

900 7<sup>th</sup> Street, NW, 2<sup>nd</sup> Floor  
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[www.dcrb.dc.gov](http://www.dcrb.dc.gov)



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Facsimile (202) 566-5001  
E-mail: [dcrb@dc.gov](mailto:dcrb@dc.gov)

## **OPEN SESSION**

### **NOTICE OF REGULAR BOARD MEETING JOSEPH W. CLARK, CHAIRMAN**

### **REVISED AGENDA**

**THURSDAY, DECEMBER 14, 2017**

**1:00 PM**

- 1:00 PM      I.    **CALL TO ORDER AND ROLL CALL**
- II.    **APPROVAL OF BOARD MEETING MINUTES FOR NOVEMBER 16, 2017**  
                         **APPROVAL OF EXECUTIVE SESSION MEETING MINUTES FOR SEPTEMBER 28, 2017**
- III.    **CHAIR'S COMMENTS -- ACTION ITEM**  
                         ➤    CERTIFICATION OF RETIRED TEACHERS' ELECTION RESULTS
- IV.    **CLOSED SESSION: ETHICS TRAINING, BRIAN FLOWERS, INTERIM DIRECTOR, BEGA**

*MEETING WILL CONVENE IN CLOSED SESSION FOR TRUSTEES TO RECEIVE TRAINING PURSUANT TO  
DC CODE SECTION 2-575(B)(12)*

- 2:00 PM      V.    **EXECUTIVE DIRECTOR'S REPORT**
- VI.    **INVESTMENT COMMITTEE REPORT**
- VII.    **OPERATIONS COMMITTEE REPORT -- ACTION ITEMS**  
                         ➤    PRESENTATION: ACTUARIAL VALUATION OF SEPTEMBER 30, 2017  
                         ➤    PRESENTATION: FY 2019 OPERATING BUDGET
- VIII.    **BENEFITS COMMITTEE REPORT**
- IX.    **LEGISLATIVE COMMITTEE REPORT**
- X.    **AUDIT COMMITTEE REPORT**
- XI.    **OTHER BUSINESS**
- 3:00 PM      XII.    **ADJOURNMENT**

### **ADDITIONAL MEETING MATERIALS**

- ORGANIZATIONAL CHART
- CONFERENCES & MEETINGS LISTING
- TRUSTEES & STAFF TRAINING AND TRAVEL REPORT



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## **DISTRICT OF COLUMBIA RETIREMENT BOARD**

### **MOTION:**

To certify Mary A. Collins as the winner of the 2017 Retired Teachers Trustee election.

**PRESENTED TO THE BOARD ON DECEMBER 14, 2017.**

# **Board of Ethics and Government Accountability**

## **Boards and Commissions Training**



**(Updated: 12/2017)**

# What We Do



Ethics Training



Advice

# What We Do

**Investigations**



**Enforcement**

# Sanctions & Penalties

- Violations of the Code of Conduct may result in a variety of sanctions and penalties, including:
  - Censure
  - Admonition
  - Remediation
  - A probationary period
  - Fines of up to \$5,000 per violation

**\$ Fines \$**



# Ethics Standards

**Boards**

**Commissions**

- Conflicts of Interest Provisions
- District Personnel Manual Ch. 18; 6B DCMR Ch. 18
- Financial Disclosure Statement Filings §1-523.01(e)
- Local Hatch Act
- Federal Criminal Statutes 18 U.S.C. § §201-209
- **Exception – Special Government Employees**



## Hatch Act

- The Local Hatch Act defines a D.C. government “employee” as:
  - any individual paid by the D.C. government from grant or appropriated funds for his or her services or holding office in D.C.;

The Local Hatch Act defines “political activity” as:

- Any activity that is *regulated by the District* and directed toward the success or failure of a political party, candidate for partisan political office, partisan political group, ballot initiative, or referendum.

# Hatch Act

- When engaging in “political activity” that is **regulated by the District, D.C.** government employees cannot:
  - Knowingly solicit, accept, or receive a political contribution from any person (*except* if the employee has filed as a candidate for political office);
  - File as a candidate for election to a *partisan* political office.
  - Knowingly direct, or authorize anyone else to direct, that any subordinate employee participate in an election campaign or request a subordinate to make a political contribution.
- When engaging in **ANY** “political activity,” D.C. government employees cannot:
  - Use their official authority or influence for the purpose of interfering with or affecting the result of an election;

## Test Your Knowledge (Hatch Act)

Bob serves as the Chair of the Contract Appeals Board. His wife is running for a partisan office in the District. A neighbor gives Bob a check for his wife's campaign. Can Bob pass the check along to his wife?

- *Bob cannot accept, nor give the check to his wife. Bob's passing the check to his wife constitutes fundraising for the District regulated campaign of another, thus violating the Local Hatch Act.*

# Ten Principles of Ethical Conduct

1. Public office is a public trust
2. Avoid financial conflicts of interest
3. Avoid representational conflicts of interest
4. Avoid gifts and payments from interested parties
5. Avoid outside payment for government work



# Ten Principles of Ethical Conduct

6. Act impartially
7. Safeguard government resources
8. Safeguard confidential non-public information
9. Disclose waste or illegal conduct by government officials to the appropriate authorities
10. Abide by revolving door restrictions



# 1. Public office is a public trust

- Don't use title or position for personal gain of self or others.
  - i.e., When calling Comcast to complain about a cable bill, **do not say**:  
“Do you know who I am and what I can do to you?”
    - Other considerations:
      - Do not send an email with your auto signature and government title to anyone if it involves a personal matter (i.e., mortgage company)
      - Fundraising for private non profit entities using your official title –  
**NOT ALLOWED**

## 2. Avoid gifts and payments from interested parties (also called bribery)

- This means don't accept gifts from prohibited sources:
  - i.e., prohibited sources include:
    - Lobbyists
    - Vendors
    - Contractors
    - Developers
    - Those who are regulated by the District like Pepco, Comcast, etc.
    - Anyone who wants to do business with the District.
  - Unsolicited Gifts should be returned, donated to the District or destroyed.
  - Exceptions exist for symbolic or *de minimis* items so please contact BEGA for advice.
  - Exceptions exist for gifts you receive in the course of your regular non-government job.
  - Bona fide personal relationships

### 3. Avoid outside payment for government work

- Also called the Salary supplementation rule:
  - No one should pay you for your District work except for the District.
    - i.e., Contractor says, “I know you have been working extra hard on this contract and that your agency is having budget issues and can’t pay overtime. Let me help out a bit.” or
    - “You did such a great job for us, now that the project is done and we are no longer city contractors let us take you out to dinner to say thank you for all your hard work.”
  - Also a Federal Criminal law with criminal penalties.



## 4. Avoid financial conflicts of interest

- Do not take any action that could benefit you or someone close to you financially
  - i.e, business partner or family member.
  - Federal criminal penalties apply as well.
  - Recusal is the proper recourse when something lands on your desk.

## 5. Act impartially

- Don't give preferential treatment to:
  - friends
  - neighbors or acquaintances
  - or political donors/allies
  - family members (of course family and business associates would also fall under the financial conflict of interest provision).

## 6. Safeguard government resources

- Don't misuse government property.
  - Anything that costs the government money is a violation:
    - i.e., using printer toner for personal matters; improper appropriations expenditures (food and beverage); using the Government Credit Card for personal matters with intent to pay it back.

Email policy: Mayor's Order in place that says you must use official email account for all government business, not private email.

## 7. Avoid representational conflicts of interest

- Do not represent anyone against the District.
  - i.e., as a lawyer or in any other capacity like signing a grant application on behalf of a non-profit with which you might be involved.
  - Exception: Special Government Employees (130 days or less) may engage in representation against the District – BUT NOT IN FRONT OF THE SAME BOARD OR COMMISSION ON WHICH THE INDIVIDUAL SERVES.

## Test Your Knowledge

Bar-owner Bob is fined for violating the District's alcohol laws and, thus, is at risk for having his liquor licensed revoked. He is also a defendant in criminal case stemming from the same incident. Bob retains Attorney Williams, who also serves on the Alcohol Beverage Control Board, to represent him in both matters. Can Attorney Williams act as Bob's lawyer?

- *It is not a violation for Attorney Williams to represent Bob in the criminal case; however, he cannot represent Bob in the case involving the alcohol law violations. The Alcohol Beverage Control Board adjudicates liquor license revocation hearings at its weekly meetings. As a Board member/Special Government Employee, Attorney Williams is prohibited from representing Bob in the liquor license matter before the Board he serves on.*

## **8. Safeguard confidential non-public information**

- Don't leak non-public information.
- This includes talking about your job on Social media like twitter.

## 9. Abide by revolving door restrictions

- Once you leave government, you must abide by certain restrictions for differing periods of time, i.e., 1 year, 2 years and in some cases permanently.
- Complicated – Call BEGA before and after you leave.
- Be mindful of former government employees calling you.
- Free safe-harbor Post-Employment advice for life.

## **10. Disclose waste or illegal conduct by government officials to the appropriate authorities**

- Affirmative obligation to report to BEGA and/or the IG “credible” violations of the Code of Conduct.
  - Failure to do so is itself a violation.
  - Cooperation is mandatory.
  - Retaliation is a separate ethics violation.



# Contact Us

## For advice or to make a complaint

- **Board of Ethics and Government Accountability (“BEGA”)**
  - **BEGA Hotline: (202) 535-1002**
  - **BEGA Email: [BEGA@dc.gov](mailto:BEGA@dc.gov)**
  - **Main Number: (202) 481-3411**
  - **Address: 441 4<sup>th</sup> Street, NW, Suite 830 South  
Washington, D.C. 20001**

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 Washington, DC 20001  
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 E-mail: [dcrb@dc.gov](mailto:dcrb@dc.gov)

**EXECUTIVE DIRECTOR REPORT**  
**December 14, 2017**

<b>Activities</b>	<b>Updates</b>
<b>Budget Update</b>	Information related to DCRB's FY 2019 operational budget will be provided in today's Operations Committee Report.
<b>Fall DCRB Report</b>	The fall newsletter was distributed to active and retired members of the Police/Fire and Teachers' Plans, as well as survivors, during the week of December 5, 2017. A copy of the newsletter is attached for your information.
<b>Classification and Compensation Study Update</b>	DCRB's consultant, the PRM Consulting Group (PRM), has received responses to the DCRB custom salary survey, shared that preliminary market data with the project team, and discussed the results with DCRB on November 8, 2017. In the weeks ahead, PRM will be refining its preliminary study report, and presenting its findings to DCRB. It is anticipated that the study results will be shared with the Board in early 2018.
<b>Actuarial Projection Study</b>	Now that the October 1, 2017 actuarial valuation has been completed, Cavanaugh Macdonald will begin an Actuarial Projection Study, which is a tool to help guide future investment decisions. DCRB's last projection study, which covered a thirty-year period, was completed by Cavanaugh Macdonald in 2012.
<b>DCRB-Issued Mobile Phones</b>	By the end of January 2018, the District will begin restricting access to "dc.gov" email to only those devices managed by the Office of the Chief Technology Officer. To ensure timely access to key staff in the execution of normal business, during emergencies, and for continuity of operations, DCRB will begin issuing cell phones to key staff in January. This will also serve to restrict agency operations to devices designated for that purpose and to those managed by the agency. An exception to the District policy will be allowed for DCRB-managed devices, so there should be no change to iPads issued to Trustees.
<b>DCRB FY 2017 FOIA Report</b>	DCRB's FOIA Report for FY 2017 (copy attached) has been filed with the Mayor's Office. The number of FOIA requests has decreased by one-third (from 21 to 14) due to increased agency transparency in posting updated investment information on our website.
<b>Unrelated Business Income Tax (UBIT) Letters</b>	On December 13, 2017, letters (copy attached) were sent to members of Congress expressing DCRB's concern about a provision in the House version of the Tax Cuts and Jobs Act related which would subject certain investments in our portfolio to the UBIT. This provision, which breaks with current policy exempting state and local governments from federal taxation, would also have

	an immediate impact on our existing private equity and real asset investments that would create added costs in the areas of compliance, portfolio monitoring and transaction restructuring.
<b>Whistleblower Phone Line</b>	On October 13, 2017, a whistleblower phone line was installed in the office of DCRB's General Counsel. Now that the line is fully tested and operational, an announcement will be sent to DCRB staff regarding its purpose and use.
<b>Staff Sexual Harassment Policy Training</b>	During November 2017, DCRB staff attended mandatory training on the District's Sexual Harassment Policy, led by the DCHR training group. This training was provided in separate sessions for managers and all other staff.
<b>Summary Plan Descriptions (SPDs) Update</b>	The DCRB Communications Department is in the process of consolidating all comments received from Treasury and the District human resources departments related to the SPDs. Once the appropriate changes have been incorporated into the draft documents, clean copies will be distributed to Trustees for their review and input. We anticipate that that will occur toward the end of December.
<b>Public Pension Coordinating Council (PPCC) and Government Finance Officers' Association (GFOA) Awards</b>	DCRB has been presented with the PPCC award for funding for fiscal year (FY) 2017. This award, which DCRB has received for eight consecutive years, is for meeting professional standards for plan funding as set forth in the Public Pension Standards. In addition, for the ninth consecutive year, DCRB received the GFOA Certificate of Achievement Award for Excellence in Financial Reporting for FY 2016. These awards reflect DCRB's adherence to required professional standards and maintaining best practices expected of public retirement systems.
<b>Staff Holiday Luncheon</b>	DCRB's executive leadership team will host a New Year's luncheon for staff at DCRB's offices in mid-January. As with past celebrations, Trustees are welcome and are encouraged to attend.
<b>Staffing Changes Since the Last Board Meeting</b>	<p><b>New Hire:</b></p> <p><b>Bridgette Johnson</b></p> <p>Bridgette Johnson joined the DCRB Benefits Department as a Retirement Analyst on November 27, 2017. Ms. Johnson previously worked for the Baltimore City Fire and Police Employees' Retirement System. She has over 17 years of Benefits Administration experience, and holds a Bachelor of Science degree in Applied Mathematics.</p>
<b>Recent Retirement-Related Articles (attached)</b>	"Funds Fighting Effort to Add UBIT Measure," <u>Pensions &amp; Investments</u> , Hazel Bradford, November 27, 2017.



# DCRBReport

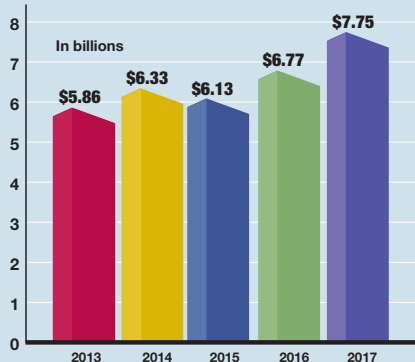
FALL 2017

## Inside

- 2 Information Especially for Retirees
- 2 2017 DCRB Retired Teacher Trustee Election
- 3 Health Care Open Season
- 3 Useful Contacts
- 4 Our Member Services Center Can Help you

**The mission of DCRB is to prudently invest the assets of the District of Columbia Police Officers and Fire Fighters' Retirement Fund and the District of Columbia Teachers' Retirement Fund for the exclusive benefit of the members of the District of Columbia Police Officers and Firefighters' Retirement Plan and the District of Columbia Teachers' Retirement Plan and to provide Plan members with total retirement services.**

**Total Market Value of Fund at end of Fiscal Year (FY) Sept. 30**



## From the Chairman of the Board

### New Executive Director

On behalf of the District of Columbia Retirement Board (DCRB or the Board), I am pleased to announce that at our September 28, 2017, meeting, the Board named Sheila Morgan-Johnson as the Agency's new Executive Director. Ms. Morgan-Johnson became Interim Executive Director in March 2017, when the Agency's previous Executive Director (Eric Stanchfield) left DCRB.

Ms. Morgan-Johnson joined DCRB in 1991 as the Agency's Chief Investment Officer, and she assumed the responsibilities of Chief Operating Officer in 2005. Before DCRB, her career has included managerial positions in several other organizations, including the U.S. Securities and Exchange Commission. DCRB is fortunate to have someone who is not only very knowledgeable of DCRB and its operations, but who has also dutifully served the Agency and its members for many years. For more information, please see the news release dated October 5, 2017, on DCRB's website at [www.dcrb.dc.gov](http://www.dcrb.dc.gov) (select News Room in the top navigation bar, then Press Releases).



**Joseph W. Clark**

### Investment Returns

During the twelve months ending September 30, 2017, the District of Columbia Police Officers and Fire Fighters' Retirement Fund and the District of Columbia Teachers' Retirement Fund (collectively referred to as the Fund) grew by nearly \$1 billion to a total market value of \$7.8 billion. The growth is net of all benefit payments and administrative expenses.

The Fund's 13.1% (gross of fees) return was positively impacted by the continued recovery in equity and fixed income markets, particularly emerging markets equities. The Fund outperformed its passive market benchmark by 0.3% for the period. The outperformance was driven by strong returns from the Fund's non-investment grade fixed income investments, which exceeded their passive benchmark by more than 7%. In addition, the Fund's sizable emerging markets equities position and careful cash management proved beneficial.

Since its inception in October 1982, the Fund has achieved an annualized gross rate of return of 8.9%, substantially exceeding the Board's annual actuarial return target of 6.5%.

### Project Updates

We continue to work on service enhancements to benefit our members. During the past year, we provided Benefit Statements to all active Firefighters. We plan to embark on additional pilot projects on this topic toward the end of this year, and to provide active Police Officers and Teachers with Benefit Statements in late spring 2018. In addition, updated Summary Plan Descriptions are due this year. We expect to have them completed and distributed to you around the end of the year.

Finally, the Request for Proposal for the Pension Information Management System is nearing completion and should be released early next year. This process is taking

*Continued on page 3*

## Information Especially For Retirees

### Calendar Year 2017 Tax Information

At the end of January 2018, the U.S. Department of the Treasury's Bureau of the Fiscal Service will issue 1099-R forms for the payments that retirees and survivors received from the District of Columbia Police Officers and Firefighters' Retirement Plan and the District of Columbia Teachers' Retirement Plan during tax year 2017. Most annuitants will receive only one 1099-R form. However, those of you who are both a retiree and the survivor of a retiree, will receive more than one 1099-R, both of which should be filed with your 2017 tax return.

### Check Your Tax Withholding Amounts

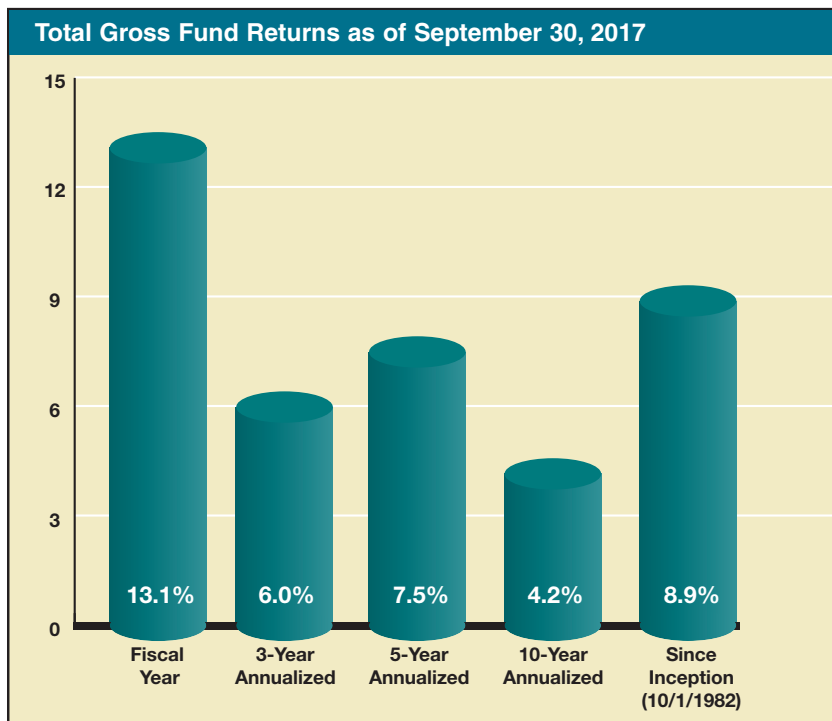
This time of year is an excellent time to check your earnings statement to assure that the amount of taxes being withheld will cover your tax obligations for the coming year. As previously noted, you have the right to change your withholding amount or to have no federal taxes withheld. Changing your withholding, however, does not affect the amount of taxes you are required to pay. Retirees who want to update their withholding amount, should complete a Form W-4P and send it to DCRB's Member Services Center (MSC) at the address listed on page 4. Blank forms can be requested from the MSC, or you can print one from the DCRB website at [www.dcrb.dc.gov](http://www.dcrb.dc.gov) (under Member Forms) or the IRS website at [www.irs.gov](http://www.irs.gov). Active members who wish to make withholding changes need to file a Form W-4 with their payroll office.

### Change of Address or Change of Direct Deposit Account

To assure that you receive your

benefit payments and tax information promptly, if you plan to move or you have already done so, you should contact the DCRB MSC with your new address (and bank change information, if applicable) as soon as possible. You can reach the MSC by calling (202) 343-3272 or toll free at 1-866-456-3272, if you live

out of the Washington Metropolitan area. You can also retrieve forms for making address or direct deposit changes by accessing DCRB's website at [www.dcrb.dc.gov](http://www.dcrb.dc.gov) and printing out the form(s) you need. The completed form(s) should be mailed to the MSC at the address listed on the back of this newsletter.



## 2017 DCRB Retired Teacher Trustee Election

DCRB has commenced its Retired Teacher Trustee Election. The process began on September 7th with the mailing of Nomination of Candidate forms. On November 2nd, ballots were distributed to all retired teachers who are eligible to vote in the election. Eligible retired teachers may cast their ballot either via mail or electronically via telephone. **The deadline for the submission of ballots (either in paper or via telephone) is Wednesday, November 29th.** If you did not receive a ballot or you have any questions about the election, you should contact the Election Official, the American Arbitration Association, at its toll-free number at (800) 273-0726 or at (215) 731-2280.

The Board will certify the election results at its December 14th meeting, and the results will be published in the DC Register on December 22nd. The winning candidate will begin his/her term as a Board Trustee on January 28, 2018. The term ends on January 27, 2022.

## Health Care Open Season

**T**he District of Columbia Office of Human Resources and the Federal Government's Office of Personnel Management (OPM) have announced that their respective health care open enrollment periods will take place between Monday, November 13 and Monday, December 11, 2017. This is your annual opportunity to review your current plan elections and make any changes.

Open Enrollment informational packets, which were mailed to eligible members during the week of November 13, contain details about the health plans, premium amounts, and how to change plans. For more information and updates on District and federal health care plans, open enrollment fairs, and open season enrollment, please visit our website homepage at [www.dcrb.dc.gov](http://www.dcrb.dc.gov), and review the "Health Benefits Open Season" announcement at the top of the homepage. There you will find information about how to enroll in the plans, changes to the plans

offered, and the required premiums.

As in past years, the OPM website has a feature that allows eligible Federal Employees' Health Benefits (FEHB) participants to enter their Zip Code, and health plans that have facilities close to where they live will be identified. A feature is available that allows participants to select plans of interest, and then a comparison chart displaying the plans' provisions, costs, and premiums is shown. The OPM website, [www.opm.gov](http://www.opm.gov), (under "Insurance," then "Compare Plans") also lists the premiums for 2018.

Police/Firefighter Plan and Teachers' Plan retired members who have coverage through District or federal programs may submit their materials to DCRB in a variety of ways.

You may:

- email us at [DCRB.benefits@dc.gov](mailto:DCRB.benefits@dc.gov)



- fax us at (202) 566-5001, or
- mail your completed change forms to the DCRB Member Services Center at the address on the back page.

Please note: all submitted materials must be dated or postmarked no later than the close of business (5:00 pm ET) on December 11, 2017.

Active District employees should submit any changes online via the PeopleSoft Employee Self-Service portal, and should contact their Human Resources office with any questions.

### From the Chair *continued from page 1*

more time than we had initially expected, but given the importance of this project, we want to make sure that we have included everything that needs to be addressed. We will continue to keep you up-to-date on that project as we move forward.

### Awards

We are pleased to advise you that DCRB has been presented with the Public Pension Coordinating Council's Recognition Award for Funding for 2017. The award is for meeting professional standards for plan funding as set forth in the Public Pension Standards. The Council is a confederation of the National Association

of State Retirement Administrators, the National Conference on Public Employee Retirement Systems, and the National Council on Teacher Retirement. DCRB has received this award over the past eight consecutive years. In addition, DCRB once again received the Government Finance Officers Association's Certificate of Achievement Award for Excellence in Financial Reporting for FY 2016. We have received this award for nine consecutive years. These awards reflect DCRB's adhering to required professional standards and maintaining the best practices expected of public retirement systems.

### Useful Contacts



Metropolitan Police Department  
Human Resources Office  
**(202) 727-4261**

Department of Fire and Emergency  
Medical Services Human  
Resources Office **(202) 673-7580**

Police and Fire Retirement and  
Relief Board **(202) 442-9622**

D.C. Public Schools Employee  
Services Division **(202) 442-4090**  
[dcps.hranswers@dc.gov](mailto:dcps.hranswers@dc.gov)

Office of Personnel Management  
**(202) 606-1800**  
**Toll Free (724) 794-2005\***  
<https://www.opm.gov>

Social Security Administration  
**(800) 772-1213**  
<https://www.ssa.gov>

*\*for health and life insurance issues*



**DC Retirement Board**

900 7th Street, NW  
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**Inside this DCRB Report**

**District and Federal Health Care  
Open Season Enrollment, Year End  
Information, Trustee Election, and  
more**

**Our Member Services Center Can Help You**

- **Electronic Funds Transfer (EFT):** New annuitants must use EFT to receive annuity payments. For an enrollment form for Electronic Funds Transfer Authorization, please visit the DCRB website at [www.dcrb.dc.gov](http://www.dcrb.dc.gov). You may also contact the Member Services Center to request an enrollment form or ask any questions you may have.
- **Beneficiary Updates:** It is important to keep your Plan beneficiary information current, especially if you have divorced. To update your beneficiary information related to your pension benefits, you can print out forms from the DCRB website (address indicated above) or you may contact the Member Services Center.
- **Life Event Changes:** Changes in your status may have an effect on your pension benefits or those of your family members. If you get married, divorced, become widowed, or if you have a change in your child student status, you should report such events to DCRB. Information on our website can also answer many of your questions. Visit us at [www.dcrb.dc.gov](http://www.dcrb.dc.gov) and click on the "Retirement" tab to view and print useful forms, view the Summary Plan Descriptions (SPDs), and read helpful brochures regarding special topics. Also, for your information and convenience, there is a retirement calculator and a glossary of benefits terms.

If you are an active member, please call your Human Resources office to inquire about services, such as: changing your beneficiary information, changing or correcting payroll information, and updating your address.

**DCRB Member Services Center**

900 7th Street, NW, Second Floor, Washington, DC 20001 • (202) 343-3272  
Toll free: (866) 456-3272 • TTY (800) 877-8339 • Fax: (202) 566-5001 • Email: [dcrb.benefits@dc.gov](mailto:dcrb.benefits@dc.gov)

TRUSTEES				DC Retirement Board
Janice M. Adams <i>Mayoral Appointee</i>	Mary A. Collins <i>Elected Retired Teacher</i>	Nathan A. Saunders <i>Elected Active Teacher</i>	Michael J. Warren <i>Council Appointee</i>	900 7th Street, NW, 2nd Floor Washington, DC 20001 Voice (202) 343-3200 Fax (202) 566-5000 <a href="http://www.dcrb.dc.gov">www.dcrb.dc.gov</a>  Sheila Morgan-Johnson <i>Executive Director</i>  Joan M. Passerino <i>Editor</i>
Lyle M. Blanchard <i>Treasurer Council Appointee</i>	Gary W. Hankins <i>Vice Chair/Secretary Elected Retired Police Officer</i>	Edward C. Smith <i>Elected Active Firefighter</i>	Lenda P. Washington <i>Mayoral Appointee</i>	
Joseph M. Bress <i>Council Appointee</i>		Thomas N. Tippet <i>Elected Retired Firefighter</i>	Jeffrey Barnette <i>Ex Officio, Non-Voting</i>	
Joseph W. Clark <i>Chair Mayoral Appointee</i>	Darrick O. Ross <i>Elected Active Police Officer</i>			

## Agency Name

DC Retirement Board

Annual Freedom of Information Act Report for Fiscal Year 2017  
October 1, 2016 through September 30, 2017FOIA Officer Reporting Erie F. Sampson, General Counsel

## PROCESSING OF FOIA REQUESTS

1. Number of FOIA requests received during reporting period .....	14
2. Number of FOIA requests pending on October 1, 2016.....	0
3. Number of FOIA requests pending on September 30, 2017.....	1
4. The average number of days unfilled requests have been pending before each public body as of September 30, 2017 .....	12

## DISPOSITION OF FOIA REQUESTS

5. Number of requests granted, in whole.....	9
6. Number of requests granted, in part, denied, in part.....	5
7. Number of requests denied, in whole.....	0
8. Number of requests withdrawn.....	0
9. Number of requests referred or forwarded to other public bodies.....	0
10. Other disposition .....	0

## NUMBER OF REQUESTS THAT RELIED UPON EACH FOIA EXEMPTION

11. Exemption 1 - D.C. Official Code § 2-534(a)(1).....	5
12. Exemption 2 - D.C. Official Code § 2-534(a)(2).....	0
13. Exemption 3 - D.C. Official Code § 2-534(a)(3)	
Subcategory (A).....	0
Subcategory (B).....	0
Subcategory (C) .....	0
Subcategory (D) .....	0
Subcategory (E) .....	0
Subcategory (F) .....	0
14. Exemption 4 - D.C. Official Code § 2-534(a)(4) .....	0
15. Exemption 5 - D.C. Official Code § 2-534(a)(5).....	0



16. Exemption 6 - D.C. Official Code § 2-534(a)(6)	
Subcategory (A).....	0
Subcategory (B).....	0
17. Exemption 7 - D.C. Official Code § 2-534(a)(7).....	0
18. Exemption 8 - D.C. Official Code § 2-534(a)(8).....	0
19. Exemption 9 - D.C. Official Code § 2-534(a)(9).....	0
20. Exemption 10 - D.C. Official Code § 2-534(a)(10).....	0
21. Exemption 11 - D.C. Official Code § 2-534(a)(11).....	0
22. Exemption 12 - D.C. Official Code § 2-534(a)(12).....	0

TIME-FRAMES FOR PROCESSING FOIA REQUESTS
--

23. Number of FOIA requests processed within 15 days.....	7
24. Number of FOIA requests processed between 16 and 25 days.....	5
25. Number of FOIA requests processed in 26 days or more.....	2
26. Median number of days to process FOIA Requests.....	15.5

RESOURCES ALLOCATED TO PROCESSING FOIA REQUESTS
---

27. Number of staff hours devoted to processing FOIA requests.....	40
28. Total dollar amount expended by public body for processing FOIA requests.....	Unknown

FEE FOR PROCESSING FOIA REQUESTS
----------------------------------

29. Total amount of fees collected by public body.....	\$0
--	-----

PROSECUTIONS PURSUANT TO SECTION 207(d) OF THE D.C. FOIA
--

30. Number of employees found guilty of a misdemeanor for arbitrarily or capriciously violating any provision of the District of Columbia Freedom of Information Act .....	0
--	---

QUALITATIVE DESCRIPTION OR SUMMARY STATEMENT
--

Pursuant to section 208(a)(9) of the D.C. FOIA, provide in the space below or as an attachment, "[a] qualitative description or summary statement, and conclusions drawn from the data regarding compliance [with the provisions of the Act]."

The District of Columbia Retirement Board (DCRB) receives several FOIA requests focused on investment matters. In response to these public inquiries and to ensure full transparency, DCRB posts investment information on its website.

900 7<sup>th</sup> Street, NW, 2<sup>nd</sup> Floor  
Washington, DC 20001  
www.dcrb.dc.gov



Telephone (202) 343-3200  
Facsimile (202) 566-5000  
E-mail: dcrb@dc.gov

December 13, 2017

The Honorable Eleanor Holmes Norton  
United States House of Representatives  
2136 Rayburn HOB  
Washington, DC 20515

Dear Ms. Norton:

I am writing this letter on behalf of the District of Columbia Retirement Board (DCRB), which is responsible for administering the retirement benefits and managing the underlying \$7.8 billion assets of the public pension program for police officers, firefighters, and teachers of the District of Columbia (District).

The purpose of this letter is to express our concern regarding a provision of the House tax reform legislation. That provision, Section 5001 of the House Tax Cuts and Jobs Act (H.R. 1), could subject certain investments in our investment portfolio to the unrelated business income tax (UBIT). As you know, state agencies, and the District, are constitutionally exempt from taxation. Consequently, the application of UBIT to public pension plans erodes the immunity states (including the District) and the Federal Government each enjoy from taxation by the other.

We urge you to please continue to exclude this provision from Senate legislation, as well as any final compromise with the House.

In addition to the above policy implications, there would be an immediate impact of Section 5001 in that many of our existing private equity and real asset investments would have to be restructured by the proposed effective date of January 1, 2018, in order to manage the exposure to UBIT income, which would create added costs for DCRB in the areas of compliance, portfolio monitoring and transaction structuring. It is likely that such costs would result in the erosion of overall investment performance for such private equity and real asset partnerships and would put added pressure on our ability to meet longer-term return objectives, potentially increasing costs for the District, the Plan Sponsor. Furthermore, such a provision could undermine the diversification benefits of such investments and force the consideration of alternative and more costly investment structures in order to avoid being negatively impacted by the UBIT.

More globally, you should be aware that investment earnings pay for approximately two-thirds of state and local government pension benefits, which are taxed when distributed to participants in virtually every state, city and town across the Nation. As noted above, subjecting public plans to UBIT undermines critically important investment returns, sets a dangerous precedent for taxation of state and local government entities, and would ultimately result in increased costs to taxpayers.

---

Janice Adams • Jeffrey Barnette • Lyle M. Blanchard • Joseph W. Clark • Mary A. Collins • Gary W. Hankins  
Darrick O. Ross • Nathan A. Saunders • Edward C. Smith • Thomas N. Tippet • Michael J. Warren • Lenda P. Washington

**Joseph W. Clark**  
Chairman

**Sheila Morgan-Johnson**  
Executive Director

DCRB Congressional Letter  
December 13, 2017  
Page 2

DCRB is aware that a number of changes to the underlying legislation are under consideration as the tax reform process moves forward. We ask that you please continue to exclude this provision, as well as any others that could negatively impact the tax treatment of state and local government retirement systems.

We greatly appreciate your time and consideration, and thank you for your efforts to ensure a tax reform package that stimulates U.S. economic growth. We believe that Section 5001 would be counter to that important goal.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sheila Morgan-Johnson', with a long horizontal flourish extending to the right.

Sheila Morgan-Johnson  
Executive Director/Chief Investment Officer  
District of Columbia Retirement Board

cc: The Honorable Paul Ryan, Speaker, United States House of Representatives  
The Honorable Nancy Pelosi, Minority Leader, United States House of Representatives  
The Honorable Eleanor Holmes Norton, DC Delegate, United States House of Representatives  
Jeffrey Dewitt, Chief Financial Officer, District of Columbia  
DCRB Trustees

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## Funds fighting effort to add UBIT measure

By: [Hazel Bradford](#)

Published: November 27, 2017

Washington State Investment Board's Theresa Whitmarsh: The proposed retroactive tax 'severely changes the rules of the game after the game already is being played.'

As Congressional Republicans rush to pass tax reform before 2018, public pension plan officials are determined to see one new idea not make it to the finish line: the House plan for a new tax on unrelated business income from direct investments, such as real estate and private equity.

Chris Phillips, director of institutional relations for the \$120 billion Washington State Investment Board, Olympia, said that as officials there get up to speed on what is at stake, they are networking with their investment partners, peer funds and trade associations to be heard in Washington, and have already written their state delegation to make sure the specific provision in the House bill goes no further. The proposed retroactive tax that would even apply to current investments "severely changes the rules of the game after the game already is being played," WSIB Executive Director Theresa Whitmarsh wrote.

"There is definitely a reason for public pension plans to communicate with congressional leadership," said Mr. Phillips.

"There's a states' right issue, first and foremost. That could set a dangerous precedent. Also, it could take money out the pockets of our beneficiaries — ½ people like teachers, firefighters and other public employees," he said.

At WSIB, which has nearly a 40% exposure to private markets, "we're still trying to figure out the tax impact, but it's significant," he said.

"We certainly don't view this as a political issue as much as a fiscal one."

### Longstanding silence

The Internal Revenue Service already applies the unrelated business income tax, known as UBIT, to state colleges and universities. But its longstanding silence on application of that tax to other state entities has led public pension plans to believe it does not apply to them, particularly since their gross income already is excluded under another part of the IRS code.

Under the House bill, being exempt under one section of tax code would not spare entities from UBIT on income from direct investments. With no grandfathering period, public pension funds would be facing a whole new world in January if the measure is passed.

"They're trying to get their arms around a tax that's never applied to them before," said Jeannine Markoe Raymond, director of federal relations for the National Association of State Retirement Administrators.

"Plans are not just concerned about the tax, but also the considerable complexity, including new accounting and auditing, and the legal restructuring that this would require of their investments going forward. We are also very concerned about the precedent this sets for federal taxation of state and local investments," said Ms. Raymond.

Application of the tax "would have a deterrent effect against these types of investments," said Hank H. Kim, executive director and counsel of the National Conference on Public Employee Retirement Systems in Washington. "And just to report it would cost a lot of manpower and resources."

The bigger issue involves the constitutional question of whether the federal government can tax state and local entities, Mr. Kim said. While states are distracted by both chambers' plan to do away with deductions for state and local taxes and other proposed changes, "when we raise this issue and they understand the constitutional implications, I think this will rise to the top," he said.

In a recent letter to House leaders, Ms. Raymond, Mr. Kim and Leigh Snell, director of federal relations for the National Council on Teacher Retirement, also point out that taxing investment earnings, which pay for roughly two-thirds of state and local government pension benefits, will hurt the participants that pay taxes on them, while reduced investment earnings would increase costs to taxpayers by requiring greater contributions.

## **Other worries persist**

Other provisions in the tax bills spark additional concerns among investors and plan sponsors.

House and Senate tax negotiators have significantly altered the tax treatment of large private endowments and money managers such as private equity firms. They are also tightening the tax advantages of many types of bond issuers and highly compensated employees.

The House finished its tax reform package on Nov. 16, followed days later by the Senate Finance Committee, which will soon send its version to the full Senate.

After that, the real negotiating begins, making the target date for passage of a tax bill by Jan. 1 increasingly unlikely, Capitol Hill watchers said.

Because promised tax breaks for corporations and individuals must cost no more than \$1.5 trillion over the 10-year legislative budgeting window, the pressure is on to find more sources of tax revenue to offset the tax breaks. That means pre-tax retirement savings accounts are still at risk, sources said.

"There are some pretty big difference between the House and Senate bills," said Geoffrey Manville, Washington-based principal, government relations at Mercer LLC. While some of the biggest fears, starting with a threatened shift to post-tax retirement accounts as a way to pay for tax cuts, did not materialize, "there's still a huge worry. Most of us in the retirement world are very happy that Rothification is out, but we're not entirely out of the woods yet."

While plan sponsors might still be in those trees, "you can see a clearing ahead," said Lynn Dudley, senior vice president, global retirement and compensation policy for the American Benefits Council in Washington.

Her employer members were relieved that both the House and Senate dropped ideas to drastically change tax advantages of retirement contributions to non-qualified plans made for plan participants that max out on regular plans.

That sort of spillover can happen without participants being aware of it, disrupting plan sponsors and participants alike, said Ms. Dudley. "It would have completely restructured non-qualified plans as we know it."

Employers also welcomed a House plan to allow distributions to employees at age 59 1/2, which will help them manage phased retirement programs.

"It's something large companies would all use," said Ms. Dudley. With a projected \$13 billion revenue boost over 10 years, it is also likely to stay in the final version.

## Universities girding

Large private university endowments also have a fight on their hands with the plan for a new 1.4% tax on net investment income. Private colleges and those with at least 500 students and endowments of more than \$250,000 per student that are targeted for the new tax warn it will crimp their ability to fund core school programs.

However, Thomas Gilbert and Christopher Hrdlicka, assistant professors of finance at the University of Washington, Seattle, argue that taxing large endowments will be better in the long run if it slows the trend for endowments to take bigger risks in securities, hedge funds and private equity.

Republican leaders are trying to use tax incentives to reward companies that help grow the economy. They also need new revenue sources, like the proposed endowment tax, to pay for them.

That is the reasoning behind both the House and Senate plans for restricting the use of carried interest, which call for limiting the ability of firm partners to pay a lower capital gains rate on investments held for at least three years.

That should not be much of a stretch for private equity and venture capital firms, many of which hold investments for more than three years, sources said.

About 15% of hedge fund firms that have longer-term gains eligible for carried interest "are probably going to be impacted by this," said Steven Nadel, a Seward & Kissel LLP partner in the firm's New York headquarters. "This change is really only impacting adversely hedge funds."

While carried interest used to be a perennial Washington topic for private equity and other private funds, tax reform created a new topic on which to play defense: the deductibility of interest, which many use to finance acquisitions. Both House and Senate plans would cap that at 30% of adjusted income, although real estate firms won several exceptions.

House and Senate tax writers are further apart on how to treat partnerships' pass-through income. The House lowers the rate on pass-through income to 25% from the current individual rates that top out at 39.4%, but the version passed by the Senate Finance Committee calls for a 17.4% tax deduction on up to 50% of certain wages, with a not-so-simple formula for calculating it.

Original Story Link: <http://www.pionline.com/article/20171127/PRINT/171129921/funds-fighting-effort-to-add-ubit-measure>

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# **NO WRITTEN REPORT PROVIDED**

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**TO: BOARD OF TRUSTEES**

**FROM: EDWARD SMITH, CHAIRMAN**

**DATE: DECEMBER 14, 2017**

**SUBJECT: OPERATIONS COMMITTEE REPORT**

---

The Operations Committee met this morning at 10 am.

1. Ed Koebel, Principal Actuary with Cavanaugh MacDonald, presented a brief educational actuarial workshop and then presented the draft 2017 Actuarial Valuation Report. Committee members asked several questions. Ed Koebel is here now to present the 2017 Actuarial Valuation Report to all Board members for final acceptance by the trustees.
2. Anthony Shelborne, Chief Financial Officer, presented a brief overview of the Operating Budget for Fiscal Year 2019 for the committee members' review and comment. The budget presentation was brief since it was similar to his preliminary budget presentation last month. The FY 2019 proposed budget of \$43.6 million and the existing 75 FTEs reflects an increase of \$2 million and no new full-time employees will be added to the staff headcount. The CFO is here now to present the Operating Budget for Fiscal Year 2019 to all Board members for final review and approval by the trustees.
3. Finally, there was a very brief overview of the comprehensive insurance program. I understand that several insurance options were presented to the Audit Committee a few months ago. At this time, the focus is the general approval of the insurance and funding authorization.

DCRB utilizes AON Risk Services, as an insurance broker, to solicit quotes for insurance coverage from various carriers. For 2018, DCRB requested coverage for fiduciary liability, commercial liability, crime, and cyber liability. The same insurance coverage was procured last year. The only addition for this premium period is to include automobile liability under the commercial liability coverage.

The total cost for this coverage in 2016-2017 was \$150,864. For the new premium year of 2017-2018, the total cost is \$149,089.

As the Board chair mentioned, the premium for each trustee to obtain waiver of recourse insurance coverage will be \$25 per year. This amount will be invoiced and paid separately.





Cavanaugh Macdonald  
CONSULTING, LLC

*The experience and dedication you deserve*



# **The District of Columbia Retirement Board 10/1/2017 Actuarial Valuation Results**





# Table of Contents

- Changes since 2016
- Key Findings
- Funded Status
- Pension Results
  - Active and Retired Data
  - Liabilities
  - Assets
  - Gain/Loss Analysis
  - Contribution Results



## Changes since 2016

- Demographic assumptions for all 3 Plans were changed to better reflect recent experience.
- Salary increase assumption was lowered for all 3 Plans.
- Administrative expense rate for the Police and Firefighters' Retirement Plan was increased from 1.20% to 2.10% of payroll.
- Asset smoothing method was changed from 7-year period to 5-year period.



## Key Findings

- A 12.1% investment return on a Market Value basis for fiscal year ending September 30, 2017
- A 7.0% investment return on an Actuarial Value basis due to smoothing of asset returns over new 5-year period.
- Funded status increased in aggregate from 104.6% to 105.2%.
- Total contribution is estimated at \$144.6 million for 2019 fiscal year (down from \$164.6 million for the 2018 fiscal year).



# Funded Status as of October 1



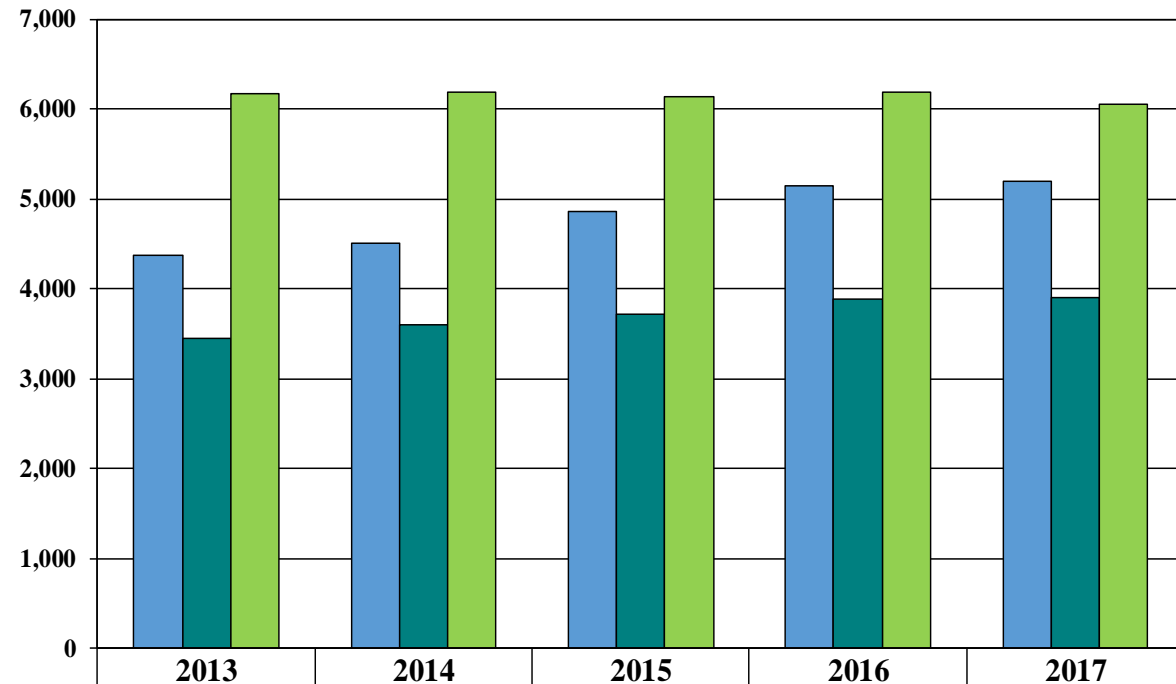
Plan	Actuarial Value of Assets		Market Value of Assets	
	2017	2016	2017	2016
Teachers	92.5%	90.9%	95.7%	89.8%
Police	111.2	113.5	115.7	112.7
Fire	109.9	104.8	114.7	104.4
Police and Fire	110.8	110.8	115.4	110.1
Total	105.2	104.6	109.4	103.8



# DCRB Pension Results



# Total Active & Retired Teachers



Active Members	4,379	4,499	4,866	5,141	5,199
Retired District Members	3,448	3,601	3,718	3,882	3,899
Retired Total Members	6,172	6,189	6,137	6,183	6,061

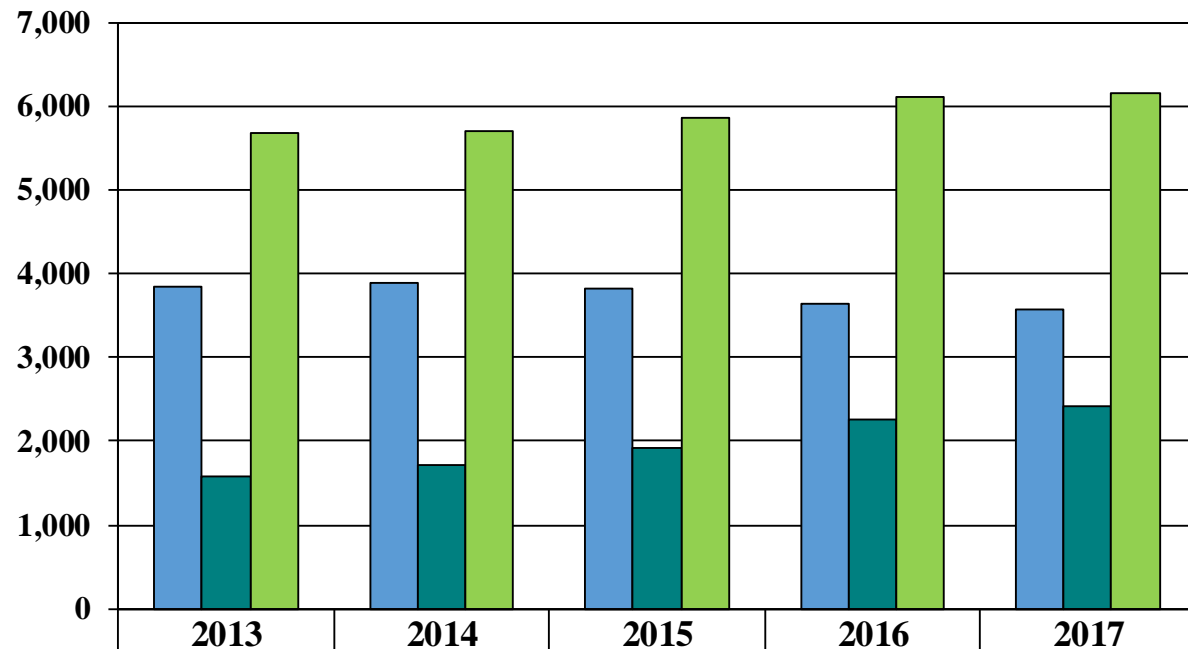
**4.4% average increase for active members since 2013; 1.1% increase for 2017**

**3.1% average increase for retired district members since 2013; 0.4% increase for 2017**

**0.5% average decrease for retired total members since 2013; 0.2% decrease for 2017**



# Total Active & Retired Police



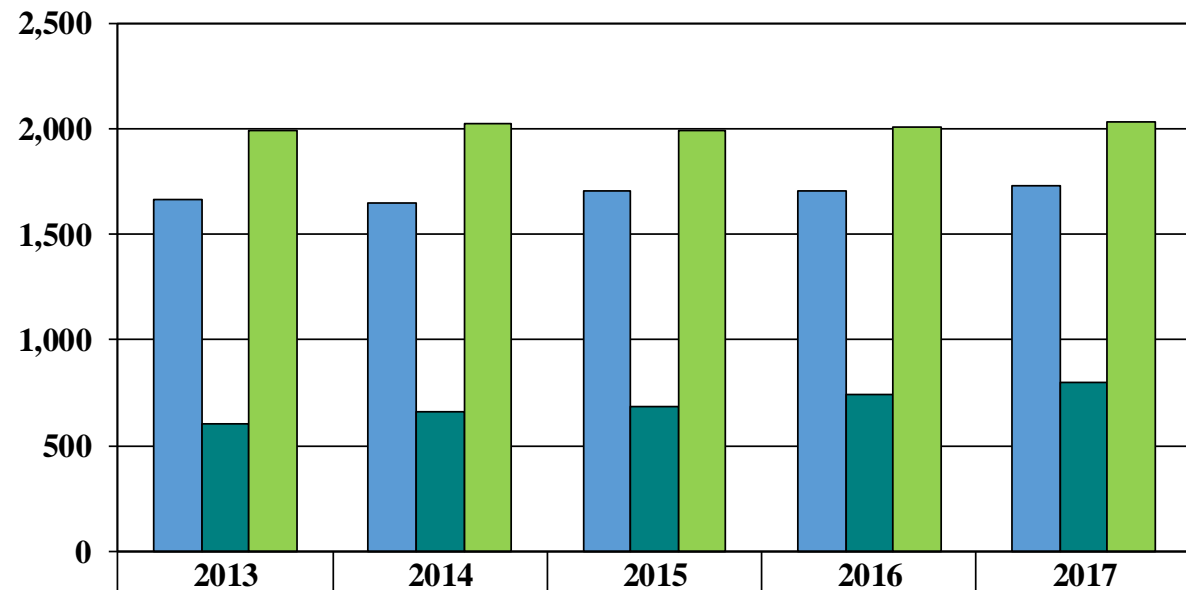
	2013	2014	2015	2016	2017
Active Members	3,846	3,902	3,829	3,651	3,583
Retired District Members	1,584	1,707	1,923	2,265	2,419
Retired Total Members	5,695	5,717	5,861	6,110	6,157

**1.8% average decrease for active members since 2013; 1.9% decrease for 2017**  
**11.2% average increase for retired district members since 2013; 6.8% increase for 2017**  
**2.0% average increase for retired total members since 2013; 0.8% increase for 2017**





# Total Active & Retired Fire

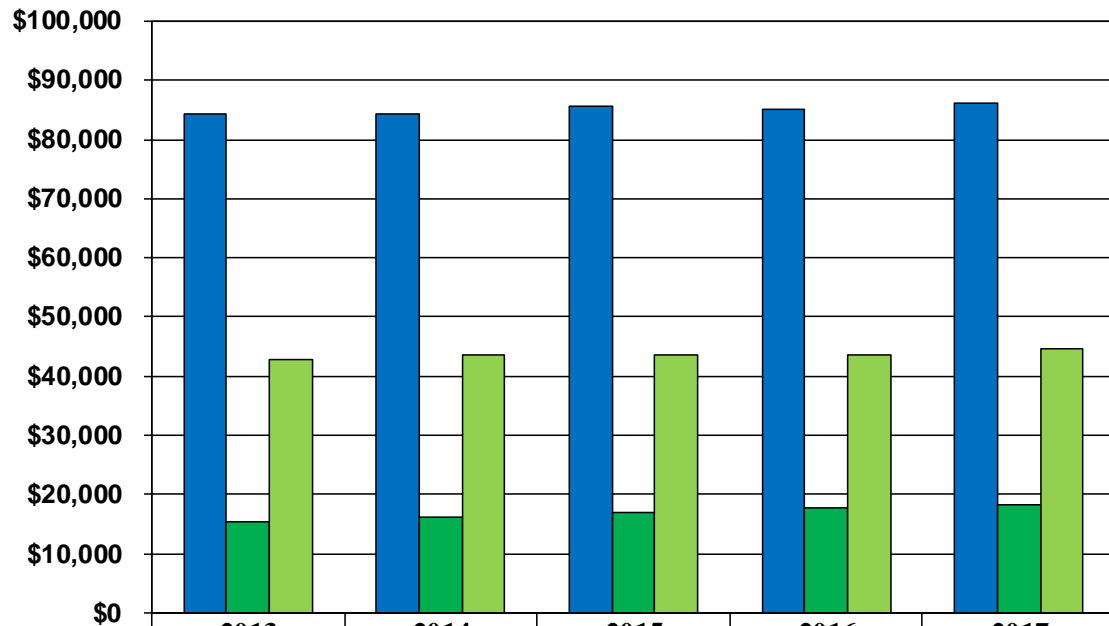


Active Members	1,664	1,649	1,708	1,708	1,729
Retired District Members	599	658	686	738	796
Retired Total Members	1,994	2,026	1,993	2,008	2,034

***0.9% average increase for active members since 2013; 1.2% increase for 2017***  
***7.4% average increase for retired district members since 2013; 7.9% increase for 2017***  
***0.5% average increase for retired total members since 2013; 1.3% increase for 2017***



# Average Teacher Salary & Benefits



■ Average Annual Salary	2013	2014	2015	2016	2017
■ Average Annual District Benefits	\$84,282	\$84,225	\$85,715	\$85,213	\$86,125
■ Average Annual Total Benefits	\$15,361	\$16,297	\$16,917	\$17,720	\$18,261
	\$42,724	\$43,576	\$43,601	\$43,701	\$44,680

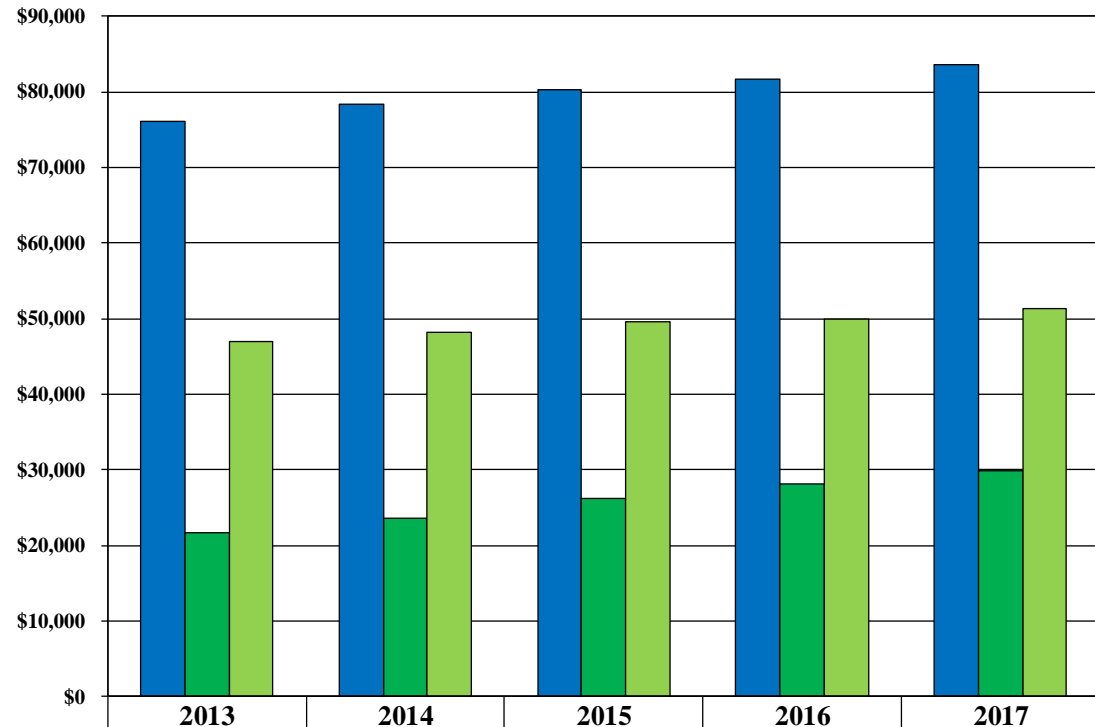
***0.5% average increase in salary since 2013; 1.1% increase for 2017***

***4.4% average increase in district benefit since 2013; 3.1% increase for 2017***

***1.1% average increase in total benefit since 2013; 2.2% increase for 2017***



# Average Police Salary & Benefits



■ Average Annual Salary	2013	2014	2015	2016	2017
■ Average Annual District Benefits	\$76,051	\$78,361	\$80,275	\$81,743	\$83,599
■ Average Annual Total Benefits	\$21,712	\$23,592	\$26,243	\$28,074	\$29,956
	\$46,971	\$48,245	\$49,635	\$49,962	\$51,392

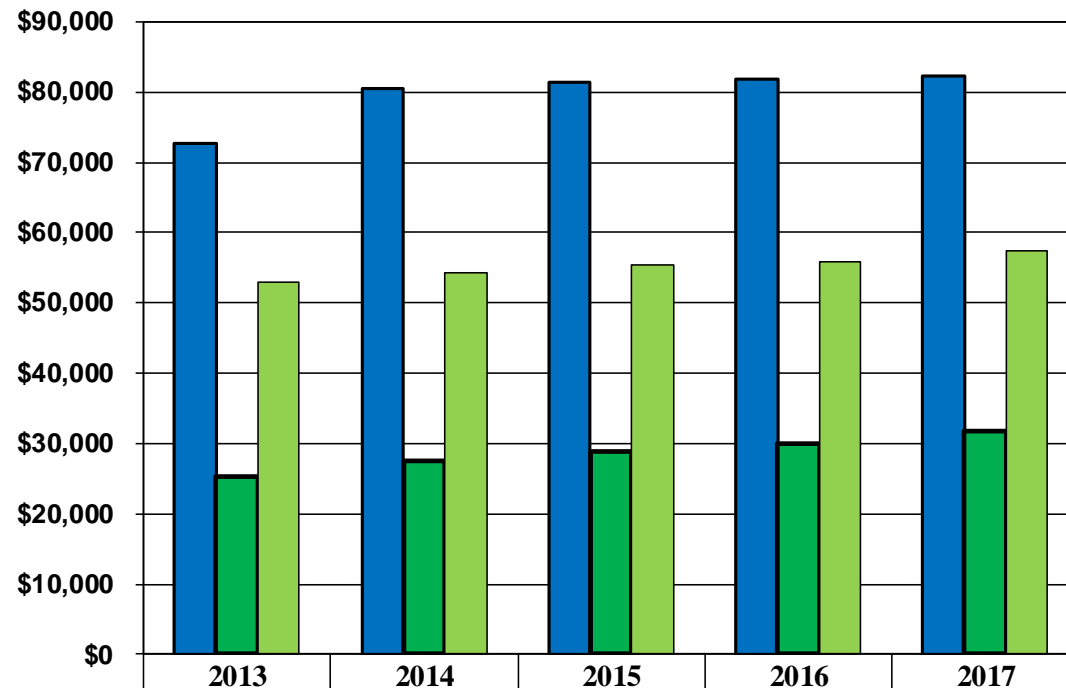
**2.4% average increase in salary since 2013; 2.3% increase for 2017**

**8.4% average increase in district benefit since 2013; 6.7% increase for 2017**

**2.3% average increase in total benefit since 2013; 2.9% increase for 2017**



# Average Fire Salary & Benefits

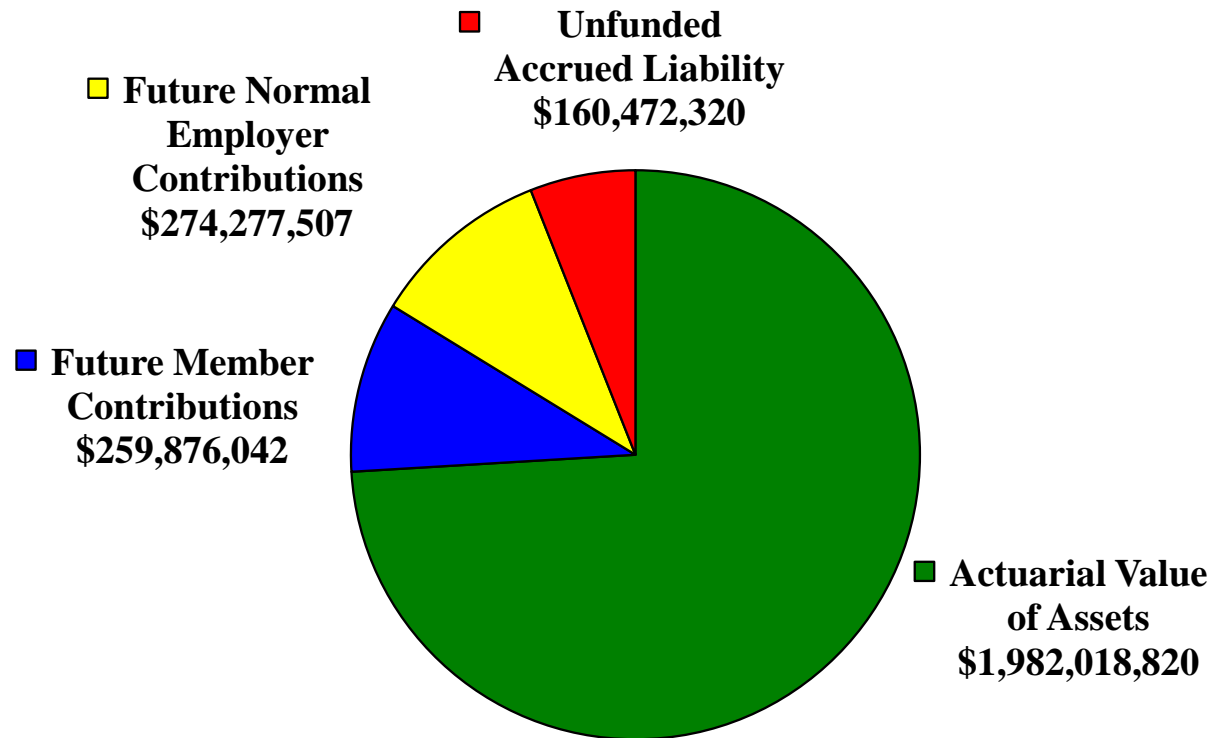


■ Average Annual Salary	\$72,648	\$80,443	\$81,281	\$81,775	\$82,342
■ Average Annual District Benefits	\$25,272	\$27,628	\$28,865	\$30,015	\$31,687
■ Average Annual Total Benefits	\$52,919	\$54,294	\$55,506	\$55,894	\$57,355

**3.2% average increase in salary since 2013; 0.7% increase for 2017**  
**5.8% average increase in district benefit since 2013; 5.6% increase for 2017**  
**2.0% average increase in total benefit since 2013; 2.6% increase for 2017**



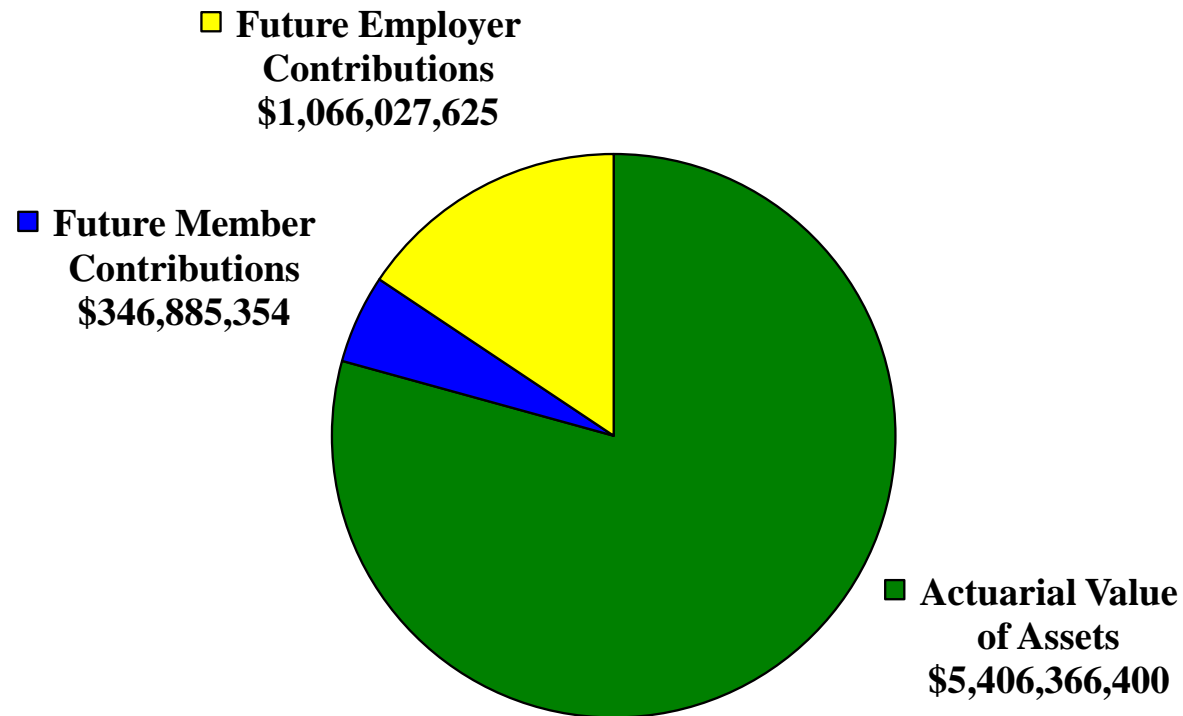
# Present Value of Future Benefits by Funding Type - Teachers



**Total - \$2,676,644,689**



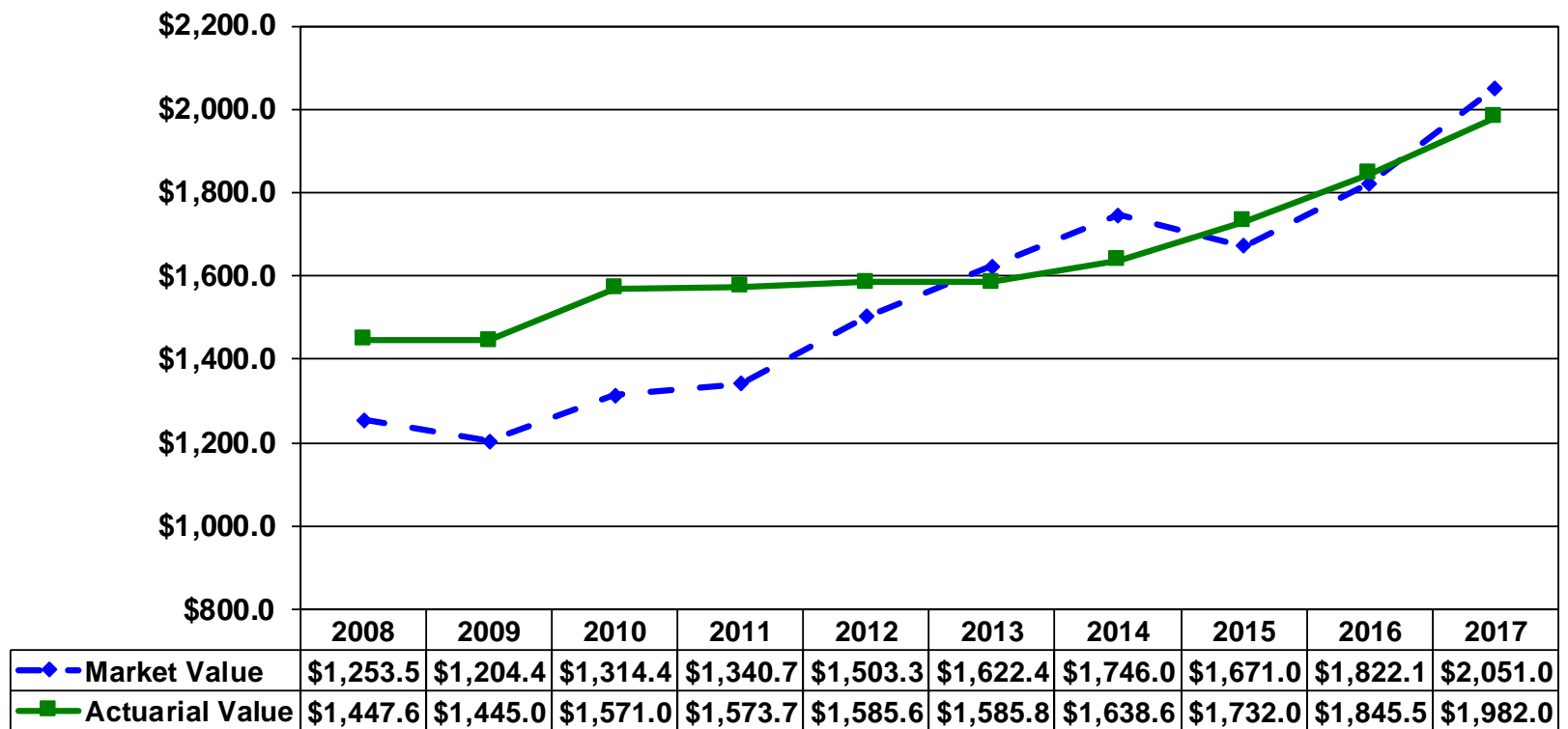
# Present Value of Future Benefits by Funding Type – Police & Fire



**Total - \$6,819,279,379**

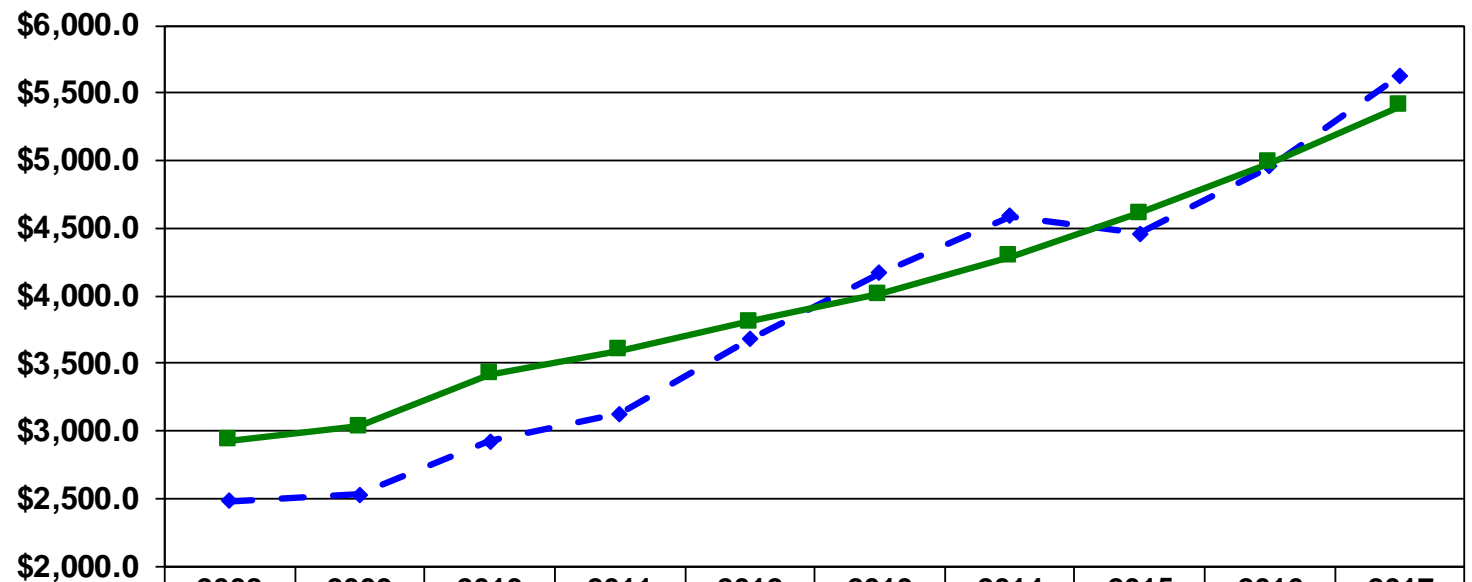


# Teacher Assets (\$ Millions)





# Police & Fire Assets (\$ Millions)

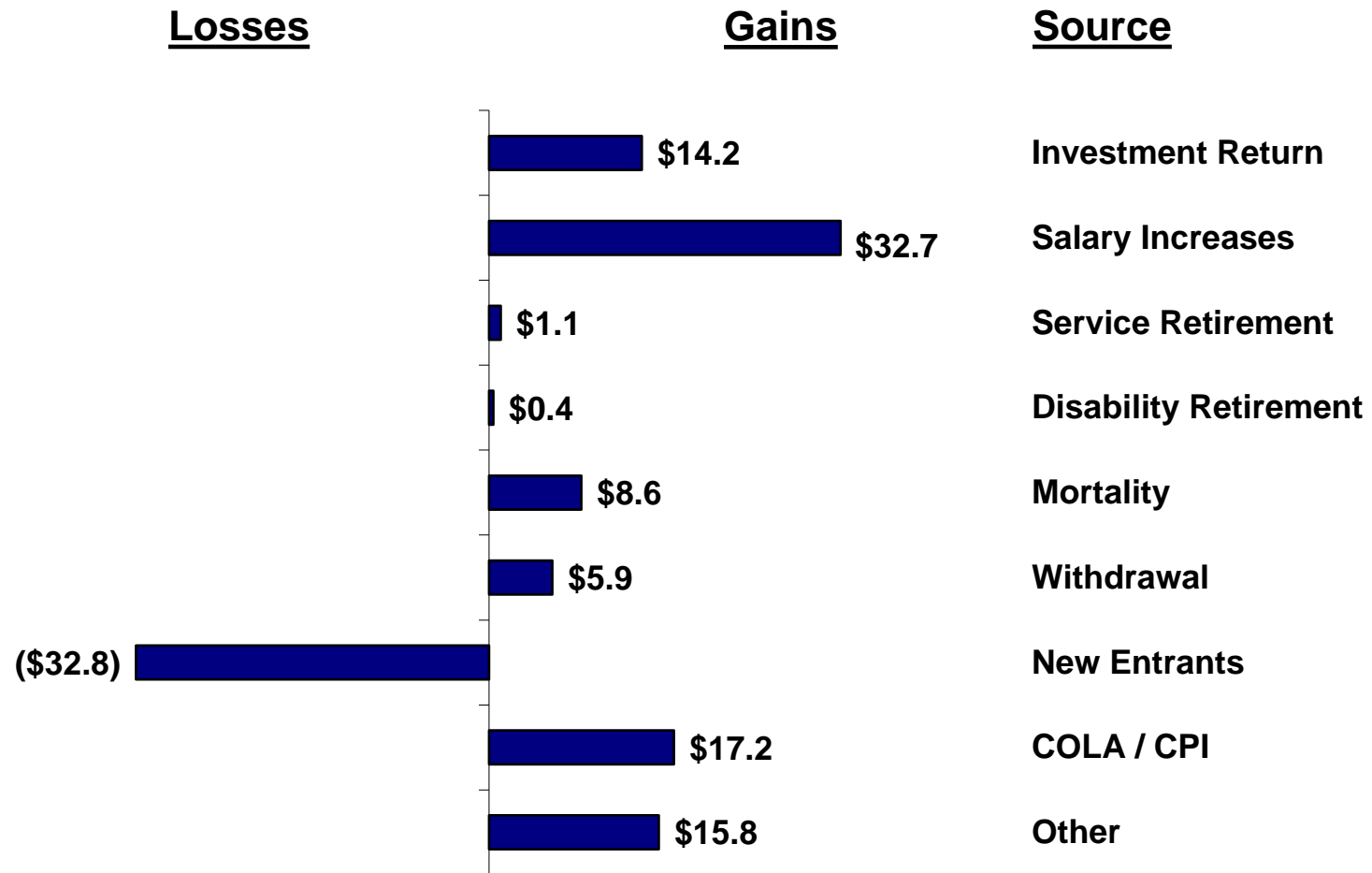


	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Market Value	\$2,481.2	\$2,525.0	\$2,920.8	\$3,127.5	\$3,681.5	\$4,168.5	\$4,588.3	\$4,462.2	\$4,954.5	\$5,629.9
Actuarial Value	\$2,932.1	\$3,032.1	\$3,418.8	\$3,593.7	\$3,804.9	\$4,013.5	\$4,288.7	\$4,607.3	\$4,985.1	\$5,406.4



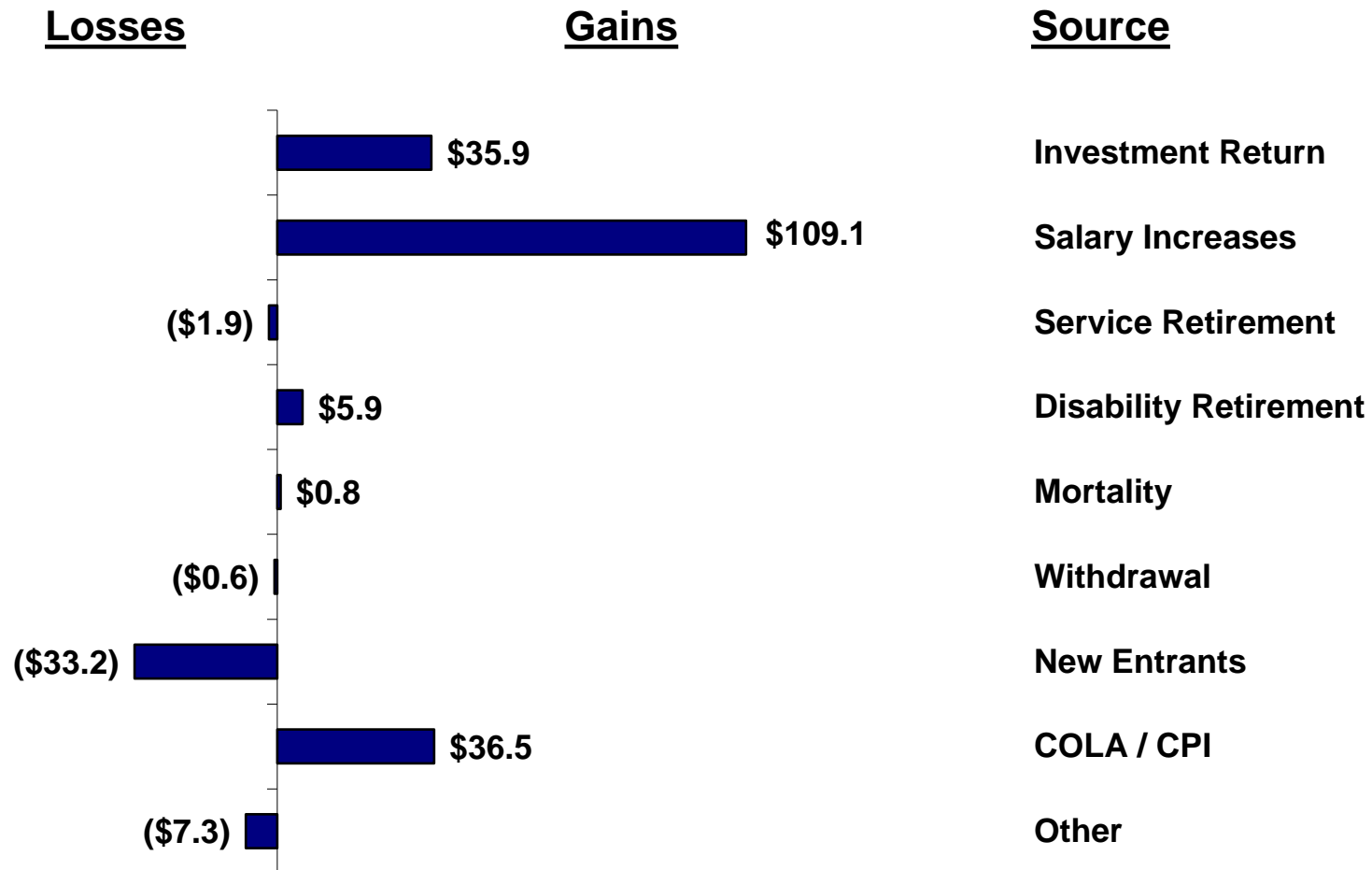


# Teachers Actuarial Gain/Loss Analysis (\$ millions)





# Police & Fire Actuarial Gain/Loss Analysis (\$ millions)





# Contribution Results for FY 2019



	Teachers	Police	Fire	Total
Employer Normal Cost Rate	7.55%	32.15%	35.46%	20.13%
Total Accrued Liability	\$2,142.5	\$3,412.6	\$1,465.7	\$7,020.8
Actuarial Value of Assets	\$1,982.0	\$3,795.0	\$1,611.4	\$7,388.4
Unfunded Accrued Liability	\$160.5	\$(382.4)	\$(145.7)	\$(367.6)
Amortization of UAL (Level \$, 15 years)	\$15.8	\$(39.3)	\$(14.3)	\$(37.8)
UAL Rate	3.54%	(13.10)%	(10.07)%	(4.08)%
Total Employer Contribution Rate (Employer Normal Cost Rate plus UAL Rate)	11.09%	19.05%	25.39%	16.05%
Estimated 2019 Fiscal Year Payroll	\$466.8	\$312.3	\$148.4	\$927.5
Employer Contributions in Dollars	\$51.8	\$59.5	\$37.7	\$148.9
Shortfall/Overpayment	\$1.6	\$(5.0)	\$(0.9)	\$(4.3)
Final Employer Contributions in Dollars	\$53.3	\$54.5	\$36.8	\$144.6
Funded Ratio based on AVA	92.51%	111.21%	109.94%	104.60%
Funded Ratio based on MVA	95.73%	115.72%	114.68%	103.80%



# Reconciliation of Contribution Requirement



Source	Increase/(Decrease) in Contribution	Cumulative Employer Contribution
October 1, 2016 Valuation (2018 FYE)		\$164.6
Anticipated Normal Cost Increase due to Inflation	\$8.0	\$172.6
Section 1-907.02(c) Contribution Adjustment from 2016 Valuation*	\$2.2	\$174.8
Actuarial Value of Assets Investment Gain	(\$4.8)	\$170.0
Net Demographic Experience	(\$15.2)	\$154.8
Net COLA Experience	(\$6.5)	\$148.3
Assumption Changes	\$4.0	\$152.3
Method Changes	(\$3.4)	\$148.9
Section 1-907.02(c) Contribution Adjustment from 2017 Valuation*	(\$4.3)	\$144.6
October 1, 2017 Valuation (2019 FYE)		\$144.6

\*Section 1-907.02(c) requires that City contributions based on expected pay amounts be trued up after the actual pay amounts are known.



# Upcoming Projects

- Firefighters Salary Study
  - Retroactive and Future Salary Increases Fiscal Impact
  - December 18<sup>th</sup>
  
- Benefit Statements
  - Teachers
  - Police and Firefighters
  
- Projection Study
  - 30-year Baseline Open Group Study
  - Sensitivity Analysis
    - Economic and Demographic Actuarial Assumptions



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## **Funding Policy**

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### **Approved by the Board of Trustees**

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Adopted: November 15, 2012

Revised: June 22, 2017

The purpose of the funding policy is to state the overall funding goals for the District of Columbia Retirement Board, the benchmarks that will be used to measure progress in achieving those goals, and the methods and assumptions that will be employed to develop the benchmarks.

#### **I. Funding Goals**

The objective in requiring employer and member contributions to the Plan is to accumulate sufficient assets during a member's employment to fully finance the benefits the member receives throughout retirement. In meeting this objective, the Plan will strive to meet the following funding goals:

- To maintain an increasing or stable ratio of Plan assets to accrued liabilities and reach a 100 percent minimum funded ratio;
- To maintain adequate asset levels to finance the benefits promised to members;
- To develop a pattern of stable or declining contribution rates when expressed as a percentage of member payroll as measured by valuations prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board, with a minimum employer contribution equal to the normal cost determined under the Entry Age Normal funding method;
- To provide intergenerational equity for taxpayers with respect to Plan costs; and
- To fund benefit improvements through increases in contribution rates in accordance with statute.

#### **II. Benchmarks**

To track progress in achieving the previously outlined funding goals, the following benchmarks will be measured annually as of the actuarial valuation date (with due recognition that a single year's results may not be indicative of long-term trends):

- **Funded ratio** – The funded ratio, defined as the actuarial value of Plan assets divided by the Plan's actuarial accrued liability, should be increasing over time, before adjustments for changes in benefits, actuarial methods, and/or actuarial assumptions, with a target of at least 100 percent.

- **Contribution rate history** – Employer and member contribution rates should be relatively stable or declining from year to year when expressed as a percent of active member payroll.
- **Unfunded Actuarial Accrued Liability (UAAL) amortization period** – The amortization period for the Plan's expected 2017 UAAL will be a closed 15-year period. All subsequent changes in the UAAL will be amortized over 20 year closed periods. Each valuation will produce an amortization base which will take 20 years to fully amortize. The amortization of the UAAL bases will be developed using the level dollar methodology.

### **III. Methods and Assumptions**

The actuarial funding method used to develop the benchmarks is entry age normal. The method used to develop the actuarial value of assets will recognize the underlying market value of the assets by spreading each year's unanticipated investment income (gains and losses) over a five-year smoothing period (1/5th per year), as adopted by the Board.

The actuarial assumptions used will be those last adopted by the Board based upon the advice and recommendation of the Plan's actuary. The actuary shall conduct an investigation into the Plan's experience at least every two years, and utilize the results of the investigation to form the basis for those recommendations.

The Board will have an audit of the Plan's actuarial valuation results conducted by an independent actuary at least every five years. The purpose of such a review is to provide a critique of the reasonableness of the actuarial methods and assumptions in use and the resulting actuarially computed liabilities and contribution rates.

### **IV. Funding Policy Review**

The funding policy components will be reviewed and amended as necessary following each experience investigation conducted by the Board.

**District of Columbia Retirement Board**  
**Reconciliation of Employer Contributions from**  
**October 1, 2016 Valuation (September 30, 2018 FYE) to**  
**October 1, 2017 Valuation (September 30, 2019 FYE)**

Source	Increase/(Decrease) in Contribution	Cumulative Employer Contribution
October 1, 2016 Valuation (2018 FYE)		\$164.6
Anticipated Normal Cost Increase due to Inflation	8.0	172.6
Section 1-907.02(c) Contribution Adjustment from 2016 Valuation	2.2	174.8
Actuarial Value of Assets Investment Gain	(4.8)	170.0
Net Demographic Experience	(15.2)	154.8
Net COLA Experience	(6.5)	148.3
Assumption Changes	4.0	152.3
Method Changes	(3.4)	148.9
Section 1-907.02(c) Contribution Adjustment from 2017 Valuation	( 4.3)	144.6
October 1, 2017 Valuation (2019 FYE)		\$144.6

As shown above, the City's contribution requirement amount has decreased by \$20.0 million from the fiscal year ending September 30, 2018 to the fiscal year ending September 30, 2019, from \$164.6 million to \$144.6 million. The details in the decrease are provided below.

Plan benefits are based on salary and as such, the normal cost for accruing benefits for active members of the plan are expected to increase with inflation. This expected increase in normal cost was \$8.0 million. In addition, Section 1-907.02(c) requires that City contributions based on expected pay amounts be trued up after the actual pay amounts are known. The true-up calculation from the 2016 valuation increased the contribution requirement by \$2.2 million but the true-up calculation from the 2017 valuation decreased the contribution requirement by \$4.3 million.

Investments returned 6.95% on an actuarial value basis for the fiscal year ending September 30, 2017. This is above the 6.50% assumed investment rate and decreased the contribution amount by \$4.8 million.

Demographic experience was also favorable (mostly due to salaries less than expected) and decreased the required contribution amount by \$15.2 million.

COLA increases were much less than expected due to low levels of CPI inflation. These smaller than expected COLA increases decreased the required contribution amount by \$6.5 million.

Assumption and method changes were made based on an experience study covering the 5-year period ending September 30, 2015. The demographic assumption changes increased the contribution by \$4.0 million but the asset method change from 7-year smoothing to 5-year smoothing decreased the contribution by \$3.4 million.





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## **Report on the Actuarial Valuations of the**

### **Teachers' Retirement Plan and Police Officers & Firefighters' Retirement Plan**

**Prepared as of October 1, 2017  
for the District of Columbia  
Retirement Board**



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## Cavanaugh Macdonald

CONSULTING, LLC

*The experience and dedication you deserve*

December 14, 2017

The Board of Trustees  
District of Columbia Retirement Board  
900 7<sup>th</sup> Street, NW, 2<sup>nd</sup> Floor  
Washington, DC 20001

Dear Trustees:

We are pleased to submit the results of the annual valuations to the District of Columbia Retirement Board for the District of Columbia Teachers' Retirement Plan the District of Columbia Police Officers and Firefighters' Retirement Plan, prepared as of October 1, 2017.

The purpose of this report is to provide a summary of the funded status of each Plan as of October 1, 2017, and to recommend rates of contribution to be paid by the District in the 2019 fiscal year. The information needed for this Plan under Governmental Accounting Standards Board (GASB) Statement No. 67 is provided in a separate report. However, for informational purposes only, we have also provided accounting information under GASB 25 and 27 in Section VII of the report. While not verifying the data at source, the actuary performed tests for consistency and reasonability.

The promised benefits are included in the actuarially calculated contribution rates which are developed using the entry age normal cost method. A five-year smoothed market value of assets is used for actuarial valuation purposes. The assumptions recommended by the actuary and adopted by the Board are reasonably related to the experience under the Fund and to reasonable expectations of anticipated experience under the Fund.

Since the previous valuation, several changes were made to the actuarial assumptions and methods. The asset smoothing method period was changed from seven years to five years. In addition, many demographic assumptions were changed to better reflect recent experience. The administrative expense rate for the Police Officers and Firefighters' Retirement Plan was increased from 1.20% to 2.10% of payroll.

The funding policy adopted by the Board in 2012 includes the following funding goals:

- To maintain an increasing or stable ratio of Plan assets to actuarial accrued liabilities and reach a 100 percent minimum funded ratio;
- To develop a pattern of stable or declining contribution rates when expressed as a percentage of member payroll as measured by valuations prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board, with a minimum employer contribution equal to the lesser of the normal cost determined under the Entry Age Normal funding method or the current active member contribution rate.

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December 14, 2017  
The Board of Trustees  
Page 2

The funding policy was amended by the Board in 2017 to:

- Amortized the legacy Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2017 over a closed 15-year period on a level dollar basis.
- The assumption and method changes and experience gains for the October 1, 2017 valuation will be amortized over a closed 20-year period from the valuation date.
- In subsequent valuations, all benefit changes, assumption and method changes and experience gains and/or losses that have occurred since the previous valuation will be amortized over a closed 20-year period from the date it is established.
- Change the asset smoothing period from seven years to five years.

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

This is to certify that the independent consulting actuary is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the System and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

The actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the System. Use of these computations from purposes other than meeting these requirements may not be appropriate.

The Table of Contents, which immediately follows, outlines the material contained in the report.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Edward J. Koebel'.

Edward J. Koebel, EA, FCA, MAAA  
Principal and Consulting Actuary

A handwritten signature in blue ink that reads 'Jonathan T. Craven'.

Jonathan T. Craven, ASA, EA, FCA, MAAA  
Consulting Actuary

EJK/JTC:bvb



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### **SECTION I – SUMMARY OF PRINCIPAL RESULTS**

1. For convenience of reference, the principal results of the valuation and a comparison with the preceding year's results for the Teachers' Retirement Plan and Police Officers and Firefighters' Retirement Plan are summarized below in the tables that follow.

#### **SUMMARY OF PRINCIPAL RESULTS FOR TEACHERS' RETIREMENT PLAN (\$ IN THOUSANDS)**

<b>VALUATION DATE</b>	<b>October 1, 2017</b>	<b>October 1, 2016</b>
Number of Active Members	5,199	5,141
Annual Covered Payroll	\$447,762	\$438,079
Number of Retired Members and Survivors	3,899	3,882
Annual Retirement Benefits	\$71,201	\$68,790
<b>Assets:</b>		
Actuarial Value	\$1,982,019	\$1,845,476
Market Value	\$2,051,006	\$1,822,113
<b>Liabilities:</b>		
Actuarial Accrued Liability	\$2,142,491	\$2,029,640
Unfunded Actuarial Accrued Liability (UAAL)	\$160,472	\$184,164
<b>Funding Ratios:</b>		
Based on Actuarial Value	92.51%	90.93 %
Based on Market Value	95.73%	89.78 %
<b>CONTRIBUTION FOR FISCAL YEAR ENDING</b>	<b>09/30/2019</b>	<b>09/30/2018</b>
Employer Normal Cost Rate*	7.55%	7.47%
Amortization of UAAL Rate	3.54	4.04
Actuarially Determined Contribution Rate (ADC)	11.09%	11.51%
Estimated Fiscal Year End Covered Payroll	\$466,792	\$456,697
Fiscal Year District Payment before 1-907.02(c)	\$51,767	\$52,566
Shortfall/(Overpayment)	1,576	6,480
Fiscal Year District Payment	\$53,343	\$59,046

\*The normal cost rate includes the administrative expense rate of 1.20%.



**SUMMARY OF PRINCIPAL RESULTS FOR POLICE OFFICERS'  
RETIREMENT PLAN  
(\$ IN THOUSANDS)**

VALUATION DATE	October 1, 2017	October 1, 2016
Total Number of Active Members	3,583	3,651
Total Annual Covered Payroll	\$299,535	\$298,442
Number of Retired Members and Survivors	2,419	2,265
Annual Retirement Benefits	\$72,463	\$63,587
Total Assets:		
Actuarial Value	\$3,794,954	\$3,528,543
Market Value	\$3,949,045	\$3,503,500
Liabilities:		
Actuarial Accrued Liability	\$3,412,554	\$3,108,582
Unfunded Actuarial Accrued Liability (UAAL)	(\$382,400)	(\$419,961)
Funding Ratios:		
Based on Actuarial Value	111.21%	113.51 %
Based on Market Value	115.72%	112.70 %
<b>CONTRIBUTION FOR FISCAL YEAR ENDING</b>	<b>09/30/2019</b>	<b>09/30/2018</b>
Employer Normal Cost Rate*	32.15%	34.22%
Amortization of UAAL Rate	(13.10)	(13.53)
Actuarially Determined Contribution Rate (ADC)	19.05%	20.69%
Estimated Fiscal Year End Covered Payroll	\$312,265	\$311,126
Fiscal Year District Payment before 1-907.02(c)	\$59,486	\$64,372
Shortfall/(Overpayment)	(4,964)	(4,420)
Fiscal Year District Payment	\$54,522	\$59,952

\* The normal cost rate includes the administrative expense rate of 2.10% for fiscal year ending 2019, and 1.20% for fiscal year ending 2018.



**SUMMARY OF PRINCIPAL RESULTS FOR FIREFIGHTERS'  
RETIREMENT PLAN  
(\$ IN THOUSANDS)**

VALUATION DATE	October 1, 2017	October 1, 2016
Total Number of Active Members	1,729	1,708
Total Annual Covered Payroll	\$142,370	\$139,672
Number of Retired Members and Survivors	796	738
Annual Retirement Benefits	\$25,223	\$22,151
Total Assets:		
Actuarial Value	\$1,611,413	\$1,456,508
Market Value	\$1,680,866	\$1,450,964
Liabilities:		
Actuarial Accrued Liability	\$1,465,707	\$1,389,931
Unfunded Actuarial Accrued Liability (UAAL)	(\$145,706)	(\$66,577)
Funding Ratios:		
Based on Actuarial Value	109.94%	104.79 %
Based on Market Value	114.68%	104.39 %
<b>CONTRIBUTION FOR FISCAL YEAR ENDING</b>	<b>09/30/2019</b>	<b>09/30/2018</b>
Employer Normal Cost Rate*	35.46%	38.84%
Amortization of UAAL Rate	(10.07)	(4.58)
Actuarially Determined Contribution Rate (ADC)	25.39%	34.26%
Estimated Fiscal Year End Covered Payroll	\$148,421	\$145,608
Fiscal Year District Payment before 1-907.02(c)	\$37,684	\$49,885
Shortfall/(Overpayment)	(922)	(4,241)
Fiscal Year District Payment	\$36,762	\$45,644

\* The normal cost rate includes the administrative expense rate of 2.10% for fiscal year ending 2019, and 1.20% for fiscal year ending 2018.



**SUMMARY OF PRINCIPAL RESULTS FOR POLICE OFFICERS & FIREFIGHTERS'  
RETIREMENT PLAN  
(\$ IN THOUSANDS)**

VALUATION DATE	October 1, 2017	October 1, 2016
Number of Active Police Officers	3,583	3,651
Annual Covered Payroll	\$299,535	\$298,442
Number of Active Firefighters	1,729	1,708
Annual Covered Payroll	\$142,370	\$139,672
Total Number of Active Members	5,312	5,359
Total Annual Covered Payroll	\$441,905	\$438,114
Number of Retired Members and Survivors	3,215	3,003
Annual Retirement Benefits	\$97,686	\$85,738
Assets:		
Actuarial Value	\$5,406,366	\$4,985,051
Market Value	\$5,629,911	\$4,954,464
Liabilities:		
Actuarial Accrued Liability	\$4,878,260	\$4,498,513
Unfunded Actuarial Accrued Liability (UAAL)	(\$528,106)	(\$486,538)
Funding Ratios:		
Based on Actuarial Value	110.83%	110.82 %
Based on Market Value	115.41%	110.14 %
<b>CONTRIBUTIONS FOR FISCAL YEAR ENDING</b>	<b>09/30/2019</b>	<b>09/30/2018</b>
Employer Normal Cost Rate*	33.21%	35.69%
Amortization of UAAL Rate	(12.12)	(10.68)
Actuarially Determined Contribution Rate (ADC)	21.09%	25.01%
Estimated Fiscal Year End Covered Payroll	\$460,686	\$456,734
Fiscal Year District Payment before 1-907.02(c)	\$97,170	\$114,257
Shortfall/(Overpayment)	(5,886)	(8,661)
Fiscal Year District Payment	\$91,284	\$105,596

\* The normal cost rate includes the administrative expense rate of 2.10% for fiscal year ending 2019, and 1.20% for fiscal year ending 2018.





2. The valuation balance sheet showing the results is given in Schedule A.
3. Comments on the valuation results as of October 1, 2017 are given in Section IV and further adjustments of the contribution amounts are set out in Section V.
4. Schedule B of this report shows the development of the actuarial value of assets. Schedule D outlines the full set of actuarial assumptions and methods employed. The following changes to assumptions and methods were made since the previous valuation:
  - Demographic assumptions were changed to better reflect recent experience.
  - The administrative expense rate for the Police Officers and Firefighters' Retirement Plan was increased from 1.20% to 2.10% of payroll.
  - Asset smoothing method was changed from a 7-year period to 5-year period.
5. The funding policy adopted by the Board in 2012 was amended in 2017 to:
  - Amortized the legacy Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2017 over a closed 15-year period on a level dollar basis.
  - The assumption and method changes and experience gains for the October 1, 2017 valuation will be amortized over a closed 20-year period from the valuation date.
  - In subsequent valuations, all benefit changes, assumption and method changes and experience gains and/or losses that have occurred since the previous valuation will be amortized over a closed 20-year period from the date it is established.
  - Change the asset smoothing period from seven years to five years.
6. The valuation takes into account the effect of any amendments to the Plan through the valuation date. The Main Provisions of the Plans, as summarized in Schedule E, were taken into account in the current valuation. No changes were made to the main provisions since the previous valuation.
7. Membership and asset data was provided by the Plan's staff and was reviewed for reasonableness and consistency with data from prior valuations. Where data was incomplete but thought to be credible, assumptions were made for missing items. The valuation results depend on the integrity of the data. If any of this information is inaccurate, our results may differ and our calculations may need to be revised. All membership data was collected as of July 1, 2017, but for valuation purposes, (e.g., age, service) all members were treated as if remaining in the System as of October 1, 2017.



## SECTION II – MEMBERSHIP DATA

1. Data regarding the membership of the Plans for use as a basis of the valuation were furnished by DCRB, the District Government and the U.S. Department of the Treasury. The following table shows the number of active members and their annual compensation as of October 1, 2017, on the basis of which the valuation was prepared.

**TABLE 1**  
**THE NUMBER AND ANNUAL COMPENSATION OF**  
**ACTIVE MEMBERS AS OF OCTOBER 1, 2017**  
**(\$ IN THOUSANDS)**

GROUP	NUMBER	COMPENSATION
Teachers	5,199	\$447,762
Police Officers	3,583	299,535
Firefighters	1,729	142,370
Total	10,511	\$889,667

2. The following table shows a five-year history of active member valuation data.

**TABLE 2**  
**SCHEDULE OF TOTAL ACTIVE MEMBER VALUATION DATA**

VALUATION DATE	NUMBER	ANNUAL PAYROLL (\$ IN THOUSANDS)	ANNUAL AVERAGE PAY	% CHANGE IN AVERAGE PAY
10/01/2017	10,511	\$ 889,667	\$ 84,642	1.43 %
10/01/2016	10,500	876,193	83,447	0.56
10/01/2015	10,403	863,291	82,985	2.04
10/01/2014	10,050	817,341	81,327	2.79
10/01/2013	9,889	782,451	79,123	(0.56)



3. The following table shows the number and annual retirement benefits payable to retired members and survivors on the roll of DCRB as of the valuation date.

**TABLE 3**  
**THE NUMBER AND ANNUAL RETIREMENT BENEFITS**  
**OF RETIRED MEMBERS AND SURVIVORS OF DECEASED MEMBERS\***  
**ON THE ROLL AS OF OCTOBER 1, 2017**  
**(\$ IN THOUSANDS)**

**DISTRICT ONLY**

TYPE OF RETIREMENT	GROUP			
	TEACHERS	POLICE OFFICERS	FIREFIGHTERS	TOTAL
Service:				
Number	3,636	1,736	575	5,947
Annual Benefits	\$67,498	\$57,539	\$20,268	\$145,305
Disability:				
Number	110	310	87	507
Annual Benefits	\$2,599	\$9,117	\$2,323	\$14,039
Survivors:				
Number	153	373	134	660
Annual Benefits	\$1,104	\$5,807	\$2,632	\$9,543
Total:				
Number	3,899	2,419	796	7,114
Annual Benefits	\$71,201	\$72,463	\$25,223	\$168,887

\*In addition, there are 1,670 deferred vested participants with annual deferred benefits of \$26,140,894.



**TABLE 4**  
**THE NUMBER AND ANNUAL RETIREMENT BENEFITS**  
**OF RETIRED MEMBERS AND SURVIVORS OF DECEASED MEMBERS**  
**ON THE ROLL AS OF OCTOBER 1, 2017**  
**(\$ IN THOUSANDS)**

**FEDERAL PLUS DISTRICT**

TYPE OF RETIREMENT	GROUP			
	TEACHERS	POLICE OFFICERS	FIREFIGHTERS	TOTAL
Service:				
Number	5,342	3,752	1,146	10,240
Annual Benefits	\$252,514	\$230,868	\$82,148	\$565,530
Disability:				
Number	291	958	355	1,604
Annual Benefits	\$9,370	\$42,495	\$17,978	\$69,843
Survivors:				
Number	428	1,447	533	2,408
Annual Benefits	\$8,923	\$43,055	\$16,534	\$68,512
Total:				
Number	6,061	6,157	2,034	14,252
Annual Benefits	\$270,807	\$316,418	\$116,660	\$703,885

4. Tables 4 through 6 of Schedule F show the distribution by age and service of the number and annual compensation of active members for each plan included in the valuation. Tables 7 through 12 of Schedule F show the distribution by age of the number and annual benefits of retired members for each plan included in the valuation.



### **SECTION III - ASSETS**

1. Schedule C shows the additions and deductions of DCRB for the year preceding the valuation date and a reconciliation of the fund balances at market value. As of October 1, 2017, the market value of assets used to determine the actuarial value of assets for each plan is shown below:

**TABLE 5**  
**COMPARISON OF MARKET VALUE OF ASSETS AT**  
**OCTOBER 1, 2017 AND OCTOBER 1, 2016**  
**(\$ IN THOUSANDS)**

<b>FUND</b>	<b>OCTOBER 1, 2017 MARKET VALUE</b>	<b>OCTOBER 1, 2016 MARKET VALUE</b>
Teachers	\$2,051,006	\$1,822,113
Police Officers and Firefighters	<u>5,629,911</u>	<u>4,954,464</u>
Total Market Value of Assets	\$7,680,917	\$6,776,577

2. The five-year market related actuarial value of assets used for the current valuation was \$7,388,385,220. Schedule B shows the development of the actuarial value of assets as of October 1, 2017. The following table shows the actuarial value of assets allocated between each plan.

**TABLE 6**  
**COMPARISON OF ACTUARIAL VALUE OF ASSETS AT**  
**OCTOBER 1, 2017 AND OCTOBER 1, 2016**  
**(\$ IN THOUSANDS)**

<b>FUND</b>	<b>OCTOBER 1, 2017 ACTUARIAL VALUE</b>	<b>OCTOBER 1, 2016 ACTUARIAL VALUE</b>
Teachers	\$1,982,019	\$1,845,476
Police Officers and Firefighters	<u>5,406,366</u>	<u>4,985,051</u>
Total Actuarial Value of Assets	\$7,388,385	\$6,830,527



## **SECTION IV - COMMENTS ON VALUATION**

### **Teachers' Retirement Plan**

1. The total valuation balance sheet on account of benefits shows that the Teachers' Retirement Plan has total prospective benefit liabilities of \$2,676,644,689, of which \$988,609,725 is for the prospective benefits payable on account of present retired members and survivors of deceased members, \$166,086,480 is for the prospective benefits payable on account of present inactive members, and \$1,521,948,484 is for the prospective benefits payable on account of present active members. Against these benefit liabilities the Teachers' Retirement Plan has a total present actuarial value of assets of \$1,982,018,820 as of October 1, 2017. The difference of \$694,625,869 between the total liabilities and the total present actuarial value of assets represents the present value of contributions to be made in the future on account of benefits.
2. The contributions to the Plan consist of normal cost contributions and actuarial accrued liability contributions. The valuation indicates the normal contributions at a rate of 14.23% of payroll are required under the entry age method. Of this amount 7.88% will be paid by the members (at the rate of 7.0% of salary for members hired before November 1, 1996 and 8.0% of salary for members hired on or after November 1, 1996), in 2019 and the remaining 6.35% is payable by the District.
3. Estimated budgeted administrative expenses are included in the normal rates. The expenses for the fiscal year ending September 30, 2019 are estimated to be 1.20% of payroll.
4. Prospective normal cost contributions (excluding administrative expenses) at the rate of 14.23% have a present value of \$534,153,549. When this amount is subtracted from \$694,625,869, which is the present value of total future contributions to be made, there remains \$160,472,320 as the amount of unfunded actuarial accrued liability contributions. The development of the unfunded actuarial accrued liability is shown in Schedule A.
5. The unfunded actuarial accrued liability (UAAL) decreased approximately \$23.7 million for the plan year ending September 30, 2017 and the funding ratio increased from 90.93% to 92.51%. The decrease in the UAAL was primarily due to lower salary increases for active members than was expected, and lower actual Cost-of-Living Adjustment (COLA) for retired members than expected and investment earnings on an actuarial value basis that was higher than the expected rate of 6.50%. These gains were partially offset by the changes to the assumptions and methods from the most recent Experience Study Report. See Schedule H for a complete breakdown of the experience of the Plan.

**Police Officers and Firefighters' Retirement Plan**

1. The total valuation balance sheet on account of benefits shows that the combined Police Officers and Firefighters' Retirement Plan has total prospective benefit liabilities of \$6,819,279,379, of which \$1,884,687,678 is for the prospective benefits payable on account of present retired members and survivors of deceased members, \$106,011,181 is for the prospective benefits payable on account of present inactive members, and \$4,828,580,520 is for the prospective benefits payable on account of present active members. Against these benefit liabilities the Police Officers and Firefighters' Retirement Plan has a total present actuarial value of assets of \$5,406,366,400 as of October 1, 2017. The difference of \$1,412,912,979 between the total liabilities and the total present actuarial value of assets represents the present value of contributions to be made in the future on account of benefits.
2. The contributions to the Plan consist of normal cost contributions and actuarial accrued liability contributions. The valuation indicates the normal contributions at a rate of 38.81% of payroll are required under the entry age method. Of this amount 7.70% will be paid by the members (at the rate of 7.0% of salary for members hired before November 10, 1996 and 8.0% of salary for members hired on or after November 10, 1996), in 2019 and the remaining 31.11% is payable by the District.
3. Estimated budgeted administrative expenses are included in the normal rates. The expenses for the fiscal year ending September 30, 2019 are estimated to be 2.10% of payroll.
4. Prospective normal cost contributions (excluding administrative expenses) at the rate of 38.81% have a present value of \$1,941,019,238. When this amount is subtracted from \$1,412,912,979, which is the present value of total future contributions to be made, there remains a surplus of (\$528,106,259) as the amount of unfunded actuarial accrued liability contributions. The development of the unfunded actuarial accrued liability is shown in Schedule A.
5. The unfunded actuarial accrued liability (UAAL) decreased approximately \$41.6 million for the plan year ending September 30, 2017 and the funding ratio increased slightly from 110.82% to 110.83%. The decrease in the UAAL was primarily due to lower salary increases for active members than was expected, and lower actual Cost-of-Living Adjustment (COLA) for retired members than expected and investment earnings on an actuarial value basis that was higher than the expected rate of 6.50%. These gains were partially offset by the changes in the assumptions and methods from the most recent Experience Study. See Schedule H for a complete breakdown of the experience of the Plan.



### **SECTION V - §1-907.02(c) ADJUSTMENT TO FISCAL YEAR 2019 DISTRICT PAYMENT**

1. Beginning in fiscal year 2001, the District payment was adjusted pursuant to D.C. Code §1-907.02(c). This section stipulates that "...the enrolled actuary shall determine whether the amount appropriated for the applicable fiscal year resulted in an overpayment or a shortfall based upon the actual covered payroll."
2. The D.C. Code §1-907.02(c) adjustment to the fiscal year 2019 District payment is calculated by taking the actual fiscal year 2017 covered payroll for each employee class (which is provided by the District) and multiplying by the corresponding fiscal year 2017 contribution rates, which were determined as of October 1, 2015. This result is the fiscal year 2017 contribution that was required to be made by the District, based on actual payroll. The required contribution is then compared to the actual contribution that was paid by the District based on projected payroll. The difference between the required and actual contributions is the D.C. Code §1-907.02(c) adjustment. Any adjustment amount that cannot be used in a given year is carried forward to the next fiscal year.

#### **ADJUSTMENT TO DISTRICT PAYMENT AS OF OCTOBER 1, 2017 (\$ IN THOUSANDS)**

	Teachers	Police	Fire
(1) Actual FY 2017 Covered Payroll	\$447,762	\$299,535	\$142,370
(2) FY 2017 Contribution Rate	12.17%	23.75%	39.11%
(3) Actual FY 2017 Contribution Required	\$54,493	\$71,140	\$55,681
(4) Actual FY 2017 Contribution Paid without Adjustment	\$52,917	\$76,104	\$56,603
(5) Preliminary D.C. Code §1-907.02(c) Adjustment to FY 2018 Payment [(3) - (4)]	\$1,576	(\$4,964)	(\$922)
(6) FY 2017 Unrecognized Amount	\$0	\$0	\$0
(7) Final D.C. Code §1-907.02(c) Adjustment to FY 2018 Payment [(5) + (6) if applicable]	\$1,576	(\$4,964)	(\$922)
(8) Applicable Adjustment	\$1,576	(\$4,964)	(\$922)
(9) Carryover Adjustment [(7) - (8)]	\$0	\$0	\$0





### **SECTION VI – CONTRIBUTIONS PAYABLE**

1. The following tables summarize the employer contribution rates, which were determined by the October 1, 2017 valuation and recommended for use for the fiscal year ending September 30, 2019.

#### **TEACHERS' RETIREMENT PLAN ACTUARIAL DETERMINED CONTRIBUTIONS (ADC) FOR FISCAL YEAR ENDING SEPTEMBER 30, 2019**

	<b>PERCENTAGE OF ACTIVE MEMBERS' COMPENSATION</b>	<b>EMPLOYER ACTUARIAL DETERMINED CONTRIBUTION (ADC)</b>
Normal Cost	6.35%	\$29,641,000
Expense Load	1.20	5,602,000
Accrued Liability	<u>3.54</u>	<u>16,524,000</u>
Sub-Total	11.09%	\$51,767,000
DC Code Adjustment		<u>1,576,000</u>
Total		\$53,343,000

#### **POLICE OFFICERS AND FIREFIGHTERS' RETIREMENT PLAN ACTUARIAL DETERMINED CONTRIBUTIONS (ADC) FOR FISCAL YEAR ENDING SEPTEMBER 30, 2019**

	<b>PERCENTAGE OF ACTIVE MEMBERS' COMPENSATION</b>	<b>EMPLOYER ACTUARIAL DETERMINED CONTRIBUTION (ADC)</b>
Normal Cost	31.11%	\$143,349,000
Expense Load	2.10	9,674,000
Accrued Liability	<u>(12.12)</u>	<u>(55,823,000)</u>
Sub-Total	21.09%	\$97,170,000
DC Code Adjustment		<u>(5,886,000)</u>
Total		\$91,284,000



### **SECTION VII - ACCOUNTING INFORMATION**

1. Governmental Accounting Standards Board (GASB) Statements 67 and 68 are now used to determine the accounting results for the plans and are provided in a separate report. GASB 25 and 27 results are provided for informational purposes only. One such item is a distribution of the number of employees by type of membership, as follows:

#### **NUMBER OF ALL MEMBERS AS OF OCTOBER 1, 2017**

GROUP	RETIREMENT PLAN			
	Teachers	Police Officers	Firefighters	Total
Retirees and survivors currently receiving benefits	3,899	2,419	796	7,114
Terminated employees entitled to benefits but not yet receiving benefits	1,330	246	94	1,670
Inactive Members	412	52	20	484
Active Members				
Vested	2,462	2,687	1,473	6,622
Non-vested	2,737	896	256	3,889
Total Active Members	5,199	3,583	1,729	10,511
Totals	10,840	6,300	2,639	19,779



2. Another such item is the schedule of funding progress as shown below.

**SCHEDULE OF FUNDING PROGRESS  
(\$ IN THOUSANDS)**

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
<b>TEACHERS' RETIREMENT PLAN</b>						
10/1/2013	\$1,585,775	\$1,759,043	\$173,268	90.1 %	\$369,071	46.9 %
10/1/2014	1,638,583	1,849,230	210,647	88.6 %	378,926	55.6 %
10/1/2015	1,732,017	1,953,305	221,288	88.7 %	417,090	53.1 %
10/1/2016	1,845,476	2,029,640	184,164	90.9 %	438,079	42.0 %
10/1/2017	1,982,019	2,142,491	160,472	92.5 %	447,762	35.8 %
<b>POLICE OFFICERS AND FIREFIGHTERS' RETIREMENT PLAN</b>						
10/1/2013	\$4,013,534	\$3,644,085	(\$369,449)	110.1 %	\$413,380	(89.4)%
10/1/2014	4,288,727	3,998,537	(290,190)	107.3 %	438,415	(66.2)%
10/1/2015	4,607,300	4,283,093	(324,206)	107.6 %	446,201	(72.7)%
10/1/2016	4,985,051	4,498,513	(486,538)	110.8 %	438,114	(111.1)%
10/1/2017	5,406,366	4,878,260	(528,106)	110.8 %	441,905	(119.5)%
<b>TOTAL</b>						
10/1/2013	\$5,599,309	\$5,403,128	(\$196,181)	103.6 %	\$782,451	(25.1)%
10/1/2014	5,927,310	5,847,767	(79,543)	101.4 %	817,341	(9.7)%
10/1/2015	6,339,317	6,236,398	(102,918)	101.7 %	863,291	(11.9)%
10/1/2016	6,830,527	6,528,153	(302,374)	104.6 %	876,193	(34.5)%
10/1/2017	7,388,385	7,020,751	(367,634)	105.2 %	889,667	(41.3)%



3. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at October 1, 2017.

	Teachers	Police Officers & Firefighters
Valuation Date	10/1/2017	10/1/2017
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar Closed	Level Dollar Closed
Remaining amortization period	15 years	15 years
Asset valuation method	5 year smoothed Market	5 year smoothed Market
Actuarial assumptions:		
Investment rate of return*	6.50%	6.50%
Projected salary increases**	5.50 – 8.63%	4.25 – 9.98%
Cost of living adjustments:	3.50% (COLA limited to 3.00% for those hired after 11/1/1996)	3.50% (COLA limited to 3.00% for those hired after 11/10/1996)

\* Includes inflation of 3.50%.

\*\* Includes wage inflation of 4.25%.



### **SECTION VIII – EXPERIENCE**

Actual experience will never (except by coincidence) coincide exactly with assumed experience. It is assumed that gains and losses will be in balance over a period of years, but sizable year to year fluctuations are common. Detail on the derivation of the experience gain/(loss) for the year ended September 30, 2017 is shown below.

#### **Teachers' Retirement Plan**

		<u>\$ Thousands</u>
(1)	UAAL* as of October 1, 2016	\$ 184,164
(2)	Total normal cost from last valuation	67,146
(3)	Total actual contributions	91,140
(4)	Interest accrual: $[(1) + (2)] \times .065 - [(3) \times .0325]$	<u>13,373</u>
(5)	Expected UAAL before changes: $(1) + (2) - (3) + (4)$	\$ 173,543
(6)	Change due to plan amendments	0
(7)	Change due to actuarial assumptions or methods	<u>49,986</u>
(8)	Expected UAAL after changes: $(5) + (6) + (7)$	\$ 223,529
(9)	Actual UAAL as of October 1, 2017	\$ 160,472
(10)	Gain/(loss): $(8) - (9)$	\$ 63,057
(11)	Gain/(loss) as percent of actuarial accrued liabilities at start of year (\$2,029,640)	3.1%

\*Unfunded actuarial accrued liability.

<u>Valuation Date September 30</u>	<u>Actuarial Gain/(Loss) as a % of Beginning Accrued Liabilities</u>
2014	(2.3)%
2015	(0.5)
2016	1.9
2017	3.1





**Police Officers and Firefighters' Retirement Plan**

		<u>\$ Thousands</u>
(1)	UAAL * as of October 1, 2016	\$ (486,538)
(2)	Total normal cost from last valuation	189,886
(3)	Total actual contributions	179,055
(4)	Interest accrual: $[(1) + (2)] \times .065 - [(3) \times .0325]$	<u>(25,102)</u>
(5)	Expected UAAL before changes: $(1) + (2) - (3) + (4)$	\$ (500,809)
(6)	Change due to plan amendments	0
(7)	Change due to actuarial assumptions or methods	<u>117,975</u>
(8)	Expected UAAL after changes: $(5) + (6) + (7)$	\$ (382,834)
(9)	Actual UAAL as of October 1, 2017	\$ (528,106)
(10)	Gain/(loss): $(8) - (9)$	\$ 145,272
(11)	Gain/(loss) as percent of actuarial accrued liabilities at start of year (\$4,498,514)	3.2%

\*Unfunded actuarial accrued liability.

Valuation Date September 30	Actuarial Gain/(Loss) as a % of Beginning Accrued Liabilities
2014	(2.2)%
2015	1.9
2016	4.0
2017	3.2

**SCHEDULE A**

**VALUATION BALANCE SHEET  
SHOWING THE PRESENT AND PROSPECTIVE ASSETS AND LIABILITIES OF  
THE DISTRICT OF COLUMBIA RETIREMENT BOARD  
AS OF OCTOBER 1, 2017**

**TEACHERS' RETIREMENT PLAN**

<b>PRESENT AND PROSPECTIVE ASSETS</b>		
Actuarial Value of Present Assets		1,982,018,820
Present value of future members' contributions		259,876,042
Present value of future employer contributions		
Normal contributions	\$274,277,507	
Unfunded accrued liability contributions	<u>160,472,320</u>	
Total prospective employer contributions		<u>434,749,827</u>
Total Present and Prospective Assets		<u>\$2,676,644,689</u>
<b>ACTUARIAL LIABILITIES</b>		
Present value of benefits payable on account of retired members and survivors of deceased members now drawing retirement benefits		\$988,609,725
Present value of prospective benefits payable on account of inactive members		166,086,480
Present value of prospective benefits payable on account of present active members:		
Service retirement benefits	\$1,232,085,307	
Disability retirement benefits	29,592,022	
Survivor benefits	18,191,931	
Separation benefits	<u>242,079,224</u>	
Total		<u>1,521,948,484</u>
Total Actuarial Liabilities		<u>\$2,676,644,689</u>



**SCHEDULE A**  
(Continued)

**VALUATION BALANCE SHEET  
SHOWING THE PRESENT AND PROSPECTIVE ASSETS AND LIABILITIES OF  
THE DISTRICT OF COLUMBIA RETIREMENT BOARD  
AS OF OCTOBER 1, 2017**

**POLICE OFFICERS & FIREFIGHTERS' RETIREMENT PLAN**

<b>PRESENT AND PROSPECTIVE ASSETS</b>		
Actuarial Value of Present Assets		5,406,366,400
Present value of future members' contributions		346,885,354
Present value of future employer contributions		
Normal contributions	\$1,594,133,884	
Unfunded accrued liability contributions	<u>(528,106,259)</u>	
Total prospective employer contributions		<u>1,066,027,625</u>
Total Present and Prospective Assets		<u>\$6,819,279,379</u>
<b>ACTUARIAL LIABILITIES</b>		
Present value of benefits payable on account of retired members and survivors of deceased members now drawing retirement benefits		\$1,884,687,678
Present value of prospective benefits payable on account of inactive members		106,011,181
Present value of prospective benefits payable on account of present active members:		
Service retirement benefits	\$4,319,650,776	
Disability retirement benefits	223,525,756	
Survivor benefits	88,831,015	
Separation benefits	<u>196,572,973</u>	
Total		<u>4,828,580,520</u>
Total Actuarial Liabilities		<u>\$6,819,279,379</u>







**SCHEDULE A**  
(continued)

**SOLVENCY TEST**  
**(\$ IN THOUSANDS)**

Valuation Date	Aggregate Accrued Liabilities For				Portion of Accrued Liabilities Covered by Reported Asset		
	(1) Active Member Contributions	(2) Retirees, Survivors and Inactive Members	(3) Active Members (Employer Financed Portion)	Reported Assets	(1)	(2)	(3)
<b>TEACHERS' RETIREMENT PLAN</b>							
10/1/2013	\$141,792	\$883,495	\$733,756	\$1,622,376	100%	100.0%	81.4%
10/1/2014	141,943	968,446	738,841	1,746,030	100%	100.0%	86.0%
10/1/2015	144,927	1,053,078	755,300	1,670,976	100%	100.0%	62.6%
10/1/2016	152,459	1,108,032	769,149	1,822,113	100%	100.0%	73.0%
10/1/2017	156,263	1,154,696	831,532	2,051,006	100%	100.0%	89.0%
<b>POLICE OFFICERS AND FIREFIGHTERS' RETIREMENT PLAN</b>							
10/1/2013	\$247,202	\$966,862	\$2,430,021	\$4,168,457	100%	100.0%	100.0%
10/1/2014	255,735	1,149,515	2,593,287	4,588,319	100%	100.0%	100.0%
10/1/2015	262,674	1,388,908	2,631,511	4,462,228	100%	100.0%	100.0%
10/1/2016	260,786	1,650,195	2,587,532	4,954,464	100%	100.0%	100.0%
10/1/2017	261,428	1,990,699	2,626,132	5,629,911	100%	100.0%	100.0%

**SCHEDULE B****DEVELOPMENT OF THE OCTOBER 1, 2017  
ACTUARIAL VALUE OF ASSETS****TEACHERS' RETIREMENT PLAN**

(1)	Actuarial Value Beginning of Year*	\$	1,845,475,738
(2)	Market Value End of Year	\$	2,051,006,000
(3)	Market Value Beginning of Year	\$	1,822,113,000
(4)	Cash Flow		
a.	Contributions	\$	91,140,000
b.	Benefit Payments, Refunds, and Transfers		(78,235,000)
c.	Administrative Expenses		(4,694,000)
d.	Net Cash Flow: [(4)a + (4)b + (4)c]	\$	8,211,000
(5)	Investment Income		
a.	Market total: (2) – (3) – (4)d	\$	220,682,000
b.	Assumed Rate		6.50%
c.	Amount of Immediate Recognition	\$	118,704,203
d.	Amount for Phased-in Recognition: (5)a – (5)c	\$	101,977,797
(6)	Phased-In Recognition of Investment Income		
a.	Current Year: (1/5) x (5)d	\$	20,395,559
b.	First Prior Year		(2,691,920)
c.	Second Prior Year		(2,691,920)
d.	Third Prior Year		(2,691,920)
e.	Fourth Prior Year		(2,691,920)
f.	Total Recognized Investment Gain	\$	9,627,879
(7)	Preliminary Actuarial Value End of Year: (1) + (4)d + (5)c + (6)f	\$	1,982,018,820
(8)	Actuarial Value End of Year with 20% Corridor Applied:	\$	1,982,018,820
(9)	Rate of Return on Actuarial Value of Assets		6.94%

\*Prior to any corridor restraints.



**SCHEDULE B**  
(Continued)

**DEVELOPMENT OF THE OCTOBER 1, 2017  
ACTUARIAL VALUE OF ASSETS**

**POLICE OFFICERS & FIREFIGHTERS' RETIREMENT PLAN**

(1)	Actuarial Value Beginning of Year*	\$	4,985,051,594
(2)	Market Value End of Year	\$	5,629,911,000
(3)	Market Value Beginning of Year	\$	4,954,464,000
(4)	Cash Flow		
a.	Contributions	\$	179,055,000
b.	Benefit Payments, Refunds, and Transfers		(94,184,000)
c.	Administrative Expenses		(12,766,000)
d.	Net Cash Flow: [(4)a + (4)b + (4)c]	\$	72,105,000
(5)	Investment Income		
a.	Market total: (2) – (3) – (4)d	\$	603,342,000
b.	Assumed Rate		6.50%
c.	Amount of Immediate Recognition	\$	324,383,573
d.	Amount for Phased-in Recognition: (5)a – (5)c	\$	278,958,427
(6)	Phased-In Recognition of Investment Income		
a.	Current Year: (1/5) x (5)d	\$	55,791,685
b.	First Prior Year		(7,741,363)
c.	Second Prior Year		(7,741,363)
d.	Third Prior Year		(7,741,363)
e.	Fourth Prior Year		(7,741,363)
f.	Total Recognized Investment Gain	\$	24,826,233
(7)	Preliminary Actuarial Value End of Year: (1) + (4)d + (5)c + (6)f	\$	5,406,366,400
(8)	Actuarial Value End of Year with 20% Corridor Applied:	\$	5,406,366,400
(9)	Rate of Return on Actuarial Value of Assets		6.95%

\*Prior to any corridor restraints.

**SCHEDULE C****SUMMARY OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDING OCTOBER 1, 2017****TEACHERS' RETIREMENT PLAN****Additions for the Year**

## Contributions:

Members (including purchased service)	\$ 34,359,000	
Employers	<u>56,781,000</u>	
Total		\$ 91,140,000

Net Investment Income		<u>220,682,000</u>
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TOTAL		\$ <u>311,822,000</u>
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**Deductions for the Year**

Benefit Payments (including refunds and transfers)	\$ (78,235,000)	
Administrative Expenses	<u>(4,694,000)</u>	
TOTAL		\$ <u>(82,929,000)</u>

<u>Excess of Additions Over Deductions</u>		<u>\$ 228,893,000</u>
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**Reconciliation of Asset Balances**

Market Value of Assets as of 9/30/2016	\$ 1,822,113,000	
Excess of Additions over Deductions	<u>228,893,000</u>	
Market Value of Assets as of 9/30/2017*	<u>\$ 2,051,006,000</u>	
Rate of Return on Market Value of Assets		12.08%

\* The Market Value of Assets shown above is used in the determination of the Actuarial Value of Assets (Schedule B).





**SCHEDULE C**  
(Continued)

**SUMMARY OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDING OCTOBER 1, 2017**

**POLICE OFFICERS & FIREFIGHTERS' RETIREMENT PLAN**

Additions for the Year

Contributions:

Members (including purchased service)	\$ 33,424,000
Employers	<u>145,631,000</u>

Total \$ 179,055,000

Net Investment Income 603,342,000

TOTAL \$ 782,397,000

Deductions for the Year

Benefit Payments (including refunds and transfers)	\$ (94,184,000)
Administrative Expenses	<u>(12,766,000)</u>
TOTAL	<u>\$ (106,950,000)</u>

Excess of Additions Over Deductions \$ 675,447,000

Reconciliation of Asset Balances

Market Value of Assets as of 9/30/2016	\$ 4,954,464,000
Excess of Additions over Deductions	<u>675,447,000</u>
Market Value of Assets as of 9/30/2017*	<u>\$ 5,629,911,000</u>

Rate of Return on Market Value of Assets 12.09%

\* The Market Value of Assets shown above is used in the determination of the Actuarial Value of Assets (Schedule B).





### SCHEDULE D

#### **OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS (DEMOGRAPHIC ASSUMPTIONS ADOPTED ON JUNE 22, 2017) (ECONOMIC ASSUMPTIONS ADOPTED ON JUNE 22, 2017)**

**VALUATION DATE:** All assets and liabilities are computed as of October 1, 2017. Demographic information was collected as of June 30, 2017.

**INVESTMENT RATE OF RETURN:** 6.50% per annum, compounded annually (net of investment expenses).

**INFLATION ASSUMPTION:** 3.50% per annum.

**PAYROLL GROWTH ASSUMPTION:** 4.25% per annum.

**PERCENT MARRIED:** 64% of Teachers are assumed to be married and 80% of Police Officers and Firefighters are assumed to be married, with the wife 3 years younger than the husband. Active members are assumed to have one dependent child aged 10.

**ACTUARIAL METHOD:** Entry Age Normal Cost Method. The amortization of the unfunded actuarial accrued liability uses a level dollar basis.

**ASSETS:** The method of valuing assets is intended to recognize a "smoothed" market value of assets. Under this method, the difference between actual return on market value from investment experience and the expected return on market value is recognized over a five-year period. The actuarial value of assets is constrained to an 80% to 120% corridor around market value of assets.

**WITHDRAWAL ASSUMPTION:** For Teachers and Firefighters, it was assumed that 15% of the vested members who terminate elect to withdraw their contributions while the remaining 85% elect to leave their contributions in the plan in order to be eligible for a benefit at their retirement date. For Police Officers, it was assumed that 25% of the vested members who terminate elect to withdraw their contributions while the remaining 75% elect to leave their contributions in the plan.

**OTHER ASSUMPTIONS:** To value the pre-retirement death benefit for Police Officers and Firefighters, the benefit form for all retirements (normal or disabled) is assumed to be a 67.8% Joint and Survivor annuity for all participants (based on 40% of average pay survivor benefits). One-fourth of all Police Officers and Firefighter active deaths are assumed to occur in the line of duty.

**COST OF LIVING ADJUSTMENT:** The cost of living as measured by the Consumer Price Index (CPI) will increase at the rate of 3.5% per year.

**MILITARY SERVICE:** All Police and Fire members assumed to have 0.40 years of military service at retirement.

**ADMINISTRATIVE EXPENSES:** For Teachers, budgeted administrative expenses of 1.20% of payroll are added to the normal cost rate. For Police Officers and Firefighters, budgeted administrative expenses of 2.10% of payroll are added to the normal cost rate.

**SCHEDULE D**

(Continued)

**TEACHERS**

**SALARY INCREASES:** Representative values of the assumed annual rates of future salary increases are as follows and include inflation at 4.25% per annum:

Pay Increase Assumptions for an Individual Member			
Years of Service	Merit & Seniority	Inflation & Productivity (Economy)	Total Increase (Next Year)
5	4.20%	4.25%	8.63%
10	3.20	4.25	7.59
15	1.20	4.25	5.50
20	1.20	4.25	5.50
25	1.20	4.25	5.50
30	1.20	4.25	5.50
35	1.20	4.25	5.50

**SEPARATIONS FROM ACTIVE SERVICE:** Representative values of the assumed annual rates of withdrawal, service retirement, and disability are shown in the following tables:

Sample Ages	Percent of Members Separating Within the Next Year				
	Withdrawal		Service Retirement		Disability Retirement
	5 years of service and up <sup>1</sup>		Under 30 yrs service	30 & up yrs service	
	Male	Female			
25	18.00%	18.00%			0.01%
30	16.00	16.00			0.02
35	12.00	10.00			0.03
40	12.00	8.00			0.07
45	8.00	6.50			0.12
50	8.00	6.50	5.00%	5.00%	0.20
55	8.00	6.50	9.00	22.00	0.25
60			27.00	28.00	0.30
62			22.00	25.00	
65			25.00	35.00	
70			30.00	30.00	
71			25.00	30.00	
75			100.00	100.00	

<sup>1</sup> Members of any age with less than 5 years of service have withdrawal rates of 18% to 26% for males, and 16% to 23% for females



**MORTALITY:** The RPH-2014 Blue Collar Mortality Table projected generationally with Scale BB, set back 1 year for males is used for healthy active members, retirees, and beneficiaries. The RPH-2014 Disabled Mortality Table set back 6 years for males and set forward 1 year for females is used for disabled retirees. Mortality improvement is anticipated under these assumptions.

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**SCHEDULE D**

(Continued)

**POLICE OFFICERS**

**SALARY INCREASES:** Police Officers are assumed to receive longevity increases applied to individual base pay after 15, 20, 25, and 30 years of service. Representative values of the assumed annual rates of future salary increases before longevity increases are as follows and include inflation at 4.25% per annum:

Pay Increase Assumptions for an Individual Member			
Years of Service	Merit & Seniority	Inflation & Productivity (Economy)	Total Increase (Next Year)
5	2.00%	4.25%	6.34%
10	2.00	4.25	6.34
15	2.00	4.25	6.34
20	1.75	4.25	6.07
25	0.75	4.25	5.03
30	0.00	4.25	4.25

**SEPARATIONS FROM ACTIVE SERVICE:** Representative values of the assumed annual rates of withdrawal, service retirement, and disability are shown in the following tables:

Percent of Members Separating Within the Next Year						
Sample Ages	Withdrawal (5 years of service & up) <sup>1</sup>		Disability Retirement <sup>2</sup>		Years of Service	Service Retirement <sup>3</sup>
	Males	Females	Males	Females		
20	5.00%	5.00%	0.03%	0.02%	20	15.0%
25	5.00	5.00	0.06	0.05	25	22.0
30	4.25	4.50	0.11	0.10	30	38.0
35	2.75	3.50	0.16	0.15	35	18.0
40	1.50	1.50	0.23	0.30	40	16.0
45	1.50	1.50	0.32	0.40		
50	1.50	1.50	0.42	0.60		
55	1.50	1.50	0.44	0.70		
60	1.50	1.50	0.51	1.00		

<sup>1</sup> Members of any age with less than 5 years of service have a withdrawal rates of 6% to 13% for males, and 5% to 11% for females

<sup>2</sup> It is assumed that 75% of the disabilities are due to accidents in the line of duty and the 'percent of disability' is assumed to be 100%.

<sup>3</sup> 100% of active members are assumed to retire at age 65, regardless of service.



**MORTALITY:** The RPH-2014 Blue Collar Mortality Table projected generationally with Scale BB, set back 1 year for males is used for healthy active members, retirees, and beneficiaries. The RPH-2014 Disabled Mortality Table set back 6 years for males and set forward 1 year for females is used for disabled retirees. Mortality improvement is anticipated under these.

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**SCHEDULE D**

(Continued)

**FIREFIGHTERS**

**SALARY INCREASES:** Firefighters are assumed to receive a longevity increases applied to individual base pay after 15, 20, 25, and 30 years of service. Representative values of the assumed annual rates of future salary increases before longevity increases are as follows and include inflation at 4.25% per annum:

Pay Increase Assumptions for an Individual Member			
Years of Service	Merit & Seniority	Inflation & Productivity (Economy)	Total Increase (Next Year)
5	3.00%	4.25%	7.38%
10	3.00	4.25	7.38
15	3.00	4.25	7.38
20	1.25	4.25	5.55
25	1.25	4.25	5.55
30	1.25	4.25	5.55
35	1.25	4.25	5.55

**SEPARATIONS FROM ACTIVE SERVICE:** Representative values of the assumed annual rates of withdrawal, service retirement, and disability are shown in the following tables:

Percent of Members Separating Within the Next Year				
Sample Ages	Withdrawal		Years of Service	Service Retirement <sup>3</sup>
	(5 years of service & up) <sup>1</sup>	Disability Retirement <sup>2</sup>		
20	3.00%	0.01%	20	12.5%
25	3.00	0.05	25	12.5
30	2.60	0.18	30	22.0
35	1.80	0.25	35	40.0
40	1.40	0.30	40	40.0
45	1.20	0.35		
50	1.20	0.40		
55	0.80	0.45		
60	0.60	0.50		

<sup>1</sup> Members of any age with less than 5 years of service have a withdrawal rates of 4.0% to 7.5%.

<sup>2</sup> It is assumed that 75% of the disabilities are due to accidents in the line of duty and the "percent of disability" is assumed to be 100%.

<sup>3</sup> 100% of active members are assumed to retire at age 60, regardless of service.



**MORTALITY:** The RPH-2014 Blue Collar Mortality Table projected generationally with Scale BB, set back 1 year for males is used for healthy active members, retirees, and beneficiaries. The RPH-2014 Disabled Mortality Table set back 6 years for males and set forward 1 year for females is used for disabled retirees. Mortality improvement is anticipated under these.

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### **SCHEDULE E**

#### **SUMMARY OF DISTRICT OF COLUMBIA TEACHERS' RETIREMENT PLAN PROVISIONS AS INTERPRETED FOR VALUATION PURPOSES**

**Effective Date** Established on July 1, 1997. The U.S. Department of the Treasury is responsible for paying all benefits accrued before this date.

### **DEFINITIONS**

**Affiliated Employers** District of Columbia Public Schools

**Covered Members** Permanent, temporary, and probationary teachers for the District of Columbia public day schools become members automatically on their date of employment. Other employees covered by the Retirement of Public School Teachers Act – including librarians, principals, and counselors – also become members on their date of employment. Substitute teachers and employees of the Department of School Attendance and Work Permits are not covered. Some former D.C teachers working at charter schools are eligible to remain in the Program.

**Service Credit** One year of school service is given for each year of employment with DCPS. After five years of service are accrued, additional service may be purchased or credited for service outside of DCPS. For purposes of eligibility and benefit accrual, Federal service is included in the calculation of the normal retirement benefit.

**Average Salary** Highest 36 consecutive months of pay, divided by three.

**Vested** Members who accrue five or more years of Service Credit are vested for benefits. If these members leave service they may leave their Member Contribution Accounts with the Plan for a future benefit when reaching eligibility (deferred vested in this report).

### **CONTRIBUTIONS**

**Member Contributions** Members hired before November 1, 1996 are required to contribute 7% of annual pay. Members hired on or after November 1, 1996 contribute 8% of annual pay. Interest is not credited to each Member's accumulated contributions.

**Refund of Member Contributions** In the event a member leaves service for a reason other than death or retirement, member contribution accounts are refunded upon request.





### SERVICE RETIREMENT

#### Eligibility

The Age and Service Credit requirements to be eligible for a full Service Retirement are listed below:

- **Members hired before November 1, 1996**

Age	Service Credit
55	30, including 5 years school service
60	20, including 5 years school service
62	5 years school service

- **Members hired on and after November 1, 1996**

Age	Service Credit
Any Age	30, including 5 years school service
60	20, including 5 years school service
62	5 years school service

#### Benefit

**For members hired before November 1, 1996:**

- 1.5% of Average Salary times service up to 5 years, plus
- 1.75% of Average Salary times service between 5 and 10 years, plus
- 2.0% of Average Salary times service over 10 years.

**For members hired on or after November 1, 1996:**

- 2.0% of Average Salary times service.

All members receive a minimum benefit of 1.0% of Average Salary plus \$25 for each year of service.

### INVOLUNTARY SERVICE RETIREMENT

#### Eligibility

The Age and Service Credit requirements to be eligible for a Reduced Service Retirement are listed below:

- **All Members, regardless of date of hire**

Age	Service Credit
Any Age	25, including 5 years school service
50	20, including 5 years school service

#### Benefit

Service Retirement Benefit reduced by 1/6% per month (or 2% per year) that date of retirement precedes age 55.





### DISABILITY RETIREMENT

<b>Eligibility</b>	Active members with five or more years of school service credit are covered (vested) for disability retirement. To be eligible, the member must be found to be incapable of satisfactorily performing the duties of his/her position.
<b>Benefit</b>	Equal to Service Retirement benefit. Minimum benefit is the lesser of a) or b): <ul style="list-style-type: none"> <li>a) 40% of Average Salary</li> <li>b) Calculated benefit amount by projecting service to age 60.</li> </ul>

### SURVIVOR BENEFITS

<b>LUMP SUM Eligibility</b>	Death before completion of 18 months of school service or death without an eligible spouse, child or parent.
<b>Benefit</b>	Refund of member contributions.
<b>SPOUSE/DOMESTIC PARTNER ONLY Eligibility</b>	Death before retirement and married/registered domestic partnership for at least two years, or have a child by the marriage.
<b>Benefit</b>	55% of Service Retirement benefit. Minimum benefit is the lesser of a) or b): <ul style="list-style-type: none"> <li>a) 55% of 40% of Average Salary</li> <li>b) 55% of the calculated benefit amount by projecting service to age 60.</li> </ul>

### SPOUSE/DOMESTIC PARTNER & DEPENDENT CHILDREN

<b>Eligibility</b>	Death before retirement and married/registered domestic partnership for at least two years, or have a child by the marriage. Children must be unmarried and under age 18, or 22 if full-time student. Also, any dependent child because of a disability incurred before age 18. Death does not have to occur before retirement for the children's benefit.
<b>Spouse/Domestic Partner Benefit</b>	55% of Service Retirement benefit. Minimum benefit is the lesser of a) or b): <ul style="list-style-type: none"> <li>a) 55% of 40% of Average Salary</li> <li>b) 55% of the calculated benefit amount by projecting service to age 60.</li> </ul>
<b>Child Benefit</b>	A benefit per child equal to the smallest of a) or b) or c): <ul style="list-style-type: none"> <li>a) 60% of Average Salary divided by the number of eligible children</li> <li>b) \$6,931* (if hired before 1/1/1980), \$6,693* (if hired between 1/1/1980 and 10/31/1996), or \$6,518* (if hired on or after 11/1/1996) per child</li> <li>c) \$20,958* (if hired before 1/1/1980), \$20,240* (if hired between 1/1/1980 and 10/31/1996), or \$19,710* (if hired on or after 11/1/1996) divided by the number of children.</li> </ul>

**DEPENDENT CHILDREN ONLY****Eligibility**

Children must be unmarried and under age 18, or 22 if full-time student. Also, any dependent child because of a disability incurred before age 18. Death does not have to occur before retirement for the children's benefit.

**Benefit**

A benefit per child equal to the smallest of a) or b) or c):

- d) 75% of Average Salary divided by the number of eligible children
- e) \$8,470\* (if hired before 1/1/1980), \$8,157\* (if hired between 1/1/1980 and 10/31/1996), or \$7,097\* (if hired on or after 11/1/1996) per child
- f) \$25,612\* (if hired before 1/1/1980), \$24,667\* (if hired between 1/1/1980 and 10/31/1996), or \$23,910\* (if hired on or after 11/1/1996) divided by the number of children.

**PARENTS ONLY****Eligibility**

Death before retirement and no eligible spouse/domestic partner or children, and parents must receive at least one-half of their total income from member.

**Benefit**

55% of Service Retirement benefit. Minimum benefit is the lesser of a) or b):

- a) 55% of 40% of Average Salary
- b) 55% of the calculated benefit amount by projecting service to age 60.

\*Survivor benefit amounts are as of March, 2017, and are subject to annual inflation adjustments.

**DEFERRED VESTED RETIREMENT****Eligibility**

Active members with five or more years of school service credit.

**Benefit**

Benefit is calculated in the same manner as Service Retirement benefit and may be collected starting at age 62.

**OPTIONS**

Retirement and disability benefits are payable for the life of the retired member. Optional reduced benefits may be elected at the time of retirement to provide for continuation of a reduced benefit amount to a designated beneficiary. Optional forms include:

**a) Reduced Annuity with a Maximum Survivor Annuity (to Spouse or Registered Domestic Partner)**

Reduced benefit paid to member so that upon member's death, the spouse/domestic partner will receive 55% of the unreduced normal life annuity. Member's benefit is reduced by 2.5% of retirement benefit, up to \$3,600, plus 10% of any retirement benefit over \$3,600.





**b) Reduced Annuity with a Partial Survivor Annuity (to Spouse or Registered Domestic Partner)**

Reduced benefit paid to member so that upon member's death, the spouse/domestic partner will receive a partial annuity that can range from \$1 up to any amount less than 55% of the unreduced normal life annuity amount. Member's benefit is reduced by the same amount as option a, multiplied by the ratio of the chosen benefit percent to the maximum benefit percent (55%).

**c) Reduced Annuity with a Life Insurance Benefit**

Member elects a life insurance amount, payable in a lump sum to designated beneficiary upon member's death.

**d) Reduced Annuity with a Survivor Annuity to a Person with an Insurable Interest**

A 55% joint and survivor annuity where the original benefit is reduced by 10% plus an additional 5% for each full 5 years, up to 25 years, that the designated beneficiary is younger than the member. Maximum reduction is 40% for any beneficiary who is 25 or more years younger than the member.

**COST-OF-LIVING ADJUSTMENTS (COLA)**

Each year on March 1<sup>st</sup>, benefits which have been paid for at least twelve months preceding March 1<sup>st</sup> may be increased. The increase is equal to the annual CPI. COLA's are included in benefit payments on and after April 1<sup>st</sup>. If member's retirement is effective after March 1 of the preceding year, the COLA amount will be prorated.

For members hired on or after November 1, 1996, the cost-of-living increase is limited to 3% per year.



**SCHEDULE E**  
(Continued)

**SUMMARY OF DISTRICT OF COLUMBIA POLICE OFFICERS & FIREFIGHTERS' RETIREMENT PLAN  
PROVISIONS AS INTERPRETED FOR VALUATION PURPOSES**

**Effective Date**                      Established on July 1, 1997. The U.S. Department of the Treasury is responsible for paying all benefits accrued before this date.

**DEFINITIONS**

**Affiliated Employers**              The District of Columbia Metropolitan Police Department (MPD) and the District of Columbia Department of Fire and Emergency Medical Services (FEMS).

**Covered Members**                Sworn Police Officers and Firefighters become members on their first day of active duty (cadets are not eligible). Membership is not automatic for uniformed EMT Firefighters.

**Service Credit**                      One year of service is given for each year of employment with MPD or FEMS. Additional service may be purchased or credited for lateral transfer service, EMT service, prior military service, and certain civilian service. For purposes of eligibility and benefit accrual, Federal service is included in the calculation of the normal retirement benefit.

**Average Salary**                    For members hired before February 15, 1980, the highest 12 consecutive months of pay. For members hired on or after February 15, 1980, the highest 36 consecutive months of pay, divided by 3. Base pay does not include overtime, holiday or military pay.

**Vested**                                Members who accrue five or more years of Service Credit are vested for benefits. If these members leave service, they may leave their Member Contribution Accounts with the Plan for a future benefit when reaching eligibility (deferred vested in this report).

**CONTRIBUTIONS**

**Member Contributions**            Members hired before November 10, 1996 contribute 7.0% of salary. Members hired on or after November 10, 1996 contribute 8.0% of salary. Member contributions, together with any purchased service credit payments, are credited to individual Member Contribution Accounts. No interest is accrued on contributions.

**Refund of Member Contributions**      In the event a member leaves service for a reason other than death or retirement, member contribution accounts are refunded upon request.





### SERVICE RETIREMENT

#### Eligibility

The Age and Service Credit requirements to be eligible for a full Service Retirement are listed below:

- **Members hired before November 10, 1996**

Age	Service Credit
Any age	20 years departmental service (only if hired before 2/15/1980)
50	25 years departmental service
60	5 years departmental service

- **Members hired on and after November 10, 1996**

Age	Service Credit
Any Age	25 years departmental service
60	

#### Benefit

**For members hired before November 10, 1996:**

- 2.5% of Average Salary times departmental service up to 25 years (20 years if hired before 2/15/1980), plus
- 3.0% of Average Salary times departmental service over 25 years (or 20 years if hired before 2/15/1980), plus
- 2.5% of Average Salary times purchased or credited service.

**For members hired on or after November 10, 1996:**

- 2.5% of Average Salary times total service.

All members are subject to a maximum benefit of 80% of Average Salary.

### SERVICE-RELATED DISABILITY RETIREMENT

#### Eligibility

Disabled as a result of an injury or disease that permanently disables him/her for the performance of duty.

#### Benefit

**For members hired before February 15, 1980:**

2.5% of Average Salary times total years of service, subject to a minimum of 66-2/3% of Average Salary and a maximum of 70% of Average Salary.

**For members hired on or after February 15, 1980:**

70% of final pay times percentage of disability, subject to a minimum of 40% of final pay.



### NONSERVICE-RELATED DISABILITY RETIREMENT

<b>Eligibility</b>	Active members with five or more years of departmental service are covered (vested) for disability retirement. The member is eligible if found that the disability precludes further service with his/her department.
<b>Benefit</b>	<p><b>For members hired before February 15, 1980:</b> 2.0% of Average Salary times total years of service, subject to a minimum of 40% of Average Salary and a maximum of 70% of Average Salary.</p> <p><b>For members hired on or after February 15, 1980:</b> 70% of final pay times percentage of disability, subject to a minimum of 30% of final pay.</p>

### SURVIVOR BENEFITS

<b>LUMP SUM</b>	
<b>Eligibility</b>	Death before retirement without an eligible spouse or child.
<b>Benefit</b>	Refund of member contributions according to Plan's order of precedence.
<b>LUMP SUM – DEATH IN LINE OF DUTY</b>	
<b>Eligibility</b>	Death occurring in the line of duty, not resulting from willful misconduct.
<b>Benefit</b>	\$50,000
<b>SPOUSE ONLY – DEATH IN LINE OF DUTY</b>	
<b>Eligibility</b>	Member killed in line of duty, after December 29, 1993.
<b>Benefit</b>	100% of final pay.
<b>SPOUSE ONLY – DEATH NOT IN LINE OF DUTY</b>	
<b>Eligibility</b>	Member death, not in line of duty, after December 29, 1993. If retired, must be married for at least one year or have a child by the marriage.
<b>Benefit</b>	<p>40% of the greater of a) or b):</p> <ul style="list-style-type: none"> <li>a) Average Salary</li> <li>b) Salary for step 6 salary class 1 of the DC Police and Fireman's Salary Act in effect, adjusted for cost-of-living increases if death occurs after retirement.</li> </ul> <p>Benefit cannot be higher than rate of pay at death (or retirement if death occurs after retirement).</p>



## **SPOUSE & DEPENDENT CHILDREN**

### **Eligibility**

Member death, not in line of duty, after December 29, 1993. If retired, must be married for at least one year or have a child by the marriage. Children must be unmarried and under age 18, or 22 if full-time student. Also, any dependent child because of a disability incurred before age 18. Death does not have to occur before retirement for the children's benefit.

### **Spouse Benefit**

40% of the greater of a) or b):

- a) Average Salary
- b) Salary for step 6 salary class 1 of the DC Police and Fireman's Salary Act in effect, adjusted for cost-of-living increases if death occurs after retirement.

Benefit cannot be higher than rate of pay at death (or retirement if death occurs after retirement).

### **Child Benefit**

A benefit per child equal to the smallest of a) or b) or c):

- a) 60% of Average Salary divided by the number of eligible children
- b) \$4,077\* (if hired before 11/1/1996) or \$3,989\* (if hired on or after 11/1/1996) per child
- c) \$12,232\* (if hired before 11/1/1996) or \$11,967\* (if hired on or after 11/1/1996) divided by the number of children.

## **DEPENDENT CHILDREN ONLY**

### **Eligibility**

Children must be unmarried and under age 18, or 22 if full-time student. Also, any dependent child because of a disability incurred before age 18. Death does not have to occur before retirement for the children's benefit.

### **Benefit**

75% of Average Salary divided by the number of eligible children, adjusted for cost-of-living increases.

\*Survivor benefit amounts are as of March, 2017, and are subject to annual inflation adjustments.

## **DEFERRED VESTED RETIREMENT**

### **Eligibility**

Active members with five or more years of departmental service.

### **Benefit**

Benefit is calculated in the same manner as Service Retirement benefit and may be collected starting at age 55.





## OPTIONS

Retirement and disability benefits are payable for the life of the retired member. This includes an unreduced joint and survivor annuity as defined above in the "Survivor Benefits – Spouse and Dependent Children" sections.

An optional reduced benefit may be elected at the time of retirement to provide for an additional survivor benefit to a designated beneficiary. Member's original annuity is reduced by 10% and that amount is added to the survivor's benefit. If the designated beneficiary is more than five years younger than the member, the additional amount will be reduced by 5% for each full five years that the beneficiary is younger than the member, subject to a maximum of 40%.

## COST-OF-LIVING ADJUSTMENTS (COLA)

Each year on March 1<sup>st</sup>, benefits which have been paid for at least twelve months preceding March 1<sup>st</sup> may be increased. The increase is equal to the annual CPI. COLA's are included in benefit payments on and after April 1<sup>st</sup>. If member's retirement is effective after March 1 of the preceding year, the COLA amount will be prorated.

For members hired on or after November 10, 1996, the cost-of-living increase is limited to 3% per year. Members hired before February 15, 1980, receive equalization pay, which is defined as the percentage increase of active employees' salary increases. Equalization increases are not paid to beneficiaries.

**SCHEDULE F****SCHEDULES OF MEMBER DATA****TABLE 1****RECONCILIATION OF MEMBER DATA  
AS OF OCTOBER 1, 2017****TEACHERS' RETIREMENT PLAN**

	Actives	Retirees	Disabled	Beneficiaries	Vested Terms	Total
1. Headcounts as of October 1, 2016	5,141	3,617	116	149	1,176	10,199
2. Change in status during the year:						
a. Death		(63)	(6)	(3)		(72)
b. Disabled	(1)	(1)	2			
c. Retired	(61)	84			(23)	
d. Vested Termination	(240)				240	
e. Nonvested Termination	(403)					(403)
f. Benefits Expired/Refund	(158)		(2)	(2)	(34)	(196)
3. New member due to:						
a. New Hire	817					817
b. Rehire	104	(2)			(29)	73
c. Death of Participant				9		9
d. Adjustments		1				1
4. Headcounts as of October 1, 2017	5,199	3,636	110	153	1,330	10,428

**SCHEDULE F****SCHEDULES OF MEMBER DATA****TABLE 2****RECONCILIATION OF MEMBER DATA  
AS OF OCTOBER 1, 2017****POLICE OFFICERS' RETIREMENT PLAN**

	Actives	Retirees	Disabled	Beneficiaries	Vested Terms	Total
1. Headcounts as of October 1, 2016	3,651	1,593	310	362	197	6,113
2. Change in status during the year:						
a. Death		(15)	(1)	(5)		(21)
b. Disabled	(2)		3		(1)	
c. Retired	(147)	158			(11)	
d. Vested Termination	(88)				88	
e. Nonvested Termination	(47)					(47)
f. Benefits Expired/Refund	(34)		(2)	(12)	(18)	(66)
3. New member due to:						
a. New Hire	230					230
b. Rehire	21				(9)	12
c. Death of Participant				16		16
d. Adjustments	(1)			12		11
4. Headcounts as of October 1, 2017	3,583	1,736	310	373	246	6,248



**SCHEDULE F****SCHEDULES OF MEMBER DATA****TABLE 3****RECONCILIATION OF MEMBER DATA  
AS OF OCTOBER 1, 2017****FIREFIGHTERS' RETIREMENT PLAN**

	<b>Actives</b>	<b>Retirees</b>	<b>Disabled</b>	<b>Beneficiaries</b>	<b>Vested Terms</b>	<b>Total</b>
1. Headcounts as of October 1, 2016	1,708	529	84	125	96	2,542
2. Change in status during the year:						
a. Death		(1)	(1)			(2)
b. Disabled	(3)		3			
c. Retired	(37)	44			(7)	
d. Vested Termination	(14)				14	
e. Nonvested Termination	(14)					(14)
f. Benefits Expired/Refund	(2)			(3)	(4)	(9)
3. New member due to:						
a. New Hire	82					82
b. Rehire	9				(5)	4
c. Death of Participant				2		2
d. Adjustments		3	1	10		14
4. Headcounts as of October 1, 2017	1,729	575	87	134	94	2,619

**SCHEDULE F****TABLE 4****SCHEDULE OF ACTIVE MEMBER DATA  
AS OF OCTOBER 1, 2017****TEACHERS' RETIREMENT PLAN**

Attained Age	Completed Years of Service							Total	Payroll
	Under 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30+		
Under 20	0	0	0	0	0	0	0	0	\$ 0
20 to 24	58	0	0	0	0	0	0	58	\$ 3,224,910
25 to 29	693	61	1	0	0	0	0	755	\$ 47,062,487
30 to 34	724	307	36	1	0	0	0	1,068	\$ 81,551,898
35 to 39	501	252	121	10	0	0	0	884	\$ 77,274,414
40 to 44	341	180	116	91	7	0	0	735	\$ 69,738,939
45 to 49	195	125	83	123	53	7	0	586	\$ 56,621,153
50 to 54	106	60	56	54	36	50	16	378	\$ 37,649,115
55 to 59	57	35	43	56	36	50	44	321	\$ 32,451,276
60 to 64	41	37	44	54	23	28	49	276	\$ 27,916,517
65 to 69	18	11	15	13	8	19	23	107	\$ 11,060,158
70 & Over	3	4	1	8	4	2	9	31	\$ 3,211,285
Total	2,737	1,072	516	410	167	156	141	5,199	\$ 447,762,152

Average Age: 40.65

Average Service: 7.81

**SCHEDULE F****TABLE 5**

**SCHEDULE OF ACTIVE MEMBER DATA  
AS OF OCTOBER 1, 2017**

**POLICE OFFICERS' RETIREMENT PLAN**

Attained Age	Completed Years of Service							Total	Payroll
	Under 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30+		
Under 20	0	0	0	0	0	0	0	0	\$ 0
20 to 24	97	0	0	0	0	0	0	97	\$ 5,805,305
25 to 29	444	52	3	0	0	0	0	499	\$ 32,280,002
30 to 34	231	252	87	0	0	0	0	570	\$ 41,231,142
35 to 39	86	123	294	39	0	0	0	542	\$ 43,320,492
40 to 44	24	40	146	206	70	0	0	486	\$ 42,590,358
45 to 49	6	35	108	175	165	223	0	712	\$ 67,682,776
50 to 54	8	15	47	90	90	253	6	509	\$ 50,071,611
55 to 59	0	7	13	30	19	51	23	143	\$ 14,080,768
60 to 64	0	2	2	6	3	5	7	25	\$ 2,472,119
65 to 69	0	0	0	0	0	0	0	0	\$ 0
70 & Over	0	0	0	0	0	0	0	0	\$ 0
Total	896	526	700	546	347	532	36	3,583	\$ 299,534,573

Average Age: 40.17

Average Service: 13.62

**SCHEDULE F****TABLE 6****SCHEDULE OF ACTIVE MEMBER DATA  
AS OF OCTOBER 1, 2017****FIREFIGHTERS' RETIREMENT PLAN**

Attained Age	Completed Years of Service							Total	Payroll
	Under 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30+		
Under 20	0	0	0	0	0	0	0	0	\$ 0
20 to 24	90	7	0	0	0	0	0	97	\$ 5,393,350
25 to 29	83	37	0	0	0	0	0	120	\$ 6,979,323
30 to 34	62	107	157	1	0	0	0	327	\$ 22,693,293
35 to 39	11	78	181	18	0	0	0	288	\$ 21,423,880
40 to 44	4	17	129	75	19	8	0	252	\$ 21,220,113
45 to 49	4	1	46	100	44	120	0	315	\$ 29,841,453
50 to 54	2	1	14	24	69	85	20	215	\$ 22,503,566
55 to 59	0	0	3	7	17	48	28	103	\$ 10,931,523
60 to 64	0	0	1	0	0	2	9	12	\$ 1,383,271
65 & Over	0	0	0	0	0	0	0	0	\$ 0
Total	256	248	531	225	149	263	57	1,729	\$ 142,369,772

Average Age: 40.35

Average Service: 14.80

**SCHEDULE F****TABLE 7**

**SCHEDULE OF RETIREE MEMBER DATA  
AS OF OCTOBER 1, 2017**

**TEACHERS' RETIREMENT PLAN  
DISTRICT ONLY**

Attained Age	Service Retirement		Disability Retirement		Survivors and Beneficiaries		Total	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 20	0	\$0	0	\$0	5	\$25,760	5	\$25,760
20 to 24	0	\$0	0	\$0	2	\$6,796	2	\$6,796
25 to 29	0	\$0	0	\$0	0	\$0	0	\$0
30 to 34	0	\$0	0	\$0	0	\$0	0	\$0
35 to 39	0	\$0	0	\$0	2	\$16,860	2	\$16,860
40 to 44	0	\$0	1	\$33,972	3	\$31,119	4	\$65,091
45 to 49	0	\$0	5	\$181,284	0	\$0	5	\$181,284
50 to 54	6	\$203,480	5	\$179,628	1	\$2,480	12	\$385,588
55 to 59	66	\$2,273,062	13	\$476,004	9	\$107,663	88	\$2,856,729
60 to 64	349	\$10,663,514	25	\$723,818	15	\$178,239	389	\$11,565,571
65 to 69	1,013	\$23,062,979	38	\$687,226	33	\$197,826	1,084	\$23,948,031
70 to 74	1,335	\$20,430,481	19	\$291,587	38	\$234,978	1,392	\$20,957,046
75 to 79	615	\$8,030,287	4	\$25,482	29	\$149,440	648	\$8,205,209
80 to 84	201	\$2,236,500	0	\$0	11	\$102,959	212	\$2,339,459
85 to 89	42	\$500,835	0	\$0	5	\$49,915	47	\$550,750
90 to 94	8	\$90,519	0	\$0	0	\$0	8	\$90,519
95 & Over	1	\$5,976	0	\$0	0	\$0	1	\$5,976
Total	3,636	\$67,497,633	110	\$2,599,001	153	\$1,104,035	3,899	\$71,200,669

Average Age: 68.76

**SCHEDULE F****TABLE 8****SCHEDULE OF RETIREE MEMBER DATA  
AS OF OCTOBER 1, 2017****TEACHERS' RETIREMENT PLAN  
FEDERAL PLUS DISTRICT**

Attained Age	Service Retirement		Disability Retirement		Survivors and Beneficiaries		Total	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 20	0	\$0	0	\$0	5	\$33,144	5	\$33,144
20 to 24	0	\$0	0	\$0	3	\$20,316	3	\$20,316
25 to 29	0	\$0	0	\$0	0	\$0	0	\$0
30 to 34	0	\$0	0	\$0	0	\$0	0	\$0
35 to 39	0	\$0	0	\$0	2	\$16,860	2	\$16,860
40 to 44	0	\$0	1	\$33,972	3	\$45,744	4	\$79,716
45 to 49	0	\$0	5	\$181,284	2	\$15,396	7	\$196,680
50 to 54	6	\$282,324	5	\$179,628	2	\$14,544	13	\$476,496
55 to 59	66	\$3,282,600	17	\$566,976	14	\$266,964	97	\$4,116,540
60 to 64	350	\$17,459,688	27	\$879,204	17	\$410,220	394	\$18,749,112
65 to 69	1,031	\$48,878,340	46	\$1,452,444	45	\$840,504	1,122	\$51,171,288
70 to 74	1,445	\$68,846,028	59	\$1,835,460	78	\$1,498,572	1,582	\$72,180,060
75 to 79	926	\$43,815,204	36	\$1,046,364	83	\$1,572,840	1,045	\$46,434,408
80 to 84	693	\$32,896,392	39	\$1,217,711	57	\$1,285,824	789	\$35,399,927
85 to 89	474	\$21,548,532	23	\$701,208	56	\$1,368,768	553	\$23,618,508
90 to 94	243	\$10,308,396	19	\$692,424	43	\$1,060,800	305	\$12,061,620
95 & Over	108	\$5,196,288	14	\$583,536	18	\$472,404	140	\$6,252,228
Total	5,342	\$252,513,792	291	\$9,370,211	428	\$8,922,900	6,061	\$270,806,903

**SCHEDULE F****TABLE 9****SCHEDULE OF RETIREE MEMBER DATA  
AS OF OCTOBER 1, 2017****POLICE OFFICERS' RETIREMENT PLAN  
DISTRICT ONLY**

Attained Age	Service Retirement		Disability Retirement		Survivors and Beneficiaries		Total	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 20	0	\$0	0	\$0	39	\$325,261	39	\$325,261
20 to 24	0	\$0	0	\$0	5	\$87,356	5	\$87,356
25 to 29	0	\$0	2	\$46,452	0	\$0	2	\$46,452
30 to 34	0	\$0	2	\$48,444	1	\$28,116	3	\$76,560
35 to 39	0	\$0	8	\$285,564	0	\$0	8	\$285,564
40 to 44	0	\$0	18	\$617,196	5	\$129,756	23	\$746,952
45 to 49	2	\$42,535	57	\$2,156,064	32	\$588,936	91	\$2,787,535
50 to 54	481	\$22,243,055	90	\$3,201,468	50	\$854,965	621	\$26,299,488
55 to 59	478	\$19,758,384	67	\$1,688,799	45	\$679,845	590	\$22,127,028
60 to 64	399	\$10,707,180	46	\$877,660	69	\$1,020,713	514	\$12,605,553
65 to 69	270	\$4,002,547	16	\$150,246	64	\$1,052,117	350	\$5,204,910
70 to 74	92	\$662,969	4	\$45,285	42	\$600,607	138	\$1,308,861
75 to 79	14	\$122,641	0	\$0	13	\$287,626	27	\$410,267
80 to 84	0	\$0	0	\$0	4	\$54,479	4	\$54,479
85 to 89	0	\$0	0	\$0	4	\$96,840	4	\$96,840
90 to 94	0	\$0	0	\$0	0	\$0	0	\$0
95 & Over	0	\$0	0	\$0	0	\$0	0	\$0
Total	1,736	\$57,539,311	310	\$9,117,178	373	\$5,806,617	2,419	\$72,463,106

Average Age: 57.17

**SCHEDULE F****TABLE 10**

**SCHEDULE OF RETIREE MEMBER DATA  
AS OF OCTOBER 1, 2017**

**POLICE OFFICERS' RETIREMENT PLAN  
FEDERAL PLUS DISTRICT**

Attained Age	Service Retirement		Disability Retirement		Survivors and Beneficiaries		Total	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 20	0	\$0	0	\$0	43	\$492,912	43	\$492,912
20 to 24	0	\$0	0	\$0	7	\$149,916	7	\$149,916
25 to 29	0	\$0	2	\$46,452	0	\$0	2	\$46,452
30 to 34	0	\$0	2	\$48,444	2	\$32,136	4	\$80,580
35 to 39	0	\$0	8	\$285,564	0	\$0	8	\$285,564
40 to 44	0	\$0	18	\$617,196	6	\$159,120	24	\$776,316
45 to 49	3	\$78,312	60	\$2,218,176	37	\$1,077,864	100	\$3,374,352
50 to 54	481	\$32,770,776	94	\$3,288,252	58	\$1,406,196	633	\$37,465,224
55 to 59	479	\$33,749,604	95	\$3,328,572	74	\$2,129,124	648	\$39,207,300
60 to 64	466	\$31,887,096	99	\$4,260,888	144	\$4,163,097	709	\$40,311,081
65 to 69	813	\$46,101,768	146	\$6,589,476	232	\$6,750,296	1,191	\$59,441,540
70 to 74	823	\$46,071,288	162	\$7,208,292	256	\$7,733,340	1,241	\$61,012,920
75 to 79	424	\$23,944,776	104	\$5,161,956	204	\$6,442,092	732	\$35,548,824
80 to 84	191	\$11,022,624	73	\$3,974,100	177	\$5,836,140	441	\$20,832,864
85 to 89	57	\$3,995,904	56	\$3,031,812	114	\$3,782,832	227	\$10,810,548
90 to 94	14	\$1,151,664	30	\$1,803,312	66	\$2,011,308	110	\$4,966,284
95 & Over	1	\$93,744	9	\$632,976	27	\$888,432	37	\$1,615,152
Total	3,752	\$230,867,556	958	\$42,495,468	1,447	\$43,054,805	6,157	\$316,417,829

Average Age: 67.51



**SCHEDULE F****TABLE 11**

**SCHEDULE OF RETIREE MEMBER DATA  
AS OF OCTOBER 1, 2017**

**FIREFIGHTERS' RETIREMENT PLAN  
DISTRICT ONLY**

Attained Age	Service Retirement		Disability Retirement		Survivors and Beneficiaries		Total	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 20	0	\$0	0	\$0	23	\$241,602	23	\$241,602
20 to 24	0	\$0	0	\$0	3	\$7,179	3	\$7,179
25 to 29	0	\$0	1	\$21,420	1	\$27,186	2	\$48,606
30 to 34	0	\$0	4	\$109,200	2	\$4,559	6	\$113,759
35 to 39	0	\$0	5	\$159,120	0	\$0	5	\$159,120
40 to 44	0	\$0	6	\$238,320	2	\$59,373	8	\$297,693
45 to 49	0	\$0	13	\$521,424	8	\$261,057	21	\$782,481
50 to 54	47	\$2,373,429	14	\$475,932	12	\$272,845	73	\$3,122,206
55 to 59	168	\$7,548,069	8	\$194,990	20	\$418,731	196	\$8,161,790
60 to 64	207	\$7,377,956	18	\$409,021	19	\$526,515	244	\$8,313,492
65 to 69	110	\$2,411,670	16	\$192,306	18	\$286,628	144	\$2,890,604
70 to 74	39	\$507,946	2	\$1,621	15	\$296,937	56	\$806,504
75 to 79	4	\$48,752	0	\$0	6	\$95,604	10	\$144,356
80 to 84	0	\$0	0	\$0	5	\$133,775	5	\$133,775
85 to 89	0	\$0	0	\$0	0	\$0	0	\$0
90 to 94	0	\$0	0	\$0	0	\$0	0	\$0
95 & Over	0	\$0	0	\$0	0	\$0	0	\$0
Total	575	\$20,267,822	87	\$2,323,354	134	\$2,631,991	796	\$25,223,167

Average Age: 57.85

**SCHEDULE F****TABLE 12**

**SCHEDULE OF RETIREE MEMBER DATA  
AS OF OCTOBER 1, 2017**

**FIREFIGHTERS' RETIREMENT PLAN  
FEDERAL PLUS DISTRICT**

Attained Age	Service Retirement		Disability Retirement		Survivors and Beneficiaries		Total	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 20	0	\$0	0	\$0	24	\$331,488	24	\$331,488
20 to 24	0	\$0	0	\$0	4	\$16,260	4	\$16,260
25 to 29	0	\$0	1	\$21,420	1	\$48,276	2	\$69,696
30 to 34	0	\$0	4	\$109,200	2	\$8,148	6	\$117,348
35 to 39	0	\$0	5	\$159,120	1	\$28,428	6	\$187,548
40 to 44	0	\$0	6	\$238,320	2	\$67,872	8	\$306,192
45 to 49	0	\$0	13	\$521,424	9	\$346,392	22	\$867,816
50 to 54	47	\$3,610,344	14	\$475,932	14	\$428,040	75	\$4,514,316
55 to 59	168	\$12,948,984	13	\$417,216	27	\$708,780	208	\$14,074,980
60 to 64	215	\$16,581,564	35	\$1,656,708	38	\$1,202,784	288	\$19,441,056
65 to 69	153	\$11,518,776	44	\$2,322,408	50	\$1,539,612	247	\$15,380,796
70 to 74	208	\$13,989,036	53	\$2,725,704	79	\$2,426,050	340	\$19,140,790
75 to 79	205	\$13,320,084	77	\$4,354,944	96	\$2,933,964	378	\$20,608,992
80 to 84	94	\$6,149,004	40	\$2,038,860	58	\$1,878,120	192	\$10,065,984
85 to 89	42	\$2,990,532	29	\$1,591,080	62	\$2,173,584	133	\$6,755,196
90 to 94	14	\$1,039,524	13	\$822,312	50	\$1,789,344	77	\$3,651,180
95 & Over	0	\$0	8	\$523,091	16	\$607,008	24	\$1,130,099
Total	1,146	\$82,147,848	355	\$17,977,739	533	\$16,534,150	2,034	\$116,659,737

**SCHEDULE G****SCHEDULE OF RETIREES ADDED TO AND REMOVED FROM ROLLS****DISTRICT BENEFIT ONLY  
(\$ IN THOUSANDS)**

Fiscal Year Ended	Plan	Added		Removed		Increase Due to Plan Amendments	Rolls at End of Year		Percentage Increase in Annual Allowances	Average Annual Allowances
		Number	Annual Allowances	Number	Annual Allowances		Number	Annual Allowances		
September 30, 2013	Teachers	202	\$5,289	39	\$436	\$706	3,448	\$52,966	11.7%	\$15
	Police	110	\$3,746	24	\$248	\$302	1,584	\$34,392	12.4%	\$22
	Fire	64	\$2,308	6	\$50	\$42	599	\$15,138	17.9%	\$25
September 30, 2014	Teachers	218	\$6,079	65	\$955	\$597	3,601	\$58,687	10.8%	\$16
	Police	157	\$6,139	34	\$399	\$139	1,707	\$40,271	17.1%	\$24
	Fire	80	\$3,326	21	\$496	\$211	658	\$18,179	20.1%	\$28
September 30, 2015	Teachers	183	\$4,950	66	\$822	\$84	3,718	\$62,899	7.2%	\$17
	Police	240	\$10,865	24	\$189	-\$535	1,923	\$50,412	25.2%	\$26
	Fire	44	\$1,953	16	\$235	-\$95	686	\$19,802	8.9%	\$29
September 30, 2016	Teachers	222	\$6,844	58	\$1,021	\$68	3,882	\$68,790	9.4%	\$18
	Police	381	\$15,394	39	\$822	-\$1,397	2,265	\$63,587	26.1%	\$28
	Fire	60	\$2,811	8	\$200	-\$262	738	\$22,151	11.9%	\$30
September 30, 2017	Teachers	96	\$2,599	79	\$1,211	\$1,023	3,899	\$71,201	3.5%	\$18
	Police	189	\$8,485	35	\$537	\$928	2,419	\$72,463	14.0%	\$30
	Fire	63	\$2,802	5	\$141	\$411	796	\$25,223	13.9%	\$32

**SCHEDULE G****SCHEDULE OF RETIREES ADDED TO AND REMOVED FROM ROLLS****FEDERAL PLUS DISTRICT BENEFIT  
(\$ IN THOUSANDS)**

Fiscal Year Ended	Plan	Added		Removed		Increase Due to Plan Amendments	Rolls at End of Year		Percentage Increase in Annual Allowances	Average Annual Allowances
		Number	Annual Allowances	Number	Annual Allowances		Number	Annual Allowances		
September 30, 2013	Teachers	390	\$7,883	348	\$6,676	\$5,448	6,172	\$263,691	2.6%	\$43
	Police	164	\$8,218	172	\$7,493	\$3,572	5,695	\$267,499	1.6%	\$47
	Fire	80	\$4,327	60	\$2,896	\$1,322	1,994	\$105,520	2.7%	\$53
September 30, 2014	Teachers	245	\$10,540	228	\$8,792	\$4,251	6,189	\$269,690	2.3%	\$44
	Police	240	\$13,009	218	\$8,382	\$3,689	5,717	\$275,815	3.1%	\$48
	Fire	121	\$6,969	89	\$3,880	\$1,391	2,026	\$110,000	4.2%	\$54
September 30, 2015	Teachers	197	\$8,040	249	\$17,224	\$7,071	6,137	\$267,577	-0.8%	\$44
	Police	312	\$19,957	168	\$9,132	\$4,269	5,861	\$290,909	5.5%	\$50
	Fire	70	\$3,988	103	\$5,370	\$2,006	1,993	\$110,624	0.6%	\$56
September 30, 2016	Teachers	446	\$15,992	400	\$18,508	\$5,143	6,183	\$270,204	1.0%	\$44
	Police	465	\$25,416	216	\$9,739	-\$1,317	6,110	\$305,269	4.9%	\$50
	Fire	83	\$4,887	68	\$3,260	-\$16	2,008	\$112,235	1.5%	\$56
September 30, 2017	Teachers	107	\$3,937	229	\$8,829	\$5,495	6,061	\$270,807	0.2%	\$45
	Police	261	\$14,438	214	\$9,061	\$5,772	6,157	\$316,418	3.7%	\$51
	Fire	84	\$4,919	58	\$2,727	\$2,233	2,034	\$116,660	3.9%	\$57



**SCHEDULE H****ANALYSIS OF FINANCIAL EXPERIENCE**

**Gains & Losses in Actuarial Accrued Liabilities  
Resulting from Difference Between  
Assumed Experience & Actual Experience  
(\$ Millions)**

Type of Activity	Teachers	Police	Fire	Police and Fire	Total
<b>Age &amp; Service Retirements.</b> If members retire at older ages, there is a gain. If younger ages, a loss.	\$1.1	(\$0.8)	\$(1.1)	\$(1.9)	(\$0.8)
<b>Disability Retirements.</b> If disability claims are less than assumed, there is a gain. If more claims, a loss.	\$0.4	\$4.6	\$1.3	\$5.9	\$6.3
<b>Death-in Service Benefits.</b> If survivor claims are less than assumed, there is a gain. If more claims, there is a loss.	\$0.3	\$1.0	\$0.4	\$1.4	\$1.7
<b>Withdrawal From Employment.</b> If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss.	\$5.9	\$5.6	(\$6.2)	(\$0.6)	\$5.3
<b>Pay Increases.</b> If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.	\$32.7	\$50.8	\$58.3	\$109.1	\$141.8
<b>New Members.</b> Additional unfunded actuarial accrued liability will produce a loss.	(\$32.8)	(\$20.4)	(\$12.8)	(\$33.2)	(\$66.0)
<b>Investment Income.</b> If there is a greater investment income than assumed, there is a gain. If less income, a loss.	\$14.2	\$25.2	\$10.7	\$35.9	\$50.1
<b>Death After Retirement.</b> If retirants live longer than assumed, there is a loss. If not as long, a gain.	\$8.3	\$1.5	\$(2.1)	\$(0.6)	\$7.7
<b>COLA/CPI.</b> If inflation is different than expected, gains or losses can occur.	\$17.2	\$27.9	\$8.6	\$36.5	\$53.7
<b>Other.</b> Miscellaneous gains and losses resulting from changes in valuation software, data adjustments, timing of financial transactions, etc.	<u>\$15.8</u>	<u>\$(4.3)</u>	<u>\$(3.0)</u>	<u>\$(7.3)</u>	<u>\$8.5</u>
<b>Gain (or Loss) During Year From Financial Experience</b>	\$63.1	\$91.1	\$54.1	\$145.2	\$208.3
<b>Non-Recurring Items.</b> Adjustments for plan amendments, assumption changes, method changes or audit changes.	<u>\$(50.0)</u>	<u>\$(125.5)</u>	<u>\$7.5</u>	<u>\$(118.0)</u>	<u>\$(168.0)</u>
<b>Composite Gain (or Loss) During Year</b>	<u>\$13.1</u>	<u>\$(34.4)</u>	<u>\$61.6</u>	<u>\$27.2</u>	<u>\$40.3</u>



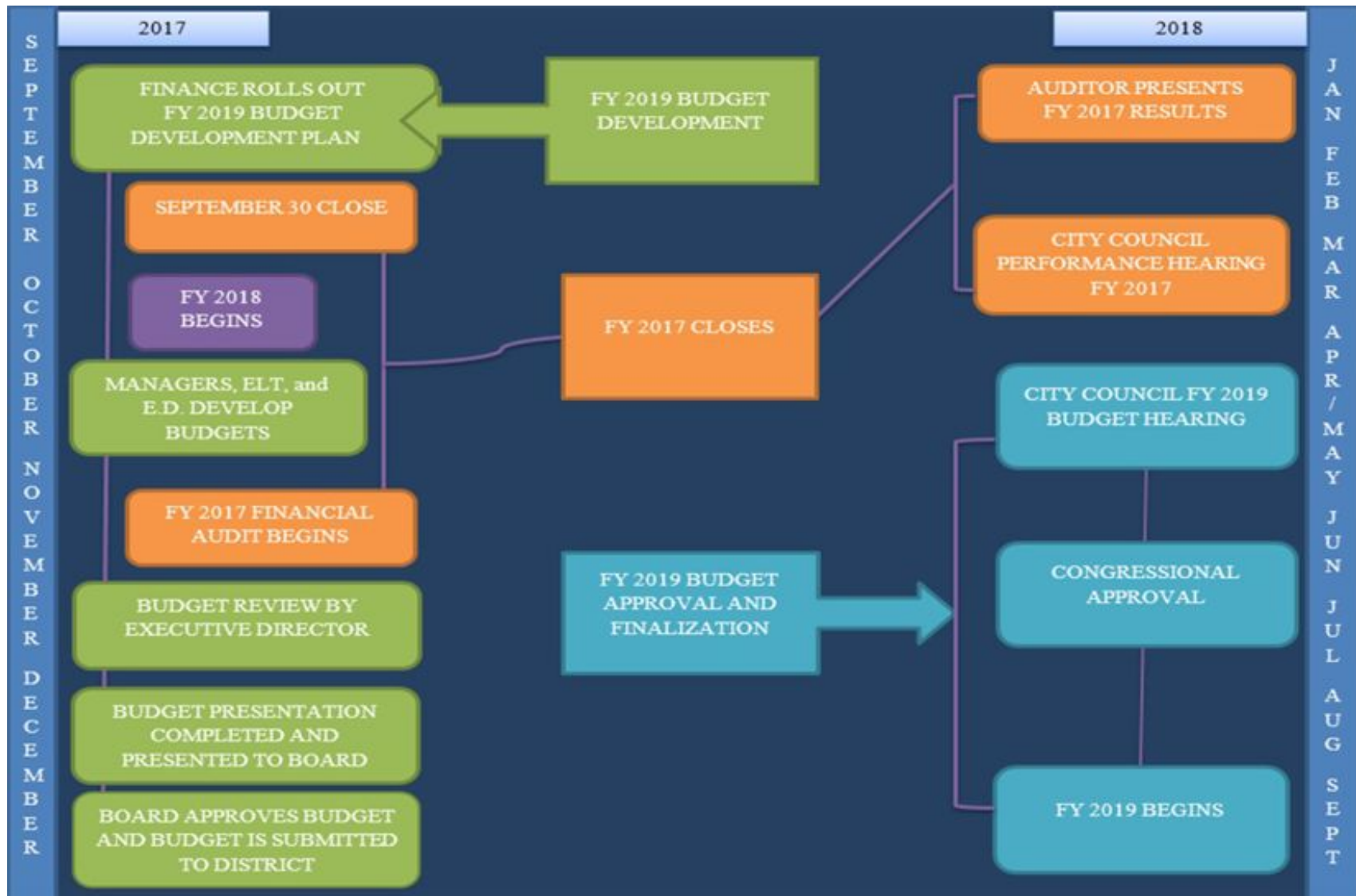
## **FY 2019 Budget Proposal**

October 1, 2018 - September 30, 2019

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## DCRB's Budget Process





## DCRB's Budget Reflects our Objectives



## Executive Summary

(Dollars in millions)

	<b>FY 2017 Budget</b>	<b>FY 2018 Budget</b>	<b>FY 2019 Budget</b>	<b>Change from FY 2018</b>	
				<b>Amount</b>	<b>Percent</b>
Personal	\$9.2	\$10.5	\$10.9	\$0.4	4.0%
Non-Personal	18.1	19.2	18.3	-0.9	-4.9%
Investment Fees	11.8	11.9	14.4	2.5	20.7%
<b>Total</b>	<b>\$39.1</b>	<b>\$41.6</b>	<b>\$43.6</b>	<b>\$2.0</b>	<b>4.7%</b>

- The FY 2019 Proposed Budget of \$43.6 million reflects an increase of \$2.0 million (4.7%), over the FY 2018 Budget.
- There are no new Full-time Equivalents (FTEs) in the FY 2019 Proposed Budget; the 4% increase in personal services is a continuance of the costs of current FTEs.

## Executive Summary for FY 2019 Proposed Budget

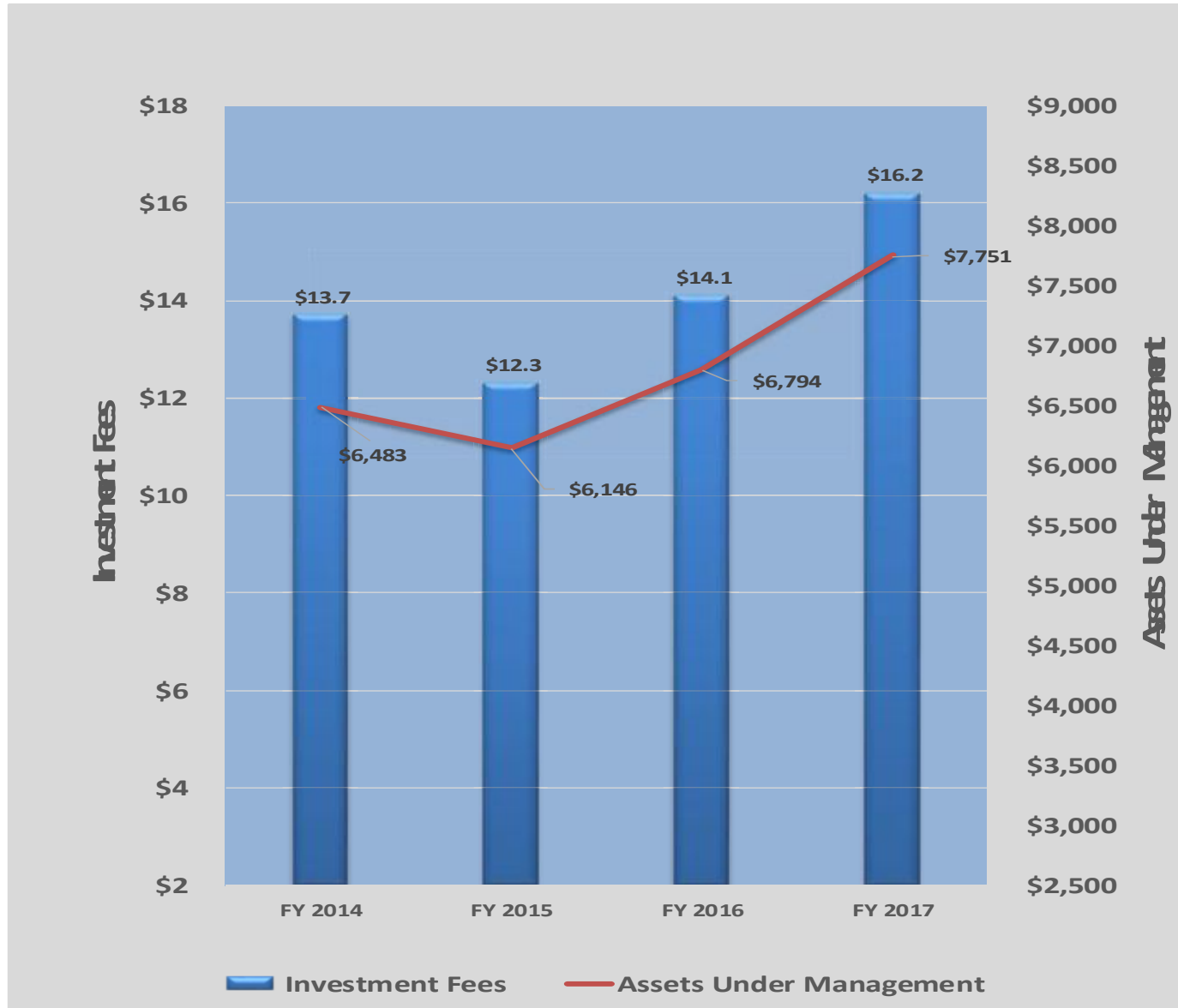
- Personal Services: 4% increase for maintaining the current staffing level.
- Supplies and Materials: \$12,000 decrease to properly align expenses.
- Rentals - Land and Structures & Security Services: Rent is relatively flat at 0.1% over FY 2018.
- Other Services and Charges & Contracts: Increase of about \$1.6 million (5.6%) is largely attributable to professional services related to Investment activities.
- Equipment & Equipment Rental: 22.5% decrease is attributable mainly to a reduction in IT software expenditures.
- An approximately \$2.5 million (20.7%) increase of which is for Investment manager fees, is directly related to the projected growth in assets under management.
- There is an increase of \$1.2 million (5.1%) for new projects and initiatives, which includes:
  - \$245,000 for operational due diligence, enhanced compliance, and investment fee validation;
  - \$60,000 for benchmarking analysis (Benefits, IT); and
  - \$100,000 for the retention of an IT consultant to independently advise the Board (funding will be included in the Executive budget).

## Executive Summary for FY 2019 Proposed Budget

- There is a net decrease of \$15,900 (-4.5%) in the Benefits budget. A decrease of \$140,000 in professional services is partially offset by an increase of \$50,000 for the preparation and continued issuance of annual benefit statements, and \$70,000 for contractual services for a Terminated Vested Project.
- There is a decrease of \$312,000 (-4.3%) in the Projects budget, primarily due to the delayed release of the Pension Information System (PIMS) Request for Proposal (RFP). The Projects budget contains funding for various initiatives, including, but not limited to, the implementation of a PIMS.

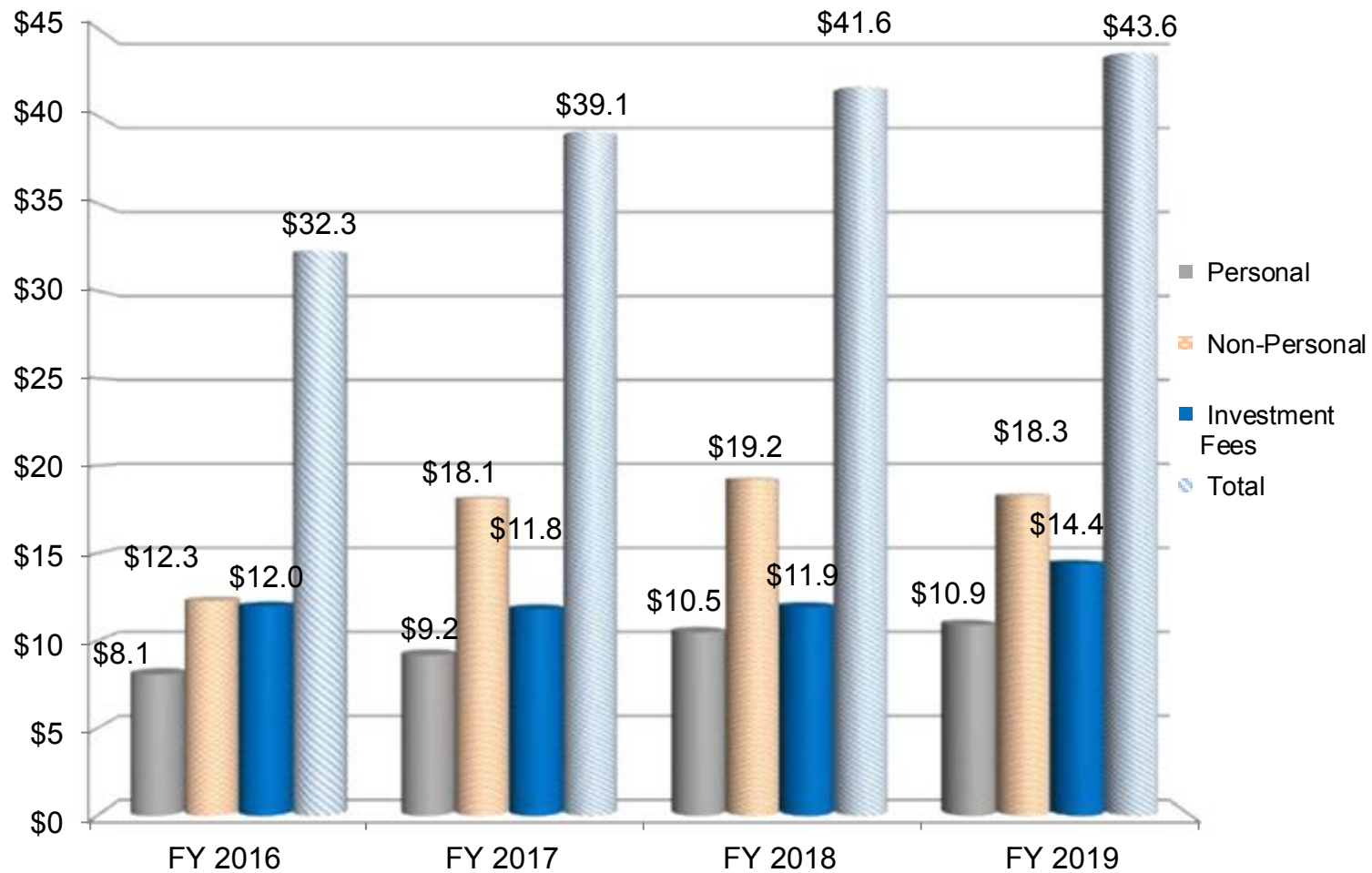
## Comparison of Investment Fees to Assets Under Management

(Dollars in millions based on actual amounts reported in the Audited Financial Statements)



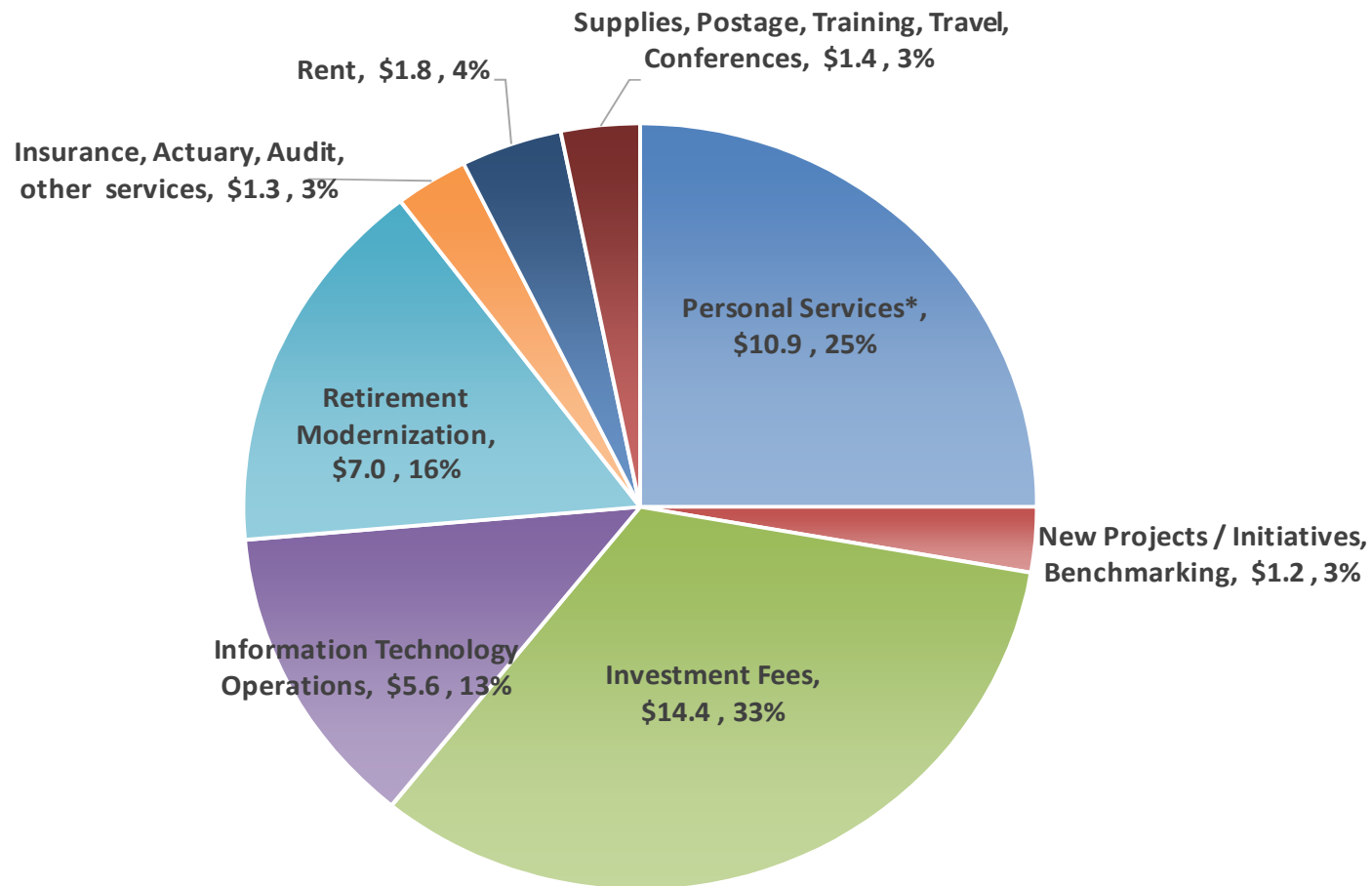
## FY 2016 - 2019 Budget Comparison

(Dollars in millions)



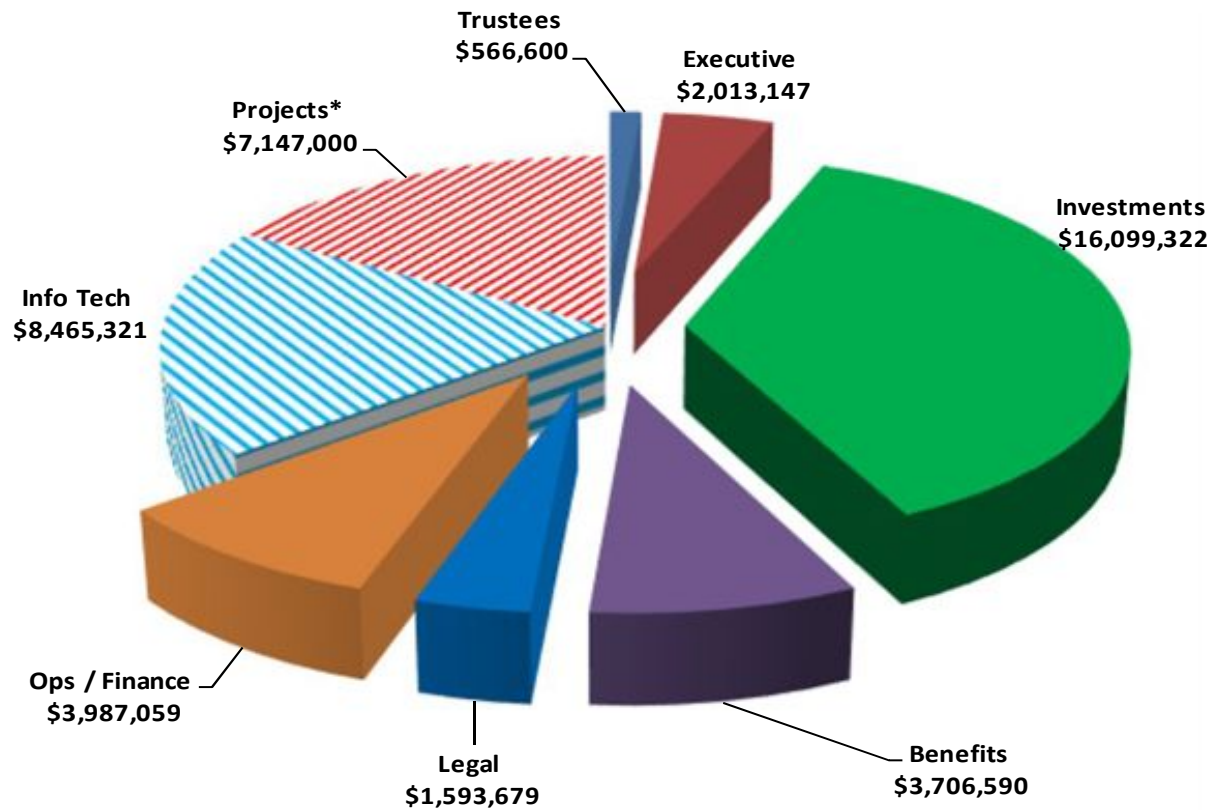
## Where the Budget Goes – FY 2019 – Proposed Expenditures by Type

(Dollars in millions)



\*Personal services are the direct labor costs for DCRB employees and all related employee benefits.

## Where the Budget Goes – FY 2019 Proposed Budget by Department



\*Not a department



	<u>Trustees</u>	<u>Executive</u>	<u>Investments</u>	<u>Benefits</u>	<u>Legal</u>	<u>Operations/</u> <u>Finance</u>	<u>Information</u> <u>Technology</u>	<u>Projects *</u>	<u>Total</u>
Personal Services									
Regular Pay - Full Time & Regular Pay	-	1,226,738	837,064	2,609,871	617,881	1,301,720	1,803,993	-	8,397,267
Additional Gross Pay	-	61,946	52,028	67,965	46,091	33,899	47,010	-	308,939
Fringe Benefits	-	319,463	220,280	679,654	160,907	338,990	470,098	-	2,189,392
Overtime Pay	-	2,500	-	15,000	-	-	-	-	17,500
Personal Services Subtotal	-	1,610,647	1,109,372	3,372,490	824,879	1,674,609	2,321,101	-	10,913,098
Non-Personal Services									
Supplies and Materials	11,000	8,400	43,000	16,400	6,800	36,150	3,500	-	125,250
Telephone, etc.	-	-	-	-	-	-	85,000	-	85,000
Rentals - Land & Structures	-	-	-	-	-	1,772,000	-	-	1,772,000
Other Services and Charges & Contracts	555,600	394,100	14,946,950	295,700	762,000	476,300	5,760,720	7,147,000	30,338,370
Equipment & Equipment Rental	-	-	-	22,000	-	28,000	295,000	-	345,000
Non-Personal Services Subtotal	566,600	402,500	14,989,950	334,100	768,800	2,312,450	6,144,220	7,147,000	32,665,620
Total	566,600	2,013,147	16,099,322	3,706,590	1,593,679	3,987,059	8,465,321	7,147,000	43,578,718
	↓	↓	↓	↓	↓	↓	↓	↓	
		- IT Consultant		- Term vested contractor		- Audit		- Oversight Consultant	
		- Special studies		- Benefits statements (Actuary)		- E Procurement Acquisition System		- Pension System (PIMS)	
		- Strategic Transitional Planning		- Benchmarking		- Rent		-SharePoint	
			- Investment manager & custodian fees			- Procurement contractor		-Enterprise Bus	
							- IT Professional Services: PIMS, MDM		
- Actuarial valuation			- Investment Consultants						
- Trustee Election			- Benchmarking				- IT Software		
- Insurance			- New Projects: ODD; Compliance; Fee Validation		- Outside Legal Counsel		- Server & Network maintenance		
							- Benchmarking		

\* Not a department

## FY 2016 - 2019 Budget and Actual

(Dollars in 000s)

	FY 2016		FY 2017		FY 2018	FY 2019	Change from FY 2018	
	Budget	Actual	Budget	Actual	Budget	Budget	Amount	Percent
<b>Personal Services</b>								
Regular Pay - Full Time & Regular Pay	6,172	5,691	7,020	6,259	8,038	8,397	359	4.5%
Additional Gross Pay	221	265	273	250	299	309	10	3.3%
Fringe Benefits	1,622	1,246	1,843	1,613	2,108	2,189	81	3.8%
Overtime Pay	51	9	32	4	33	18	(15)	-46.2%
<b>Personal Services Subtotal</b>	<b>8,066</b>	<b>7,211</b>	<b>9,168</b>	<b>8,126</b>	<b>10,478</b>	<b>10,913</b>	<b>435</b>	<b>4.2%</b>
<b>Non-Personal Services</b>								
Supplies and Materials	121	92	117	104	137	125	(12)	-8.6%
Telephone, etc.	73	89	75	107	85	85	-	0.0%
Rentals - Land and Structures & Security Svcs.	1,696	1,571	1,679	1,800	1,771	1,772	1	0.1%
Other Services and Charges & Contracts	22,136	18,639	27,730	23,352	28,727	30,339	1,612	5.6%
Equipment & Equipment Rental	208	340	328	261	445	345	(100)	-22.5%
<b>Non-Personal Services Subtotal</b>	<b>24,234</b>	<b>20,731</b>	<b>29,928</b>	<b>25,624</b>	<b>31,165</b>	<b>32,666</b>	<b>1,501</b>	<b>4.8%</b>
<b>Total</b>	<b>32,301</b>	<b>27,942</b>	<b>39,096</b>	<b>33,750</b>	<b>41,643</b>	<b>43,579</b>	<b>1,936</b>	<b>4.6%</b>

### FY 2019 Changes by Category

- **Personal Services:** 4% increase.
- **Supplies and Materials:** \$12,000 decrease to properly align expenses.
- **Rentals - Land and Structures & Security Services:** Rent is relatively flat at 0.1% over FY 2018.
- **Other Services and Charges & Contracts:** Increase of about \$1.6 million (5.6%) is largely attributable to professional services related to Investment activities.
- **Equipment & Equipment Rental:** 22.5% decrease is attributable mainly to a reduction in IT software expenditures.

## FY 2019 Proposed Budget Staffing Summary

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<u>Department</u>	<u>Budgeted FTEs</u>	<u>Budgeted FTEs</u>	<u>Budgeted FTEs</u>	<u>Total FTEs</u>	<u>Total FTEs</u>
Executive	9.0	9.0	9.0	9.0	9.0
Investments	5.0	6.0	6.0	6.0	6.0
Benefits	20.6	22.6	26.6	31.0	31.0
Legal	3.0	3.0	4.0	4.0	4.0
Operations/Finance	11.0	11.0	11.0	11.0	11.0
Information Technology	8.0	10.0	12.0	13.0	14.0
Projects	1.0	1.0	1.0	1.0	-
<b>Total</b>	<b>57.6</b>	<b>62.6</b>	<b>69.6</b>	<b>75.0</b>	<b>75.0</b>

(Note: There were approximately 60 filled positions on September 30, 2017.)

## FY 2019 Professional Fees and Contracts Detail

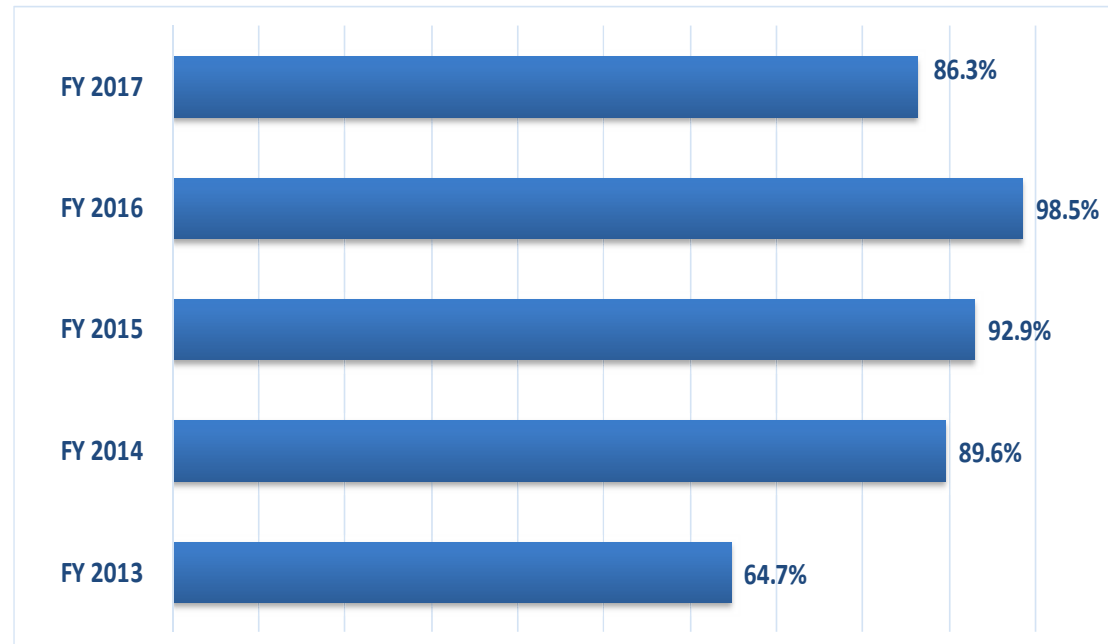
(Dollars in 000s)

	<u>FY</u> <u>2017</u> <u>Budget</u>	<u>FY</u> <u>2018</u> <u>Budget</u>	<u>FY</u> <u>2019</u> <u>Budget</u>	<u>\$</u> <u>Change</u> <u>FY 2018-</u> <u>2019</u>	<u>%</u> <u>Change</u> <u>FY 2018</u> <u>- 2019</u>	<u>Service</u>
<b>Professional Fees</b>						
<b>Board of Trustees</b>						
Actuary	160	176	176	-	0.0%	
Board Member Elections	75	35	35	-	0.0%	
Fiduciary Insurance	150	158	158	-	0.0%	
Trustee Compensation & Consulting Support	147	155	155	-	0.0%	
<b>Executive</b>						
Consulting (Strategic & Transition Planning)	216	310	120	(190)	-61.3%	
IT Consultant	-	-	100	100	100.0%	
COLA Lookback	76	-	-	-	0.0%	
<b>Investments</b>						
Investment Managers	10,176	10,900	13,400	2,500	22.9%	
Custodian	550	300	350	50	16.7%	
Investment Consultants	1,115	698	710	12	1.7%	
Special Projects	250	250	100	(150)	-60.0%	Project Consultant
Operational Due Diligence	-	-	130	130	100.0%	
ADV Compliance Review	-	-	65	65	100.0%	
Fee Validation	-	-	50	50	100.0%	
<b>Benefits</b>						
Temporary Services	167	150	70	(80)	-53.3%	Term vested project
Benchmarking	-	-	30	30	100.0%	
Annual benefits statements	-	-	48	48	100.0%	
<b>Legal</b>						
Intellectual Property Consultant	200	200	100	(100)	-50.0%	
Outside Legal Counsel	550	550	588	38	6.9%	
<b>Operations/Finance</b>						
Audit	90	90	90	-	0.0%	
Acquisition System , STAR Upgrade	181	339	75	(264)	-77.9%	
Consultants	100	265	40	(225)	-84.9%	Procurement Contractor
<b>Information Technology</b>						
IT Support - Operations & Projects	2,281	3,072	3,156	84	2.7%	
STAR Reimbursement	1,400	1,668	1,718	50	3.0%	
<b>Projects</b>						
Enterprise Service Bus	468	305	305	-	0.0%	
Data Quality Assurance	200	305	305	-	0.0%	
Oversight Consultant	580	600	600	-	0.0%	
Pension System	5,300	5,300	4,990	(310)	-5.8%	
Master Data Mgmt	234	305	305	-	0.0%	
Member Service, CRM, Business Rules, Mobile	1,200	150	150	-	0.0%	
STAR Integration	-	-	-	-	0.0%	
Sharepoint	500	440	440	-	0.0%	

## FY 2013 – 2017 Percent of the Budget Expended in:

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Personal Services ^	88.2%	85.3%	79.4%	93.0%	87.7%
Non - Personal Services	64.6%	68.7%	97.2%	85.5%	54.5%
Investment Fees	53.6%	116.2%	106.5%	111.6%	115.5%
<b>Total Budget</b>	<b>64.7%</b>	<b>89.6%</b>	<b>92.9%</b>	<b>98.5%</b>	<b>86.3%</b>

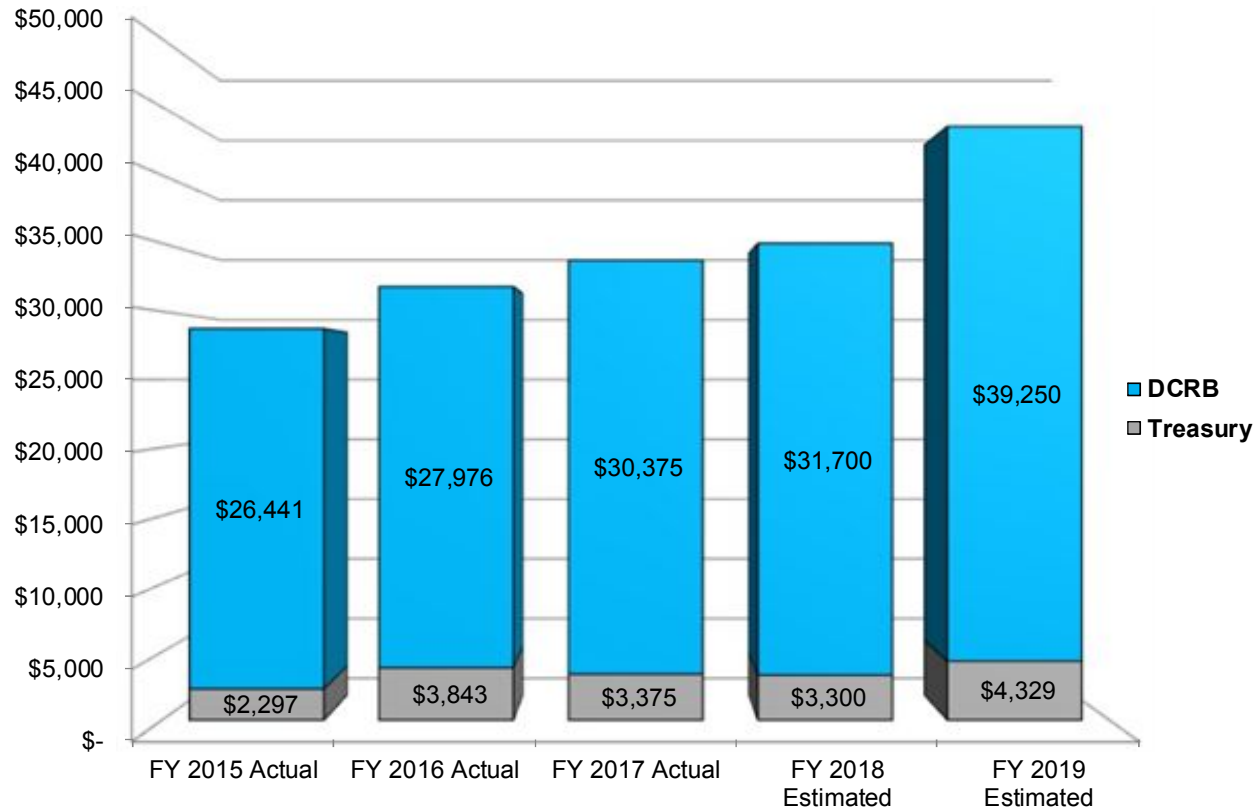
- Personal expenses have fluctuated over time due to vacancies.
- Non-Personal Services expenditures are below budget mainly due to the delay of PIMS implementation (the budget was increased by \$4.9 million in FY 2017).
- Investment manager fees are directly related to the growth in assets. Fund assets have grown from \$5.9 billion in FY 2013 to \$7.8 billion in FY 2017.



*Any unexpended budget amounts remain in the Trust.*

^Personal services are the direct labor costs for DCRB employees and all related employee benefits.

## FY 2015 to 2019 Reimbursements from Treasury



- The U.S. Treasury reimbursement projected amount of \$4.3 million (or allocation of 9.9% of the FY 2019 Proposed Budget) is determined under an annual Memoranda of Understanding (MOU) between DCRB and the U.S. Department of Treasury. The amounts for FY 2015 – FY 2017 are actual reimbursements from the U.S. Department of Treasury.
- In FY 2019, DCRB may seek additional reimbursements that have not been included in prior MOUs.

## FY 2019 Proposed Funding Estimate Detail

Department	Cost Type					Funding Source			
	Personal Services*	Professional Services	Other Non-Personal Services	Investment Manager & Custodian fees	Total	DCRB	Treasury		
	Amount	Amount	Amount	Amount	Amount	Amount	Percent*	Amount	Percent*
Trustees	\$ -	\$ 555,600	\$ 11,000	\$ -	\$ 566,600	\$ 566,600	100.0%	\$ -	0.0%
Executive	1,610,647	394,100	8,400	-	2,013,147	1,268,283	63.0%	744,864	37.0%
Investments	1,109,372	241,950	43,000	14,705,000	16,099,322	16,099,322	100.0%	-	0.0%
Benefits	3,372,490	295,700	38,400	-	3,706,590	1,597,540	43.1%	2,109,050	56.9%
Legal	824,879	762,000	6,800	-	1,593,679	1,593,679	100.0%	-	0.0%
Finance/Operations	1,674,609	476,300	1,836,150	-	3,987,059	2,511,847	63.0%	1,475,212	37.0%
Information Technology	2,321,101	5,760,720	383,500	-	8,465,321	8,465,321	100.0%	-	0.0%
Projects	-	7,147,000	-	-	7,147,000	7,147,000	100.0%	-	0.0%
<b>Total</b>	<b>\$ 10,913,098</b>	<b>\$ 15,633,370</b>	<b>\$ 2,327,250</b>	<b>\$14,705,000</b>	<b>\$ 43,578,718</b>				
<b>DCRB Funding</b>									
Amount	\$ 7,778,606	\$ 15,143,069	\$ 1,622,917	\$ 14,705,000	\$ 24,544,592	\$ 39,249,592			
Percent of Total	71.3%	96.9%	69.7%	100.0%	56.3%		90.1%		
<b>Treasury Funding</b>									
Amount	\$ 3,134,492	\$ 490,301	\$ 704,333	\$ -	\$ 4,329,126			\$ 4,329,126	
Percent of Total	28.7%	3.1%	30.3%	0.0%	9.9%				9.9%

\*Percentages are based on the FY 2016 MOU, and do not include additional reimbursement requests for costs associated with Federally funded annuitants.

<b>\$ 10,913,098</b>	<b>\$ 15,633,370</b>	<b>\$ 2,327,250</b>	<b>\$14,705,000</b>	<b>\$ 28,873,718</b>
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\*Personal services are the direct labor costs for DCRB employees and all related employee benefits.

## Description of Accounting Classifications

The accounting records for the District of Columbia Retirement Board (DCRB) are maintained within its financial system. The summary level at which DCRB reports to the District of Columbia Government can be seen below.

- **Regular Pay:** Total staff salaries including costs of leave, COLA and merit increases.
- **Regular Pay Other:** Total compensation for trustees and summer staff.
- **Additional Gross Pay:** Reserve for severance agreements, plus costs of incentive awards and additional pay.
- **Fringe Benefits:** Employer cost of fringe benefits - FICA, medical insurance, retirement, disability, transit, and other benefits.
- **Overtime Pay:** Overtime pay for eligible employees, in accordance with the Fair Labor Standards Act.
- **Supplies and Materials:** Office supplies, periodicals, on-line services, educational materials, other supplies.
- **Telephone, Telegraph, Telegram, Etc.:** Telecommunications operations, data usage, cell phones and related telephone charges.
- **Rentals – Land and Structures:** Office rent and landlord pass-through of DCRB's share of building operating costs (utilities, taxes, insurance, maintenance, repairs, and other operating costs).
- **Security Services:** Building security paid directly by DCRB.
- **Other Service Charges:** Travel; conference fees; board elections; maintenance & repairs; printing & photocopying; business & fiduciary insurance; postage & deliveries; temporaries & office support; professional membership & dues; tuition for employee training; and professional fees and services including:
 

- Actuarial services and actuarial audit	- Outside legal counsel	- Investment consultants
- Investment advisors	- Financial custodian	- Staff recruiting
- IT consulting & outsourcing	- IT systems back-up services	- Trainers
- Management consulting	- Annual financial audit & other CPA services	
- **Contractual Services-Other:** Data processing; systems implementation & modification; server hosting & disaster recovery; video conferencing; reimbursement of US Treasury ODCP for STAR, and other contractual services.
- **Equipment & Equipment Rental:** IT hardware and software, furniture, fixtures and equipment; rental or lease of equipment and machinery.





## **FY 2019 Budget Proposal**

October 1, 2018 - September 30, 2019

900 7<sup>th</sup> Street, NW, 2<sup>nd</sup> Floor  
Washington, DC 20001  
www.dcrb.dc.gov



Telephone (202) 343-3200  
Facsimile (202) 566-5001  
E-mail: dcrb.@dc.gov

**TO: BOARD OF TRUSTEES**

**FROM: MARY COLLINS, CHAIR**

**DATE: DECEMBER 14, 2017**

**SUBJECT: BENEFITS COMMITTEE REPORT**

---

The Benefits Committee met at 9:00 a.m. December 14, 2017. The following report reflects Benefits Department activities and projects discussed at the meeting.

**Federal Employees Group Life Insurance Program**

Benefits Department staff met with Office of Personnel Management (OPM) staff to discuss DCRB's status related to the administration of the Federal Employees Group Life Insurance (FEGLI) Program. After a thorough discussion of the relevant law governing the Program, and recent issues related to beneficiary designation and change forms, it was agreed that DCRB would no longer be involved with those forms. Members will receive information and instructions on this change from a variety of communication resources, including the DCRB website, our spring 2018 newsletter, their earnings statement, and individual letters. We will also remind them that, despite this change, we are here to serve them and will assist them with any issues that may arise.

**Benefits Statements**

We have requested the Schedule A from DCPS to obtain a list of all eligible teachers, principals and school officers to ensure they will be counted. We will also confirm that these members are adequately contributing to the Plan.

The Benefits Department plans to issue statements to a pilot group of 300 teachers and 300 police officers in early January. Based on the outcome, we expect to issue benefit statements to all participants (police officers, firefighters, and teachers) between March and April 2018.

**Retiree Self Service Module**

The Self-Service Module is in the final stages of development and testing. Once the application is thoroughly tested, it will be presented to the Board. DCRB plans a soft launch, meaning that we will invite a selected group of members to provide feedback to improve the functionality before it is launched to the full membership.

**Benefits Department Monthly Statistics**

<b>Activity</b>	<b>September</b>	<b>October</b>	<b>November</b>
<b>Retirement Claims Received</b>	114	153	189
<b>Processed Retirements</b>	146	179	164
<b>Average Processing Days</b>	62	73	66
<b>Telephone Calls</b>	2,628	3,322	4,310
<b>Walk-in Customers</b>	85	103	140
<b>Scanned Documents</b>	4,752	5,737	5,714
<b>QDROs Approved</b>	0 final, 2 rejected	2 final, 2 rejected	0 approved
<b>Purchase of Service</b>	4 (\$42,123)	13 (\$23,425.64)	16 (\$22,236.93)





### RETIREMENT CASE PROCESSING DECEMBER 1, 2017 REPORT

CASES AVAILABLE FOR PROCESSING	CASES RECEIVED (but may not have been ready for payment)	CASES PROCESSED	CASE TYPE	PLAN		
				Fire	Police	Teacher
107	65	42	Beneficiary (One-Time Payments)	0	13	29
15	10	5	Deferred Annuity	0	2	3
3	3	0	Disability	0	0	0
3	3	0	Garnishment/Levy	0	0	0
61	32	29	Optional/Voluntary & Involuntary Annuity	0	7	22
7	5	2	QDRO/QMSCO	0	2	0
23	15	8	Survivor Annuity	1	4	3
6	1	5	AV Project	0	3	2
4	2	2	Student Certifications	0	1	1
10	4	6	Annuity Adjustments	0	4	2
1	0	1	Auto Debt Collections	0	1	0
4	3	1	Octo Review Monetary & Non Monetary Adjustments	0	0	1
21	12	9	Post 56 Adjustments	0	9	0
2	0	2	CAPS	1	1	0
86	34	52	Refund of Contributions**	0	10	42
353	189	164		2	57	105
			Gross Dollar Value of Refunds**	\$0.00	\$207,538.46	\$650,918.77





### DCRB Member Services Center Statistics November 2017

Call Center Statistics	
Total Calls	4,310
Inbound Calls	3,307
Outbound Calls (Voicemails & Follow-up calls)	1,003
Average Talk Time	4:24 minutes
Average Caller Wait Time	0:49 seconds
Total Walk-In/Appointments	140
FileNet Batches Scanned	960
Documents Pages Scanned	5,719
Correspondence (Written & Processed Documents)	1,399
Email, Letter & Fax	633
Processed Documents (EFTs, address & name changes, tax forms, 1099s, & 2809s , etc.)	766
Total	6,809

Total Calls	4,310
FileNet Batches Scanned	960
Total Walk-In/Appointments	140
Correspondence (Written & Processed Documents)	1,399

Top 3 Contact Trends for the Month	
Health Insurance	1. Open Season inquiries (enrollment codes, assistance completing 2809s & District Health forms, monthly premiums, & changing carriers) 2. Medicare Questions (eligibility, co-ordination of benefits, Medicare Part D, 3. Plans moving out of Service or Coverage Area 4. Suspending and waiving coverage
Death Process	1. Report of a Death of members 2. Surviving Spouse Benefits inquiries and the process 3. Assistance with the Death Benefits Application 4. Life Insurance Questions
Refund/Rollover	1. Contribution Balance Requests 2. Pre & post - tax contributions questions 3. Evidence of withdrawn contributions 4. Benefits of being 100% vested

Member Services November Statistical Comparison by Year			
	2016	2017	Comments
Walk-In Visitors/Appointments	148	140	
Total Calls (includes voice mails)	3,678	4,310	
Emails, Letters & Faxes	536	633	
Total	4,362	5,083	14% overall increase from last year

## Benefits Committee Report - Attachment

### Sinkhole of Bureaucracy

Deep underground, federal employees process paperwork by hand in a long-outdated, inefficient system

Please copy link below to your browser to retrieve full article and video.

<http://www.washingtonpost.com/sf/national/2014/03/22/sinkhole-of-bureaucracy/>

PART 1 | FROM MARCH 22, 2014

### Paper mine pushes ahead,

In March, The Washington Post [wrote about](#) one of the strangest offices in the country: an underground mine in Pennsylvania, where federal workers in rock-walled caverns process retirement paperwork for other government employees.

Nine months later, not much has changed in the paperwork mine.

Retirement case files are still assembled on paper, and still passed from office to office, cavern to cavern. Then the data is still entered by hand into a computer, one line at a time. Although that slow-moving system works, retirees can wait weeks or months before they receive their full pension check (although they get smaller payments in the interim).

The good news is that the mine's backlog is smaller than it was before. Since The Post's article ran in March, the [number of unprocessed retirement cases](#) has fallen by about 40 percent, from 23,600 to 14,000.

The reason? At the [Office of Personnel Management](#) (OPM), a spokeswoman said that the shifts for the mine workers, as they call



themselves, were rearranged to be more efficient, and that the office worked with other federal agencies so the incoming paperwork had fewer errors. The average time to process a case dropped: In March, it was more than 61 days; by October, it was 58.9 days.

Another reason for the improvement may be the calendar.

There usually is a slowdown in new retirement applications at year's end, and that often allows the mine workers a chance to catch up. But a surge normally occurs in January. If that happens in 2015, the mine's backlog of cases could get bigger again.

The problem that broke this bureaucracy was, of course, technology.

Or, an utter lack thereof.

In recent years, two huge efforts to computerize the retirement process sputtered and then failed, leaving workers with a system that had not changed since the 1970s. Now, OPM wants to try again. Next year, officials at the agency said, it will begin the process of hiring a contractor to create a new electronic case-management system.

"I remain puzzled why processing a federal retirement package remains paper-based, while products such as TurboTax help millions file their complicated tax returns quickly and electronically," [Rep. Blake Farenthold \(R-Tex.\)](#) said in [an oversight hearing](#) on Wednesday.

In the hearing, Farenthold asked an OPM official if the agency was truly committed to changing its antiquated process.

"The short answer to that is 'yes,' " said Kenneth J. Zawodny Jr., an OPM official who oversees retirement processing. "Overwhelming enthusiasm to become more modern."



## MEMBER SERVICES CUSTOMER SATISFACTION SURVEY November 2017

### Background

The reported survey outcomes are the results of the November 2017 Member Services Customer Satisfaction Survey. The data collected are from active and retired members of the District of Columbia Police Officers and Firefighters' and Teachers' Retirement Plans, their survivors and beneficiaries. The purpose of the survey is to gather and measure the customer experience, gaging their satisfaction in an effort to improve our service to them, as necessary.

### Survey Objective

The resulting feedback will be used to:

- Increase member satisfaction and confidence
- Deliver actionable data to decision-makers
- Reduce caller and in-person wait times for service
- Set reasonable service expectations

### Methodology

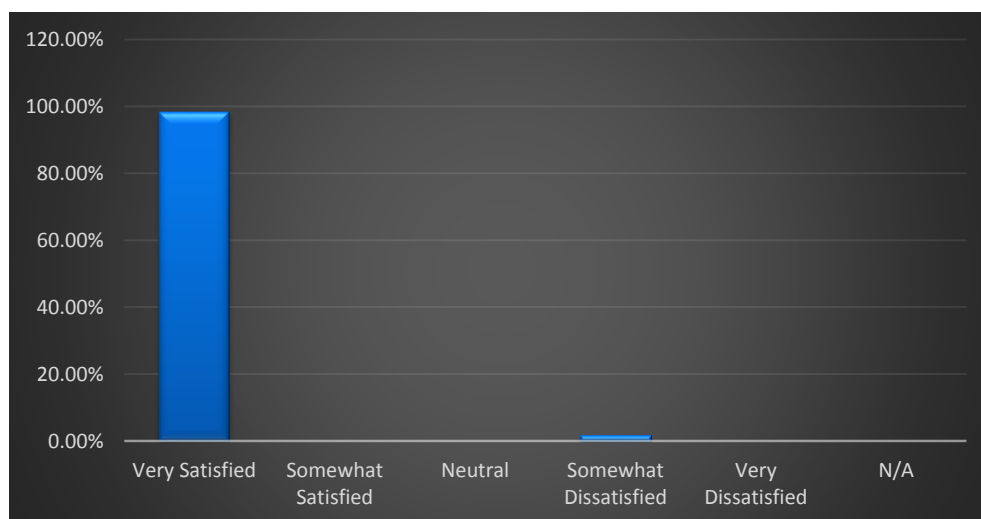
- This month, survey participants were Plan members who made onsite visits to the DCRB member Service Center and members who contacted the center by email to the [dcrb.benefits@dc.gov](mailto:dcrb.benefits@dc.gov) address. Some members arrived after having scheduled an appointment; others came in for assistance with updating their member information. The survey participants were randomly selected.

### Participants

- 270 survey requests were provided to members and annuitants
- 60 responses were received.

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### Overall DCRB Member Satisfaction



MSC Satisfaction Survey\_November.2017

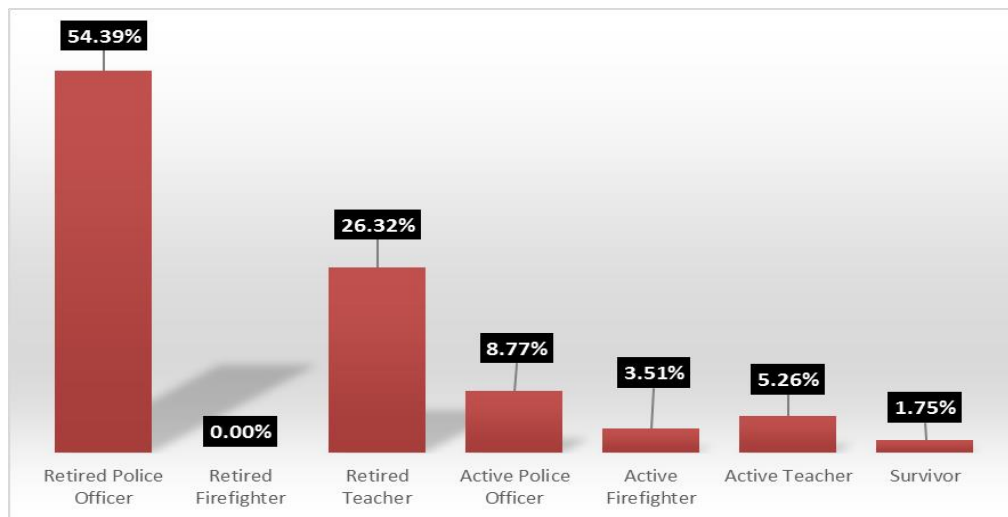


## MEMBER SERVICES CUSTOMER SATISFACTION SURVEY November 2017

Overall, how satisfied were you with the member service provided by DCRB?

Answer Choices	Responses	
Very Satisfied	98.28%	57
Somewhat Satisfied	0.00%	0
Neutral	0.00%	0
Somewhat Dissatisfied	1.72%	1
Very Dissatisfied	0.00%	0
N/A	0.00%	0
	<b>Answered</b>	<b>58</b>

### Membership/Survivor Type



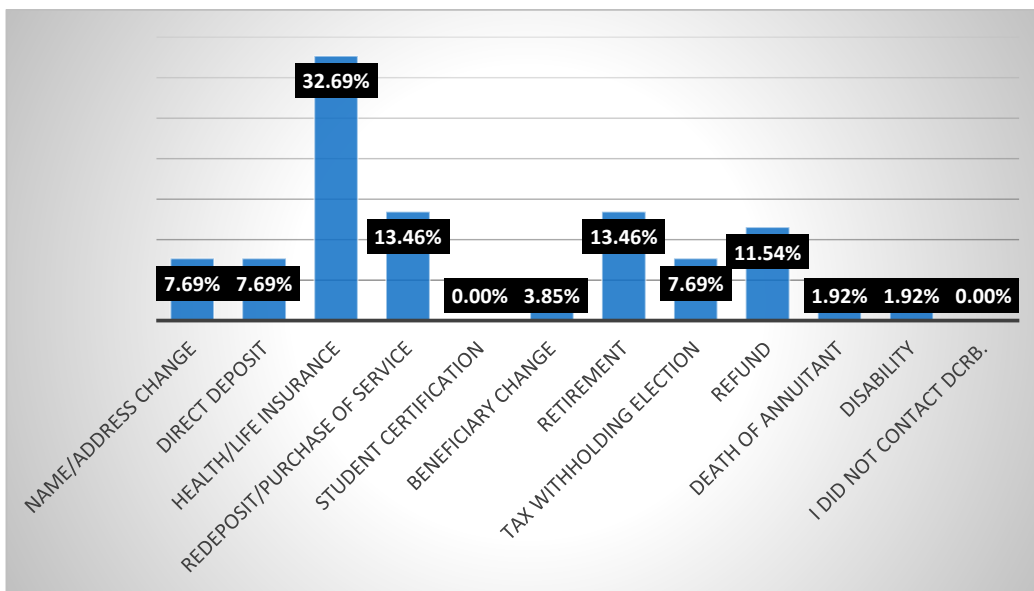
### Knowledge and Skills

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Had the right information.	94.83%	5.17%	0.00%	0.00%	58
Understood your questions.	96.49%	3.51%	0.00%	0.00%	57
Provided clear answers.	91.38%	8.62%	0.00%	0.00%	58
Answered your questions.	96.55%	3.45%	0.00%	0.00%	58
Appeared well organized.	100.00%	0.00%	0.00%	0.00%	58
					<b>58</b>

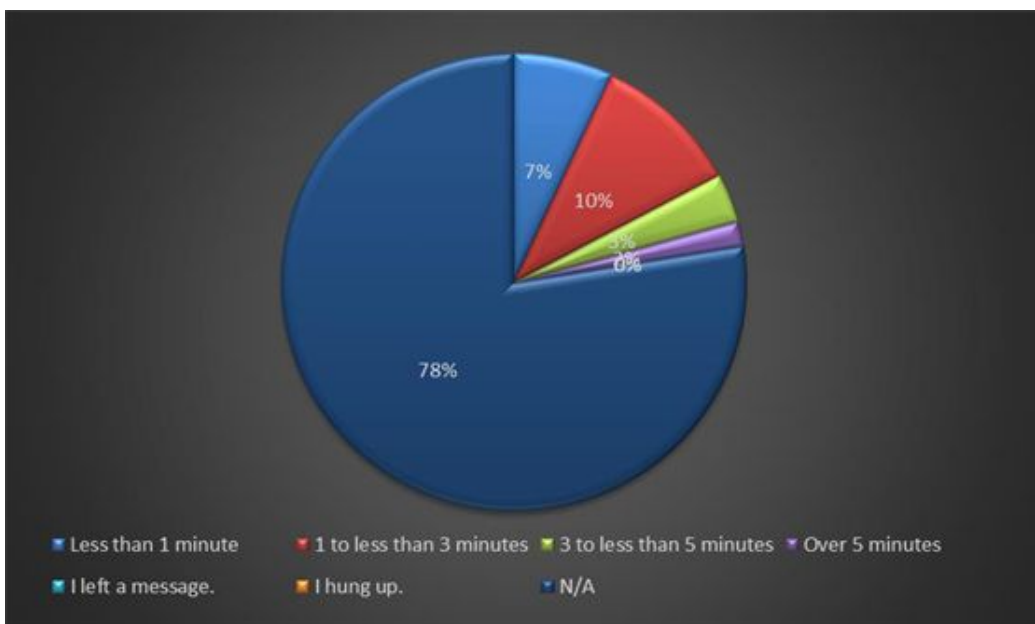


## MEMBER SERVICES CUSTOMER SATISFACTION SURVEY November 2017

Reason for Contact



Contact Wait Time



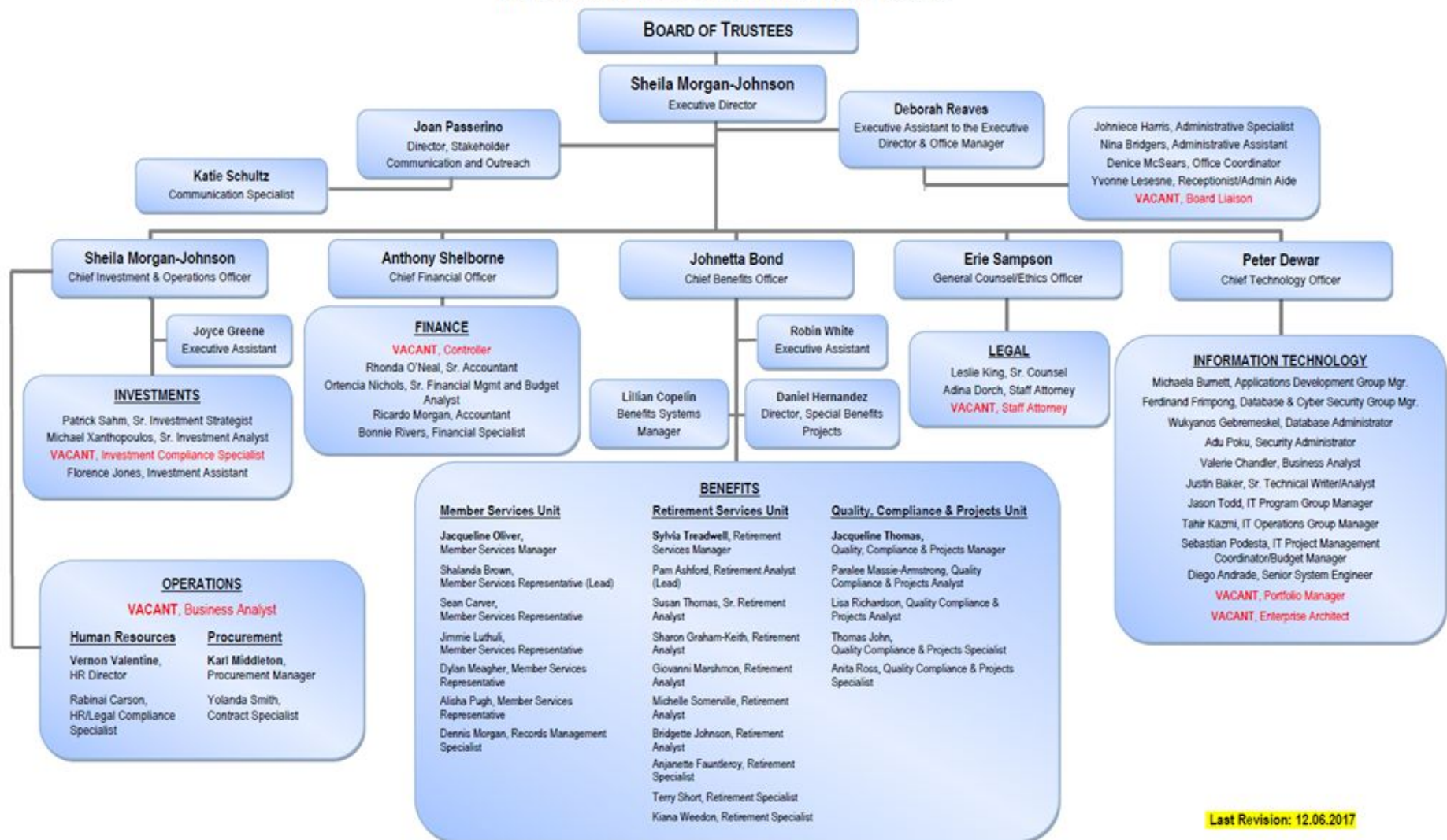
**NO WRITTEN REPORT PROVIDED**

**NO WRITTEN REPORT**

**NO COMMITTEE MEETING WAS HELD THIS  
MONTH**

**NO WRITTEN REPORT PROVIDED**

## THE DISTRICT OF COLUMBIA RETIREMENT BOARD





Board Meeting - Additional Materials

DC Retirement Board Conference Listing as of December 14, 2017					
Sponsor	Name of Conference	Date	Location	Cost	Description
International Foundation of Employee Benefit Plans	Trustees and Administrators Institutes	February 12-14, 2018	Lake Buena Vista, FL	Registration thru 01/02/2018 \$ 1,485	Offered to advanced Trustees and Administrators designed to keep trustees informed on the latest industry trends, legal, and regulatory changes and best practices. The conference will provide information to get a deeper understanding of pension, health and welfare funds.
National Conference on Public Employee Retirement Systems	Washington Legislative Update	January 28-30, 2018	Washington, DC	Before 01/07/2017 \$ 400 After \$ 500	Attending this conference is the perfect opportunity to engage with members of Congress, regulatory officials and key policy makers on current legislative and regulatory activities impacting the pension industry.
International Foundation of Employee Benefit Plans	Washington Legislative Update	May 21-22, 2018	Washington, DC	Registration thru 04/09/2018 \$1,225 and after \$1,525	Access a direct pipeline to what's happening on the Hill and in key agencies. Prepare for the future and learn how your plans may be impacted by the new administration as well as recently enacted and proposed legislation and regulations. Network with peers facing similar challenges and take away creative ideas and solutions that work. The content of this program is designed for trustees, administrators and plan professionals in the following areas: •Those whose roles require a keen knowledge of legislative and governmental activity •Employee benefit representatives who are responsible for strategic change •Others serving multiemployer, single employer and public sector benefit plans.
International Foundation of Employee Benefit Plans	Certificate of Achievement in Public Plan Policy (CAPPP) Part I and II	June 12-15, 2018	Chicago, IL	Registration thru 05/03/2018 \$2,250 and after \$2,850.00	Designed to help enhance your understanding of the fundamental areas of public sector benefit plans by earning your Certificate and Achievement in Public Plan Policy (CAPPP). Ideal for new trustees to address core concepts and current trends in legal, legislative, plan design and fiduciary aspects of public sector benefit plans. This is a exam-based program.
National Association of State Retirement Administrators	2018 Annual Conference	August 4-8, 2018	San Diego, CA	Registration thru 06/03/2018 \$1100 and after \$1200	The conference features leaders in the fields of retirement plan investment and administration covering a variety of subjects including investment management, world events applicable to the pension industry, the economy, human resources, trends, and more.



**DISTRICT OF COLUMBIA RETIREMENT BOARD**  
**Training & Travel Report**  
**As of**  
**December 14, 2017**

Name	Description	Sponsor/Vendor		Dates	
			Location	From	To
Trustees					
No Trustee Travel					
Staff					
No Staff Travel					