

PERA Police & Fire Plan Update

Doug Anderson, ASA, MAAA, Executive Director

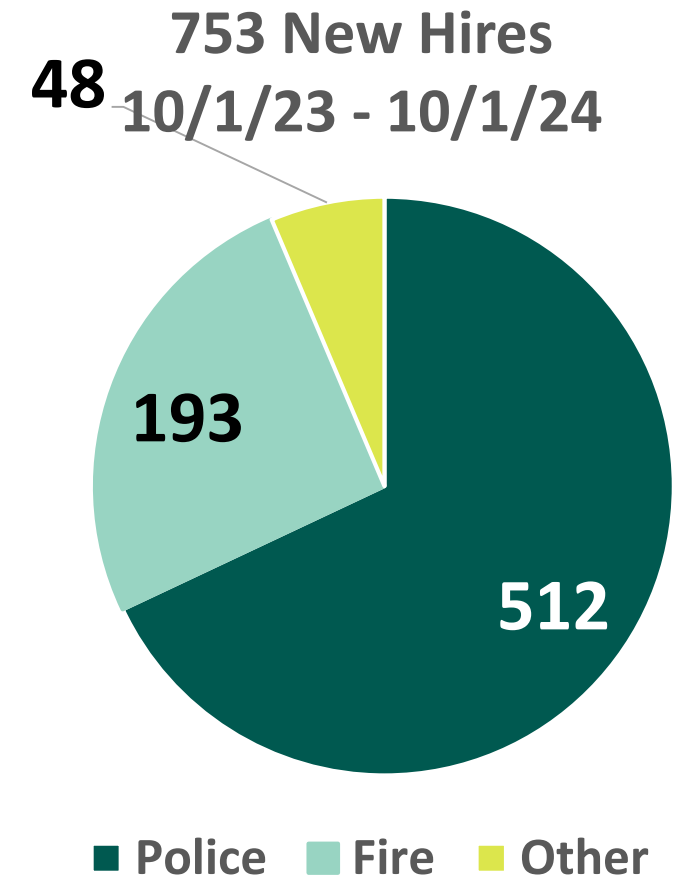
Amy Streng, Policy Coordinator



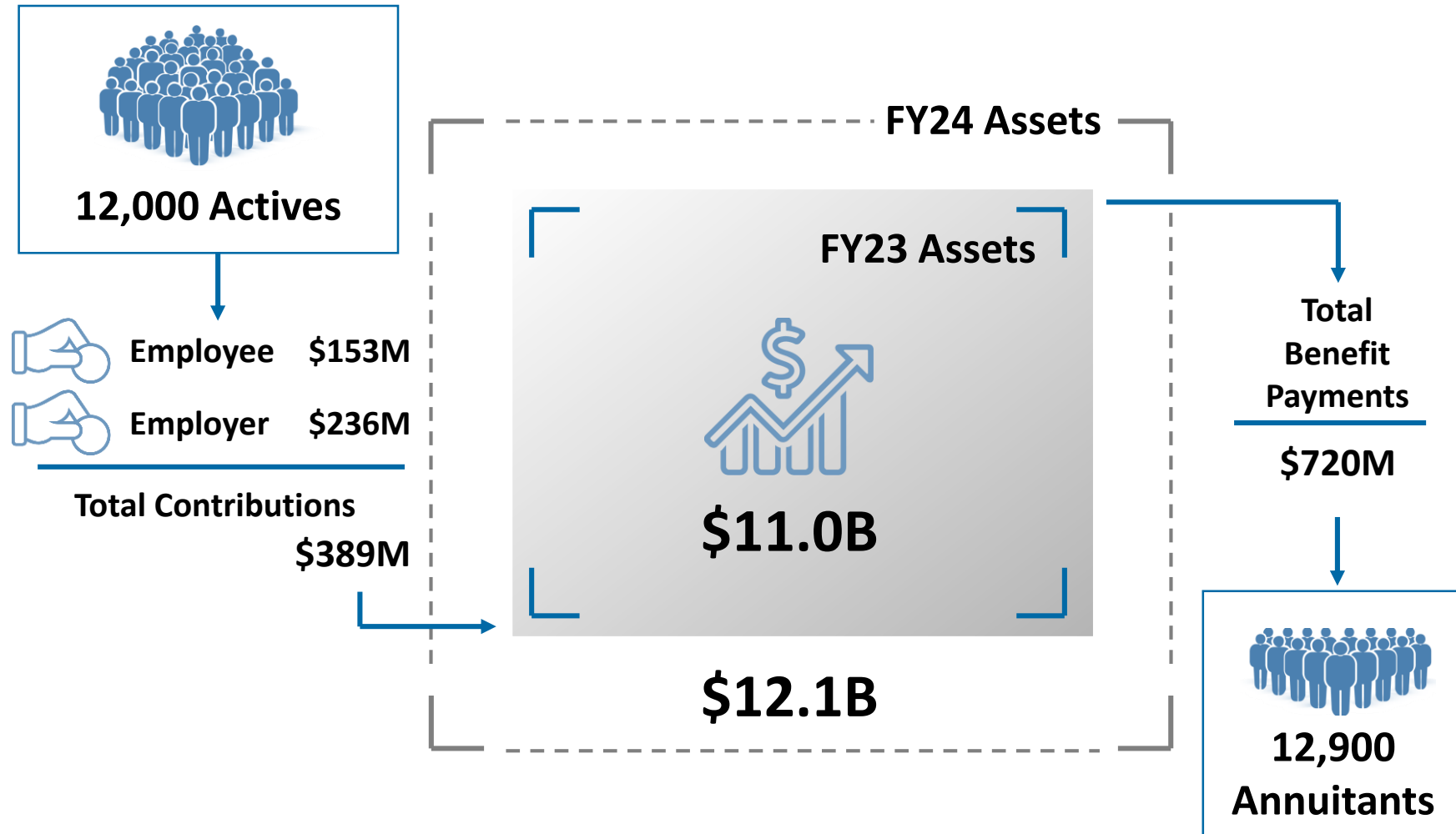
	Representing	Current Members
Appointed	General Public	Mary Falk
	School Boards	Kathryn Green
	Cities	Barbara Johnson
	Counties	David Minke
	Retired Annuitants	Thomas Thornberg
Elected	General Membership (may be a General, P&F, or Correctional Plan member)	Paul Bourgeois
		Jenni Konigsburg
		Thomas Stanley
	Police & Fire	Paul Ford
	Retired, Disabled, And Survivors	Dennis Flaherty
	State Auditor	Julie Blaha

Police & Fire Membership Data

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Beginning of Year (7/1)	11,673	11,763	12,025	11,705	11,629	11,635
New Members	684	782	586	822	859	897
Return to active	72	61	61	63	97	109
Terminated	(312)	(309)	(426)	(458)	(467)	(324)
Disabled	(71)	(84)	(215)	(214)	(198)	(71)
Death	(6)	(10)	(8)	(10)	(9)	(10)
Retired	(277)	(178)	(318)	(279)	(276)	(242)
Net Change	90	262	(320)	(76)	6	359
End of Year (6/30)	11,763	12,025	11,705	11,629	11,635	11,994

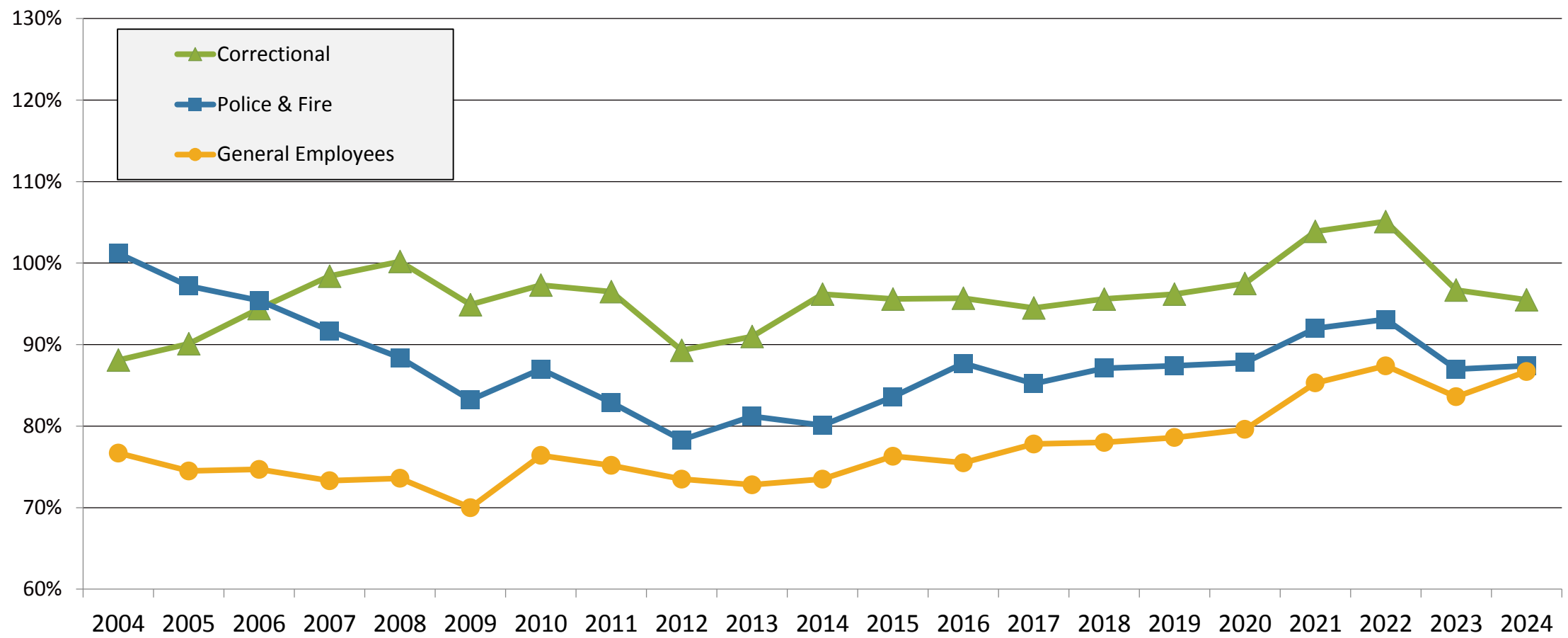


Police & Fire Plan Membership and Cash Flow

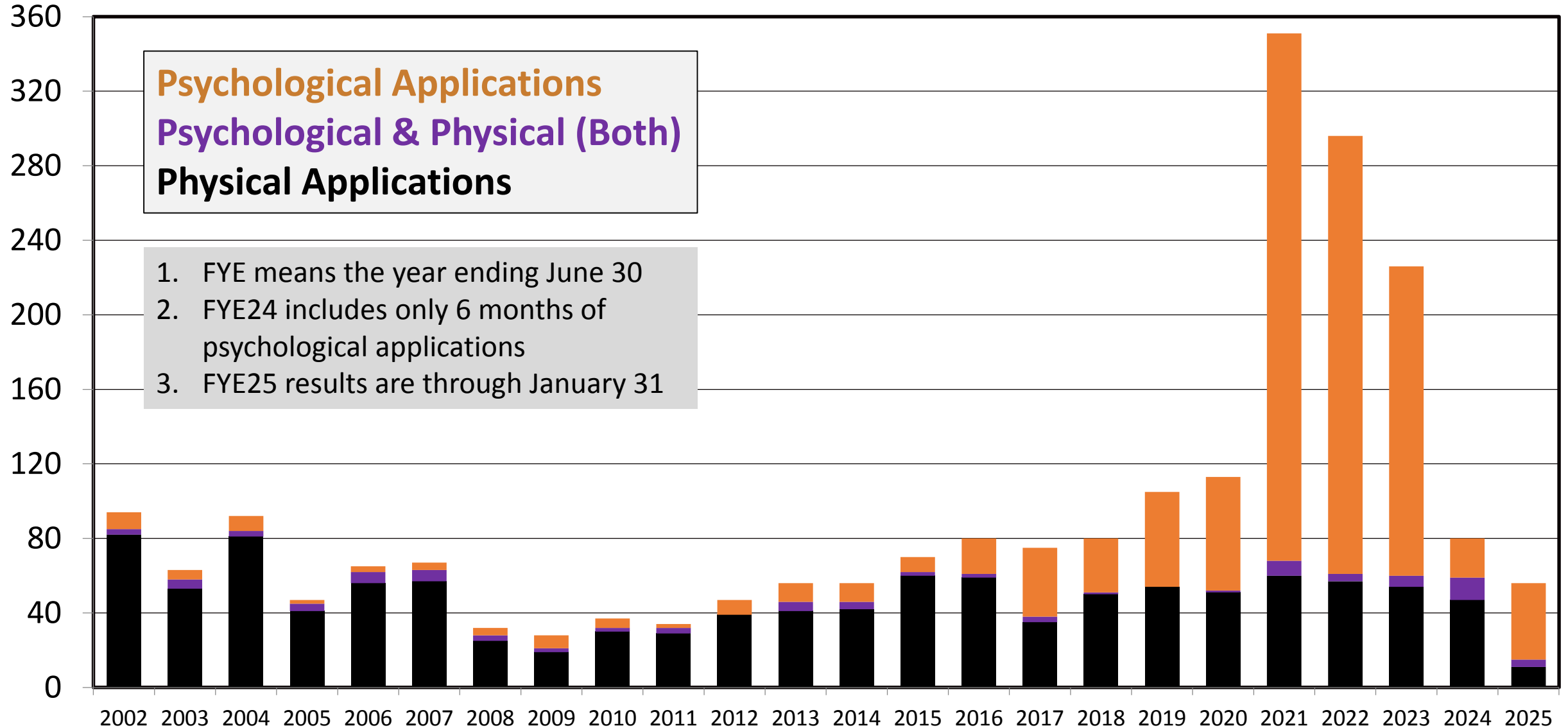


PERA Plans 20-Year Funding Ratio History

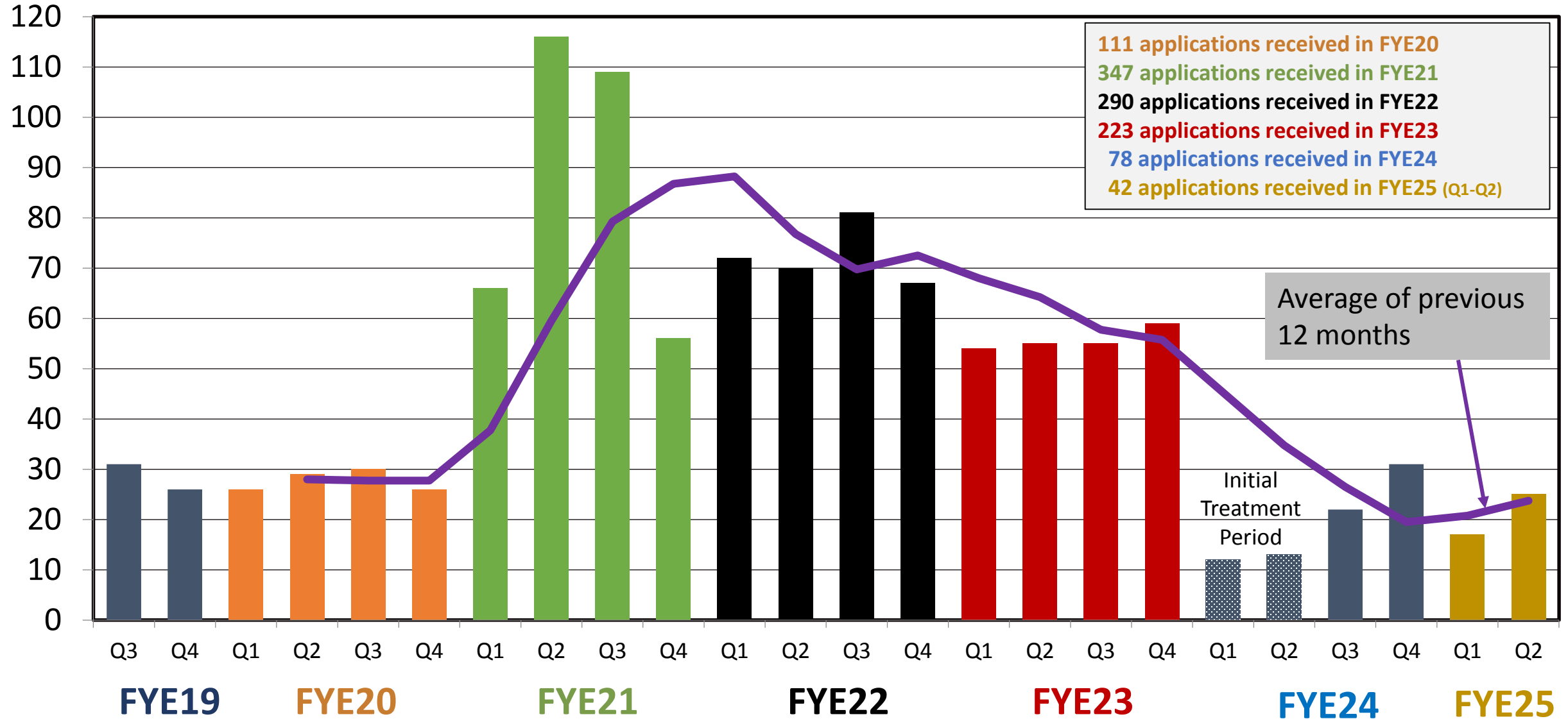
PERA plans have not been able to meet the objective of achieving and maintaining fully funding status over the past 20 years. Shown below is the ratio of Actuarial Value of Assets (AVA) to the Actuarial Accrued Liability (AAL).



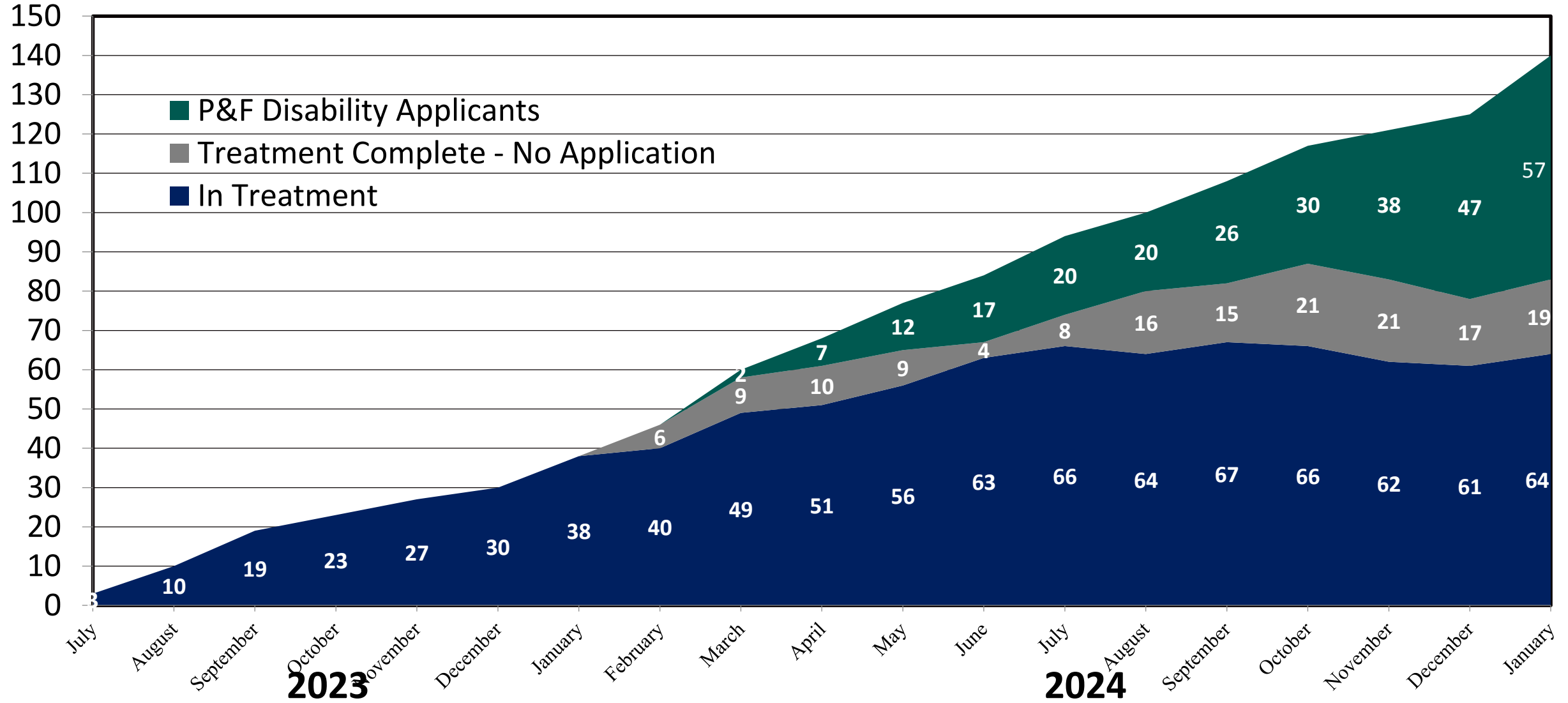
Police & Fire Plan Disability Applications 2002-2025



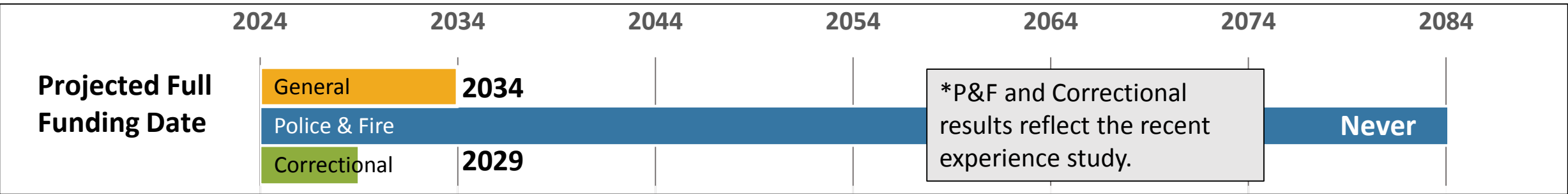
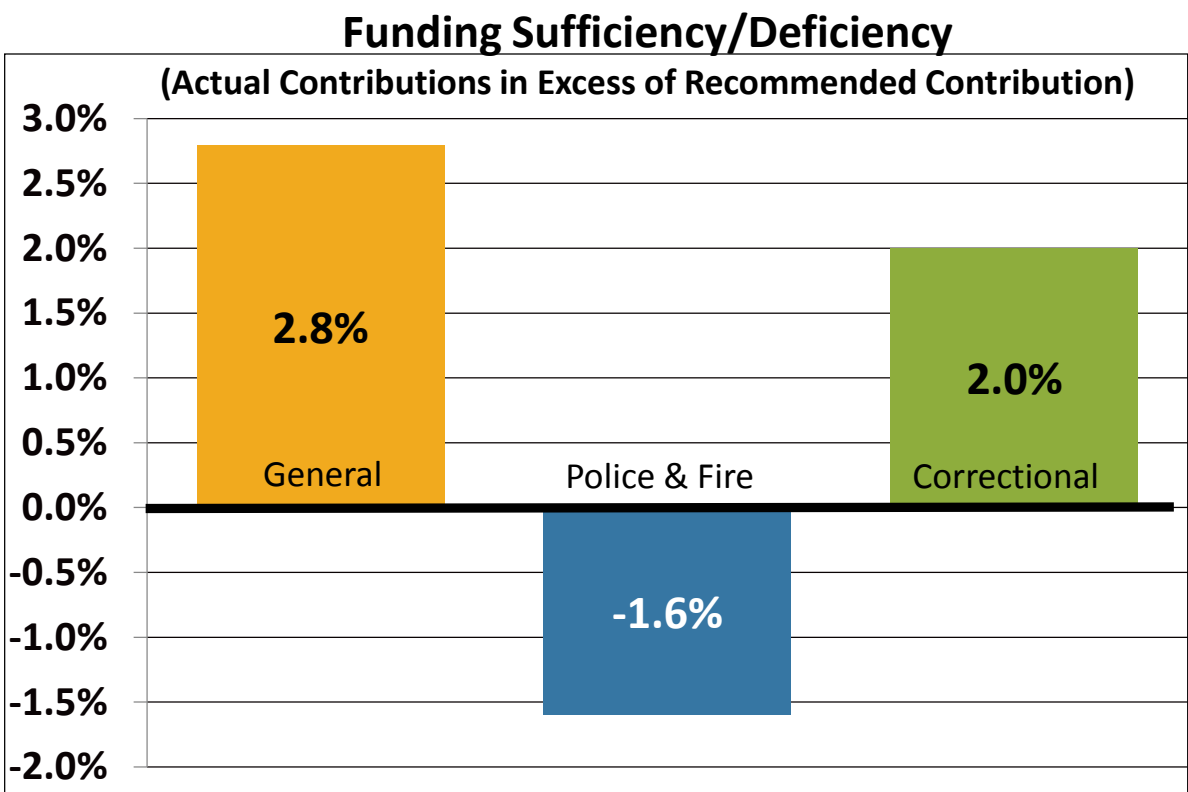
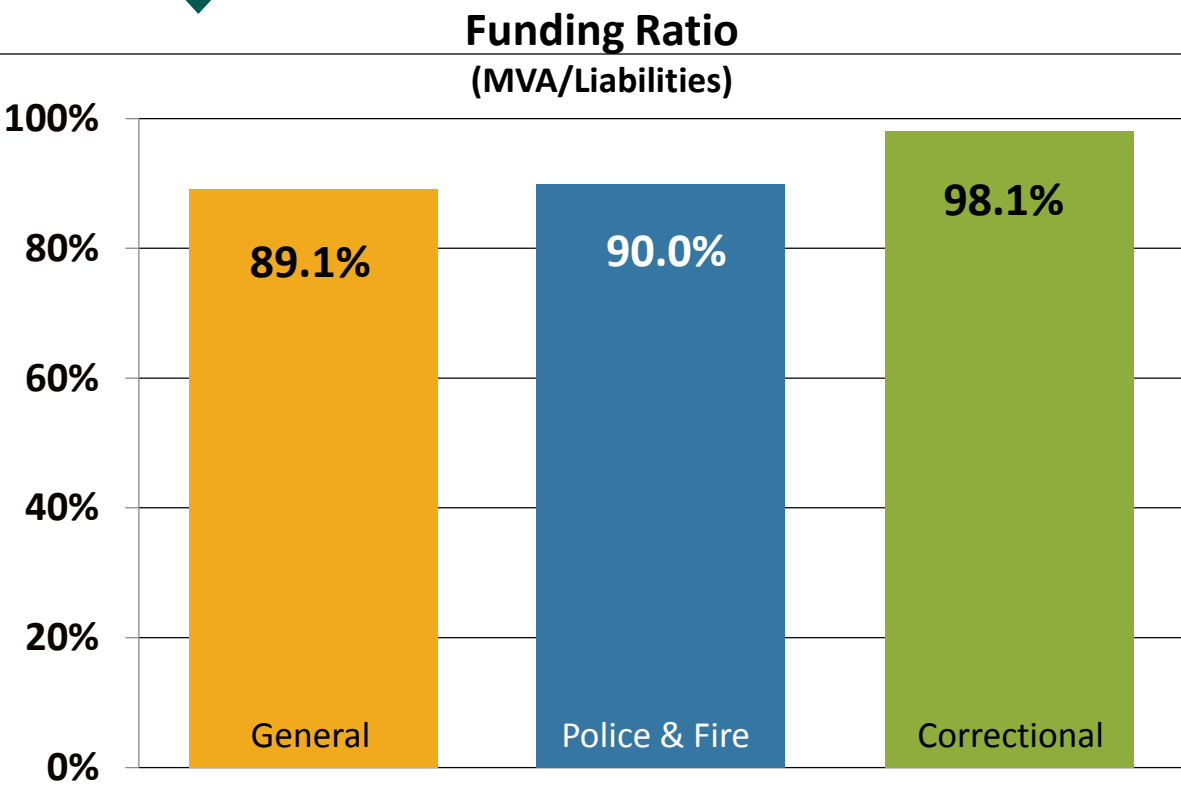
Police & Fire Plan Disability Applications 2019-2025



Police & Fire Plan Treatment Participation

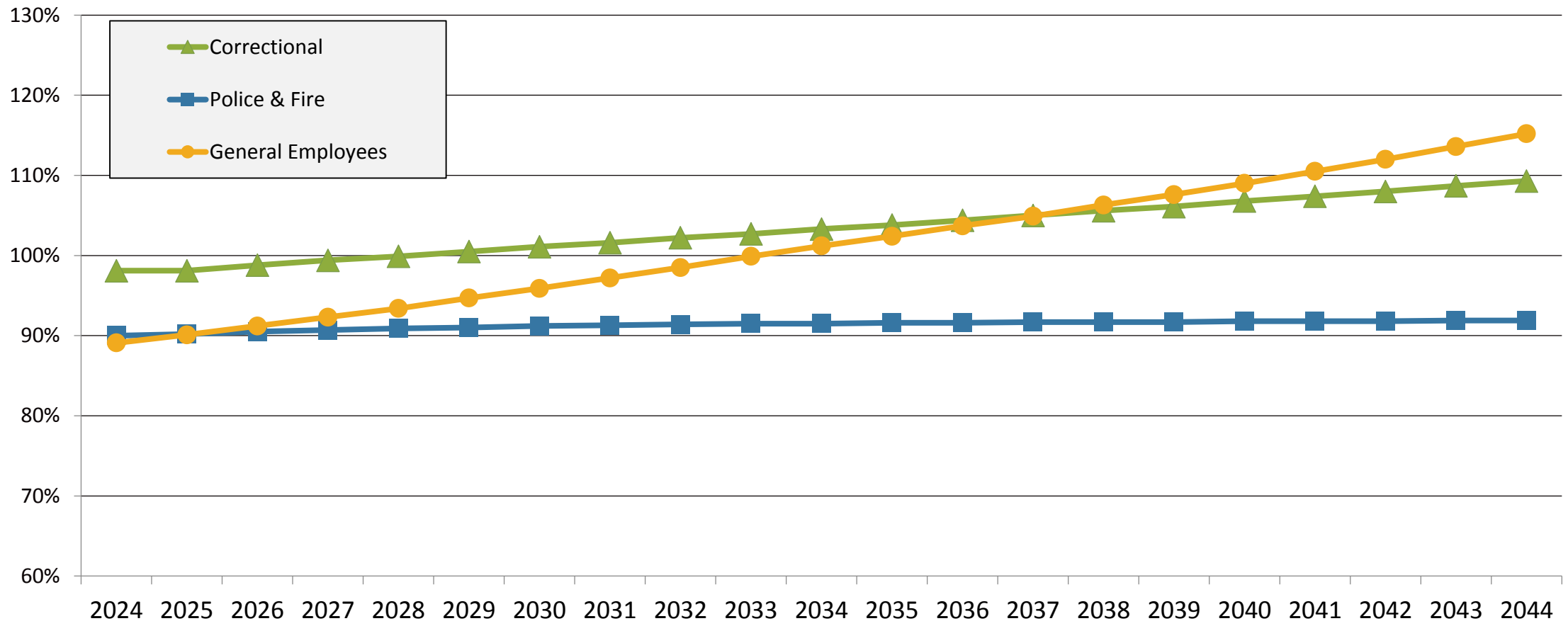


PERA Plans Financial Health - July 1, 2024



PERA Plans 20-Year Funding Ratio Forecast

The funding ratios shown below assume all plan assumptions are met, including the 7.0% investment return. Results are based on the ratio of the Market Value of Assets (MVA) to the Actuarial Accrued Liability (AAL) and reflect GRS recommended assumptions for the Police & Fire and Correctional Plans.



PERA Scorecard – March 2025

Success

Caution

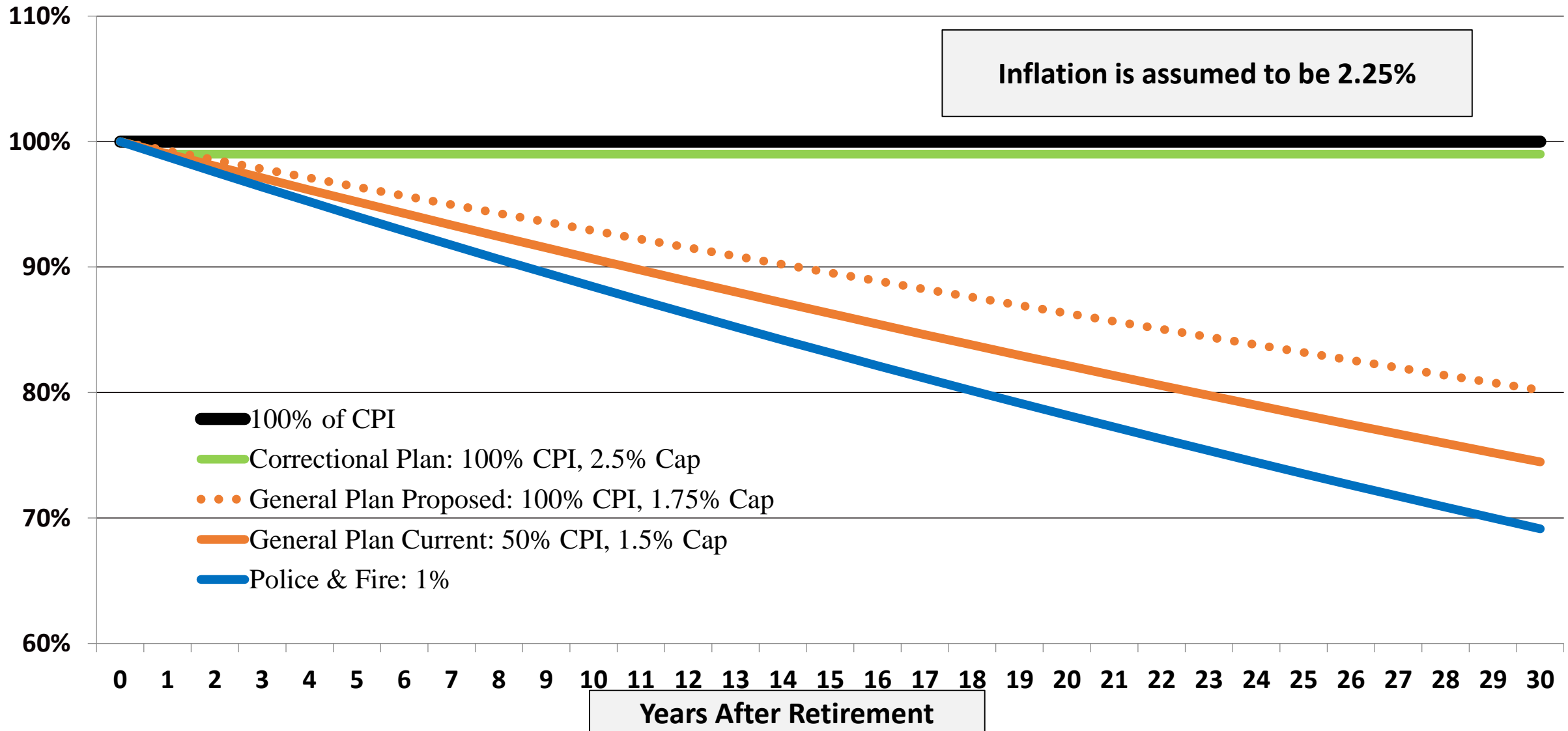
Concern

Metrics for P&F and Correctional reflect recent experience study recommendations

Metrics	Questions to Consider	General	Police & Fire	Correctional
Assumptions	Are the economic & demographic assumptions appropriate?	Yes	Yes	Yes
Financial Health	Is the plan expected to achieve and maintain fully funded status?	89% now, 100% by 2034	90% now, will not improve	98% now, 100% by 2028
Benefit Amount & Retirement Age	Does the Plan provide a reasonable benefit at a reasonable retirement age for a career member?	68% of FAS @ 66 + SS	90% of FAS @ 55	66% of FAS @ 55 + SS
Contributions	Do employees and employers contribute the appropriate amount?	Contributions 158% of Normal Cost	Contributions 112% of Normal Cost	Contributions 117% of Normal Cost
Benefits	Do retirees have sufficient inflation protection?	50% CPI, 1.0% Min 1.5% Max	1% fixed	100% CPI, 1.0% Min 2.5% Max



Purchasing Power Protection



Implementing in-service distributions or a DROP adds significant cost to the Plan

1. Members get more benefits.
 - **\$72,000 per year (average benefit)**
2. The plan gets less contributions.
 - **\$35,400 per year (average contribution)**
3. This change impacts a lot of members.
 - **600 (members over age 55)**

Estimated Annual Cost with Change: **\$64M**

	Initiatives	Cost
PERA Board Supports* (Because it is the Board's #1 priority) * The Board supported these initiatives in 2024 and will be asked to reaffirm that position on February 13	Increase the postretirement benefit increase from a fixed 1.0% to 50% of CPI, 1.0% minimum, 1.5% maximum. Funded by the Legislature.	<i>\$30M/year until 2048 or \$38M/year for 15 years</i>
	Eliminate the 2-year delay to receive postretirement benefit increases. Funded by the Legislature.	<i>\$14M/year until 2048 or \$16M/year for 15 years</i>
PERA Board Opposes (Because it is not a Board priority)	Add In-service distributions or a Deferred Retirement Option Program (DROP). Funded by the Legislature.	\$64M/year