800.521.0498 | P: 248.799.9000 | www.grsconsulting.com

November 17, 2022 E-Mail

Mr. Jeff Pabst
Education and Outreach Coordinator
Missouri Local Government
Employees Retirement System
P.O. Box 1665
Jefferson City, Missouri 65102

Re: The City of Springfield Public Safety Department Split (#0981)

Dear Jeff:

As you requested, we have performed actuarial valuations as of February 28, 2022 for the active members reported as Public Safety members and the remaining active members of the General department of the City of Springfield. 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	52	1,143	1,195
Payroll	$2,610,706	$63,823,612	$66,434,318
Average Pay	50,206	55,839	55,594
Accumulated Contributions (Actives)	33,846	1,031,299	1,065,145
Number Deferred	0	358	358
Actuarial Accrued Liabilities (AAL)			
Active AAL	$5,201,476	$153,433,351	$158,634,827
Deferred AAL	0	19,022,821	19,022,821
Increase AAL - Public Safety Provisions and Assumptions	889,769	0	0
Total AAL	$6,091,245	$172,456,172	$177,657,648
Actuarial Value of Assets			
Members Deposit Fund (MDF)	$33,846	$1,412,256	$1,446,102
Employer Accumulation Fund (EAF)*	4,672,079	154,613,804	159,285,883
Total Assets	$4,705,925	$156,026,060	$160,731,985
Funded Ratio	77.3%	90.5%	90.5%
Unfunded Actuarial Accrued Liability (UAAL)	$1,385,320	$16,430,112	$16,925,663
Computed Employer Contribution Rate			
Normal Cost Rate	12.30%	12.10%	12.00%
Casualty Rate	0.50	0.50	0.50
Prior Service Cost Rate	5.10	3.50	3.40
Total Employer Contribution Rate (Uncapped)	17.90%	16.10%	15.90%

** Assets allocated to each division are estimated.*

One Towne Square | Suite 800 | Southfield, Michigan 48076-3723

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 $889,769 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 28, 2022 annual actuarial valuation report for the City of Springfield. 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 28, 2022. This would require an accounting transfer based on market value, as of February 28, 2022, of $4,989,558 of EAF assets to the Public Safety department with the remainder staying in the General department.

Deferred members as of February 28, 2022 for each employer were valued with the General subdepartment.

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
2022	$ 2,610,706	13.00%	$ 339,392	$ 495,551	17.90%	$ 467,316	$ 1,385,320	4.90%	$ 127,924	$ 889,769
2023	2,682,500	13.00%	348,725	460,826	17.90%	480,168	1,344,793	4.90%	131,443	883,967
2024	2,756,269	13.00%	358,315	421,499	17.90%	493,372	1,297,386	4.90%	135,057	875,887
2025	2,832,066	13.00%	368,169	377,193	17.90%	506,940	1,242,511	4.90%	138,771	865,318
2026	2,909,948	13.00%	378,293	327,504	17.90%	520,881	1,179,536	4.90%	142,588	852,032
2027	2,989,972	13.00%	388,696	271,999	17.90%	535,205	1,107,784	4.90%	146,509	835,785
2028	3,072,196	13.00%	399,385	210,211	17.90%	549,923	1,026,525	4.90%	150,538	816,314
2029	3,156,681	13.00%	410,369	141,642	17.90%	565,046	934,977	4.90%	154,677	793,335
2030	3,243,490	13.00%	421,654	65,753	17.90%	580,585	832,297	4.90%	158,931	766,544
2031	3,332,686	10.60%	353,265	(18,030)	15.50%	516,566	717,584	4.90%	163,301	735,614

The results shown for each employer only include active members reported to LAGERS as of the valuation date, February 28, 2022. The methods and assumptions used in the actuarial valuations were the same as those used in the annual actuarial valuations as of February 28, 2022. 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 28, 2022. A summary follows:

Provisions	**ER #0981**
Benefit Program	L-6
Final Average Salary	3 Years
Member Contribution Rate	0%
Retirement Eligibility*	Regular

** Members hired prior to May 1, 2005 are covered under the Rule of 80 provision.*

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)