November 22, 2022 E-Mail

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

Re: Taney County Public Safety Department Split (#4588)

Dear Jeff:

As you requested, we have performed actuarial valuations as of February 28, 2022 for the active members reported as Public Safety members and the remaining active members of the General department of the Taney County. 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	32	177	209
Payroll	$1,156,049	$7,653,053	$8,809,102
Average Pay	36,127	43,238	42,149
Accumulated Contributions (Actives)	-	-	-
Number Deferred	0	111	111
Actuarial Accrued Liabilities (AAL)			
Active AAL	$1,728,340	$20,115,992	$21,844,332
Deferred AAL	0	4,638,240	4,638,240
Increase AAL - Public Safety Provisions and Assumptions	152,990	0	0
Total AAL	$1,881,330	$24,754,232	$26,482,572
Actuarial Value of Assets			
Members Deposit Fund (MDF)	$0	$0	$0
Employer Accumulation Fund (EAF)*	1,401,380	20,071,327	21,472,707
Total Assets	$1,401,380	$20,071,327	$21,472,707
Funded Ratio	74.5%	81.1%	81.1%
Unfunded Actuarial Accrued Liability (UAAL)	$479,950	$4,682,905	$5,009,865
Computed Employer Contribution Rate			
Normal Cost Rate	14.20%	12.40%	12.40%
Casualty Rate	0.50	0.50	0.50
Prior Service Cost Rate	3.00	4.40	4.10
Total Employer Contribution Rate (Uncapped)	17.70%	17.30%	17.00%

** Assets allocated to each division are estimated.*

The Public Safety subdepartment is valued using public safety benefit provisions (normal retirement and deferred age equal to 55) and public safety assumptions. For members proposed to be covered in the Public Safety subdepartment, the actuarial accrued liability increased by $152,990 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, 2022 annual actuarial valuation report for Taney County. 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 Public Safety 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, 2022. This would require an accounting transfer based on market value, as of February 28, 2022, of $1,495,922 of EAF assets to the Public Safety department with the remainder staying in the General department.

Deferred members as of February 28, 2022 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 Public Safety 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	Estimated Employer Contribution		Estimated Difference	Estimated Employer Contribution		Estimated Difference
Valuation Date	Estimated Projected Payroll	As a % of Payroll	Annual Dollars	Between AAL and AVA	As a % of Payroll	Annual Dollars	Between AAL and AVA	As a % of Payroll	Annual Dollars	Between AAL and AVA
2022	$ 1,156,049	15.00%	$ 173,407	$ 326,960	17.70%	$ 204,621	$ 479,950	2.70%	$ 31,214	$ 152,990
2023	1,187,840	15.10%	179,364	325,401	17.80%	211,436	477,393	2.70%	32,072	151,992
2024	1,220,506	15.10%	184,296	322,798	17.80%	217,250	473,401	2.70%	32,954	150,603
2025	1,254,070	15.10%	189,365	319,059	17.80%	223,224	467,845	2.70%	33,859	148,786
2026	1,288,557	15.10%	194,572	314,084	17.80%	229,363	460,586	2.70%	34,791	146,502
2027	1,323,992	15.10%	199,923	307,766	17.80%	235,671	451,474	2.70%	35,748	143,708
2028	1,360,402	15.20%	206,781	299,988	17.90%	243,512	440,348	2.70%	36,731	140,360
2029	1,397,813	15.20%	212,468	290,627	17.90%	250,209	427,036	2.70%	37,741	136,409
2030	1,436,253	15.20%	218,310	279,549	17.90%	257,089	411,352	2.70%	38,779	131,803
2031	1,475,750	15.20%	224,314	266,608	17.90%	264,159	393,093	2.70%	39,845	126,485

The results shown for each employer only include active members reported to LAGERS as of the valuation date, February 28, 2022. The methods and assumptions used in the actuarial valuations were the same as those used in the annual actuarial valuations as of February 28, 2022. 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, 2022. A summary follows:

Provisions	**ER #4588**
Benefit Program	L-6
Final Average Salary	5 Years
Member Contribution Rate	0%
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.

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.

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

Mita Drazilov

Mita D. Drazilov, ASA, FCA, MAAA

MDD:dj

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