



General Employees Pension

Mission

To accumulate financial assets in order to provide long-term pension benefits to the City's General Employees and their beneficiaries.

Goals

To accurately account for all the financial resources of the Pension Plan, whether earned through investments or contributed by the City and its employees, so as to ensure that funds will be available for the payment of benefits as they become due and to maintain the actuarial soundness of the Pension Plan.

Objectives

To provide accurate, timely, and efficient accounting of the activities related to the General Employees Pension Plan (GEPP), which is administered by the Principal Financial Group.

To keep the GEPP actuarially sound by funding it in accordance with the Annual Required Contributions, as determined by the Plan's actuary.

To invest the assets of the GEPP in accordance with the Investment Policy adopted by the City.

To ensure that all eligible General Employees contribute 7.25% of their gross wages, as required by the Plan.

To correctly pay pension benefits in accordance with stated policy.

Major Functions and Activities

The General Employees Pension Plan was established by referendum in 1973 and restated on October 1, 1989. It has subsequently been amended by the following Ordinances:

ORDINANCE NUMBER	DATED
992	April 15, 1992
1058	December 15, 1993
1297	March 17, 1999
1413	June 19, 2002
1479	March 17, 2004
1515	May 18, 2005
1520	August 3, 2005
1555	August 16, 2006
1614	September 3, 2008
1668	August 4, 2010

The Pension Plan was established to provide retirement benefits to the General Employees of the City.

The City is required to contribute an actuarially determined amount that, when combined with participants' contributions, will fully provide for all benefits as they become payable.

Until February 1, 2010, participants were required to contribute 8.5% of their regular wages. Effective February 1, 2010, participating employees contribute 7.25% of regular wages. The City's contribution is based on the actuarial valuation using the aggregate method.

As of October 1, 1998, all full-time City employees, as defined in the 1973 Referendum, were required to participate in the Pension Plan as a condition of continued employment. Contributions were pre-tax. Upon normal retirement, a participant would receive a monthly pension amount equal to 2.85% of average yearly earnings for the highest two fiscal years of continuous service multiplied by years of service (not to exceed 28.07 years). Effective June 30, 2010, participation in the Plan became limited. No further contributions can be made by bargaining unit members, and no additional benefits can accrue to those members.

Any City employees hired on or after February 1, 2010, are not eligible to participate in the Plan.

Budget Highlights

The City's contribution to the General Employees Pension for fiscal year 2013-14 is approximately \$6.7 million, the same amount contributed in fiscal year 2012-13.

The GEPP budget includes an estimated annual rate of return of 7.75%, which approximates \$10.5 million in investment income. The actuarial assumption of 7.75% represents the average long-term expected rate of return.

Accomplishments

The City's ARC for the fiscal year ending 2012-13 is \$6.7 million. This represented a \$3.0 million or 81.1% increase from the prior year, 2011-12. The City will be making the full contribution by the end of the 2012-13 year.

On March 31, 2013, the GEPP investments were valued at \$132.9 million. For the six months ended



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March 31, 2013, the net rate of return for the GEPP was 6.6%.

The rate of return for the twelve months ended March 31, 2013, was 10.3%.

General Employees Pension Performance Measures

Indicator	2010-11		2011-12		2012-13	2013-14
	Actual	Goal	Actual	Goal	Goal	Goal
Outputs						
Retired participants	356	350	355	353	364	375
Benefits (in millions) paid to participants including those in the Deferred Retirement Option Plan (DROP)	\$8.9M	\$8.3M	\$8.3M	\$9.0M	\$9.0M	\$9.0M
Average retirement age	55	55	55	55	55	55
Average salary increase	-3.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Effectiveness						
% of transfers completed within a week of due date	100%	100%	100%	100%	100%	100%
Return on investment	1.44%	7.50%	19.44%	7.75%**	7.75%	7.75%
City contribution as a % of covered payroll ^	22.30%	19.40%	25.52%	25.15%	45.52%	51.70%
Efficiency						
% of administrative costs to total assets	0.11%	0.05%	0.08%	0.05%	0.05%	0.05%

** The actuarial assumption represents the average long term expected rate of return. It was increased from 7.5% in 2009-10 to 7.75% in 2010-11.

^ Covered payroll includes salaries for all General Employees except those in DROP and those hired after June 30, 2010.

General Employees Pension - Budget Summary

Revenue Category	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Budget
Investment Income	1,625,520	21,100,797	12,064,000	10,516,000
Pension Fund Contributions	3,570,754	3,985,040	6,931,032	6,908,908
Beginning Surplus	-	-	-9,870,032	-8,337,908
Total	5,196,273	25,085,838	9,125,000	9,087,000

Expenditure Category	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Budget
Operating				
Professional Services	124,316	87,077	125,000	87,000
Pension Benefits	8,691,131	8,550,403	9,000,000	9,000,000
Other Current Charges and Obligation	-8,281	-5,820	-	-
Operating Subtotal	8,807,166	8,631,661	9,125,000	9,087,000
Total	8,807,166	8,631,661	9,125,000	9,087,000