

# How is LASERS Doing?

*Retiree Workshop  
July 24, 2019*

# Financial Soundness



## Earnings and Savings

### Assets Increased for 9<sup>th</sup> Year:

- 2009 Market Value of LASERS Fund \$6.8 Billion
- 2018 Market value LASERS Fund \$12.2 Billion \*

### Efficiencies:

- Annual Savings Internal Asset Management (sufficient to fund salaries of all staff) \$10 Million
- Savings from External Manager Fee Renegotiation: \$10 Million\*\*

\*FYE 2018 LASERS Valuation

\*\*Assumes certain assumptions on earnings and capital deployment

# Key Valuation Takeaways

## Valuation FYE 2018

- Fund Value Increased \$387 Million
- 30 Year Actuarial Return Average @ 8%
- 30 Year Market Return Average 8.36%
- 5<sup>th</sup> Year Funded ratio increased 64.7%

# Key Valuation Takeaways

## Unfunded Accrued Liability

- UAL (\$6.7 Billion) Decreased \$72 Million
- Paying Principle and Interest. 7<sup>th</sup> year
- Earnings Diverted to Pay Down UAL \$1.5 Billion\*\*\*
- Experience Account Balance \$11 Million

\*\*\* Previously would have been used to fund COLAs.

# Act 339 of 2014

## Cost-of-Living Adjustments: Before and After

- Limited frequency and amount of future COLAs
- Increased amount of system investment gains used to reduce UAL
- Pre Act 399, System could deposit value of two 3% COLAs into Experience Account.
- If System is less than 80% funded, funds for only one COLA (currently based on 1.5% COLA) can be deposited in Experience Account.

# Act 339 of 2014

## Cost-of-Living Adjustments: Before and After

- Excess investment earnings that would have gone to fund COLAs now used to reduce UAL
- Size and frequency of COLAs tied to system funded level
- COLAs limited to every other year until System funded ratio reaches 85%
- COLAs limited to first \$60,000 of a member's retirement benefit (indexed to the CPI-U as of July 1, 2015).