



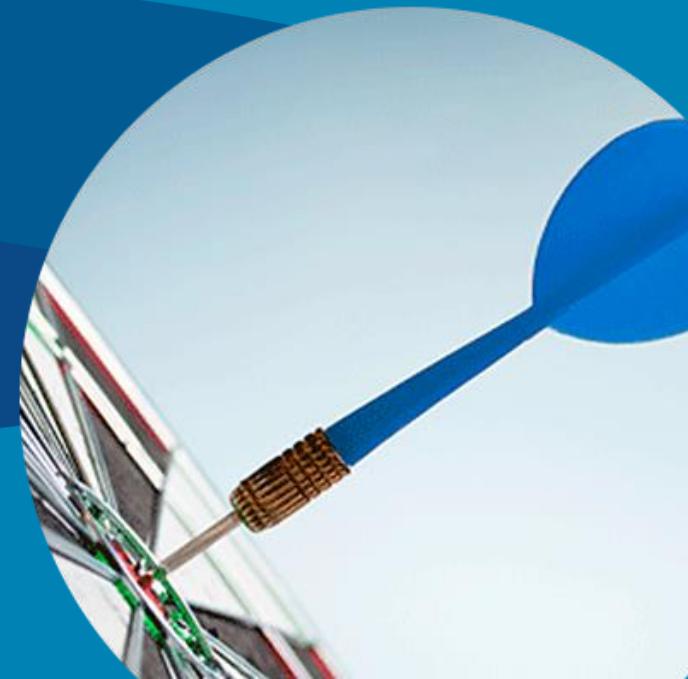
CITY OF LONGMONT

General Employees' Retirement Plan

Actuarial Valuation Results as of
January 1, 2025

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Actuarial Valuation – Purpose

- Actuarial Valuation
 - Prepared as of January 1, 2025
 - Member data
 - Financial data
 - Benefit and contribution provisions
 - Actuarial assumptions and methods
 - Purposes:
 - Measure the actuarial liabilities
 - Determine adequacy of current contributions
 - Provide other information for reporting for accounting and CAFR
 - Explain changes in actuarial condition of the Plan

Member Statistics

- Average active member is around age 44 with 8 years of service and earns approximately \$95,700 annually
- Average retiree, beneficiary, and disabled member is around age 72 and receives a pension benefit of approximately \$24,800 annually

	2024	2025	Change
Active Members			
Count	798	831	4.1%
Average Age	44.5	43.9	(1.3)
Average Service	<u>8.3</u>	<u>7.9</u>	<u>(4.8)</u>
Average Hire Age	36.2	35.9	(0.01)
Payroll	\$72.2 million	\$79.5 million	10.1%
Average Pay	\$90,499	\$95,711	5.8%
Retirees, Beneficiaries and Disabled Members			
Count	490	529	7.95%
Average Age	72.3	72.5	1.01
Average Annual Benefit	\$24,384	\$24,839	1.86

Market Value of Assets (in millions)

- Return on market value of 11.4% (dollar-weighted rate of return)
- Contribution rates historically set at a level to at least meet the actuarially determined contribution.
 - Current employer contributions of 9.4% of pay
 - Tier 1 employee contributions of 7.0% of pay
 - Tier 2 employee contributions of 6.0% of pay

	2024*	2025*
Market Value Beginning of Year	\$180.0	\$204.2
1. Contributions		
a. Contributions from Employer	\$7.2	\$7.9
b. Contributions from Plan Members	3.8	4.6
c. Total	\$11.0	\$12.5
2. Net Investment Income		
a. Interest and Dividends	\$4.4	\$4.7
b. Realized Gain and Unrealized Appreciation	21.3	18.7
c. Total	25.7	23.5
d. Investment Expenses	(0.2)	(0.3)
e. Net Investment Income	\$25.5	\$23.2
3. Benefit Payments and Refunds	\$(12.0)	\$(13.0)
4. Administrative Expenses	(0.1)	(0.2)
Market Value End of Year	\$204.2	\$226.8

*Numbers may not add due to rounding

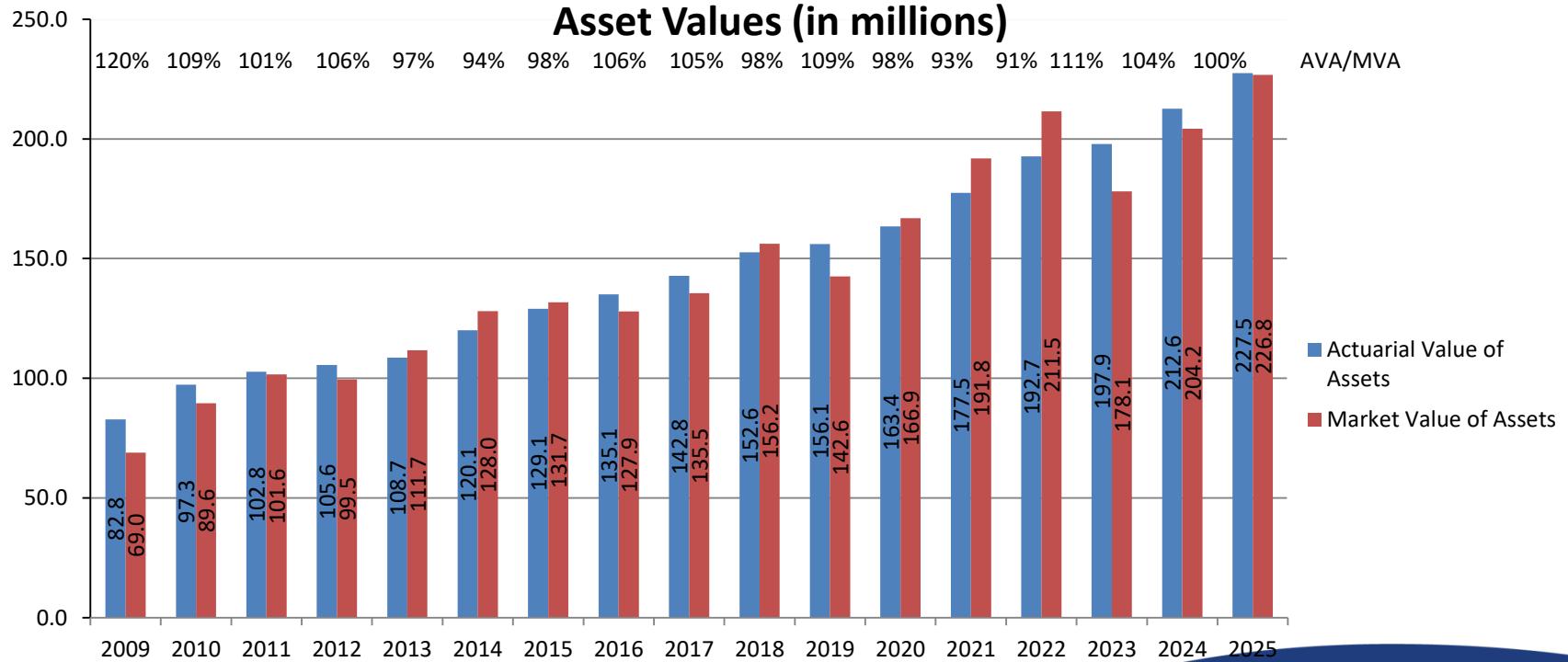
Actuarial Value of Assets

- All actuarial calculations are based on actuarial value of assets, not market value
 - Actuarial value reflects 20% of the difference between last year's expected return on market and the actual return and includes application of the 80%/120% corridor
- Actuarial value of assets is now \$227.5 million, compared to \$212.6 million last year
- Return on Actuarial Value of Assets was 7.3% in calendar year 2024, compared to the 7.0% assumption, resulting in an investment return gain
- Deferred losses of \$0.7 million will contribute to increases to the future contribution requirements

Actuarial Value of Assets:	\$227.5M
Deferred Losses:	<u>(0.7)M</u>
Market Value of Assets:	\$226.8M

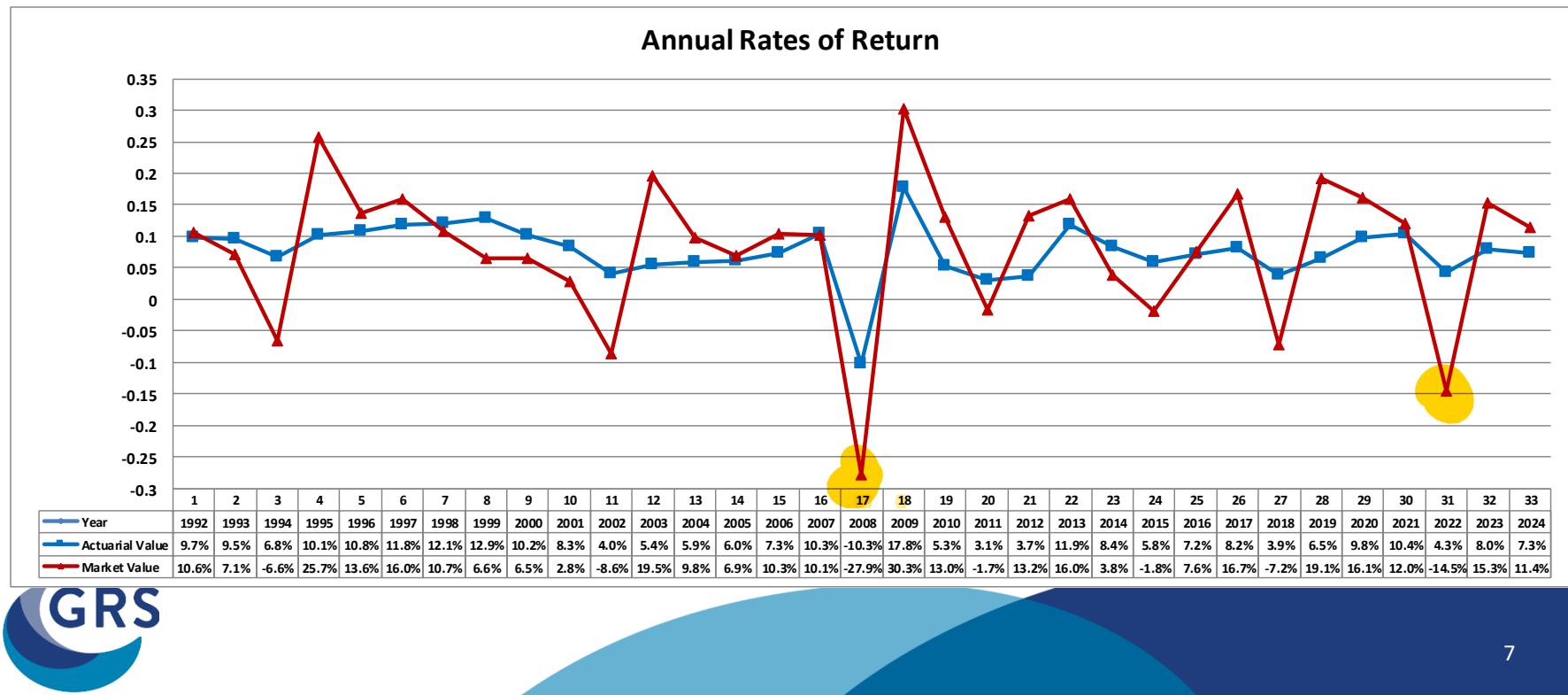
Market and Actuarial Value of Assets

- Actuarial Value of Assets as a percent of Market Value of Assets shown at top of chart
- Actuarial value is 100% of fair market value in 2025; in 2009, it was 120% of fair market value
- \$0.7 million in deferred losses, not yet recognized in the actuarial value



Average Annual Rates of Return

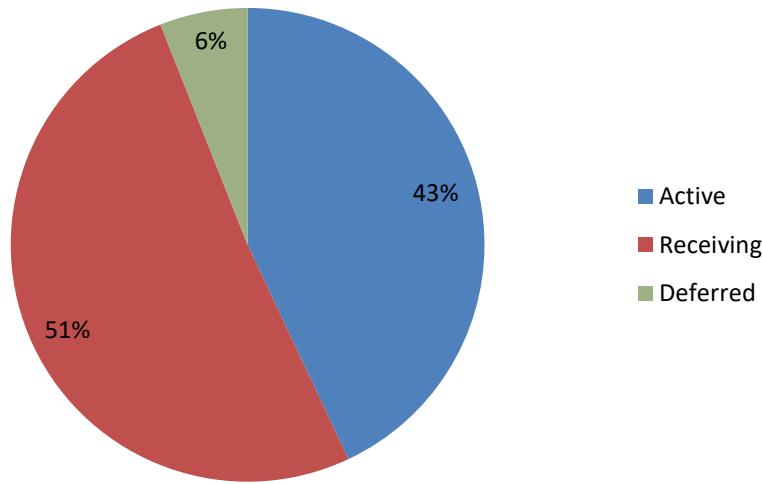
- Actuarial value smoothes market volatility
- 7.3% average return in market value since 1992
- 7.6% average return in actuarial value since 1992
- 7.0% current assumed rate of return



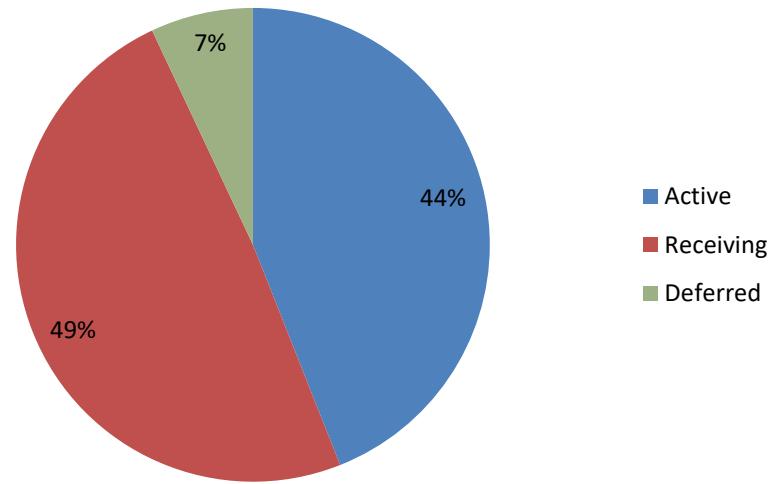
Actuarial Accrued Liability

- Actuarial accrued liability increased from 2024 to 2025, growing more than expected
- Liability (gain)/losses
 - Total liability losses of approximately \$3.0 million of which, \$2.7 million came from higher than expected salary increases
- Plan member growth with more active liability as percent of total

2025 - \$269.9M



2024 - \$254.3M



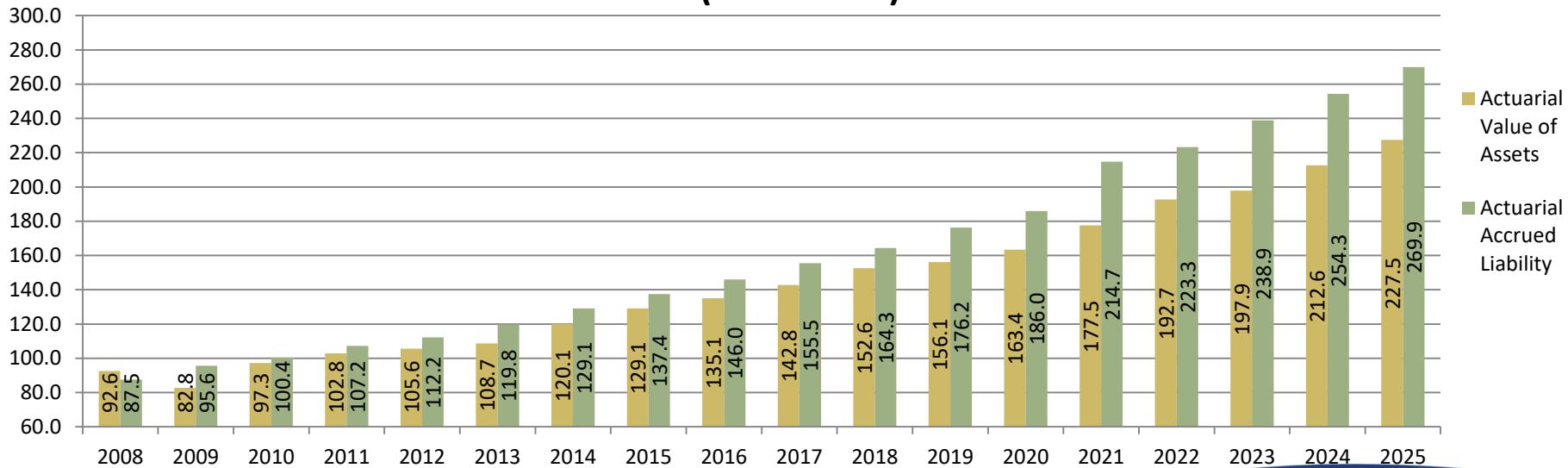
(Gains)/Losses Summary

- Actuarial (gains)/losses due to:
 - Investment return on AVA \$(0.6) million
 - Actual vs. Expected Contributions \$(1.7) million
 - Liabilities \$ 3.0 million
- Total (gains)/losses are \$0.7 million
- Salary increases were higher than expected
- Investment returns were greater than expected
- Losses increased actuarially determined contribution by \$47,000 or 0.06% of pay

Actuarial Value of Assets (AVA) compared to Actuarial Accrued Liability (AAL)

- Liabilities grow as participants earn additional benefits
- The difference between the AVA and AAL is the Unfunded Accrued Liability (or Surplus if assets exceed liabilities)
- The Unfunded Accrued Liability is approximately \$42.4 M in 2025

**Actuarial Value of Assets compared to Actuarial Accrued Liability
(in millions)**



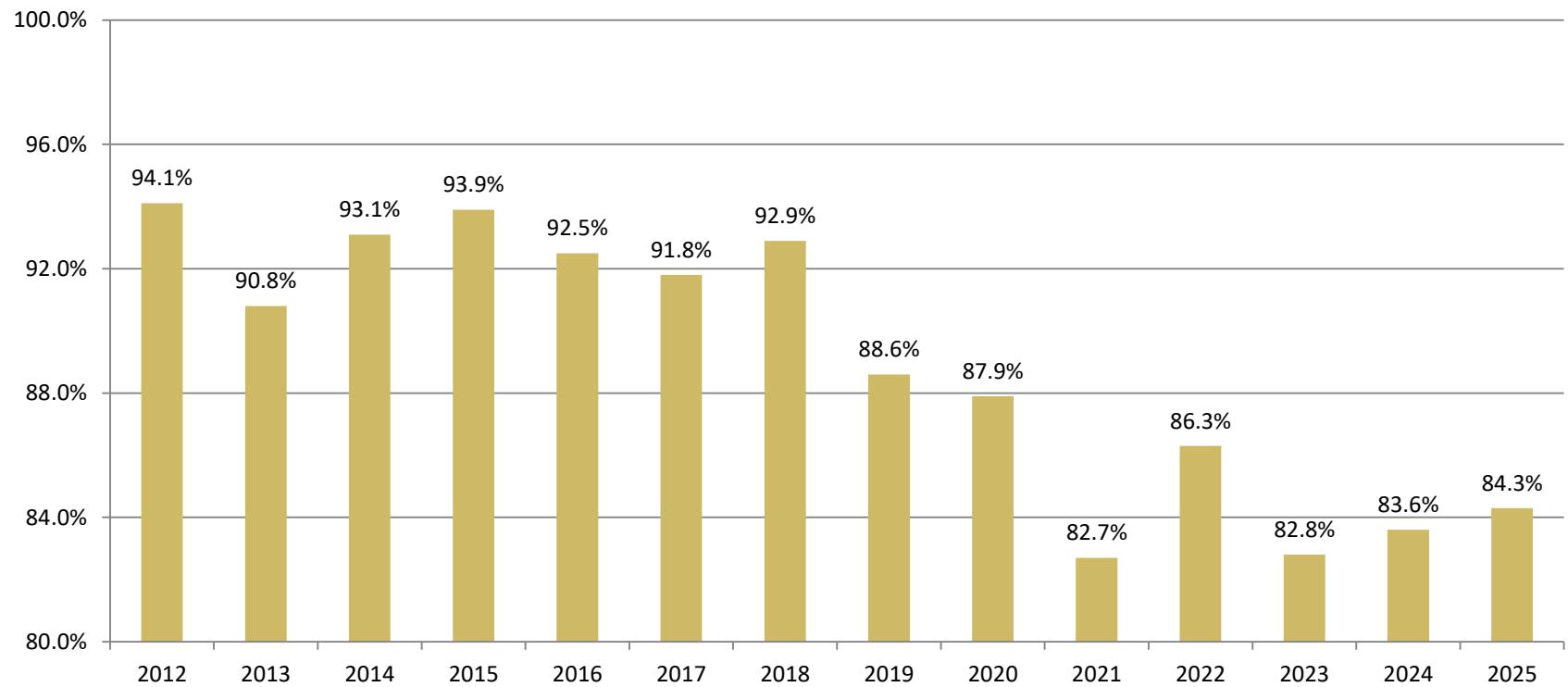
Actuarially Determined Contribution

	January 1, 2024	January 1, 2025		
	Amount (millions)*	% of pay	Amount (millions)*	% of pay
Normal Cost	\$7.9	11.%	\$8.6	10.9%
Amortization of Unfunded over 30 years (level dollar)	\$2.7	3.9%	\$2.9	3.7%
Administration Expenses	<u>\$0.2</u>	<u>0.2%</u>	<u>\$0.2</u>	<u>0.2%</u>
Total Actuarially Determined Contribution	\$10.8	15.2%	\$11.6	14.8%
Estimated Member Contribution	<u>\$4.5</u>	<u>6.3%</u>	<u>\$4.9</u>	<u>6.2%</u>
Actuarially Determined Employer Contribution	\$6.3	8.9%	\$6.7	8.6%

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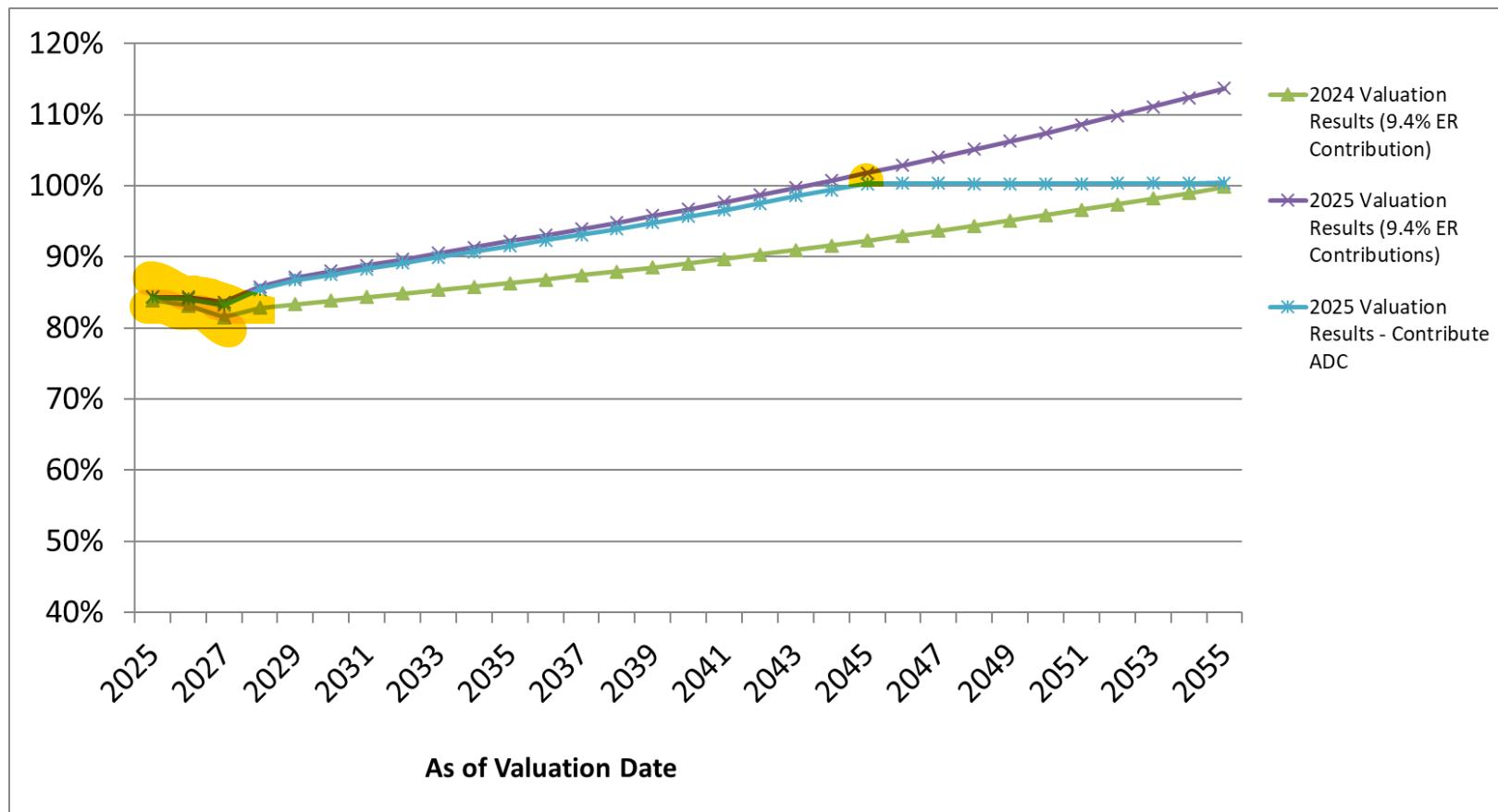
Funded Ratio

- Funded ratio (actuarial value of assets divided by actuarial accrued liability) increased from 83.6% to 84.3%



Long Term Projections

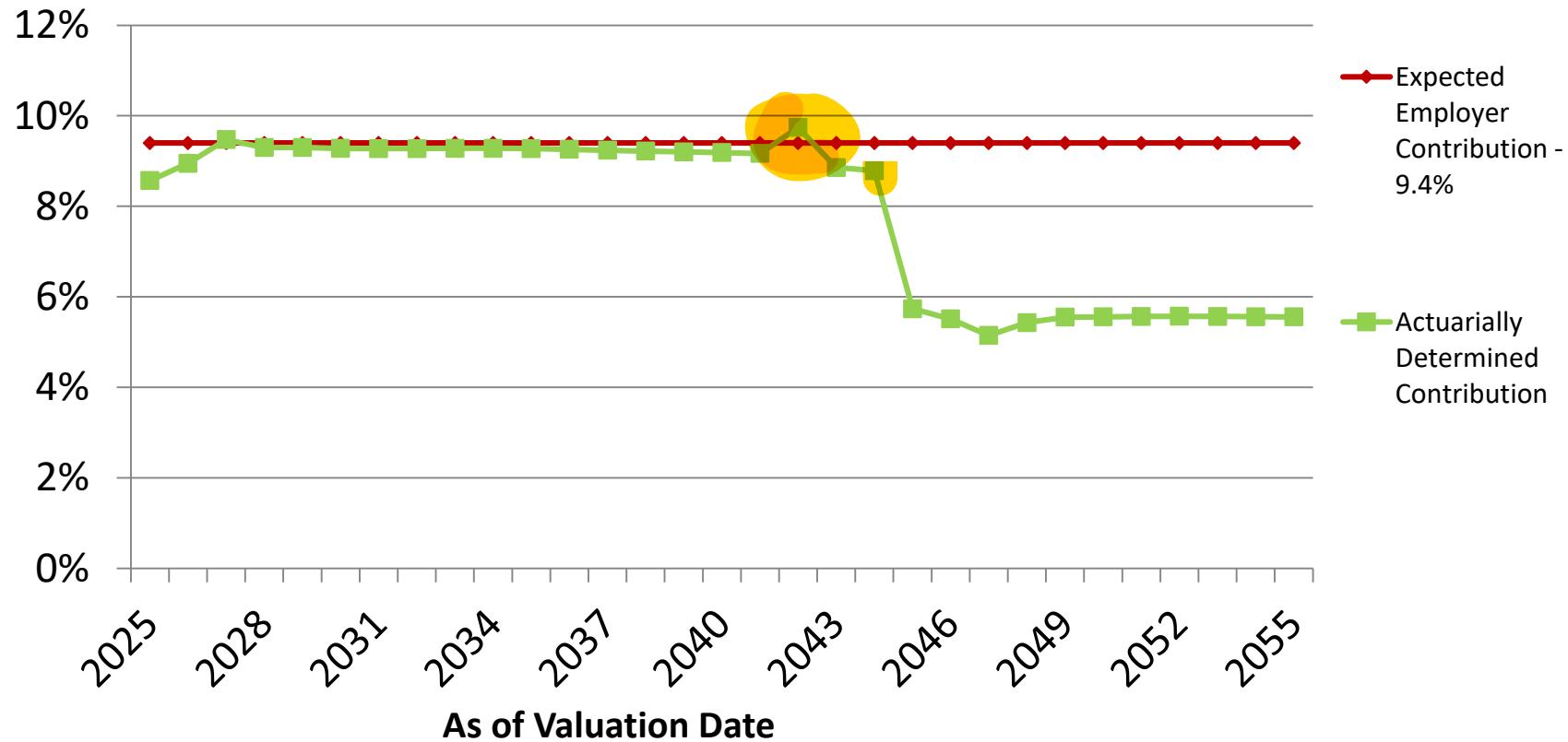
Funded Ratio



- Plan has a history of making additional contributions to satisfy ADC.

Long Term Projections

Contributions as % of Pay



Valuation Summary

- Plan is well funded relative to many of its peers
- Contributions in 2025
 - Total actuarially determined contribution (ADC) rate = 14.8%
 - Current expected Contribution Excess over ADC = 0.8%
- Plan is projected to reach full funding in 2045 if additional contributions are made to meet the ADC, and 2044 if employer contributions remain at 9.4%
- Recommend maintaining the 9.4% employer rate
- Increases in salary due to high short term inflation could slow the growth to full funding but the trajectory is still reasonable
- Short term asset returns will have an outsized impact on the projected funded status
- Important not to over-react to good news or bad news as we are long term investors