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OPEN SESSION

NOTICE OF REGULAR BOARD MEETING JOSEPH W. CLARK, CHAIRMAN

THURSDAY, MARCH 15, 2018 AT 1:00 PM

AGENDA - REVISED

- 1:00 PM I. **CALL TO ORDER AND ROLL CALL**
- II. **APPROVAL OF BOARD MEETING MINUTES FOR JANUARY 18, 2018**
- III. **CHAIR'S COMMENTS**
- 2:00 PM IV. **EXECUTIVE DIRECTOR'S REPORT**
- V. **INVESTMENT COMMITTEE REPORT -- ACTION ITEM**
- VI. **OPERATIONS COMMITTEE REPORT -- ACTION ITEM**
- VII. **BENEFITS COMMITTEE REPORT**
- VIII. **LEGISLATIVE COMMITTEE REPORT -- ACTION ITEM**
 ➤ **COMMITTEE CHARTER**
- IX. **AUDIT COMMITTEE REPORT**
- X. **OTHER BUSINESS-- ACTION ITEM**
 ➤ **ELECTION OF BOARD OFFICERS FOR 2018-2019**
- 3:00 PM XI. **ADJOURNMENT**

ADDITIONAL MEETING MATERIALS

- **TRUSTEES COMMITTEE ASSIGNMENTS LIST**
- **TRUSTEES GENERAL CONTACT LIST**
- **ORGANIZATIONAL CHART**
- **CONFERENCES & MEETINGS LISTING**
- **TRUSTEES & STAFF TRAINING AND TRAVEL REPORT**

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CHAIRMAN'S REPORT

March 15, 2018

TOPIC	UPDATE
Board Officer Elections	<p>As we did last year, Board Officer elections will take place during the March Board meeting. The positions are Chair, Vice Chair/Secretary, and Treasurer.</p> <p>Before we proceed to the election of Board Officers for the coming year, I wanted to point out that under Section II.A.1(copy attached) of the Board Governance Rules, on May 21, 2015 (and effective February 18, 2016), in addition to abolishing the positions of Parliamentarian and Sergeant-At-Arms, and consolidating the positions of Vice-Chairperson and Secretary, the Board amended the Rules to reflect that "The Treasurer's responsibilities were also expanded to include Audit Committee Chair."</p>
OPEB Advisory Committee Member	I am pleased to advise you that on January 23, 2018, former DCRB Board member Barbara Davis Blum was appointed to the Other Post-Retirement Benefits Funds Advisory Committee.
Council of Institutional Investors (CII) Board Member	I am also pleased to advise you that Trustee, Mary Collins, has been reappointed to the Board of the CII.
Actuarial Valuation Report	The 2017 Actuarial Valuation Results presentation contained a typographical error. That error has been corrected and the updated PowerPoint presentation is attached for your information.
2018 Cost-of-Living Adjustments for DC Teachers, Police Officers and Firefighters	Due to changes in the Consumer Price Index applicable to the Plans during calendar year 2017, Teachers' Plan annuitants will receive a COLA of 2.2% and Police/Fire Plan annuitants will receive a COLA of 2.1% for 2018, effective March 1, 2018 and payable beginning with their April 1, 2018 benefit payment.
PIMS Costs and RFP Release	Pursuant to my request, at the next Operations Committee meeting, the staff will provide members with a detailed summary of services and associated costs incurred to date for the PIMS and a timetable for release of the RFP.
FY 2017 Comprehensive Annual Financial Report (CAFR)	The CAFR for the fiscal year ended September 30, 2017 is nearing completion. It will be sent to the Government Finance Officers' Association (GFOA) and posted to DCRB's website by March 31, 2018. An electronic copy will be emailed to Trustees at that time, and printed booklets will be available shortly thereafter.
Trustee Financial Disclosure Statement	Trustees should give their completed Financial Disclosure and Trustee Acknowledgement forms to Erie Sampson by the April 19 Board meeting for filing by the April 30, 2018 due date. A copy of the form, which has already been emailed to you, is attached for your information.

<p>Other</p>	<p>For your information:</p> <ul style="list-style-type: none"> ➤ To assure that all meetings will have a quorum, DCRB's Office Management staff poll all Committee or Board members prior to the meetings to confirm attendance. ➤ The next Board meeting will be held on April 19, 2018 at 1:00 p.m. ➤ Please note: While construction continues on the adjacent building, the garage entrance on Seventh Street (7th Street) will be closed starting Monday, January 22. We will follow up with you when we learn of the date that it will reopen. <p>As a reminder:</p> <ul style="list-style-type: none"> ➤ In accordance with a provision in the Trustee Travel Policy, following your attendance at a conference, trustees are asked to complete a report describing what they learned at the conference and its benefit to the Board. Section 4 of the Conference Travel Report for Trustees and Staff provides space for you to list your ideas and insights gained at the conference. ➤ Notice should be provided to the Chairman and to DCRB staff if you plan to participate at a meeting electronically. The IT staff will provide WebEx information prior to every meeting. ➤ Trustees who receive questions or complaints from members on issues administered by DCRB should contact the Department Chief who is responsible for the issue rather than members of their staff.
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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



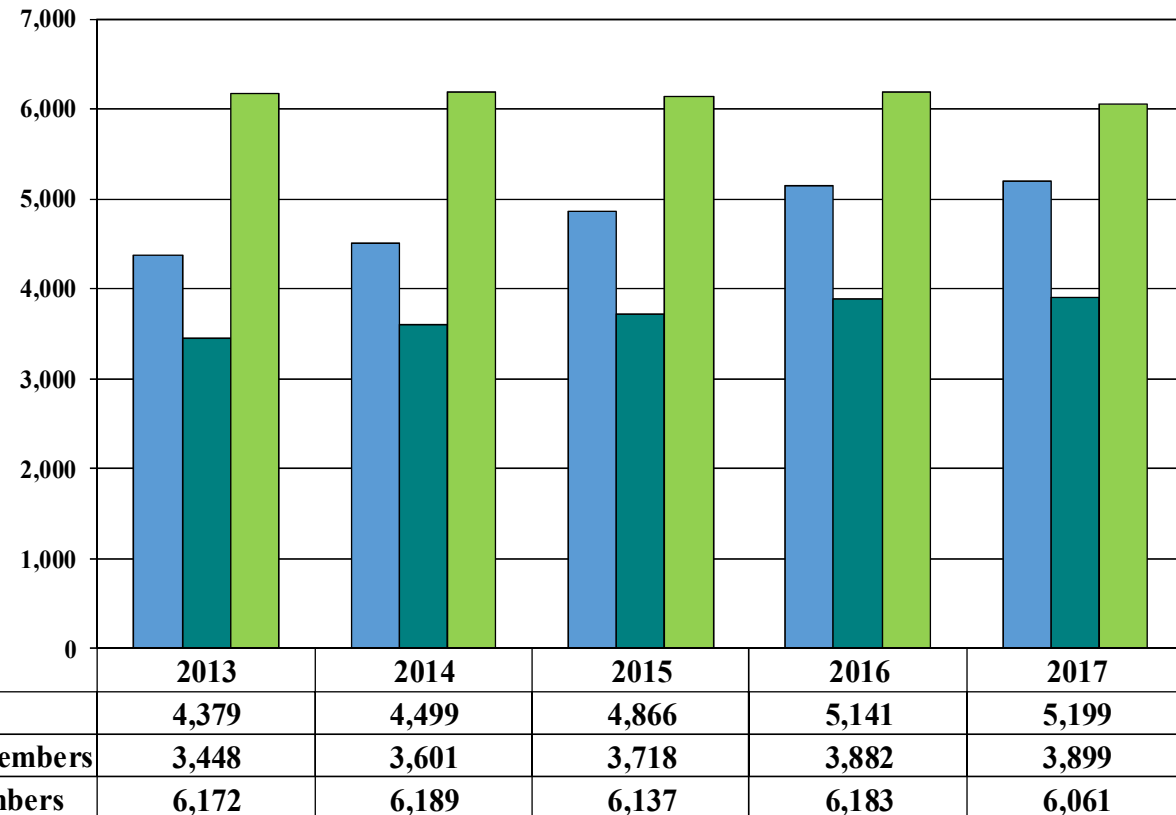
Plan	Actuarial Value of Assets		Market Value of Assets	
	2017	2016	2017	2016
Teachers	92.5%	90.9%	95.7%	89.8%
Police	111.2	113.5	115.7	112.7
Fire	109.9	104.8	114.7	104.4
Police and Fire	110.8	110.8	115.4	110.1
Total	105.2	104.6	109.4	103.8



DCRB Pension Results



Total Active & Retired Teachers



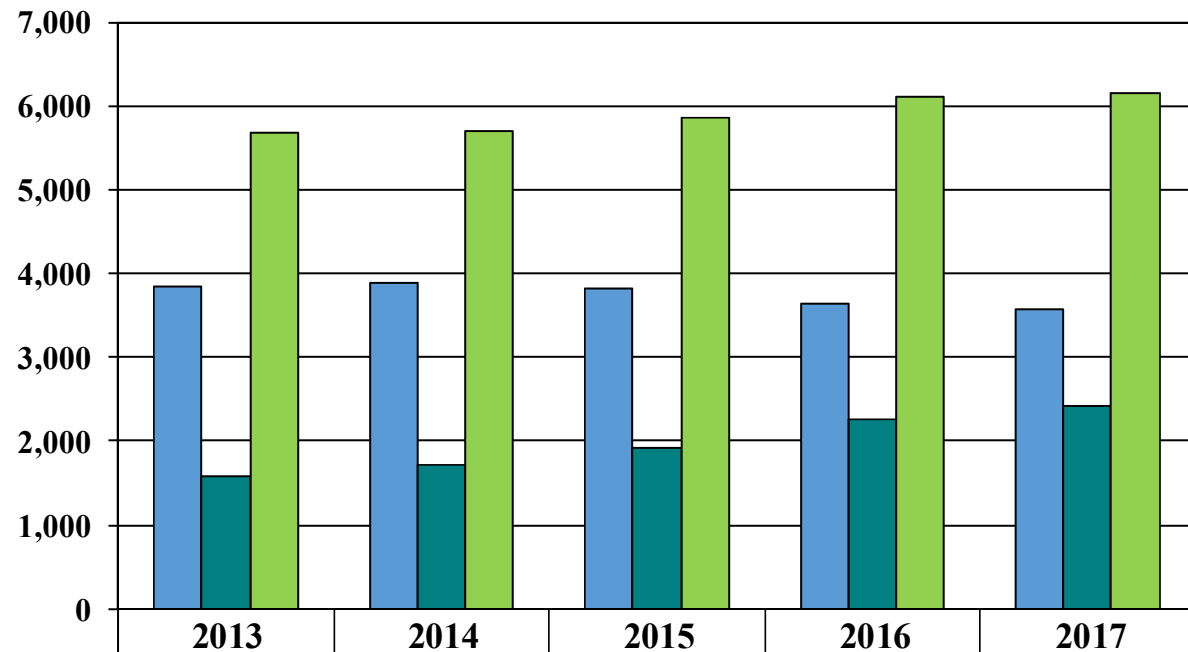
4.4% average increase for active members since 2013; 1.1% increase for 2017

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

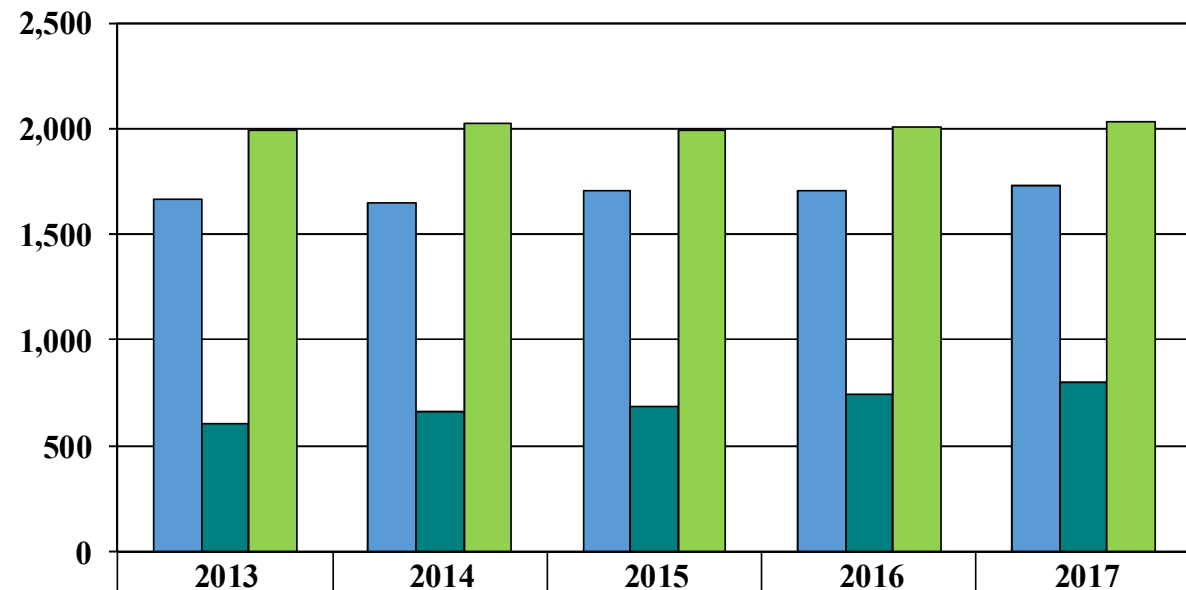


	2013	2014	2015	2016	2017
Active Members	3,846	3,902	3,829	3,651	3,583
Retired District Members	1,584	1,707	1,923	2,265	2,419
Retired Total Members	5,695	5,717	5,861	6,110	6,157

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

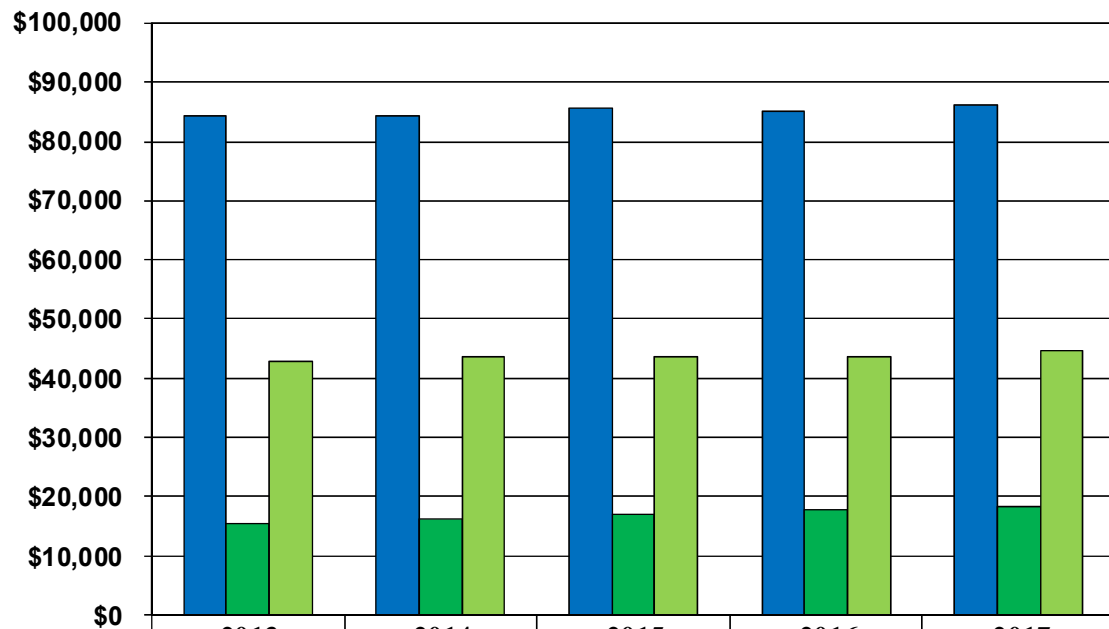


Active Members	2013	2014	2015	2016	2017
Retired District Members	599	658	686	738	796
Retired Total Members	1,994	2,026	1,993	2,008	2,034

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



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

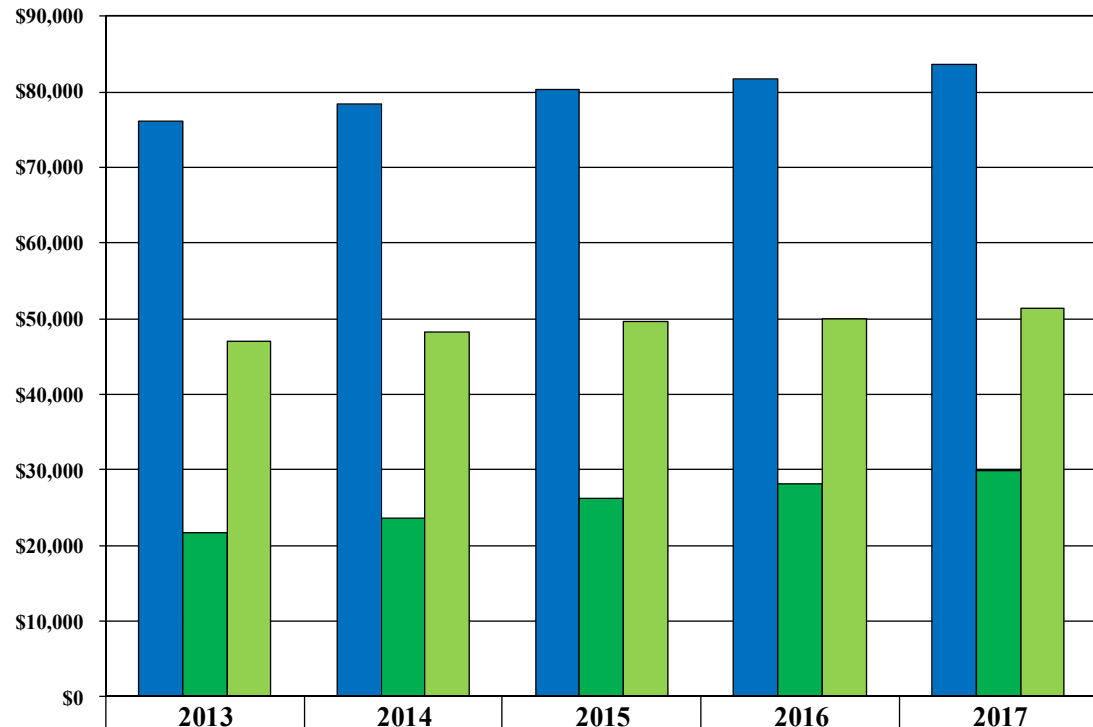
0.5% average increase in salary since 2013; 1.1% increase for 2017

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



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

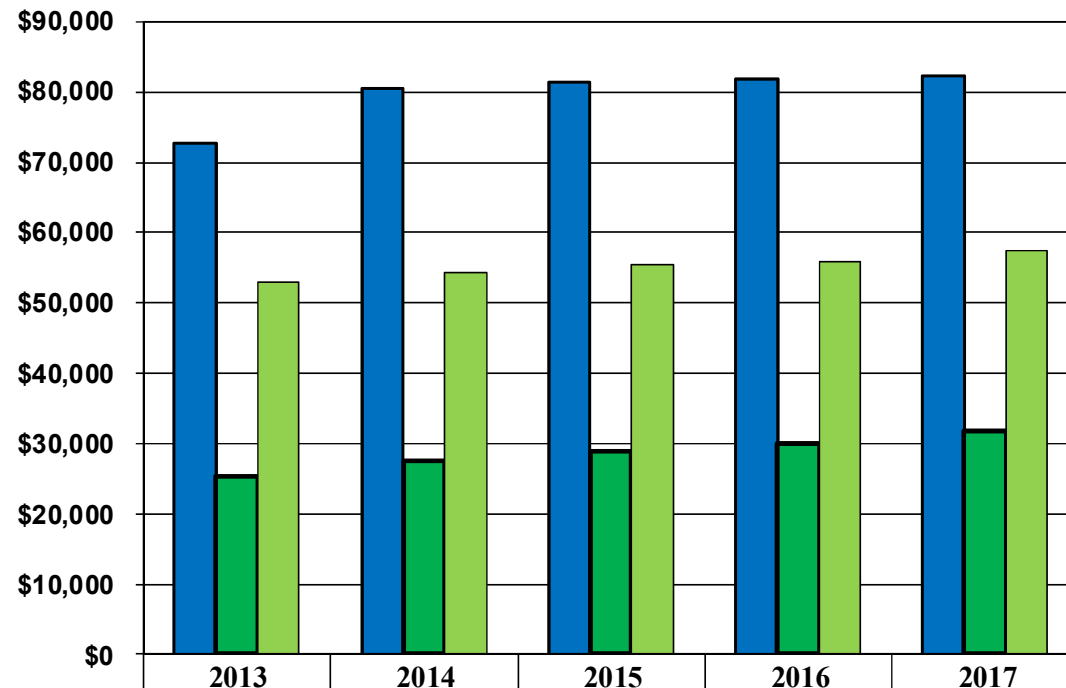
2.4% average increase in salary since 2013; 2.3% increase for 2017

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

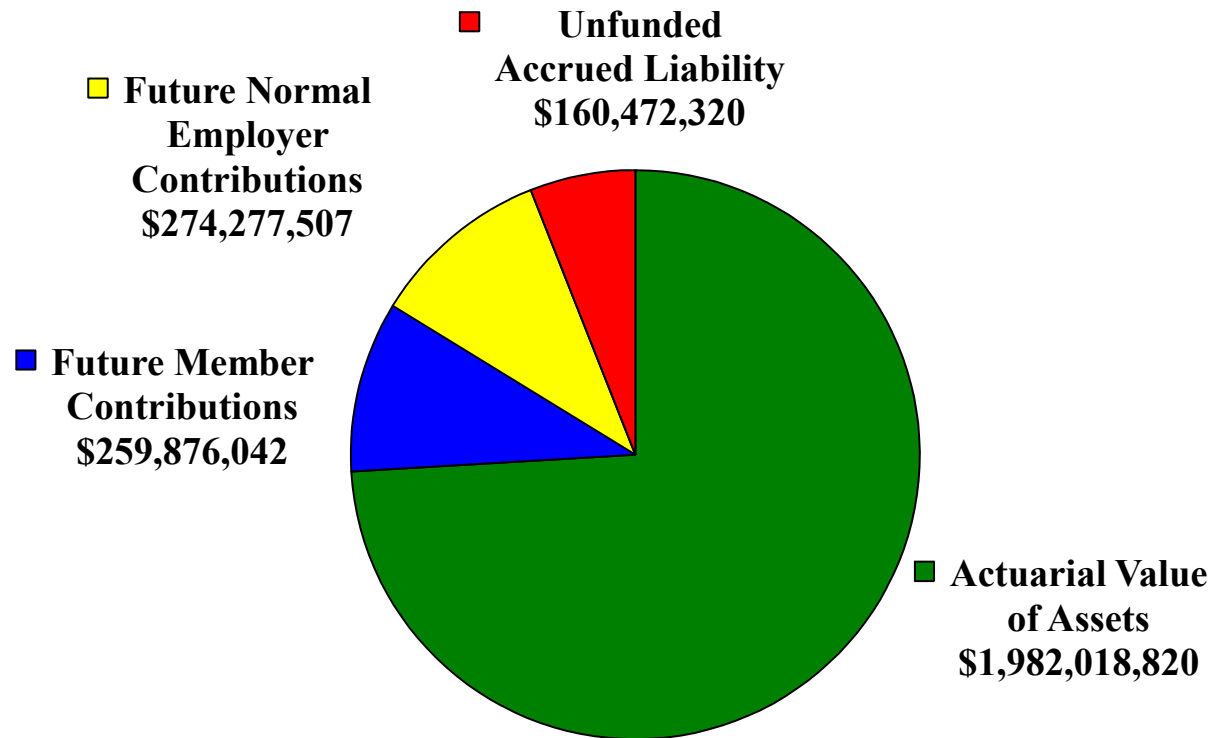
3.2% average increase in salary since 2013; 0.7% increase for 2017

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



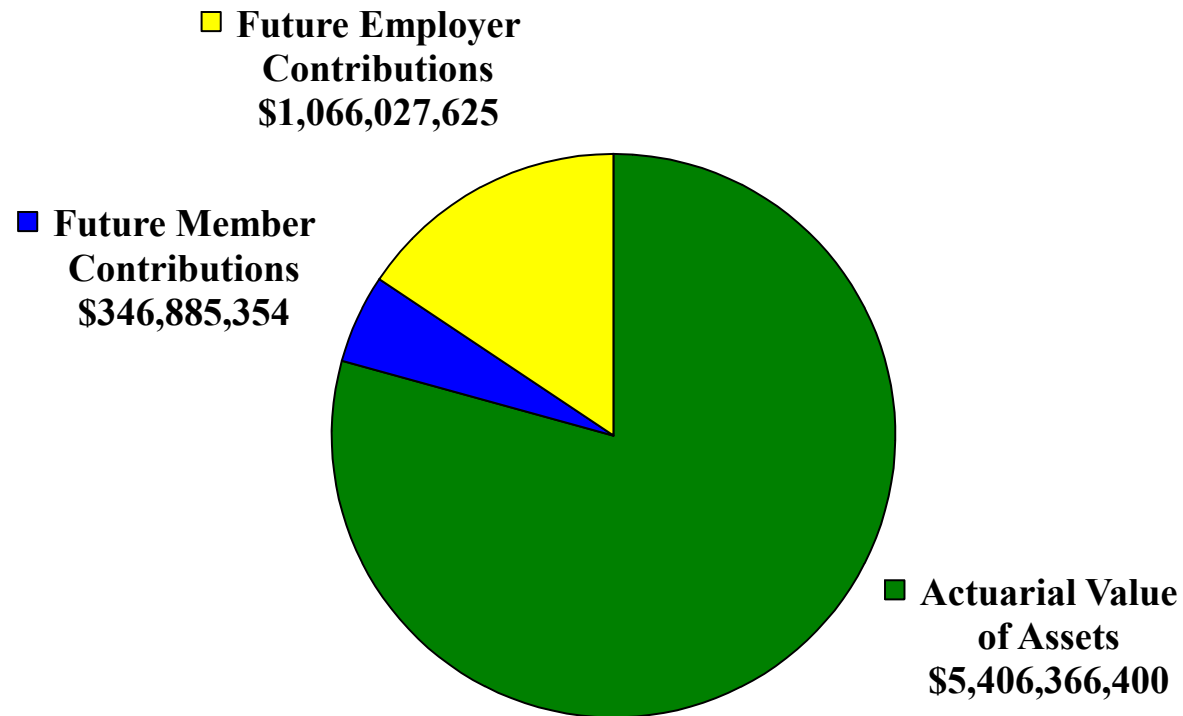
Present Value of Future Benefits by Funding Type - Teachers



Total - \$2,676,644,689



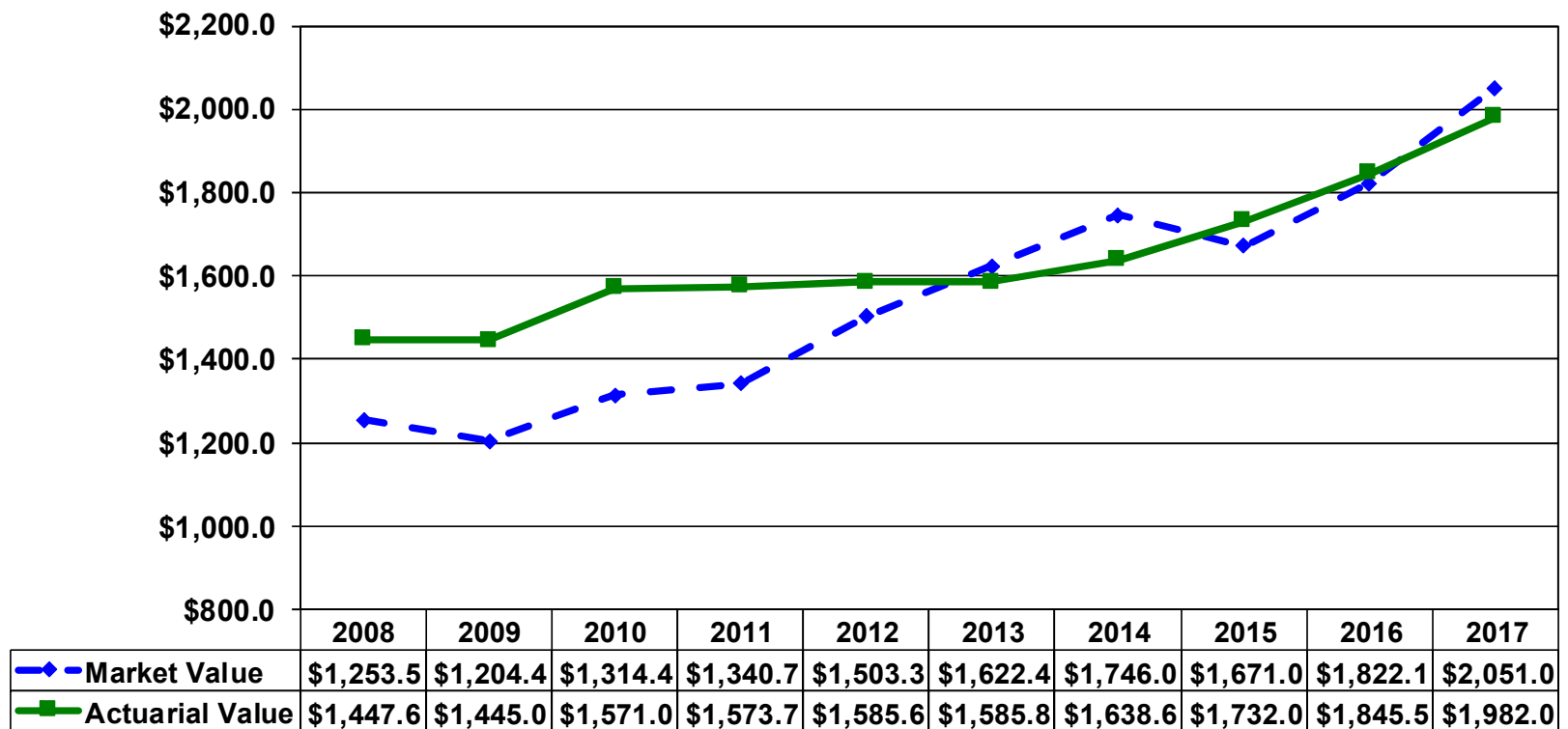
Present Value of Future Benefits by Funding Type – Police & Fire



Total - \$6,819,279,379

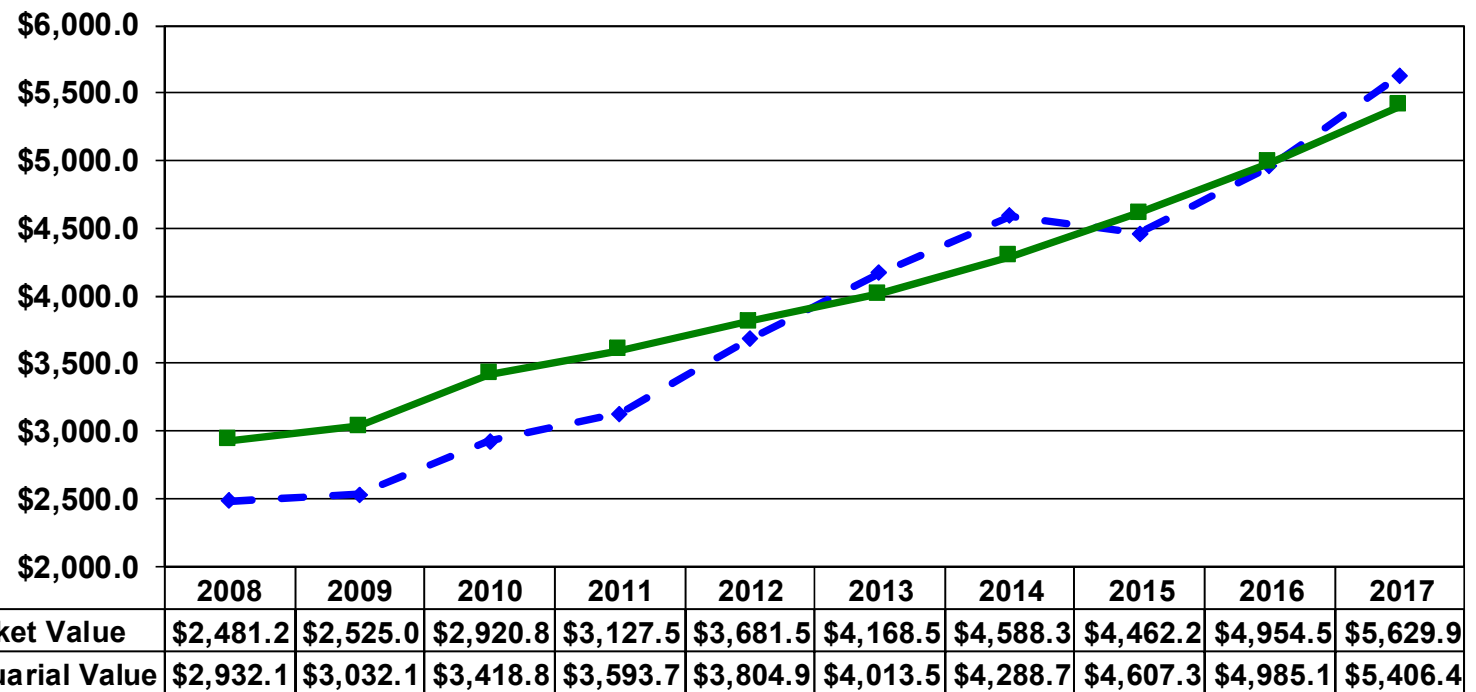


Teacher Assets (\$ Millions)



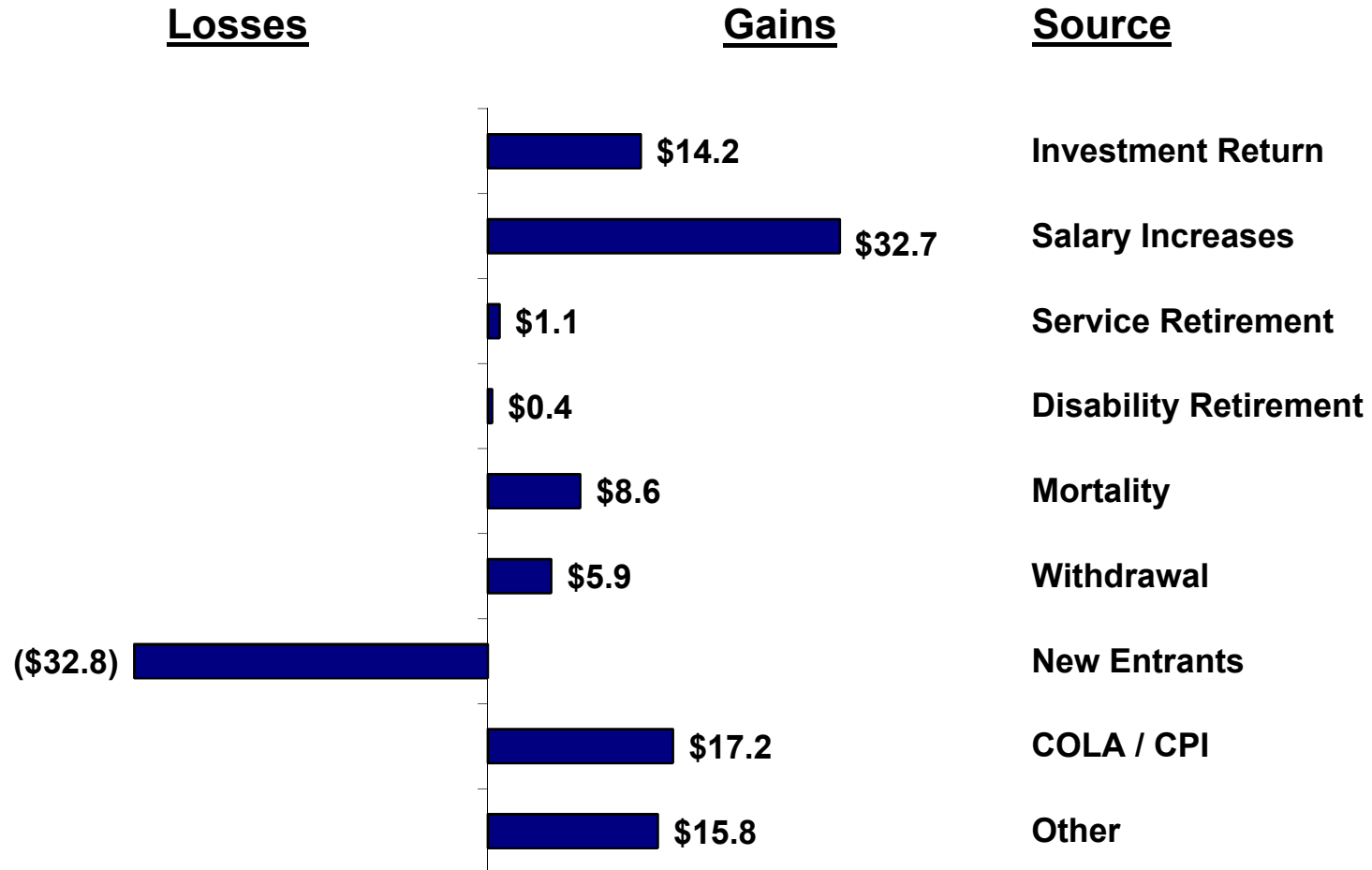


Police & Fire Assets (\$ Millions)



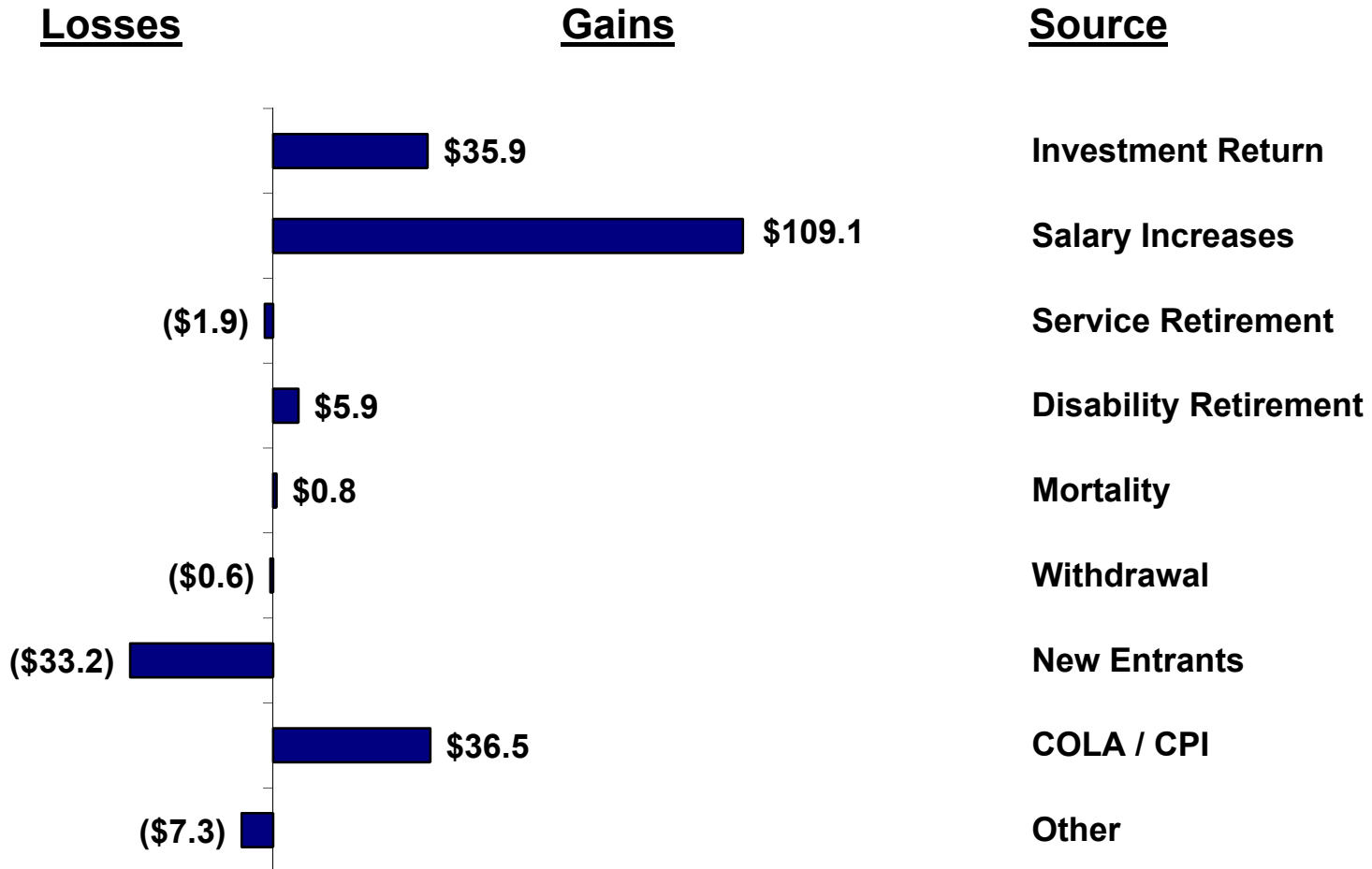


Teachers Actuarial Gain/Loss Analysis (\$ millions)





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%	105.20%
Funded Ratio based on MVA	95.73%	115.72%	114.68%	109.40%



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 18th

- Benefit Statements
 - Teachers
 - Police and Firefighters

- Projection Study
 - 30-year Baseline Open Group Study
 - Sensitivity Analysis
 - Economic and Demographic Actuarial Assumptions

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
FINANCIAL DISCLOSURE STATEMENT
FOR MEMBERS OF THE DC RETIREMENT BOARD**

(Pursuant to Section 161 of the District of Columbia
Retirement Reform Act, Approved November 17, 1979
93 Stat. 866; D.C.Code, Sec.-1-731)

For Calendar Year _____

Full Name: _____ Tel. # _____

Address: _____
_____ (Zip Code) _____

Name of Employer: _____

Position: _____

Bus. Address: _____

Tel. # _____ (Zip Code) _____

Effective Date of Membership
to the D.C. Retirement Board: _____

Notice: All items on this financial disclosure statement must be completed. If an item is not applicable, indicate so. Please type or print clearly. Attach additional sheets as needed, and identify each additional sheet with your name and the section being completed. All statements must be notarized.

Check one: _____ Original _____ Amendment

Reasons for Amendment: _____

1. Identify the amount and source of all income (as defined in section 61 of the Internal Revenue Code of 1954) received by you (or your spouse if the income is jointly received).

SOURCE

AMOUNT

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

2. Identify each liability owed, either directly or indirectly, by you (or your spouse, if the liability is joint) that exceeds \$2,500 as of the last day of the year (exclude mortgage on real property that serves as your principal place of residence, and any revolving credit or installment accounts). Indicate the value of each liability with one of the following categories: (a) not more than \$5,000; (b) \$5,001 - \$15,000; (c) \$15,001 - \$50,000; (d) \$50,001 - \$100,000; (e) over \$100,000.

IDENTIFY

CATEGORY

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

3. Identify all property held, either directly or indirectly, by you (or your spouse if the property is joint) in a trade or business, for investment, or the production of income, with a fair market value of \$1,000 or more. Indicate the value of each property with one of the following categories: (a) not more than \$5,000; (b) \$5,001 - \$15,000; (c) \$15,001 - \$50,000; (d) \$50,001 - \$100,000; (e) over \$100,000.

IDENTIFY

CATEGORY

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

4. Identify and give the date for all transactions made, either directly or indirectly, by you (or your spouse if the transactions were joint) in securities or commodities futures that exceeded \$1,000 (exclude gifts made to any organization with tax-exempt status under section 501(c)(3) of the Internal Revenue Code of 1954). Indicate the value of each transaction with one of the following categories: (a) not more than \$5,000; (b) \$5,001 - \$15,000; (c) \$15,001 - \$50,000; (d) \$50,001 - \$100,000; (e) over \$100,000.

IDENTIFY

DATE

CATEGORY

_____	_____	_____
_____	_____	_____
_____	_____	_____

5. Identify and give the date for each purchase or sale in which an interest was held, either directly or indirectly, by you (or your spouse if the interest was joint) in real or tangible personal property in excess of \$1,000 in value at the time of purchase or sale (exclude property that serves as the principal residence). Indicate the value of each purchase or sale with one of the following categories: (a) not more than \$5,000; (b) \$5,001 - \$15,000; (c) \$15,001 - \$50,000; (d) \$50,001 - \$100,000; (e) over \$100,000.

IDENTIFY	DATE	CATEGORY

6. List all gifts with an aggregate value of \$100 or more received by you during the calendar year, from any business entity (including sole-proprietorships, partnerships, and corporations) transacting any business with the District of Columbia government (including any of its agencies, departments, boards, commissions, or educational bodies) and including any business regulated by the District.

GIFTS	VALUE OF GIFT	NAME AND ADDRESS OF DONOR

7. Identify any bank, insurance company, or other financial institution; any brokerage or other securities or investment company; any non-profit organization, labor organization, or educational or other institution in which you (or your spouse); (a) held an interest, or (b) served as an officer, director, partner, or in any fiduciary capacity.

NAME OF ORGANIZATION

INTEREST OR CAPACITY SERVED

8. Identify the nature and extent of any employment during the year by any bank, insurance company, other financial institution, or by any brokerage or other securities or investment company.

NAME OF ORGANIZATION

DATE

POSITION

VERIFICATION:

I swear (or affirm) that this Financial Disclosure Statement and supplementary information have been examined by me and to the best of my knowledge and belief is true, correct, and complete. I understand that the willful making of a false, misleading, or incomplete statement can be grounds for civil and criminal prosecution. I further state that I have not caused title to property to be placed in another person or entity for purposes of avoiding the disclosure requirements of section 161 of the District of Columbia Retirement Reform Act, approved November 17, 1979 (93 Stat. 866; D.C. Code, Sec.-1-731).

Signature _____ Date _____

Subscribed and sworn (or affirmed) to before this ____ day of _____, 20____

Notary Public

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EXECUTIVE DIRECTOR REPORT

March 15, 2018

Activities	Updates
2018 Performance and Budget Hearings	On March 7, 2018, DCRB testified before the District Council's Committee of the Whole. Copies of our testimony are attached for your information. If you did not have an opportunity to watch the testimony on March 7, a video of the testimony is available on the Council website. Also, for your information, DCRB's Budget Hearing is scheduled for March 27, 2018.
Actuarial Projection Study	Following their completion of the FY 2017 Actuarial Valuation Report, Cavanaugh Macdonald (Cavanaugh) performed an Actuarial Projection Study (Study), which serves as a planning tool to guide investment decisions and helps ensure that the applicable pension liabilities and funding mechanisms are managed in a manner that promotes sustainability. Cavanaugh will present the results of the Study next month.
Classification and Compensation Study Update	PRM is scheduled to present the results of the Classification & Compensation Study to the Operations Committee at its April meeting. The Committee will provide that information to the Board in April or May.
Strategic Planning Project	A request-for-proposal for Strategic Plan Development was posted to DCRB's website on January 25, 2018, and the proposals received have been distributed to an internal panel for review. We expect that the review process will be completed and a candidate selected by the end of June.
Second Meeting With ODCP	A second meeting between DCRB and ODCP was held on February 21, 2018. The meeting focused primarily on the alignment of DCRB/ODCP priorities, IT initiatives, death cases, the spiking of the error rate caused by the recalculation of survivor benefits, and training for DCRB staff.
Certified Small Business Enterprises (CSBEs)	For your information, CSBEs account for \$1.79 million (or 20%) of DCRB's small business contract funding through the end of first quarter 2018. DCRB is currently on target to meet or exceed its annual CSBE goal of \$1.82 million in FY 2018.
Teachers' Retirement Workshop	DCRB, in conjunction with DCPS, the Washington Teacher's Union and the Council of School Officers, is offering a teachers' retirement workshop on Thursday, March 22, 2018. An initial workshop for this school year, attended by 130 teachers, was held at DCPS headquarters last November.
Summary Plan Descriptions (SPDs) Update	The DCRB Communications staff has received input from stakeholders and incorporated appropriate edits to the updated SPDs. We expect to forward the SPDs to the printer next week and to distribute them (electronically to actives and in hard copy to retirees and survivors) in early April.

DCRB Newsletter – Winter Edition	The DCRB newsletter (Winter Edition) for police officers and firefighters has been sent to the printer and will be distributed to active and retired members sometime next week. Among other things, this edition includes articles about the Government Pension Offset, the 2018 cost-of-living adjustment, this year's active police officer Trustee election, and the pension treatment of rehired retirees. A copy of the newsletter is attached for your information.
Staffing Changes Since the Last Board Meeting	<p>Terminations:</p> <p>Florence Jones, an Investment Assistant with the DCRB Investment Department, retired from DCRB on January 31, 2018, after 27 years of District service. Her DCRB colleagues provided her with a well-deserved retirement celebration before her departure. She will be missed very much.</p> <p>Karl Middleton left his position as DCRB's Procurement Manager on February 26, 2018.</p> <p>Other:</p> <p>Yolanda Smith has been appointed Acting Procurement Manager while a search is underway for a permanent replacement for that position.</p>
Recent Retirement-Related Articles (attached)	"Public Pension Plan Investment Return Assumptions," <u>NASRA Issue Brief</u> , Keith Brainard, February 2018.



**PERFORMANCE OVERSIGHT HEARING ON
THE DISTRICT OF COLUMBIA RETIREMENT BOARD
FOR FISCAL YEAR 2017**

Statement of

Joseph W. Clark, Chairman

District of Columbia Retirement Board

Before the

**Council of the District of Columbia
Committee of the Whole**

**John A. Wilson Building, Room 120
1350 Pennsylvania Avenue, NW
Washington, DC 20004**

March 7, 2018

Good afternoon, Chairman Mendelson and members of the Council of the District of Columbia Committee of the Whole. I am Joseph W. Clark, Chairman of the District of Columbia Retirement Board (DCRB).

As Chairman of DCRB's Board of Trustees, I want to thank you, Chairman Mendelson, and this Committee, for your continued support. The Trustees look forward to working with this Committee and the Council as DCRB fulfills its fiduciary and administrative responsibilities.

I'm pleased to report that DCRB continues to be a fully funded retirement system, with the Plans' aggregate funding level at 105.2% as of October 1, 2017. In addition, the Fund that supports the Plans reached \$8 billion at the beginning of this calendar year, and we continue to make progress in our efforts to create a comprehensive retirement system.

I would also like to mention two awards DCRB continues to receive each year. During Fiscal Year 2017, DCRB was among a select number of public systems to receive the Public Pension Coordinating Council's Recognition Award for Funding, "in recognition of meeting professional standards for plan funding, as set forth in the Public Pension Standards." Also, for the ninth consecutive year, DCRB was awarded, the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for its Fiscal Year 2016 Comprehensive Annual Financial Report, the highest form of recognition in the area of governmental accounting and financial reporting.

Finally, as you already know, when our former Executive Director, Eric Stanchfield, left DCRB in March 2017, the Board named Sheila Morgan-Johnson, as Acting Executive Director, and subsequently selected her as our new Executive Director. Currently, Sheila also serves as our Chief Investment Officer, as we conduct a search to fill this position. She will now provide you with more detailed information about our FY 2017 accomplishments and our goals for FY 2018 and beyond.



**PERFORMANCE OVERSIGHT HEARING ON
THE DISTRICT OF COLUMBIA RETIREMENT BOARD
FOR FISCAL YEAR 2017**

Testimony of

**Sheila Morgan-Johnson, Executive Director
District of Columbia Retirement Board**

Before the

**The Honorable Phil Mendelson, Chairman
Committee of the Whole
Council of the District of Columbia**

**John A. Wilson Building, Room 120
1350 Pennsylvania Avenue, NW
Washington, DC 20004**

March 7, 2018

OPENING REMARKS

Good morning Chairman Mendelson and members of the Committee of the Whole. I am Sheila Morgan-Johnson, Executive Director and, for the moment, the Chief Investment Officer for the District of Columbia Retirement Board (DCRB or the Board). I am pleased to testify, for the first time as DCRB's Executive Director, on DCRB's FY 2017 performance. With me today to also respond to the Committee's questions are Ed Koebel of Cavanaugh Macdonald Consulting, our independent actuary, and Johnetta Bond, Chief Benefits Officer, as well as other members of DCRB's Executive Management Team. Before discussing the mission and priorities of DCRB, I would like to acknowledge the guidance and support provided by our Board of Trustees and the assistance of this Committee and your staff over the past year.

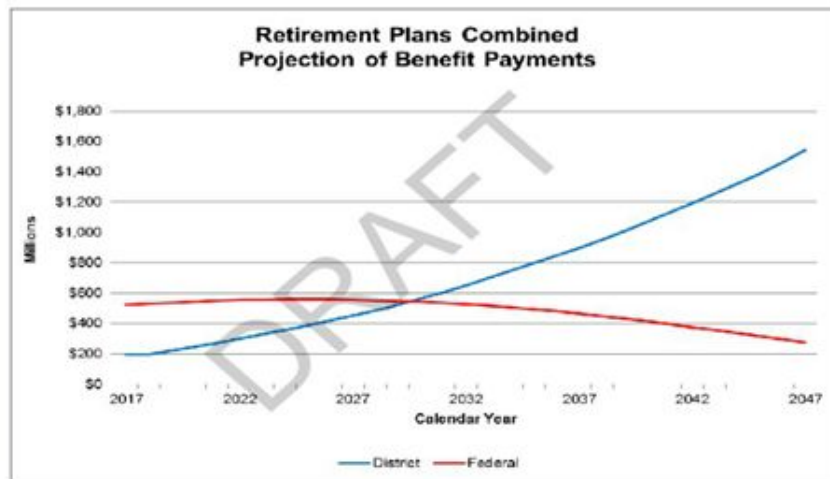
MISSION

DCRB was created by Congress in 1979 as an independent agency of the District of Columbia Government. The Board is a fiduciary that has the exclusive authority and discretion to manage the assets of the District of Columbia Teachers' Retirement Fund and the District of Columbia Police Officers and Fire Fighters' Retirement Fund (collectively referred to as the "Fund"). These assets are held in trust for the sole benefit of members of the District of Columbia Police Officers and Firefighters' Retirement Plan and the District of Columbia Teachers' Retirement Plan (referred to as the "Plans"), as well as their eligible survivors and beneficiaries.

The District is responsible for members covered under the District Replacement Plans, which were adopted on July 1, 1997. Fund assets, which are pooled for investment purposes, may only be used to pay benefits and expenses necessary to administer the retirement program. DCRB also serves as the third-party administrator for benefits earned through June 30, 1997, under the frozen federal plans, which are the responsibility of the U.S. Department of the Treasury.

For the District Replacement Plans, the District government, as the employer is the Plan Sponsor, and is responsible for the design of the Plans and for paying the required employer contributions into the Fund. In addition to employer contributions, trust income includes employee contributions, which are a fixed percentage of their pay, and earnings on investments.

As of September 30, 2017, the total membership of the District Replacement Plans and the federal frozen plans was 26,433. It should be noted that approximately 73 percent (19,295) are now members of the District Replacement Plans and/or jointly funded by the District and federal governments. Although the current majority of benefit payments are paid by the U.S. Treasury for accrued federal benefits, the District is becoming more responsible for an increasing portion of the total benefits. The following table shows that District benefit payments are expected to exceed federal benefit payments around 2030.



Next month, the Board's independent actuary will present the results of a Thirty-Year Projection Study. This study will develop a picture of each Plan's funding progress over time and estimate the future assets, liabilities, contributions and benefit payments for each of the Plans. The study also will serve as a planning tool to guide investment decisions and help ensure that the applicable pension liabilities and funding mechanisms are managed in a manner that promotes sustainability.

As illustrated above, the percentage of pension benefits paid will become more a District than a federal liability. Consequently, the Board intends to place a greater emphasis on modernizing retirement administration and preserving Fund assets to maintain the Plans' strong actuarial funded ratios.

The Board's independent actuary reports that the aggregate actuarial funded ratio for the District Plans was 105.2 percent as of October 1, 2017. The individual Plan ratios were: 92.5 percent for the Teachers' Plan and 110.8 percent for the Police Officers (111.2 percent) and Firefighters' (109.9 percent) Plan, as of the same date.

As of September 30, 2017, the market value of the Fund was \$7.8 billion, an increase of approximately \$975 million in total asset value over the previous 12 months. As of January 31, 2018, the assets in the Fund increased to \$8.4 billion.

DCRB's work continues to be guided by its two-fold mission: (1) to prudently invest and manage the assets of the Fund and (2) to administer retirement benefits. Agency operations are managed in accordance with our fiduciary responsibilities and relevant legal authorities. The projects and initiatives discussed in my testimony support this mission.

Invest and Manage Fund Assets

One of DCRB's major ongoing responsibility is to prudently manage the Fund assets, with the goal of earning a return that meets or exceeds our actuarial investment return assumption. The Board has established an actuarial return target of 6.5 percent to sustain the Fund's viability over the long-term

investment horizon. I am pleased to report that, since its inception in October 1982, the Fund has generated an annualized gross return of 8.9 percent, surpassing the actuarial return target by 2.4 percent per year. For FY 2017, the Fund earned a gross return of 13.1 percent, outperforming the actuarial target and benchmark. In building a solid foundation for achieving long-term, sustainable risk-adjusted net returns, we routinely review investment manager performance against benchmark returns, rebalance the portfolio to maintain compliance with asset allocation targets and ranges, and monitor and evaluate fees.

In addition to systematically reviewing the investment performance and operational processes of investment service providers, DCRB completed the following investment activities:

- Updated asset allocation targets to reflect the results of the 2016 asset allocation study to ensure the continued alignment of the Board's asset allocation policy with the long-term liability structure. An asset allocation review will be conducted in FY 2018 to position the Fund for unforeseen market volatility.
- Offered continuing education to Trustees and Staff on investment and regulatory matters, including fiduciary responsibilities, risk management and mitigation, and investment compliance.
- Reviewed the funding goals and benchmarks of the Board's Funding Policy that were adopted in 2012 and made a revision to include a change in the asset smoothing period from seven years to five years, and a change to the amortization methodology.

Further, during FY 2017, Investment staff conducted extensive research on opportunities for additional exposure to emerging and diverse managers. Staff considered best practices for constructing and deploying an emerging and diverse managers program, the operational risks associated with investing with private markets emerging and diverse managers, and the positions taken by other similarly situated retirement systems on the use of such managers. In January 2018, after discussions with staff and leading industry experts, the Board approved an initiative focused on building and managing a stable of private markets emerging and diverse managers.

Benefits Administration

Another of DCRB's major responsibilities is to administer retirement benefits. Among our primary tasks is to ensure the timely and accurate payment of benefits to Plan members, their survivors and beneficiaries. We also provide members with services, provide information about the plans, answer their questions, and keep them aware of changes and issues related to their benefits.

Retirement Modernization

Through the use of technology, DCRB is automating manual processes and digitizing member records to reduce the reliance on paper documents.

Annual Benefits Statements

During FY 2017, DCRB successfully issued annual benefits statements to all active District firefighters. During FY 2018, DCRB will deliver annual benefits statements to all active members of the Plans.

Self-Service Application

Over the past year, DCRB has worked to develop a self-service application to allow retired annuitants to access their benefit- and tax-related information. This initiative will align DCRB more closely with its peers in terms of ease of access to information for annuitants. This is anticipated to reduce the number of calls and visits to DCRB for routine questions and updates.

Initially, the self-service application will allow annuitants to view and print personal information such as earnings statements, current contact information, tax withholding elections, and beneficiary designations, as well as DCRB standard forms. DCRB also will use the application as an additional mode of communication with annuitants, to timely provide updates on issues pertinent to our Plan members. The self-service application is anticipated to be expanded, at a later date, to allow members to also make updates to their personal information within the application itself.

Other Retirement Modernization Efforts

During FY 2017, DCRB achieved compliance with the Federal Information Security Management Act (FISMA) for information systems operations. This effort was part of the comprehensive information security framework DCRB has implemented to reduce the risk of data loss and maintain the confidentiality of personally identifiable information from cybersecurity threats. Further, as business continuity is critical to our agency, DCRB has ongoing projects focused on updating our disaster recovery and continuity-of-operations plans.

Finally, DCRB will release a solicitation for a system to electronically manage District pension-related information in one place. This system will be configured to allow DCRB to provide a full range of retirement services for Plan members.

Legislative and Compliance Initiatives

2017 Summary Plan Descriptions

DCRB undertook a comprehensive review and update of the Summary Plan Descriptions (SPDs) for each of the Plans. The new SPD will clarify Plan provisions, benefits administration policies and processes, and summarize the provisions of the Plans in a format that is easier for Plan members to read and understand. The SPDs will be distributed during FY 2018 to all Plan members.

Technical Amendments to the District Replacement Plans

On September 25, 2017, Bill 22-468, the Teachers', Police, and Firefighters Retirement Benefits Technical Amendment Act of 2017 was introduced. The bill:

1. clarifies that the same provisions of the District Replacement Plans that are affected by marriage will also apply to domestic partnerships;
2. addresses how 401(a) plan monies may be transferred by a member into the District of Columbia Police Officers and Fire Fighters' Retirement Fund towards the purchase of his/her prior service; and

3. clarifies the application of the Internal Revenue Code § 401(a)(17) compensation limit to members first covered under the Plan on or after October 1, 2002. The public hearing on this bill is scheduled to be conducted this afternoon. DCRB staff will testify at the hearing and answer questions from the Council and the public.

Updated Board Rules

DCRB recently issued a Notice of Proposed Rulemaking to update the Board Rules which currently comprise Chapter 15 of Title 7 of the District of Columbia Municipal Regulations and set forth the Board's organizational structure and operational components. The Board proposed to extend Chapter 15 to include the provisions governing the election of Board Trustees who represent active and retired teachers, police officers, and firefighters. The Board approved the proposed Board Rules on September 26, 2017. The Notice of Proposed Rulemaking was published in the District of Columbia Register on February 9, 2018, and will remain available for public comment for a minimum of 30 days.

Strategic Planning & Initiatives

As this is my first year as Executive Director of DCRB, I will set the course for DCRB's continued advancement under my leadership. This will require a re-evaluation of the agency's current goals and objectives to ensure that they continue to align with DCRB's mission. This year, the Board and DCRB's leadership team will engage in a comprehensive strategic planning process to:

1. identify and prioritize initiatives;
2. assess the agency's ability to perform in a primarily electronic or digital benefits administration environment; and
3. adjust and focus the agency's resources around common goals with well-defined results.

A comprehensive strategic plan will be especially important with the approaching acquisition of a pension information management system, the growth of the Fund, and the increased membership in the District Replacement Plans.

CONCLUSION

In summary, I am pleased to report that the Fund is in sound financial condition and that we pay Plan members accurately and timely. Further, the Board's trustees are engaged and committed to our mission, and we have a knowledgeable and experienced senior team managing the Agency's strategic initiatives. Together, we continue to move forward in creating a comprehensive retirement administration system to serve the needs of Plan participants over the long-term.

In closing, I'd like to thank you for your leadership and support. I am happy to answer any questions you may have.



**Hearing On Bill 22-468
The Teachers', Police, and Firefighters Retirement Benefits Technical
Amendment Act of 2017**

Testimony of

**Johnetta Brower Bond, Chief Benefits Officer
District of Columbia Retirement Board**

Before the

**The Honorable Phil Mendelson, Chairman
Committee of the Whole
Council of the District of Columbia**

**John A. Wilson Building, Room 412
1350 Pennsylvania Avenue, NW
Washington, DC 20004**

March 7, 2018

OPENING REMARKS

Good afternoon, Chairman Mendelson and members of the Council of the District of Columbia Committee of the Whole. I am Johnetta Brower Bond, Chief Benefits Officer of the District of Columbia Retirement Board (“DCRB” or the “Board”). I am here to testify on behalf of DCRB regarding the “Teachers’, Police, and Firefighters Retirement Benefits Technical Amendments Act of 2017.” Other DCRB staff in attendance includes Joan Passerino, Director of Stakeholder Communication and Outreach.

DCRB was created by Congress in 1979 under the District of Columbia Retirement Reform Act as an independent agency of the District of Columbia government.

DCRB’s Board of Trustees (the “Board”) has 12 members, six (6) who are elected by members of the Plans, three (3) who are appointed by the Mayor, and three (3) who are appointed by this Council. In addition, the District’s Deputy Chief Financial Officer (CFO)/Treasurer, who represents the District’s CFO, serves on the Board as an ex-officio (non-voting) member. Board members are fiduciaries, who are required to discharge their responsibilities solely in the interest of members and beneficiaries.

The Agency has exclusive authority and discretion to manage the assets of the District of Columbia Teachers’ Retirement Fund and the District of Columbia Police Officers and Fire Fighters’ Retirement Fund (collectively referred to as the “Fund”). In addition, DCRB is responsible for the administration and payment of benefits of members of the District of Columbia Police Officers and Firefighters’ Retirement Plan (the Replacement Police/Fire Plan) and the District of Columbia Teachers’ Retirement Plan (the Replacement Teachers’ Plan), collectively known as the District Plans, that were established on July 1, 1997 under the “Police Officers, Fire Fighters, and Teachers Retirement Benefit Replacement Plan Act.” The District government, as the employer, is the Plan Sponsor and is responsible for the design of the District Plans and for paying the required employer contributions to the Fund. DCRB is Plan Administrator of the District Plans, and also serves as the third-party administrator for the federal plans for District police officers, firefighters, and teachers, which were frozen on June 30, 1997, and for which the U.S. Department of the Treasury (“Treasury”) is financially responsible.

As of October 1, 2017, there were 26,433 members in both the frozen federal and active District Plan. The market value of the Fund was \$7.8 billion, an increase of approximately \$975 million in total asset value over the previous 12 months. As of

January 31, 2018, the assets in the Fund increased to \$8.4 billion. Also, as of October 1, 2017, the District Plans' aggregate funded ratio on an actuarial basis was 105.2 percent. The individual Plan ratios were: 92.5 percent for the Teachers' Plan and 110.8 percent for the Police Officers (111.2 percent) and Firefighters' (109.9 percent) Plan, as of the same date.

The Teachers', Police, and Firefighters Retirement Benefits Technical Amendments Act of 2017 (the "Act")

The Act includes technical amendments to both of the District Plans for the following purposes:

1. Reinstate Federal Tax Law Compensation Limit

To be qualified under federal tax law, the amount of compensation that may be used in calculating a retirement benefit is limited (\$275,000 in 2018). The Police/Fire and Teachers' Plans were first amended to include this limit on October 1, 2002 and expressly applied the limit to members hired on/after that date. An amendment on May 1, 2013, to add updated language inadvertently dropped the October 1, 2002, grandfather language. The purpose of this provision of the Act is to reinstate that grandfather language to both Plans.

2. Clarify Eligibility for a Survivor Benefit by Domestic Partners Under the Police/Fire Replacement Plan

The District Government recognizes registered domestic partners. Accordingly, DCRB's enabling statutes were amended to include domestic partners. The Teachers' Plan was amended in 2008 to allow surviving domestic partners to receive survivor benefits. Although the Police/Fire Plan was also amended in 2008, because the Federal Government does not recognize domestic partners, and the 1957 Policemen and Firemen's Retirement and Disability Act (the Retirement and Disability Act) includes federal Park Police and Secret Service officers, the District amendment was subject to congressional enactment. The purpose of this provision of the Act is to amend the Retirement and Disability Act to clarify that domestic partners are eligible for survivor benefits only under the District's Police/Fire Replacement Plan.

3. Allow the Police/Fire Replacement Plan to Accept Funds from the District's 401(a) Retirement Plan

Certain FEMS paramedics or emergency medical technicians may be transferred to the Police/Fire Plan as sworn uniformed firefighters and receive credit for their prior FEMS service for vesting and retirement eligibility. To

receive credit for calculating their benefit, however, they must purchase their prior service. Since that purchase would be at the full actuarial cost, however, it can be very expensive. Currently, the District's 401(a) Retirement Plan (the 401(a) Plan) expressly allows transferred members to move their 401(a) monies to the Police/Fire Plan to help pay for the purchase, but the Police/Fire Plan does not expressly allow for the acceptance of 401(a) Plan monies. The purpose of this provision of the Act is to allow the Police/Fire Plan to accept the transfer of 401(a) Plan monies.

In discussions with our actuaries about these amendments, we have been advised that none of these amendments would cause an increase in cost to either Plan members or to the District.

This concludes my testimony. I would be happy to answer any questions that you may have.

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

To: Sheila Morgan-Johnson
Executive Director & Chief Contracting Officer

From: Yolanda Smith
Acting Procurement Manager

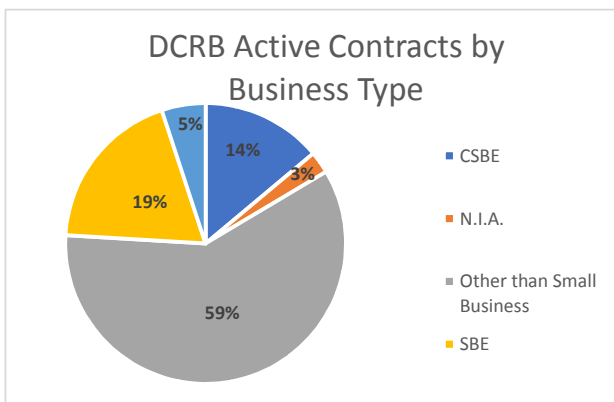
Date: March 14, 2018

Re: DCRB's Small Business Utilization as of March 2018

Below is an overview of DCRB's small business utilization activities when reviewing active contract data.

Overview

DCRB has 79 active contracts as of March 13, 2018. Active contracts captured in this reporting excludes investment managers and DCRB's custodial bank.



N.I.A. = No Information Available

SBE-N.C. = Independent contractors not classified

The data in this adjacent chart illustrates, that DCRB does business with a combined 38% of small businesses. Small businesses include:

- Certified Small Business Enterprises (CSBEs) that are local small business enterprises as defined by D.C. Code 2-218-32 who's business is 51% owned and operated in the District of Columbia and are certified by the Department of Small and Local Business Development (DSLBD)
- Small Business Enterprises (SBE) that are classified small consistent with the standards set by the Small Business Administration; and
- DCRB's independent contractors.



As of 1QFY2018, contracting with small businesses have the following financial impact:

DCRB's active contracts with small businesses are funded at a combined \$5,020,151. This represents a combined 56% of active contract funding.

CSBEs account for \$1.79M or 20% of



DCRB's small business contract funding through the end of 1QFY18. DCRB is on target to meet or exceed its annual CSBE goal of \$1.82M in FY 2018.



DCRBReport

**Police Officers' and
Firefighters' Edition**

WINTER 2018

CHAIR'S CORNER

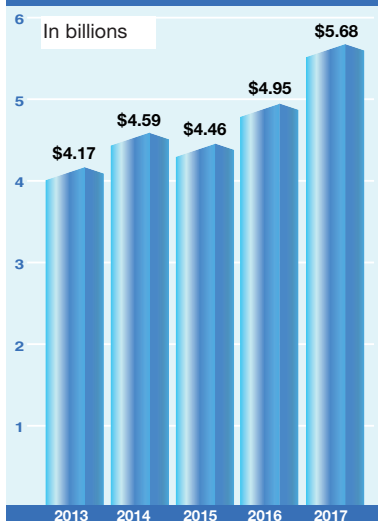
Inside

- 2 Post-Retirement Health Care Coverage
- 2 Government Pension Offset
- 3 Who to Contact When You Experience Life Events Changes
- 3 2018 Cost-of-Living Adjustment
- 3 Active Police Officer Election
- 4 Questions You Asked

The mission of DCRB is to prudently invest the assets of the District of Columbia Police Officers and Firefighters' 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.

Market Value of Police Officers and Firefighters' Plan Assets

(As of September 30 of each year)



From the Chair of the Board

At its December 2017 meeting, the Board voted to accept the report on the actuarial valuations of the District of Columbia Teachers' Retirement Plan and the District of Columbia Police Officers and Firefighters' Retirement Plan (the Police/Fire Plan or Plan), prepared as of October 1, 2017, for Fiscal Year (FY) 2019. Here are a few statistics from the Police/Fire Plan report that I am pleased to provide and that may be of interest to you:



Joseph W. Clark

The market value of the assets in the Plan grew from \$4.9 billion at the end of FY 2016 to \$5.6 billion at the end of FY 2017 (an increase of 14%). Based on the actuarial value of the assets (the ability to pay benefits over the long-term), the Plan was 110.8% funded. This means that the Plan is fully funded and capable of paying your earned benefits over both the short- and the long-term. In addition, as of October 1, 2017, the Plan covered 5,312 active members, 8,191 retired members and survivors, and 340 terminated-vested members who will be entitled to a deferred benefit, for a total of 13,843 members.

Benefit Statements

As we indicated in prior newsletters, DCRB's Benefits Department conducted a pilot project, in which around 200 active firefighters participated, to solicit feedback prior to distributing estimated benefit statements to all active firefighters. The Benefits Department used that input to improve the contents and format of the statements, which were sent to firefighters in late spring 2017. The Board thanks the active firefighters for their input and participation in the pilot project.

Based on last year's success, the Benefits Department will hold pilot projects with small groups of police officers and teachers this year, and will issue estimated benefits statements for 2018 that will be distributed to all active police officers, firefighters and teachers. We expect that the statements will be mailed to you around mid-year. I am pleased to advise you that from this point forward, benefit statements will be provided to active Plan members annually.

Summary Plan Descriptions

Summary Plan Descriptions (SPDs) containing information effective December 31, 2017, will be distributed to members of both the Police/Fire and Teachers' Plans during March of this year. As in the past, paper copies of the SPDs will be mailed to retirees and survivors. Active members, however, will be provided with a link to an electronic copy, although, they will be advised that they can request a paper copy, if they prefer.

Finally, DCRB staff continue to work on a request-for-proposal for the Pension Information Management System. We will keep you informed in subsequent newsletters about the progress of this important project.

Post-Retirement Health Care Coverage

Federal Rules

Hired Before October 1, 1987

Police officers and firefighters who were hired before October 1, 1987 (Tier 1 members and Tier 2 members hired before October 1, 1987) are eligible for health care coverage under the Federal Employees Health Benefits (FEHB) program and are subject to the Federal Government's rules applicable to that program. For retiree health care coverage, those rules are that the employee must be entitled to retire on an immediate annuity, must be enrolled in an FEHB plan at retirement, and must have been continuously enrolled in an FEHB plan for five years of service immediately before the date their retirement begins. For this coverage, the employer continues to pay 75% of the required premium and the retiree pays 25%.

District Rules

Police officers and firefighters who were hired on or after October 1, 1987 (Tier 2 members hired on or after October 1, 1987, and Tier 3 members), and who retire on or after October 1, 2009, may continue their coverage under the District of Columbia Employees Health Care Benefits (DCEHB) program into retirement, if they meet the following rules:

Tier 2: members must: a) be covered under a DCEHB plan at the time of retirement, b) have been continuously covered by a DCEHB plan for five years prior to their retirement, and c) have at least 5 years of creditable District service. The employer pays 75% of the required premium and the retiree pays for 25%. For survivors, the employer pays 60% and the survivor pays 40% (25% if the member is killed or disabled in the line of duty).



Tier 3: members must: a) be covered under a DCEHB plan at the time of retirement, b) have been continuously covered by a DCEHB plan for five years prior to their retirement, and c) have at least 10 years of creditable District service. For retirees with at least 10 years of service, the employer pays 30% of

the premium and the retiree pays the remaining 70%. The employer's percentage increases by 3% for each additional year of service to a maximum of 75% at 25 years. For survivors, the employer pays 25% if the member had at least 10 years of service, and increases by 3% for each additional year of service, up to a maximum of 40%, where a member had 22 or more years of service. The percentage for the member and survivors is 25% if the member was disabled or killed in the line of duty.

Government Pension Offset

When the Social Security Act (the "Act") was created in 1935, the majority of spouses did not work outside the home. Consequently, the Act included a spousal benefit for those who depended on a worker's income for financial support. Over time, it became more prevalent that both spouses were a part of the workforce.

Normally, where both spouses work in covered employment (and both pay Social Security taxes), an individual could be entitled to more than one Social Security benefit at the same time (a benefit based on one's own work and a spousal benefit). However, that person does not receive the full amount of each benefit. In this case, if the spousal benefit is greater than the person's own individual benefit, the spousal benefit is reduced or "offset" by the individual benefit. If, on the other hand, a person earns wages (like at FEMS and MPD) where Social Security taxes are not paid (called uncovered work), they are not eligible for Social Security benefits based on that employment, but they may be eligible for Social Security spousal benefits based on their spouse's work elsewhere.

In 1977, Congress enacted the Government Pension Offset (GPO) provision, which applies exclusively to Social Security's spousal benefits. The reason for this change was that Congress believed that individuals who receive pension benefits from their own noncovered work from a governmental plan would receive a "windfall" if they also received a Social Security spouse's benefit that their government pension did not offset. The intent was to treat government workers the same as those in the private sector who work in jobs that are covered by Social Security. This is reflected in the GPO requirement that the Social Security spouse's benefit be offset when the spouse also receives a government pension based on their own noncovered work.

Who to Contact When You Experience Life Events Changes

If you experience certain life events (e.g., marriage, divorce, separation from service, reemployment, disability, retirement, or a death in your family), your retirement and other benefits may be affected. Consequently, when such events occur, you should contact the appropriate party(ies) to let them know your records should be updated. Who you should contact about these events depends upon your employment status at the time they occur. For example, if you are an active employee and you become divorced, firefighters should contact the District of Columbia Human Resources Office (DCHR) at (202) 442-9700 and police officers should contact the Metropolitan Police Department's Office of Human Resources (MPD-OHR) at (202) 727-4261, to let them know of this event. They will advise you of any changes you should or may wish to make to your records (e.g., updating dependents under your health insurance coverage). If you are retired, on the other hand, such events as marriage, divorce, or the death of a family member should be reported to the DCRB Member Services Center at (202) 343-3272.

It is also important that your family members are made aware of who to call with such information. Again, your status at the time of the event determines who should be contacted. For instance, in the event of your death, if you were an active employee at the time, your family should contact DCHR or MPD-OHR, since those offices maintain your records and are aware of the benefits in which you were enrolled as an active employee. Once you are retired, however, information related to your post-retirement benefits is maintained by DCRB. Consequently, DCRB would



need to be notified of any events that would have an effect on those benefits, and would coordinate with DCHR, MPD-OHR or OPM (if you participated in the federal pension,

health and life insurance benefits) to assure that your survivors and/or beneficiaries are paid appropriately or properly advised of their eligibility to continue coverage.

2018 Cost-of-Living Adjustment

On February 8, 2018, the DC Human Resources Office announced a cost-of-living adjustment (COLA) of 2.1% for District of Columbia Police Officers and Firefighters' Retirement Plan retirees and beneficiaries. This increase, which was effective March 1, 2018, will be included in annuity payments starting April 1, 2018. Members who retired after March 1, 2017 and before March 1, 2018, are entitled to a prorated COLA equal to 1/12th of the increase for each month or partial month (for a maximum of 12 months) for which their annuity was in effect prior to March 1, 2018. Police officers and firefighters who retired before February 15, 1980, are under equalization rather than COLAs, and receive annuity adjustments based on pay increases granted to active members.

Active Police Officer Election

This is to alert you that the term of the Active Police Officer representative on the Board will end on January 27, 2019, and, therefore, an election to fill that seat will commence in late summer of this year. The process generally begins with the mailing of a Statement of Candidacy form to all eligible voters in early September and ends in December with the Board's certification of the winning candidate. We will provide you with an update with more details on our website and in our fall newsletter.



DC Retirement Board

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Inside this DCRB Report

**2018 COLA, Government
Pension Offset Information,
Active Police Officer Election,
and more**

Questions You Asked

DCRB frequently receives calls requesting information regarding the continuation of membership in the Plan when a police officer or firefighter retires and is later rehired by MPD, FEMS, or another District agency. The answer to that question is as follows:

If you are reemployed by another District agency, you will continue to receive your retirement benefit, just as before, but your salary in the new position is reduced (offset) by the amount of your retirement benefit.

The salary offset also applies if you return to work at MPD or FEMS. In addition, you cannot participate in the Plan again, and, therefore, you will not receive any additional service credit toward your retirement benefit. However, if you are a police officer who retired under optional or deferred retirement, your new salary will not be reduced if you are hired as a fully sworn temporary, full-time or part-time police officer with MPD or as a temporary, full-time, or part-time employee of the Department of Forensic Sciences, or as a public school security employee.

**Useful****Contacts**

DCRB Member Services
(202) 343-3272
Toll Free (866) 456-3272
dcrb.benefits@dc.gov

DC Department of Human
Resources (202) 442-9700

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

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

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

*for health and life insurance only

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Mayoral Appointee

Lyle M. Blanchard
*Treasurer
Council Appointee*

Joseph M. Bress
Council Appointee

Joseph W. Clark
*Chair
Mayoral Appointee*

Mary A. Collins
*Elected Retired
Teacher*

Gary W. Hankins
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Elected Retired
Police Officer*

Darrick O. Ross
*Elected Active
Police Officer*

Nathan A. Saunders
*Elected Active
Teacher*

Edward C. Smith
*Elected Active
Firefighter*

Thomas N. Tippet
*Elected Retired
Firefighter*

Michael J. Warren
Council Appointee

Lenda P. Washington
Mayoral Appointee

Jeffrey A. Barnette
*Ex Officio,
Non-Voting*

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Sheila Morgan-Johnson
Executive Director

Joan M. Passerino
Editor

NASRA Issue Brief: Public Pension Plan Investment Return Assumptions



Updated February 2018

As of September 30, 2017, state and local government retirement systems held assets of \$4.16 trillion.¹ These assets are held in trust and invested to pre-fund the cost of pension benefits. The investment return on these assets matters, as investment earnings account for a majority of public pension financing. A shortfall in long-term expected investment earnings must be made up by higher contributions or reduced benefits.

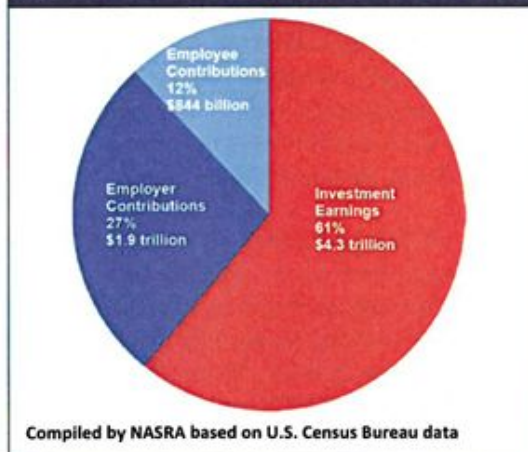
Funding a pension benefit requires the use of projections, known as actuarial assumptions, about future events. Actuarial assumptions fall into one of two broad categories: demographic and economic. Demographic assumptions are those pertaining to a pension plan's membership, such as changes in the number of working and retired plan participants; when participants will retire, and how long they'll live after they retire. Economic assumptions pertain to such factors as the rate of wage growth and the future expected investment return on the fund's assets.

As with other actuarial assumptions, projecting public pension fund investment returns requires a focus on the long-term. This brief discusses how investment return assumptions are established and evaluated, compares these assumptions with public funds' actual investment experience, and the challenging investment environment public retirement systems currently face.

Because investment earnings account for a majority of revenue for a typical public pension fund, the accuracy of the return assumption has a major effect on a plan's finances and actuarial funding level. An investment return assumption that is set too low will overstate liabilities and costs, causing current taxpayers to be overcharged and future taxpayers to be undercharged. A rate set too high will understate liabilities, undercharging current taxpayers, at the expense of future taxpayers. An assumption that is significantly wrong in either direction will cause a misallocation of resources and unfairly distribute costs among generations of taxpayers.

As shown in Figure 1, since 1987, public pension funds have accrued approximately \$7.0 trillion in revenue, of which \$4.3 trillion, or 61 percent, is from investment earnings. Employer contributions account for \$1.9 trillion, or 27 percent of the total, and employee contributions total \$844 billion, or 12 percent.²

Figure 1: Public Pension Sources of Revenue, 1987-2016



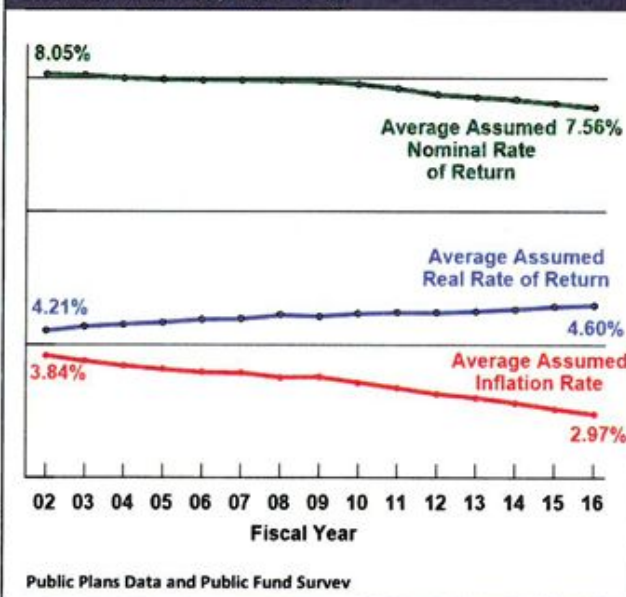
Most public retirement systems review their actuarial assumptions regularly, pursuant to state or local statute or system policy. The entity (or entities) responsible for setting the return assumption, as identified in Appendix B, typically works with one or more professional actuaries, who follow guidelines set forth by the Actuarial Standards Board in Actuarial Standards of Practice No. 27 (Selection of Economic Assumptions for Measuring Pension Obligations) (ASOP 27). ASOP 27 prescribes the factors actuaries should consider in setting economic actuarial assumptions, and recommends that actuaries consider the context of the measurement they are making, as defined by such factors as the purpose of the

¹ Federal Reserve, *Flow of Funds Accounts of the United States: Flows and Outstandings, Third Quarter 2017*, Table L.120

² US Census Bureau, *Annual Survey of Public Pensions, State & Local Data*

measurement, the length of time the measurement period is intended to cover, and the projected pattern of the plan's cash flows.

Figure 2: Average nominal and real rate of return, and average assumed inflation rate, FY 02 – FY 16



ASOP 27 also advises that actuarial assumptions be reasonable, defined in subsection 3.6 as being consistent with five specified characteristics; and requires that actuaries consider relevant data, such as current and projected interest rates and rates of inflation; historic and projected returns for individual asset classes; and historic returns of the fund itself. For plans that remain open to new members, actuaries focus chiefly on a long investment horizon, i.e., 20 to 30 years, which is the length of a typical public pension plan's funding period. One key purpose for relying on a long timeframe is to promote the key policy objectives of cost stability and predictability, and intergenerational equity among taxpayers.

The investment return assumption used by public pension plans typically contains two components: inflation and the real rate of return. The sum of these components is the nominal return rate, which is the rate that is most often used and cited. The system's inflation assumption typically

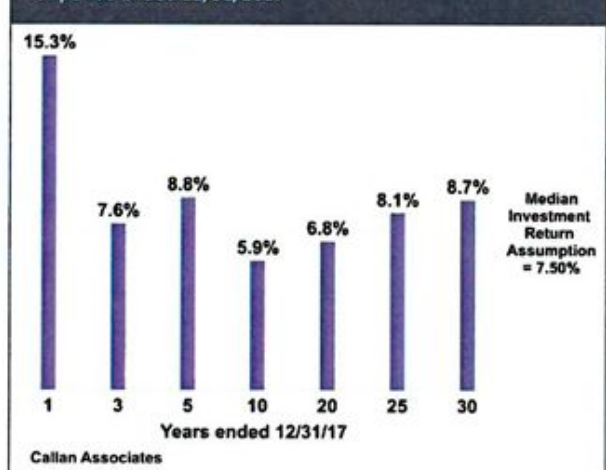
is applied also to other actuarial assumptions, such as the level of wage growth and, where relevant, assumed rates of cost-of-living adjustments (COLAs). Achieving an investment return approximately commensurate with the inflation rate normally is attainable by investing in securities, such as US Treasury bonds, that are often characterized as risk-free, i.e., that pay a guaranteed rate of return.

The second component of the investment return assumption is the real rate of return, which is the return on investment after adjusting for inflation. The real rate of return is intended to reflect the return produced as a result of the risk taken by investing the assets. Achieving a return higher than the risk-free rate requires taking some investment risk; for public pension funds, this risk takes the form of investments in assets such as public and private equities and real estate, which contain more risk than Treasury bonds.

Figure 2 illustrates the changes in the average nominal (non-inflation-adjusted) return, the inflation assumption, and the resulting real rate of return assumption. As the chart shows, although the average nominal public pension fund investment return has been declining, because the average rate of assumed inflation has been dropping more quickly, the average real rate of return has risen, from 4.21 percent in FY 02 to 4.60 percent in FY 16. One factor that may be contributing to the higher real rate of return is public pension funds' higher allocations to alternative assets, particularly to private equities, which usually have a higher expected return than other asset classes.

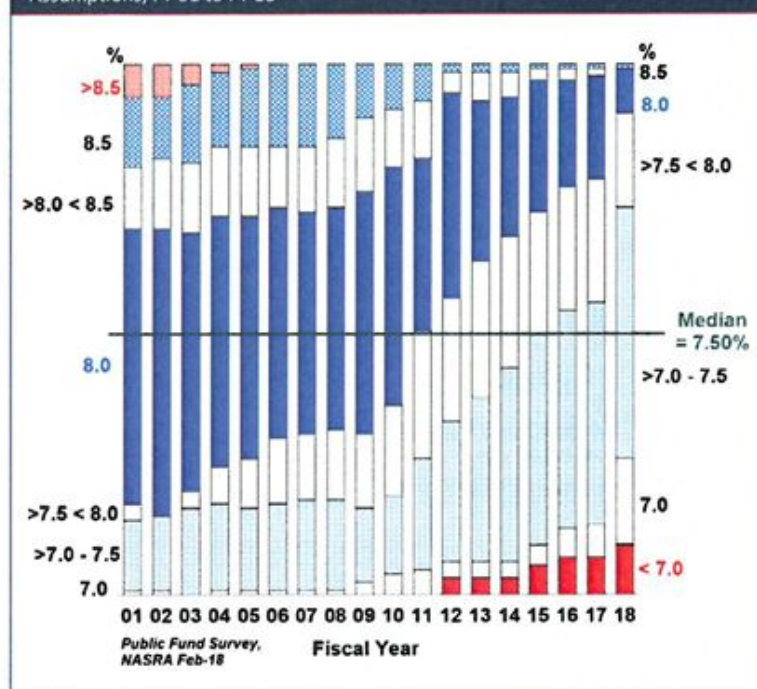
Figure 3 plots median public pension fund annualized investment returns for a range of periods ended December 31, 2017. As the figure shows, relatively strong returns in recent years are somewhat offset by the effects of market declines of 2000-02 and 2008-09, which are affecting returns for the 10- or 20-year periods ended 12/31/17, or both.

Figure 3: Median public pension annualized investment returns for period ended 12/31/2017



In the wake of the 2008-09 decline in capital markets and Great Recession, global interest rates and inflation have remained low by historic standards, due partly to so-called quantitative easing of central banks in many industrialized economies, including the U.S. Now in their ninth year, these low interest rates, with low rates of projected global economic growth, have led to reductions in projected returns for most asset classes, which, in turn, have resulted in an unprecedented number of reductions in the investment return assumption used by public pension plans. This trend is illustrated by Figure 4, which plots the distribution of investment return assumptions among a representative group of

Figure 4: Change in Distribution of Public Pension Investment Return Assumptions, FY 01 to FY 18



plans since 2001. Among the 129 plans measured, nearly three-fourths have reduced their investment return assumption since fiscal year 2010, resulting in a decline in the average return assumption from 7.91 percent to 7.36 percent. If projected returns continue to decline, investment return assumptions are likely to also to continue their downward trend. Appendix A lists the assumptions in use or adopted for future use by the 129 plans in this dataset.

One challenging facet of setting the investment return assumption that has emerged more recently is a divergence between expected returns over the near term, i.e., the next five to 10 years, and over the longer term, i.e., 20 to 30 years³. A growing number of investment return projections are concluding that near-term returns will be materially lower than both historic norms as well as projected returns over longer timeframes. Because many near-term projections calculated recently are well below the long-term assumption most plans are using,

some plans face the difficult choice of either maintaining a return assumption that is higher than near-term expectations, or lowering their return assumption to reflect near-term expectations.

If actual investment returns in the near-term prove to be lower than historic norms, plans that maintain their long-term return assumption risk experiencing a steady increase in unfunded pension liabilities and corresponding costs.

Alternatively, plans that reduce their assumption in the face of diminished near-term projections will experience an immediate increase unfunded liabilities and required costs. As a rule of thumb, a 25 basis point reduction in the return assumption, such as from 8.0 percent to 7.75 percent, will increase the cost of a plan that has a COLA, by three percent of pay (such as from 10 percent to 13 percent), and a plan that does not have a COLA, by two percent of pay.

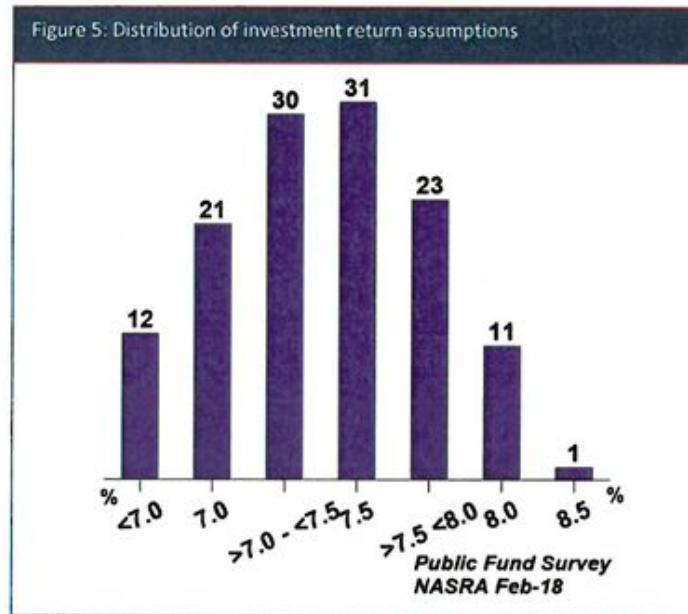
Conclusion

The investment return assumption is the single most consequential of all actuarial assumptions in terms of its effect on a pension plan's finances. The sustained period of low interest rates since 2009 has caused many public pension plans to re-evaluate their long-term expected investment returns, leading to an unprecedented number of reductions in plan investment return assumptions. Absent other changes, a lower investment return assumption increases both the plan's unfunded liabilities and cost. The process for evaluating a pension plan's investment return assumption should include abundant input and feedback from professional experts and actuaries, and should reflect consideration of the factors prescribed in actuarial standards of practice.

³ Horizon Actuarial Services, "Survey of Capital Market Assumptions, 2017 Edition (August 2017) p4

See Also:

- [Actuarial Standards of Practice No. 27](#), Actuarial Standards Board
- [The Liability Side of the Equation Revisited](#), Missouri SERS, September 2006



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[National Association of State Retirement Administrators](#)

Appendix A: Investment Return Assumption by Plan

(Figures reflect the nominal assumption in use, or announced for use, as of February 2018¹)

Plan	Rate (%)
Alabama ERS	7.75
Alabama Teachers	7.75
Alaska PERS	8.0
Alaska Teachers	8.0
Arizona Public Safety Personnel	7.40
Arizona SRS	7.50
Arkansas PERS	7.15
Arkansas State Highway ERS	8.0
Arkansas Teachers	7.50
California PERF ²	7.375
California Teachers ³	7.25
Chicago Teachers	7.75
City of Austin ERS	7.50
Colorado Affiliated Local	7.50
Colorado Fire & Police Statewide	7.50
Colorado Municipal	7.25
Colorado School	7.25
Colorado State	7.25
Connecticut SERS	6.90
Connecticut Teachers	8.0
Contra Costa County	7.25
DC Police & Fire	6.50
DC Teachers	6.50
Delaware State Employees	7.0
Denver Employees	7.75
Denver Public Schools	7.25
Duluth Teachers	8.0
Fairfax County Schools	7.50
Florida RS	7.50
Georgia ERS	7.50
Georgia Teachers	7.50
Hawaii ERS	7.0
Houston Firefighters	7.0
Idaho PERS	7.0
Illinois Municipal	7.50
Illinois SERS	7.25
Illinois Teachers	7.0
Illinois Universities	7.25
Indiana PERF	6.75
Indiana Teachers	6.75
Iowa PERS	7.0
Kansas PERS	7.75
Kentucky County	6.25
Kentucky ERS ⁴	5.25
Kentucky Teachers	7.50

Los Angeles County ERS	7.50
Louisiana Parochial Employees	7.0
Louisiana SERS ⁵	7.70
Louisiana Teachers ⁵	7.70
Maine Local	6.875
Maine State and Teacher	6.875
Maryland PERS ⁶	7.50
Maryland Teachers ⁶	7.50
Massachusetts SERS	7.50
Massachusetts Teachers	7.50
Michigan Municipal	7.75
Michigan Public Schools ⁷	7.05
Michigan SERS	7.0
Minnesota PERF	8.0
Minnesota State Employees	8.0
Minnesota Teachers ⁸	8.50
Mississippi PERS	7.75
Missouri DOT and Highway Patrol	7.75
Missouri Local	7.25
Missouri PEERS	7.60
Missouri State Employees	7.65
Missouri Teachers	7.60
Montana PERS	7.65
Montana Teachers	7.75
Nebraska Schools	7.50
Nevada Police Officer and Firefighter	7.50
Nevada Regular Employees	7.50
New Hampshire Retirement System	7.25
New Jersey PERS	7.0
New Jersey Police & Fire	7.0
New Jersey Teachers	7.0
New Mexico PERA ⁹	7.51
New Mexico Teachers	7.25
New York City ERS	7.0
New York City Teachers	7.0
New York State Teachers	7.25
North Carolina Local Government	7.20
North Carolina Teachers and State Employees	7.20
North Dakota PERS	7.75
North Dakota Teachers	7.75
NY State & Local ERS	7.0
NY State & Local Police & Fire	7.0
Ohio PERS	7.50
Ohio Police & Fire	8.0
Ohio School Employees	7.50

Ohio Teachers	7.45
Oklahoma PERS	7.0
Oklahoma Teachers	7.50
Orange County ERS	7.0
Oregon PERS	7.20
Pennsylvania School Employees	7.25
Pennsylvania State ERS	7.25
Phoenix ERS	7.50
Rhode Island ERS	7.0
Rhode Island Municipal	7.0
San Diego County	7.25
San Francisco City & County	7.46
South Carolina Police	7.25
South Carolina RS	7.25
South Dakota RS	6.50
St. Louis School Employees	7.50
St. Paul Teachers	8.0
Texas County & District	8.0
Texas ERS	7.50
Texas LECOS	7.50
Texas Municipal	6.75

Texas Teachers	8.0
Tennessee Political Subdivisions	7.25
Tennessee State and Teachers	7.25
Utah Noncontributory	6.95
Vermont State Employees	7.50
Vermont Teachers	7.50
Virginia Retirement System	7.0
Washington LEOFF Plan 1 ¹⁰	7.70
Washington LEOFF Plan 2 ¹¹	7.50
Washington PERS 1 ¹⁰	7.70
Washington PERS 2/3 ¹⁰	7.70
Washington School Employees Plan 2/3 ¹⁰	7.70
Washington Teachers Plan 1 ¹⁰	7.70
Washington Teachers Plan 2/3 ¹⁰	7.70
West Virginia PERS	7.50
West Virginia Teachers	7.50
Wisconsin Retirement System	7.20
Wyoming Public Employees	7.0

1. This list of nominal investment return assumptions is updated at www.nasra.org/latestreturnassumptions
2. CalPERS is reducing its investment return assumption from 7.50 percent to 7.0 percent over three years. In February 2017 the CalPERS Board adopted a risk mitigation policy, effective beginning FY 2021, that calls for a reduction in the system's investment return assumption commensurate with the pension fund achieving a specified level of investment return. Details are available online: <https://www.calpers.ca.gov/docs/board-agendas/201702/financeadmin/item-9a-02.pdf>.
3. CalSTRS is reducing its investment return assumption from 7.50 percent to 7.0 percent over two years.
4. The Kentucky ERS is composed of two plans: Hazardous and Non-Hazardous. The rate shown applies to the plan's Non-Hazardous plan, which accounts for more than 90 percent of the Kentucky ERS plan liabilities. The investment return assumption used for the Hazardous plan is 6.25 percent.
5. The Louisiana State Employees' Retirement System and Teachers' Retirement System are reducing their discount rate from 7.75 percent to 7.50 percent by 2021 in annual increments of 0.05 percent. The discount rate used to determine the FY 2018/2019 funding requirement is 7.65%, which is net of gain-sharing. The investment return assumption, which includes gain-sharing, is reducing incrementally to 7.90% by 2021.
6. The assumed rate of return for the Maryland Public Employees' Retirement System and Teachers Retirement Systems is scheduled to decrease to 7.45 percent beginning July 1, 2018.
7. The Michigan Public School Employees' Retirement System administers three plans: a defined benefit plan and two hybrid plans (Pension Plus and Pension Plus 2). The rate shown applies to the defined benefit plan. The investment return assumption used for the Pension Plus plan is 7.0 percent, and 6.0 percent for Pension Plus 2.
8. Legislation approved by the Minnesota Legislature in 2016 would have reduced the return assumption of the Teachers' Retirement Association to 8.0 percent, but was vetoed by the governor for reasons extraneous to the assumption.
9. Reflects a weighted average rate based on 7.25 percent for FY17-26 and 7.75 percent thereafter.
10. For all Washington State plans except LEOFF Plan 2, the assumed rate of return is scheduled to decrease to 7.5 percent for the 2019-21 biennium.
11. The assumed rate of return for the Washington LEOFF Plan 2 is scheduled to decrease to 7.4 percent for the 2019-2021 biennium.

Appendix B: Entity Responsible for Setting Investment Return Assumption for Selected State Plans

State	System	Investment Return Assumption Set By
AK	Alaska Public Employees Retirement System	Alaska Retirement Management Board
AK	Alaska Teachers Retirement System	Alaska Retirement Management Board
AL	Retirement Systems of Alabama	Retirement board
AR	Arkansas Public Employees Retirement System	Retirement board
AR	Arkansas State Highway Employees' Retirement System	Retirement board
AR	Arkansas Teachers Retirement System	Retirement board
AZ	Arizona Public Safety Personnel Retirement System	Retirement board
AZ	Arizona State Retirement System	Retirement board
CA	California Public Employees Retirement System	Retirement board
CA	California State Teachers Retirement System	Retirement board
CO	Colorado Public Employees Retirement Association	Retirement board
CO	Fire & Police Pension Association of Colorado	Retirement board
CT	Connecticut State Employees Retirement System	State Employees Retirement Commission
CT	Connecticut Teachers Retirement Board	Retirement board
DC	District of Columbia Retirement Board	Retirement board
DE	Delaware Public Employees Retirement System	Retirement board
FL	Florida Retirement System	FRS Actuarial Assumption Estimating Conference ¹
GA	Georgia Employees Retirement System	Retirement board
GA	Georgia Teachers Retirement System	Retirement board
HI	Hawaii Employees Retirement System	Retirement board
IA	Iowa Public Employees Retirement System	IPERS Investment Board
ID	Idaho Public Employees Retirement System	Retirement board
IL	Illinois State Universities Retirement System	Retirement board
IL	Illinois State Employees Retirement System	Retirement board
IL	Illinois Municipal Retirement Fund	Retirement board
IL	Illinois Teachers Retirement System	Retirement board
IN	Indiana Public Retirement System	Retirement board
KS	Kansas Public Employees Retirement System	Retirement board
KY	Kentucky Retirement Systems	Retirement board
KY	Kentucky Teachers Retirement System	Retirement board
LA	Louisiana State Employees Retirement System	Retirement board
LA	Louisiana Parochial Employees' Retirement System	Retirement board
LA	Louisiana Teachers Retirement System	Retirement board
MA	Massachusetts State Employees Retirement System	Collaborative between the legislature, state treasurer, governor, and the Massachusetts Public Employee Retirement Administration Commission
MA	Massachusetts Teachers Retirement Board	Collaborative between the legislature, state treasurer, governor, and the Massachusetts Public Employee Retirement Administration Commission
MD	Maryland State Retirement and Pension System	Retirement board
ME	Maine Public Employees Retirement System	Retirement board
MI	Michigan Public School Employees Retirement System	Retirement board
MI	Michigan State Employees Retirement System	Retirement board
MI	Municipal Employees' Retirement System of Michigan	Retirement board
MN	Minnesota Public Employees Retirement Association	Legislature
MN	Minnesota State Retirement System	Legislature
MN	Minnesota Teachers Retirement Association	Legislature

MO	Missouri Local Government Employees Retirement System	Retirement board
MO	Missouri Public Schools Retirement System	Retirement board
MO	Missouri State Employees Retirement System	Retirement board
MO	MoDOT & Patrol Employees' Retirement System	Retirement board
MS	Mississippi Public Employees Retirement System	Retirement board
MT	Montana Public Employees Retirement Board	Retirement board
MT	Montana Teachers Retirement System	Retirement board
NC	North Carolina Retirement Systems	Retirement board
ND	North Dakota Public Employees Retirement System	Retirement board
ND	North Dakota Teachers Fund for Retirement	Retirement board
NE	Nebraska Public Employees Retirement System	Retirement board
NH	New Hampshire Retirement System	Retirement board
NJ	New Jersey Division of Pension and Benefits	Retirement board and state treasurer
NM	New Mexico Educational Retirement Board	Retirement board
NM	New Mexico Public Employees Retirement Association	Retirement board
NV	Nevada Public Employees Retirement System	Retirement board
NY	New York State & Local Retirement Systems	State comptroller
NY	New York State Teachers Retirement System	Retirement board
OH	Ohio Police and Fire Pension Fund	Retirement board
OH	Ohio Public Employees Retirement System	Retirement board
OH	Ohio School Employees Retirement System	Retirement board
OH	Ohio State Teachers Retirement System	Retirement board
OK	Oklahoma Public Employees Retirement System	Retirement board
OK	Oklahoma Teachers Retirement System	Retirement board
OR	Oregon Public Employees Retirement System	Retirement board
PA	Pennsylvania Public School Employees Retirement System	Retirement board
PA	Pennsylvania State Employees Retirement System	Retirement board
RI	Rhode Island Employees Retirement System	Retirement board
SC	South Carolina Retirement Systems	Legislature
SD	South Dakota Retirement System	Retirement board
TN	Tennessee Consolidated Retirement System	Retirement board
TX	Teacher Retirement System of Texas	Retirement board
TX	Texas County & District Retirement System	Retirement board
TX	Texas Employees Retirement System	Retirement board
TX	Texas Municipal Retirement System	Retirement board
UT	Utah Retirement Systems	Retirement board
VA	Virginia Retirement System	Retirement board
VT	Vermont State Employees Retirement System	Retirement board
VT	Vermont Teachers Retirement System	Retirement board
WA	Washington Department of Retirement Systems	Legislature
WI	Wisconsin Retirement System	Retirement board
WV	West Virginia Consolidated Public Retirement Board	Retirement board
WY	Wyoming Retirement System	Retirement board

1. The Conference consists of staff from the Florida House, Senate, and Governor's office

WILL BE PROVIDED AT THE MEETING.

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TO: BOARD OF TRUSTEES

FROM: EDWARD SMITH, CHAIRMAN

DATE: MARCH 15, 2018

SUBJECT: OPERATIONS COMMITTEE REPORT

The Operations Committee met on Tuesday, March 13, 2018 at 10 am.

1. Ed Koebel and Jonathan Craven, Principal Actuaries with Cavanaugh MacDonald, presented the draft Thirty-Year Projection Study (as of October 1, 2017). The report was presented for the trustees' consideration with a proposed recommended action at the next Operations Committee meeting. The next Committee meeting is tentatively scheduled immediately prior to the April 19 Board Meeting, when Cavanaugh Macdonald will present the Study for the full Board. The Committee presentation and the draft Thirty-Year Projection Study are in Diligent for your review now.
2. Joan Passerino, Director of Stakeholder Communications and Outreach, presented a summary of the benchmarking analysis results on benefits administration. This information, which was provided by CEM Benchmarking, Inc., measures DCRB's administrative performance, assesses our communications impact with Plan members, and focuses on customer service levels. Although the cost metrics are not particularly useful, metric results are summarized to provide trustees with information on how we compare to other public pension funds in a select peer group of DCRB's size and to stimulate discussion as a strategic planning tool.
3. Anthony Shelborne, Chief Financial Officer, presented a brief cost analysis primarily related to information technology. The Committee will continue to discuss costs and benefits administration improvements next month.



Cavanaugh Macdonald
CONSULTING, LLC

The experience and dedication you deserve



The District of Columbia Retirement Board 2017 Projection Study





About Projections

- Projection study is a Board and Staff Planning Tool used to help guide investment decisions and review the future funding and contribution requirements for each Plan.
- Annual actuarial valuations are a “snapshot” of the financial position on the valuation date, based on the existing active and retired members.
- Projections simulate future actuarial valuation results over a forecast period (30 years in this case) by “creating” future new hires and performing valuations using the projected membership.
- Projections assume static active population during period.
- Projections provide information on trends in financial measurements. They do not provide absolute results.



About Projections

- All Actuarially Determined Contributions are expected to be made by City.
- All future demographic and economic assumptions are projected to occur according to our current valuation assumptions.
- Demographic Assumptions
 - Retirement
 - Withdrawal
 - Mortality
- Economic Assumptions
 - Investment Return (6.50%)
 - Inflation (3.50%)
 - Salary Scale (4.25% plus merit)



Valuation Results – 10/1/2017

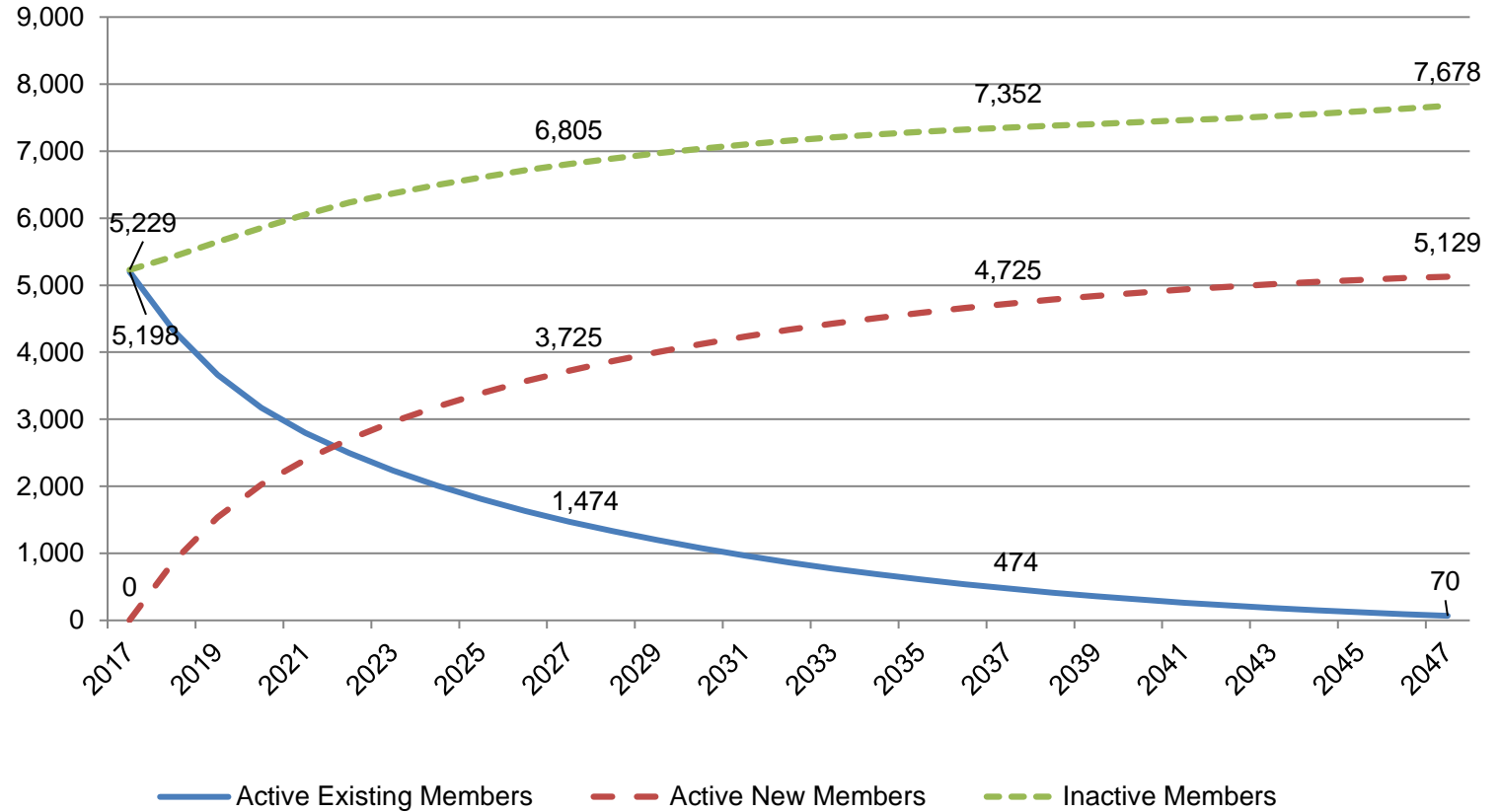


	Teachers	Police	Fire	Total
Employer Normal Cost Rate	7.55%	32.15%	35.46%	20.30%
Total Accrued Liability	\$2,142.5	\$3,412.6	\$1,465.7	\$7,020.8
Actuarial Value of Assets	\$1,982.0	\$3,795.0	\$1,611.4	\$7,388.4
Unfunded Accrued Liability	\$160.5	\$(382.4)	\$(145.7)	\$(367.6)
Amortization of UAL (Level \$, 15 years)	\$15.8	\$(39.3)	\$(14.3)	\$(37.8)
UAL Rate	3.54%	(13.10)%	(10.07)%	(4.25)%
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%	105.20%
Funded Ratio based on MVA	95.73%	115.72%	114.68%	109.40%



Projection of Membership

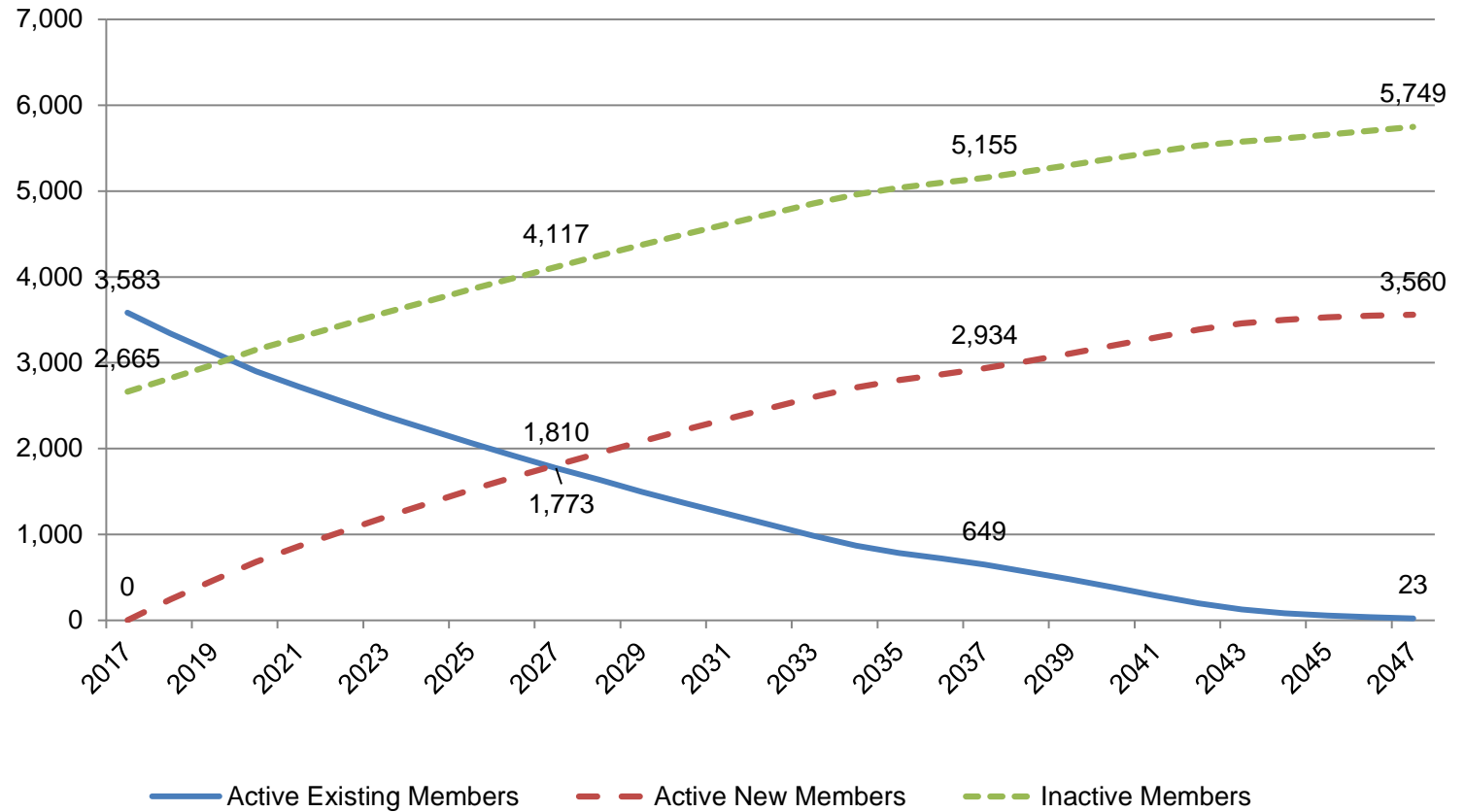
**Teachers' Retirement Plan
Future Membership**





Projection of Membership

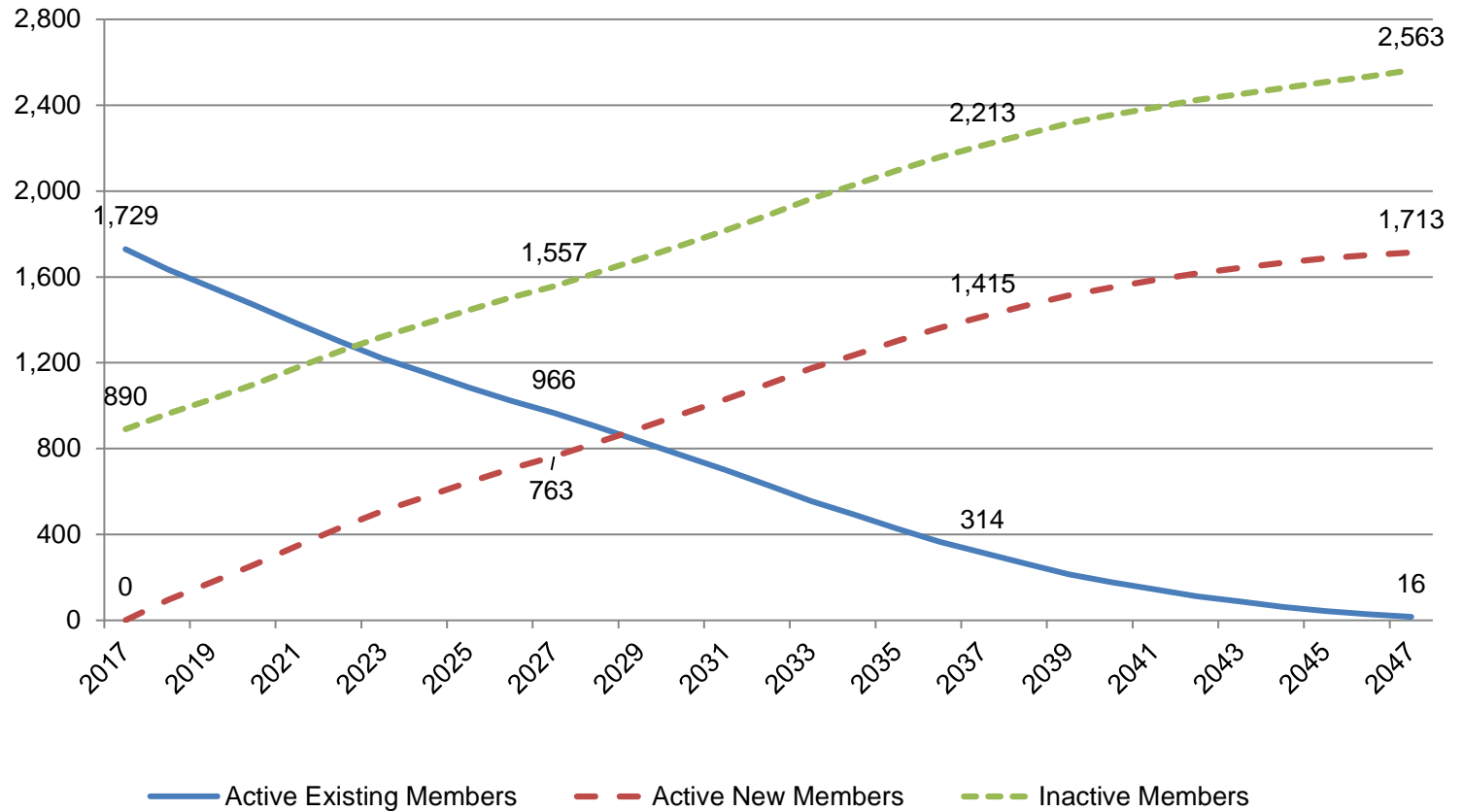
Police Officers' Retirement Plan Future Membership





Projection of Membership

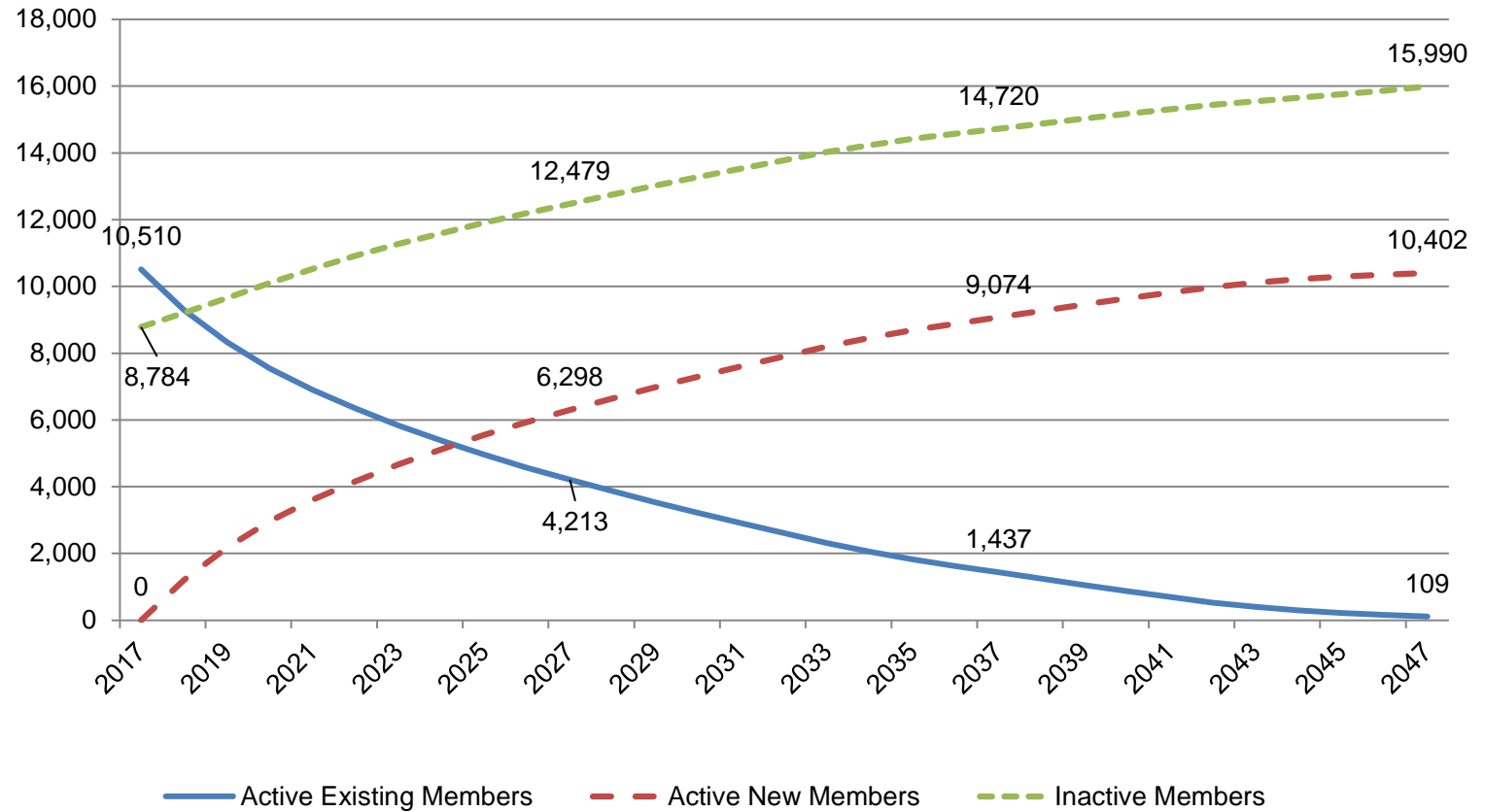
Firefighters' Retirement Plan Future Membership





Projection of Membership

**Total DCRB Retirement Plan
Future Membership**





Basic Retirement Funding Formula



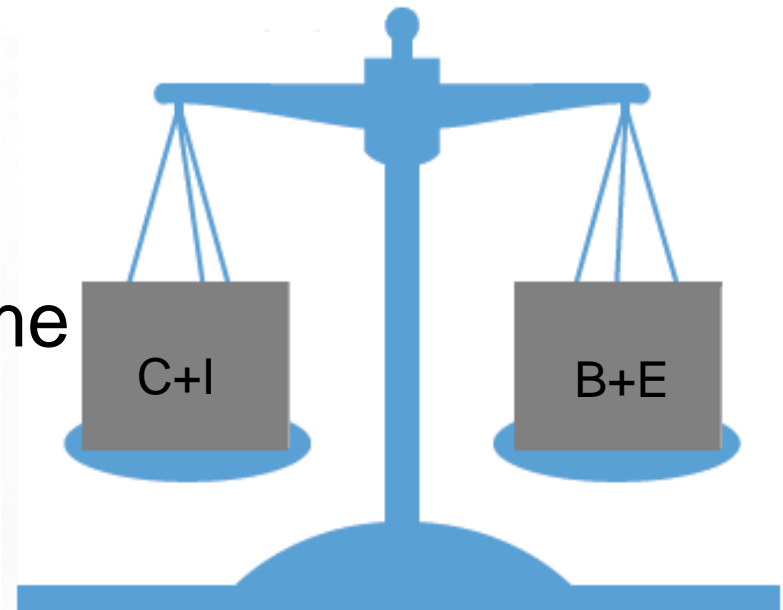
$$C + I = B + E$$

C = contributions

I = investment income

B = benefits paid

E = expenses

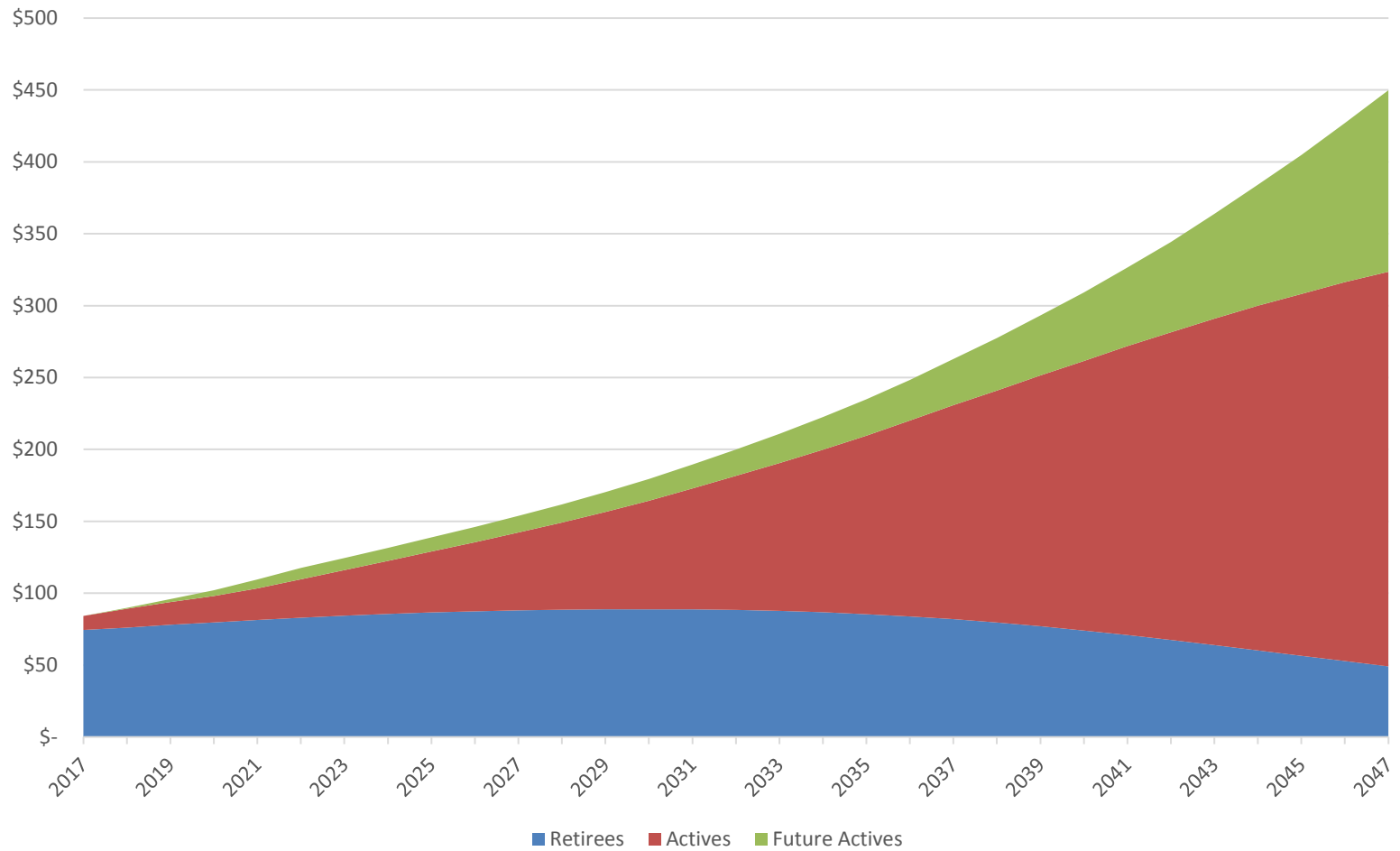


Advanced Funding - make contributions over a period of time to allow accumulated assets to grow with investment income to help pay the benefits



Projected Benefit Payments

Teacher Benefit Payments (\$million)

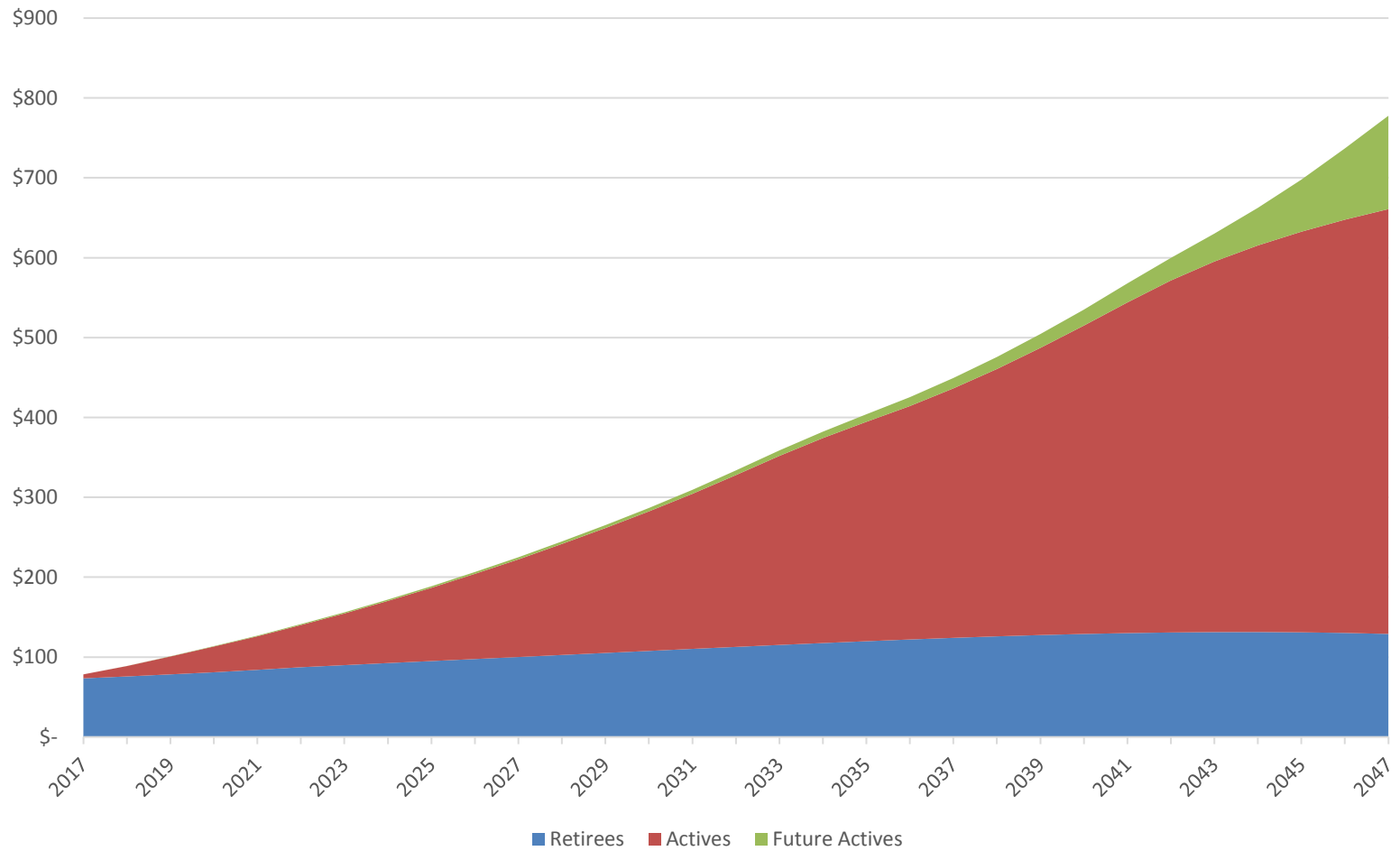




Projected Benefit Payments



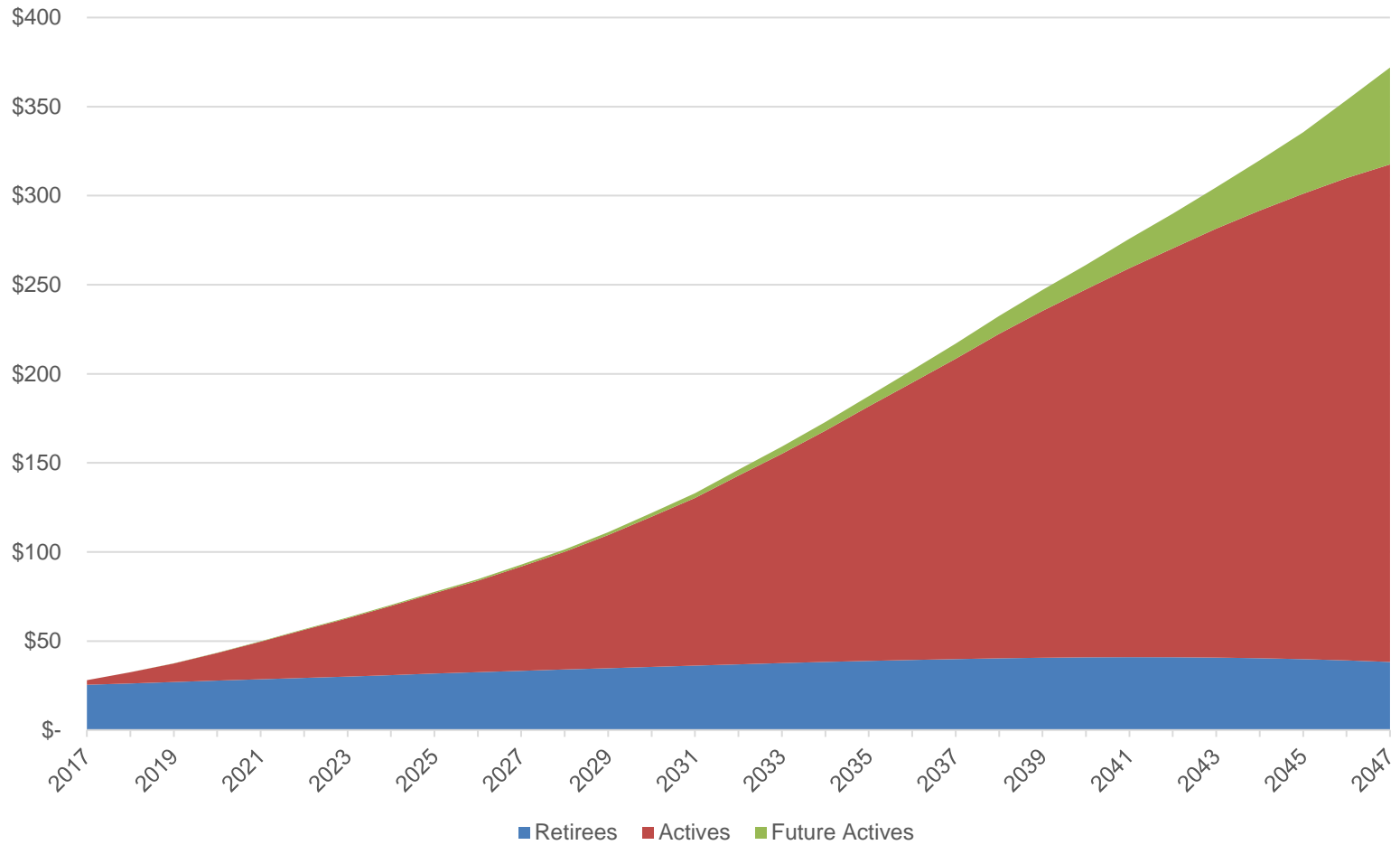
Police Benefit Payments (\$million)





Projected Benefit Payments

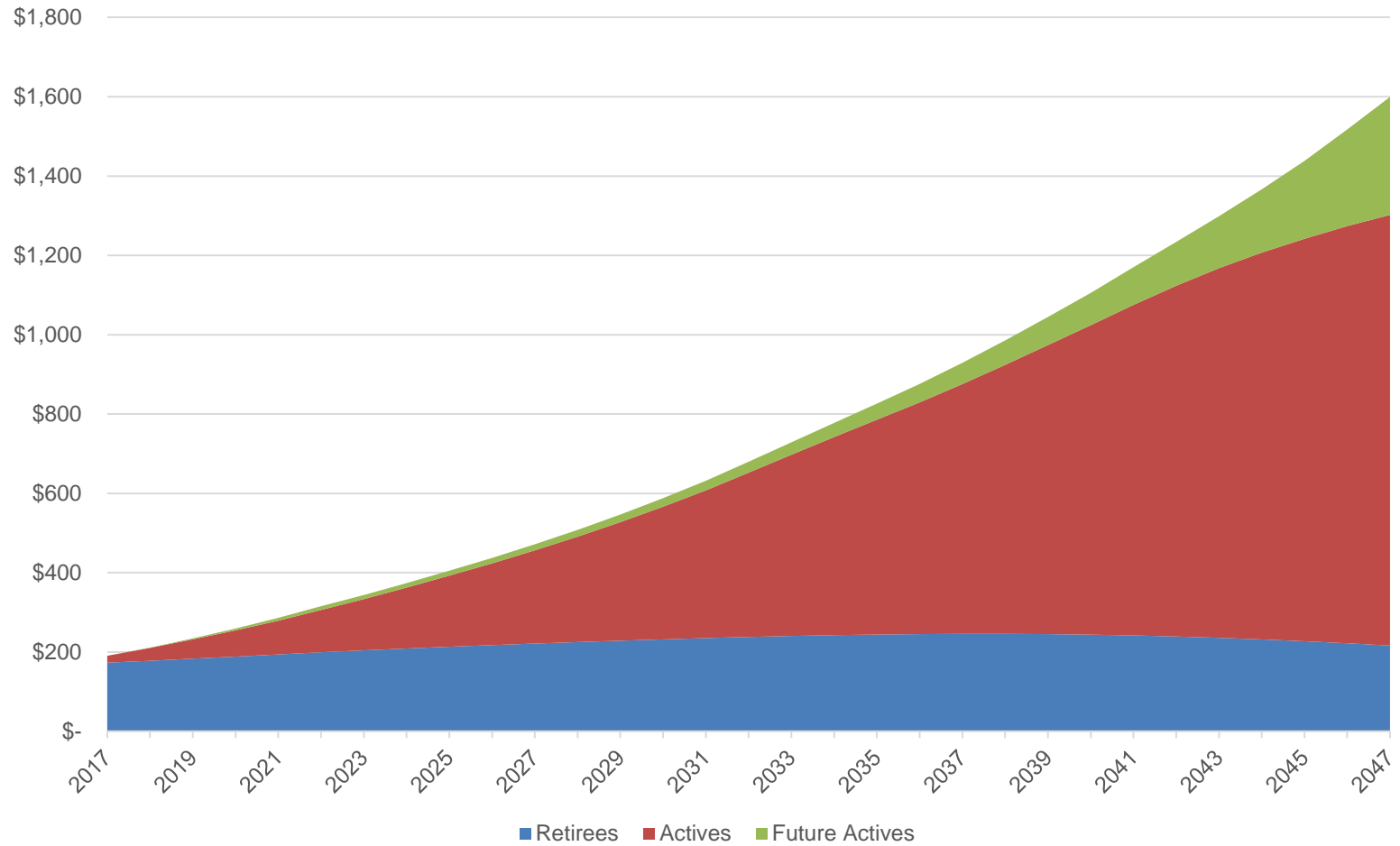
Firefighter Benefit Payments (\$million)





Projected Benefit Payments

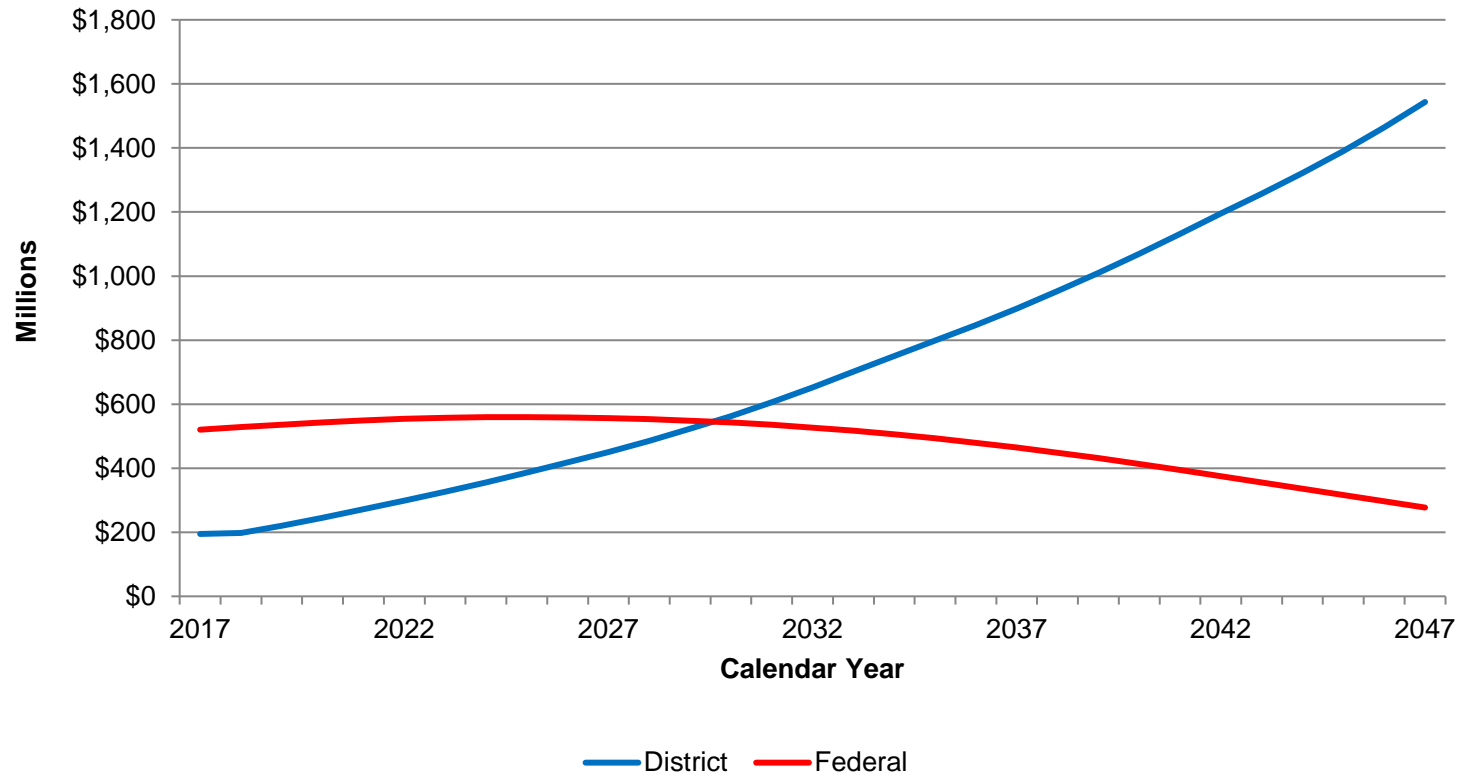
Total DCRB Benefit Payments (\$million)





Projected Benefit Payments

Retirement Plans Combined Projection of Benefit Payments





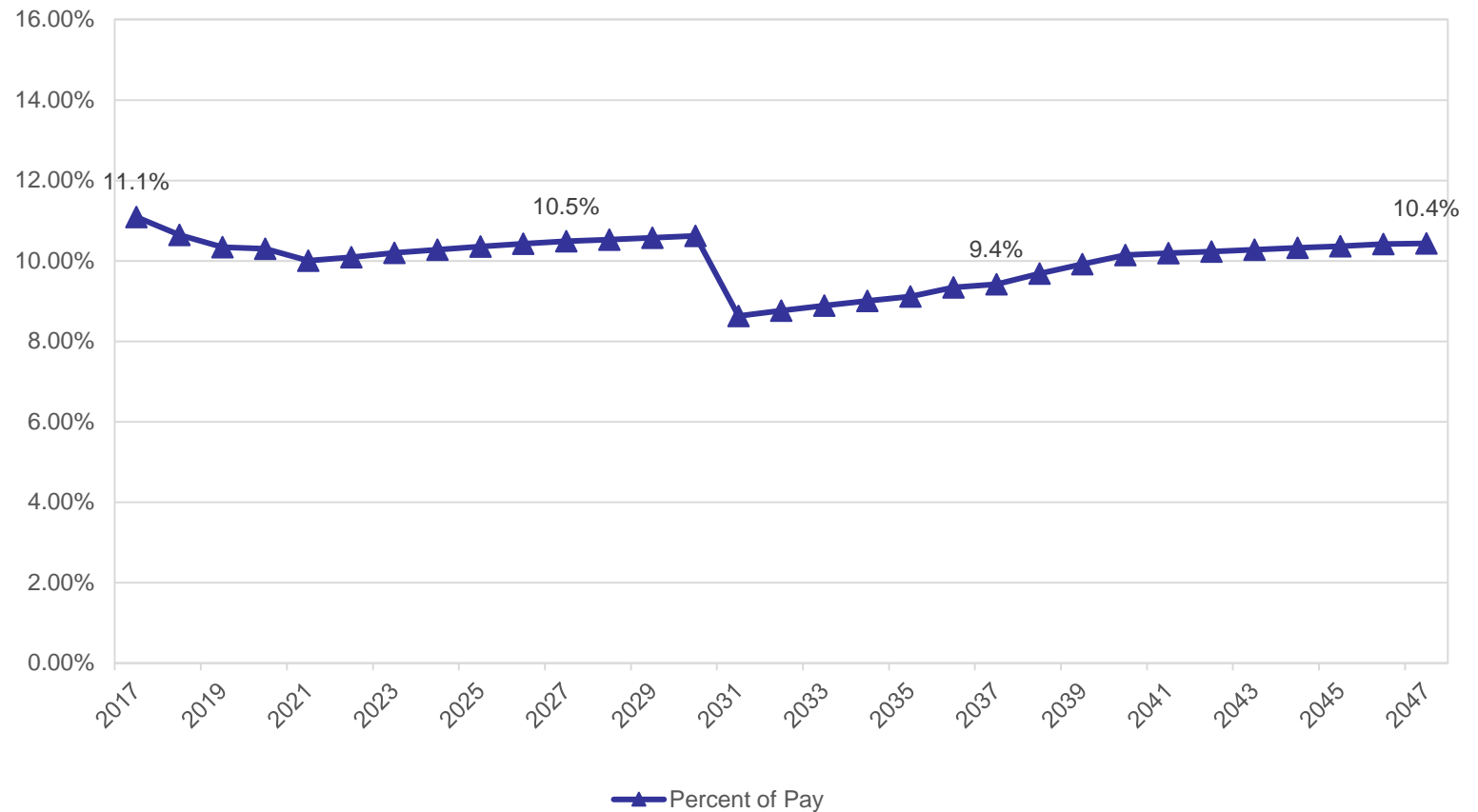
Projected Contributions

- Determination of Contributions based on Funding Policy adopted in 2012 and revised in 2017 by the Board
- Objectives and Goals
 - 100% Funded Ratio
 - Stable or Decreasing Contribution Rates
- Assumptions
 - Entry Age Normal Cost Method
 - 5 year smoothing
 - Level dollar amortization
 - Closed 20 year amortization period beginning in 2012 valuation; now have 15 years remaining
 - All future gains and losses amortized over separate closed 20-year period



Projected Contributions

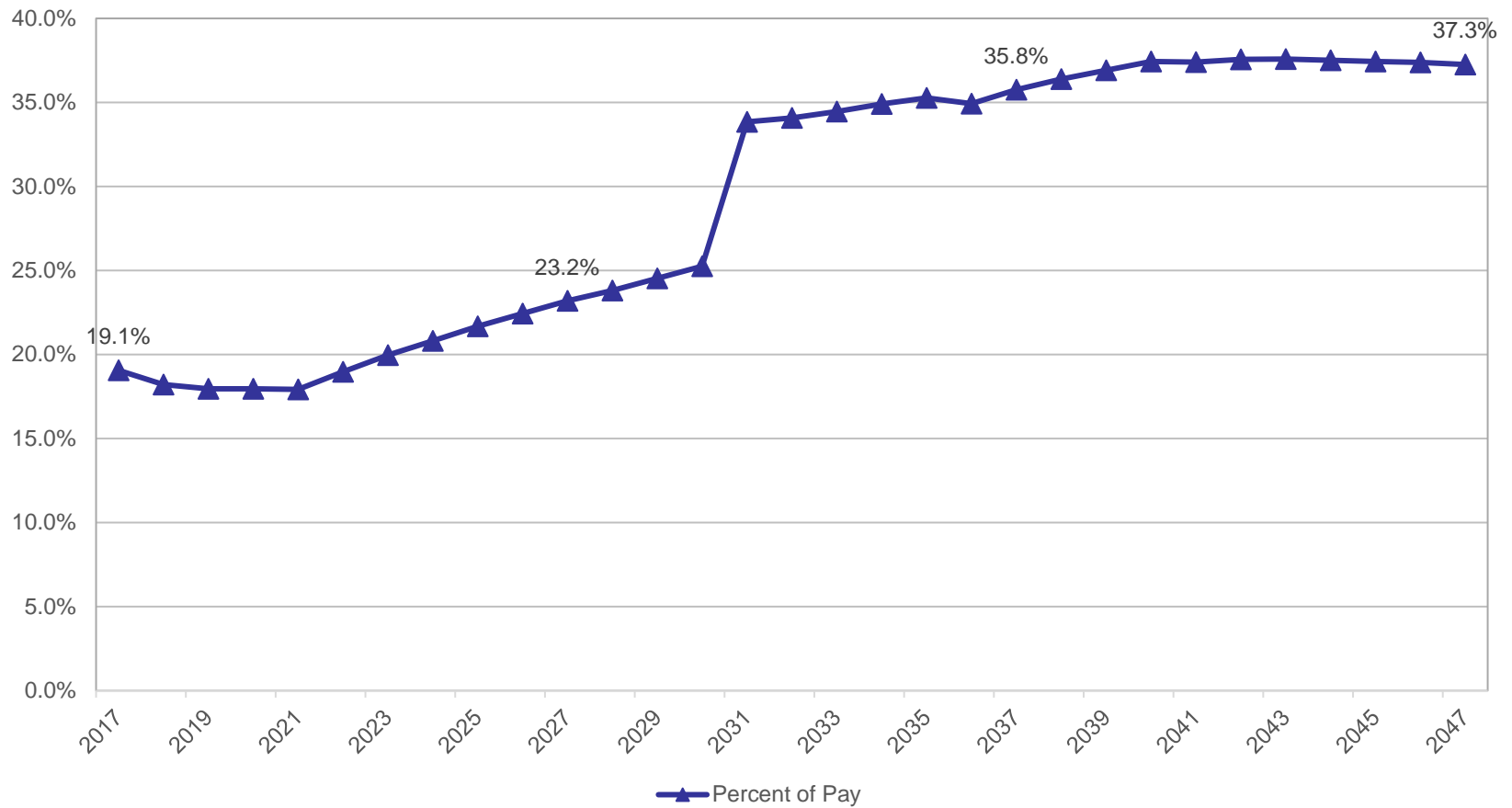
Teachers' Retirement Plan Projected Employer Contributions





Projected Contributions

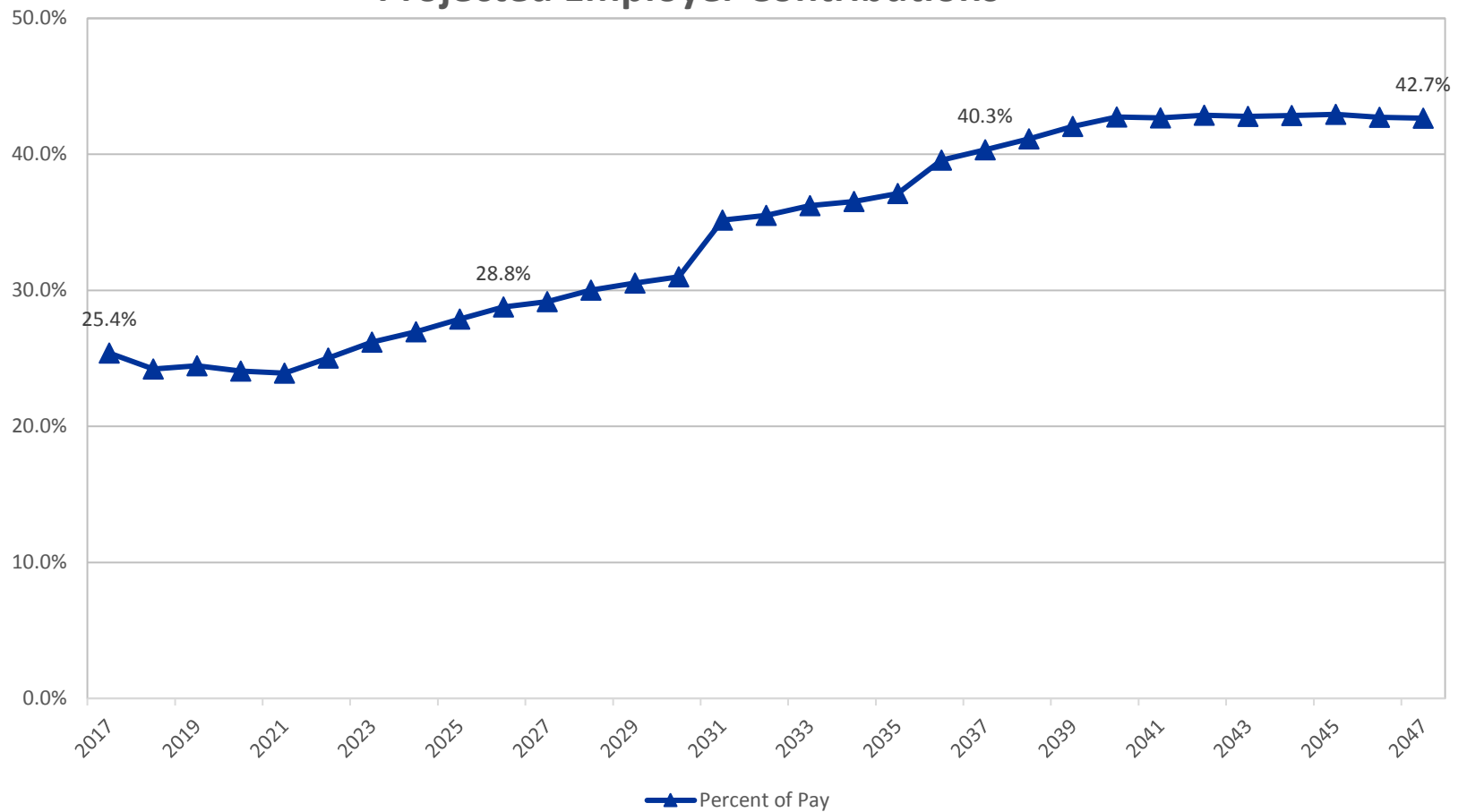
Police Officers' Retirement Plan Projected Employer Contributions





Projected Contributions

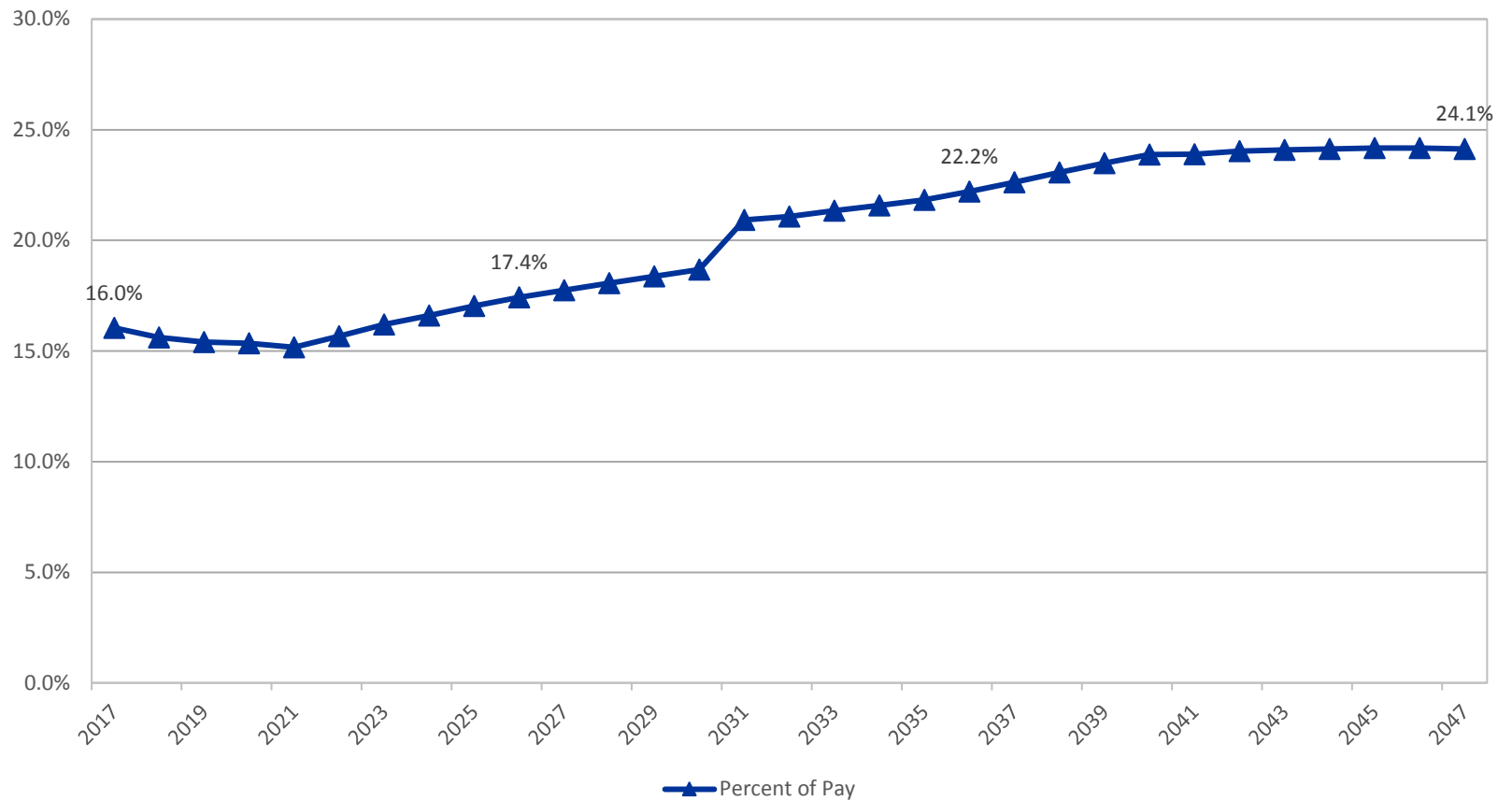
**Firefighters' Retirement Plan
Projected Employer Contributions**





Projected Contributions

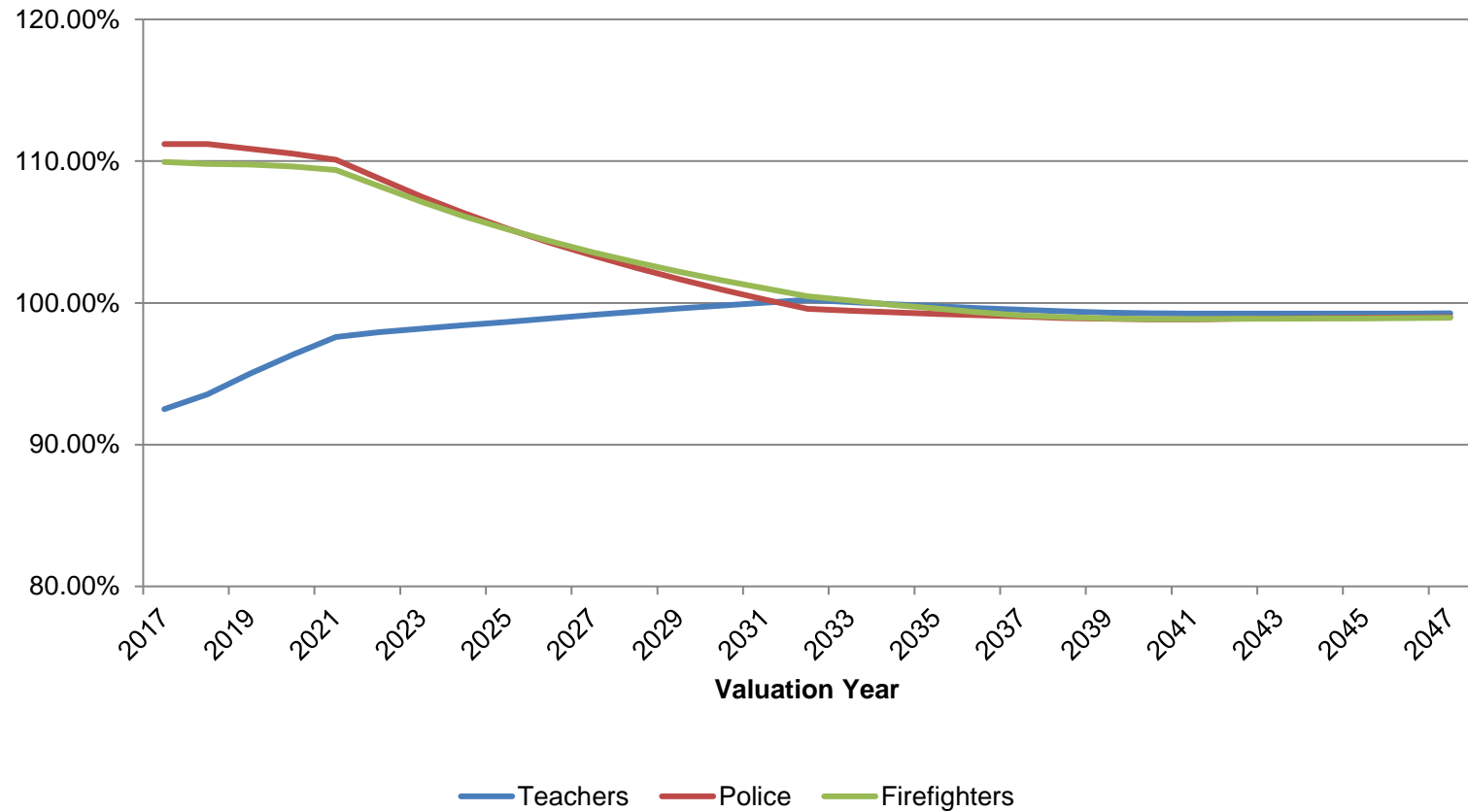
**Retirement Plans - Combined
Projected Employer Contributions**





Projection of Funded Ratios

**DCRB
Projection of Funding Ratio**





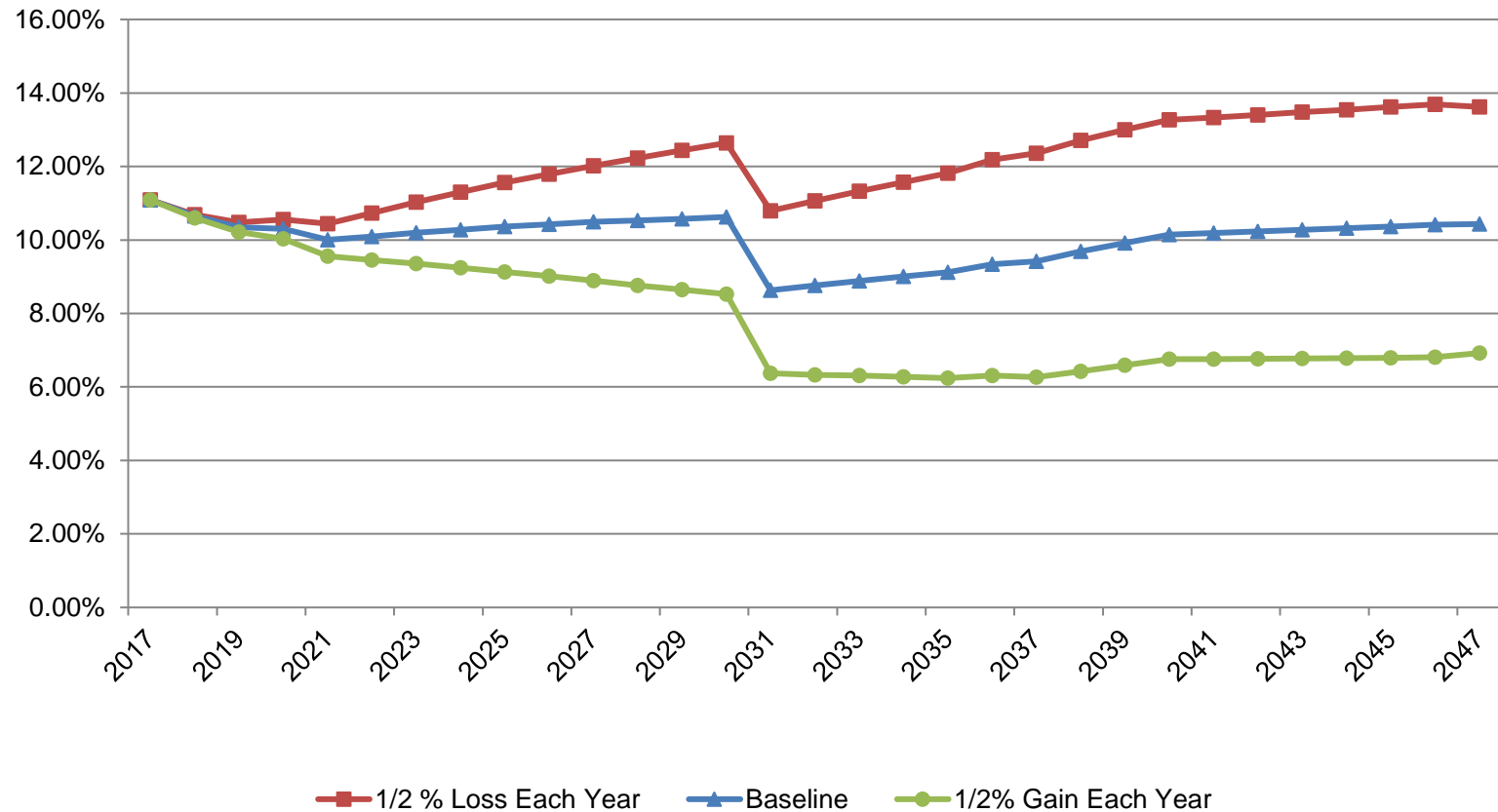
Asset Return Sensitivity

- The purpose of projection studies is to identify trends and compare outcomes under a given methodology, rather than predicting future events. The results do not predict the financial condition of the plan.
- Actual experience will vary from year to year. The variability of the following key measures can have a significant impact on the date the Plan will reach full funding.
 - Investment return
 - Active membership growth
 - Individual pay increases for active members
- Of these variables, investment return is the most volatile



Asset Return Sensitivity

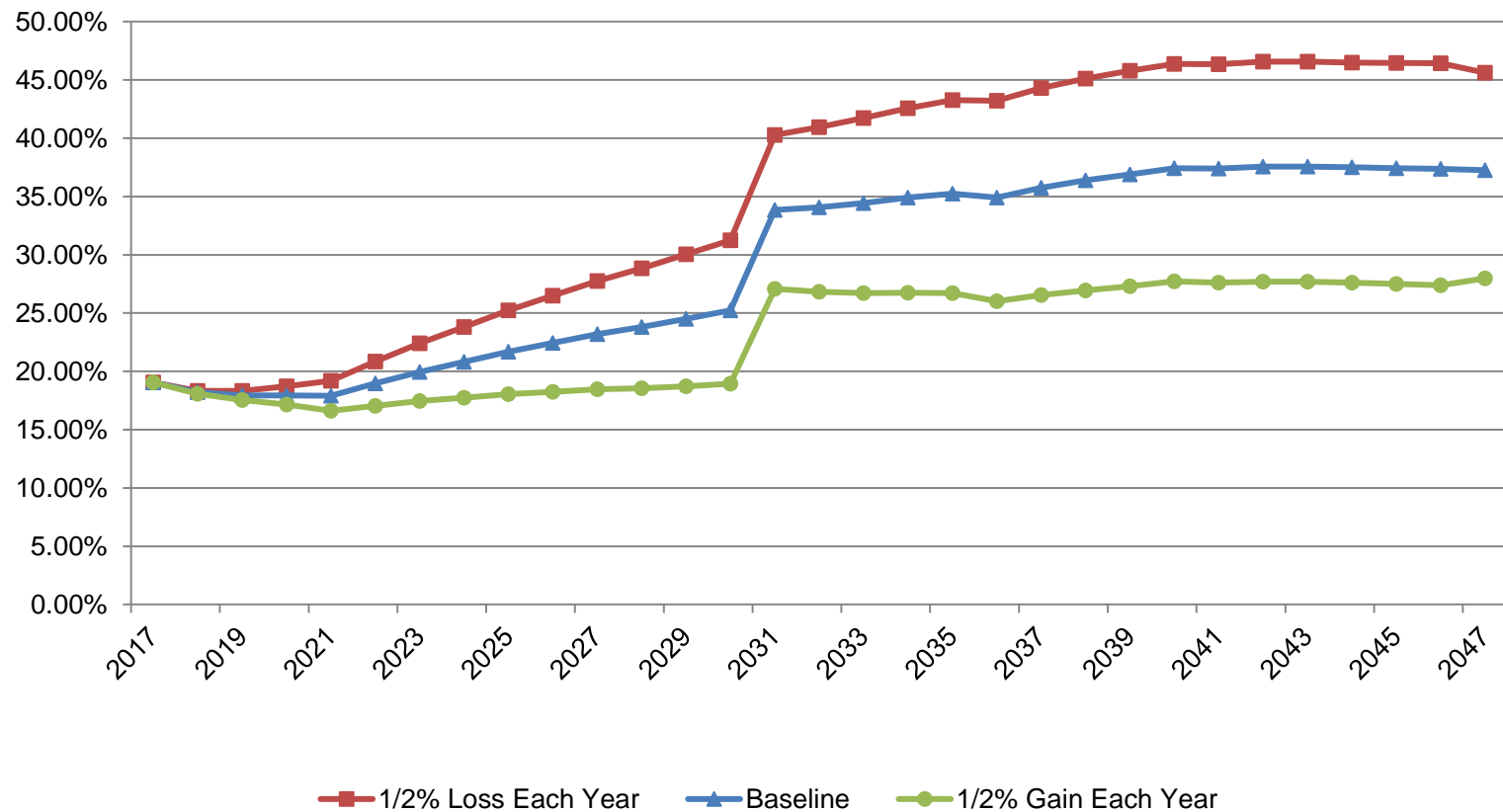
Teachers' Retirement Plan Employer Contribution Rate as a Percent of Payroll





Asset Return Sensitivity

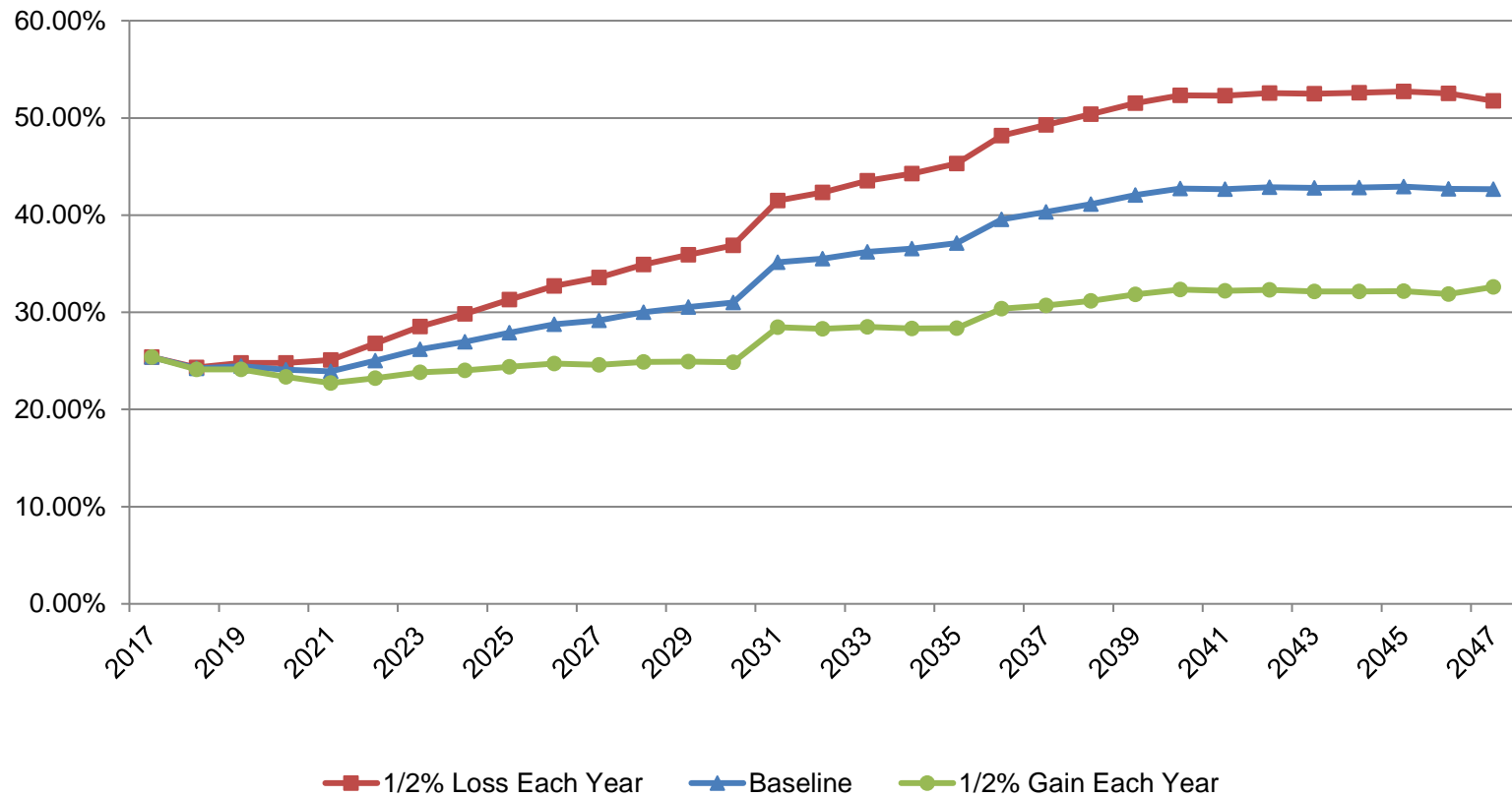
Police Officers' Retirement Plan Employer Contribution Rate as a Percent of Payroll





Asset Return Sensitivity

**Firefighters' Retirement Plan
Employer Contribution Rate as a Percent of Payroll**





Conclusions

➤ Teachers

- Current funding policy will reduce the expected unfunded liability to less than zero by 2031.
- Employer contribution rate is expected to decline to less than 9.0% of payroll by 2031, and remain at an approximate rate of 9.0% to 10.5% afterward.

➤ Police Officers

- Current surplus amortization reduces the employer contribution rate to less than the employer normal cost rate.
- Employer contribution rate is expected to increase to an approximate rate of 37% to 38% of payroll, due to the elimination of the surplus by 2032.

➤ Firefighters

- Current surplus amortization reduces the employer contribution rate to less than the employer normal cost rate.
- Employer contribution rate is expected to increase to an approximate rate of 42% to 43% of payroll, due to the elimination of the surplus by 2034.



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District of Columbia Retirement Board

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

Thirty-Year Projection Study as of October 1, 2017



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February 22, 2018

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

Dear Trustees:

We are pleased to present the results of a 30-year open group projection to the District of Columbia Retirement Board (DCRB) for the District of Columbia Teachers' Retirement Plan and the District of Columbia Police Officers and Firefighters' Retirement Plan. The purpose of the projection study was to develop a picture of each Plan's funding progress over time and to estimate the future assets, liabilities, contributions and benefit payments for each of the Plans.

In performing the projection study, we relied on the census data as provided by DCRB, the District Government and the U.S. Department of the Treasury and the actuarial assumptions and methods adopted by the DCRB Board from the five-year experience study ended September 30, 2015. The projections used the October 1, 2017 valuation as a baseline. Membership was projected over a 30-year period from that date and actuarial valuations were performed annually for each year of the 30 years to estimate each Plan's future funding progress.

Please note that future actuarial results may differ significantly from the projected results presented in this report due to factors such as plan experience differing from that anticipated by the economic and demographic assumptions, changes in economic or demographic assumptions; and changes in plan provisions or applicable law. As with any projection analysis, this report should not be viewed for absolute results but should be focused on trends in the financial measurements.

This is to certify that the independent consulting actuaries are members of the American Academy of Actuaries, are qualified to make the actuarial opinions contained herein, and have experience in performing valuations and projections for public retirement systems.

The Executive Summary provides a synopsis of the main projection results.

Sincerely,

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

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

EJK/JTC:bvb

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SECTION I – EXECUTIVE SUMMARY

The following report is being provided to the Board of Trustees of DCRB to provide a forecast of the funding progress over time, demonstrate the estimated future contribution rates and benefit payments for each of the Plans and to review funding goals and benchmarks of the funding policy that were adopted in 2012 and revised in 2017 to include a change in the asset smoothing period from seven years to five years and a change to the amortization methodology. The overall purpose of this report is to be used as a board and staff planning tool to help guide investment decisions and assist Trustees in estimating any potential liquidity needs in the future to ensure that enough cash is on hand to pay benefits.

The objective of the funding policy is to accumulate sufficient assets during a member's employment to fully finance the benefit the member receives throughout retirement. In order to meet the funding goals and benchmarks, projections are beneficial to determine whether the funding ratio target of 100% can be maintained and whether employer contribution rates are projected to be stable or declining.

Therefore, we have produced separate 30-year projections for each of the Teachers', Police Officers' and Firefighters' Retirement Plans, which are shown in the next seven sections of the report.

Regular actuarial valuations measure DCRB's present financial position and contribution adequacy by calculating and financing the liabilities created by the present benefit program. This process involves discounting to present values the future benefit payments on behalf of present active members, retired members and their survivors. However, valuations do not produce information regarding future changes in the makeup of the covered group or the amounts of benefits to be paid or investment income to be received – actuarial projections do.

Whereas valuations provide a snapshot of DCRB as of a given date, projections provide a moving picture. Projected active and retired groups are developed from year to year by the application of assumptions regarding pre-retirement withdrawal from service, retirements, deaths, disabilities, and the addition of new members. Projected information regarding the retired life group leads to assumed future benefit payouts. Performing actuarial valuations every year during the projection period generates expected contribution rates and funded ratios. Combining future benefit payments with assumed contributions based on periodic valuations of the projected membership and expected investment earnings produces the net cash flow of the Plan each year, and thus end of year asset levels. Finally, the projected valuation results permit the development of the funding ratio trend line for the entire projection period.

Projections are used for many purposes. Among them are (i) developing cash flow patterns for investment policy and asset mix consideration, (ii) exploring the effect of alternative assumptions about future experience, and (iii) analyzing the impact on plan funding progress of changes in the workforce.

Projection results are useful in demonstrating changing relationships among key elements affecting plan financial activity (e.g., how benefits payable and plan assets will grow in future decades). Projections are not predictions of specific future events and do not provide numeric precision in absolute terms. For instance, cash flow projected to occur 10 years in the future will not be exact



SECTION I – EXECUTIVE SUMMARY

(except by coincidence), but understanding the changed relationship between future benefit payout and future investment income can be very useful.

The projection of Plan finances over 30 years requires an assumption regarding future new entrants to the Plans as well as the regular valuation assumptions used to estimate the timing of future events for existing members. As members are assumed to terminate service for any reason, they are replaced with a sufficient number of new entrants to keep the active population number constant. Valuations are then performed on the projected active and retired membership for each of the thirty years of the study.

It must be kept in mind that projections do not purport to show exact numerical results over the entire period under study. They do however, provide a good basis for drawing conclusions about the likely position of the Plans and the relative impact changes over the years will have on Plan finances.

The main results from the baseline projections are noted on the following pages. For each of the baseline deterministic projections, we utilized the actuarial assumptions and methods adopted by the DCRB Board from the October 1, 2010 – September 30, 2015 experience study, including an investment rate of return assumption of 6.50% and an inflation assumption of 3.50%. Deterministic projections assume that all future actuarial, demographic and economic, assumptions are projected to occur according to the adopted valuation assumptions. These assumptions can be found in the Appendix.

For the projection study, we have calculated the actuarially determined contribution (ADC) rates, the funded ratio and the cash flow as a percentage of assets for each plan. The ADC rates are calculated each year of the projection period using the methods as outlined in the DCRB funding policy. The ADC to the Plan consist of normal cost contributions and the amortization of the Unfunded Actuarial Accrued Liability (UAAL) contributions. The normal cost is the annual cost of accruing benefits for active members and is calculated using the Entry Age Normal (EAN) actuarial cost method. The amortization period to pay off 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 during the projection period 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.

The funded ratio is the primary measure of funded status of a pension plan and, thereby, the most common measurement used for drawing conclusions on funding progress. The funded ratio is the ratio of the actuarial value of assets to the actuarial or accrued liability of the system as calculated by the funding method used in developing system contribution levels. When using the funded ratio in assessing trends over several valuations, we recommend that the basis for determining both the assets and liabilities in the ratio are taken into consideration and reasonable efforts are made to adjust the ratio to reflect these differences when they are known. On a consistent basis, an increasing funded ratio would typically indicate progress in meeting the obligations of the system. In most cases, other measures should also be considered in a trend assessment. These may include the trend in the length of the amortization period, the required contribution rate, percentage of required contributions funded, and the unfunded actuarial liability as a percentage of payroll.



SECTION I – EXECUTIVE SUMMARY

Focusing solely on any one measure as the indication of funding progress is an over simplification of a complex and dynamic system. Therefore, another metric to measure is an outlook on the cash flow as a percentage of assets for the System. Most retirement systems are funded with an advance-funding mechanism, meaning contributions and investment earnings are earned during a member's active lifetime in order to pay for the benefit payments during his retirement years. Since the Plans under DCRB are fairly new (only paying retirement benefits for the past 20 years), each Plan currently has a positive cash flow as a percentage of assets where contributions being collected by employers and employees are more than the benefit payments that are paid out of the trust to retirees.

For the fiscal year ending September 30, 2017, the Teachers' Retirement Plan had a positive cash flow of approximately \$12.9 Million (benefit payments of \$78.2 Million and total contributions of \$91.1 Million). With market value of assets of \$1.822 Million as of October 1, 2016, the cash flow as a percentage of assets is positive 0.7% for this valuation. While market value of assets is assumed to earn 6.50% each year, the difference between the investment return assumption and the negative cash flow percentage is positive, meaning assets are projected to grow for the 2018 fiscal year. When assets do not earn a positive return enough to cover any negative cash flow percentage, assets are expected to decline for the year. As long as the negative cash flow percentage does not grow more than the assumed investment return assumption, the System's assets will continue to increase and sustainability of the plan may be achieved.

The tables on the following pages provide the expected actuarially determined contribution (ADC) rates, the funded ratio and the cash flow as a percentage of assets for each of the Plans based on deterministic projections.



SECTION I – EXECUTIVE SUMMARY

Teachers' Retirement Plan

Valuation Year	Actuarially Determined Contribution	Funded Ratio	Cash Flow as a Percentage of Assets
2017	11.09%	92.5%	0.7%
2018	10.65	93.5	0.6
2019	10.34	95.0	0.2
2020	10.30	96.4	0.0
2021	10.00	97.6	(0.2)
2022	10.09	97.9	(0.4)
2023	10.20	98.2	(0.5)
2024	10.28	98.4	(0.5)
2025	10.36	98.7	(0.6)
2026	10.42	98.9	(0.6)
2027	10.49	99.1	(0.6)
...			
2037	9.42	100.0	(1.1)
...			
2047	10.44	100.0	(1.4)



SECTION I – EXECUTIVE SUMMARY

Police Officers' Retirement Plan

Valuation Year	Actuarially Determined Contribution	Funded Ratio	Cash Flow as a Percentage of Assets
2017	19.05%	111.2%	0.8%
2018	18.21	111.2	0.1
2019	17.95	110.9	(0.2)
2020	17.95	110.5	(0.3)
2021	17.92	110.1	(0.5)
2022	18.96	108.8	(0.7)
2023	19.96	107.5	(0.9)
2024	20.81	106.3	(0.9)
2025	21.68	105.3	(1.0)
2026	22.44	104.2	(1.1)
2027	23.19	103.3	(1.2)
...			
2037	35.76	100.0	(1.3)
...			
2047	37.25	100.0	(1.6)



SECTION I – EXECUTIVE SUMMARY

Firefighters' Retirement Plan

Valuation Year	Actuarially Determined Contribution	Funded Ratio	Cash Flow as a Percentage of Assets
2017	25.39%	109.9%	3.8%
2018	24.22	109.8	1.7
2019	24.46	109.8	0.9
2020	24.08	109.6	0.7
2021	23.92	109.4	0.4
2022	25.02	108.3	0.1
2023	26.19	107.1	(0.1)
2024	26.96	106.1	(0.2)
2025	27.89	105.2	(0.3)
2026	28.77	104.3	(0.4)
2027	29.17	103.6	(0.5)
...			
2037	40.33	100.0	(1.4)
...			
2047	42.66	100.0	(1.5)

As can be seen from the tables above, the ADC employer contribution rates as a percentage of payroll are expected to decrease for each of the three Plans over the short-term due to the smoothed recognition of the investment gains that occurred in 2016/2017. Once these investment gains are fully recognized, ADC contribution rates as a percentage of payroll are expected to increase for each Plan as the current UAAL are amortized away. Once each Plan reaches a 100% funded ratio, the ADC contribution rates will consist of only the employer normal cost rates.

In addition, the results demonstrate that under the baseline projections, the cash flow as a percentage of assets never gets less than negative 1.6% for each of these Plans. So, if investment returns meet expectations of 6.50%, assets in the trust fund will continue to grow and the sustainability of each Plan will be guaranteed. This metric should be monitored under the baseline assumptions to ensure the continued growth of DCRB assets during the projection period.

In the sections that follow, we provide background tables and graphs to support the calculations shown in these tables. We conclude with a sensitivity analysis on the investment rate of return assumption.



SECTION II – SPECIAL ASSUMPTIONS

In addition to the regular valuation assumptions and methods used in performing the annual actuarial valuations of DCRB, including using the entry age normal cost method (all assumptions utilized in the projection study are outlined in the Appendix), additional assumptions must be made that are unique to projections. The first of these is what, if any, change in the overall active membership will be anticipated. For this projection study baseline, it was assumed that the number of active members would remain static over the 30 year projection period.

Since we assume active members will leave the Plan through termination, death, disability or retirement, we need to make some assumptions as to the composition of new hires that will replace departing members in order to maintain the membership at a constant number. The new entrant profiles we developed were based on the new hires over the 3-year period prior to the projection start date of October 1, 2017. These profiles are summarized in the tables below.

Teachers' Retirement Plan

Age	Average Pay	Percent Male	Weight
24	\$55,500	17%	9%
28	61,250	23	26
32	71,300	26	23
37	78,600	24	14
43	81,600	33	11
47	80,100	35	8
53	81,500	27	4
57	80,300	19	3
62	83,450	30	2

Police Officers' Retirement Plan

Age	Average Pay	Percent Male	Weight
24	\$56,800	76%	33%
27	57,000	80	40
32	58,650	83	16
37	61,800	74	5
42	66,100	65	4
48	80,150	85	2

Firefighters' Retirement Plan

Age	Average Pay	Percent Male	Weight
20	\$50,850	80%	4%
22	52,150	84	31
27	54,850	88	31
32	60,850	87	16
37	69,600	79	7
42	88,100	69	4
48	91,200	71	5
52	86,200	100	2



SECTION II – SPECIAL ASSUMPTIONS

The special assumptions for the Teachers' Retirement Plan include pay increases from the recently approved collective bargaining agreement. As provided by DCRB staff, we increased pay for teachers according to the following table:

Date	Pay Increase
FYE 2017	4.0%
FYE 2018	3.0%
FYE 2019	2.0%

In addition, special assumptions for the Firefighters' Retirement Plan included proposed pay increases for the next collective bargaining agreement. We included the following proposed pay increases for firefighters during the projection period:

Date	Pay Increase
FYE 2016	4.0%
FYE 2017	4.0%
FYE 2018	3.0%
FYE 2019	2.0%
FYE 2020	3.0%
FYE 2021	3.0%

Lastly, for the projection results presented in this report, it was further assumed that the benefit structure as it exists on October 1, 2017 would remain in place for the following 30 years. For the baseline projections, the DCRB assets (with the exception of the gains and losses already scheduled to be recognized in the next 5 years) would earn the assumed return of 6.50% annually, thus generating no further gains or losses over the projection period.



SECTION III – FUTURE MEMBERSHIP

The following tables and graphs show the headcounts of District active participants and District inactive members (retired and terminated vested) over the projection period. The actives are broken down into those existing as of October 1, 2017 and those who are hired after October 1, 2017. We have assumed the active membership will continue at its current population for each Plan over the projected period for the baseline. By the end of the projection period we estimate that about 99% of those active employees will have been hired after October 1, 2017.

Teachers' Retirement Plan

Member	2017	2022	2027	2037	2047
Active – Existing Employees	5,199	2,497	1,474	474	70
Active – New Entrants	0	2,702	3,725	4,725	5,129
Inactive Members	5,229	6,232	6,805	7,352	7,678
Total	10,428	11,431	12,004	12,551	12,877

Police Officers' Retirement Plan

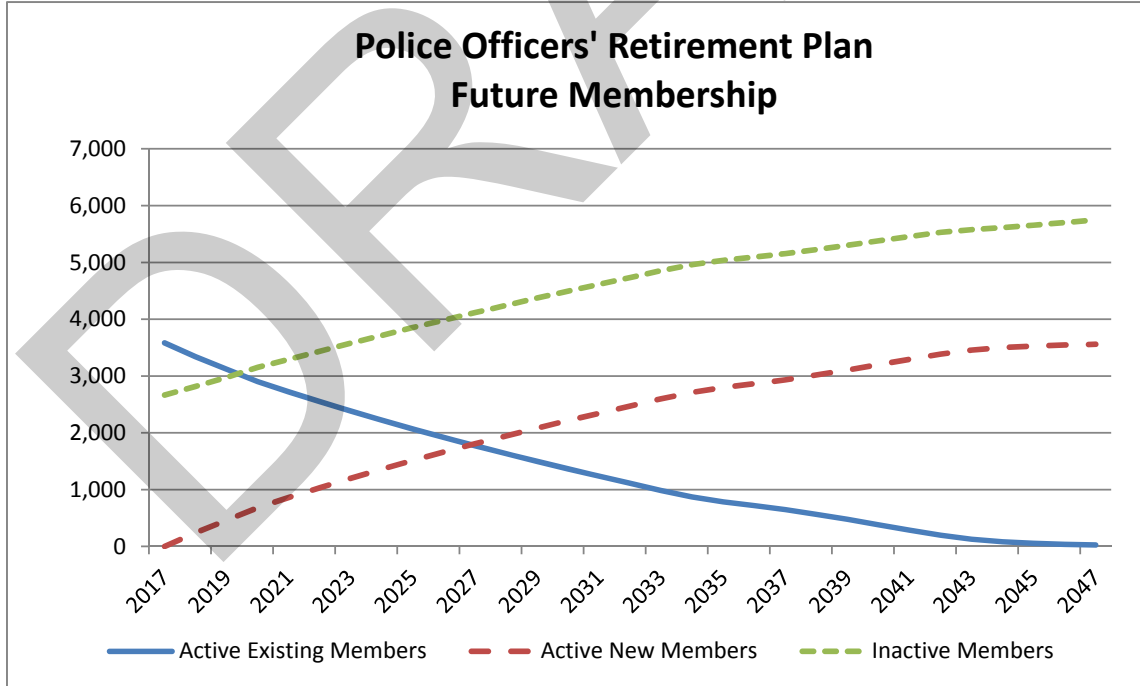
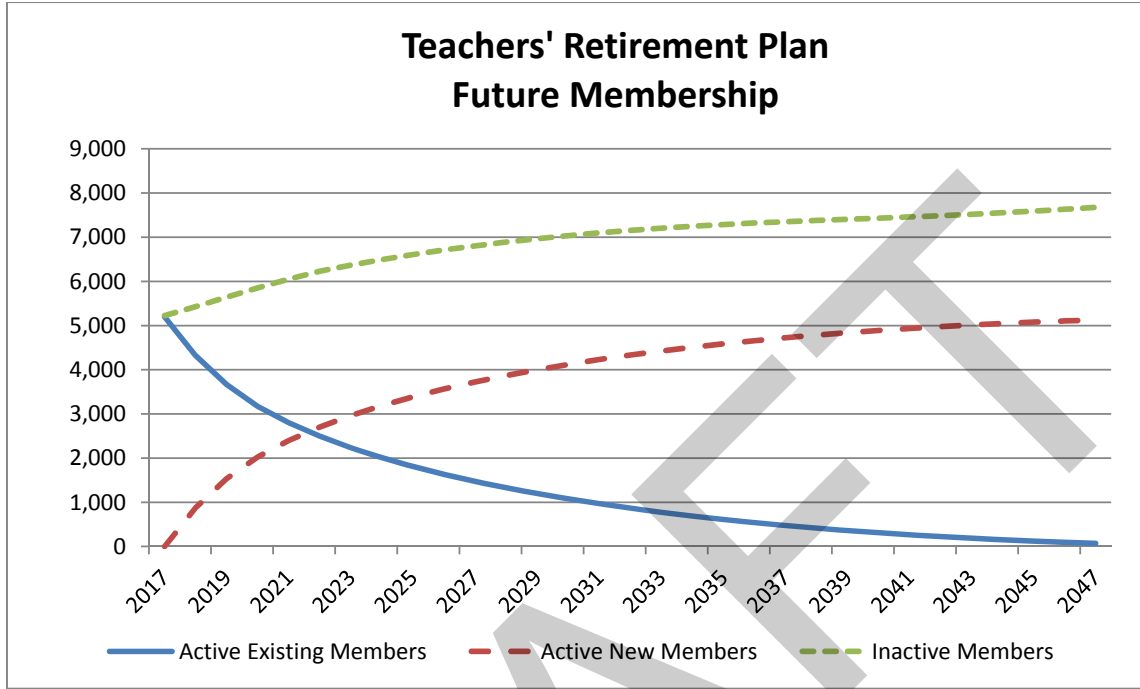
Member	2017	2022	2027	2037	2047
Active – Existing Employees	3,583	2,551	1,773	649	23
Active – New Entrants	0	1,032	1,810	2,934	3,560
Inactive Members	2,665	3,437	4,117	5,155	5,749
Total	6,248	7,020	7,700	8,738	9,332

Firefighters' Retirement Plan

Member	2017	2022	2027	2037	2047
Active – Existing Employees	1,729	1,299	966	314	16
Active – New Entrants	0	430	763	1,415	1,713
Inactive Members	890	1,253	1,557	2,213	2,563
Total	2,619	2,982	3,286	3,942	4,292

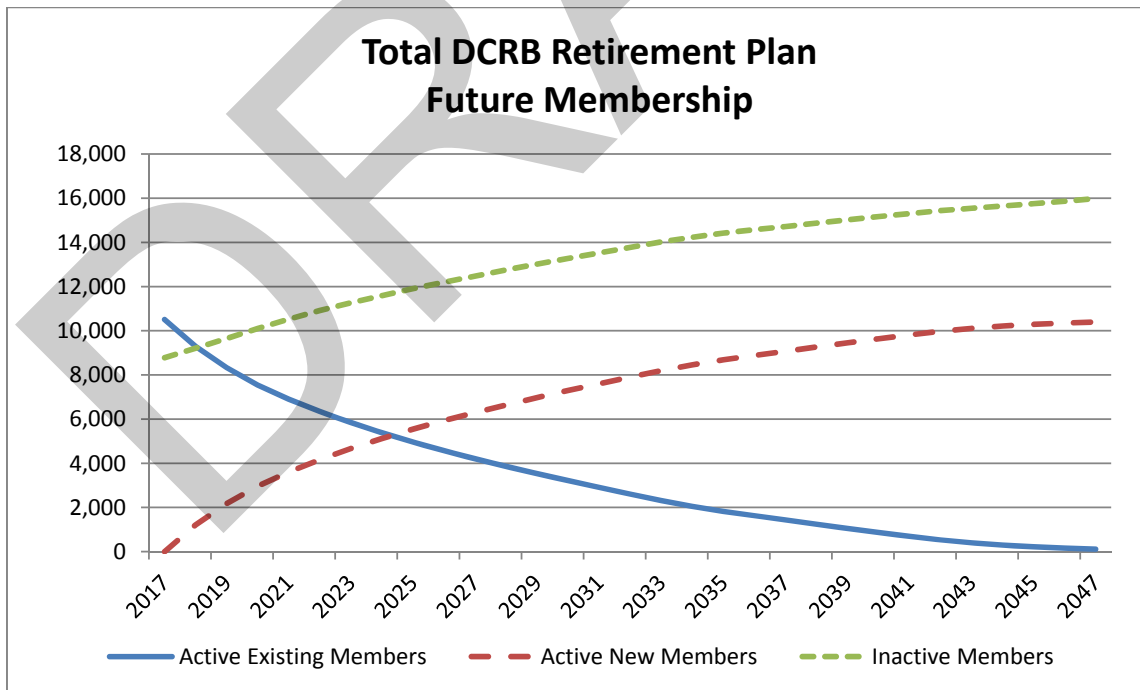
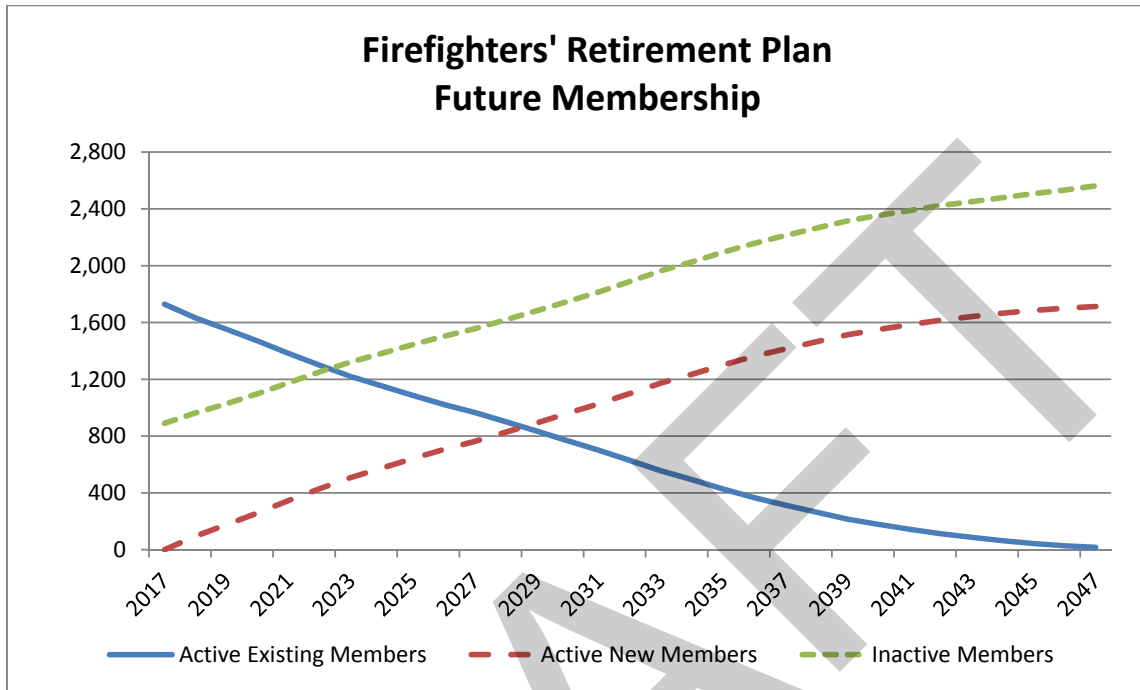


SECTION III – FUTURE MEMBERSHIP





SECTION III – FUTURE MEMBERSHIP





SECTION IV – CASH FLOW RELATIONSHIPS

In addition to the projection of employer contribution rates, it is very important to understand the relationship between expected benefit payments and contributions. The fundamental retirement funding equation is:

$$C + I = B + E$$

where C = Contributions
 I = Investment Income
 B = Benefit Payments
 E = Expenses

The equation basically states that the dollars that come into the Fund (Contributions and Investment Income) are equal to the dollars that leave the Fund (Benefit Payments and Expenses). This is the main purpose for advance funding a Pension Plan. As a Fund and Plan matures, most of the benefit payments that will be paid out to retirees will be from Investment Income.

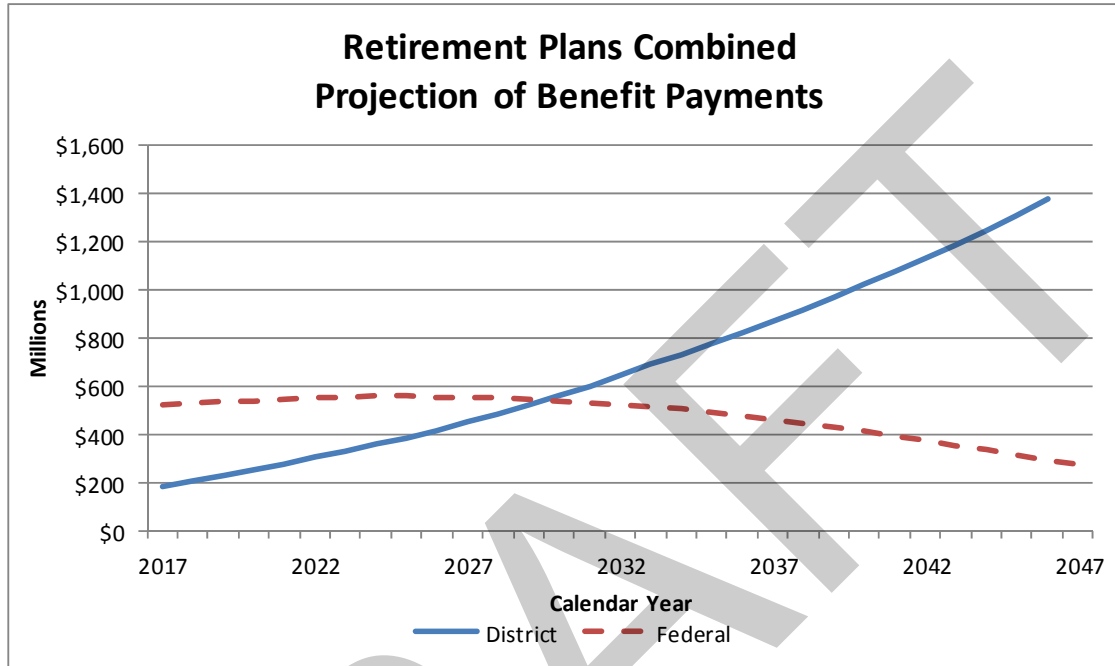
Since 1997, the District has been responsible for the payment of benefits to retirees. The current majority of benefit payments is paid by the Treasury for accruals of Federal benefits. However, the District is becoming more and more responsible for an increasing portion of benefits. The following table shows when District benefit payments are expected to exceed Federal benefit payments and when District benefit payments are expected to exceed Contributions:

Expected Calendar Year		
Plan	District Benefit Payments Exceed Federal Benefit Payments	District Benefit Payments Exceed Contributions
Teachers	2032	2021
Police	2032	2019
Fire	2030	2023
All Plans Combined	2031	2021



SECTION IV – CASH FLOW RELATIONSHIPS

The following graph shows the projection of expected District Benefit Payments and Federal Benefit Payments and when that crossover will be when all plans are combined.

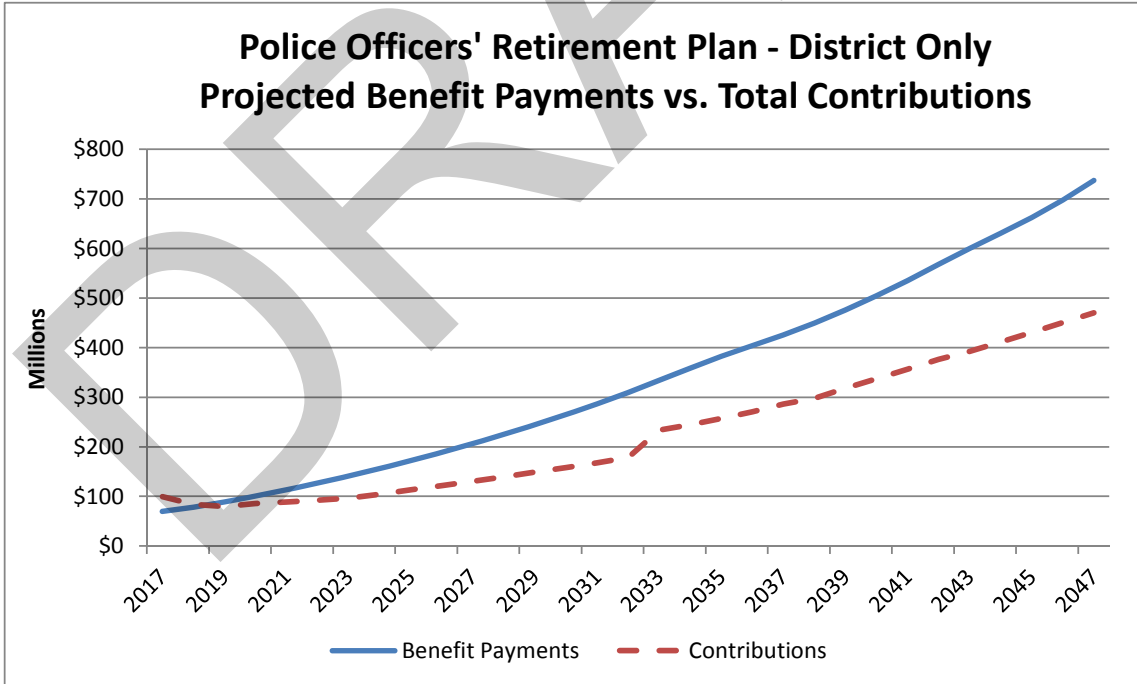
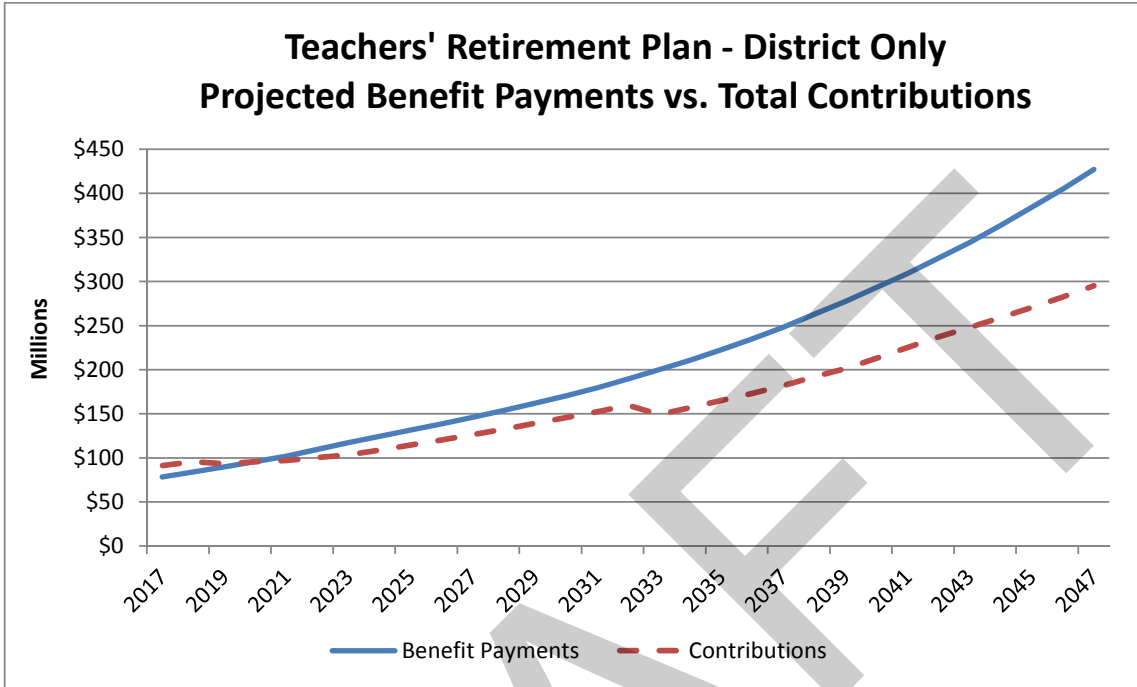


The last column of the table on the previous page is the expected calendar year when benefit payments will exceed total contributions. This is a natural result of the maturation of an advance-funded retirement plan. All such plans eventually reach a point where benefit payments exceed contributions, with the cash flow difference being met by investment income. As was discussed in the Executive Summary, one of the metrics that we will continue to monitor is the cash flow as a percentage of assets. The following graphs show the expected projection of total contributions and District Benefit Payments.

In the Appendix, we include the breakdown of the projection of benefit payments by membership, retirees, current active members and future active members.

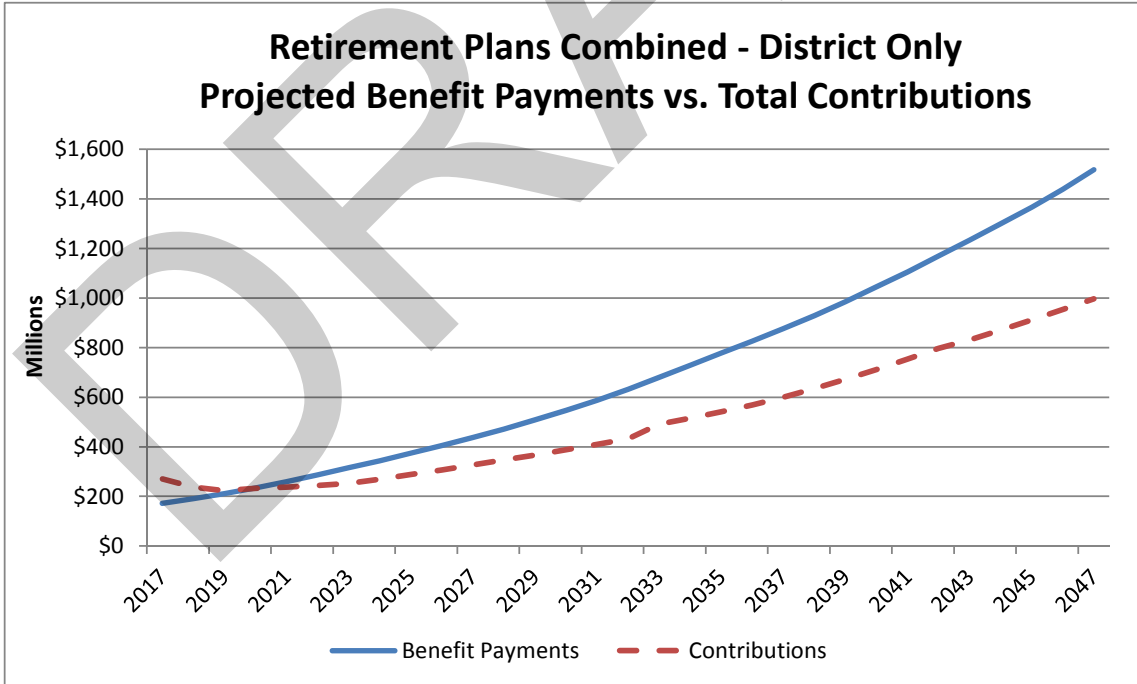
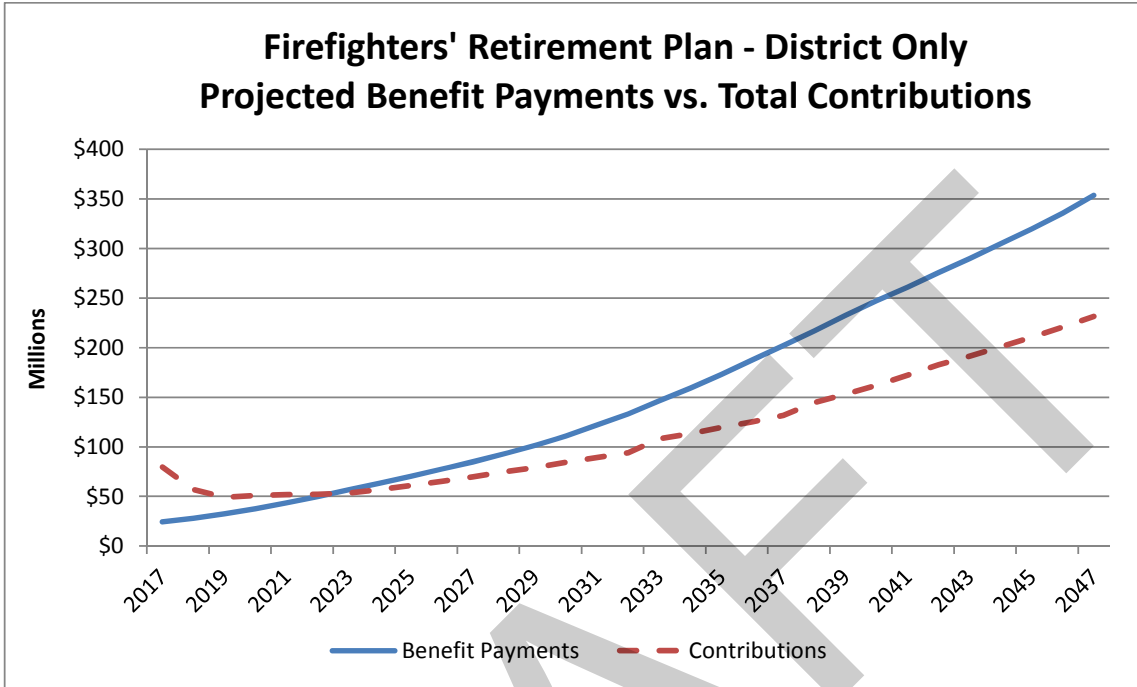


SECTION IV – CASH FLOW RELATIONSHIPS





SECTION IV – CASH FLOW RELATIONSHIPS



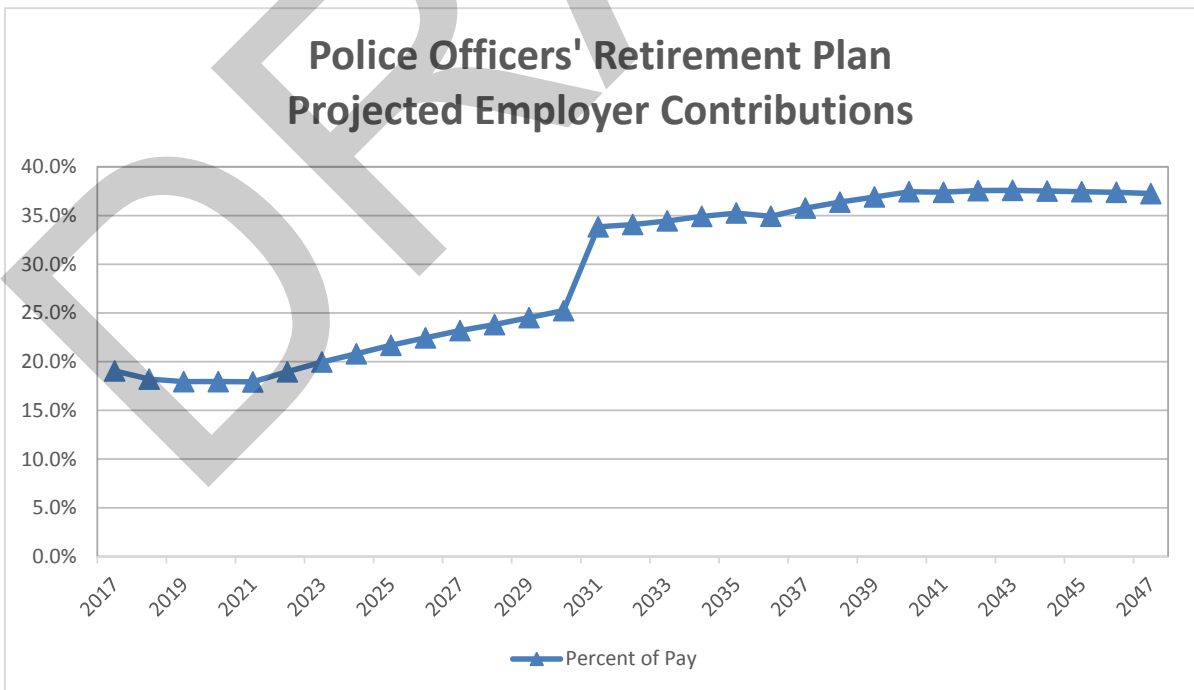
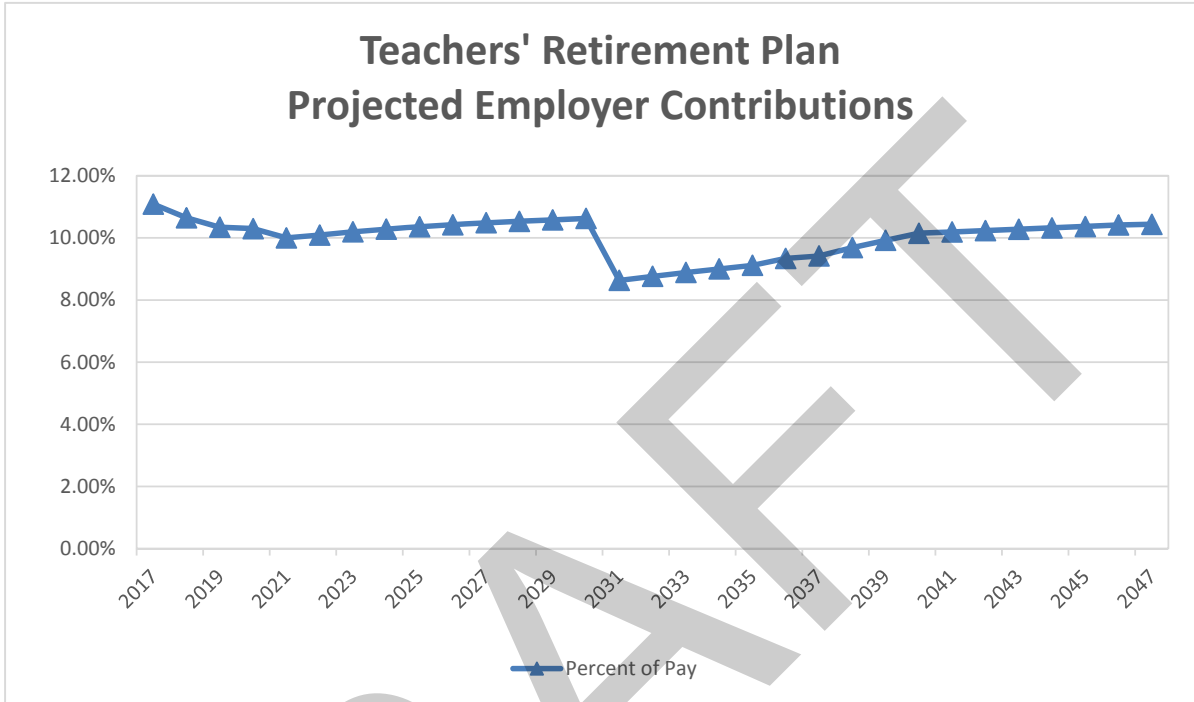


SECTION V – BASELINE PROJECTIONS

The following projection graphs provide the results of the baseline projections pertaining to the expected Actuarially Determined Employer Contribution rates for each of the three Retirement Plans under DCRB. The ADC rates are calculated each year of the projection period using the methods as outlined in the DCRB funding policy. The ADC to the Plan consist of normal cost contributions and the amortization of the Unfunded Actuarial Accrued Liability (UAAL) contributions. The normal cost is the annual cost of accruing benefits for active members and is calculated using the Entry Age Normal (EAN) actuarial cost method. The amortization period to pay off 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 during the projection period 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.

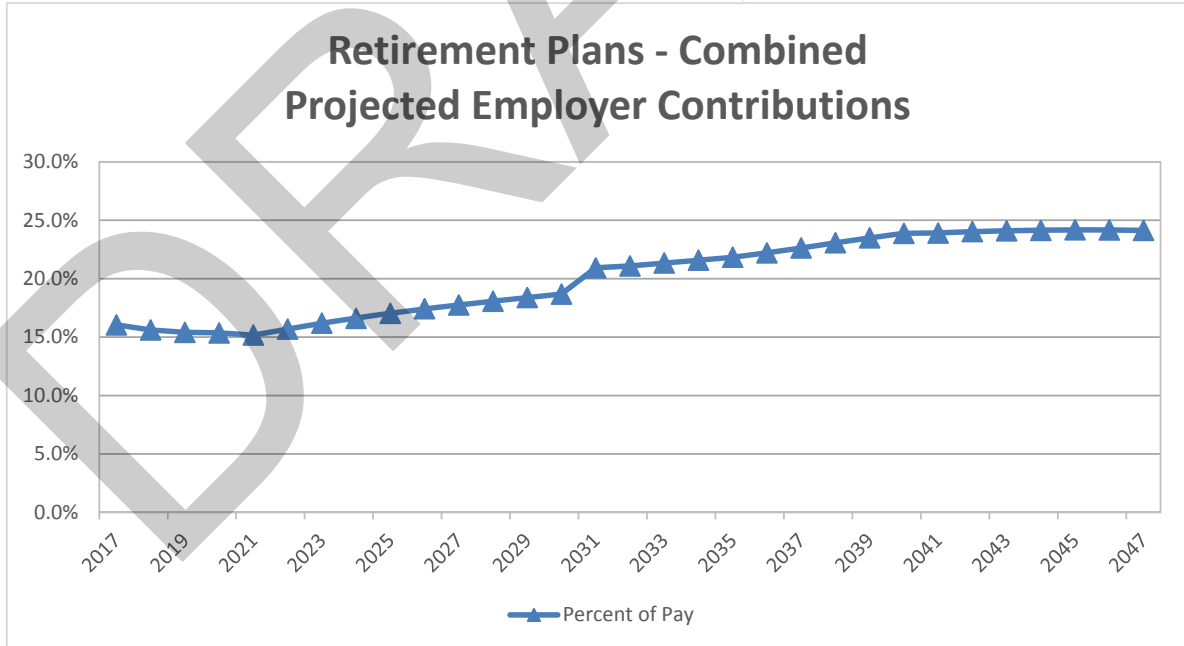
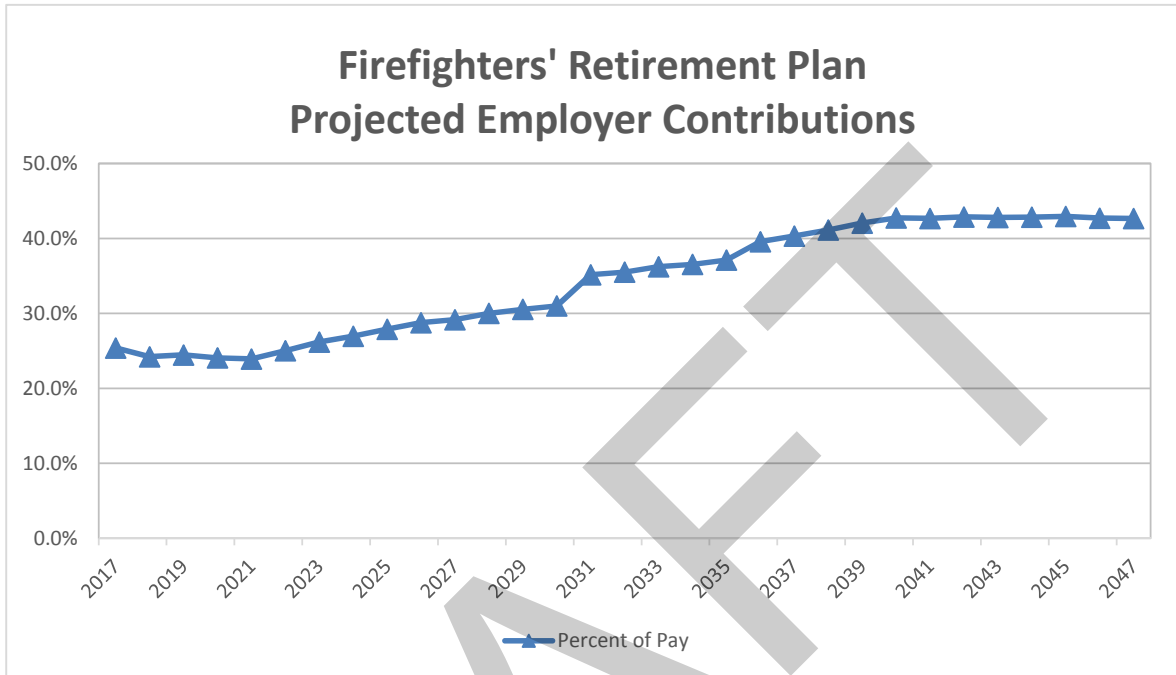


SECTION V – BASELINE PROJECTIONS





SECTION V – BASELINE PROJECTIONS



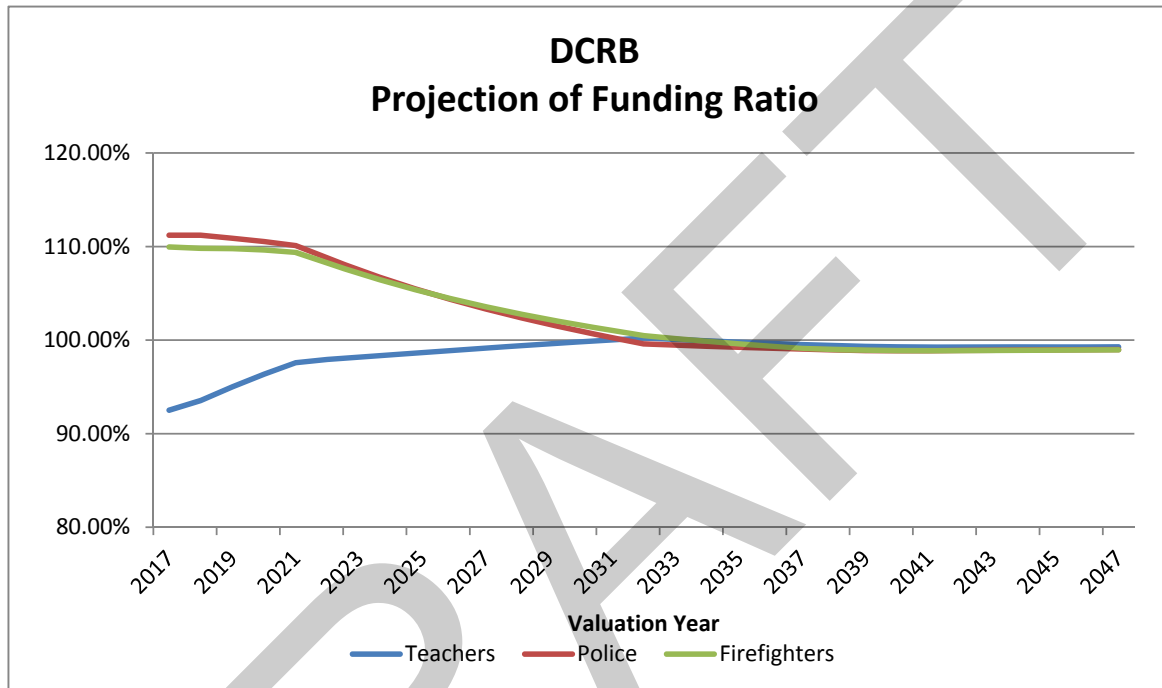
The overall employer contribution rates are expected to decrease for each of the three Plans over the short-term due to the smoothed recognition of the investment gains that occurred in 2016/2017.



SECTION V – BASELINE PROJECTIONS

Once these investment losses are fully recognized, contribution rates as a percentage of payroll are expected to increase steadily over the next 15 years as the initial UAAL bases are amortized.

In addition, we have provided a graph that shows the projection of funded ratios of each group.



The funding policy of the plan is designed to achieve a 100% funded ratio over the UAAL amortization period. This can be seen in the graph above with the funded ratios of all three groups approaching 100%.



SECTION VI – ASSET RETURN SENSITIVITY

As mentioned earlier in the report, the intended purpose of the Projection Report is to help assess the Plan's funding progress and to provide information to decision makers to help ensure that the applicable pension liabilities and funding mechanisms are managed in a manner that promotes sustainability. The Projection Report process should be viewed as an enhancement to the actuarial valuation control cycle by providing additional evaluation metrics to assess the need for further, in-depth analysis of the risks to the Plan's sustainability. The actuarial valuation control cycle is a key component of managing a long-term liability whose ultimate value is based upon uncertain future events. As the ultimate value of future cash flows cannot be predicted with certainty, pension liabilities are managed in the short-term through the continuous monitoring of economic and demographic assumptions, with a keen eye on the identification, measurement, and management of risks.

The Projection Report process, like other actuarial modeling, is not intended to provide absolute results. The intended purpose of the Projection Report process is to identify anticipated trends and to compare various outcomes, under a given methodology, rather than predicting certain future events. The results produced by the Projection Report process do not predict the financial condition of the Plan or the Plan's ability to pay benefits in the future and do not provide any guarantee of future financial soundness of the Plan. Because actual experience will not unfold exactly as expected, actual results can be expected to differ from the results presented herein. To the extent actual experience deviates significantly from the assumptions, results could be significantly better or significantly worse than the expected outcome indicated in this report.

Actuarial assumptions are a key component of both the snapshot measurements in the actuarial valuation process and the projection of future valuation results. Actual experience can be expected to vary from year to year, even if the actuarial assumptions are met over the long term. The variability of certain key measures can have a significant impact on the date the Plan will reach full funding (actuarial value of assets equal to or greater than the actuarial accrued liability). The key variables include:

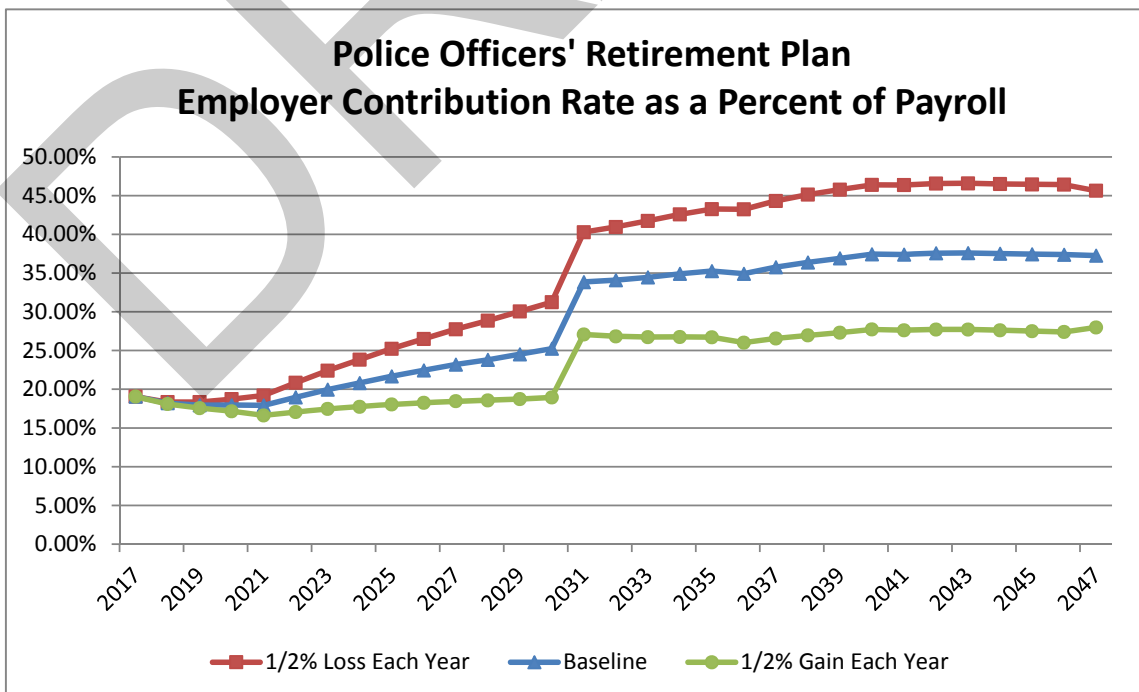
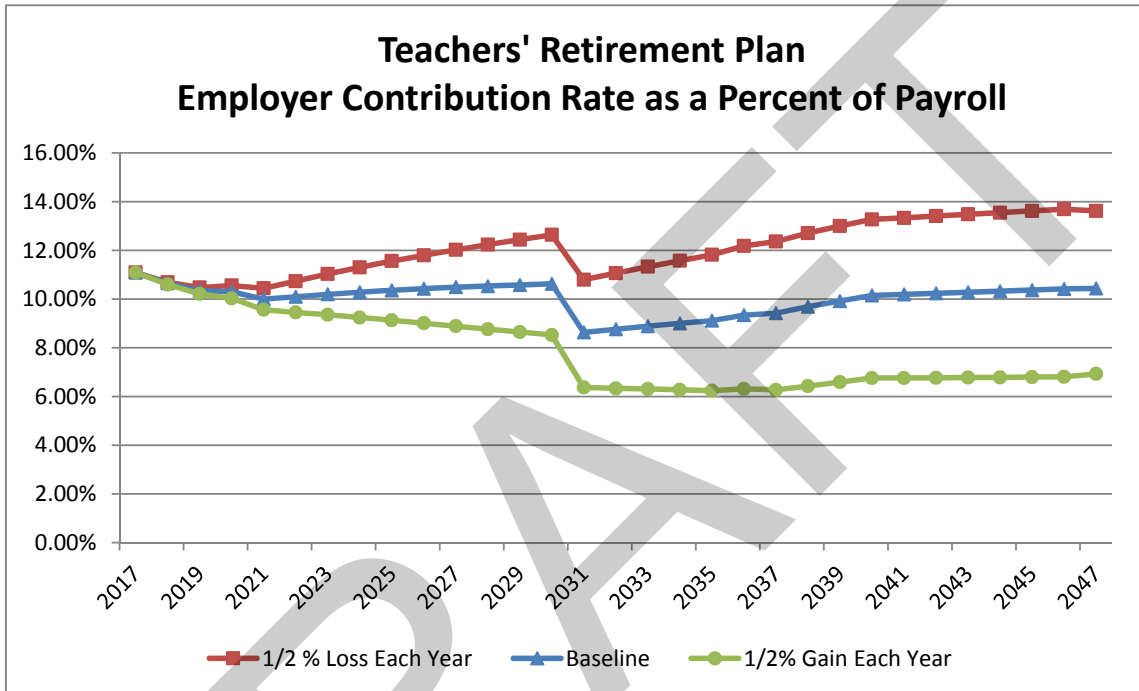
- Investment return
- Active membership growth
- Individual pay increases for active members

Of these variables, investment return is, by far, the most significant variable and the most volatile. The active membership growth and pay increase variables are also very important, but not nearly as significant as the investment return variable.



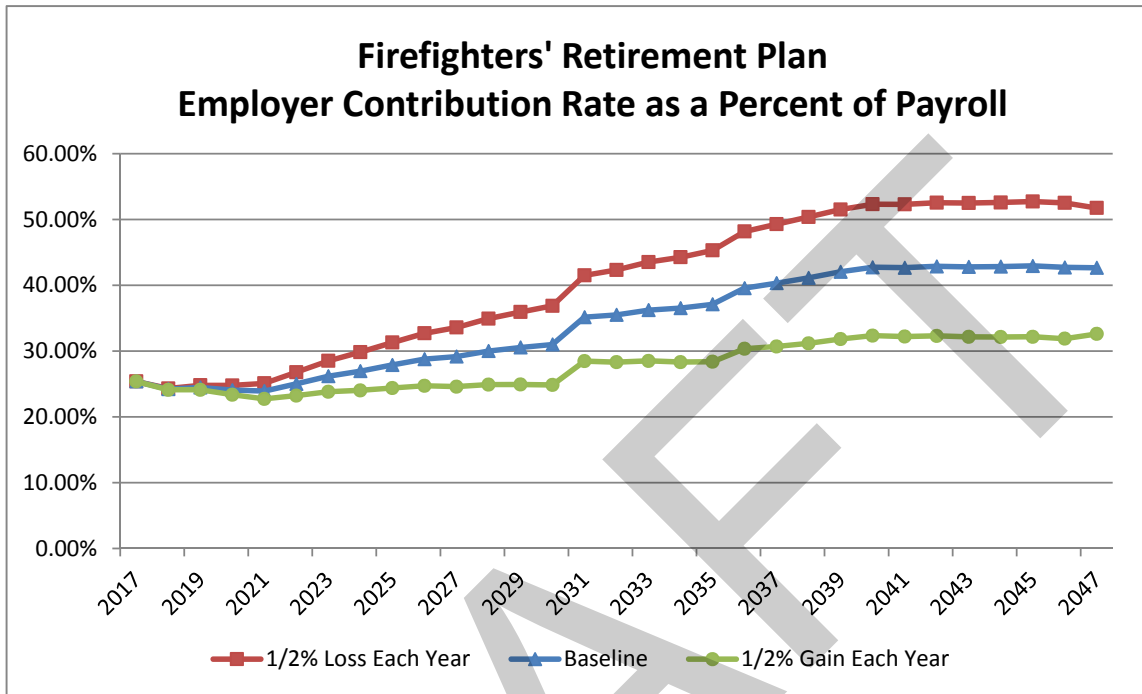
SECTION VI – ASSET RETURN SENSITIVITY

In addition to the baseline projections where all actuarial assumptions are as expected, we also performed projections where the asset returns were less than expected and more than expected. The baseline asset return assumption is 6.50%. We ran projections that modeled 6.00% returns for the less than expected scenario and 7.00% for the more than expected scenario. The results compared with the baseline projections and seen in the following charts:





SECTION VI – ASSET RETURN SENSITIVITY



As might be expected, under the better than expected asset return scenario, the continuous gains cause the employer contribution rates to decline and the less than expected asset return scenarios cause the employer contribution rates to increase.



SECTION VII - CONCLUSIONS

TEACHERS

Following the current funding policy will reduce the expected unfunded actuarial accrued liability from \$160.5 million in 2017 to less than zero by 2031. The employer contribution rate is expected to decline from the current rate of 11.09% of payroll to less the 9.0% by 2031 and remain in an approximate range of 9.0% - 10.5% after that.

POLICE OFFICERS

The actuarial value of assets exceeded the actuarial accrued liability by \$382.4 million as of October 1, 2017. This surplus is being amortized and reduces the current employer contribution rate to less than the employer normal cost rate (the cost of accruals for the upcoming year). The employer contribution rate is expected to increase from the current rate of 19.05% of payroll to approximate range of 37% - 38% over the 30 year period. The increase is due mostly to the elimination of the surplus by 2032.

FIREFIGHTERS

The actuarial value of assets exceeded the actuarial accrued liability by \$145.7 million as of October 1, 2017. This surplus is being amortized and reduces the current employer contribution rate to less than the employer normal cost rate (the cost of accruals for the upcoming year). The employer contribution rate is expected to increase from the current rate of 25.39% of payroll to an approximate range of 42% - 43% over the 30 year period. The increase is due mostly to the elimination of the surplus by 2034.



APPENDIX A – ACTUARIAL ASSUMPTIONS AND METHODS

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 administrative expenses).

INFLATION ASSUMPTION: 3.50% per year.

PAYROLL GROWTH ASSUMPTION: 4.25% per year.

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. In addition, there is an adjustment made for the effect of the adjustment pursuant to D.C. Code §1-907.02(c).

WITHDRAWAL ASSUMPTION: For Teachers and Firefighters, it was assumed that 55% 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 Officer 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 3.50% 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.



APPENDIX A – ACTUARIAL ASSUMPTIONS AND METHODS

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:

Percent of Members Separating Within the Next Year				
Sample Ages	Withdrawal		Service Retirement	
	5 years of service and up ¹		Under 30 yrs service	30 & up yrs service
	Male	Female		Disability Retirement
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%
55	8.00	6.50	9.00	22.00
60			27.00	28.00
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

¹ 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.



APPENDIX A – ACTUARIAL ASSUMPTIONS AND METHODS

POLICE OFFICERS

SALARY INCREASES: Police Officers 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 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) ¹		Disability Retirement ²		Years of Service	Service Retirement ³
	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		

¹ 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

² 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%.

³ 100% 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.



APPENDIX A – ACTUARIAL ASSUMPTIONS AND METHODS

FIREFIGHTERS

SALARY INCREASES: Firefighters 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 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 ³
	(5 years of service & up) ¹	Disability Retirement ²		
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		

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

² 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%.

³ 100% 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.



APPENDIX B – SUMMARY OF RETIREMENT PLAN PROVISIONS

DISTRICT OF COLUMBIA TEACHERS' RETIREMENT PLAN

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

DEFINITIONS

Affiliated Employers District of Columbia Public Schools

Covered Members Permanent, temporary, part-time 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.



APPENDIX B – SUMMARY OF RETIREMENT PLAN PROVISIONS

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 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 5



APPENDIX B – SUMMARY OF RETIREMENT PLAN PROVISIONS

DISABILITY RETIREMENT

Eligibility	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.
Benefit	Equal to Service Retirement benefit. Minimum benefit is the lesser of a) or b): <ul style="list-style-type: none"> a) 40% of Average Salary b) Calculated benefit amount by projecting service to age 60.

SURVIVOR BENEFITS

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

SPOUSE/DOMESTIC PARTNER & DEPENDENT CHILDREN

Eligibility	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.
Spouse/Domestic Partner Benefit	55% of Service Retirement benefit. Minimum benefit is the lesser of a) or b): <ul style="list-style-type: none"> a) 55% of 40% of Average Salary b) 55% of the calculated benefit amount by projecting service to age 60.
Child Benefit	A benefit per child equal to the smallest of a) or b) or c): <ul style="list-style-type: none"> a) 60% of Average Salary divided by the number of eligible children 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



APPENDIX B – SUMMARY OF RETIREMENT PLAN PROVISIONS

- 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.

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):

- a) 75% of Average Salary divided by the number of eligible children
- b) \$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
- c) \$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.



APPENDIX B – SUMMARY OF RETIREMENT PLAN PROVISIONS

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 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

Each year on March 1st, benefits which have been paid for at least twelve months preceding March 1st are increased. The increase is equal to the annual CPI. COLA's are included in benefit payments on and after April 1st. 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.



APPENDIX B – SUMMARY OF RETIREMENT PLAN PROVISIONS

DISTRICT OF COLUMBIA POLICE OFFICERS' & FIREFIGHTERS' RETIREMENT PLAN

Effective Date Established on July 1, 1997. The Treasury Department 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.



APPENDIX B – SUMMARY OF RETIREMENT PLAN PROVISIONS

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 (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	5 years

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), 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 illness or injury in the line 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.



APPENDIX B – SUMMARY OF RETIREMENT PLAN PROVISIONS

NONSERVICE-RELATED DISABILITY RETIREMENT

Eligibility	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.
Benefit	<p>For members hired before February 15, 1980: 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>For members hired on or after February 15, 1980: 70% of final pay times percentage of disability, subject to a minimum of 30% of final pay.</p>

SURVIVOR BENEFITS

LUMP SUM Eligibility	Death before retirement without an eligible spouse or child.
Benefit	Refund of member contributions according to plan order of precedence.
LUMP SUM – DEATH IN LINE OF DUTY Eligibility	Death occurring in the line of duty, not resulting from willful misconduct.
Benefit	\$50,000
SPOUSE ONLY – DEATH IN LINE OF DUTY Eligibility	Member killed in line of duty, after December 29, 1993.
Benefit	100% of final pay.
SPOUSE ONLY – DEATH NOT IN LINE OF DUTY 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.
Benefit	<p>40% of the greater of a) or b):</p> <ul style="list-style-type: none"> 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.



APPENDIX B – SUMMARY OF RETIREMENT PLAN PROVISIONS

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

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.

**APPENDIX B – SUMMARY OF RETIREMENT PLAN PROVISIONS**

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” section.

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

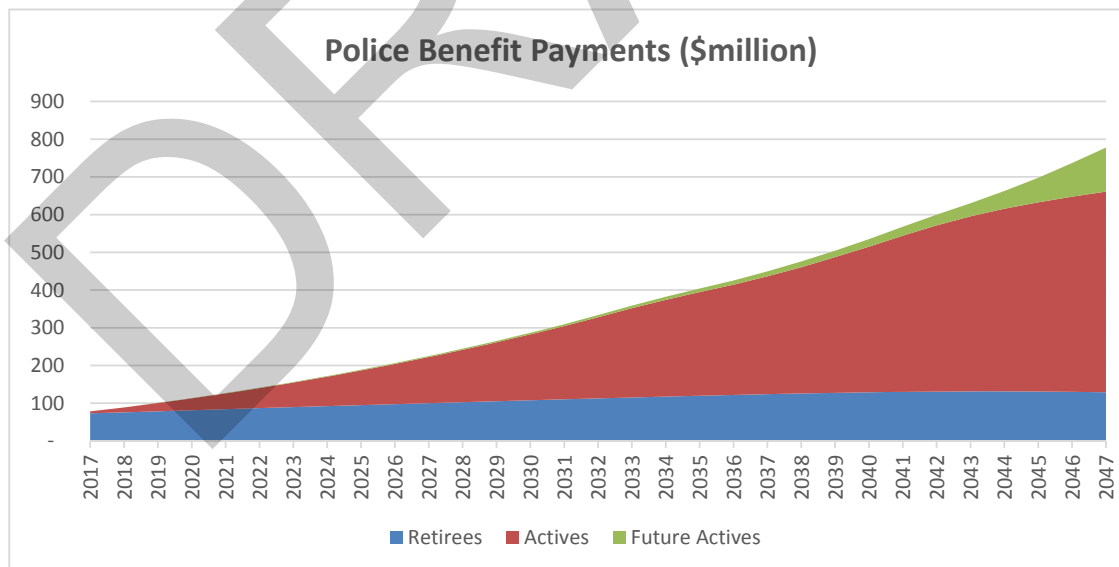
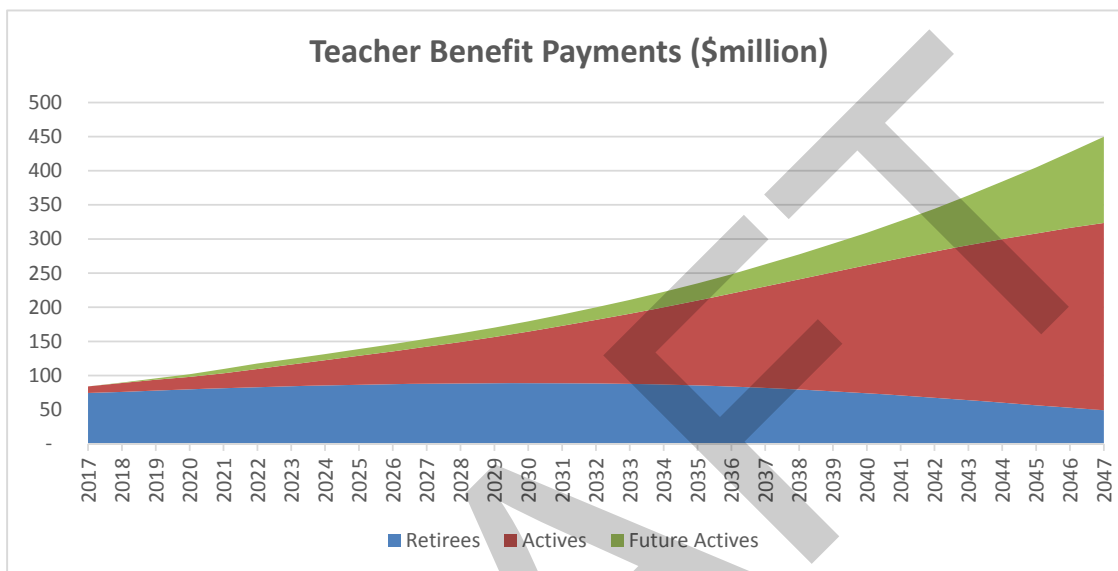
Each year on March 1st, benefits which have been paid for at least twelve months proceeding March 1st are increased. The increase is equal to the annual CPI. COLA’s are included in benefit payments on and after April 1st. If member’s retirement is effective after March 1 of the preceding year, the COLA 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 as active employees’ salary increases. Equalization increases are not paid to beneficiaries.



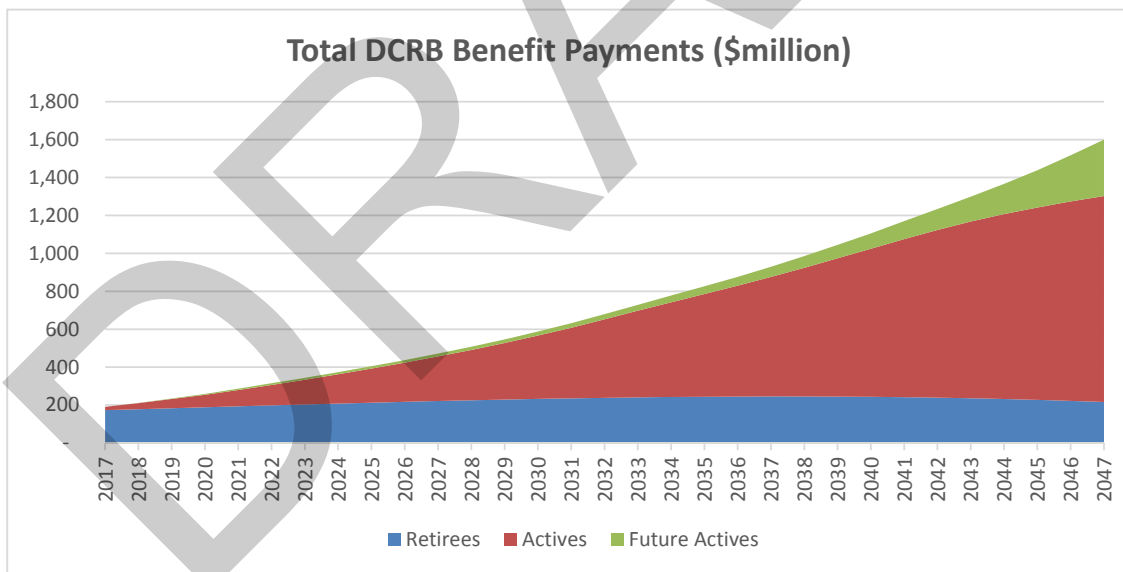
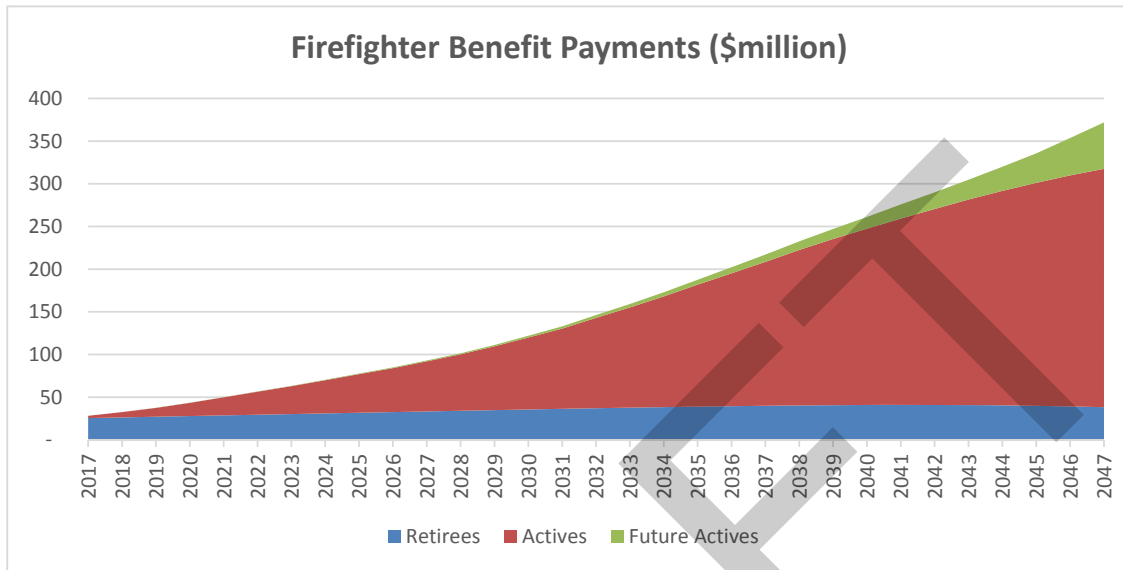
APPENDIX C – ADDITIONAL GRAPHS

The following charts show the projected benefit payments broken down by retirees, actives, and future members for all three groups as well as total.





APPENDIX C – ADDITIONAL GRAPHS





Benchmarking Analysis of Benefits Administration Services for the Retirement Plans

Data as of FY 2016

Purpose of Study

- ▶ **Measure and Manage Benefits Administration Performance**
 - ▶ Develop Benchmarking Metrics
 - ▶ Monitor Performance/Progress with Independent Benchmark
 - ▶ Identify Administrative/Operational Differences/Costs
 - ▶ Determine the Level of Benefits Services

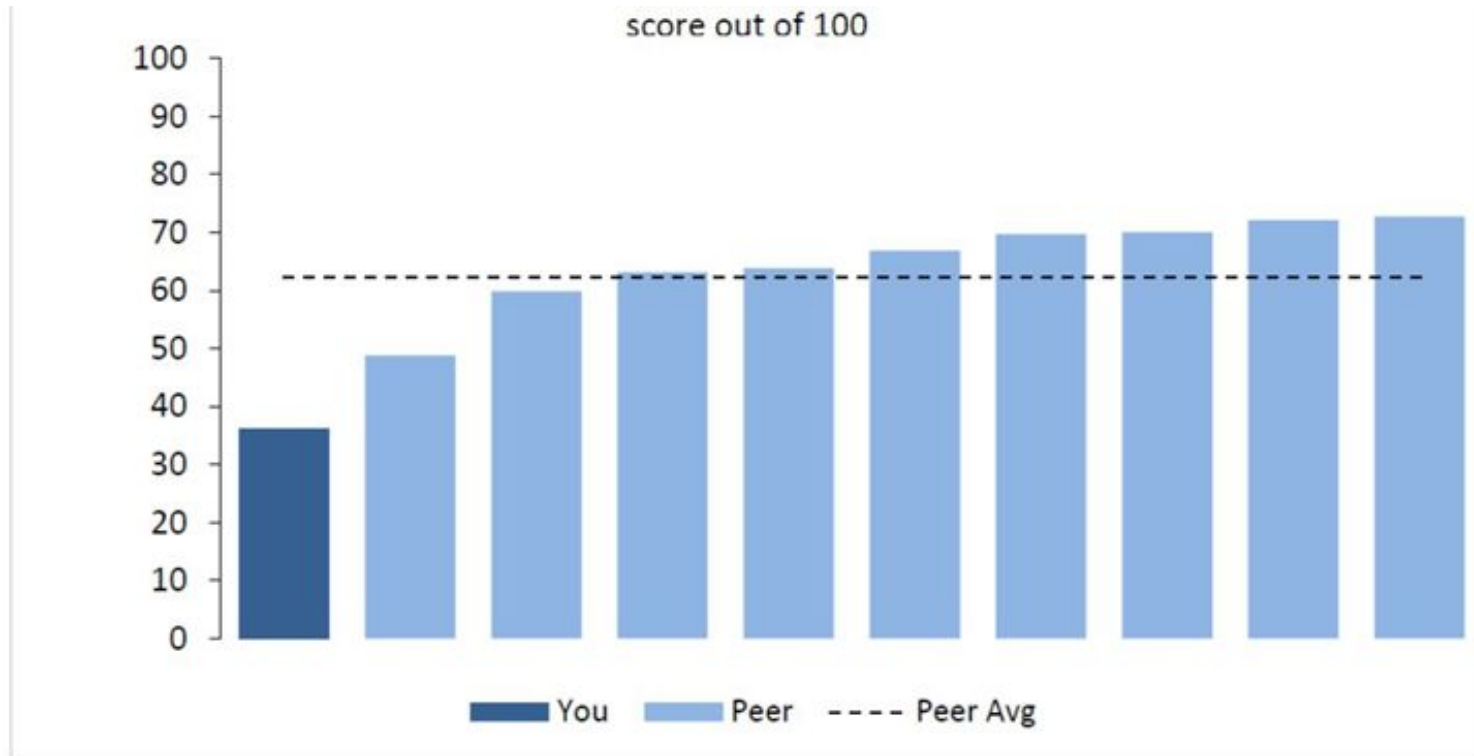
- ▶ **Assess Communications Impact**
 - ▶ Improve Communications with Stakeholders

- ▶ **Focus on Customer Service Levels**
 - ▶ Learn Of the Scope of Comparable Retirement Systems' Activities
 - ▶ Gain Best Practice Insights

Peer Group

▶ <u>Peers</u>	<u>Actives</u>	<u>Annuitants</u>	<u>Total</u>
▶ Sonoma County ERA	4,071	4,653	8,724
▶ City of Austin ERA	9,063	5,679	14,742
▶ San Diego City ERS	7,534	9,482	17,016
▶ Saskatchewan Teachers	15,428	1,802	17,230
▶ DCRB	10,500	14,301	24,801
▶ Fairfax County RS	17,438	10,484	27,922
▶ City of Detroit	9,142	20,997	30,139
▶ ER Fairfax County	19,532	10,754	30,286
▶ San Bernardino CERA	20,538	11,990	32,538
▶ Orange County ERS	<u>21,525</u>	<u>15,810</u>	<u>37,335</u>
▶ Peer Average	13,477	10,595	24,072

Total Service Score



Services Scores by Activities

▶ <u>Activity</u>	<u>DCRB</u>	<u>Peers</u>	<u>Weights</u>
▶ Paying Pensions:	100	100	20.8%
▶ Pension Inceptions (within 30 days)	0	46	7.3%
▶ Benefit Estimates	14	53	5.2%
▶ 1-on-1 Counseling	0	90	7.3%
▶ Presentations	80	81	6.3%
▶ Member Contacts	10	41	21.9%
▶ Website	12	54	11.5%
▶ News and Targeted Communication	68	61	4.2%
▶ Member Statements	0	53	6.3%
▶ Disability	n/a	40	n/a
▶ Red Tape	31	52	4.2%
▶ Satisfaction Surveying	<u>35</u>	<u>24</u>	<u>5.2%</u>
▶ Total Service Score	36	62	100.0%
▶ Median Score		65	

Weighted Transaction Volume

- ▶ DCRB: 27% Below Average

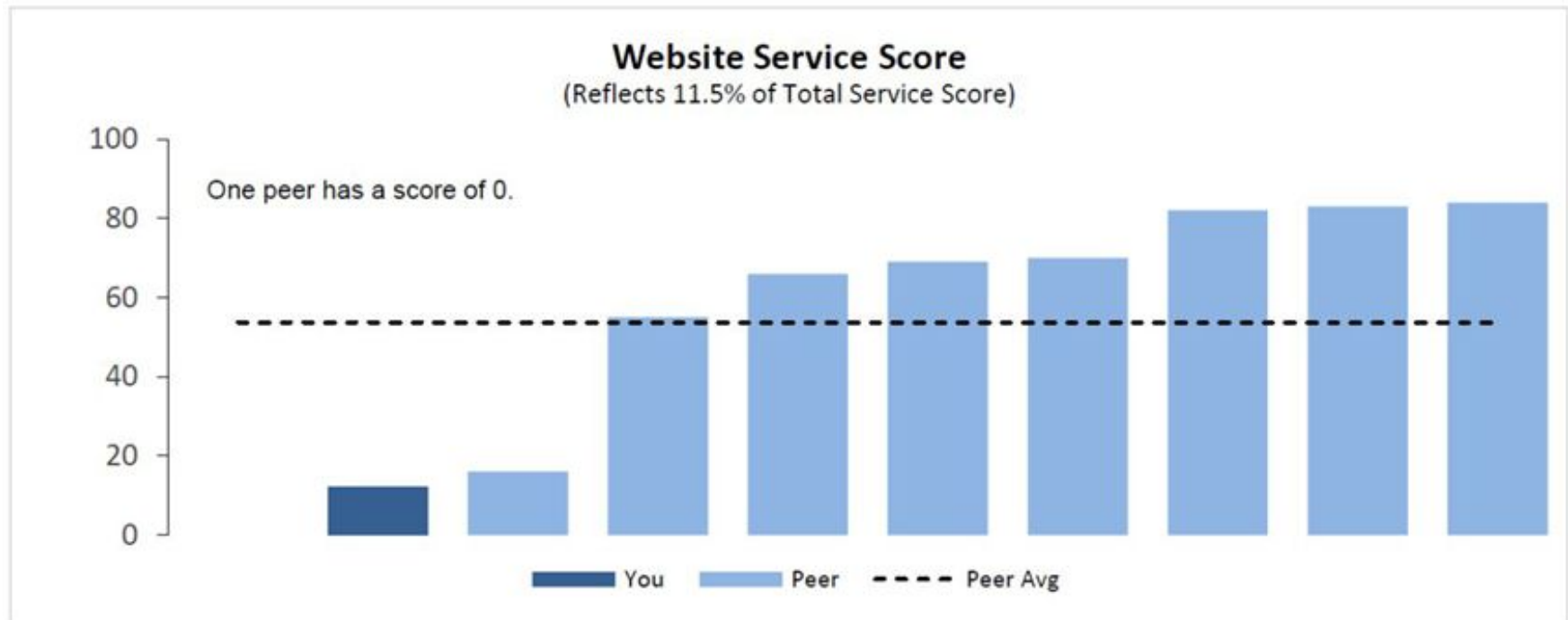
- ▶ Reasons: DCRB Does Not—
 - Compute Benefits Estimates
 - Determine Disability Retirements
 - Conduct Pre-Retirement Counseling
 - Communicate With Active Members
 - Conduct Regular Presentations For Actives

Weighted Transaction Volume (Cont'd)

► Other Measures That Affect DCRB's Score:

	<u>DCRB</u>	<u>Peers</u>
Average Wait Time Answering Phones	88 secs	64 secs
Call Abandonment Rate	32%	10%
Member Access to Own Data	No	Yes
Online Calculator Linked to Own Data	No	Yes
Number of Website Tools	1	7
Member Statements	No	Yes
Benefit Paid Within 30 Days of Final Paycheck	No	Yes
1-on-1 Counseling	No	Yes

Website Service Score



Website Service Score Analysis

- ▶ Average for Peer Group: 54 (of 100)
- ▶ DCRB Score: 12
- ▶ Reasons:
 - Calculator is Not Linked to Member Data
 - No Automated Way For Members to Calculate Purchase of Service
 - No Access to Salary and Service Data
 - No Secure Self-Service Portal

Total Service Score

Peer Average:	62	<u>DCRB</u>	<u>Peers</u>
DCRB Score:	36		
Minuses:	<ul style="list-style-type: none"> • Cannot Pay Benefit Within 30 Days • Limited Benefits Estimates • No 1-on-1 Counseling • Limited Active Member Contacts • Minimal Website Capabilities • No Member Statements • Do Not Determine Disabilities • Prevalence of Red Tape 	0 14 0 10 12 0 0 31	46 53 90 41 54 53 40 52
Pluses:	<ul style="list-style-type: none"> • Paying Pensions on Time • Presentations • News and Targeted Communications • Satisfaction Surveys 	100 80 68 35	100 81 61 24

Future Score Improvements

▶ Short-Term

- ▶ Benefits Statements
- ▶ Website Self-Service (View Only)
- ▶ Conduct Regular Presentations For Actives

▶ Long-Term

- ▶ Website Self-Service (Additional Tools)
- ▶ Access to Own Data
- ▶ Paying Benefits Sooner
- ▶ Calculator Linked to Members' Own Data
- ▶ Communicate With Active Members

Future Score Improvements

- ▶ Strategic Considerations for Trustees
 - Conduct Pre-Retirement Counseling
 - Determine Retirement Eligibility
 - Determine Disability Retirements

Note: These Changes Would Require Discussions with District Government & Require Legislative Amendments.

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TO: BOARD OF TRUSTEES

FROM: MARY COLLINS, CHAIRMAN

DATE: MARCH 15, 2018

SUBJECT: BENEFITS COMMITTEE REPORT

The Benefits Committee met on March 1, 2018. The following report reflects Benefits Department activities and projects that occurred since the January 2018 Board meeting.

Washington Teachers Union (WTU) Collective Bargaining Agreement

In December 2017, the DCPS Human Capital Department updated the salaries of all teachers who are eligible to receive the 4% pay increase covered by the WTU bargaining agreement. Teachers who are eligible to receive the portion that is retroactive to October 1, 2016, were paid that amount on Friday, March 2, 2018. The total gross retro pay amount is approximately \$18 million, and DCRB will receive approximately \$1.3 million of that total. The Benefits Department estimates that approximately 120 teachers, who retired since October 2016, will be impacted. We expect to recalculate their pension amounts by July 1, 2018. On March 21, 2018, letters were sent to these members informing them of the expected payment date.

2018 COST-OF-LIVING ADJUSTMENTS (COLAS)

Due to changes in the Consumer Price Index during calendar year 2017, annuitants and survivors of the Police/Fire Plan will receive a COLA of 2.1%, and Teachers' Plan annuitants and survivors will receive a COLA of 2.2%. The COLAs are effective March 1, 2018, and will be included in annuity payments beginning April 1, 2018. COLA notices were posted to DCRB's website on February 22, 2018.

Teachers', Police, and Firefighters Retirement Benefits Technical Amendment Act of 2017

On September 25, 2017, The Teachers', Police, and Firefighters Retirement Benefits Technical Amendment Act of 2017 (B22-468), was introduced by Chairman Mendelson. The bill was referred to the Committee of the Whole (COW) with comments from the Committee on Judiciary and Public Safety, and a public hearing, at which DCRB testified, was held by the Committee on Judiciary and Public Safety on March 7, 2018. We expect that the legislative process will be completed sometime this summer.

Federal Employees Group Life Insurance Program (FEGLI)

The Benefits Department continues to communicate with retired members who have FEGLI coverage regarding their existing beneficiary designation forms. In January 2018, we reported that approximately 3,500 letters were mailed to members who currently have a FEGLI premium deducted from their annuity payments. Below is a list of communications we received from those members:

Statistical Breakdown

45 Calls – Assistance with completing the form
28 Calls - CSI number request
19 Calls – Value of life insurance policy
89 Calls - General Life Insurance questions

By the end of this week, similar letters will be mailed to an additional 3,300 retired members who are age 65 or over and have FEGLI coverage, but are no longer required to pay a premium. We delayed the distribution of these letters so we could provide these members with their CSI Number (issued by the US Office of Personnel Management - OPM), since OPM requires members to include their CSI number on the SF 2823 Form (Beneficiary Change Form) and other FEGLI communications.

DCRB staff continues to remind our members that the FEGLI Beneficiary forms should be mailed directly to OPM. Finally, information related to this processing change has been incorporated into the new Summary Plan Descriptions (SPDs), which will be distributed to members in April, and there will be an article on this issue in the spring newsletter

Retiree Self-Service Module

The Self-Service Module is undergoing user testing by the Benefits Department. The initial deployment will target a select group of members and retired Trustees, who will be asked to provide us with feedback on improvements and functionality before the Module is launched to the full membership.

Benefits Statements Project

The Benefits Department is continuing to move forward with reaching its goal of providing active Police Officers, Firefighters and Teachers with an annual statement of estimated benefits in 2018. As you know, Firefighters received their first statements in 2017. Benefits is currently reviewing sample statements for Police Officers and Teachers for completeness and accuracy. As with the firefighters, a pilot group of 300 police officers and teachers will be issued a statement by the end of March. Each pilot participant will receive an introductory letter and a link to an online survey. The survey responses will help Benefits gauge the following:

- Accuracy of the Statement
- Usefulness of the information in the Statement
- Clarity of the Statement
- Plan member suggestions

Stakeholders Outreach

On January 26, 2018, the Benefits Department provided FEMS with an overview of the Police Officers and Firefighters' Retirement Plan. The group included two Firefighter EMT lateral transfers whose employment started on December 24, 2017, and four Firefighter Paramedics who began on January 8, 2018.

On February 5, 2018, the Benefits Department met with staff from the Metropolitan Police Department – Office of Human Resources (MPD-OHR), the Police Officers and Firefighters' Retirement and Relief Board, and the D. C. Human Resources Department. Benefits provided a walk-through of retirement processes and proposed operational improvements. Benefits also shared concerns regarding data issues and how to improve employee retirement packages. Benefits will follow up with a more detailed meeting with MPD staff who are currently responsible for preparing retirement packages, and MPD-OHR was also interested in workshops for police officers.

Benefits Department Monthly Statistics

Activity	December	January	February
Retirement Claims Received	122	74	103
Processed Retirements	116	183	157
Average Processing Days	71	73	52
Telephone Calls	3,555	3,555	2479
Walk-in Customers	128	103	92
Scanned Documents	4,359	5,334	3812
QDROs Approved	0 final	2 final, 2 rejected	4 final, 1 rejected
Purchase of Service	20 (\$131,619.21)	13 (\$23,425.64)	20 (\$131,619.21)



DCRB Member Services Center Statistics

February 2018

Call Center Statistics	
Total Calls	2,479
Inbound Calls	1,822
Outbound Calls (Voicemails & Follow-up calls)	657
Average Talk Time	5:08 minutes
Average Caller Wait Time	2:41 seconds
Total Walk-In/Appointments	92
FileNet Batches Scanned	1,012
Documents Pages Scanned	3,812
Correspondence	1,122
Email, Letter & Fax	557
Processed Documents (EFTs, address & name changes, tax forms, 1099s, & 2809s, etc.)	565
Total	4,705

A 3D pie chart illustrating the distribution of call center statistics. The chart is divided into four segments: a large blue segment for 'Total Calls' (2,479), a red segment for 'FileNet Batches Scanned' (1,012), a purple segment for 'Correspondence' (1,122), and a small green segment for 'Total Walk-In/Appointments' (92). Each segment is labeled with its value and connected to a legend below the chart.

Category	Value
Total Calls	2,479
FileNet Batches Scanned	1,012
Total Walk-In/Appointments	92
Correspondence	1,122

Top 3 Contact Trends for the Month	
Tax Inquiries	1. 1099Rs taxable amounts 2. Duplicate copies of 1099Rs 3. 1099R requests for previous year/s. 4. Request for 2806 for tax purposes
Health Insurance	1. Open Enrollment corrections with Health Insurance Carrier/s 2. Medicare questions regarding what happens at age 65 and do they have to pay for Medicare Part B. 3. Inquiries about adding grandchildren to an existing policy 4. Insurance Refunds due to death & dependents aging off of policy
Life Insurance	1. Request for CSI for FEGLI Designation of Beneficiary election 2. Request for a previous FEGLI Designation of Beneficiary election form 3. Inquiries about about value of their policy

Member Services February Statistical Comparison by Year			
	2017	2018	Comments
Walk-In Visitors/Appointments	86	92	
Total Calls (includes voice mails)	4,198	2,479	40% decrease in call volume due to successful 2018 Open Enrollment Season and increase in emails.
Emails, Letters & Faxes	374	557	36% overall increase
Total	4,658	3,128	



RETIREMENT CASE PROCESSING MARCH 1, 2018 REPORT

CASES AVAILABLE FOR PROCESSING	CASES RECEIVED (but may not have been ready for payment)	CASES PROCESSED	CASE TYPE	PLAN		
				Fire	Police	Teacher
74	22	52	Beneficiary (One-Time Payments)	5	12	35
0	0	0	Deferred Annuity			
0	0	0	Disability			
3	0	3	Garnishment/Levy	0	3	0
55	16	39	Optional/Voluntary & Involuntary Annuity	5	31	3
3	2	1	QDRO/QMSCO	0	1	0
5	2	3	Survivor Annuity	0	1	2
0	0	0	EVS Project	0	0	0
0	0	0	Student Certifications			
21	8	13	Annuity Adjustments	0	8	5
2	0	2	Auto Debt Collections	1	1	0
8	5	3	Octo Review Monetary & Non-Monetary Adjustments	0	2	1
7	0	7	Post 56 Adjustments	1	6	0
82	48	34	Refund of Contributions**	1	7	26
260	103	157		13	72	72
			Gross Dollar Value of Refunds**	\$64,421.84	\$44,297.88	\$377,595.48



MEMBER SERVICES CUSTOMER SATISFACTION SURVEY February 2018

Background

The reported survey outcomes are the results of the February 2018 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

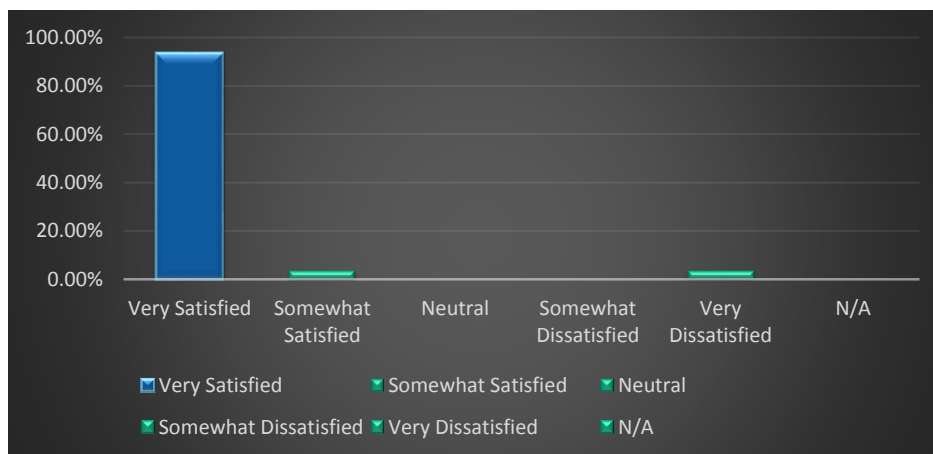
Methodology

- 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 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

- 162 survey requests were provided to members and annuitants
- 39 responses were received.

Overall DCRB Member Satisfaction



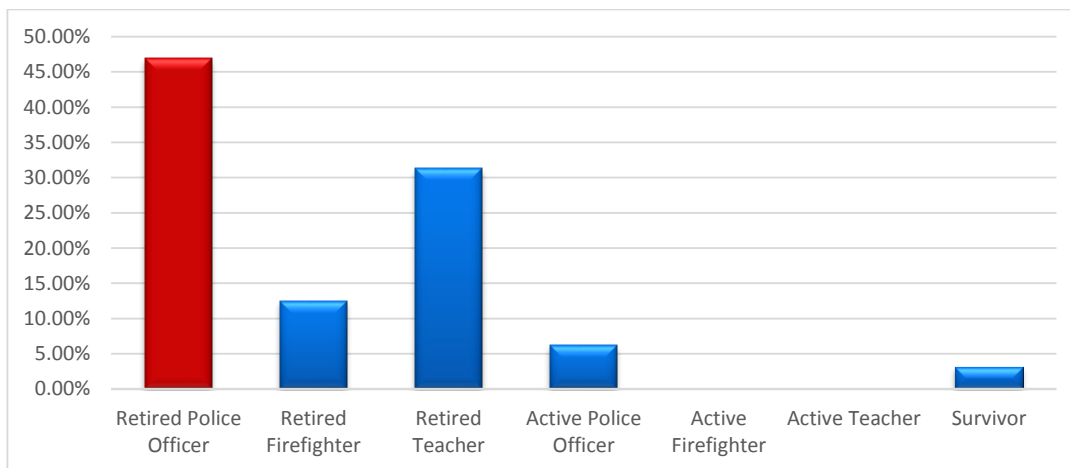


MEMBER SERVICES CUSTOMER SATISFACTION SURVEY February 2018

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

Very Satisfied	93.55%	29
Somewhat Satisfied	3.23%	1
Neutral	0.00%	0
Somewhat Dissatisfied	0.00%	0
Very Dissatisfied	3.23%	1
N/A	0.00%	0
Answered		31

Membership/Survivor Type



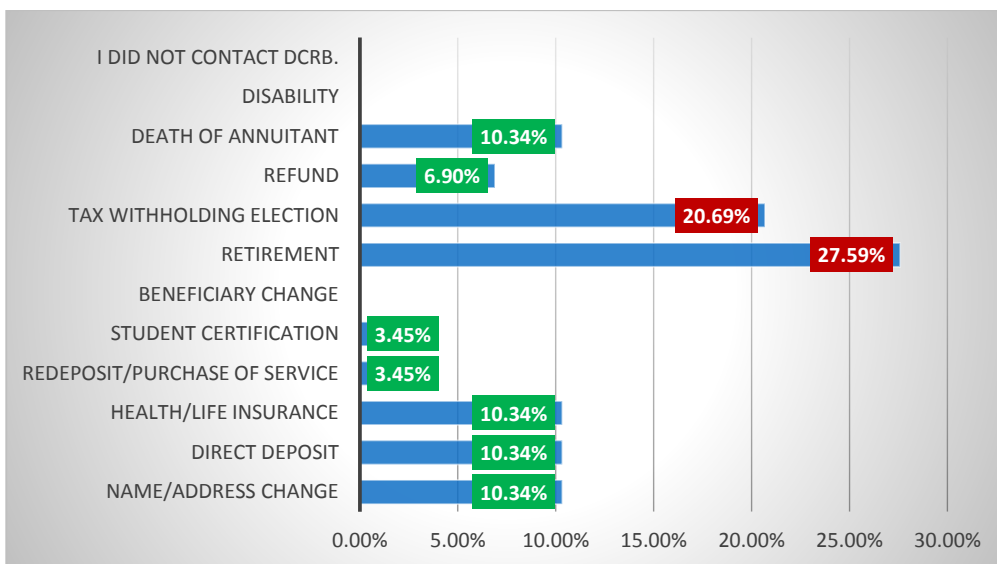
Knowledge and Skills

	Strongly Agree		Agree		Neither Agree/Disagree		Disagree		Strongly Disagree		N/A		Total
Had the right information.	87.50%	28	3.13%	1	3.13%	1	0.00%	0	3.13%	1	3.13%	1	32
Understood your questions.	75.00%	24	21.88%	7	0.00%	0	3.13%	1	0.00%	0	0.00%	0	32
Provided clear answers.	78.13%	25	15.63%	5	0.00%	0	0.00%	0	3.13%	1	3.13%	1	32
Answered your questions.	87.10%	27	9.68%	3	0.00%	0	0.00%	0	3.23%	1	0.00%	0	31
Appeared well organized.	87.10%	27	6.45%	2	3.23%	1	0.00%	0	3.23%	1	0.00%	0	31

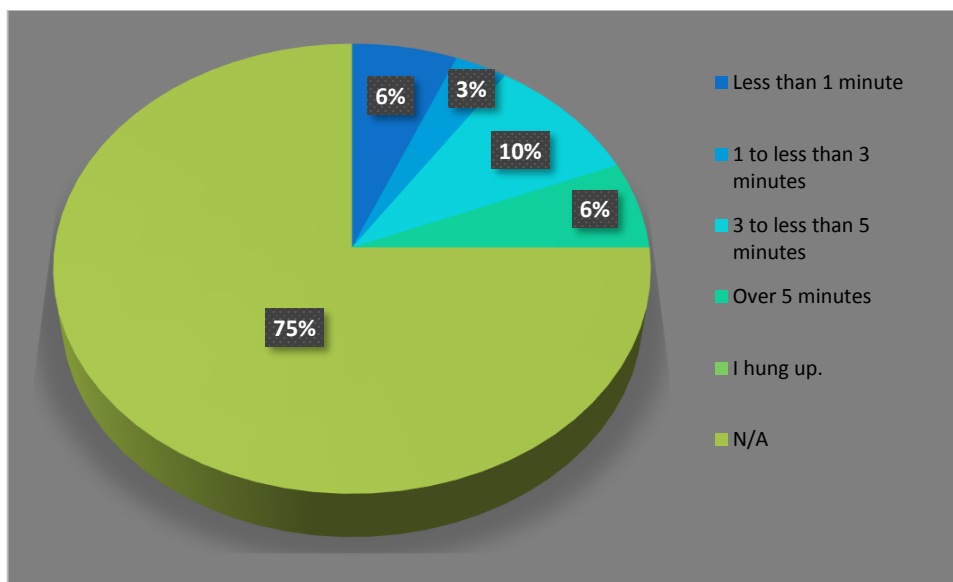


MEMBER SERVICES CUSTOMER SATISFACTION SURVEY February 2018

Reason for Contact



Contact Wait Time



900 7th Street, NW, 2nd 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: LYLE BLANCHARD, CHAIRMAN

DATE: MARCH 15, 2018

SUBJECT: LEGISLATIVE COMMITTEE REPORT

The Legislative Committee met on March 14, 2018, at 12:30 p.m., and considered the following items:

1. In my Chairman's Report, I noted several activities that occurred over the past year and proposed initiatives for the upcoming year:
 - a. The appointment of Board member Janice M. Adams to replace Barbara Blum and the reappointment of Chairman Clark by Mayor Bowser; and the reappointments of Board members Michael J. Warren, Joseph M. Bress, and Lyle M. Blanchard by Council Chairman Mendelson.
 - b. Fourteen (14) pension fund or beneficiary related bills or proposed resolutions were introduced by D.C. Councilmembers, of which eight (8) had hearings, five (5) were enacted, four (4) became law and four (4) became resolutions.
 - i. **Note:** DCRB's Bill 22-468, the Teachers', Police and Firefighters Retirement Benefits Technical Amendment Act of 2017 had a hearing before the Committee of the Whole on March 7, 2018 at which DCRB testified.
 - ii. **Reminder:** any bill which does not receive two votes of approval by end of December 2018 will "die" and must be reintroduced in the next legislative session to continue the legislative process.
 - c. Board members met with Council Chairman Mendelson to discuss DCRB issues on January 12, 2017 and June 20, 2017.
 - d. The agency performance hearings was held on March 7, 2018 and the DCRB Proposed FY 2019 Budget Hearing will be held on March 27, 2018.
2. After the June 19, 2018 Primary, the Legislative Committee will propose several meetings with Councilmember Mendelson and contact with other councilmembers to offer relevant briefings.
3. Due to the absence of a quorum, any agenda items which required Committee consideration and approval were deferred to the next Legislative Committee meeting anticipated to be held on April 19, 2018.

NO WRITTEN REPORT

**NO COMMITTEE MEETING WAS HELD THIS
MONTH**



DISTRICT OF COLUMBIA RETIREMENT BOARD
BOARD MEETING – ELECTION OF OFFICERS
MARCH 15, 2018
ELECTION PROCEDURES

- (1) Blank ballot sheets are handed out by the election teller.
- (2) Nominations are received for each Executive Office in the following order:
 - (a) Chairman
 - (b) Vice-Chair/Secretary
 - (c) Treasurer

After each nomination is confirmed, place the name of the nominee on the ballot sheet.

- (3) After nominations for each office is closed:
 - (a) Ballots are distributed;
 - (b) Trustees check the name of their candidate of choice on the ballot;
 - (c) Ballots are collected and counted; and
 - (d) The Chairman announces the election results for all officers except the Chairman.
- Pursuant to Section 1502.14 of the Board Rules, the election of Officers is conducted by secret ballot.
 - Each election is decided by majority vote.
 - If no candidate in a particular election receives a majority vote, the balloting will continue until one candidate obtains a majority vote.

Current DCRB Board Officers

Position	Officer	Term
Chairman	Joseph W Clark	2017
Vice Chair/Secretary	Gary Hankins	2017
Treasurer	Lyle Blanchard	2016, 2017

EXECUTIVE BOARD OFFICERS

1. The Board shall annually elect from its membership a Chairperson, Vice-Chairperson/Secretary, and Treasurer.¹ The election shall take place at the first regular Board meeting in February. Each officer shall serve for a term of one (1) year and until their successors are elected, unless their membership on the Board expires sooner. An Executive Board Officer may be reelected to serve in the same position for no more than two (2) consecutive terms, unless the Board affirmatively waives this requirement in a Board motion.
2. The elections shall take place in the order of Chairperson, Vice-Chairperson/Secretary, and Treasurer, with calls for nominations followed by a secret ballot vote. Any trustee may make nomination(s) for Executive Board Officer positions, including him or herself. When one candidate secures a majority vote for the position up for election, the current Chairperson shall declare that the position is filled until the newly elected officer is replaced or reelected at the next election. This process shall be repeated until all positions are elected.
3. An Executive Board Officer may be removed from his or her elected position by a vote of two-thirds (2/3) of the members of the Board. Such removal proceedings shall be accompanied by a detailed order issued by the Board stating the reasons for removal. D.C. Code § 1-711(b)(10).
4. A vacancy of a position occurs upon expiration of a member's term, resignation, death, removal, or any reason which, in the opinion of the holder of the position, prevents the holder of the position from carrying out his or her duties. Whenever a vacancy occurs, the Chairperson (or Acting Chairperson) shall convene the Board to reelect the vacant position as follows:
 - a. *Chairperson*: Board convenes within fourteen (14) business days after notice of the vacancy. At that time, the Board shall elect one (1) of its members as Chairperson for the remainder of the outstanding term.
 - b. *Vice-Chairperson/Secretary and/or Treasurer*: At the first Board meeting following the occurrence of the vacancy, the Board shall elect one (1) of its members to fill the vacant position for the remainder of the outstanding term.
5. The Chairperson shall be the chief presiding officer of the Board whose principal role shall be to lead the Board in the conduct of Board business.
6. The Vice-Chairperson/Secretary shall assist the Chairperson as requested.
 - a. In the case of a vacancy in the office of Chairperson, the Vice Chairperson/Secretary shall serve as Acting Chairperson until the Board elects a new Chairperson in accordance with the above procedures.
7. The Treasurer shall provide audit oversight of the Funds and shall also serve as the Chair of the Audit Committee.
 - a. In the case of a vacancy in the offices of Chairperson and Vice-Chairperson/Secretary, the Treasurer shall serve as Acting Chairperson until the Board elects a new Chairperson or in the case of a vacancy in the office of Vice-Chairperson/Secretary, the Treasurer shall service as Acting Vice-Chairperson/Secretary until the Board elects a new Vice-Chairperson/Secretary in accordance with the above procedures.

¹ Effective beginning with the February 18, 2016 election, Executive Board Officers were amended. At the May 21, 2015 Board meeting, motions were passed abolishing the positions of Parliamentarian and Sergeant-At-Arms and consolidating the positions of Vice-Chairperson and Secretary. The Treasurer's responsibilities were also expanded to include Audit Committee Chair.



**DISTRICT OF COLUMBIA RETIREMENT BOARD
BOARD MEETING – ELECTION OF OFFICERS
MARCH 15, 2018
CHAIRMAN’S SCRIPT**

- (1) **Chairman:** "Pursuant to Section 1502.14 of the Board Rules, the Election of Officers will be conducted by secret ballot"

"For purposes of these elections, the Board’s *Administrative Specialist, Johniece Harris* will serve as the teller and will manage the collection and counting of ballots. The teller will distribute a secret ballot to each Trustee, which is inclusive of all Officer positions. One ballot is used when voting for each office when nominations are called for."

- (2) **Call for Nominations**

Chairman: "Nominations are now in order for the office of Chairman, Secretary, Treasurer, Parliamentarian, and Sergeant-at-Arms."

- (3) **Chairman:** Are there any further nominations?

If response is no, then Chairman declares: **The nomination(s) for (specific office) is now closed.**

- (4) **Chairman:** "Have all members of the Board voted who wish to do so?"

If no response, the Chairman then declares: "If no one else wishes to vote ... [pause], the polls are closed."

- Ballots collected by teller
- Votes counted by teller
- A representative from DCRB’s Legal dept. serves as a witness to the process
- The teller presents the report to the Chairman.

- (5) **Mr. Chairman:** "The report on the vote for each Office is now in order."

- Number of Votes Cast
- Number of Votes Necessary for Election (Majority)
- Specific Votes Received by Each Nominee.

- (6) **Chairman Announces the Results of the Ballot Vote for all Offices.**

DISTRICT OF COLUMBIA RETIREMENT BOARD
TRUSTEES GENERAL INFORMATION
(REVISED—JANUARY 28, 2018)

NAME, PHONE, FAX, EMAIL	BOARD ROLES	AFFILIATION	TERM EXPIRES
JOSEPH W. CLARK 202.299.9258 (home) 202.258.3213 (cell) joseph.clark3@dc.gov jwclarkesq@gmail.com	Chairman of the Board Member, Investment Ex-Officio, Audit Ex-Officio, Benefits Ex-Officio, Legislative Ex-Officio, Operations	Mayoral Appointee	1/27/22
JANICE “JAN” ADAMS 202.465.8205 (work) 202.488.4976 (home) 202.423.8094 (cell) 202.863.1735 (fax) jan.adams@jma-solutions.com jan.adams2@dc.gov	Member, Investment Member, Audit Member, Operations	Mayoral Appointee	1/27/20
LYLE M. BLANCHARD 202.452.1400 (work) 202.364.9579 (home) 202.236-8186 (cell) 202.452.1410 (fax) lyle.blanchard@dc.gov lmb@gdlla.com	Treasurer of the Board Chair, Legislative Member, Investment	Council Appointee	1/27/21
JOSEPH M. BRESS 202.364.4960 (home) 301.233.0852 (cell) 202.364.4719 (fax) joseph.bress2@dc.gov joebress@att.net	Vice-Chair, Audit Vice-Chair, Operations Member, Investments	Council Appointee	1/27/20
MARY A. COLLINS 301.248.3784 (home) 301.248.3784 (prior notification) 202.330.3663 (cell) mary.collins@dc.gov mawcollins1144@gmail.com	Chair, Benefits Member, Investment	Retired Teacher	1/27/22
GARY W. HANKINS 202.438.1492 (cell) 240.362.7812 (home) gary.hankins@dc.gov garyhankins@laborcops.com	Secretary/Vice Chair of the Board Chair, Audit Member, Operations Member, Investment	Retired Police	1/27/21

NAME, PHONE, FAX, EMAIL	BOARD ROLES	AFFILIATION	TERM EXPIRES
DARRICK O. ROSS 301.782.2810 (home) 301.520.0686 (cell) darrick.ross2@dc.gov darrick.ross1@dc.gov	Member, Investment Member, Benefits	Active Police	1/27/19
NATHAN SAUNDERS 202.563.2363 (home) 202.213.7081 (cell) nathan.saunders2@dc.gov nasaunders@aol.com	Vice Chair, Benefits Member, Legislative Member, Investments	Active Teacher	1/27/21
EDWARD C. SMITH 202.421.1356 (cell) 202.673.3202 (work) edward.smith6@dc.gov ecsmith36@gmail.com	Chair, Operations Member, Benefits Member, Investment	Active Firefighter	1/27/21
THOMAS N. TIPPETT 301.373.2494 (home) 301.481.7021 (cell) thomas.tippett@dc.gov	Member, Investment	Retired Firefighter	1/27/20
MICHAEL J. WARREN 202.759.5100 (work) 202.257.6777 (cell) 202.759.5101 (fax) michael.warren@dc.gov mwarren@albrightstonebridge.com Donna Christian-Bruce Executive Assistant to Michael Warren (202) 759-0754 (direct) Dchristian-bruce@albrightstonebridge.com	Chair, Investment Member, Legislative	Council Appointee	1/27/19
LENDA P. WASHINGTON 202.986.1158 (home) 202.841.2518 (cell) lenda.washington@dc.gov lwashington@washingtoniallc.com	Vice-Chair, Investments Member, Audit	Mayoral Appointee	1/27/19
JEFFREY BARNETTE 202.727.6288 (work) 202.727.0700 (fax) jeffrey.barnette2@dc.gov jeffrey.barnette@dc.gov Lashanda Talbert Assistant to Jeffrey Barnette (202) 727-0846 Brenda Mathis 202.727.0780 (work) brenda.mathis@dc.gov	Member, Investment	Ex-Officio Representative	

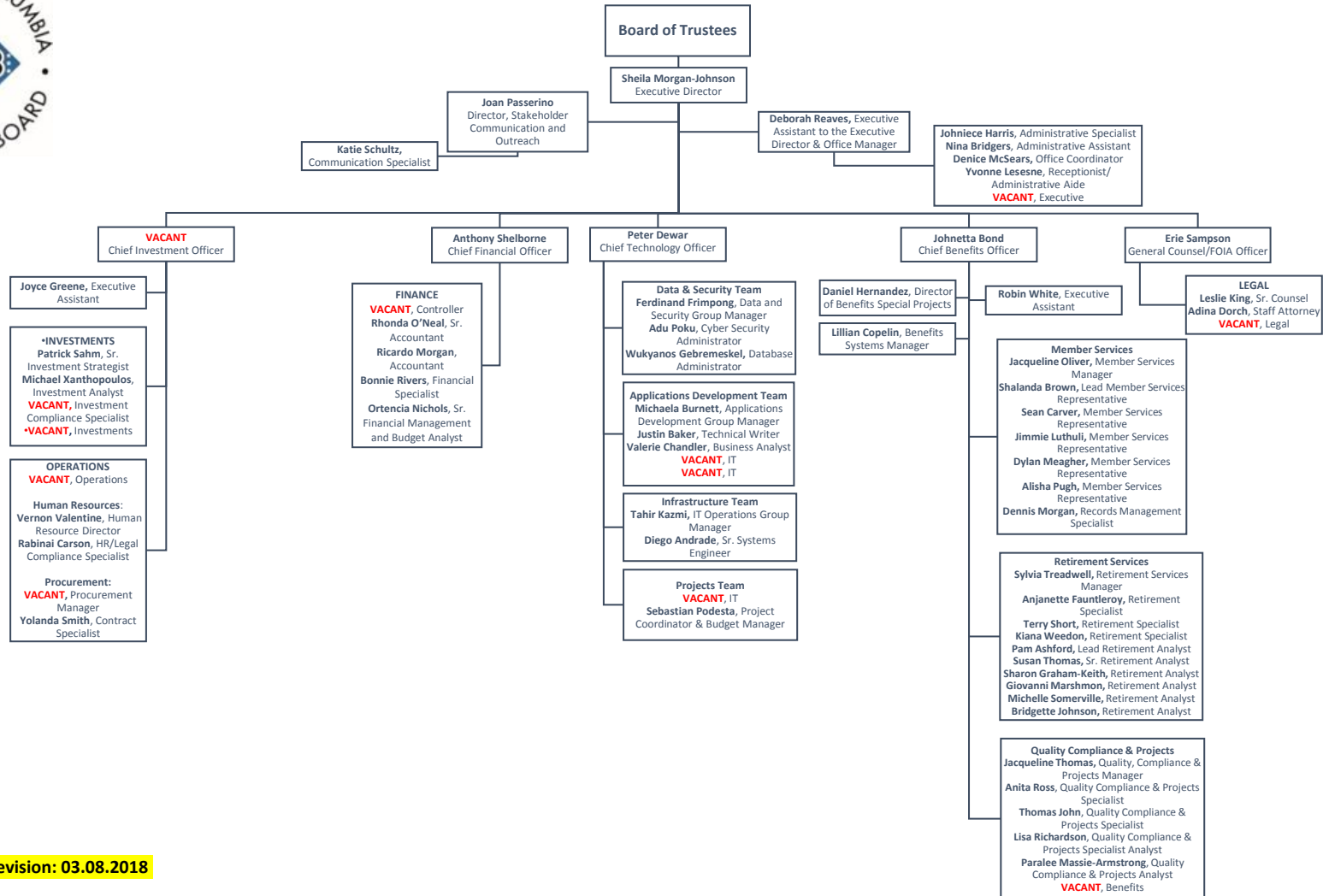
 DC RETIREMENT BOARD TRUSTEE COMMITTEES LIST As of December 14, 2017		
AUDIT	BENEFITS	INVESTMENTS
Gary W. Hankins, Chair	Mary Collins, Chair	Michael J. Warren, Chair
Joseph M. Bress, Vice Chair	Nathan Saunders, Vice Chair	Lenda Washington, Vice Chair
Jan Adams	Darrick Ross	Jan Adams
Lenda P. Washington	Edward Smith	Lyle M. Blanchard
Joseph Clark, Ex-Officio	Joseph Clark, Ex-Officio	Joseph M. Bress
		Joseph W. Clark
		Mary A. Collins
		Gary W. Hankins
		Darrick O. Ross
		Nathan A. Saunders
		Edward C. Smith
		Thomas N. Tippet
		Jeffrey Barnette, Ex-Officio
LEGISLATIVE	OPERATIONS	
Lyle M. Blanchard, Chair	Edward Smith, Chair	
Nathan A. Saunders	Joseph M. Bress, Vice Chair	
Michael J. Warren	Jan Adams	
Joseph W. Clark, Ex-Officio	Gary W. Hankins	
	Joseph W. Clark, Ex-Officio	

NOTE: Chairman Joseph W. Clark, is an ex-officio member of every standing committee, except for the Investment Committee. The Investment Committee is a Committee of the Whole. Trustees can only serve on three (3) Committees.

Approved by Board Chairman: Joseph W. Clark



The District of Columbia Retirement Board (DCRB)



Last Revision: 03.08.2018

Board Meeting - Additional Materials

DC Retirement Board Conference Listing as of March 15, 2018					
Sponsor	Name of Conference	Date	Location	Cost	Description
National Conference on Public Employee Retirement Systems	NCPERS Trustee Educational Seminar (TEDS)	May 12-13, 2018	New York, NY	Registration thru 04/20/2018 \$450 and after \$650	The program provides information on fiduciary responsibilities and address issues that are pertinent elements of trust fund management, investing, legal requirements, and trustee ethics. The course also will provide new trustee with a better understanding of roles and responsibilities and a refresher for the experienced trustees.
	NCPERS Annual Conference & Exhibition (ACE)	May13-16, 2018	New York, NY	Registration thru 04/20/2018 \$800 and after \$1,000	Annual conference is a opportunity to obtain up-to-date information on pension trends, best practices, and information about fiduciary obligations. Also, network with colleagues and hear expert speakers in the pension industry.
International Foundation of Employee Benefit Plans	IFEBP's 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.
	IFEBP's 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	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.
	IFEBP's Public Employee Benefits Institute	June 25-27, 2018	Las Vegas, NV	Registration thru 05/14/2018 \$1,485 and after \$1,785	The conference is designed for public sector trustees, administrators, and staff who work with health and welfare or pension plans. Learn the latest information about benefits, network work with peers developing ideas and workable solutions to implement.
National Association of State Retirement Administrators	2018 NASRA Annual Conference	August 4-8, 2018	San Diego, CA	Registration thru 06/03/2018 \$1,100 and after \$1,200	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****March 15, 2018**

Name	Description	Sponsor/Vendor	Dates		
			Location	From	To
Trustees					
Lyle Blanchard	Conference	2018 Visions, Insights & Perspectives (VIP) Americas	Dana Point, CA	01/24/18	01/26/18
Mary Collins	Conference	National Conference on Public Employee Retirement Systems 2018 Legislative Conference (NCPERS)	Washington, DC	01/28/18	01/30/18
	Conference	CII 2018 Spring Conference(Trustee Workshop)	Washington, DC	03/12/18	03/14/18
Edward Smith	Conference	NCPERS	Washington, DC	01/28/18	01/30/18
Lenda Washington	Conference	NCPERS	Washington, DC	01/28/18	01/30/18
Staff					
Adina Dorch	Training/Education	DC Bar Continuing Legal Education (Government Contracts Basics: Claims & Disputes)	Webinar	02/22/18	02/22/18
Sheila Morgan-Johnson	Conference	NASRA 2018 Winter Meeting	Washington, DC	02/25/18	02/25/18
Joan Passerino	Conference	NCPERS	Washington, DC	01/28/18	01/30/18
	Conference	NASRA	Washington, DC	02/26/18	02/26/18
Sebastian Podesta	Training/Education	Certified ScrumMaster Course (Project Management)	Washington, DC	01/25/18	01/26/18
	Training/Education	Tableau's Government Summit 2018	Washington, DC	02/22/18	02/22/18
Patrick Sahn	Conference	Institutional Limited Partners Association 2018 European Forum (ILPA)	London, England	02/06/18	02/07/18
Yolanda Smith	Training/Education	Management Concepts (Business Decisions for Contracting)	Washington, DC	03/05/18	03/07/18
Michael Xanthopoulos	Due Diligence	Khosla Ventures, Accel-KKR, TCV and DivcoWest	San Francisco, CA and Palo Alta, CA	02/28/18	03/02/18