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April 4, 2025 E-Mail

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

Re: McDonald County 911 Public Safety Department Split (#9117)

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 the McDonald County 911.

Section A – Summary of Employer Contribution Rates as a Percent of Payroll

	Present Plan	Alternate Plan	
	Current General	Remaining General Subdepartments	New Public Safety Subdepartment
Normal Cost Rate	2.10%	4.10%	3.10%
Casualty Rate	0.20	0.20	0.20
Prior Service Cost Rate [1]	2.80	22.30	2.70
Total Employer Contribution Rate	5.10%	26.60%	6.00%
Change in Employer Contribution Rate as a percent of payroll		**21.50%**	**0.90%**
Increase in Actuarial Accrued Liability [1]		**$0**	**$80,611**

1 *The increase in the actuarial accrued liability due to adoption of the alternate plan was amortized over a 20 year period to compute the increase in the Prior Service Cost Rate.*

The Current General and Remaining General Subdepartments results shown above are based upon General benefit provisions (age 60 and 5 years unreduced retirement eligibility; age 55 and 5 years reduced retirement eligibility; deferred age equal to 60). The New Public Safety Subdepartment results shown above are based upon Public Safety benefit provisions (age 55 and 5 years unreduced retirement eligibility; age 50 and 5 years reduced retirement eligibility; deferred age equal to 55).

Section B – Additional Details

	Present Plan	Alternate Plan		Alternate Plan
	General Benefit Provisions	General Benefit Provisions		Public Safety Benefit Provisions
	Current General	Remaining General Subdepartments	New Public Safety Subdepartment	New Public Safety Subdepartment
Member Statistics				
Number Active	17	1	16	16
Payroll	$831,886	$38,397	$793,489	$793,489
Average Pay	48,934	38,397	49,593	49,593
Accumulated Contributions (Actives)	112,828	7,867	104,961	104,961
Number Deferred	4	4	0	0
Actuarial Accrued Liabilities (AAL)				
Active AAL	$516,803	$43,475	$473,328	$553,939
Deferred AAL	225,031	225,031	0	0
Total AAL	$741,834	$268,506	$473,328	$553,939
Increase AAL - Public Safety Provisions and Assumptions				$80,611
Actuarial Value of Assets				
Members Deposit Fund (MDF)	$146,326	$41,365	$104,961	$104,961
Employer Accumulation Fund (EAF) [1]	278,773	112,499	166,274	166,274
Total Assets	$425,099	$153,864	$271,235	$271,235
Funded Ratio	57.3%	57.3%	57.3%	49.0%
Unfunded Actuarial Accrued Liability (UAAL)	$316,735	$114,642	$202,093	$282,704
Computed Employer Contribution Rate				
Normal Cost Rate	2.10%	4.10%	2.00%	3.10%
Casualty Rate	0.20	0.20	0.20	0.20
Prior Service Cost Rate	2.80	22.30	1.90	2.70
Total Employer Contribution Rate	5.10%	26.60%	4.10%	6.00%
Estimated First Year Employer Contribution Dollars	$42,426	$10,214	$32,533	$47,609

1 *Assets allocated to each division are estimated.*

The Present Plan results (Current General) shown above are based upon General benefit provisions (age 60 and 5 years unreduced retirement eligibility; age 55 and 5 years reduced retirement eligibility; deferred age equal to 60) and General assumptions.

Please note that the results for the current General department are the same as those reported for the General department in the February 29, 2024 annual actuarial valuation report for the McDonald County 911. The Alternate Plan results shown in the middle two columns are based upon General benefit provisions and assumptions but with the General department separated into the requested subdepartments. Adding the results for the requested subdepartments using General benefit provisions and assumptions may not match the current General results due to rounding.

The Alternate Plan results shown in the right most column for the New Public Safety Subdepartment are based upon Public Safety benefit provisions (age 55 and 5 years unreduced retirement eligibility; age 50 and 5 years reduced retirement eligibility; deferred age equal to 55) and Public Safety assumptions.

For members proposed to be covered in the New Public Safety subdepartment, the actuarial accrued liability increased by $80,611 and is amortized over 20 years based on the funding policy for benefit changes.

Per LAGERS staff, employer assets were split between the remaining General and new Public Safety subdepartments so that each subdepartment's funded percent would be the same as the current 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 $105,845 of employer assets staying in the General department with the remainder being transferred to the Public Safety department. Depending upon actual experience after the valuation date as of February 29, 2024 (e.g., members changing status after the valuation date), an additional asset transfer may be necessary as of the first annual valuation date after the election is made to add the new subdepartment.

Section C – Projections

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.

Remaining General Subdepartments

Under the Present and Alternate Plans, members are valued using General benefit provisions and assumptions.

		Present Plan			Alternate Plan			Change due to Proposed Provisions		
		Estimated Employer Contribution		Estimated Difference	Estimated Employer Contribution		Estimated Difference	Estimated Employer Contribution		Estimated Difference
Valuation Date	Estimated Projected Payroll	As a % of Payroll	Annual Dollars	Between AAL and AVA	As a % of Payroll	Annual Dollars	Between AAL and AVA	As a % of Payroll	Annual Dollars	Between AAL and AVA
2024	$ 38,397	5.10%	$ 1,958	$ 114,642	26.60%	$ 10,214	$ 114,642	21.50%	$ 8,256	$ 0
2025	39,453	5.10%	2,012	113,792	26.60%	10,494	113,792	21.50%	8,482	-
2026	40,538	5.10%	2,067	112,638	26.60%	10,783	112,638	21.50%	8,716	-
2027	41,653	5.10%	2,124	111,153	26.60%	11,080	111,153	21.50%	8,956	-
2028	42,798	5.10%	2,183	109,305	26.60%	11,384	109,305	21.50%	9,201	-
2029	43,975	5.10%	2,243	107,065	26.60%	11,697	107,065	21.50%	9,454	-
2030	45,184	5.10%	2,304	104,395	26.60%	12,019	104,395	21.50%	9,715	-
2031	46,427	5.10%	2,368	101,259	26.60%	12,350	101,259	21.50%	9,982	-
2032	47,704	5.10%	2,433	97,615	26.60%	12,689	97,615	21.50%	10,256	-
2033	49,016	5.10%	2,500	93,422	26.60%	13,038	93,422	21.50%	10,538	-

New Public Safety Subdepartment

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	Estimated Employer Contribution		Estimated Difference	Estimated Employer Contribution		Estimated Difference
Valuation Date	Estimated Projected Payroll	As a % of Payroll	Annual Dollars	Between AAL and AVA	As a % of Payroll	Annual Dollars	Between AAL and AVA	As a % of Payroll	Annual Dollars	Between AAL and AVA
2024	$ 793,489	5.10%	$ 40,468	$ 202,093	6.00%	$ 47,609	$ 282,704	0.90%	$ 7,141	$ 80,611
2025	815,310	5.10%	41,581	200,594	6.00%	48,919	280,679	0.90%	7,338	80,085
2026	837,731	5.10%	42,724	198,561	6.00%	50,264	277,914	0.90%	7,540	79,353
2027	860,769	5.10%	43,899	195,942	6.00%	51,646	274,337	0.90%	7,747	78,395
2028	884,440	5.10%	45,106	192,686	6.00%	53,066	269,877	0.90%	7,960	77,191
2029	908,762	5.10%	46,347	188,736	6.00%	54,526	264,455	0.90%	8,179	75,719
2030	933,753	5.10%	47,621	184,030	6.00%	56,025	257,985	0.90%	8,404	73,955
2031	959,431	5.10%	48,931	178,500	6.00%	57,566	250,373	0.90%	8,635	71,873
2032	985,815	5.10%	50,277	172,078	6.00%	59,149	241,524	0.90%	8,872	69,446
2033	1,012,925	5.10%	51,659	164,686	6.00%	60,776	231,330	0.90%	9,117	66,644

Section D – Assumptions and Benefit Provisions

The results shown for each subdepartment only include members reported to LAGERS as of the valuation date, February 29, 2024. For the Public Safety department split calculations included in this letter, please note the following:

1) A general active member as of the annual valuation date and identified as an active participant of the Public Safety subdepartment in the data submission is considered to be an active member in the Public Safety subdepartment.
2) A general deferred member as of the annual valuation date and identified as a participant of the Public Safety subdepartment in the data submission is considered to be a deferred member in the Public Safety subdepartment only if the member is also an active Police or Fire member with this employer as of the annual valuation date.

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 #9117**
Benefit Program	L-1
Final Average Salary	5 Years
Member Contribution Rate	4%
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)