



Utah Retirement System

Retirement and Independent Entities Interim Committee

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Agenda

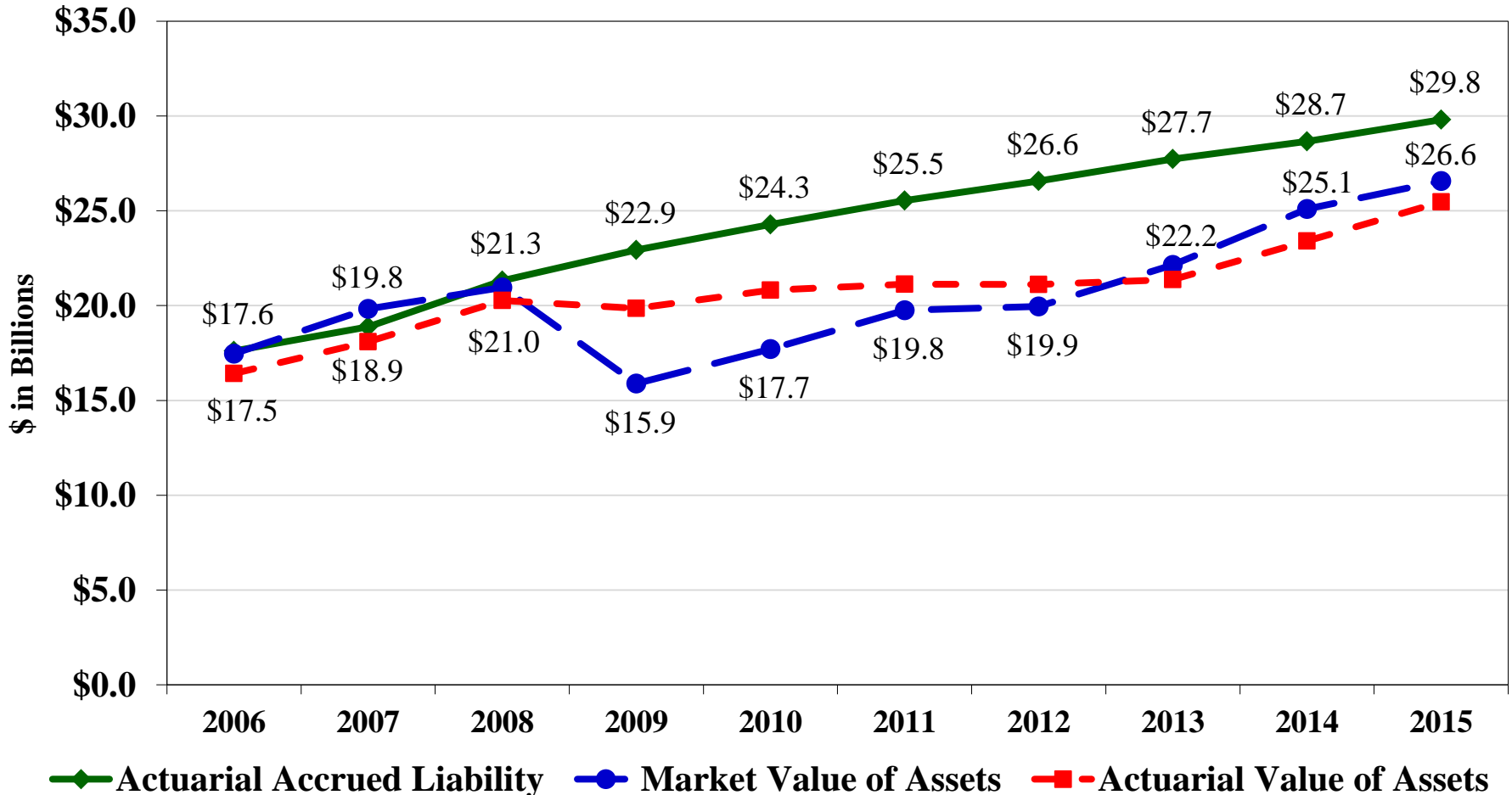
- ◆ FY 2016-2017 Contribution Rates
- ◆ Post-Retirement Employment Reform
- ◆ Fiscal Assessment of Tier II
- ◆ Closing Comments



FY 2016-2017 CONTRIBUTION RATES

Actuarial Accrued Liability and Plan Assets

(as of January 1st)





Contribution Policy – Calculated Rates

- ◆ Actuarially determined employer contribution rates are equal to sum of:
 - ▶ Normal cost (net of member contributions)
 - ▶ Amortization of unfunded actuarial accrued liability
- ◆ Financing the unfunded liability based on Board policy
 - ▶ 20 years is the current maximum funding period
- ◆ §49-11-301(5) of the Utah Code permits the Board to maintain the prior year's rate when the actuarially determined rate is less
 - ▶ Current contribution rates have been in effect since July 1, 2014
 - ▶ Board is permitted to target a 110% funded ratio



FY 2016-2017 Board Certified Rates

- ◆ Please refer to Handout for Board Certified Contribution Rates for the 2016-2017 Fiscal Year
 - ▶ July 1, 2016 – June 30, 2017

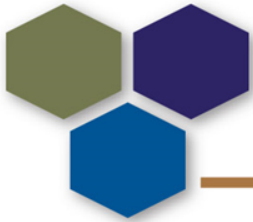


POST-RETIREMENT EMPLOYMENT REFORM



Fiscal Impact of Post-Retirement Employment Reform

- ◆ **Prior Provisions – Retired prior to July 1, 2010**
 - ▶ 60 day restriction if reemployed at the same agency
 - ▶ No restriction if reemployed at a different agency
 - ▶ 2009 Legislative Audit: \$897 million additional liability over next 10 years
- ◆ **Current Provisions – Post June 30, 2010 Retirees**
 - ▶ Ability to continue benefit more restrictive if return to employment within 12 months after commencement
 - ▶ No restrictions after 12 months of commencement
 - ▶ Current assessment of reform: \$395 million in savings over next 10 years



Impact of Change in Working Retiree Behavior - Educators

4.5 Years *Prior* to Reform

4.5 Years *After* Reform

Age when Retirement Allowance Commenced	Service when Retirement Allowance Commenced					
	30	31	32	33	34	35
45	-	-	-	-	-	-
46	-	-	-	-	-	-
47	-	-	-	-	-	-
48	1	-	-	-	-	-
49	-	-	-	-	-	-
50	12	-	-	-	-	-
51	17	-	-	-	-	-
52	32	-	-	-	-	-
53	14	1	-	-	-	-
54	48	2	7	-	-	-
55	23	1	4	2	-	3
56	33	6	2	2	8	-
57	13	-	4	3	3	1
58	6	3	1	1	5	-
59	8	2	4	-	5	4
60	7	8	9	6	-	-
61	17	2	-	-	-	-

Total Count: 330

Age when Retirement Allowance Commenced	Service when Retirement Allowance Commenced					
	30	31	32	33	34	35
45	-	-	-	-	-	-
46	-	-	-	-	-	-
47	-	-	-	-	-	-
48	1	-	-	-	-	-
49	-	-	-	-	-	-
50	3	-	-	-	-	-
51	1	2	-	-	-	-
52	10	-	-	-	-	-
53	1	3	-	-	-	-
54	5	-	2	-	-	-
55	2	3	-	1	-	-
56	2	1	-	-	2	-
57	-	-	1	2	-	-
58	4	-	1	3	1	2
59	2	1	-	2	2	1
60	1	2	1	-	2	-
61	1	5	-	-	-	2

Total Count: 75

Count of Educators who returned to work after commencing Retirement Benefit

9 (Age 45-61).



Impact of Change in Working Retiree Behavior – State and Local Government

4.5 Years *Prior* to Reform

Age when Retirement Allowance Commenced	Service when Retirement Allowance Commenced					
	30	31	32	33	34	35
45	3	-	-	-	-	-
46	4	-	-	-	-	-
47	4	-	-	-	-	-
48	8	-	-	-	-	-
49	15	2	-	-	-	-
50	22	1	1	-	-	-
51	31	3	1	-	-	-
52	18	3	1	3	1	-
53	28	7	-	-	-	2
54	24	4	4	-	1	2
55	20	3	5	1	9	-
56	20	4	4	5	5	3
57	13	5	2	2	-	2
58	18	4	4	4	3	-
59	7	3	2	3	1	2
60	7	2	2	2	1	-
61	6	5	4	1	-	2

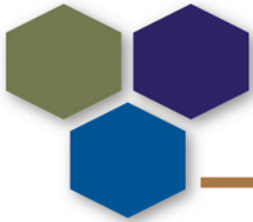
Total Count: 379

4.5 Years *After* Reform

Age when Retirement Allowance Commenced	Service when Retirement Allowance Commenced					
	30	31	32	33	34	35
45	1	-	-	-	-	-
46	-	-	-	-	-	-
47	-	-	-	-	-	-
48	1	-	-	-	-	-
49	2	-	-	-	-	-
50	6	-	-	-	-	-
51	5	1	1	-	-	-
52	9	-	-	-	-	-
53	5	-	1	-	-	-
54	4	1	2	-	-	1
55	9	3	-	-	1	-
56	5	1	2	-	-	-
57	7	1	-	1	1	-
58	2	-	2	1	-	1
59	5	4	-	3	1	-
60	3	-	2	-	1	1
61	2	4	1	-	2	1

Total Count: 107

10 Count of State and Local Government employees who returned to work after commencing Retirement Benefit (Age 45-61).



Impact of Change in Working Retiree Behavior – Public Safety

4.5 Years *Prior* to Reform

Age when Retirement Allowance Commenced	Service when Retirement Allowance Commenced						
	20	21	22	23	24	25	26+
40	6	-	-	-	-	-	-
41	-	-	-	-	-	-	-
42	11	4	1	-	-	-	-
43	14	3	-	2	-	-	-
44	19	10	6	-	-	-	-
45	14	6	2	2	1	-	-
46	7	4	6	1	-	-	-
47	3	2	8	1	3	3	-
48	3	3	4	5	-	1	-
49	2	3	6	1	3	-	-
50	5	-	2	3	1	1	-
51	4	-	-	1	3	2	2
52	2	2	2	5	1	2	4
53	3	5	1	-	2	1	7
54	4	1	1	-	-	-	10
55	1	-	-	1	-	3	5
56	1	1	-	-	1	-	6
57	1	4	1	-	-	-	7
58	-	-	-	-	1	1	7
59	-	-	-	-	-	-	6

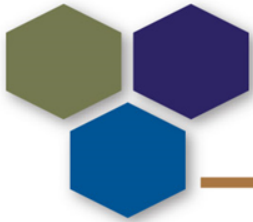
Total Count: 294

4.5 Years *After* Reform

Age when Retirement Allowance Commenced	Service when Retirement Allowance Commenced						
	20	21	22	23	24	25	26+
40	-	-	-	-	-	-	-
41	-	-	-	-	-	-	-
42	5	-	-	-	-	-	-
43	4	7	-	-	-	-	-
44	4	-	2	-	-	-	-
45	1	7	-	2	-	-	-
46	3	-	-	-	-	-	-
47	2	-	-	2	-	1	-
48	-	-	1	1	-	-	-
49	1	4	-	-	-	-	-
50	2	1	1	3	1	-	-
51	-	3	-	1	-	-	-
52	1	-	-	-	-	2	-
53	-	-	1	-	-	-	-
54	-	-	-	-	-	-	-
55	-	1	-	-	-	-	1
56	1	-	-	-	-	-	1
57	-	-	-	-	-	-	2
58	-	-	-	-	-	-	2
59	-	-	-	-	-	-	-

Total Count: 71

Count of Public Safety members who returned to work after commencing Retirement Benefit (Age 40-59).



Impact of Change in Working Retiree Behavior – Firefighters

4.5 Years *Prior* to Reform

Age when Retirement Allowance Commenced	Service when Retirement Allowance Commenced						
	20	21	22	23	24	25	26+
40	-	-	-	-	-	-	-
41	-	-	-	-	-	-	-
42	-	-	-	-	-	-	-
43	-	-	-	-	-	-	-
44	1	-	-	-	-	-	-
45	1	-	-	-	-	-	-
46	4	2	-	-	-	-	-
47	-	3	1	-	-	-	-
48	3	2	-	1	-	-	-
49	-	-	-	-	-	-	2
50	1	-	-	-	1	-	2
51	-	1	-	-	-	2	-
52	-	-	-	-	-	-	5
53	-	-	-	-	-	-	4
54	-	1	-	1	-	-	-
55	-	-	-	-	-	-	2
56	-	-	-	-	-	-	-
57	-	-	-	-	-	-	3
58	-	-	-	-	-	-	1
59	-	-	-	-	-	-	2

Total Count: 46

4.5 Years *After* Reform

Age when Retirement Allowance Commenced	Service when Retirement Allowance Commenced						
	20	21	22	23	24	25	26+
40	-	-	-	-	-	-	-
41	-	-	-	-	-	-	-
42	-	-	-	-	-	-	-
43	-	-	1	-	-	-	-
44	-	-	-	-	-	-	-
45	-	-	-	-	-	-	-
46	1	-	-	-	-	-	-
47	-	-	-	-	-	-	-
48	-	-	-	-	-	-	-
49	-	-	-	-	-	-	-
50	-	-	-	-	-	-	-
51	-	-	-	-	-	-	-
52	-	-	-	-	-	-	-
53	-	-	-	-	-	-	1
54	-	2	-	-	-	-	1
55	-	-	-	-	-	-	-
56	-	-	-	-	-	-	-
57	-	-	-	-	-	-	-
58	-	-	-	-	-	-	-
59	-	-	-	-	-	-	1

Total Count: 7

Count of Firefighters who returned to work after commencing Retirement Benefit



FISCAL ASSESSMENT OF THE TIER II RETIREMENT SYSTEM



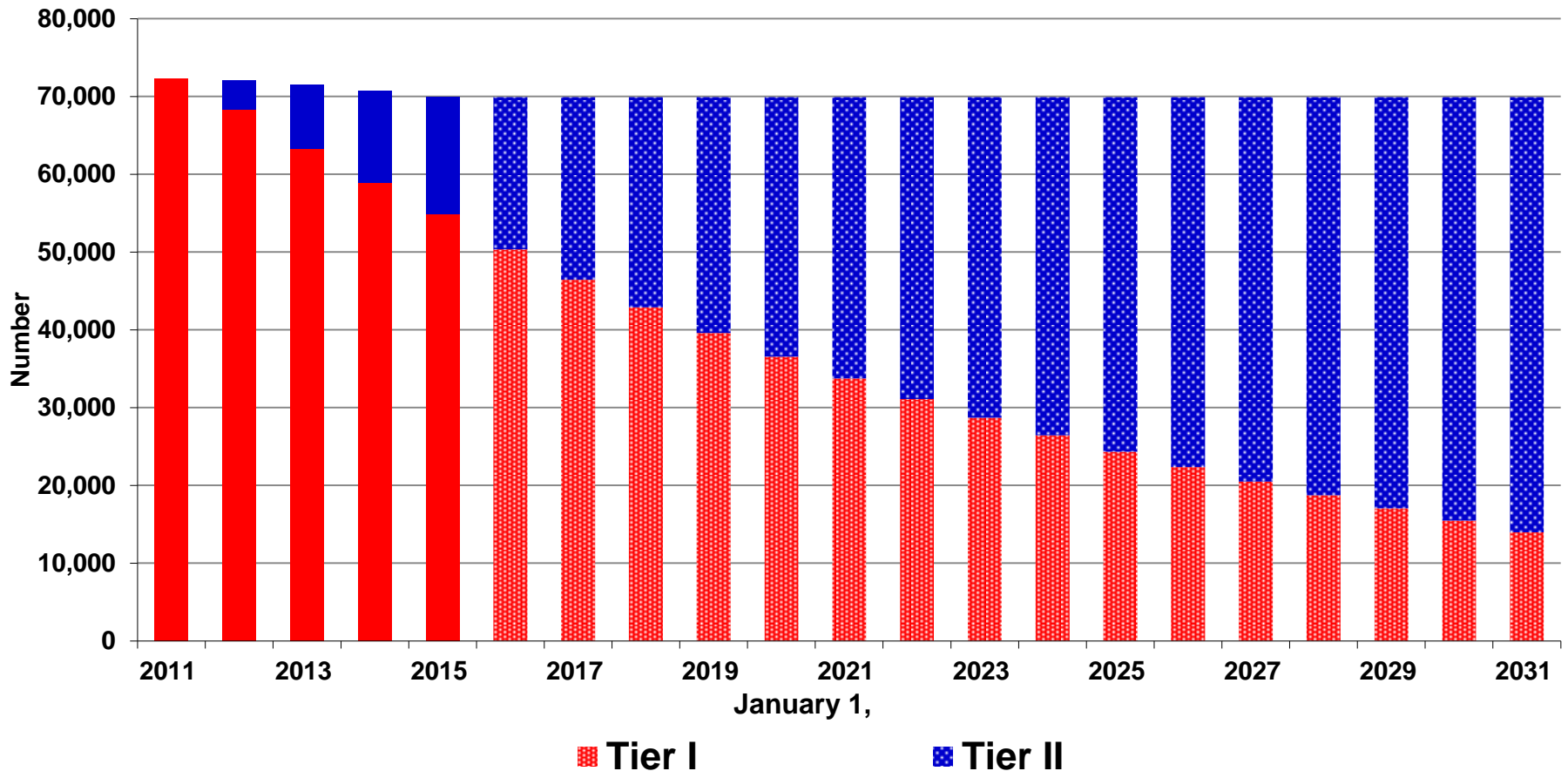
Tier II Retirement System

- ◆ The Legislature's primary objective with creating the Tier II Retirement System was to reduce the State's (and other employers) financial risk of providing retirement benefits
- ◆ No immediate impact on cost or liability
- ◆ There will be some reduction in annual cost
 - ▶ Cost reduction is larger for public safety and firefighters
- ◆ The reduction in the employer's financial risk and cost will be gradual

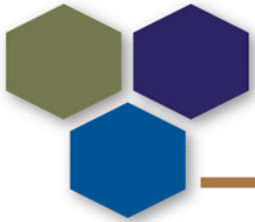


Projected Active Membership

Projected Number of Tier I and Tier II Employees of State and School Employers

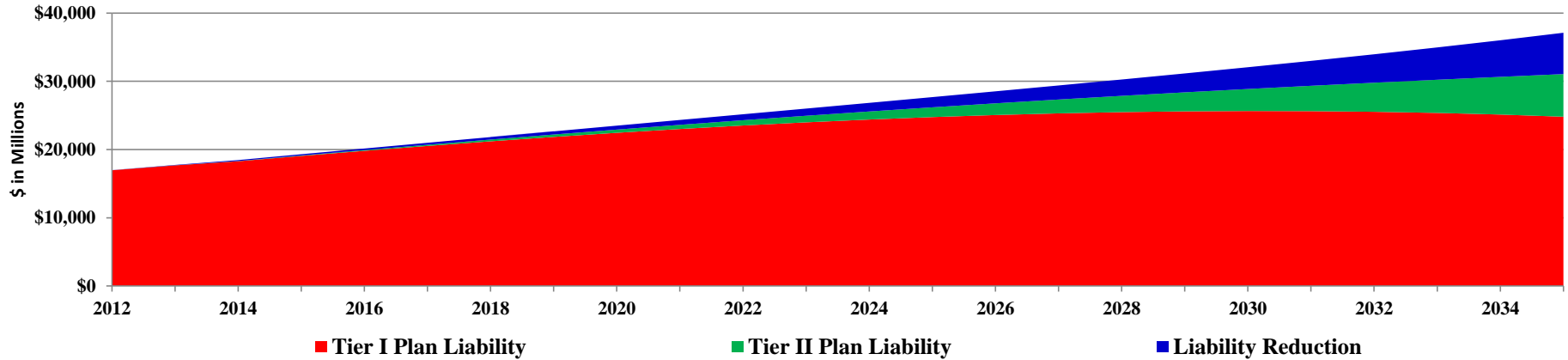


Note: The projected total number of State and School employees after the Year 2015 is assumed to remain a constant 69,900. The projected Tier II employees includes employees participating in the Tier II Hybrid Retirement Plan and the Tier II Defined Contribution Plan.

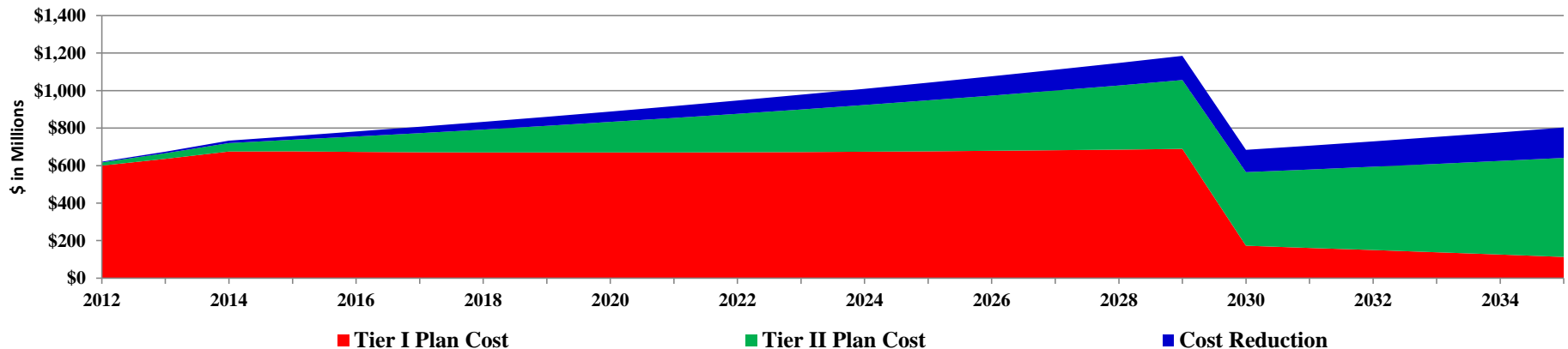


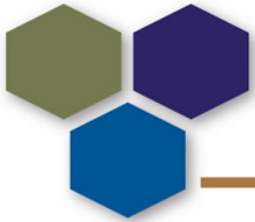
Fiscal Impact of Tier II – Noncontributory State and School (Fund 16)

Projected Change in Defined Benefit Liability



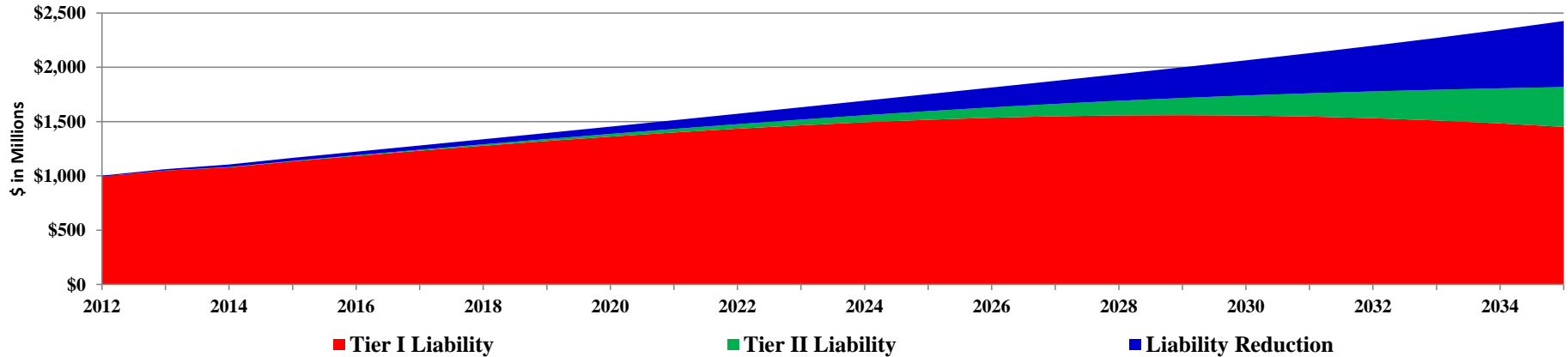
Projected Change in the Employer's Cost



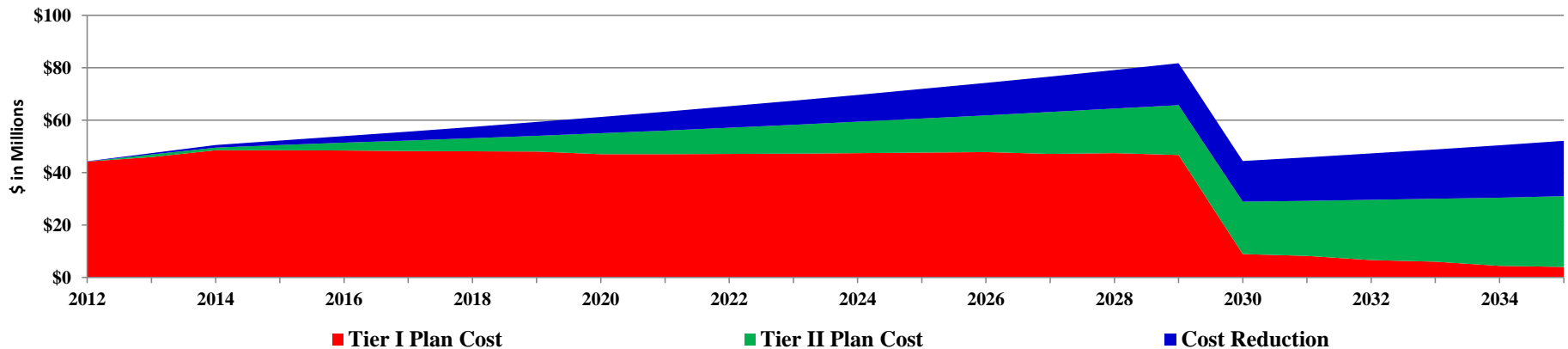


Fiscal Impact of Tier II – Noncontributory State Public Safety (Fund 42)

Projected Change in Defined Benefit Liability



Projected Change in the Employer's Cost





CLOSING COMMENTS



Closing Comments

- ◆ The financial condition of URS has steadily improved since the 2008-2009 financial crisis
 - ▶ Employers should expect the current contribution rates to remain in effect for several years
- ◆ Current post-employment provisions restrict, but do not eliminate the retiree's ability to concurrently receive their retirement allowance and seek reemployment
- ◆ Tier II is accomplishing the sought after objectives when the legislation was enacted
 - ▶ The financial effect felt by employers will be gradual



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- ◆ Readers are cautioned to examine original source materials and to consult with subject matter experts before making decisions related to the subject matter of this presentation.
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