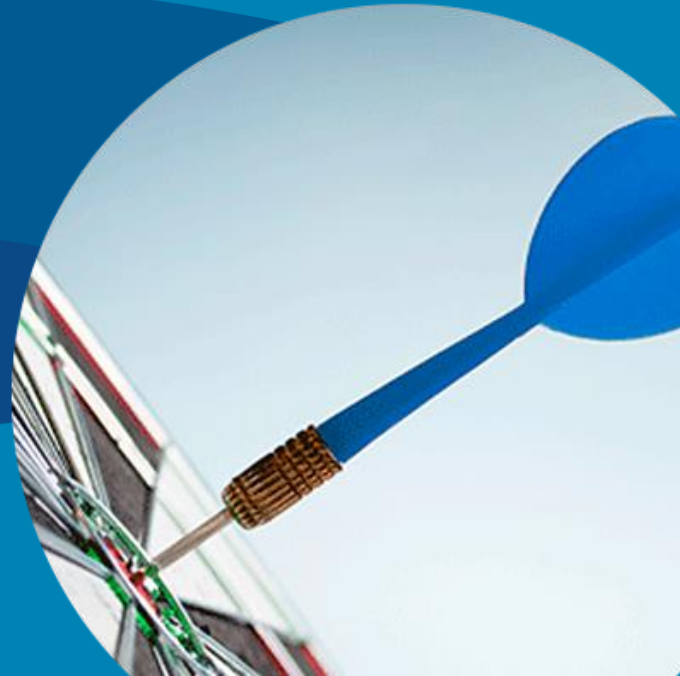# City of Longmont
"Old Hire" Firefighters' Pension Plan and
"Old Hire" Police Officers' Pension Plan

Actuarial Valuation Results as of January 1, 2021

Paul Wood, ASA, FCA, MAAA

August 11, 2021

"Old Hire" Actuarial Valuations

- Prepared as of January 1, 2021
  - Using member data, financial data, benefit and contribution provisions, actuarial assumptions and methods
  - Discount Rate assumption was updated from 7.50% to 7.00% and Mortality assumption was updated to Pub-10 Public Safety Tables projected with MP-2020

- Purpose
  - Measure the actuarial liabilities
  - Determine adequacy of current contributions
  - Explain changes in actuarial condition of Plans
  - Evaluate reasonableness of assumptions

GRS

"Old Hire" Firefighters' Pension Plan Key Results

- Actuarially Determined Contribution remained at $0 (since 2014)
- Actuarial Accrued Liability $2.5 million
- Market (and Actuarial) Value of Assets $3.0 million
- Surplus (excess of assets over present value of benefits) of $494,129
- Return on Market (and Actuarial) value of assets outperformed 7.5% assumption in 2020
  - FYE 2020   16.5%
  - FYE 2019   20.0%
  - FYE 2018   (7.2)%
- Funded status increased since 2020
  - January 1, 2021   120%
  - January 1, 2020   117%
  - January 1, 2019   98%
- There have been no changes to membership

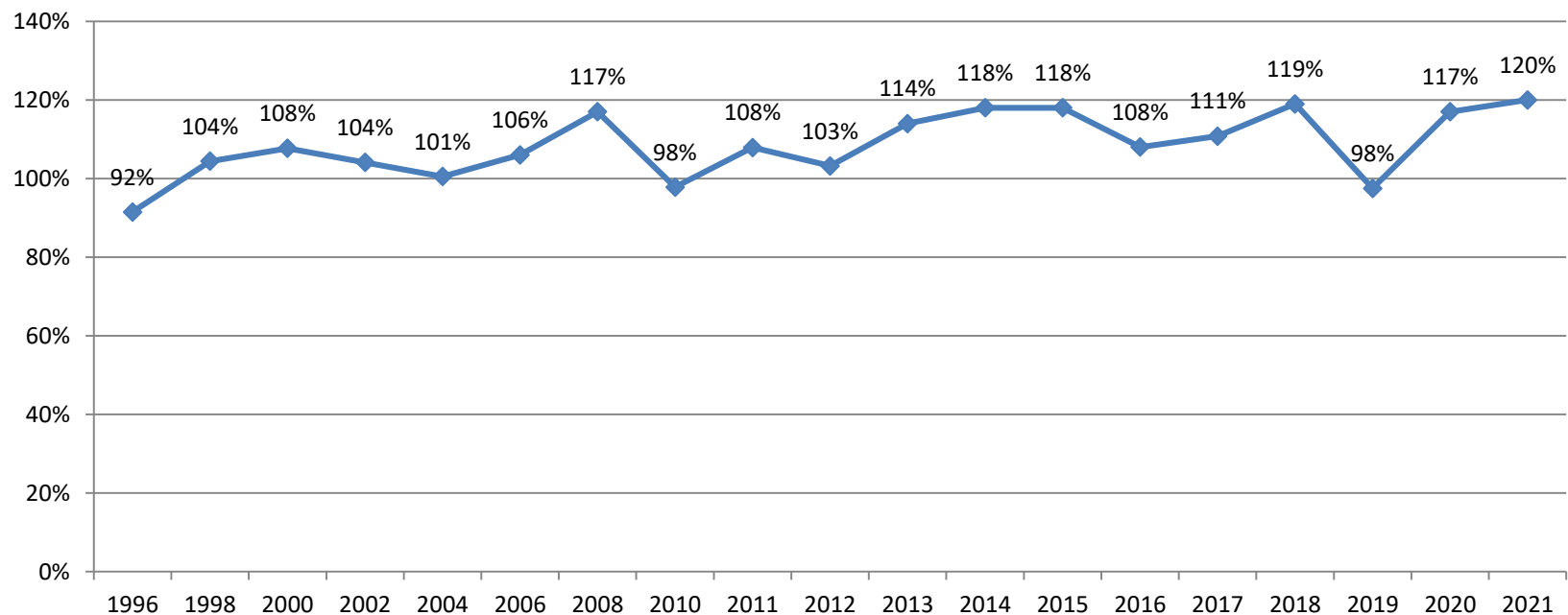# "Old Hire" Firefighters' Pension Plan Valuation Results

- Actuarial gains/(losses)
  - Investment return $ 238,721
  - Liabilities (185,720)
  - Total $ 53,001

- Assumption changes increased liability by $149,600

- Maintained surplus position since 2013 (except for small unfunded liability in 2019) due to asset gains

"Old Hire" Firefighters' Pension Plan Funded Status

- – Funded Status is the Actuarial Value of Assets as a percent of the Actuarial Accrued Liability
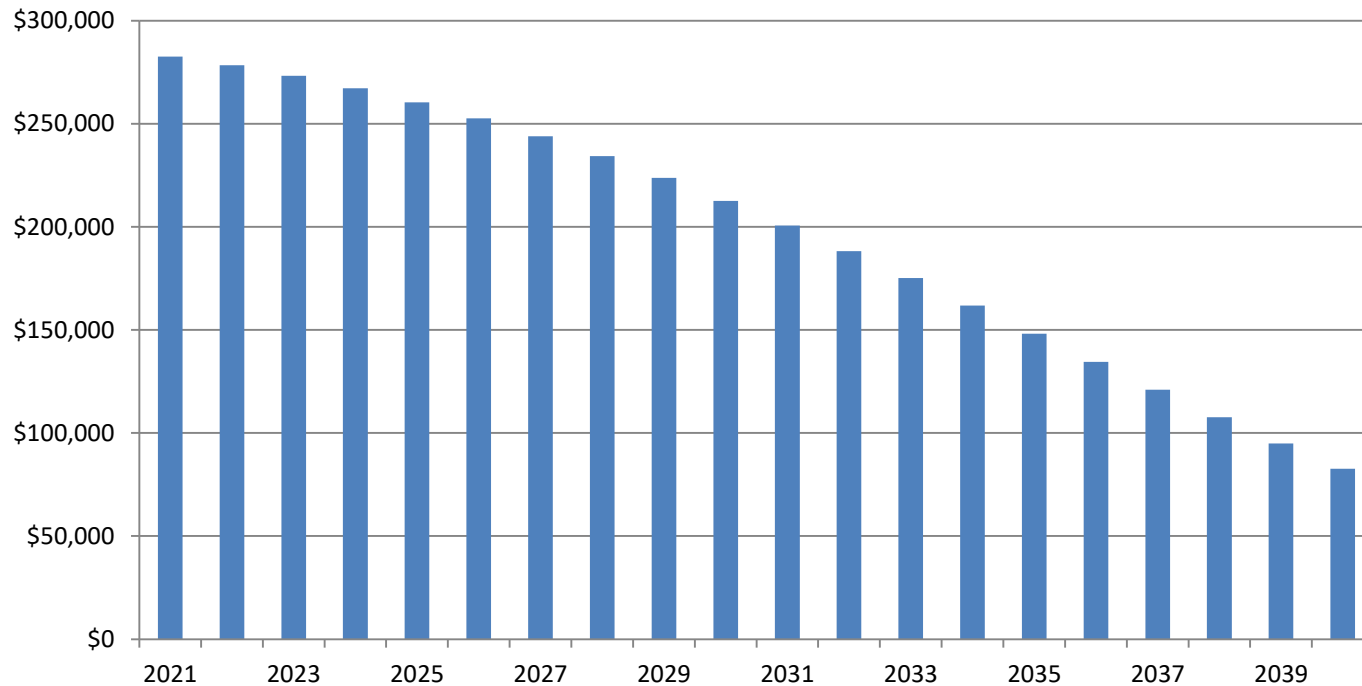- – Funded Status is 119.7% as of January 1, 2021

Funded Status

"Old Hire" Firefighters' Pension Plan Projected Cash Flows

- Projected Cash Flows are the estimated benefit payments to retirees and beneficiaries
- Based upon valuation assumptions
- Average age for current payees is 78

"Old Hire" Firefighters' Pension Summary

- The plan is well funded due to past employer contributions above the Actuarially Determined Contribution and positive investment returns in prior years

- Assets cover 119.7% of the accrued liabilities

- Some risk has been mitigated by improving mortality and discount rate assumptions

- The Actuarially Determined Contribution is $0

- A conservative funding policy for a closed plan is to maintain a surplus position to withstand market volatility
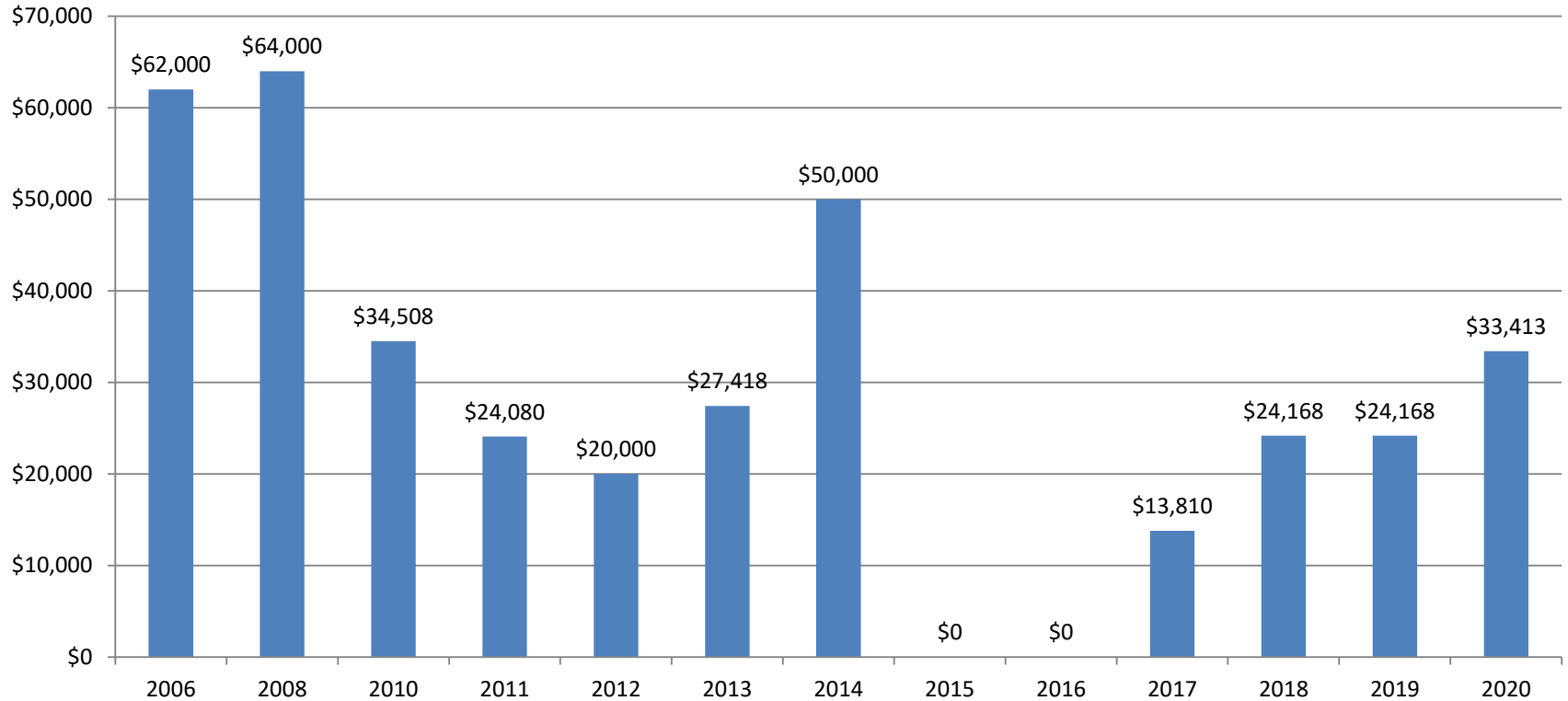
GRS

"Old Hire" Police Pension Plan Key Results

- Actuarially Determined Contribution of $0
- Actuarial Accrued Liability $1.16 million
- Market (and Actuarial) Value of Assets $1.25 million
- Surplus (excess of assets over present value of benefits) of $91,052
- Return on Market (and Actuarial) value of assets outperformed 7.5% assumption in 2020
  - FYE 2020   16.1%
  - FYE 2019   19.4%
  - FYE 2018   (7.0)%
- Funded status increased from 2020
  - January 1, 2021   108%
  - January 1, 2020   89%
  - January 1, 2019   84%
- Membership: 2 retirees died during 2020, one beneficiary added

"Old Hire" Police Pension Plan Key Results

Employer Contributions

Year	Contribution
2006	$62,000
2008	$64,000
2010	$34,508
2011	$24,080
2012	$20,000
2013	$27,418
2014	$50,000
2015	$0
2016	$0
2017	$13,810
2018	$24,168
2019	$24,168
2020	$33,413

"Old Hire" Police Pension Plan Valuation Results

- Actuarial gains/(losses)
  - Investment return $ 96,829
  - Liabilities   116,441
  - Total $213,270

- The assumption changes increased liabilities by $66,657

- Retiree liabilities had experienced mortality losses between 2011 and 2016 and in 2018 and 2019 due to members living longer than expected, but in 2017 and 2020 retiree liabilities experienced a gain due to member deaths

"Old Hire" Police Pension Plan Funded Status

Funded Status is the Actuarial Value of Assets as a Percent of the Actuarial Accrued Liability
Funded Status is 107.9% as of January 1, 2021

Funded Status
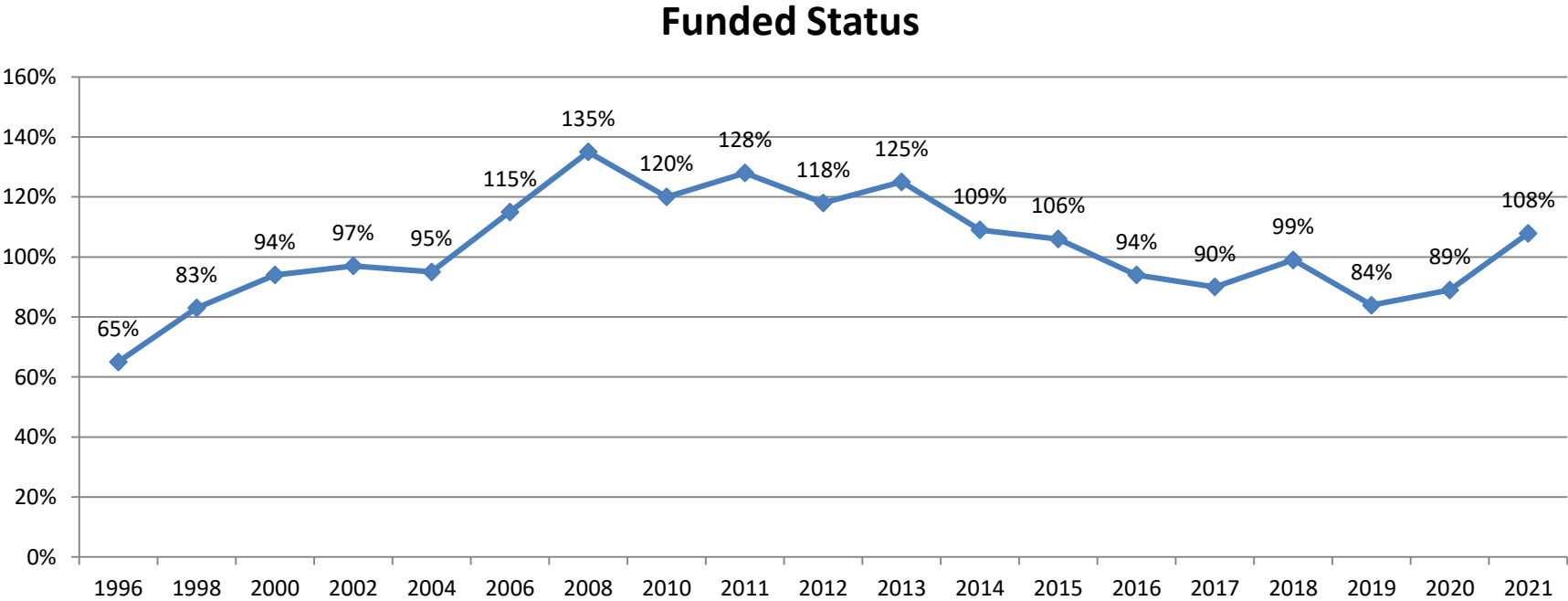
"Old Hire" Police Pension Plan Projected Cash Flows

- Projected Cash Flows are the estimated benefit payments to retirees and beneficiaries
- Based upon valuation assumptions
- Average age for current payees is 81

GRS

S-24

12
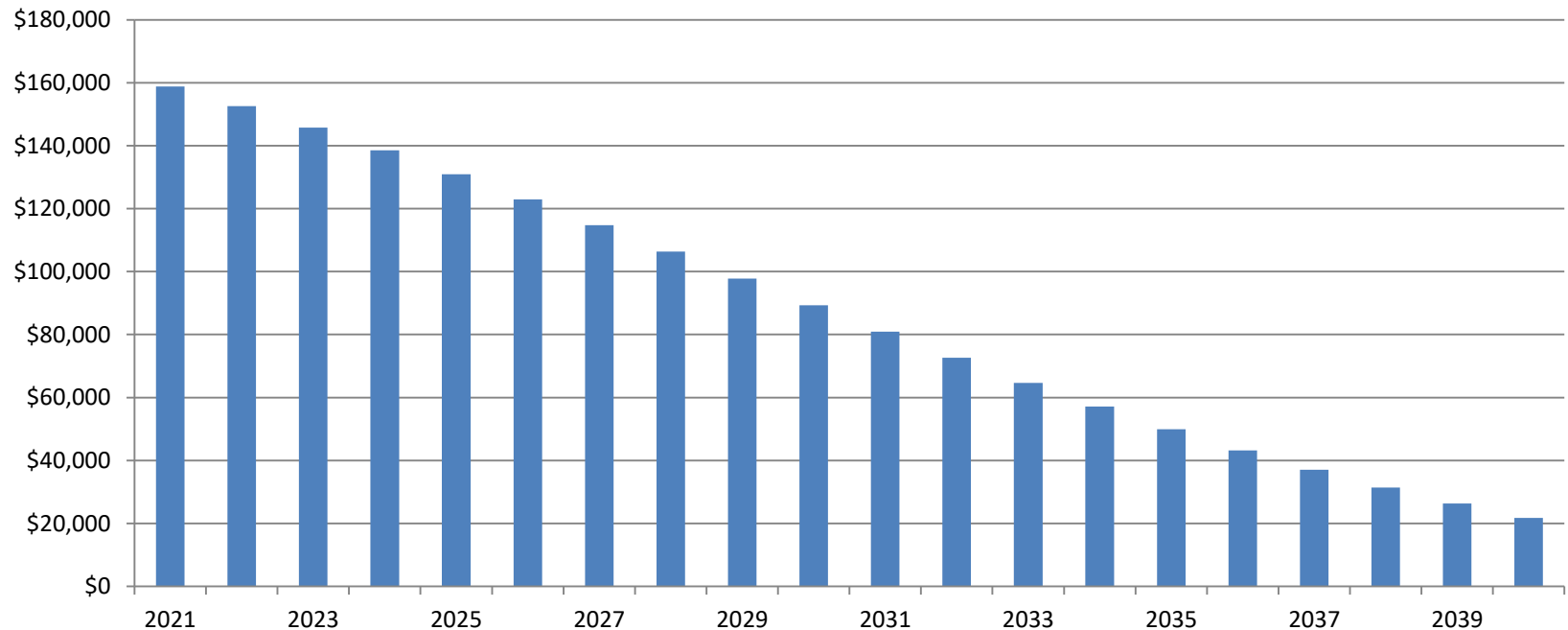
"Old Hire" Police Pension Summary

- The plan is fully funded due to returns above the assumed 7.5% and mortality gains in 2020

- Assets cover 107.9% of the accrued liabilities

- Some risk has been mitigated by improving mortality and discount rate assumptions

- The Actuarially Determined Contribution is $0

- A conservative funding policy for a closed plan is to maintain a surplus position to withstand market volatility

GRS