



# City of Savannah Employees' Retirement Plan

**January 1, 2018 Actuarial Valuation Results**

**January 17, 2019**

*Presented by:*

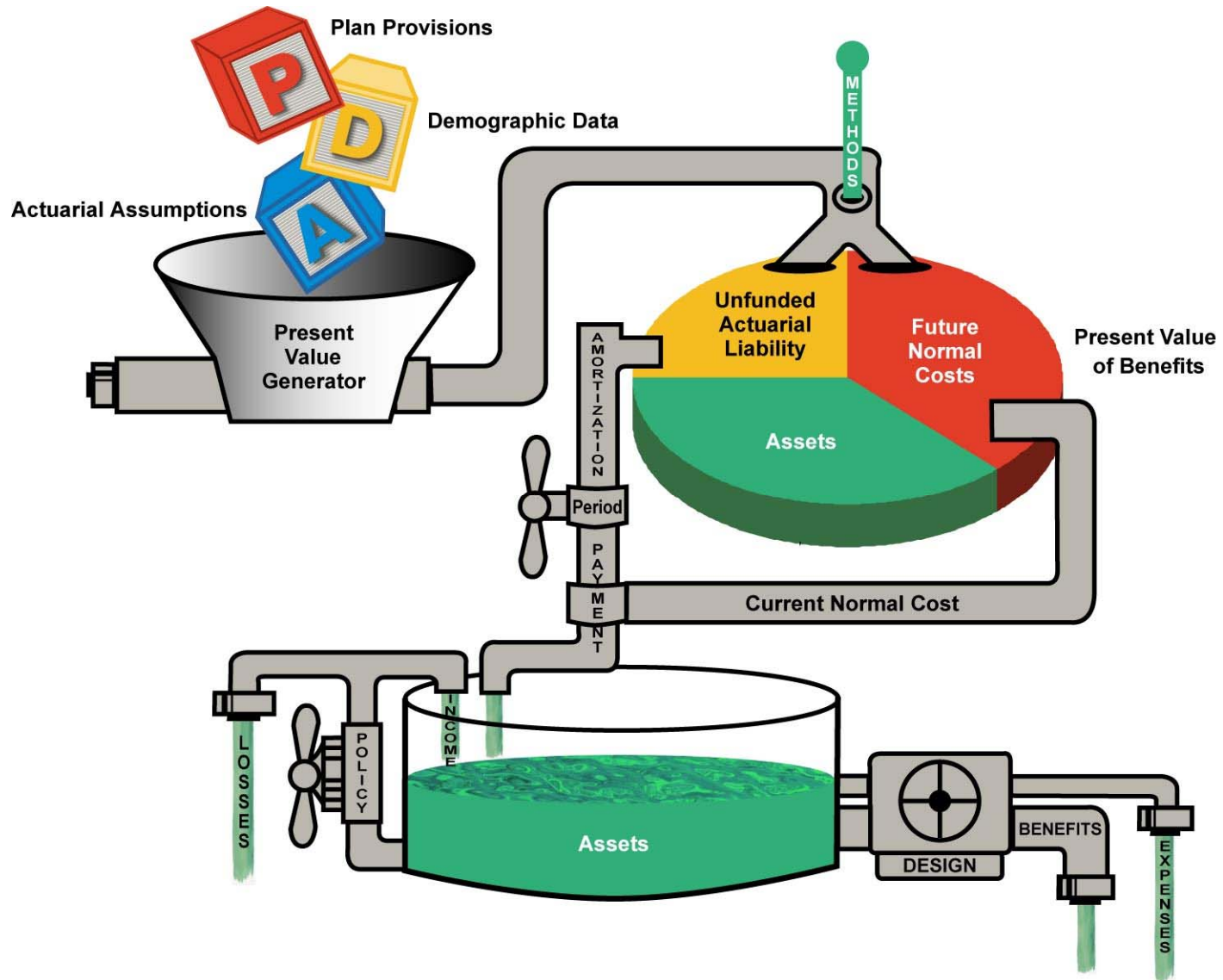
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## Purpose of a Pension Actuarial Valuation Report

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- Determine the annual recommended contribution for Savannah
  - The total contribution is further divided by employer:
    - City
    - Airport Authority
    - Metropolitan Planning Commission
- Certify that the Plan is being funded in conformity with the funding standards specified in Code Section 47-20-10 of the Official Code of Georgia Annotated, known as the Public Retirement Systems Standards Law
  - The Plan was certified on August 14, 2018 to be in conformity with Code Section 47-20-10 for the two-year period January 1, 2017 – December 31, 2018.
- Provide an annual update of the Plan's funded status

# Portrait of a Pension Valuation





# January 1, 2018 Actuarial Valuation Results



## January 1, 2018 Valuation Highlights

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1. The total recommended contribution for calendar year 2019 is **\$10,643,079**, or **9.06%** of projected payroll.
  - This amount represents an **increase of \$311,259** from the \$10,331,820 contribution (8.69% of projected payroll) determined in the January 1, 2017 actuarial valuation and payable in 2018.
2. The Plan's funded status:
  - The funded ratio on a market value basis **improved** from 80.21% to 84.78%.
  - The funded ratio on an actuarial value basis **improved** from 81.56% to 82.14%.
3. Asset performance in calendar year 2017 was as follows:
  - The investment rate of return on a market basis in 2017 was 14.77%.
  - The investment rate of return on an actuarial basis in 2017 was 9.37%.
  - The Plan's investment return assumption is 7.50%.
  - The Plan had \$12,073,172 in cumulative unrecognized asset gains as of December 31, 2017; these gains will be recognized over the next five years. As of December 31, 2016, there were \$5,794,766 in unrecognized asset losses.

# Summary of 2018 Actuarial Valuation Results

City of Savannah Employees' Retirement Plan	As of 1/1/2018	As of 1/1/2017
Total Normal Cost, including administrative expenses	\$12,721,775	\$12,747,062
Expected Member Contributions	<u>-7,585,647</u>	<u>-7,676,571</u>
Employer Normal Cost	\$5,136,128	\$5,070,491
Total Normal Cost as a % of Pay	4.50%	4.39%
Actuarial Accrued Liability	\$456,342,109	\$431,148,721
Actuarial Value of Assets	<u>-374,817,529</u>	<u>-351,631,909</u>
Unfunded Liability	\$81,524,580 <sup>1</sup>	\$79,516,812
Funded Ratio – AVA	82.14%	81.56%
Projected Payroll	\$117,491,970	\$118,900,267
<b>Actuarially Determined Employer Contribution, in dollars</b>	<b>\$10,643,079<sup>2</sup></b>	<b>\$10,331,820</b>
<b>Actuarially Determined Employer Contribution, in percentage of projected payroll</b>	<b>9.06%</b>	<b>8.69%</b>

<sup>1</sup> Amortized on a level-percent-of-payroll basis over 25 years as of January 1, 2018

<sup>2</sup> City's share is \$9,411,259; Airport Authority's share is \$1,071,737; MPC's share is \$160,083

## How Does Savannah's Plan Compare to Others?

- The National Association of State Retirement Administrators (NASRA) publishes its Public Fund Survey of primarily larger, statewide retirement systems. The latest survey was published November 2018.
- The 121 plans in the survey cover over approximately 85% of all state and local public sector plan members in the United States.

Metric	Savannah	NASRA Survey
Funding Level - AVA	82.1%	71.9%
Investment Return Assumption	7.50%	7.38% (median) 7.30% (average)
5-Year Market Value Asset Return	9.85%	8.8% <sup>1</sup>
10-Year Market Value Asset Return	6.62%	5.9% <sup>1</sup>
Employee Contribution Rate	6.65%	6.0% <sup>2</sup>
Employer Contribution Rate	9.06% <sup>3</sup>	12.9% <sup>2</sup>

<sup>1</sup> For plans operating on a calendar year basis

<sup>2</sup> If plan members are in Social Security

<sup>3</sup> For fiscal 2019, based on the 2019 projected payroll for plan members

- Savannah's Plan was better funded than the Georgia Teachers Retirement System (74.2%) and Georgia Employees Retirement System (74.7%) for fiscal 2017.

## Qualifications

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The work contained herein was performed under the direction of Jeffrey S. Williams, FCA, ASA, MAAA, EA, who is a member of the American Academy of Actuaries and meets the Qualification Standards to render this actuarial opinion.

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