

BCN Meeting - April 14, 2011
Overview of City of Atlanta Pension Plans

	Police	Fire	General
Old Formula	2% x pay x service	2% x pay x service	2% x pay x service
New Formula (2001 - 2005)	3%	3%	2.5%
Retirement Age	55	55	65 (or 55 with service)
Average:			
Age	39	39	46
Service	11	11	11
Pay	\$50,000	\$50,000	\$45,000
Sample Benefit	$\$50,000 \times 25 \times 3\%$ = \$37,500 = 75% of pay	$\$50,000 \times 25 \times 3\%$ = \$37,500 = 75% of pay	$\$45,000 \times 30 \times 2.5\%$ = \$33,750 = 75% of pay
Actual Replacement %	81%	81%	64%
Other	Cost of living increases are automatic, employee contributions required (7% to 8%), no social security coverage, post retirement medical not included in this review (additional liability of \$1.1 billion).		
Pension Funding:			
Plans are 53% funded (liability is \$3.2 billion, assets are \$1.7 billion)			
Annual required contribution (ARC) up 13%/yr since 2001			
From \$55 million in 2001 to \$144 million in 2009			
Projected to \$160 million in 2015			
Annual cost is over 20% of budget			
Reasons for underfunding:			
<ul style="list-style-type: none"> - Benefit increases - Fund performance (asset returns 1% - 3% over 10 years) - Other experience (early retirements, higher salaries, disabilities, etc.) 			
Amortization of Post Service Cost:			
<ul style="list-style-type: none"> - 1990s 14 years - 2005 Moved to 20 years - 2009 Moved to 30+ years 			
Proposed Changes include:			
<ul style="list-style-type: none"> - Social Security - Reduce Benefits (multiplier, COLI, covered pay, etc.) - Move to Defined contribution (401(k)) - Increase employee contributions 			