



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 employees contribute 8.5% 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.

Participants are required to contribute 8.5% of their regular wages, while the City's contribution is based on the actuarial valuation using the entry age normal frozen initial liability method with unfunded liabilities being amortized over 30 years. Effective February 1, 2010, employees will contribute 7.25% of regular wages.

As of October 1, 1998, all full-time 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 is limited. No further contributions shall be made by bargaining unit members and no additional benefits shall accrue to these members.

Budget Highlights

The GEPP budget includes an estimated annual rate of return of 7.75% which approximates to \$15.0 million in investment income. The actuarial assumption of 7.75% represents the average long term expected rate of return.

The Annual Required Contribution (ARC) for fiscal year 2011-12 is approximately \$3.7 million; this represents an increase of \$0.4 million or 12.8% over the 2010-11 actual contribution.

2010-11 Accomplishments

The City's ARC for the fiscal year ending 2010-11 is \$3.3 million. This represents a \$0.2 million or 5.3% decrease from last year. The City will be making the full contribution by the end of the year.

For the period ending March 31, 2011, the GEPP investments were valued at \$125.8 million. The annualized net rate of return for the GEPP was 14.2% for the twelve months ending March 2011.

General Employees Pension Performance Measures

Indicator	2008-09		2009-10		2010-11	2011-12
	Actual	Goal	Actual	Goal	Goal	Goal
Outputs						
Retired participants	299#	235	348	292	350	353
Benefits (in millions) paid to participants	\$7.6M	\$5.9M	\$8.8M	\$6.5M	\$8.3M	\$9.0M
Average retirement age	58#	55	57	55	55	55
Average salary increase	2.08%	8.41%	-0.15%	3.00%	0.00%	0.00%
Effectiveness						
% of transfers completed within a week of due date	100%	100%	100%	100%	100%	100%
Return on investment	-3.78%	8.00%	10.71%	8.00% **	7.50%	7.75%**
City contribution as a % of covered payroll	34.40%	31.50%	^23.50%	58.3%	19.40%	^25.15%
Efficiency						
% of administrative costs to total assets	0.05%	0.05%	0.08%	0.05%	0.05%	0.05%

Revised on 6/28/2011.

** 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 & 2011-12.

^ FY2010-11 & FY2011-12 covered payroll includes salaries for all active employees & inactive employees whose benefits were frozen effective 7-1-2010.

General Employees Pension - Budget Summary

Revenue Category	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Budget
Investment Income	-4,178,115	11,434,873	9,769,000	15,000,000
Pension Fund Contributions	9,709,936	4,660,765	3,565,317	4,009,516
Beginning Surplus	-	-	-4,915,317	-9,929,516
Total	5,531,820	16,095,638	8,419,000	9,080,000

Expenditure Category	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Budget
Operating Expenses				
Professional Services	102,009	122,450	120,000	80,000
Pension Benefits	7,602,125	8,766,235	8,299,000	9,000,000
Other Current Charges and Obligation	-37,584	-20,517	-	-
Operating Expenses Subtotal	7,666,550	8,868,167	8,419,000	9,080,000
Total	7,666,550	8,868,167	8,419,000	9,080,000