10%	$ 86,546	$ 456,674	22.30%	$ 101,046	$ 540,615	3.20%	$ 14,500	$ 83,941
2020	467,847	19.10%	89,359	453,350	22.30%	104,330	537,070	3.20%	14,971	83,720
2021	483,052	19.10%	92,263	448,600	22.30%	107,721	531,878	3.20%	15,458	83,278
2022	498,751	19.10%	95,261	442,282	22.30%	111,221	524,875	3.20%	15,960	82,593
2023	514,960	19.10%	98,357	434,243	22.30%	114,836	515,883	3.20%	16,479	81,640
2024	531,696	19.10%	101,554	424,318	22.30%	118,568	504,710	3.20%	17,014	80,392
2025	548,976	19.10%	104,854	412,329	22.30%	122,422	491,149	3.20%	17,568	78,820
2026	566,818	19.10%	108,262	398,080	22.30%	126,400	474,974	3.20%	18,138	76,894
2027	585,240	19.10%	111,781	381,365	22.30%	130,509	455,945	3.20%	18,728	74,580
2028	604,260	19.10%	115,414	361,956	22.30%	134,750	433,798	3.20%	19,336	71,842

The results shown for each employer only include active members reported to LAGERS as of the valuation date, February 28, 2019. The methods and assumptions used in the actuarial valuations were the same as those used in the annual actuarial valuations as of February 28, 2019. In particular, the assumed rate of investment return was 7.25% and the assumed rate of payroll growth was 3.25%.

The benefit provisions used in the actuarial valuations shown on previous pages were the same as each employer's benefit provisions as of February 28, 2019. A summary follows:

Provisions	**ER #7854**
Benefit Program:	L-12
Final Average Salary:	3 Years
Member Contributions:	Non-Contributory
Retirement Eligibility:	Rule of 80

The long term cost (C) of providing retirement benefits depends only on the benefits (B) that are paid to participants, the expenses (E) of administering the plan, and the investment return (I) generated on invested assets: $C = B + E – I$. For a given level of benefits, the cost of providing those benefits is lowered if administrative expenses are lowered or investment income is increased.

The long term costs are financed by a series of employer and member contributions. The series of contributions is flexible. If more is contributed in early years, less has to be contributed in later years, and vice-versa. Over time the series of contributions has to have the same value as benefits and expenses. The actuary determines each year's contribution based on a funding method and a set of actuarial assumptions. The chosen funding method and assumptions do not affect the long term cost of providing retirement benefits, but have a strong impact on the series of contributions made to fund the benefits.

Mita Drazilov is a Member of the American Academy of Actuaries, and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Please call if you have any questions.

Sincerely,

Mita Drazilov

Mita D. Drazilov, ASA, FCA, MAAA

cc: Judith Kermans (GRS)
Michael Gano (GRS)