

## Storstad, Maureen

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**Subject:** FW: Pension Report Summary  
**Attachments:** Actuarial Valuation Results Presentation 1-1-20.pdf; Actuarial Valuation report 1-1-20.pdf; 4-20-20 ND State Investment presentation 2019 performance.pdf

**From:** Storstad, Maureen

**Sent:** Friday, May 15, 2020 5:12 PM

**To:** Dachtler, Katie; Marshall, Sandra; Mock, Jeannie; Sande, Dana; Vein, Ken; Weber, Bret; Weigel, Daniel

**Cc:** Brown, Michael; Amundson, LeahRae; Anna Rosburg; Ault, Becky; Bergman, Dale; Boucher, Alvin; Bouvette, Tangee; Feland, Todd; Gengler, Brad; Grasser, Allen; Haga, Pete; Houdek, Paul; Jonasson, Adam; Liberman, Edward; Lorenz, Gary; Nelson, Mark; Parvey, Melanie; Richards, Meredith; Storstad, Maureen; Swanson, Debbie; Vatnsdal, Mike; Bergerson, Jessica; Stjern, Candice; Lundmark, Sherie

**Subject:** Pension Report Summary

City Council members,

We held a pension committee meeting on April 20th, and this email will give you a brief summary of items discussed and what will be coming forward to City Council on Monday, May 18<sup>th</sup> for approval.

We met as a committee through zoom, and in attendance was Dave Hunter, ND State Investment Executive Director, & Phillip Souzek of Deloitte Consulting LLP (actuary) to give results for the year ended 12-31-2019. I have attached an electronic version of the presentation material as well as the valuation report. As in previous years, I have summed up the highlights into bullet points below. Please let me know if you have any questions as you review the report. This information is related to the City Defined Benefit Pension Plan. This is a closed plan, as it was closed to employees 1/1/96. The plan is managed by the ND State Investment Board.

- There are currently 398 people in the plan as of 1/1/20 (down from 401 previous year); 62 of these are current employees (page 5)
- Assumptions (page 6): **The committee discussed a change in the assumption used and this report reflects a revised 7.25% investment return assumption.** This assumption is adjusted down from the previous 7.5% to be more conservative, and down from previous 7.75% 3 years prior. Other assumptions 2.5% salary increase & 2.5% inflation rate. We kept the mortality assumption consistent with last year, using the RP-2014 adjusted for updated information. We discussed relooking at mortality tables again next year to see if we should look to adjust to the Pub-2010 table.
- 5 year history of rate of return (page 7): averages 7.74%
- Market value of assets increased from \$66M to \$74.6M (page 7)
- Rate of return for 2019 was 17.7% (page 7); this is net of fees
- Actuarial value of assets increased from \$69.8M to \$71.8M (page 9); this is the value used in computing the funding ratio, which is at 72% (page 11)
- Plan smooths asset gains/losses over a 5 year period to produce a smoother contribution pattern (page 8)
- 15 years left of our 30 year amortization to fully fund the plan (page 13)

- Total recommended contribution is \$3,505,780 (page 14). The amount budgeted for 2020 is \$3,525,007. **The Committee approved to pay the full amount of recommended contribution based on the lowered rate of return assumption of 7.25% and mortality table list above, the RP-2014. The amount budgeted is enough to cover this recommended contribution. This will come to you for approval on Monday, May 18<sup>th</sup>.**

Please let me know if you have any questions. I will also sum this up in a staff report that comes to City Council for approval this Monday, May 18<sup>th</sup>. Thank you.

Maureen

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