800.521.0498 | P: 248.799.9000 | www.grsconsulting.com

October 31, 2024 E-Mail

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

Re: Phelps County Public Safety Department Split (#0647)

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 Phelps 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	32	83	115
Payroll	$1,332,037	$4,060,223	$5,392,260
Average Pay	41,626	48,918	46,889
Accumulated Contributions (Actives)	207,294	1,031,672	1,238,966
Number Deferred	5	42	47
Actuarial Accrued Liabilities (AAL)			
Active AAL	$1,464,762	$7,761,234	$9,225,996
Deferred AAL	73,568	1,365,986	1,439,554
Increase AAL - Public Safety Provisions and Assumptions	117,251	0	0
Total AAL	$1,655,581	$9,127,220	$10,665,550
Actuarial Value of Assets			
Members Deposit Fund (MDF)	$207,294	$1,430,434	$1,637,728
Employer Accumulation Fund (EAF)*	1,429,145	8,278,885	9,708,030
Total Assets	$1,636,439	$9,709,319	$11,345,758
Funded Ratio	98.8%	106.4%	106.4%
Unfunded Actuarial Accrued Liability (UAAL)	$19,142	$(582,099)	$(680,208)
Computed Employer Contribution Rate			
Normal Cost Rate	10.20%	9.70%	9.50%
Casualty Rate	0.50	0.50	0.50
Prior Service Cost Rate	0.00	(1.30)	(1.10)
Total Employer Contribution Rate (Uncapped)	10.70%	8.90%	8.90%

** 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 $117,251 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 Phelps 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 $1,358,377 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	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	$ 1,332,037	8.60%	$ 114,555	($ 98,109)	10.70%	$ 142,528	$ 19,142	2.10%	$ 27,973	$ 117,251
2025	1,368,668	8.70%	119,074	(95,271)	10.80%	147,816	21,215	2.10%	28,742	116,486
2026	1,406,306	8.70%	122,349	(93,460)	10.80%	151,881	22,370	2.10%	29,532	115,830
2027	1,444,979	8.70%	125,713	(91,282)	10.80%	156,058	23,145	2.10%	30,345	114,427
2028	1,484,716	8.80%	130,655	(89,156)	10.90%	161,834	23,511	2.10%	31,179	112,667
2029	1,525,546	8.80%	134,248	(87,079)	10.90%	166,285	23,438	2.10%	32,037	110,517
2030	1,567,499	8.80%	137,940	(85,050)	10.90%	170,857	22,892	2.10%	32,917	107,942
2031	1,610,605	8.80%	141,733	(83,069)	10.90%	175,556	21,836	2.10%	33,823	104,905
2032	1,654,897	8.90%	147,286	(81,134)	11.00%	182,039	20,233	2.10%	34,753	101,367
2033	1,700,407	8.90%	151,336	(79,244)	11.00%	187,045	18,039	2.10%	35,709	97,283

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 #0647
Benefit Program	L-6
Final Average Salary	3 Years
Member Contribution Rate	4%
Retirement Eligibility	Rule of 80

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)