

CITY OF ATLANTA DEFINED BENEFIT  
PENSION INVESTMENT BOARD MEETING

May 2, 2022

Atlanta City Hall Finance Training Room

10:00 A.M – 12:00 P.M.

**Board Members Present**

Lisa Gordon  
Alfred Berry, Jr.  
Lisa Bracken  
Brent Hullender  
Quentin Hutchins  
Mohamed Balla  
Jeffrey Norman  
Antonio Lewis  
Jason Winston

Vice Chairman, COO City of Atlanta  
General, City of Atlanta  
Atlanta Public Schools  
Fire, City of Atlanta  
Atlanta Public Schools  
CFO, City of Atlanta  
HR Commissioner, City of Atlanta  
Councilmember, City of Atlanta  
Councilmember, City of Atlanta

**Others Present**

Mary Shah  
Lori Pocock  
Eric Dec  
Youlanda Carr  
Fumnanya Johnson  
Delisha Robinson  
Karen Sutton  
Amanda Rouser  
Rosie Woods  
Chelsea Deppert  
Ed Emerson  
Jeanette Cooper  
Kweku Obed  
Colin Cheaney  
Derek Batts  
Stephanie Roberts

Strategic Benefits Advisors  
Strategic Benefits Advisors  
City of Atlanta, Legal  
City of Atlanta, Finance  
City of Atlanta, Finance  
City of Atlanta, Finance  
City of Atlanta, Finance  
City of Atlanta, Pension Administration  
City of Atlanta, Pension Administration  
Morris, Manning & Martin  
Morris, Manning & Martin  
Segal  
Marquette Associates  
  
Union Heritage  
Garcia Hamilton

**I. CALL TO ORDER**

Vice-Chairman Gordon called the meeting to order at 10:09 a.m. Vice-Chairman Gordon noted that a quorum was present for the meeting.

**II. ADOPTION OF AGENDA**

Vice-Chairman Gordon asked if there were any changes to the agenda.

**A motion was made by Mr. Hullender to approve the Agenda as presented. The motion was seconded by Mr. Balla. The motion unanimously carried and the Agenda was approved.**

**III. PUBLIC COMMENT**

There was no public comment at this time.

#### **IV. ACTUARIAL REPORT**

##### **Experience Review Update**

Ms. Cooper provided an update on the experience study Segal has completed for the four plans. The General Plan and Atlanta Public Schools were studied separately. She noted that the experience study shows how each plan performed compared to expectations, but does not explain the causes of any differences. For example, it would show how many people quit or retired during a period, but would not show the reasons why they terminated employment.

Ms. Cooper began with presenting overall themes applicable to all plans and noted that the study looked at the Ordinance, Actuarial Programming and Administrative Procedures. Withdrawals were defined as the lump sum payments taken in place of an annuity when someone terminated employment. She added that younger employees were more likely to quit rather than stay when compared to older employees. Because of this, separate assumptions were developed for people who had less than 30 years of service and those who had more than 30 years of service. She also noted that there were very few disability retirements compared to expectations. The study looked at the percent of employees who were married, as well as the age spread between spouses. Ms. Cooper stated that the study included information from SBA about how unused sick leave and vacation payouts impacted retirement benefits. She explained that the study did not look at mortality, salary increases or the amortization period. Usually, minor changes are made as the result of one of these studies. The studies can either be based on headcount or on the amount of the benefit that is received.

##### **General Pension Plan**

The summary of the proposed assumption changes is shown on the slide below. Ms. Cooper noted that “Turnover” was a synonym for “Lump Sum Payment”. The study found that turnover was closely related to how long someone had worked for the City, not necessarily how old they were. Ms. Cooper noted that the rate of disability retirements – regardless of whether the disability occurred on the job or not – was so low that the rates were combined into a single rate. The study noted that the rate of disability was lower for women than men, but did not indicate why that was the case. She also stated that on the retirement side, there are different rates for those with less than 30 years of service compared to those with more than 30 years of service. With regard to the percent of employees that are married, for those not in the 2011 plan it was assumed that approximately 75% of the participants were married and for those hired after 2011, it was assumed all participants were single since there is an actuarially reduced benefit if a death benefit is elected. It was also seen that the age spread between spouses changed slightly for women to a difference of 2 years younger for the spouse instead of 3 years younger.



## Summary of Proposed Assumption Changes

Assumption	Current Assumption	Proposed Assumption
Withdrawal	Headcount-weighted, service-based rates; see current rates listed on slide 3	Amount-weighted, service-based rates; see proposed rates listed on slide 3
Ordinary Disability	Sex-distinct, age-based rates grading upward from 0.00% to 0.95% for males and from 0.00% to 0.66% for females	Sex-distinct, age-based rates grading upward from 0.00% to 0.68% for males and from 0.00% to 0.47% for females
Occupational Disability	10% of Ordinary disability rates	Remove distinction between Ordinary and Occupational
Retirement	Separate age-based rates for participants with Less than 30 Years and 30 or More Years of Service at Retirement; see current rates listed on slide 5	Maintained current rate structure but modified individual rates to more closely match the observed experience; see proposed rates listed on slide 5
Percent Married	Hired prior to September 1, 2011: 75% Hired after August 31, 2011: Assume all participants are not married	Hired prior to September 1, 2011: Assumption based on active participant contribution rate provided with valuation data Hired after August 31, 2011: Assume all participants are not married
Spousal Age Difference	<b>Male Participants:</b> Three years older than female spouses <b>Female Participants:</b> Three years younger than male spouses	<b>Male Participants:</b> Three years older than female spouses <b>Female Participants:</b> Two years younger than male spouses
Pre-retirement Survivor Annuity Death Benefit for Participants Hired after August 31, 2011	75% are eligible for pre-retirement survivor death benefits (with value not less than refund of employee contributions)	No change

Ms. Cooper stated that with regard to a refund of contributions, it was assumed that if someone was not vested, they would take a lump sum payment. The study also found that vacation pay at termination slightly increased the benefit for those hired prior to September 1, 2011. The study also included a vacation payout for those hired after August 31, 2011 for the first time. It also included sick leave pay and additional unused sick leave service at retirement for the first time.

## Summary of Proposed Assumption Changes

Assumption	Current Assumption	Proposed Assumption
Refunds of Employee Contributions for Terminated Vested Participants	Hired before September 1, 2011: 75% elect a refund of their employee contributions Hired after August 31, 2011: 100% elect a refund of their employee contributions	Hired before September 1, 2011: 60% elect a refund of their employee contributions Hired after August 31, 2011: 100% elect a refund of their employee contributions
Vacation Pay	Hired prior to September 1, 2011: Retirement benefits are increased by 4.00% Hired after August 31, 2011: No adjustment	Hired prior to September 1, 2011: Retirement benefits are increased by 4.50% Hired after August 31, 2011: Retirement benefits are increased by 1.50%
Sick Leave Pay	None	Hired prior to September 1, 2011: Retirement benefits are increased by 0.50% Hired after August 31, 2011: No adjustment
Additional Accumulated Unused Sick Leave Service at Retirement	None	Hired prior to September 1, 2011: Additional 0.25 years of service included in total service (prior to application of maximum caps) for calculation in retirement benefits Hired after August 31, 2011: No adjustment

The chart below shows the current rates as well as proposed rates for Withdrawals. Experience showed similar rates when headcount was used, but more difference when the amount of the withdrawal was taken into account.

## Withdrawal Assumption

### Recommendations

- Maintain service-based table with same rates for males and females
- Change from headcount-weighted to amount-weighted rates
- Decrease the rates for all years of service
- The following graphs show actual and expected rates on both on a headcount-weighted (HCW) and an amount-weighted (AW) basis and the proposed rates on an AW basis.

Years of Service	Current Rates (Headcount-weighted)	Proposed Rates (Amount-weighted)
0	18.00%	11.00%
1	15.00%	10.50%
2	12.00%	10.00%
3	11.00%	9.00%
4	10.00%	7.00%
5	9.00%	6.50%
6	7.00%	6.00%
7	7.00%	5.50%
8	6.50%	5.00%
9	5.50%	4.50%
10	5.00%	4.00%
11	4.50%	3.50%
12	4.00%	3.00%
13	3.50%	2.50%
14	3.00%	2.00%
15+	2.50%	1.50%

Ms. Cooper noted that when looking at retirements, there were slight tweaks around age 62 – 67 for those with less than 30 years of service. For those with more than 30 years of service, more younger people aged 50 to 61 are actually retiring.

## Retirement Assumption

The chart below shows the current and proposed retirement rates:

Age	Less than 30 Years of Service		Age	30 or More Years of Service	
	Current Rate	Proposed Rate		Current Rate	Proposed Rate
50 – 52	2%	2%	50 – 53	30%	60%
53 – 54	3%	3%	54 – 56	30%	45%
55	5%	5%	57	35%	45%
56 – 57	6%	6%	58 – 59	35%	40%
58 – 59	7%	7%	60	35%	35%
60	20%	20%	61	20%	35%
61	15%	15%	62 – 64	20%	20%
62 – 64	15%	10%	65	25%	20%
65 – 66	25%	20%	66	25%	20%
67	15%	20%	67	25%	20%
68	15%	15%	68	25%	20%
69	25%	25%	69	25%	20%
70	100%	100%	70	100%	100%

Based on the study, Ms. Cooper presented the following recommendations for the General Plan:



## Impact of Proposed Assumption Changes

The following chart provides the estimated impact of the proposed assumption changes, based on the July 1, 2020 valuation results; changes will be implemented with the July 1, 2021 valuation.

Description	(A) July 1, 2020 Valuation Results	(B) July 1, 2020 Results with Program Refinements	(C) July 1, 2020 Results with Program Refinements and Recommended Retirement Changes	(D) July 1, 2020 Results with Program Refinements and Recommended Retirement and Turnover Changes	(E) July 1, 2020 Results with Program Refinements and Recommended Retirement, Turnover and Vacation/Sick Leave Load Changes	(F) July 1, 2020 Results with Program Refinements and All Recommended Assumption Changes*
1 Actuarial Accrued Liability (AAL)	\$1,965,224,862	\$1,964,270,275	\$1,967,744,971	\$1,965,212,181	\$1,974,065,523	\$1,974,156,768
2 Actuarial Value of Assets (AVA)	1,336,954,199	1,336,954,199	1,336,954,199	1,336,954,199	1,336,954,199	1,336,954,199
3 Unfunded Actuarial Accrued Liability (UAAL) [(1) - (2)]	628,270,663	627,316,076	630,790,772	628,257,982	637,111,324	637,202,569
4 Employer Normal Cost	5,924,133	5,762,529	5,857,960	7,365,305	7,688,639	7,756,527
5 Payment on UAAL	42,647,784	42,582,986	42,818,852	42,646,923	43,247,899	43,254,093
6 Total Recommended Contribution adjusted for Timing [(4) + (5) + Interest]	\$51,750,478	\$51,509,260	\$51,862,237	\$53,285,043	\$54,269,840	\$54,348,770
7 Recommended Contribution as a % of Projected Payroll	25.12%	25.00%	25.18%	25.87%	26.34%	26.38%
8 Projected Payroll	\$206,005,099	\$206,005,099	\$206,005,099	\$206,005,099	\$206,005,099	\$206,005,099
9 Funded Ratio – AVA Basis	68.03%	68.06%	67.94%	68.03%	67.73%	67.72%
10 Funded Ratio – MVA Basis**	67.06%	67.09%	66.97%	67.06%	66.76%	66.75%

\*Does not reflect proposed percent married assumption

\*\*Based on market value of assets of \$1,317,795,000 as of July 1, 2020

 Segal 7

### General Pension Plan – Board of Education (Atlanta Public Schools)

The summary of the proposed assumption changes is shown on the slide below. Ms. Cooper noted the same low rates of disability as seen with the other General Plan employees. She added that the age spread for married female employees showed only a 1-year older age difference with their spouses. She also mentioned that currently there are no adjustments for vacation payout and unused sick leave.

## Summary of Proposed Assumption Changes

Assumption	Current Assumption	Proposed Assumption
Turnover	Headcount-weighted, age-based rates; see current rates listed on slide 3	Amount-weighted, age-based rates; see proposed rates listed on slide 3
Ordinary Disability	Sex-distinct, age-based rates grading upward from 0.01% to 0.39% for males and from 0.03% to 0.87% for females	Sex-distinct, age-based rates grading upward from 0.03% to 0.77% for males and from 0.01% to 0.43% for females
Occupational Disability	10% of Ordinary disability rates	Remove distinction between Ordinary and Occupational
Retirement	Separate age-based rates for participants with Less than 30 Years and 30 or More Years of Service at Retirement; see current rates listed on slide 5	Maintained current rate structure but modified individual rates to more closely match the observed experience; see proposed rates listed on slide 5
Percent Married	75%	Assumption based on active participant contribution rate provided with valuation data
Spousal Age Difference	<b>Male Participants:</b> Three years older than female spouses <b>Female Participants:</b> Three years younger than male spouses	<b>Male Participants:</b> Three years older than female spouses <b>Female Participants:</b> One year younger than male spouses
Refunds of Employee Contributions for Terminated Vested Participants	50% elect a refund of their employee contributions	90% elect a refund of their employee contributions
Vacation Pay	Retirement benefits are increased by 4.00%	No adjustment to retirement benefits from vacation pay (vacation pay not included in pensionable earnings)

## Summary of Proposed Assumption Changes

Assumption	Current Assumption	Proposed Assumption
Sick Leave Pay	None	Retirement benefits are increased by 2.00%
Additional Accumulated Unused Sick Leave Service at Retirement	None	Additional 0.50 years of service included in total service (prior to application of maximum caps) for calculation in retirement benefits

There were some slight tweaks in withdrawal assumptions as shown in the chart below.



## Withdrawal Assumption

### Recommendations

- Maintain age-based table with same rates for males and females
- Change from headcount-weighted to amount-weighted rates
- Rates no longer apply when participant reaches early retirement eligibility at 10 years of service.
- Decrease the rates for ages 32 to 48, then higher expected withdrawals
- The following graphs show actual and expected rates on both on a headcount-weighted (HCW) and an amount-weighted (AW) basis and the proposed rates on an AW basis.

Age	Current Rates (Headcount-weighted)	Proposed Rates (Amount-weighted)
20 – 29	18.00%	18.00%
30	12.00%	15.00%
31	12.00%	13.00%
32	12.00%	11.00%
33	10.00%	9.00%
34	10.00%	7.00%
35	10.00%	5.00%
36-38	9.00%	4.00%
39	8.50%	4.00%
40-44	8.50%	3.00%
45-47	8.00%	2.00%
48	6.00%	2.00%
49-50	6.00%	9.00%
51-55	5.50%	6.00%
56-59	5.00%	6.00%
60+	5.00%	10.00%

The retirement rates were adjusted based on whether an employee had more or less than 30 years of service at the time of retirement.

## Retirement Assumption

The chart below shows the current and proposed retirement rates:

Age	Less than 30 Years of Service		Age	30 or More Years of Service	
	Current Rate	Proposed Rate		Current Rate	Proposed Rate
50 – 52	2%	2%	50 – 54	15%	30%
53 – 54	3%	3%	55 – 59	20%	25%
55 – 59	5%	5%	60	35%	35%
60	20%	25%	61-69	20%	25%
61	15%	25%	70+	100%	100%
62	20%	25%			
63 – 64	15%	15%			
65 – 69	25%	30%			
70+	100%	100%			

Council members Lewis and Winston joined the meeting at 10:45 a.m.

The overall impact of the proposed assumption changes is shown on the chart below. Ms. Cooper noted that the schoolboard is regulated by a change in the Ordinance in 2014 that fixed the employer contribution amount each year with a 3% increase from the prior year until the plan is fully funded.

## Impact of Proposed Assumption Changes

The following chart provides the estimated impact of the proposed assumption changes, based on the July 1, 2020 valuation results; changes will be implemented with the July 1, 2021 valuation.

Description	(A) July 1, 2020 Valuation Results	(B) July 1, 2020 Results with Revised Programming Changes Only	(C) July 1, 2020 Results with Recommended Retirement Assumption Change Only	(D) July 1, 2020 Results with Recommended Retirement and Turnover Assumption Changes Only	(E) July 1, 2020 Results with Recommended Retirement, Turnover and Vacation/Sick Leave Load Assumption Changes Only	(F) July 1, 2020 Results with All Recommended Assumption Changes*
1 Actuarial Accrued Liability (AAL)	\$523,721,088	\$526,964,670	\$528,929,594	\$529,076,179	\$528,945,922	\$528,935,611
2 Actuarial Value of Assets (AVA)	186,720,491	186,720,491	186,720,491	186,720,491	186,720,491	186,720,491
3 Unfunded Actuarial Accrued Liability (UAAL) [(1) - (2)]	337,000,597	340,244,179	342,209,103	342,355,688	342,225,431	342,215,120
4 Employer Normal Cost	2,019,093	2,180,651	2,213,805	2,547,683	2,578,134	2,551,141
5 Payment on UAAL	54,483,370	54,321,812	54,288,658	53,954,780	53,924,329	53,951,322
6 Total Recommended Contribution adjusted for Timing [(4) + (5) + Interest]	\$60,200,000	\$60,200,000	\$60,200,000	\$60,200,000	\$60,200,000	\$60,200,000
7 Effective Amortization Period - AVA Basis	6.902 years	7.002 years	7.053 years	7.107 years	7.108 years	7.104 years
8 Funded Ratio – AVA Basis	35.65%	35.43%	35.30%	35.29%	35.30%	35.30%
9 Funded Ratio – MVA Basis**	34.71%	34.50%	34.37%	34.36%	34.37%	34.37%

\*Does not reflect proposed percent married assumption

\*\*Based on market value of assets of \$181,808,000 as of July 1, 2020

### Police Pension Plan

Ms. Cooper noted that with the Police Plan, some assumptions hadn't been changed in many years so there may be greater movement in various areas. The summary of the proposed assumption changes is shown on the slide below.



## Summary of Proposed Assumption Changes

Assumption	Current Assumption	Proposed Assumption
Withdrawal	Headcount-weighted, age-based rates; see current rates listed on slide 3	Amount-weighted, age-based rates; see proposed rates listed on slide 3
Ordinary Disability	Sex-distinct, age-based rates from the Wyatt 1985 Disability Study (Class 4)	25% of the current sex-distinct, age-based rates for both males and females
Service-connected Disability	75% of disabilities are assumed to be service-connected	Remove distinction between Ordinary and Service-connected disabilities
Retirement	100% at Normal Retirement	<b>Less than 30 Years of Service at Retirement:</b> Introduction of gender-neutral, age-based rates; see proposed rates on slide 5 <b>30 or More Years of Service at Retirement:</b> 100% at Normal Retirement (no change)
Percent Married	<b>Hired prior to September 1, 2011:</b> Assumption based on active participant contribution rate provided in valuation data <b>Hired after August 31, 2011:</b> Assume all participants are not married	No change
Spousal Age Difference	<b>Male Participants:</b> Three years older than female spouses <b>Female Participants:</b> Three years younger than male spouses	<b>Male Participants:</b> Two years older than female spouses <b>Female Participants:</b> One year younger than male spouses
Pre-retirement Survivor Annuity Death Benefit for Participants Hired after August 31, 2011	None (all participants were assumed to receive a refund of employee contributions)	75% are eligible for pre-retirement survivor annuity death benefits (with value not less than refund of employee contributions)

★ **Seal**

## Summary of Proposed Assumption Changes

Assumption	Current Assumption	Proposed Assumption
Refunds of Employee Contributions for Terminated Vested Participants	None	95% elect a refund of their employee contributions
Vacation Pay	90 days of vacation leave are included which then is used to adjust final average pay	<b>Hired prior to September 1, 2011:</b> Retirement benefits are increased by 7.50% <b>Hired after August 31, 2011:</b> Retirement benefits are increased by 2.25%
Sick Leave Pay	None	<b>Hired prior to September 1, 2011:</b> Retirement benefits are increased by 3.00% <b>Hired after August 31, 2011:</b> No adjustment
Additional Accumulated Unused Sick Leave Service at Retirement	None	<b>Hired prior to September 1, 2011:</b> Additional 0.50 years of service included in total service (prior to application of maximum caps) for calculation in retirement benefits <b>Hired after August 31, 2011:</b> No adjustment

For withdrawals, age-based rates make more sense than service based rates.

## Withdrawal Assumption

### Recommendations

- Maintain age-based table with same rates for males and females
- Change from headcount-weighted to amount-weighted rates
- Flatten overall rate structure, with lower rates through age 35 and then slightly higher rates above age 45, with rates continuing through age 70
- The following graphs show actual and expected rates on both on a headcount-weighted (HCW) and an amount-weighted (AW) basis and the proposed rates on an AW basis.

Current Rates at Sample Ages		Proposed Rates	
Age	Rate (Headcount-weighted)	Age	Rate (Amount-weighted)
20	15.00%	20 – 23	12.00%
25	11.40%	24	7.00%
30	7.80%	25 – 32	4.50%
35	4.90%	33 – 39	3.00%
40	2.30%	40 – 57	2.00%
45	1.35%	58 and over	1.00%
50	0.96%		
55 & over	0.00%		

Retirement assumptions were updated to show differences based on whether people reached retirement at age 60 or based on 30 years of service.

## Retirement Assumption

The chart below shows the proposed retirement rates. Previously, all participants were assumed to retire upon reaching unreduced retirement eligibility.

Proposed Rate	
Age	Less than 30 Years of Service
Under 50	2%
50	3%
51	4%
52	6%
53	15%
54	30%
55	50%
56	30%
57 – 60	15%
61	25%
62	75%
63 – 70	100%

The impact of the proposed assumption changes is shown on the chart below.



## Impact of Proposed Assumption Changes - Preliminary Results

The following chart provides the estimated impact of the assumption and method changes, based on the July 1, 2020 valuation results; changes will be implemented with the July 1, 2021 valuation. The numbers in this chart were provided by Southern Actuarial Services. That assistance is gratefully acknowledged.

Description	(A) July 1, 2020 Valuation Results	(B) July 1, 2020 Results with Recommended Retirement Changes	(C) July 1, 2020 Results with Recommended Retirement and Turnover Changes	(D) July 1, 2020 Results with All Recommended Assumptions other than Accumulated Vacation and Unused Sick Leave Pay Changes	(E) July 1, 2020 Results and All Recommended Assumption Changes
1 Actuarial Accrued Liability (AAL)	\$1,546,121,100	\$1,555,317,609	\$1,555,067,637	\$1,537,665,216	\$1,573,140,139
2 Actuarial Value of Assets (AVA)	1,194,588,537	1,194,588,537	1,194,588,537	1,194,588,537	1,194,588,537
3 Unfunded Actuarial Accrued Liability (UAAL) [(1) - (2)]	351,532,563	360,729,072	360,479,100	343,076,679	378,551,602
4 Employer Normal Cost	14,654,352	14,277,495	14,410,732	12,759,320	14,082,623
5 Payment on UAAL	23,862,462	24,486,732	24,469,764	23,288,466	25,696,548
6 <b>Total Recommended Contribution adjusted for Timing [(4) + (5) + Interest]</b>	<b>\$41,037,365</b>	<b>\$41,300,969</b>	<b>\$41,424,847</b>	<b>\$38,406,763</b>	<b>\$42,382,331</b>
7 Recommended Contribution as a % of Projected Payroll	37.32%	37.56%	37.67%	34.93%	38.54%
8 Projected Payroll	\$109,961,706	\$109,961,706	\$109,961,706	\$109,961,706	\$109,961,706
9 Funded Ratio – AVA Basis	77.26%	76.81%	76.82%	77.69%	75.94%
10 Funded Ratio – MVA Basis*	74.41%	73.97%	73.98%	74.82%	73.13%

\*Based on market value of assets of \$1,150,481,000 as of July 1, 2020

 **Segal** 7

### Fire Pension Plan

The summary of the proposed assumption changes for the Fire Plan is shown on the slide below.

## Summary of Proposed Assumption Changes

Assumption	Current Assumption	Proposed Assumption
Withdrawal	Headcount-weighted, age-based rates; see sample current rates listed on slide 3	Amount-weighted, age-based rates; see proposed rates listed on slide 3
Ordinary Disability	Sex-distinct, age-based rates from the Wyatt 1985 Disability Study (Class 4)	25% of the current sex-distinct, age-based rates for both males and females
Service-connected Disability	67% of disabilities are assumed to be service-connected	Remove distinction between Ordinary and Service-connected disabilities
Retirement	100% at Unreduced Retirement	Less than 30 Years of Service at Retirement: Introduction of gender-neutral, age-based rates; see proposed rates on slide 5 30 or More Years of Service at Retirement: 100% at Unreduced Retirement (no change)
Percent Married	Hired prior to September 1, 2011: Assumption based on active participant contribution rate provided in valuation data Hired after August 31, 2011: Assume all participants are not married	No change
Spousal Age Difference	Male Participants: Three years older than female spouses Female Participants: Three years younger than male spouses	Male Participants: Two years older than female spouses Female Participants: One year younger than male spouses
Pre-retirement Survivor Annuity Death Benefit for Participants Hired after August 31, 2011	None (all participants were assumed to receive a refund of employee contributions)	75% are eligible for pre-retirement survivor annuity death benefits (with value not less than refund of employee contributions)

## Summary of Proposed Assumption Changes

Assumption	Current Assumption	Proposed Assumption
Refunds of Employee Contributions for Terminated Vested Participants	None	90% elect a refund of their employee contributions
Vacation Pay	90 days of vacation leave are included which then is used to adjust final average pay	Hired prior to September 1, 2011: Retirement benefits are increased by 7.50% Hired after August 31, 2011: Retirement benefits are increased by 2.25%
Sick Leave Pay	None	Hired prior to September 1, 2011: Retirement benefits are increased by 3.00% Hired after August 31, 2011: No adjustment
Additional Accumulated Unused Sick Leave Service at Retirement	None	Hired prior to September 1, 2011: Additional 0.50 years of service included in total service (prior to application of maximum caps) for calculation in retirement benefits Hired after August 31, 2011: No adjustment

There were slight changes to the withdrawal rate as shown below.



## Withdrawal Assumption

### Recommendations

- Maintain age-based table with same rates for males and females
- Change from headcount-weighted to amount-weighted rates
- Update the rates to more closely match actual experience on an amount-weighted basis.
- The following graphs show actual and expected rates on both on a headcount-weighted (HCW) and an amount-weighted (AW) basis and the proposed rates on an AW basis.

Current Rates at Sample Ages		Proposed Rates	
Age	Rate (Headcount-weighted)	Age	Rate (Amount-weighted)
20	5.45%	20 – 22	8.00%
25	4.22%	23 – 34	2.00%
30	3.62%	35 – 39	3.00%
35	2.87%	40 & over	1.00%
40	1.80%		
45	1.31%		
50	1.21%		
55 & over	0.00%		

For retirements, age assumptions were added for those who retire with less than 30 years of service.

## Retirement Assumption

The chart below shows the proposed retirement rates. Previously, all participants were assumed to retire upon reaching unreduced retirement eligibility.

Age	Less than 30 Years of Service
Under 50	2%
50 – 51	10%
52 – 53	15%
54	25%
55	60%
56	25%
57 – 63	15%
64	50%
65	100%

The impact of the proposed assumption changes is shown below.

## Impact of Proposed Assumption Changes – Preliminary Results

The following chart provides the estimated impact of the assumption changes, based on the July 1, 2020 valuation results; changes will be implemented with the July 1, 2021 valuation. The numbers in this chart were provided by Southern Actuarial Services. That assistance is gratefully acknowledged.

Description	(A) July 1, 2020 Valuation Results	(B) July 1, 2020 Results with Recommended Retirement Changes	(C) July 1, 2020 Results with Recommended Retirement and Turnover Changes	(D) July 1, 2020 Results with All Recommended Assumptions other than Accumulated Vacation and Unused Sick Leave Pay Changes	(E) July 1, 2020 Results and All Recommended Assumption Changes
1 Actuarial Accrued Liability (AAL)	\$996,909,203	\$996,365,501	\$996,325,610	\$987,038,427	\$1,005,449,313
2 Actuarial Value of Assets (AVA)	<u>742,106,382</u>	<u>742,106,382</u>	<u>742,106,382</u>	<u>742,106,382</u>	<u>742,106,382</u>
3 Unfunded Actuarial Accrued Liability (UAAL) [(1) - (2)]	254,802,821	254,259,119	254,219,228	244,932,045	263,342,931
4 Employer Normal Cost	8,342,679	7,443,801	7,460,540	6,784,773	7,534,339
5 Payment on UAAL	17,296,328	17,259,421	17,256,713	16,626,288	17,876,042
6 Total Recommended Contribution adjusted for Timing [(4) + (5) + Interest]	\$27,316,831	\$26,319,808	\$26,334,757	\$24,943,087	\$27,073,244
7 Recommended Contribution as a % of Projected Payroll	50.12%	48.29%	48.32%	45.77%	49.68%
8 Projected Payroll	\$54,499,522	\$54,499,522	\$54,499,522	\$54,499,522	\$54,499,522
9 Funded Ratio – AVA Basis	74.44%	74.48%	74.48%	75.19%	73.81%
10 Funded Ratio – MVA Basis <sup>1</sup>	71.86%	71.90%	71.91%	72.58%	71.25%

<sup>1</sup>Based on market value of assets of \$716,418,000 for July 1, 2020

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Ms. Cooper added that, overall, the changes to the funding rates are minor and the experience study will be done again in 3 years. Segal is asking the Board to adopt the assumptions.

Mr. Berry asked how the adoption would impact the budget going forward and Ms. Carr replied that as Finance goes through the budget process, they use the valuation report produced by the actuaries. The assumptions are used to produce that report. Mr. Hullender asked if Finance supported the changes and Ms. Carr noted that there is currently a placeholder of \$52,000,000 in the budget pending receipt of the valuation and the proposed changes would be around \$1,000,000 which would not be a major change.

**A motion was made by Mr. Berry to adopt Option F on the Impact of Proposed Assumption Changes for the General Plan. The motion was seconded by Mr. Balla. The motion unanimously carried and Option F was adopted.**

**A motion was made by Mr. Hutchins to adopt Option F on the Impact of Proposed Assumption Changes for the Board of Education. The motion was seconded by Mr. Berry. The motion unanimously carried and Option F was adopted.**

**A motion was made by Mr. Hullender to adopt Option E on the Impact of Proposed Assumption Changes for the Police Pension Plan. The motion was seconded by Mr. Berry. The motion unanimously carried and Option E was adopted.**



**A motion was made by Mr. Hullender to adopt Option E on the Impact of Proposed Assumption Changes for the Fire Pension Plan. The motion was seconded by Mr. Berry. The motion unanimously carried and Option E was adopted.**

**V. NEW BUSINESS**

Ms. Cooper offered to present training sessions for any Board or Committee Members who were interested and noted that these sessions could count as continuing education credit. They would be very similar to sessions that Segal presented a few years ago. Ms. Shah will coordinate a time and location for the training for anyone who is interested.

**VI. QUESTIONS AND COMMENTS FROM AUDIENCE**

There were no questions from the audience.

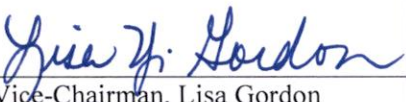
**VII. DATE OF NEXT MEETING**

The next Board meeting will be held on May 18, 2022. The meeting will be in person at Atlanta City Hall in Committee room 1.

**VII. ADJOURNMENT**

There being no further business to be brought before the Board at this time at 11:21 a.m. Vice-Chairman Gordon called for adjournment.

*Respectfully Submitted,*

  
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Vice-Chairman, Lisa Gordon

These minutes were adopted on \_\_\_\_\_, 2022