



August 1, 2025 E-Mail

Ms. Mya Bernskoetter  
Employer Reporting Analyst  
Missouri Local Government  
Employees Retirement System  
P.O. Box 1665  
Jefferson City, Missouri 65102

**Re: City of Springfield Public Safety Department Split (#0981)**

Dear Mya:

As you requested, we have performed actuarial valuations as of February 28, 2025 for the active and deferred members reported as new Public Safety members and the remaining active and deferred members of the General department of the City of Springfield. The new Public Safety members have been combined with the existing Public Safety department as of February 28, 2025 to determine the computed employer contribution rate.

**Section A – Summary of Employer Contribution Rates as a Percent of Payroll**

	<u>Present Plan</u> <u>Current</u> <u>General</u>	<u>Alternate Plan</u> <u>Remaining General</u> <u>Subdepartments</u>	<u>Present Plan</u> <u>Current</u> <u>Public Safety</u>	<u>Alternate Plan</u> <u>Combined Public Safety</u> <u>Subdepartments</u>
Normal Cost Rate	12.40%	12.40%	12.80%	13.10%
Casualty Rate	0.50	0.50	0.50	0.50
Prior Service Cost Rate <sup>1</sup>	<u>5.50</u>	<u>5.50</u>	<u>3.80</u>	<u>5.10</u>
Total Employer Contribution Rate	18.40%	18.40%	17.10%	18.70%
<b>Change in Employer Contribution Rate as a percent of payroll</b>		<b>0.00%</b>		<b>1.60%</b>
<b>Increase in Unfunded Actuarial Accrued Liability <sup>1</sup></b>		<b>\$0</b>		<b>\$889,745</b>

<sup>1</sup> The increase in the unfunded actuarial accrued liability includes \$451,981 due to combining the new Public Safety members with the existing Public Safety department and was amortized over various periods matching those used for the existing Public Safety department as of the February 28, 2025 annual valuation. The increase in the unfunded actuarial accrued liability also includes \$437,764 due to adoption of the alternate plan and was amortized over a 20 year period.

The Current General and Remaining General Subdepartments results shown above are based upon General benefit provisions (age 60 and 5 years unreduced retirement eligibility; age 55 and 5 years reduced retirement eligibility; deferred age equal to 60). Current Public Safety and Combined Public Safety Subdepartments results shown above are based upon Public Safety benefit provisions (age 55 and 5 years unreduced retirement eligibility; age 50 and 5 years reduced retirement eligibility; deferred age equal to 55).

## Section B – Additional Details

### Public Safety Department Split (Current Public Safety Department Not Reflected)

	Present Plan	Alternate Plan		Alternate Plan
	General	General		Public Safety
	Benefit Provisions	Benefit Provisions		Benefit Provisions
	Current General	Remaining General Subdepartments	New Public Safety Subdepartment	New Public Safety Subdepartment
<u>Member Statistics</u>				
Number Active	1,227	1,212	15	15
Payroll	\$81,198,477	\$80,194,670	\$1,003,807	\$1,003,807
Average Pay	66,176	66,167	66,920	66,920
Accumulated Contributions (Actives)	713,358	708,957	4,401	4,401
Number Deferred	498	494	4	4
<u>Actuarial Accrued Liabilities (AAL)</u>				
Active AAL	\$188,710,654	\$186,266,959	\$2,443,695	\$2,713,364
Deferred AAL	26,522,638	26,058,497	464,141	632,236
Total AAL	\$215,233,292	\$212,325,456	\$2,907,836	\$3,345,600
Increase AAL - Public Safety Provisions and Assumptions				\$437,764
<u>Actuarial Value of Assets</u>				
Members Deposit Fund (MDF)	\$1,347,832	\$1,343,431	\$4,401	\$4,401
Employer Accumulation Fund (EAF) <sup>1</sup>	180,430,598	177,979,144	2,451,454	2,451,454
Total Assets	\$181,778,430	\$179,322,575	\$2,455,855	\$2,455,855
Funded Ratio	84.5%	84.5%	84.5%	73.4%
Unfunded Actuarial Accrued Liability (UAAL)	\$33,454,862	\$33,002,881	\$451,981	\$889,745
<u>Computed Employer Contribution Rate</u>				
Normal Cost Rate	12.40%	12.40%	11.60%	13.90%
Casualty Rate	0.50	0.50	0.50	0.50
Prior Service Cost Rate	5.50	5.50	6.00	9.30
Total Employer Contribution Rate	18.40%	18.40%	18.10%	23.70%
Estimated First Year Employer Contribution Dollars	\$14,940,520	\$14,755,819	\$181,689	\$237,902

<sup>1</sup> Assets allocated to each division are estimated.

The Present Plan results (Current General) shown above are based upon General benefit provisions (age 60 and 5 years unreduced retirement eligibility; age 55 and 5 years reduced retirement eligibility; deferred age equal to 60) and General assumptions.

Please note that the results for the current General department are the same as those reported for the General department in the February 28, 2025 annual actuarial valuation report for City of Springfield. The Alternate Plan results shown in the middle two columns are based upon General benefit provisions and assumptions but with the General department separated into the requested subdepartments. Adding the results for the requested subdepartments using General benefit provisions and assumptions may not match the current General results due to rounding.

The Alternate Plan results shown in the right most column for the New Public Safety Subdepartment are based upon Public Safety benefit provisions (age 55 and 5 years unreduced retirement eligibility; age 50 and 5 years reduced retirement eligibility; deferred age equal to 55) and Public Safety assumptions.

For members proposed to be covered in the New Public Safety subdepartment, the actuarial accrued liability increased by \$437,764 and is amortized over 20 years based on the funding policy for benefit changes.



Per LAGERS staff, employer assets were split between the remaining General and new Public Safety subdepartments so that each subdepartment's funded percent would be the same as the current General department based upon the General benefit provisions and assumptions as of February 28, 2025. This would require an accounting transfer based on market value, as of February 28, 2025, of \$2,299,835 of EAF assets to the Public Safety department with the remainder staying in the General department. Depending upon actual experience after the valuation date as of February 28, 2025 (e.g., members changing status after the valuation date), an additional asset transfer may be necessary as of the first annual valuation date after the election is made to add the new subdepartment.

### Combined Public Safety Subdepartment

	Public Safety Benefit Provisions		Public Safety Benefit Provisions
	Current Public Safety	New Public Safety Subdepartment	Combined Public Safety Subdepartment
<u>Member Statistics</u>			
Number Active	55	15	70
Payroll	\$3,394,089	\$1,003,807	\$4,397,896
Average Pay	61,711	66,920	62,827
Accumulated Contributions (Actives)	-	4,401	4,401
Number Deferred	13	4	17
<u>Actuarial Accrued Liabilities (AAL)</u>			
Active AAL	\$5,847,356	\$2,713,364	\$8,560,720
Deferred AAL	749,114	632,236	1,381,350
Total AAL	\$6,596,470	\$3,345,600	\$9,942,070
<u>Actuarial Value of Assets</u>			
Members Deposit Fund (MDF)	\$0	\$4,401	\$4,401
Employer Accumulation Fund (EAF) <sup>1</sup>	5,528,486	2,451,454	7,979,940
Total Assets	\$5,528,486	\$2,455,855	\$7,984,341
Funded Ratio	83.8%	73.4%	80.3%
Unfunded Actuarial Accrued Liability (UAAL)	\$1,067,984	\$889,745	\$1,957,729
Increase UAAL - Combined Public Safety Subdepartment			\$889,745
<u>Computed Employer Contribution Rate</u>			
Normal Cost Rate	12.80%	13.90%	13.10%
Casualty Rate	0.50	0.50	0.50
Prior Service Cost Rate	<u>3.80</u>	<u>9.30</u>	<u>5.10</u>
Total Employer Contribution Rate	17.10%	23.70%	18.70%
Estimated First Year Employer Contribution Dollars	\$580,389	\$237,902	\$822,407



## Section C – Projections

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.

### Remaining General Subdepartments

Under the Present and Alternate Plans, members are valued using General benefit provisions and assumptions.

Valuation Date	Estimated Projected Payroll	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
		As a % of Payroll	Annual Dollars		As a % of Payroll	Annual Dollars		As a % of Payroll	Annual Dollars	
2025	\$ 80,194,670	18.40%	\$ 14,755,819	\$ 33,002,881	18.40%	\$ 14,755,819	\$ 33,002,881	0.00%	\$ 0	\$ 0
2026	82,400,023	18.40%	15,161,604	30,735,272	18.40%	15,161,604	30,735,272	0.00%	-	-
2027	84,666,024	18.40%	15,578,548	28,183,041	18.40%	15,578,548	28,183,041	0.00%	-	-
2028	86,994,340	18.40%	16,006,959	25,322,802	18.40%	16,006,959	25,322,802	0.00%	-	-
2029	89,386,684	18.40%	16,447,150	22,129,436	18.40%	16,447,150	22,129,436	0.00%	-	-
2030	91,844,818	18.40%	16,899,447	18,575,971	18.40%	16,899,447	18,575,971	0.00%	-	-
2031	94,370,550	15.50%	14,627,435	14,633,445	15.50%	14,627,435	14,633,445	0.00%	-	-
2032	96,965,740	15.50%	15,029,690	13,080,075	15.50%	15,029,690	13,080,075	0.00%	-	-
2033	99,632,298	15.50%	15,443,006	11,347,080	15.50%	15,443,006	11,347,080	0.00%	-	-
2034	102,372,186	15.20%	15,560,572	9,419,941	15.20%	15,560,572	9,419,941	0.00%	-	-

### Combined Public Safety Subdepartment

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 Public Safety plan provisions and assumptions. The projections below only include members eligible for the combined Public Safety subdepartment.

Valuation Date	Present Plan (Current Public Safety Department)				Alternate Plan				Change due to Proposed Provisions	
	Estimated Projected Payroll	Estimated Employer Contribution		Estimated Difference Between AAL and AVA	Estimated Projected Payroll	Estimated Employer Contribution		Estimated Difference Between AAL and AVA	Estimated Employer Contribution As a % of Payroll	Estimated Difference Between AAL and AVA
		As a % of Payroll	Annual Dollars			As a % of Payroll	Annual Dollars			
2025	\$ 3,394,089	17.10%	\$ 580,389	\$ 1,067,984	\$ 4,397,896	18.70%	\$ 822,407	\$ 1,957,729	1.60%	\$ 889,745
2026	3,487,426	17.10%	596,350	1,007,697	4,518,838	18.70%	845,023	1,863,533	1.60%	855,836
2027	3,583,330	17.10%	612,749	939,477	4,643,106	18.70%	868,261	1,756,384	1.60%	816,907
2028	3,681,872	17.10%	629,600	862,665	4,770,791	18.70%	892,138	1,635,201	1.60%	772,536
2029	3,783,123	17.10%	646,914	776,555	4,901,988	18.70%	916,672	1,498,820	1.60%	722,265
2030	3,887,159	17.10%	664,704	680,389	5,036,793	18.70%	941,880	1,345,995	1.60%	665,606
2031	3,994,056	15.60%	623,073	573,352	5,175,305	17.20%	890,152	1,175,384	1.60%	602,032
2032	4,103,893	15.60%	640,207	517,835	5,317,626	17.20%	914,632	1,087,288	1.60%	569,453
2033	4,216,750	15.60%	657,813	455,803	5,463,861	17.20%	939,784	988,342	1.60%	532,539
2034	4,332,711	15.40%	667,237	386,725	5,614,117	17.00%	954,400	877,654	1.60%	490,929



## Section D – Assumptions and Benefit Provisions

The results shown for each subdepartment only include members reported to LAGERS as of the valuation date, February 28, 2025. For the Public Safety department split calculations included in this letter, please note the following:

- 1) A general active member as of the annual valuation date and identified as an active participant of the Public Safety subdepartment in the data submission is considered to be an active member in the Public Safety subdepartment.
- 2) A general deferred member as of the annual valuation date and identified as a participant of the Public Safety subdepartment in the data submission is considered to be a deferred member in the Public Safety subdepartment only if the member is also an active Police or Fire member with this employer as of the annual valuation date.

The methods and assumptions used in the actuarial valuations were the same as those used in the annual actuarial valuations as of February 28, 2025. In particular, the assumed rate of investment return was 7.00% and the assumed rate of payroll growth was 2.75%.

The actuarial valuation results presented on the previous pages are based upon the employer's benefit provisions as of February 28, 2025. A summary follows:

Provisions	ER #0981
Benefit Program	L-6
Final Average Salary	3 Years
Member Contribution Rate	0%
Retirement Eligibility*	Regular

*\* Members hired prior to May 1, 2005 are covered under the Rule of 80 provision.*

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.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.



Ms. Mya Bernskoetter  
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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,  
Gabriel, Roeder, Smith & Company

A handwritten signature in black ink that reads "Mita Drazilov". The signature is fluid and cursive, with the first name "Mita" and last name "Drazilov" clearly distinguishable.

Mita D. Drazilov, ASA, FCA, MAAA

MDD:dj

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

