

Lexington Fayette Urban County Government City Employees' Pension Fund

Financial Impact with an increase in Retirees'

Benefits

November 4, 2021



Financial Impact with an increase in Retirees' Benefits

• The analysis below shows the impact on the amount of projected payments, the AAL, and Funded Ratio if the base level of retiree benefits is increased from 3% to 6%.

	Current Scenario	Base Adjustment Increase 3.0%	Base Adjustment Increase 4.0%	Base Adjustment Increase 5.0%	Base Adjustment Increase 6.0%
Nominal Dollars of Projected Payments ²	\$ 9,115,389	\$ 9,388,851	\$ 9,480,005	\$ 9,571,158	\$ 9,662,312
Actuarial Accrued Liability ¹	\$ 6,115,683	\$ 6,291,870	\$ 6,352,957	\$ 6,414,043	\$ 6,475,130
Funded Ratio ¹	592.9%	576.3%	570.8%	565.3%	560.0%
Liability Defeasing Portfolio ³	\$ 8,369,817	\$ 8,620,913	\$ 8,704,612	\$ 8,788,311	\$ 8,872,010

(3) Amount required for the Liability Defeasing Portfolio is discounted at a rate of 1.27%.

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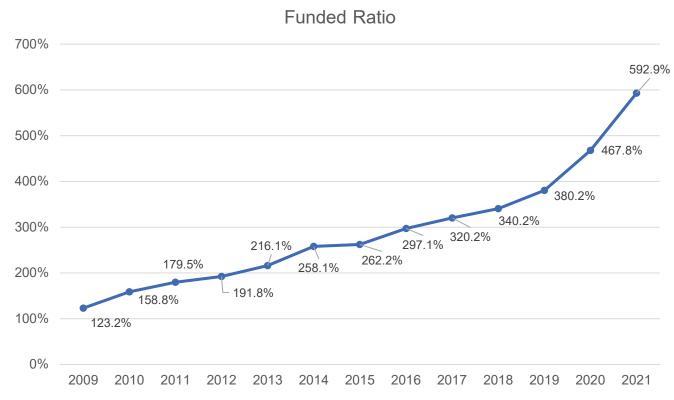
⁽¹⁾ Actuarial Accrued Liability and Funded Ratio is provided within the "Report on the Valuation of the Lexington Fayette Retirement System for Employees of the Urban County Government prepared by Cavanaugh Macdonald Consulting, LLC prepared as of July 1, 2021, under Current Scenario.

⁽²⁾ Provided by Todd Green of Cavanaugh Macdonald Consulting in an excel spreadsheet.



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- The Funded Ratio continues to improve.
- Any proposed base adjustment is anticipated to keep the Funded Ratio significantly higher than Funded Ratio as of July 1, 2020.



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