June 28, 2024 E-Mail

Ms. Mya Bernskoetter
Employer Reporting Analyst
Missouri Local Government
Employees Retirement System
P.O. Box 1665
Jefferson City, Missouri 65102

Re: Jefferson County Public Safety Department Split (#2224)

Dear Mya:

As you requested, we have performed actuarial valuations as of February 29, 2024 for the active and deferred members reported as Public Safety members and the remaining active and deferred members of the General department of Jefferson County. The results of the actuarial valuations follow (contribution rates shown below are uncapped employer contribution rates):

	Public Safety Subdepartment	Other General Subdepartments	Combined
Member Statistics			
Number Active	25	291	316
Payroll	$1,251,787	$14,517,016	$15,768,803
Average Pay	50,071	49,887	49,901
Accumulated Contributions (Actives)	-	-	-
Number Deferred	18	191	209
Actuarial Accrued Liabilities (AAL)			
Active AAL	$2,123,182	$29,616,937	$31,740,119
Deferred AAL	489,415	8,286,303	8,775,718
Increase AAL - Public Safety Provisions and Assumptions	464,373	0	0
Total AAL	$3,076,970	$37,903,240	$40,515,837
Actuarial Value of Assets			
Members Deposit Fund (MDF)	$0	$0	$0
Employer Accumulation Fund (EAF)*	2,781,700	40,356,568	43,138,268
Total Assets	$2,781,700	$40,356,568	$43,138,268
Funded Ratio	90.4%	106.5%	106.5%
Unfunded Actuarial Accrued Liability (UAAL)	$295,270	$(2,453,328)	$(2,622,431)
Computed Employer Contribution Rate			
Normal Cost Rate	12.50%	10.90%	10.90%
Casualty Rate	0.40	0.40	0.40
Prior Service Cost Rate	1.70	(1.30)	(1.20)
Total Employer Contribution Rate (Uncapped)	14.60%	10.00%	10.10%

** Assets allocated to each division are estimated.*

The Public Safety subdepartment is valued using public safety benefit provisions (normal retirement and deferred age equal to 55) and public safety assumptions. For members proposed to be covered in the Public Safety subdepartment, the actuarial accrued liability increased by $464,373 and is amortized over 20 years based on the funding policy for benefit changes.

Please note that the results for the ‘Combined’ department are the same as those reported for the General department in the February 29, 2024 annual actuarial valuation report for Jefferson County. However, adding the results for the subdepartments shown on the previous page will not match the combined results due to valuing the Public Safety members alone as Public Safety members and combined as General members.

Per LAGERS staff, EAF assets were split between the two subdepartments so that each subdepartment’s funded percent would be the same as the combined General department based upon the General benefit provisions and assumptions as of February 29, 2024. This would require an accounting transfer based on market value, as of February 29, 2024, of $2,661,405 of EAF assets to the Public Safety department with the remainder staying in the General department.

Below are projections needed to comply with Missouri state disclosure requirements (Section 105.665 of the RSMo) regarding the adoption of LAGERS benefits by a political subdivision. Under the Present Plan, members eligible to be considered Public Safety members are valued using General plan provisions and assumptions. Under the Alternate Plan, these members are valued using Public Safety plan provisions and assumptions. The projections below only include members eligible for the Public Safety subdepartment.

		Present Plan			Alternate Plan			Change due to Proposed Provisions		
		Estimated Employer Contribution		Estimated Difference Between AAL and AVA	Estimated Employer Contribution		Estimated Difference Between AAL and AVA	Estimated Employer Contribution		Estimated Difference Between AAL and AVA
Valuation Date	Estimated Projected Payroll	As a % of Payroll	Annual Dollars		As a % of Payroll	Annual Dollars		As a % of Payroll	Annual Dollars	
2024	$ 1,251,787	9.90%	$ 123,927	($ 169,103)	14.60%	$ 182,761	$ 295,270	4.70%	$ 58,834	$ 464,373
2025	1,286,211	10.00%	128,621	(167,812)	14.70%	189,073	293,533	4.70%	60,452	461,345
2026	1,321,582	10.10%	133,480	(167,607)	14.80%	195,594	289,521	4.70%	62,114	457,128
2027	1,357,926	10.20%	138,508	(168,561)	14.90%	202,331	283,051	4.70%	63,823	451,612
2028	1,395,269	10.30%	143,713	(170,752)	15.00%	209,290	273,926	4.70%	65,577	444,678
2029	1,433,639	10.40%	149,098	(174,264)	15.10%	216,479	261,935	4.70%	67,381	436,199
2030	1,473,064	10.50%	154,672	(179,189)	15.20%	223,906	246,848	4.70%	69,234	426,037
2031	1,513,573	10.60%	160,439	(185,626)	15.30%	231,577	228,418	4.70%	71,138	414,044
2032	1,555,196	10.70%	166,406	(193,680)	15.40%	239,500	206,382	4.70%	73,094	400,062
2033	1,597,964	10.70%	170,982	(203,466)	15.40%	246,086	180,454	4.70%	75,104	383,920

The results shown for each employer only include members reported to LAGERS as of the valuation date, February 29, 2024. The methods and assumptions used in the actuarial valuations were the same as those used in the annual actuarial valuations as of February 29, 2024. In particular, the assumed rate of investment return was 7.00% and the assumed rate of payroll growth was 2.75%.

The actuarial valuation results presented on the previous pages are based upon the employer's benefit provisions as of February 29, 2024. A summary follows:

Provisions	ER #2224
Benefit Program	L-12
Final Average Salary	3 Years
Member Contribution Rate	0%
Retirement Eligibility	Regular

The long-term cost (C) of providing retirement benefits depends only on the benefits (B) that are paid to participants, the expenses (E) of administering the plan, and the investment return (I) generated on invested assets: $C = B + E - I$. For a given level of benefits, the cost of providing those benefits is lowered if administrative expenses are lowered or investment income is increased.

The long-term costs are financed by a series of employer and member contributions. The series of contributions is flexible. If more is contributed in early years, less has to be contributed in later years, and vice-versa. Over time the series of contributions has to have the same value as benefits and expenses. The actuary determines each year's contribution based on a funding method and a set of actuarial assumptions. The chosen funding method and assumptions do not affect the long term cost of providing retirement benefits, but have a strong impact on the series of contributions made to fund the benefits.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

Mita Drazilov is a Member of the American Academy of Actuaries, and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Please call if you have any questions.

Sincerely,
Gabriel, Roeder, Smith & Company

Mita Drazilov

Mita D. Drazilov, ASA, FCA, MAAA

MDD:dj

cc: Judith Kermans (GRS)
Michael Gano (GRS)