

To the Mayor and Members of the City Council

April 5, 2016

Page 1 of 1



SUBJECT: EXPERIENCE STUDY RESULTS FOR THE PENSION PLAN

On March 23, the Fort Worth Employees' Retirement Fund Board received a briefing from their actuary. The preliminary report included the results and recommendations regarding fund assumptions based on a recently-concluded three-year experience study. In addition, they received the updated valuation for the period ending December 31, 2015. The Board continued to discuss their investment strategy and risk-tolerance with their investment advisor following a recent asset-liability study. The key results are outlined below.

- Upon the actuary's recommendation, the Board reduced the rate of return assumption from 8.00% to 7.75%.
- Reduced assumed inflation from 3.0% to 2.75%.
- Lowered overall payroll growth assumption from 3.25% to 3.00% after reviewing six years of data and reviewing current labor agreements

	Actual 12/31/2014 Valuation Results	Preliminary 12/31/2015 Valuation Before Assumption Changes	Preliminary 12/31/2015 Valuation After Assumption Changes
Unfunded Actuarial Accrued Liability	\$1,271,153,104	\$1,359,142,042	\$1,355,190,200
% Funded	62.2%	61.3%	61.4%
ARC (30-year Amortization)	\$123,959,546	\$132,632,725	\$131,862,262
Effective Amortization Period	55.7 years	62.7 years	70.1 years

The final report will be published by the ERF Board in April and will be distributed to the City Council at that time.

The Pension Committee that I assembled last year continues to review data and has developed study scenarios. I will provide an update on that effort to the City Council on April 19, 2016 or May 3, 2016. In addition, we will be scheduling a required joint meeting with the City Council and the ERF Board in early summer.

Please let me know if you have any additional questions.

**David Cooke
City Manager**