

EMERGING
ISSUES
FORUM

A stylized logo consisting of three grey circles of varying sizes arranged to suggest the heads and shoulders of three people. The circles are positioned at the top right of the slide.

Investment Return Assumption History

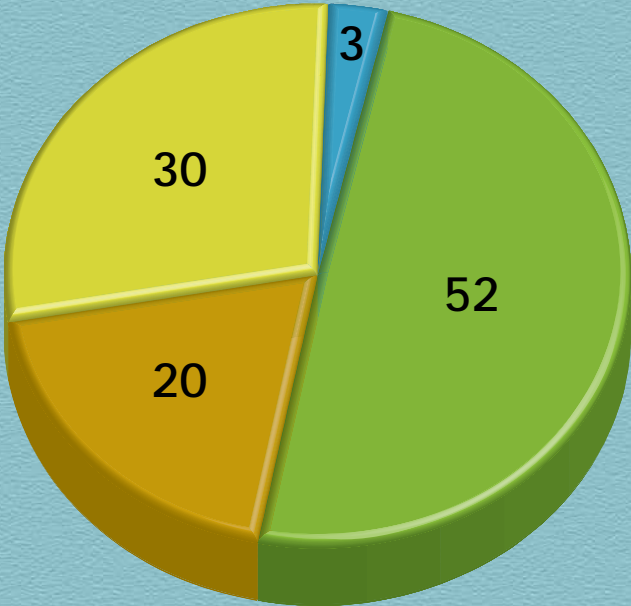
James Lamenzo, Actuary
PERAC



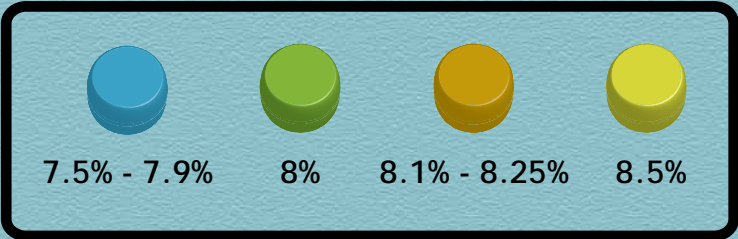
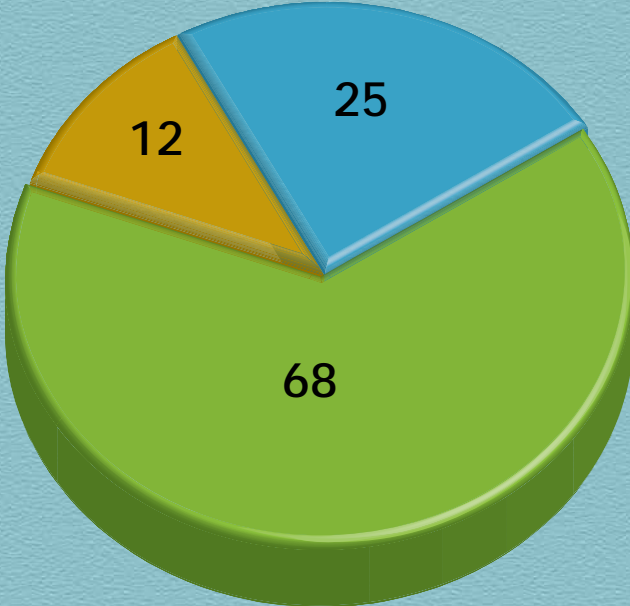
September 12, 2013

Investment Return Assumption

2003

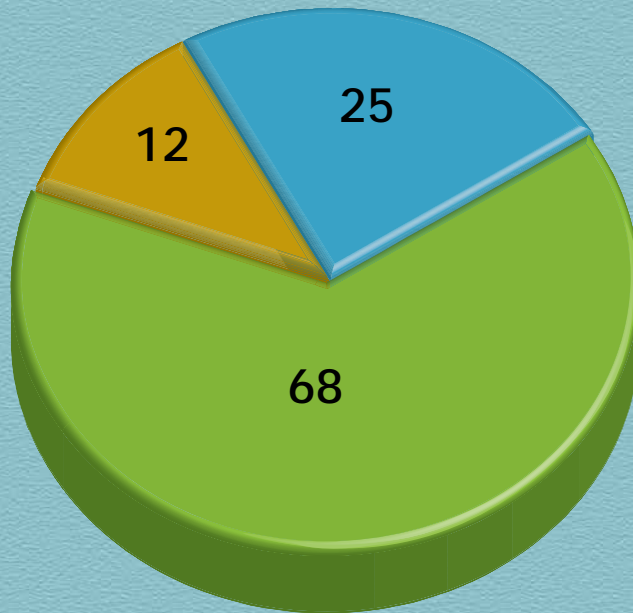


May 2013

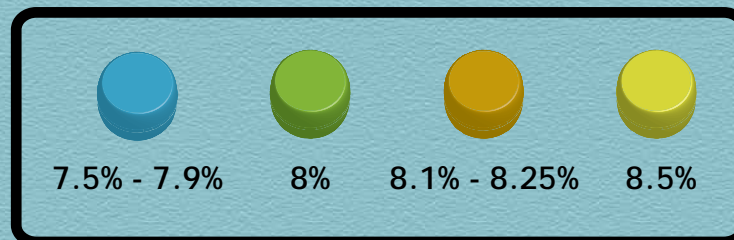
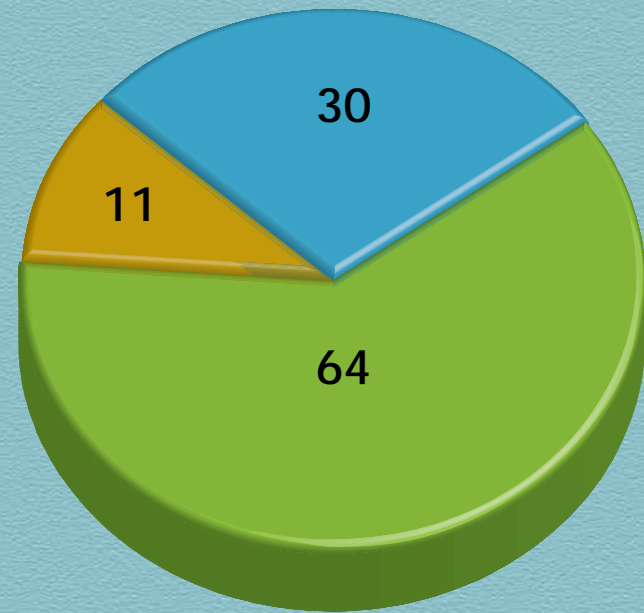


Investment Return Assumption

May 2013



September 2013



Investment Return and Salary Increase Assumption

- Media focus-investment return assumption
- Salary increase assumption important too
- Over long term, should move together
 - Inflation component in each

Investment Return and Salary Increase Assumption

Investment Return	8.0%	7.75%	7.75%
Salary Increase	Prior	Prior	Revised
Actuarial Liability			
Active	2,800	2,900	2,850
Retiree	<u>3,200</u>	<u>3,260</u>	<u>3,260</u>
Total	6,000	6,160	6,110
Assets	4,000	4,000	4,000
Unfunded Liability	2,000	2,160	2,110
Funded Ratio	66.7%	64.9%	65.5%

Prior: Graded rates based on group and service.
Ultimate rate 4.75% Group 1; 5.25% Group 4

Revised: Graded rates based on group and service.
Ultimate rate 4.25% Group 1; 4.75% Group 4

Investment Return and Salary Increase Assumption

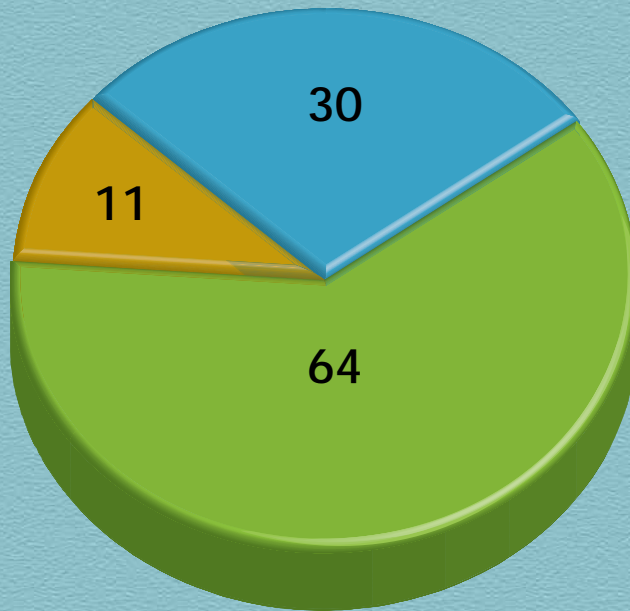
Investment Return	8.0%	7.75%	7.75%
Salary Increase	Prior	Prior	Revised
Total Normal Cost	125	130	122
Expected Employee Contributions	<u>75</u>	<u>75</u>	<u>75</u>
Employer Normal Cost	50	55	47

Prior: Graded rates based on group and service.
Ultimate rate 4.75% Group 1; 5.25% Group 4

Revised: Graded rates based on group and service.
Ultimate rate 4.25% Group 1; 4.75% Group 4

Investment Return Assumptions

September 2013



December 2013 (Expected)

