Response to Questions on the FY 2017 Budget

Request By: Supervisor Herrity

Question: Referencing slide 33 in the County Executive's budget presentation, please provide additional information on retirement ratios. Does recent market activity have an impact?

Response: The retirement funding included in the FY 2017 Advertised Budget Plan reflects the results of the July 1, 2015, actuarial valuation of the retirement systems. For the purposes of determining the County's contributions to the retirement systems, investment returns are smoothed into the valuation over a three-year period. Therefore, the FY 2017 contribution rates include the impact of investment returns in FY 2013, FY 2014 and FY 2015. As shown in the table below, the gross returns in FY 2013 and FY 2014 exceeded the long-term expected return of 7.5 percent, while the FY 2015 returns were positive but below 7.5 percent.

System	FY 2013	FY 2014	FY 2015
Employees'	8.1%	15.2%	0.8%
Uniformed	10.5%	16.5%	1.8%
Police Officers	9.7%	16.2%	3.5%

The retirement systems have experienced losses through December 2015 of 3.6 percent for the Employees' system, 3.8 percent for the Uniformed system, and 1.2 percent for the Police Officers system. These losses have not yet been included in the calculation of the unfunded liability or employer contribution rates for the systems, as FY 2016 experience will first be reflected in the July 1, 2016, actuarial valuation and the FY 2018 employer contribution rates.