

City of Knoxville Pension System

*Presented to PTF.
by Alan Pennington*

8-18-11

Sustainability of Pension System

presented by

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August 18, 2011

*Past impact and
future
projections.*

System Overview

Divisions A (1962) /B (1935) –

Primarily Board of Ed; some General Government

Division C (1971) – Current Fire/Police

Division F (1929) – Old Fire/Police Plan

Division G1/G2 (1997) – Current General Government

(see attached for further details)

System Overview

Members	Actives	Payees
General Government	791	495
Uniformed Bodies	702	533
Board of Education	29	987
Total	1,522	2,015

System Overview

Monthly Cash Flow (\$M)	Benefits	Contr.*
General Government	\$ 0.71	\$ 0.43
Uniformed Bodies	\$ 1.78	\$ 0.65
Board of Education	\$ 0.76	\$ 0.02
Total	\$ 3.26	\$ 1.10

*Employer and Employee Contributions

Definitions

NC = Normal Cost = cost of benefits earned each year

MVA = Market Value of Assets

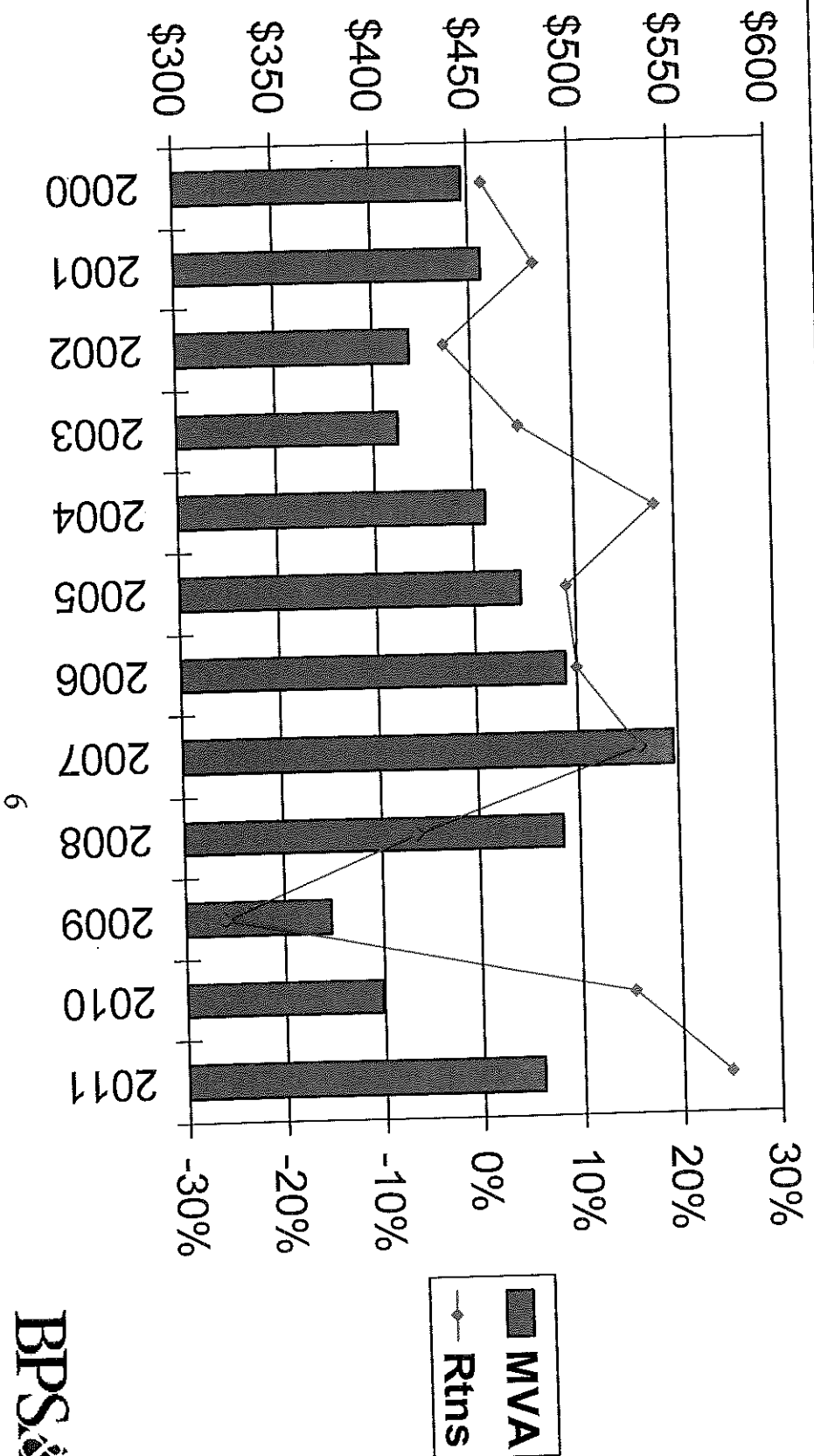
AL = Accrued Liability = present value of plan benefits
based on current salary and service

UAL = Unfunded Accrued Liability = AL - MVA

Amortization = payment towards UAL

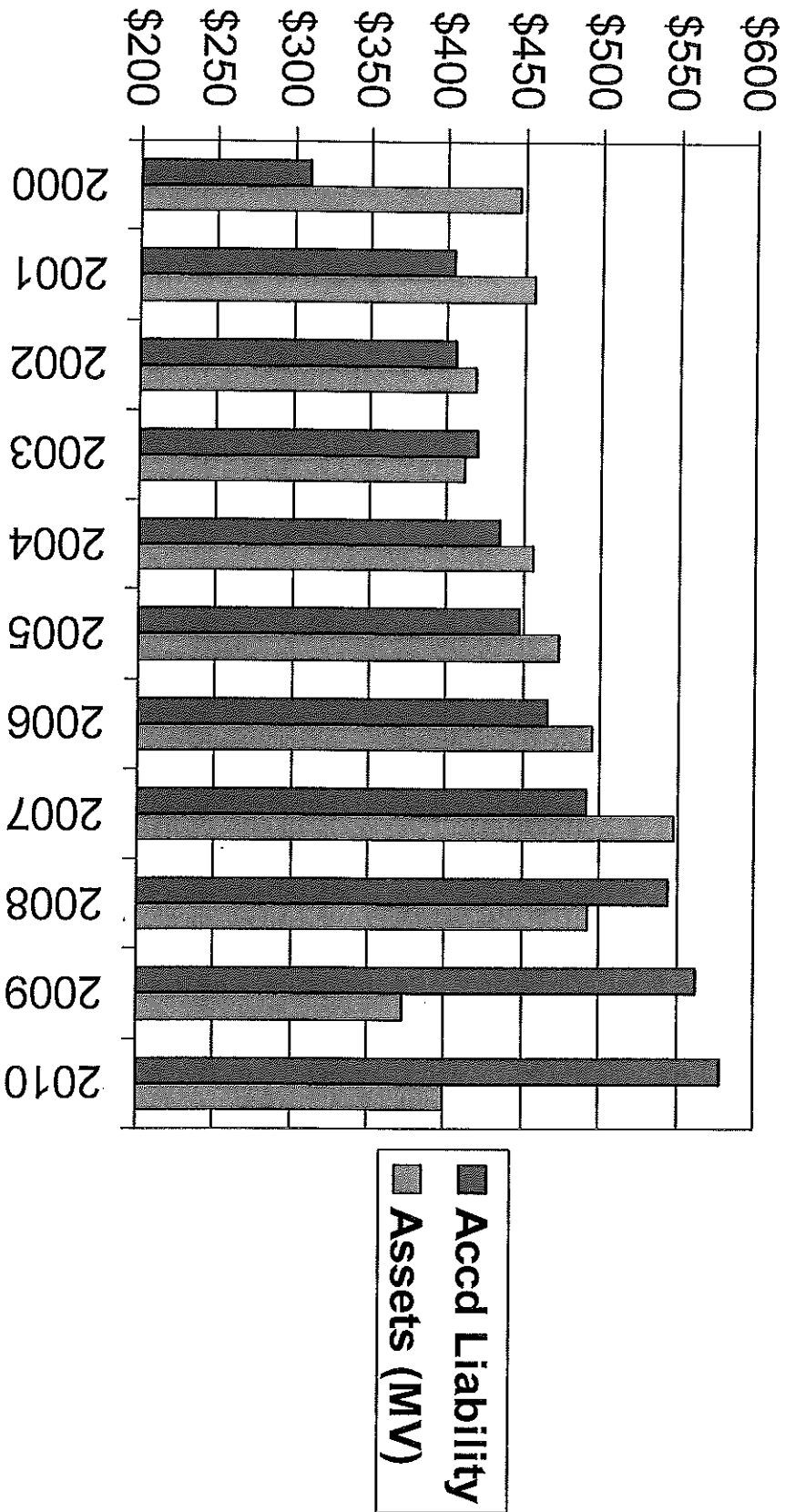
Historical Data

Asset Returns



Historical Data

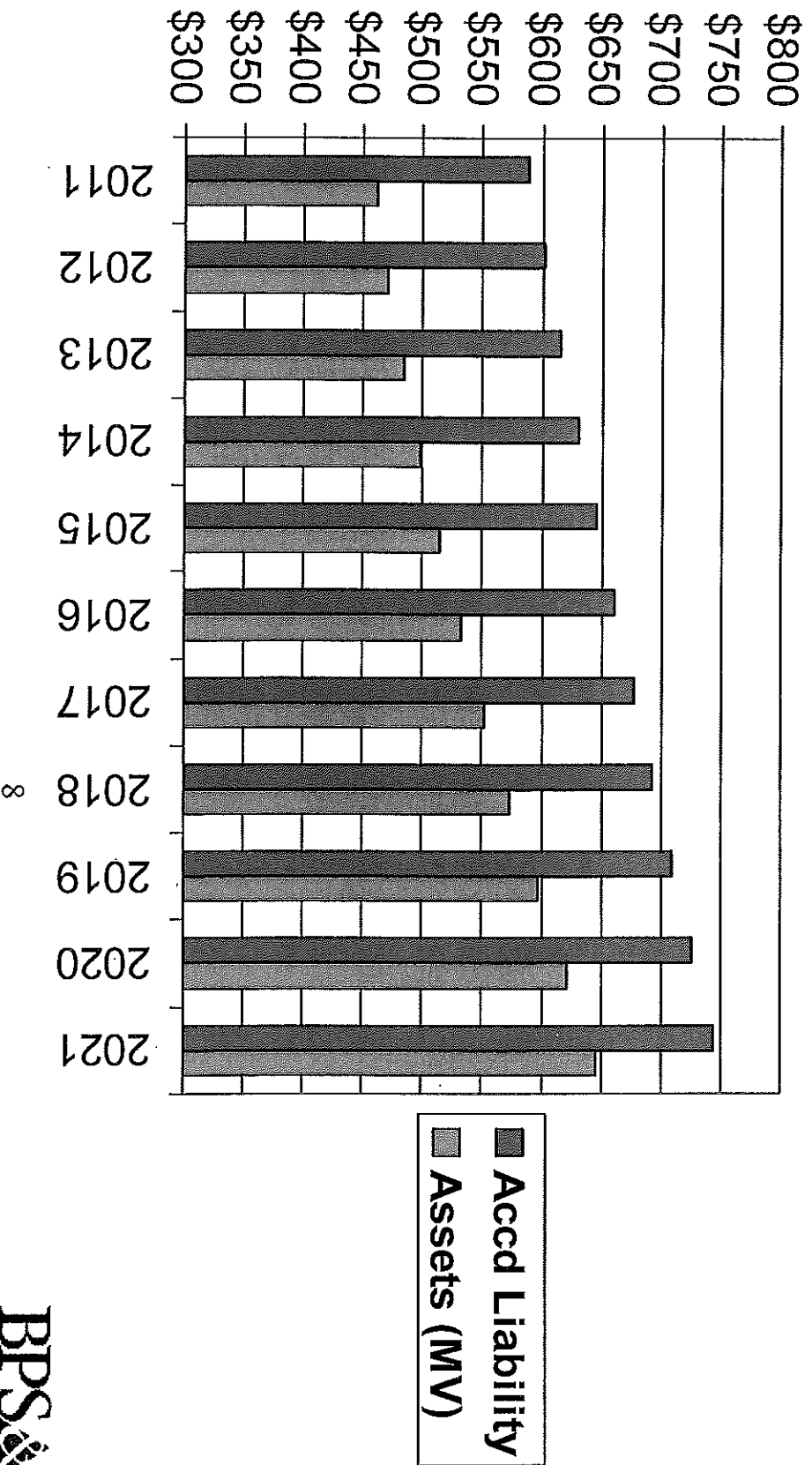
Assets and Liabilities



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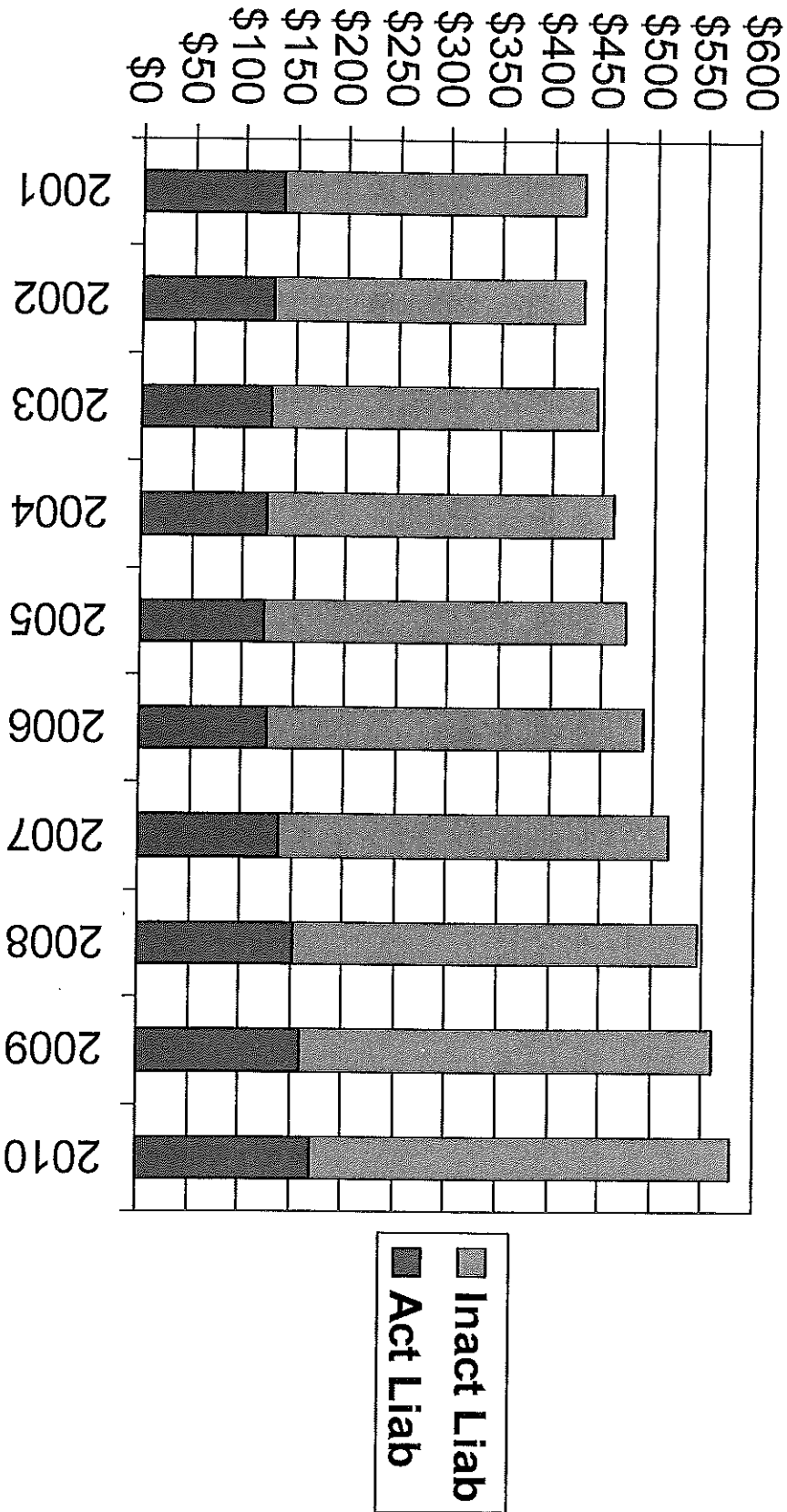
Projected Data

Assets and Liabilities



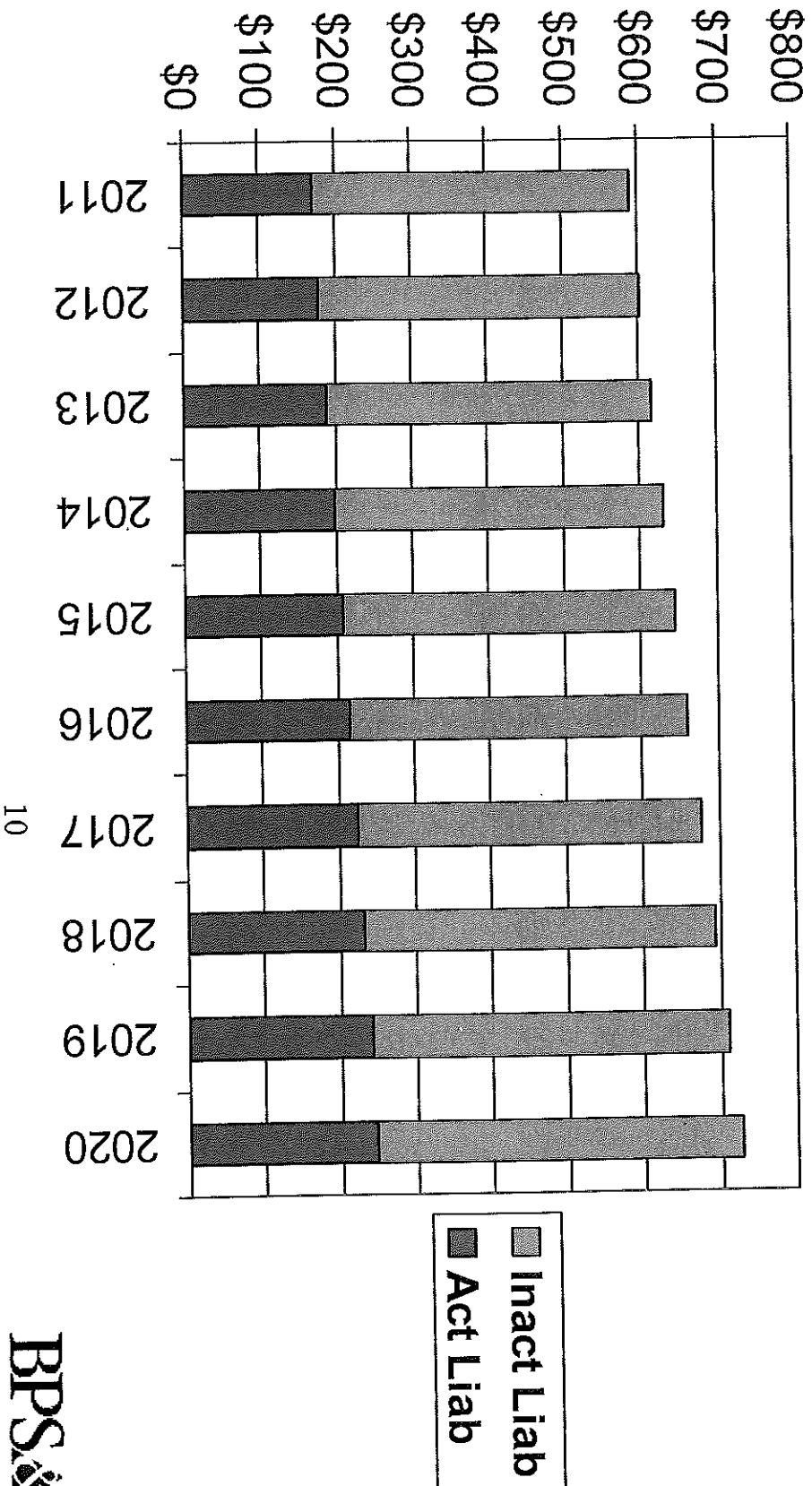
Historical Data

Accrued Liability



Projected Data

Accrued Liability



Contributions

Contribution components

Normal Cost = cost of benefits earned each year

+

Amortization = payment towards unfunded liability

Normal Cost

NC as a Percent of Total Pay

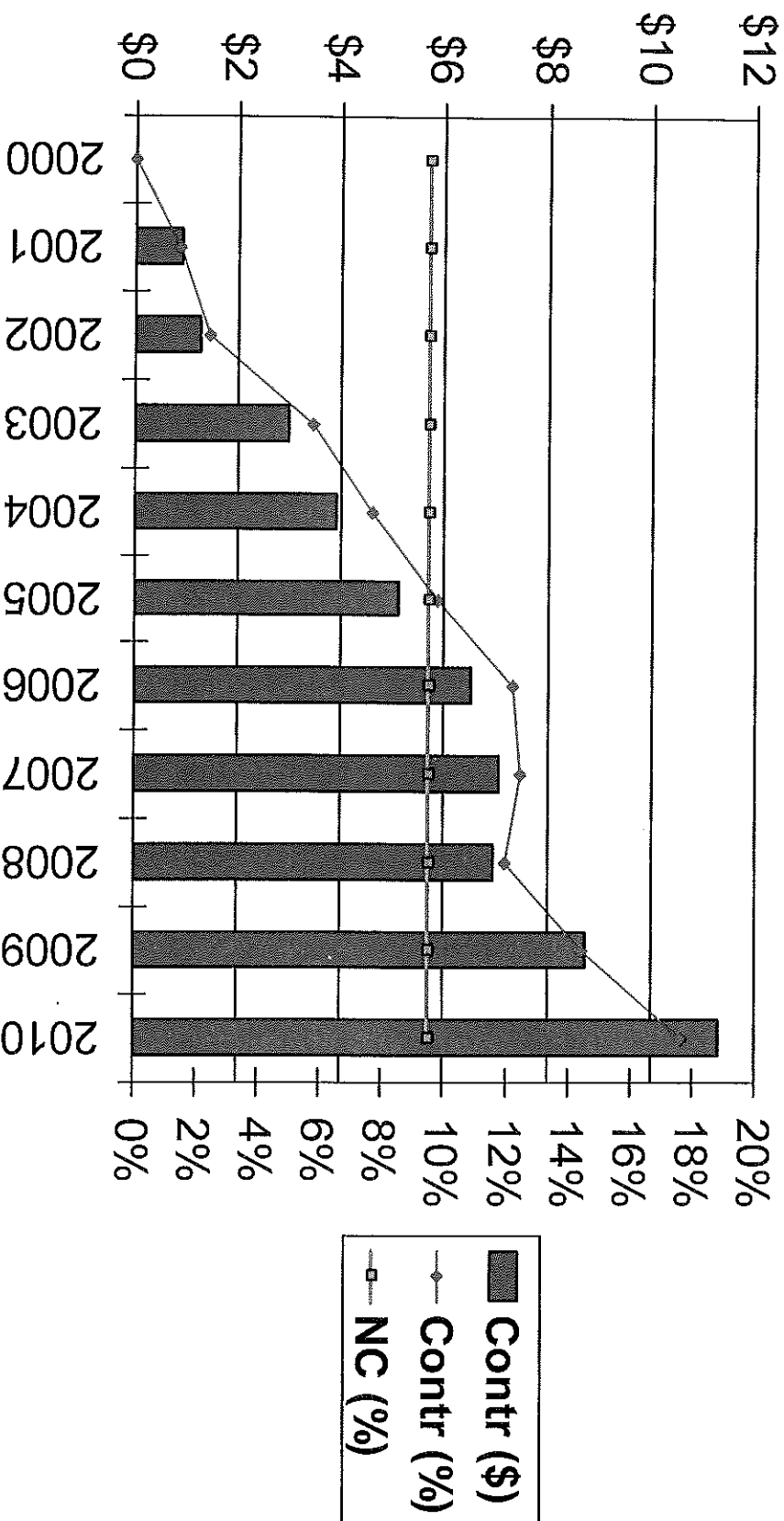
Uniformed Bodies Normal Cost Rate: 13%

General Government Normal Cost Rate: 5.5%

Total System Normal Cost Rate: 9.5%

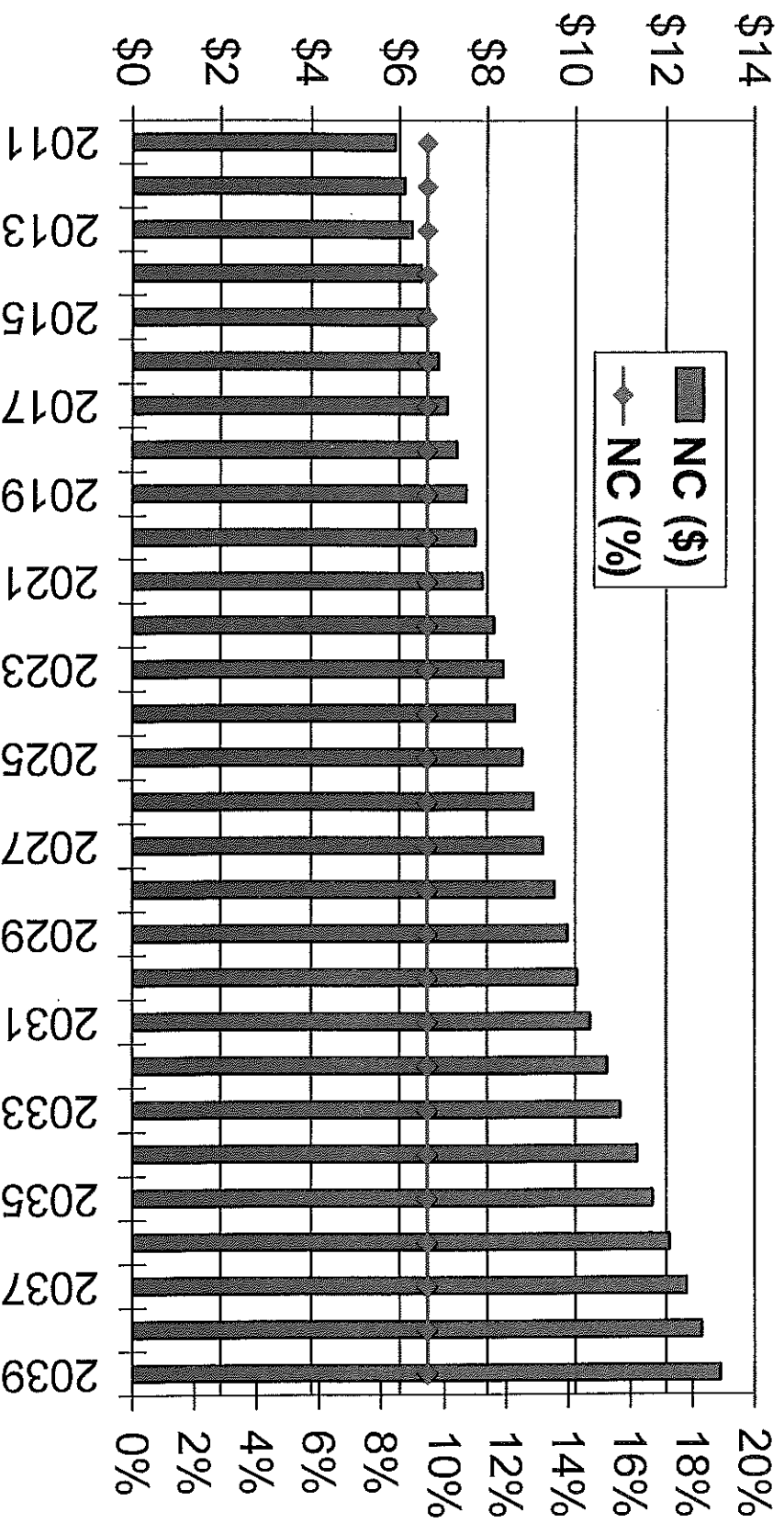
Contributions

Recommended Contributions (\$M)



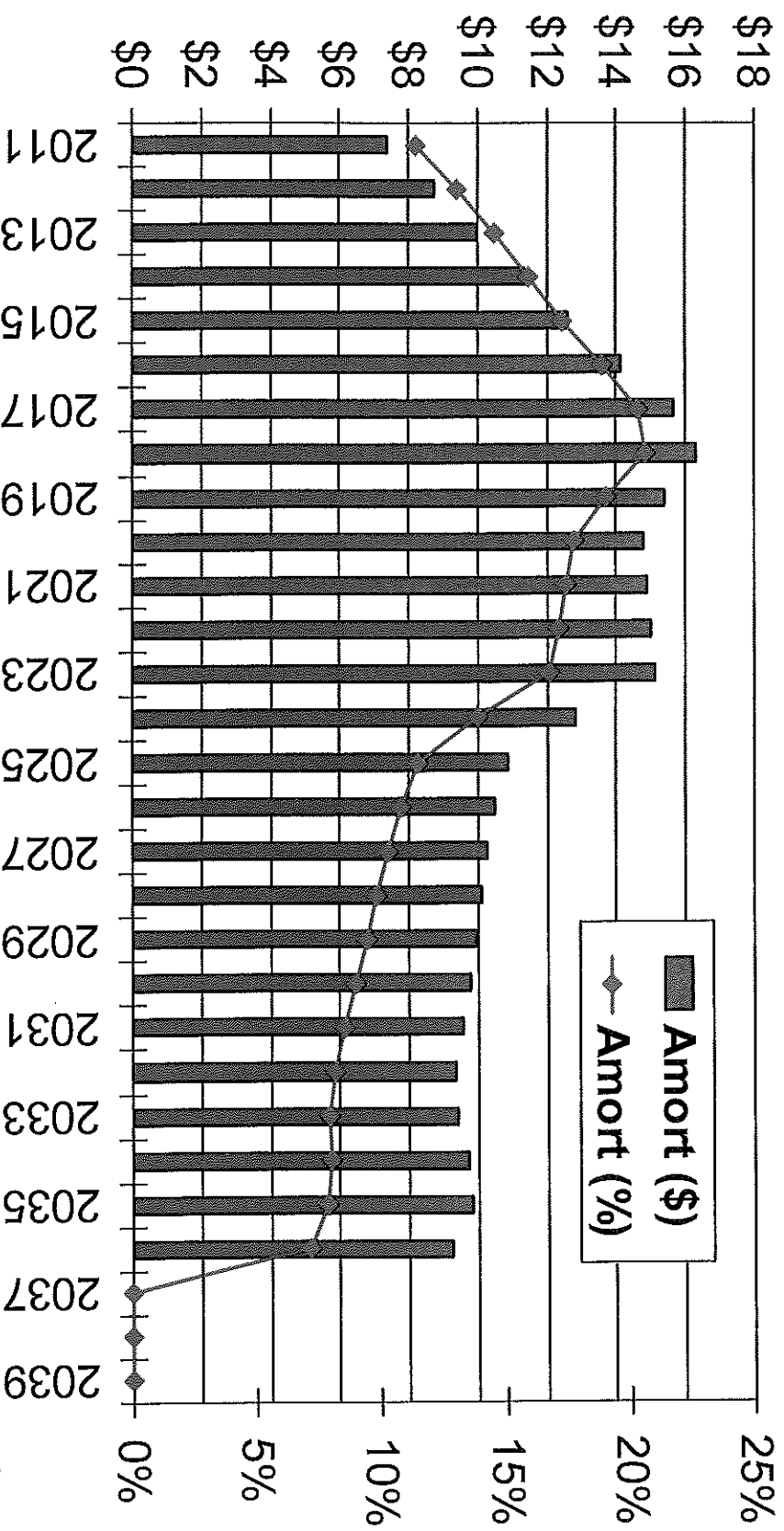
Contributions

Projected Normal Cost (\$M) 8.0% Inv Rtn



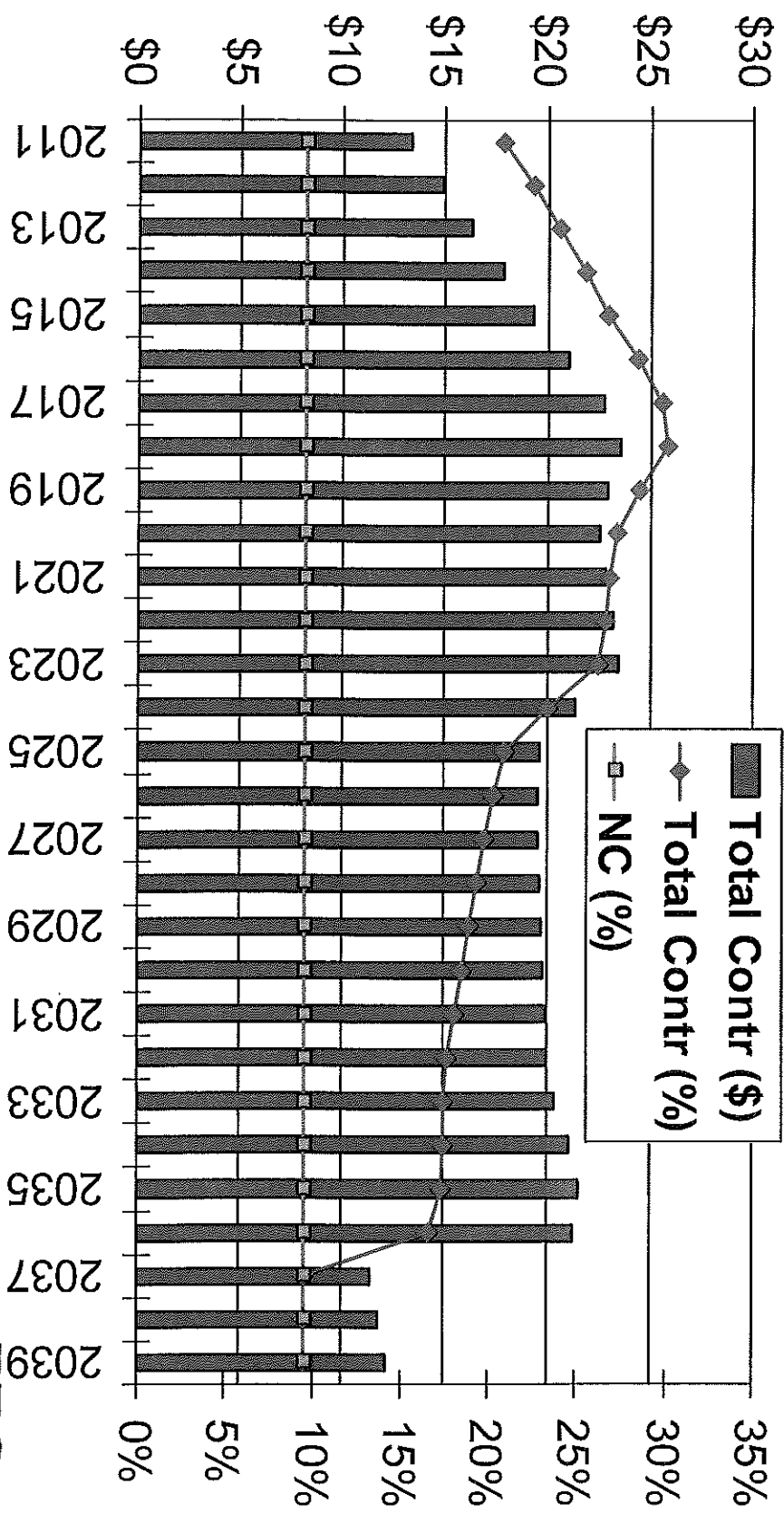
Contributions

Projected Amortization of UAL (\$M) 8.0% Inv Rtn



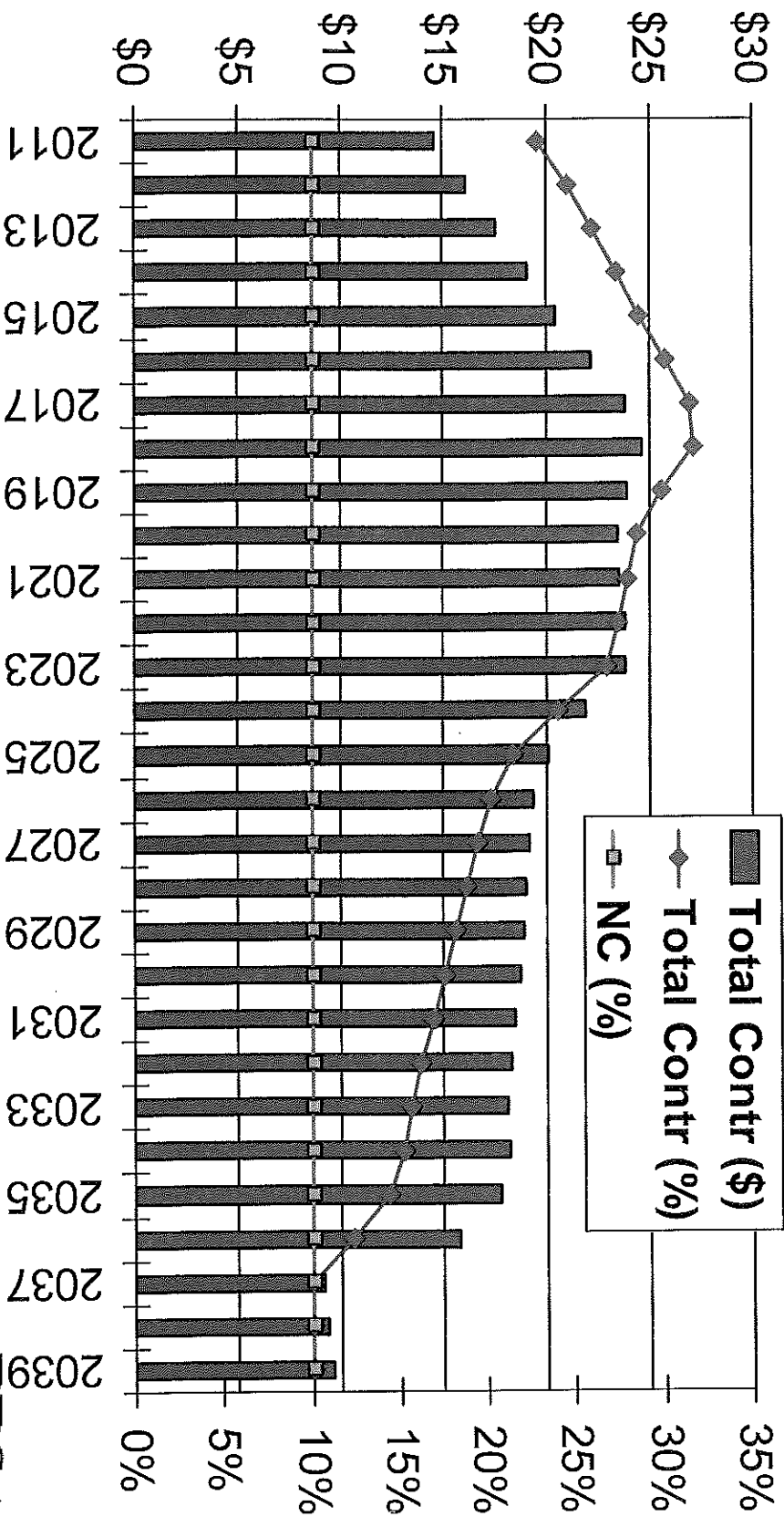
Contributions

Projected Total Contributions (\$M) 8.0% Inv Rtn



Contributions

Projected Total Contributions (\$M) 7.75% Inv Rtn



Questions/Discussion

Please note:

- The estimates presented today are based on actuarially sound principles.
- The factors used to develop these estimates are subject to change.
- Actual future experience will be different from estimated experience.

*We have
presented you
with our best
estimate of
probable
outcomes.*

City of Knoxville Pension System

Article XIII

