Employee Pension Board of Trustees
Pension Board Meeting Agenda
September 25, 2019
5:30 PM
Mayor's Conference Room
300 N. New Ballas Road

Call to Order

Approve Agenda

Approve Minutes

Approval of July 23, 2019 Employee Pension Board of Trustees Pension Board Meeting Minutes

Reports

New Business

Actuarial Report as of July 1, 2019

OPEB Report

Buyout Program

Old Business

Adjournment

Employee Pension Board of Trustees
Pension Board Meeting Minutes
July 23, 2019
5:30 PM
Administrative Conference Room
300 N. New Ballas Road

Call to Order

Steve Unser	Employee Rep	
Ellen Lawrence	Council	
Kelly Sullivan	Board Member	
Jon McIntosh	Employee Rep	
David Caldwell	Vice-Chair	(Absent)
Michael Karasick	Chair	
Carol Lippman	Future Board Member	
Lori Obermoeller	Director of Finance	
Doug Koester	Commerce Bank	
John Bascio	Commerce Bank	
John Hefele	Fiduciary Advisors	
Todd Grizzle	Fiduciary Advisors	

Approve Agenda

Motion to Approve Amended Agenda

Agenda was amended to defer Review of City Audit until David Caldwell could attend.

RESULT:	**AMENDED [UNANIMOUS]**
MOVER:	Kelly Sullivan, Board Member
SECONDER:	Ellen Lawrence, Council
AYES:	Unser, Lawrence, Sullivan, McIntosh, Karasick
ABSENT:	Caldwell

Approve Minutes

Approval of April 16, 2019 Employee Pension Board of Trustees Pension Board Meeting Minutes

Mr. Karasick started the meeting by asking everyone to go around the room to introduce themselves since the future board member Carol Lippman was present. This was Kelly Sullivan's last meeting due to his term limit expiring in August. Carol Lippman will be replacing Mr. Sullivan. Carol is a charter financial analyst that wants to share her knowledge with others and thought this would be a good way to do that. She said it will be an honor to serve on the Board.

Employee Pension Board of Trustees
Pension Board Meeting Minutes
July 23, 2019
5:30 PM
Administrative Conference Room
City of Creve Coeur
300 N. New Ballas Road

RESULT:	**ACCEPTED [UNANIMOUS]**
MOVER:	Ellen Lawrence, Council
SECONDER:	Steve Unser, Employee Rep
AYES:	Unser, Lawrence, Sullivan, McIntosh, Karasick
ABSENT:	Caldwell

Reports

Commerce

Doug Koester with Commerce Bank went through the June 30, 2019 report. Assets are at approximately $7.3M. Corporates performed the best for the quarter. P. 14 shows the ladder portfolio with only 10-15% in longer than 20 years. P. 15 demonstrates a conservative portfolio. P. 16 show that Credits came back in the 4th quarter. Mortgage Backeds are down. P. 19 shows how the bond market bounces around. Junk bonds bounced back this year. Rates are decreasing because they want to see the yield curve get back in shape. Things are not too bad in global banks. It's an Inverted yield curve due to low inflation. It's a sign of a recession coming and slow growth. The 1st quarter 2019 growth was reported at 3.1%. Growth is projected to moderate to about 2% for the rest of 2019. The country's unemployment rate ticked up to 3.7% as more job seekers entered the workforce.

Fiduciary Advisors - Quarterly Report

Todd Grizzle with Fiduciary Advisors (FA) said he wanted to go through the quarterly report fairly quickly so he could spend more time going through the follow up items. P. 34 shows overall allocation as of June 30, 2019. Alternatives were steady. Equities were slightly over weighted and Fixed Income was slightly under weighted, but as of now, nothing is close to the limits. P. 36 shows the combined portfolio (including Commerce). Looking at the trailing 12 months, we are at 6%, which is up from the index. Looking at the Annualized 10 Year, it looks good at 9.2%. P. 40 shows the Equity only fees with the expense ratio at .08%, Schwab trading fees for FY YTD at $185 and Fiduciary Advisors fees for the FY at $20,000.

New Business

Investment Policy Review With FA's Recommendations

Mr. Grizzle then handed out the Investment Policy Review July 2019 which will address several of the follow-ups from the last meeting (asset allocation, current investment policy allocations, FA's recommended revised allocation, capital market assumptions and likelihood of 6.75% return with 70/30 allocation). Mr. Grizzle said that there is no one perfect asset allocation…perfect doesn't exist. The key is to determine an "appropriate" asset allocation (have evidence to back it up) and stay discipline to that allocation. Asset Class Selection is the most important determinant of portfolio performance (determines 94% of the return variance). The vast majority of a portfolio's returns variance is determined by asset class selection. Only a small portion is determined by market timing and security selection. Mr. Grizzle said there is a hierarchy of decisions with the time of the horizon being the most important part of the investment strategy. He asked the Board what their answer was on this? Mr. Karasick said, "till the last person dies, so at least 60+ years. We still have active employees". P. 5 of the handout showed the current investment policy allocation with lower and upper limits. P. 6 shows only the Equity Investment Policy Allocation. At the last meeting FA was asked what allocation they would recommend. And FA, as always, provides research to all of their recommendations and that is what they base it off of. P. 7 shows their recommendations. They had 3 main changes: US is over-valued and Foreign is under-valued, so they would 1). reduce US 4% and 2). increase Foreign 4%. And the 3rd thing that they would do is reduce Commodities by 4% moving it into the Foreign. Foreign - Value is the only new asset class that they were recommending to add. If these changes had been made 1 year ago, the returns would have been lower. However, over the last 10 years, the returns would have been in the upper range.

Ms. Lawrence's biggest concern is with China and them not reporting correctly. Mr. Karasick said that China is merging market and that's a small piece of Foreign/International (like maybe 5%). Mr. Karasick asked how the group felt about the recommendations from FA. Most agreed to move Commodities to International. International has done better than Commodities. Mr. Karasick said that he trusts the advisors and their recommendations. Mr. Sullivan said this was a large change and rather than making such a large change, he would like to see a more gradual change. Emerging and Developed is what Mr. Sullivan would like to see with International. Most of the Board agreed with Mr. Sullivan, so Ms. Lawrence made a motion and Mr. Unser seconded that FA break out Emerging Market (all were in favor). Everyone agreed to move Commodities to Inernational, but not lower US large to Mid Cap. They did also agree to reduce US exposure some and increase in Foreign. Ms. Lawrence made a motion to reduce Large Blend 2%, but not change Mid Cap, and to reduce Commodities by 4%. The Board will let FA determine the Foreign allocation. Mr. McIntosh seconded. All were in favor. FA

Mr. Karasick asked FA if they needed to consider lowering the interest rate assumption of 6.75%. Mr. Grizzle reminded that Board that the Actuary already said the Plan was pretty good when compared to others, and that the Plan already had one of the lowest interest rates at 6.75%, so they would not recommend changing the interest rate assumption at this time. Ms. Lawrence also reminded the Board that the Council has been really supportive of the Board's recommendations, but they really can't afford to drop the rate at this time.

John Hefele with FA recommended moving either $1M or 35% of the $2M out of equities to fixed for the Buyout Option that is scheduled to occur in October. The Board agreed to set up a separate account in Schwab for $800,000, which was 40% of the $2M that will be eligible for the Buyout Program. Mr. Sullivan made a motion to move $800,000 from Equities and put in a separate bucket. Ms. Lawrence seconded. All were in favor.

Mr. Karasick brought up the Conflict of Interest Policy and asked if it should be added to the Investment Policy. Mr. Grizzle didn't believe that was the appropriate place to add. He believes it should be a separate document so that new members can sign and not have it attached to the Investment Policy. Mr. Karasick asked that we put the Conflict of Interest on the next agenda to discuss.

Employee Pension Board of Trustees
Pension Board Meeting Minutes
July 23, 2019
5:30 PM
Administrative Conference Room
City of Creve Coeur
300 N. New Ballas Road

Motion for Fiduciary Advisors to Break Out Emerging Market

Motion for FA to break out Emerging Market

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Ellen Lawrence, Council
SECONDER:	Steve Unser, Employee Rep
AYES:	Unser, Lawrence, Sullivan, McIntosh, Karasick
ABSENT:	Caldwell

Motion to Reduce Large Blend by 2%, not change Mid Cap, and to Reduce Commodities by 4%. The Board will let FA Determine the Foreign Allocation.

A motion to reduce Large Blend by 2%, not change Mid Cap, and to reduce Commodities by 4%. The Board will let FA determine the Foreign allocation.

RESULT:	**APPROVED [4 TO 0]**
MOVER:	Ellen Lawrence, Council
SECONDER:	Jon McIntosh, Employee Rep
AYES:	Lawrence, Sullivan, McIntosh, Karasick
ABSENT:	Caldwell
RECUSED:	Unser

Motion to Move $800,000 from Equities and put it in a Separate Bucket

A motion to move $800,000 from Equities and put in a separate bucket.

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Kelly Sullivan, Board Member
SECONDER:	Ellen Lawrence, Council
AYES:	Unser, Lawrence, Sullivan, McIntosh, Karasick
ABSENT:	Caldwell

Creve Coeur IPS Revised Effective May 18

Creve Coeur IPS Revised Draft 0119

Discussion of Assumption & Asset Allocation Review/Update

Approval of Affirmative Action Plan and Report

Employee Pension Board of Trustees
Pension Board Meeting Minutes
July 23, 2019
5:30 PM
Administrative Conference Room
City of Creve Coeur
300 N. New Ballas Road

Review City Audit Report-(CAFR)

Deferred until David Caldwell can be there to explain

RESULT:	**DEFERRED [UNANIMOUS]**
MOVER:	Kelly Sullivan, Board Member
SECONDER:	Ellen Lawrence, Council
AYES:	Unser, Lawrence, Sullivan, McIntosh, Karasick
ABSENT:	Caldwell

Review of Pension Audit

Deferred until David Caldwell can be there to explain

RESULT:	**DEFERRED [UNANIMOUS]**
MOVER:	Kelly Sullivan, Board Member
SECONDER:	Ellen Lawrence, Council
AYES:	Unser, Lawrence, Sullivan, McIntosh, Karasick
ABSENT:	Caldwell

Old Business

Lump Sum Buyout Proposal

Ms. Obermoeller stated that she has been working on the Buyout Letter, the Buyout Application, the Q&A and other documents for the Buyout Program with the City Attorney and the Actuary. The Ordinance to change the Plan to allow a one-time Buyout Option will be put on a future Council Agenda. Everything is going well with the setup of the Program.

Retirements

None

Information

Invoices Paid Since April 16, 2019

Only 1 invoice has been paid since the last meeting.

Meeting Calendar

Adjournment

Motion to Adjourn

Mr. Karasick asked that the RFP/RFQ for Advisory Services be put on the next agenda. What is the process? Do we need to go out to bid?

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Jon McIntosh, Employee Rep
SECONDER:	Kelly Sullivan, Board Member
AYES:	Unser, Lawrence, Sullivan, McIntosh, Karasick
ABSENT:	Caldwell

Milliman

RETIREMENT PLAN FOR EMPLOYEES OF THE CITY OF CREVE COEUR

Actuarial Valuation Report
July 1, 2019

Prepared by

Michael J. Zwiener, FSA
Consulting Actuary

William Winningham, EA, MAAA
Consulting Actuary

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Table of Contents

Introduction and Purpose

In this report, we present the results of the July 1, 2019 actuarial valuation for the Retirement Plan for Employees of the City of Creve Coeur.

Purposes of the Valuation

The actuarial valuation of the Plan is intended to accomplish several purposes:

(a) In general, the determination of current levels of employer contributions which, together with prior funding, will accumulate monies sufficient to meet benefit payments when due under the terms of the Plan;

(b) review plan experience for the year ended on the valuation date to ascertain whether the assumptions and methods employed for valuation purposes are reflective of actual events and remain appropriate for prospective application; and

(c) assessment of the relative funded position of the plan on an ongoing basis, i.e., through a comparison of plan assets and projected plan liabilities.

Actuarial Certification

As requested, we have performed an actuarial valuation of the Retirement Plan for Employees of the City of Creve Coeur as of July 1, 2019 for the Plan Year ending June 30, 2020. Our findings are set forth in this actuary's report. This report reflects the benefit provisions in effect on July 1, 2019.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the the Plan's Administrative Staff. This information includes, but is not limited to, statutory plan provisions, employee data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

All costs, liabilities, rates of interest, and other factors for the Plan have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the Plan and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the Plan. Further, in our opinion, each actuarial assumption used is reasonably related to the experience of the Plan and to reasonable expectations which, in combination, represent our best estimate of anticipated experience under the Plan.

This valuation report is only an estimate of the Plan's financial condition as of a single date. It can neither predict the Plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of Plan contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements. The City has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in this report.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the Fund. The calculations in the enclosed report have been made on a basis consistent with our understanding of the Fund's funding requirements and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Actuarial Certification

Milliman's work is prepared solely for the internal business use of the City of Creve Coeur and its employees (for their use in administering the Plan). To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions:

(a) The System may provide a copy of Milliman's work, in its entirety, to the System's professional advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the System.

(b) The System may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their specific needs.

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the City. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and has been prepared in accordance with generally recognized accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

We respectfully submit the following report, and we look forward to discussing it with you.

Michael J. Zwiener, FSA
Consulting Actuary

William Winningham, EA, MAAA
Consulting Actuary

Discussion of Valuation Results

Actuarially Determined Contribution

The results of this valuation are used to actuarially determine contribution amounts to the Fund for the July 1, 2019 - June 30, 2020 fiscal year. A comparison of actuarially determined contribution amounts for the current and immediately preceding valuation are summarized below:

	Actuarial Valuation as of	
	July 1, 2018	**July 1, 2019**
Actuarially Determined Employer Contribution*	$1,262,474	$1,252,981
Actuarially Determined Employer Contribution**	$1,347,691	$1,337,557
Actual Employer Contribution	$1,307,755	N/A

* Assuming payment as of first day of plan year
**Assuming payment as of last day of plan year

Plan Assets

The market value of plan assets increased from $25,729,821 at July 1, 2018 to $26,718,920 at June 30, 2019. A balance sheet and statement of income and disbursements are presented on pages 7 and 8. Investment income (net of expense) was $1,412,380 for a return of 5.5%. During the prior year, investment return was 7.7%. Contributions to the fund were $1,394,369 and benefit payments were $1,817,650.

Valuation assets are defined to be actuarial value using an asset smoothing method. On an actuarial value basis, fund assets are $26,870,606 on July 1, 2019, compared to $25,291,347 on July 1, 2018. Net investment income was $2,002,540 for return of 8%. The development of the actuarial value of assets is shown on page 9.

Actuarial Assumptions, Methods and Plan Provisions

An explicit provision was included in calculating the Actuarially Determined Contribution by adding assumed administrative expenses for the current year. The assumed administrative expenses are a two year average of administrative expenses from the previous two years.

All other actuarial assumptions, methods, and Plan provisions remained the same as the prior valuation. Descriptions of all actuarial assumptions, methods, and Plan provisions can be found on pages 13-16.

Plan Population

The number of active participants decreased from 40 on July 1, 2018 to 36 on July 1, 2019. The number of retirees/beneficiaries/disableds increased from 78 to 81, and the number of deferred vested participants remained at 29.

Discussion of Valuation Results

Plan Experience

Plan experience resulted in an overall experience gain for the plan year ending June 30, 2019. The gain is primarily due to the actuarial assets earning in excess of the assumed 6.75% as well as a net gain on liability.

GASB 67/68

Results under GASB 67 and 68 are presented in a separate report.

Funded Status - Accrued Benefit Basis

Another measure of a plan's funded status is the relationship of the market value of plan assets to the present value of benefits accrued to date. The amounts for the current and prior year are shown in the following table:

	Valuation Date **July 1, 2018**	Valuation Date **July 1, 2019**
a) Present Value of Vested Accrued Benefits	$29,678,099	$30,215,324
b) Present Value of All Accrued Benefits	$30,192,891	$30,676,622
c) Market Value of Assets	$25,729,821	$26,718,920
d) Ratio: (c)/(a)	86.7%	88.4%
e) Ratio: (c)/(b)	85.2%	87.1%

The interest discount utilized for this purpose was 6.75% in 2018 and 2019. The discount rate that is required to value plan liabilities on a settlement basis is typically lower than the "ongoing basis" discount rate. Therefore, these amounts should not be used to assess the plan's funded status on a settlement basis.

Funded Status - Actuarial Accrued Liability Basis

The most common measure of a public sector plan's funded status is dividing the Plan Assets by the Actuarial Accrued Liability. As of the valuation date, this ratio is 82.7% using Actuarial Value of Assets and 82.3% using the Market Value of Assets.

Summary of Valuation Results

	Valuation Date July 1, 2018	Valuation Date July 1, 2019
Participant Data		
Number of Participants		
Active participants	40	36
Terminated vested participants	29	29
Retirees and beneficiaries	78	81
Total	147	146
Assets		
Market Value of Assets	25,729,821	26,718,920
Investment Yield	7.7%	5.5%
Actuarial Value of Assets	25,291,347	26,870,606
Investment Yield	6.9%	8.0%
Actuarial Present Values		
Accrued Liability	32,083,624	32,474,104
- Actuarial Value of Assets	25,291,347	26,870,606
Unfunded Accrued Liability	6,792,277	5,603,498
Funded Ratio (Market Value Basis)	80.2%	82.3%
Funded Ratio (Actuarial Value Basis)	78.8%	82.7%
Costs and Contributions		
Normal Cost	291,592	272,815
% of Covered Payroll	9.0%	10.4%
Actuarially Determined Contribution	1,262,474	1,252,981
% of Covered Payroll	39.2%	48.0%
Funded Status of Accumulated Benefits		
Present Value of Accrued Benefits	30,192,891	30,676,622
Funded Ratio (Market Value Basis)	85.2%	87.1%
Funded Ratio (Actuarial Value Basis)	83.8%	87.6%

Statement of Assets as of June 30, 2019

Assets	**Market Value**
Commerce	$7,343,612
Schwab	19,375,308
Total Assets	26,718,920
Liabilities	
None	
Net Assets	$26,718,920

Statement of Income and Disbursements

Market Value of Assets as of July 1, 2018	$25,729,821
Income	
Employer Contributions	1,307,755
Employee Contributions	86,614
Interest and Dividends	696,876
Net Appreciation/(Depreciation)	787,770
Investment Expenses	(20,000)
Total Income	2,859,015
Disbursements	
Employee Benefit Distributions	1,817,650
Administrative Expenses	52,266
Total Expenses	1,869,916
Net Increase (Decrease)	989,099
Market Value of Assets as of June 30, 2019	$26,718,920
Net Rate of Return	5.5%

Development of Actuarial Value of Assets

1. Actuarial Value Beginning of Year	$25,291,347
2. Market Value End of Year	26,718,920
3. Market Value Beginning of Year	25,729,821
4. Non-Investment Cash Flows [(1)]	(423,281)
5. Investment Income	
a. Market Total: (2) - (3) - (4)	1,412,380
b. Assumed Rate of Return	6.75%
c. Expected Investement Return [(2)]	1,722,477
d. Gain/(Loss): (5a) - (5c)	(310,097)
6. Phased-In Recognition of Investment Income	
a. Current Year: (1/3) x (5d)	(103,366)
b. (1/3) of Gain/(Loss) during plan year ending June 30, 2018	55,049
c. (1/3) of Gain/(Loss) during plan year ending June 30, 2017	328,380
d. Phased-In Investment Gain to be Recognized in Current Year: (6a) + (6b) + (6c)	280,063
7. Actuarial Value End of Year: (1) + (4) + (5c) + (6d)	$26,870,606
8. Excess of Market Value over Actuarial Value: (2) - (7)	(151,686)
9. Approximate Rate of Return on Actuarial Value	8.0%
10. Ratio of Actuarial Value of Assets to Market Value of Assets: (7) / (2)	100.6%

[(1)] Contributions less benefit payments
[(2)] Assumed Rate times (3) + (4) times Assumed Rate/2

Communication: Actuarial Report as of July 1, 2019 (New Business)

Statement of Accrued Benefits

	July 1, 2018	July 1, 2019
1. Accumulated Plan Benefits		
a. Actuarial Present Value of Vested Benefits		
i. Participants currently receiving payments	18,545,877	19,268,530
ii. Active Participants	8,892,656	8,566,961
iii. Deferred Vested Participants	2,239,566	2,379,833
iv. Total Vested Benefis	29,678,099	30,215,324
b. Actuarial Present Value of Non-Vested Benefits	514,792	461,298
c. Total Actuarial Present Value of Accumulated Plan Benefits: (aiv) + (b)	30,192,891	30,676,622
2. Net Assets (Market Value) available for benefits	25,729,821	26,718,920
3. Funded Ratio		
a. Vested Benefits: (2) / (1aiv)	86.7%	88.4%
b. Accumulated Benefits: (2) / (1c)	85.2%	87.1%
4. Net Assets (Actuarial Value) available for benefits	25,291,347	26,870,606
5. Funded Ratio		
a. Vested Benefits: (4) / (1aiv)	85.2%	88.9%
b. Accumulated Benefits: (4) / (1c)	83.8%	87.6%

Development of Actuarially Determined Contribution

	July 1, 2019
1. Accrued Liability	
a. Active Participants	$10,825,741
b. Terminated Vested Participants	2,379,833
c. Retired Participants	19,268,530
d. Total	32,474,104
2. Actuarial Value of Assets	26,870,606
3. Funded Ratio: (2) / (1d)	82.7%
4. Covered Payroll	2,611,428
5. Unfunded Actuarial Liability (UAL)	5,603,498
a. Outstanding UAL from July 1, 2015	4,724,214
b. Outstanding UAL after July 1, 2015	879,284
6. Normal Cost:	
a. Entry Age Normal Cost	272,815
b. Expected Employee Contributions	78,343
i. As a percentage of Covered Payroll: (6b) / (3)	3.0%
c. Employer Normal Cost without Expenses: (6a) - (6b)	194,472
ii. As a percentage of Covered Payroll: (6c) / (3)	7.4%
d. Assumed Administrative Expenses	48,200
e. Employer Normal Cost including Expenses: (6c) + (6d)	242,672
7. 10-Year Amortization of UAL from July 1, 2015	921,296
8. 15-Year Amortization of Additional UAL after July 1, 2015	89,013
9. Employer Cost	
a. Actuarially Determined Contribution: (6e) + (7) + (8)	1,252,981
b. Payable as of the end of the plan year: (9a) x 1.0675	1,337,557
c. As a percentage of Covered Payroll: (9a) / (4)	48.0%

Historical Investment Returns on Market Value Basis

Year Ended June 30	Annual	Cumulative	Rate of Return Last 5 Years	Last 10 Years	Last 20 Years
1995	8.09%	8.09%	N/A	N/A	N/A
1996	14.35%	11.18%	N/A	N/A	N/A
1997	18.08%	13.43%	N/A	N/A	N/A
1998	17.31%	14.39%	N/A	N/A	N/A
1999	8.46%	13.18%	13.18%	N/A	N/A
2000	9.27%	12.52%	13.42%	N/A	N/A
2001	-5.76%	9.70%	9.12%	N/A	N/A
2002	-10.64%	6.93%	3.20%	N/A	N/A
2003	1.59%	6.32%	0.28%	N/A	N/A
2004	13.39%	7.01%	1.17%	7.01%	N/A
2005	6.21%	6.93%	0.60%	6.82%	N/A
2006	8.62%	7.07%	3.50%	6.27%	N/A
2007	16.67%	7.78%	9.17%	6.14%	N/A
2008	-8.15%	6.56%	6.99%	3.58%	N/A
2009	-18.25%	4.69%	0.21%	0.69%	N/A
2010	12.16%	5.14%	1.31%	0.95%	N/A
2011	19.62%	5.94%	3.28%	3.39%	N/A
2012	0.23%	5.62%	0.19%	4.58%	N/A
2013	12.87%	5.99%	4.41%	5.69%	N/A
2014	17.86%	6.55%	12.34%	6.10%	6.55%
2015	1.99%	6.33%	10.22%	5.67%	6.24%
2016	1.15%	6.09%	6.58%	4.92%	5.59%
2017	11.43%	6.32%	8.87%	4.44%	5.29%
2018	7.69%	6.37%	7.85%	6.12%	4.84%
2019	5.50%	6.34%	5.48%	8.86%	4.69%

Actuarial Methods

Following are brief descriptions of the actuarial cost and asset valuation methods used in the valuation.

Actuarial Cost Method

Entry Age Normal

The Entry Age Normal Cost Method on an individual basis is used. Normal costs are computed as a level percentage of pay.

The Unfunded Entry Age Accrued Liability as of July 1, 2015 is amortized over a 10 year period. Each year, the amortization period will decrease by 1 until it reaches 0 years as of July 1, 2025. Any subsequent Unfunded Entry Age Accrued Liability is amortized over an open 15 year period.

Asset Valuation Method

A three-year smoothed value, with difference between actual investment return and expected investment return recognized in equal installments over a three-year period.

Actuarial Assumptions

Following are the primary actuarial assumptions used in performing the valuation.

Interest Rates 6.75% per annum (effective July 1, 2018), net of investment expenses

Annual Pay Increases 4.00% per year

Mortality RP-2000 Combined Healthy Table with a 70% Blue Collar adjustment with a fully generational projection of mortality improvement using Scale BB

Turnover Rates are as follows:

Age	Percentage
25	10%
35	8%
45	4%
55	0%

Rate of Disability None assumed.

Retirement

Non-Uniformed: Participants are assumed 60% retirement at their Unreduced Early Retirement Age, if it is prior to their Normal Retirement Age. Retirement rates of 5% are assumed between their Unreduced Early Retirement Age and age 65, at which a retirement rate of 100% is assumed.

Uniformed: Retirement rates are as follows:

Age	Percentage
55	60%
56 - 61	5%
62	100%

Administrative Expenses Average of last two years of administrative expenses (effective July 1, 2019)

Marriage For retired members, actual marital status and spouse birth date is used. For active members, 100% are assumed married with males assumed three years older than their spouses.

Form of Payment It is assumed that all employees will elect a life annuity with 120 months guaranteed.

Summary of Plan Provisions

A summary of the current primary provisions of the Plan are described below. A complete description of the provisions can be found in the local statutes.

Effective Date	Last amended and restated effective July 1, 2013.
Eligibility	Full-time employees enter the Plan on the July 1 on or immediately following their completion of two years of continuous employment and attainment of age 21. No Employees hired after May 23, 2006 may enter the Plan.
Employee Contributions	Participants are required to contribute 3% of salary. Contributions accumulate at an interest rate of 5%.
Credited Service	Elapsed time, in years and completed months, from date of hire.
Final Average Compensation	Average of the high 60 consecutive months in the last 120 months.
Normal Retirement Age	Age 55 for a uniformed participant and age 65 for a non-uniformed participant.
Normal Retirement Benefit	A benefit equal to Final Average Compensation times 1.7% times Credited Service not to exceed 30 years. If a participant elected not to participate in the City's defined contribution plan, then the multiplier would be 2.0%.
Normal Form of Payment	The benefit is payable for 120 months guaranteed and for the member's lifetime, thereafter.
Unreduced Early Retirement Eligibility	The participant will be eligible to retire with an unreduced benefit prior to their Normal Retirement Age when the sum of their age and Credited Service equals
Early Retirement Age	Age 50 with at least 20 years of Credited Service.
Early Retirement Benefit	The actuarial equivalent of a benefit calculated in the same manner as the Normal Retirement Benefit with Final Average Compensation and Credited Service determined as of the Early Retirement Date.
Late Retirement Benefit	If a member remains employed after his Normal Retirement Date, he will receive a monthly benefit equal to the benefit computed using service and pay as of his late retirement date. Benefits commence on the first day of the month following actual retirement.

Summary of Plan Provisions

Pre-Retirement Death Benefit

The Surviving Spouse of a Participant who is actively employed and has satisfied Early or Normal Retirement eligibility requirements is entitled to a Death Benefit determined as if the Participant had retired on his date of death, selected a Joint & 2/3 Survivor Annuity and died the next day.

The Surviving Spouse of any other actively employed vested participant is entitled to a Death Benefit determined as follows:

i) assume the Participant separated from service on date of death
ii) survived to the earliest possible retirement eligibility date
iii) retired with a Joint and 2/3 Survivor Annuity, and
iv) dies the next day

Vested Termination

Members who terminate employment are eligible for a monthly benefit calculated in the same manner as the Normal Retirement Benefit, multiplied by the applicable vesting percentage:

Sum of Attained Age & Years of Service	Vesting Percentage
50	50%
51	60%
52	70%
53	80%
54	90%
55 and after	100%

However, if a participant has at least 8 years of Credited Service, then they are fully vested.

Refund of Contributions

If a participant terminates employment without a vested benefit, then the participant will receive a refund of contributions with interest. If the sum of benefit payments received by a retiree or beneficiary is less than the sum of contributions with interest, then the difference may be paid to their beneficiary as an additional death benefit.

Optional Forms of Payment

Life Annuity
Joint & 50% Survivor Annuity
Joint & (2/3)% Survivor Annuity
Joint & 100% Survivor Annuity

Distribution of Active Members by Age and by Years of Service

Number of Participants by Age-Service Groups

Attained Age	Years of Service: Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and up		Total	
	No.	Avg. Comp	No.	Avg. Comp	No.	Avg. Comp	No.	Avg. Comp	No.	Avg. Comp	No.	Avg. Comp	No.	Avg. Comp	No.	Avg. Comp	No.	Avg. Comp	No.	Avg. Comp	No.	Avg. Comp
Under 25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
35 to 39	0	0	0	0	0	0	1	N/A	1	N/A	0	0	0	0	0	0	0	0	0	0	2	N/A
40 to 44	0	0	0	0	0	0	1	N/A	1	N/A	1	N/A	0	0	0	0	0	0	0	0	3	N/A
45 to 49	0	0	0	0	0	0	2	N/A	1	N/A	2	N/A	0	0	0	0	0	0	0	0	5	86,568
50 to 54	0	0	0	0	0	0	0	0	3	N/A	7	104,655	2	N/A	0	0	0	0	0	0	12	86,955
55 to 59	0	0	0	0	0	0	0	0	0	0	4	N/A	2	N/A	2	N/A	0	0	0	0	8	75,792
60 to 64	0	0	0	0	0	0	0	0	2	N/A	0	0	0	0	1	N/A	1	N/A	0	0	4	N/A
65 to 69	0	0	0	0	0	0	1	N/A	0	0	0	0	1	N/A	0	0	0	0	0	0	2	N/A
70 and up	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	5	79,277	8	65,339	14	91,490	5	78,979	3	N/A	1	N/A	0	0	36	83,241

Average Age 53.5

Average Service 22.1

Inactive Participants - Summary by Age

Deferred Vested Participants

Age Group	No. of	Total Monthly Benefit Amount	Average Monthly Benefit Amount
Less than 30	0	$0	$0
30 - 34	0	0	0
35 - 39	1	939	939
40 - 44	5	3,466	693
45 - 49	3	2,751	917
50 - 54	4	4,502	1,126
55 - 59	8	8,144	1,018
60 and over	8	6,281	785
Total	29	26,083	899

Retired Participants

Age Group	No. of	Total Monthly Benefit Amount	Average Monthly Benefit Amount
Less than 55	2	$5,106	$2,553
55 - 59	7	20,102	2,872
60 - 64	13	32,310	2,485
65 - 70	21	45,132	2,149
70 - 75	11	16,633	1,512
75 - 80	15	19,815	1,321
80 and over	12	14,472	1,206
Total	81	153,570	1,896

Summary of Changes in Member Data

	Active Participants	Retired Participants	Terminated Vested Participants	Total
Count as of July 1, 2018	40	78	29	147
New Entrants	0	0	0	0
Rehired	0	0	0	0
Retired	(3)	3	0	0
Lump Sum Payouts	(1)	0	0	(1)
Died with Beneficiary	0	0	0	0
New Alternate Payees	0	0	0	0
New Beneficiaries	0	0	0	0
Died without Beneficiary	0	0	0	0
Certain Period Expired	0	0	0	0
Terminated with Vesting	0	0	0	0
Terminated without Vesting	0	0	0	0
Data Corrections	0	0	0	0
Total Changes	(4)	3	0	(1)
Count as of July 1, 2019	36	81	29	146

Actuarial Standard of Practice 51 (ASOP 51)

The purpose of this section is to identify, assess, and provide illustrations of risks that are significant to the Plan, and in some cases to the Plan's participants.

The results of the actuarial valuation are based on one set of reasonable assumptions. However, it is almost certain that future experience will not exactly match the assumptions. As an example, investments may perform better or worse than assumed in any single year and over any longer time horizon. It is therefore important to consider the potential impacts of these potential differences when making decisions that may affect the future financial health of the Plan, or of the Plan's participants.

In addition, as plans mature they accumulate larger pools of assets and liabilities. This increases the potential risk to plan funding and the finances of those who are responsible for plan funding. As an example, it is more difficult for a plan sponsor to deal with the effects of a 10% investment loss on a plan with $1 Billion in assets and liabilities than if the same plan sponsor is responsible for a 10% investment loss on a plan with $1 Million in assets and liabilities. Since pension plans make long-term promises and rely on long-term funding, it is important to consider how mature the plan is today, and how mature it may become in the future.

Actuarial Standard of Practice No. 51 (ASOP 51) addresses these issues by providing actuaries with guidance for assessing and disclosing the risk associated with measuring pension liabilities and the determination of pension plan contributions. Specifically, it directs the actuary to:

- Identify risks that may be significant to the plan.
- Assess the risks identified as significant to the plan.
- Disclose plan maturity measures and historical information that are significant to\ understanding the plan's risks.

ASOP 51 states that if in the actuary's professional judgment, a more detailed assessment would be significantly beneficial in helping the individuals responsible for the plan to understand the risks identified by the actuary, then the actuary should recommend that such an assessment be performed.

This appendix uses the framework of ASOP 51 to communicate important information about: significant risks to the Plan, the Plan's maturity, and relevant historical Plan data.

Actuarial Standard of Practice 51 (ASOP 51)

Maturity Risk

Definition: This is the potential for total plan liabilities to become more heavily weighted toward inactive liabilities over time.

Identification: The Plan is subject to maturity risk because as Plan assets and liabilities continue to grow, the impact of any gains or losses on the assets or liabilities also becomes larger.

Assessment: Currently assets are equal to 19 times last year's contributions indicating a one-year asset loss of 10% would be equal to 1.9 times last year's contributions.

Retirement Risk

Definition: This is the potential for participants to retire and receive subsidized benefits more valuable than expected.

Identification: This plan has valuable early retirement benefits. If participants retire at earlier ages than anticipated by the actuarial assumptions, it is expected that additional funding will be required.

Investment Risk

Definition: The potential that investment returns will be different than expected.

Identification: To the extent that actual investment returns differ from the assumed investment return, the plan's future assets, funding contributions and funded status may differ significantly from those presented in this valuation.

Interest Rate Risk

Definition: The potential that interest rates will be different than expected.

Identification: The pension liabilities reported herein have been calculated by computing the present value of expected future benefit payments using the interest rate(s) described in the report. If interest rate(s) in future valuations are different from those used in this valuation, future pension liabilities, funding contributions and funded status may differ significantly from those presented in this valuation. As a general rule, using a higher interest rate to compute the present value of future benefit payments will result in a lower pension liability, and vice versa. One aspect that can be used to estimate the impact of different interest rates is the plan's

Assessment: If the interest rate changes by 1%, the estimated percentage change in pension liability is approximately 10%.

Actuarial Standard of Practice 51 (ASOP 51)

Demographic Risks

Definition: The potential that mortality or other demographic experience will be different than expected.

Identification: The pension liabilities reported herein have been calculated by assuming that participants will follow patterns of demographic experience (e.g. mortality, withdrawal, disability, retirement, form of payment election, etc.) as described in the appendix. If actual demographic experience or future demographic assumptions are different from what is assumed to occur in this valuation, future pension liabilities, funding contributions and funded status may differ significantly from those presented in this valuation.

Glossary of Terms

Actuarial Liability — The difference between the actuarial present value of all Fund benefits and the actuarial value of future normal costs. Also referred to as "actuarial accrued liability."

Actuarial Assumptions — Estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method — A mathematical budgeting procedure of allocating the dollar amount of the actuarial present value of retirement fund benefit between future normal cost and actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

Experience Gain (Loss) — The difference between actual experience and anticipated experience based on the actuarial assumptions during the period between two actuarial valuation dates.

Actuarial Present Value — The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest and by probabilities of payment.

Amortization — Paying off an interest-discounted amount with periodic payments of interest and principal, as opposed to paying off with a lump sum payment.

Normal Cost — The actuarial present value of retirement fund benefits allocated to the current year by the actuarial cost method.

Unfunded Actuarial Liability — The difference between actuarial liability and the valuation assets.

Most retirement systems have unfunded actuarial liability. They arise each time new benefits are added, each time an actuarial loss is realized and when actuarial assumptions are modified.

Accumulated Benefits — Sometimes referred to as Accrued Benefits. These are the benefits that have been earned by all plan members as of the valuation date.

Actuarially Determined Contribution — This is the annual contribution determined in accordance with a plan's funding policy - typically the sum of the Normal Cost and an Amortization payment towards the Unfunded Actuarial Liability.

CITY OF CREVE COEUR
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

GASB 75 DISCLOSURE
Fiscal Year: July 1, 2018 to June 30, 2019

Prepared by

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Consulting Actuary

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September 19, 2019

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Certification

Actuarial computations presented in this report under Statements No. 74 and 75 of the Governmental Accounting Standards Board are for purposes of assisting the City in fulfilling its financial accounting requirements. No attempt is being made to offer any accounting opinion or advice. This report is for fiscal year July 1, 2018 to June 30, 2019. The measurement date for determining plan assets and obligations is June 30, 2019. The calculations enclosed in this report have been made on a basis consistent with our understanding of the plan provisions. Determinations for purposes other than meeting financial reporting requirements may be significantly different than the results contained in this report. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security or meeting employer funding requirements.

In preparing this report, we relied, without audit, on information furnished by the City. This information includes, but is not limited to, statutory provisions, member census data, and financial information.

We performed a limited review of the census and financial information used directly in our analysis and have found them to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

We hereby certify that, to the best of our knowledge, this report, including all costs and liabilities based on actuarial assumptions and methods, is complete and accurate and determined in conformance with generally recognized and accepted actuarial principles and practices, which are consistent with the Actuarial Standards of Practice promulgated by the Actuarial Standards Board and the applicable Code of Professional Conduct, amplifying Opinions and supporting Recommendations of the American Academy of Actuaries.

Each of the assumptions used in this valuation with the exception of those set by law was set based on industry standard published tables and data, the particular characteristics of the plan, relevant information from the plan sponsor or other sources about future expectations, and our professional judgment regarding future plan experience. We believe the assumptions are reasonable for the contingencies they are measuring, and are not anticipated to produce significant cumulative actuarial gains or losses over the measurement period. Assumptions related to the claims costs and healthcare trend (cost inflation) rates for the retiree healthcare program discussed in this report were determined by Milliman actuaries qualified in such matters.

This valuation report is only an estimate of the plan's financial condition as of a single date. It can neither predict the plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of plan benefits, only the timing of plan contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

Certification

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of such future measurements.

Milliman's work is prepared solely for the internal use and benefit of the City of Creve Coeur. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions: (a) the Plan Sponsor may provide a copy of Milliman's work, in its entirety, to the Plan Sponsor's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the City; and (b) the Plan Sponsor may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their specific needs.

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and has been prepared in accordance with generally recognized accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Michael Zwiener, FSA, MAAA Consulting Actuary	William Winningham, EA, MAAA Consulting Actuary

Overview of GASB 74 and GASB 75

The Governmental Accounting Standards Board (GASB) released new accounting standards for public postemployment benefit plans other than pension (OPEB) and participating employers in 2015. These standards, GASB Statements No. 74 and 75, have substantially revised the accounting requirements previously mandated under GASB Statements No. 43 and 45. The most notable change is the that the Annual Required Contribution (ARC) has been eliminated and the Net OPEB Liability will be an item on the employer's financial statement rather than a footnote entry.

GASB 74 applies to financial reporting for public OPEB plans funded by OPEB trusts and is required to be implemented for plan fiscal years beginning after June 15, 2016. Note that a plan's fiscal year might not be the same as the employer's fiscal year. Even if the plan does not issue standalone financial statements, but rather is considered a trust fund of a government, it is subject to GASB 74. Under GASB 74, enhancements to the financial statement disclosures are required, along with certain required supplementary information.

GASB 75 governs the specifics of accounting for public OPEB plan obligations for participating employers and is required to be implemented for employer fiscal years beginning after June 15, 2017. GASB 75 requires a liability for OPEB obligations, known as the Net OPEB Liability (Total OPEB Liability for unfunded plans), to be recognized on the balance sheets of participating employers. Changes in the Net OPEB Liability (Total OPEB Liability for unfunded plans) will be immediately recognized as OPEB Expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change.

Executive Summary

Relationship Between Valuation Date, Measurement Date, and Reporting Date

The Valuation Date is June 30, 2018. This is the date as of which the actuarial valuation is performed. The Measurement Date is June 30, 2019. This is the date as of which the total OPEB liability is determined. The Reporting Date is June 30, 2019. This is the plan's and/or employer's fiscal year ending date.

Significant Changes

There have been no significant changes between the valuation date and fiscal year end.

Participant Data as of June 30, 2018

Actives	100
Retirees	17
Spouses of Retirees	8
Total	125

Total OPEB Liability

Total OPEB Liability	June 30, 2018	June 30, 2019
Total OPEB liability	$3,008,922	$3,046,985
Covered payroll	7,011,239	7,758,346
Total OPEB liability as a % of covered payroll	42.92%	39.27%

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 75.

Discount Rate

Discount rate	3.87%	3.50%
20 Year Bond GO Index	3.87%	3.50%

The discount rate was based on the 20 Year Bond GO Index.

Other Key Actuarial Assumptions

The plan has not had a formal actuarial experience study performed.

Valuation date	June 30, 2018	June 30, 2018
Measurement date	June 30, 2018	June 30, 2019
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.30%	2.30%
Mortality Rate	RP-2014 Mortality for Employees and Healthy Annuitants, with generational projection per Scale MP-2017	RP-2014 Mortality for Employees and Healthy Annuitants, with generational projection per Scale MP-2017
Salary increases including inflation	4.00%	4.00%

Communication: OPEB Report (New Business)

Changes in Total OPEB Liability

Changes in Total OPEB Liability	Increase (Decrease) Total OPEB Liability
Balance as of June 30, 2018	$3,008,922
Changes for the year:	
Service cost	61,557
Interest on total OPEB liability	114,882
Effect of plan changes	0
Effect of economic/demographic gains or losses	0
Effect of assumptions changes or inputs	67,457
Benefit payments	(205,833)
Balance as of June 30, 2019	3,046,985

Sensitivity Analysis

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.50%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current rate.

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Total OPEB liability	$3,237,289	$3,046,985	$2,868,369

The following presents the total OPEB liability of the City, calculated using the current healthcare cost trend rates as well as what the City's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	$2,809,742	$3,046,985	$3,312,622

Schedule of Changes in Total OPEB Liability and Related Ratios
(in 1,000s)

	Fiscal Year Ending June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total OPEB Liability										
Service cost	$62	$61	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total OPEB liability	115	109	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or (losses)	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	67	(56)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(206)	(186)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	38	(72)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	3,009	3,081	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, ending (a)	3,047	3,009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll	$7,758	$7,011	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a % of covered payroll	39.27%	42.92%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

OPEB Expense

OPEB Expense	July 1, 2017 to June 30, 2018	July 1, 2018 to June 30, 2019
Service cost	$60,575	$61,557
Interest on total OPEB liability	109,156	114,882
Effect of plan changes	0	0
Recognition of Deferred Inflows/Outflows of Resources		
Recognition of economic/demographic gains or losses	0	0
Recognition of assumption changes or inputs	(6,924)	1,487
OPEB Expense	162,807	177,926

As of June 30, 2019, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$0	$0
Changes of assumptions	(41,681)	59,046
Total	(41,681)	59,046

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	$1,487
2021	1,487
2022	1,487
2023	1,487
2024	1,487
Thereafter*	9,930

Communication: OPEB Report (New Business)

* Note that additional future deferred inflows and outflows of resources may impact these numbers.

Schedule of Deferred Inflows and Outflows of Resources

	Original Amount	Date Established	Original Rec. Period*	Amount Recognized in Expense for FYE 06/30/2019	Amount Recognized in Expense through 06/30/2019	Balance of Deferred Inflows 06/30/2019	Balance of Deferred Outflows 06/30/2019
Economic/ demographic (gains) or losses	$0	6/30/2019	0.00	$0	$0	$0	$0
	0	6/30/2018	0.00	0	0	0	0
		Total		0	0	0	0
Assumption changes or inputs	67,457	6/30/2019	8.02	8,411	8,411	0	59,046
	(55,529)	6/30/2018	8.02	(6,924)	(13,848)	(41,681)	0
		Total		1,487	(5,437)	(41,681)	59,046
Total deferred (inflows)/outflows						(41,681)	59,046
Total net deferrals							17,365

* Economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members.

	Total OPEB Liability	Deferred Inflows	Deferred Outflows	Net Deferrals	Total OPEB Liability plus Net Deferrals	Annual Expense
Balances as of June 30, 2018	($3,008,922)	($48,605)	$0	($48,605)	($3,057,527)	
Service cost	(61,557)					61,557
Interest on total OPEB liability	(114,882)					114,882
Effect of plan changes	0					0
Effect of liability gains or losses	0			0		
Effect of assumption changes or inputs	(67,457)		67,457	67,457		
Benefit payments	205,833				205,833	
Recognition of liability gains or losses				0		0
Recognition of assumption changes or inputs		6,924	(8,411)	(1,487)		1,487

Annual expense					(177,926)	177,926
	-------------------	-------------------	-------------------	-------------------	-------------------	
Balances as of June 30, 2019	(3,046,985)	(41,681)	59,046	17,365	(3,029,620)	

Glossary

Deferred Inflows/Outflows of Resources	Portion of changes in net OPEB liability that is not immediately recognized in OPEB Expense. These changes include differences between expected and actual experience, changes in assumptions, and differences between expected and actual earnings on plan investments.
Discount Rate	Single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the sum of: 1) The actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return. 2) The actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate.
Municipal Bond Rate	Yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.
Projected Benefit Payments	All benefits estimated to be payable through the OPEB plan to current active and inactive employees as a result of their past service and expected future service.
Service Cost	The portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.
Total OPEB Liability	The portion of actuarial present value of projected benefit payments that is attributable to past periods of member service using the Entry Age Normal cost method based on the requirements of GASB 74 and 75.

Summary of Census Data

The following were included in our analysis as of June 30, 2018 on information provided by the City.

Number of members

Active	100
Retired	17
Spouses of retirees	8
Total	125

Average age

Active	43.5
Retired	59.1

Attained	Years of credited service										
Age	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	5	3	0	0	0	0	0	0	0	0	8
25 to 29	2	10	1	0	0	0	0	0	0	0	13
30 to 34	3	2	3	0	0	0	0	0	0	0	8
35 to 39	1	4	2	2	1	0	0	0	0	0	10
40 to 44	1	4	4	2	2	1	0	0	0	0	14
45 to 49	0	2	2	4	2	2	0	0	0	0	12
50 to 54	0	1	1	4	2	4	4	0	0	0	16
55 to 59	0	1	1	1	1	3	2	2	0	0	11
60 to 64	0	0	1	0	1	0	0	2	1	0	5
65 to 69	0	0	0	2	0	0	1	0	0	0	3
70 & up	0	0	0	0	0	0	0	0	0	0	0
Total	12	27	15	15	9	10	7	4	1	0	100

Summary of Claims Cost

Milliman's Health Cost Guidelines were used to develop the expected relationship of the true cost of medical insurance benefits across age and gender. Expected medical claims are based in part on historical premium, enrollment and expense information provided by the City. Representative factors are shown below.

MEDICAL (Monthly Composite)

	Retiree		Spouse	
Age	Male	Female	Male	Female
55	$765.18	$830.96	$671.98	$748.47
56	$793.30	$845.30	$698.46	$767.80
57	$822.45	$859.89	$725.99	$787.63
58	$863.48	$887.60	$764.35	$810.60
59	$906.55	$916.21	$804.73	$834.25
60	$951.77	$945.74	$847.25	$858.58
61	$999.25	$976.22	$892.02	$883.62
62	$1,049.10	$1,007.68	$939.15	$909.39
63	$1,118.63	$1,045.40	$1,001.39	$943.43
64	$1,192.77	$1,084.54	$1,067.76	$978.75

Appendix A: Actuarial Assumptions

Discount Rate (Adopted 6/30/2019)

The interest rate for discounting liabilities is 3.50% per annum based on the 20 year bond GO index at the fiscal year end. The rate for the prior fiscal year was 3.87%.

Medical/Retiree Premium Inflation Rate

Year	Medical	Year	Medical
2018	5.70%	2060	5.10%
2019	6.30%	2065	4.80%
2020	4.90%	2070	4.40%
2025	4.70%	2075	4.10%
2030	4.80%	2080	4.10%
2035	5.00%	2085	4.10%
2040	5.80%	2090	4.10%
2045	5.50%	2095	4.10%
2050	5.30%	2096+	4.00%
2055	5.20%		

The healthcare trends used in this valuation are based on long term healthcare trends generated by the Getzen Model. The Getzen Model is the result of research sponsored by the Society of Actuaries and completed by a committee of economists and actuaries. This model is the current industry standard for projecting long term medical trends. Inputs to the model are consistent with the assumptions used in deriving the discount rate used in the valuation.

Salary Increase

Salary is assumed to increase at a rate of 4.00% per annum.

Healthy Mortality

RP-2014 Mortality for Employees and Healthy Annuitants, with generational projection per Scale MP-2017

Turnover

Rates are as follows:
Creve Coeur Retirement Plan (Hired prior to June 1, 2006):

Age	Percentage
25	10%
35	8%
45	4%
55	0%

Appendix A: Actuarial Assumptions

Turnover (continued)

LAGERS plan:

Male Employees (General)				Female Employees (General)			
Select rates 0-4 Years of Service		Ultimate Rates after 4 years of service		Select rates 0-4 Years of Service		Ultimate Rates after 4 years of service	
Years	Rate	Age	Rate	Years	Rate	Age	Rate
0	19.0%	25	7.3%	0	22.0%	25	10.8%
1	17.0%	30	6.5%	1	20.0%	30	8.9%
2	15.0%	35	5.0%	2	17.0%	35	7.4%
3	13.0%	40	3.7%	3	14.0%	40	5.7%
4	11.0%	45	3.0%	4	13.0%	45	4.2%
		50	2.4%			50	3.3%
		55	1.8%			55	2.5%
		60	1.0%			60	1.2%
		65	0.0%			65	0.0%

Police Employees (Male and Female)			
Select rates 0-4 Years of		Ultimate Rates after 4 years of	
Years	Rate	Age	Rate
0	18.00%	25	9.80%
1	17.00%	30	7.80%
2	16.00%	35	6.10%
3	13.00%	40	4.40%
4	12.00%	45	3.20%
		50	1.80%
		55	1.00%
		60	0.00%

Retirement

Creve Coeur Retirement Plan (Hired prior to June 1, 2006):

Non-Uniformed		Uniformed	
Age	**Rate**	**Age**	**Rate**
60	60%	55	60%
61-64	5%	55-61	5%
65	100%	62	100%

Appendix A: Actuarial Assumptions

Retirement (continued)

LAGERS Plan:

	General		Police
Age	Men	Women	All
50-54	N/A	N/A	2.50%
55	3%	3%	10%
56	3%	3%	10%
57	3%	3%	10%
58	3%	3%	10%
59	3%	3%	10%
60	10%	10%	10%
61	10%	10%	10%
62	25%	15%	25%
63	20%	15%	20%
64	20%	15%	20%
65	25%	25%	100%

Future Retiree Coverage

For retirees hired prior to 6/1/2001: 80% of employees who retire prior to age 65 are assumed to elect medical coverage under the plan.

For retirees hired after 6/1/2001: 40% of employees who retire prior to age 65 are assumed to elect medical coverage under the plan.

Medicare eligible retirees:
Medical coverage is not provided for Medicare eligible retirees.

Future Dependent Coverage

Current active members are assumed to elect spouse coverage at retirement as follows. All female spouses are assumed to be 3 years younger than males.

Male	Female
50%	50%

No dependent children are assumed to be covered in retirement.

Appendix B: Plan Provisions

Eligibility

Creve Coeur Retirement Plan (Hired prior to 6/1/2006):Employees who are eligible for Normal or Early retirement are eligible for OPEB benefits. Normal Retirement age is the earlier of age 65 (55 for Uniformed participants) or age plus service equal to 85 points ("Rule of 85"). Early retirement is age 50 with 20 years of service.

LAGERS Plan: Employees who are eligible for Normal or Early retirement are eligible for OPEB benefits. General employees are eligible for normal retirement at age 60 with 5 years of service or early retirement at age 55 with 5 years of service. Police employees are are eligible for normal retirement at age 55 with 5 years of service or early retirement at age 50 with 5 years of service.

Dependents

Retirees may cover spouses and eligible dependent children. Surviving spouses can continue coverage after retiree's death.

OPEB Benefits

Medical including prescription drugs. Retirees coverage is not offered past Medicare eligibility age (age 65).

Cost Sharing

Retiree medical contributions effective 7/1/2018 are as follows:

	Hired prior to 7/1/2001	Hired after 7/1/2001
Retiree	$84.48	$563.16
Retiree + Spouse	208.38	1,182.69
Retiree +Children	185.86	1,070.06
Family	298.50	1,633.23

This summary is intended only to describe our understanding of the essential features of the benefits that will be provided to future retirees based on information provided by the City. All eligibility requirements and benefit amounts shall be determined in strict accordance with the relevant plan documents. To the extent that this summary does not accurately reflect the plan provisions, then the results of this valuation may not be accurate.

MEMORANDUM

DATE: September 11, 2019

TO: Mark Perkins, City Administrator

FROM: Lori Obermoeller, Director of Finance

SUBJECT: One-Time Lump-Sum Buyout Program

Ordinance #5656 (attached to this memo) was adopted on August 26, 2019 to amend the City of Creve Coeur Defined Benefit Retirement Plan for Employees (the "Plan") to allow the Pension Board to offer a one-time opportunity for participants to elect to be paid a percentage of the actuarial equivalent of such accrued benefit in a single sum.

Attached to this memo is a Resolution for the Pension Board to establish this one-time opportunity for certain former employees to cash-out their accrued benefits. Also attached is a Buyout Letter that will be sent to all terminated vested participants who have not begun to receive retirement benefits under the Plan, as well as the Application, the FAQs and a Special Tax Notice.

There are 29 possible participants that will receive this packet of information if approved by the Pension Board. The tentative date for distributing this information is October 1 but will be decided by the Pension Board at the September 25th Pension Board meeting. The tentative deadline for allowing applications will be through November 30, 2019.

Staff has confirmed addresses of all 29 participants with the exception of two, and has received email addresses of almost all as well.

The Pension Board needs to determine the time frame for the offer (ex. October 1 – November 30), but it must allow for a minimum of 30 days. The Pension Board also needs to determine the percentage of the accrued benefit, but it must not exceed the current funded ratio of the Plan (80%) as stated in the September 2019 Actuarial report. And the Pension Board must submit a report in 90 days to the City Council regarding the implementation of the offer (number of participants who accepted the offer, a recommendation of any further Plan amendments that would be beneficial to any remaining participants, and any other information the Board deems appropriate).

As a reminder, $800,000 has been moved from equities to the Schwab Govt Money Fund in the Schwab account. $800,000 is approximately 40% of the $2,000,000 for participants that are eligible for the Buyout Program in October.

RESOLUTION NO. 2019 -__

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE DEFINED BENEFIT RETIREMENT PLAN FOR EMPLOYEES OF THE CITY OF CREVE COEUR, MISSOURI, ESTABLISHING ONE-TIME OPPORTUNITY FOR CERTAIN FORMER EMPLOYEES TO CASH-OUT THEIR ACCRUED BENENFITS.

WHEREAS, the City of Creve Coeur has in effect a Defined Benefit Retirement Plan for Employees of the City of Creve Coeur, applicable to employees who became new employees of the City on or before May 23, 2006, and

WHEREAS, the City Council has amended the Plan to authorize the Board of Trustees to offer an additional opportunity for certain participants to cash-out their accrued benefits; and

WHEREAS, the Board of Trustees has determined that it should exercise that authority;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE DEFINED BENEFIT RETIREMENT PLAN FOR EMPLOYEES OF THE CITY OF CREVE COEUR, MISSOURI, THAT:

SECTION 1 – The Board of Trustees shall offer, to those Participants who have separated from service with a vested Accrued Benefit and who have not yet begun to receive Retirement Benefits under the Plan, a one-time opportunity to elect to be paid ___ percent of the Actuarial Equivalent of such Accrued Benefit in a single sum. Notwithstanding the foregoing, the offer to any offeree who would be entitled to 100% of the Actuarial Equivalent of their benefit pursuant to subsection 5.03A of the Plan shall be for such full amount. In the event of death of a Participant who elects to accept such offer in accordance with the requirements of the Board, prior to receipt of the offered payment, the election shall be null and void and be superseded by the provisions of Article VI of the Plan. A Direct Rollover as defined in Article XI of the Plan shall constitute receipt of a payment for purposes of this offering.

SECTION 2 – The terms and conditions of such offer shall be as set forth on the Application Form and related notices and communications attached hereto as **Exhibit A**, which shall be promptly made available to the eligible participants.

SECTION 3 – As provided in the Plan as amended:

(1) Any such payment shall be made in lieu of benefits otherwise payable under the Plan.

(2) A Participant who does not elect and receive a single sum payment pursuant to the offering on or before the last day of the election period prescribed by the Board shall no longer be entitled to such a distribution. However, at such time as such Participant is eligible to start receiving benefit payments without regard to the offering, the Participant will receive such benefit payments in accordance with the Plan

(3) A Participant who receives a single sum payment pursuant to this offering shall have thereby forfeited all their Credited Service and future rights to receive benefits from the Plan. If such a Participant who has received a single sum payment resumes employment covered under the Plan, they shall be considered a new employee and such Participant's later Benefits hereunder shall not include Credited Service attributable to his or her prior period of employment.

SECTION 4 – THIS RESOLUTION SHALL BECOME EFFECTIVE UPON ITS PASSAGE.

ADOPTED THIS ____ DAY OF ____________, 2019.

____
Chairman of Board of Trustees

Attest:

____
Secretary of Board of Trustees

TO: «Participant»
«Street_Address»
«City_State__Zip_Code»

FROM: City of Creve Coeur

SUBJECT: Defined Benefit Pension Plan Buyout Program

DATE: October 1, 2019

The City of Creve Coeur Defined Benefit Retirement Plan for Employees (the "Plan") has established a voluntary pension buyout program (the "Buyout Program") that allows certain participants who have separated from service with a vested accrued benefit and who have not yet begun to receive retirement benefits under the Plan, to choose to exchange their future retirement benefit for a one-time lump-sum payment now. The Buyout Program is available only through November 30, 2019. **Please read both sides of this letter carefully and consider consulting a financial advisor before making any decision whether to participate in the Buyout Program.**

The Buyout Program is voluntary. If you do not want to cash out your future retirement benefit, you do not need to do anything.

If you want to participate in the Buyout Program, you must complete the enclosed *Buyout Program Application*, have it properly notarized, and mail it in the enclosed postage-paid envelope. The Plan must receive your completed application no later than **November 30, 2019. If you are married, your spouse must sign the application and consent to your election to participate in the Buyout Program.** The Plan will reject any applications that are incomplete or not received by November 30, 2019. You should consider consulting a financial advisor before deciding whether to participate in the Buyout Program. You should also consider the legal and tax consequences of the Buyout Program, which are discussed on the next page and the enclosed materials.

Your Future Retirement Benefit vs. the Buyout Payment

To help you make an informed decision, we are providing estimates of your future normal retirement benefit and your buyout payment. Benefit amounts provided in this document must be verified, meet all legal requirements, and, if necessary, be corrected before any payment can be made. We will notify you prior to payment if there is a material change (+/-5%) to these estimates.

Monthly Estimate of your future normal retirement benefit	**«Life_Only», payable for the remainder of your life upon your retirement, assuming you retire on your normal retirement date of «Retirement_Date».** This estimated amount may change depending on when you actually retire and may be reduced if, upon your retirement, you elect a survivor benefit for a spouse or a guaranteed number of monthly payments for your beneficiary.
Estimate of your one-time lump-sum buyout payment	**«Present_Value__80», which is 80% of the present value of your future normal retirement benefit[1]. This amount is less than what you and/or a spouse otherwise *could potentially* receive in total future monthly retirement benefits upon your retirement.**

If you need more information about the Buyout Program, please email Lori Obermoeller at *lobermoeller@crevecoeurmo.gov*.

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[1]The discount rate used to calculate the present value of your future normal retirement benefit is 6.75%. The present value of your future normal retirement benefit is determined using unisex mortality tables and is calculated as of December 1, 2019, regardless of when you elect to participate in the Buyout Program, or we issue the buyout payment to you.

Communication: Buyout Program (New Business)

Consequences of Participation in the Buyout Program

If you elect to participate in the Buyout Program and receive the buyout payment:

- You will forfeit your future retirement benefit, your credited service with the City of Creve Coeur and all future rights to receive retirement benefits from the Plan.
- Your spouse and dependents, if any, will not be eligible for any potential survivor benefits from the Plan
- If you subsequently become an employee in a position covered by the City of Creve Coeur, you will be considered a new employee under the City of Creve Coeur LAGERS Plan with no prior service, and you will not have the option to purchase the prior service that you forfeited in obtaining the buyout payment.

Eligibility to Participate in the Buyout Program

According to our records, you are currently eligible to participate in the Buyout Program. However, you are NOT eligible to participate in the Buyout Program if:

- You have applied for or you are receiving retirement benefits from the Plan.
- You are subject to a Qualified Domestic Relations Order ("QDRO") issued by a court under during a divorce proceeding.
- During the verification process, the Plan determines you are not eligible based on the criteria set by the Trustees of the Pension Plan

Tax Implications

- You should read the *Special Tax Notice* included with this letter and consider discussing it with a qualified tax advisor to ensure you fully understand the tax implications of electing the buyout payment.
- You may take the lump-sum buyout payment as a cash payment, as a rollover to a qualified retirement plan, or as a combination cash and rollover distribution.
- Any distribution not directly rolled over to a qualified retirement plan will be reported as taxable income in the year of payment. The Plan is required to withhold 20% of the taxable portion of a cash distribution for federal income tax. **If you are younger than 59 ½, an additional 10% early distribution federal tax penalty may apply.**

Buyout Program Logistics

- Properly completed applications will be accepted if received by the City on or before November 30, 2019.
- You may rescind an election to participate in the Buyout Program if you do so in writing and the Plan receives your rescission no later than November 30, 2019. A buyout election will be irrevocable after November 30, 2019.
- The Plan will send you prompt confirmation of receipt of your application. We will begin issuing payments after the deadline to rescind/change your mind has passed (11/30/2019) and will send your payment as soon as possible. However, please allow up to 90 days for payment.
- If you die before the buyout payment is issued and the Plan has received timely notice of your death, your application will become null and void. Any survivor benefits payable to any spouse or beneficiary will commence once all necessary documentation has been received and processed by the Plan.
- Your application will become null and void if you become subject to a QDRO issued by a court during a divorce proceeding and the Plan has received notice of the QDRO before it issues the buyout payment.

NOTE: We ask that you NOT call or email just to check the status of your application as this will slow down processing for all applicants. Please carefully read this letter and the enclosed materials to determine if the information you are seeking is included here.

Creve Coeur Defined Benefit Retirement Plan for Employees
300 N. New Ballas Road, Creve Coeur, MO 63141
Phone: (314) 872-2519
Email: lobermoeller@crevecoeurmo.gov

Buyout Program Application

Please print. • See third page for instructions. • Notarized signature(s) required on the next page of this form.

SECTION A – PARTICIPANT INFORMATION

Social Security Number or Participant ID **Date of Birth**

Name

Primary Phone ______________________ **Alternate Phone** ______________________ **Alternate Phone** ______________________

☐ **Cell** ☐ **Home** ☐ **Work** ☐ **Cell** ☐ **Home** ☐ **Work** ☐ **Cell** ☐ **Home** ☐ **Work**

Mailing Address

Buyout for Service Type ☐ General Employee ☐ Public Safety Employee

☐ **I Am Not Married** ☐ **I Am Married** (If married, your spouse must sign this form.)

SECTION B – PROOF-OF-AGE

To establish your eligibility for the Buyout Program, you must submit ONE proof-of-age document.

DO NOT SEND ORIGINALS UNLESS SENDING A BIRTH CERTIFICATE.

☐ **Birth Certificate** (certified with embossed/raised seal issued by state or local government)

OR PHOTOCOPY OF ONE OF THE FOLLOWING

☐ **Valid Driver's License or State Issued ID** ☐ **U.S. Passport** (current or expired)

☐ **U.S. Certificate of Naturalization** ☐ **U.S. Certificate of Birth Abroad** ☐ **U.S. Certificate of Citizenship**

SECTION C – DISTRIBUTION ELECTION

Choose ONE option below to indicate how you would like to receive your Buyout Program distribution. Any distribution not directly rolled over to a qualified retirement plan will be reported as taxable income. For a detailed explanation of the payment options and tax consequences, you should read our Special Tax Notice brochure and consider discussing it with a qualified tax advisor to ensure you fully understand the tax implications of electing the buyout payment.

☐ Rollover Option	I elect to directly roll over the entire amount of my distribution to the qualified retirement plan designated in Section D. • **A rollover to any qualified retirement plan requires that an official from that financial institution or employer plan complete and sign the Rollover Agreement in Section D.**
☐ Combination Cash & Rollover Option	I elect to directly roll over $________________ or __________% (only pick 1 option) of my distribution to the qualified retirement plan designated in Section D, with the remainder paid directly to me in a lump sum mailed to the participant's address indicated above. • The City of Creve Coeur is required to withhold 20% of the taxable portion of my cash distribution for federal income tax. • If I am younger than 59½, a 10% early distribution federal tax penalty may apply. • **A rollover to any qualified retirement plan requires that an official from that financial institution or employer plan complete and sign the Rollover Agreement in Section D.**
☐ Cash Option	I elect to have the entire lump-sum buyout amount paid to me as a cash payment. • The City of Creve Coeur is required to withhold 20% of the taxable portion of my cash distribution for federal income tax. • If I am younger than 59½, a 10% early distribution federal tax penalty may apply. • The City of Creve Coeur will mail a paper check to the participant's address indicated above.

SECTION D – FINANCIAL INSTITUTION/EMLOYER PLAN SIGNATURE – ROLLOVER AGREEMENT

If you elect to roll over your lump-sum buyout payment to any qualified retirement plan, you must have an official from that financial institution or employer plan complete and sign the Rollover Agreement below.

☐ Traditional IRA – 408(a), 408(b) ☐ Eligible Employer Plan – 401(a), 401(k), 403(a), 403(b), 457(b) ☐ Roth IRA – 408(a)

Account Number

Name of Financial Institution or Employer Plan

Mailing Address (PO or street/city/state/zip)

Phone Number

In accordance with the above authorization of the depositor, we agree to deposit into the account listed above the forthcoming rollover amount from the City of Creve Coeur, a qualified plan under Section 401(a) of the Internal Revenue Code (IRC). The account identified above is a qualified retirement plan for purposes of accepting direct rollovers pursuant to the IRC.

Official's Signature & Title **Date**

SECTION E – TERMS OF APPLICATION FOR BUYOUT, FORFEITURE OR SERVICE AND FUTURE BENEFITS

I hereby apply to receive the lump-sum buyout of my vested deferred retirement benefits and to have it distributed in a lump-sum payment in lieu of currently accrued retirement annuity benefits based on my terminated-vested credited service that may be otherwise payable in the future.

TERMS OF APPLICATION

I certify that:

- I have read this entire application and I attest that all information contained in this application is true and correct.
- I have received and read my Pension Buyout Program Letter, I understand the consequences of participating in the Buyout Program as listed in the Buyout Letter, and I agree to the terms of the Buyout Program as described in that Buyout Letter.
- I have not applied for or started receiving retirement benefits from the City of Creve Coeur.
- I am not subject to a Qualified Domestic Relations Order ("QDRO") issued by a court during a divorce proceeding.
- I understand my election is irrevocable after November 30, 2019.

On this __________________ day of ______________________, _____________ before me personally appeared ____ known to me to be the person who executed the foregoing Buyout Program Application and acknowledged to me that he/she executed the foregoing instrument as his/her free act and deed for the purposes therein stated; and at the time of this acknowledgement he/she appeared mentally alert and of full mental capacity. In testimony whereof, I subscribed my name and applied my official stamp on the date and year above written.

NOTARY STAMP

PARTICIPANT MUST SIGN IN THE PRESENCE OF A NOTARY!

Signature of Participant

Signature of Notary

**** SPOUSE AUTHORIZATION TO WAIVE SPOUSAL SURVIVOR BENEFIT** My signature below certifies the following:

- **I give up my right to receive a survivor benefit upon my spouse's death, and**
- I have read this entire Buyout Program Application and the Pension Buyout Program Letter, which my spouse received, and I agree with my spouse's election.
- I understand my election is irrevocable after November 30, 2019.

On this __________________ day of ______________________, _____________ before me personally appeared ____ known to me to be the person who executed the foregoing Buyout Program Application and acknowledged to me that he/she executed the foregoing instrument as his/her free act and deed for the purposes therein stated; and at the time of this acknowledgement he/she appeared mentally alert and of full mental capacity. In testimony whereof, I subscribed my name and applied my official stamp on the date and year above written.

NOTARY STAMP

SPOUSE MUST SIGN IN THE PRESENCE OF A NOTARY!

Signature of Spouse

Signature of Notary

Instructions for Completing

Buyout Program Application 2019

By completing the *Buyout Program Application*, you are applying to receive a one-time payment as a lump-sum buyout of your accrued terminated-vested deferred retirement benefit. This application must be signed and dated in the presence of a notary, properly notarized, and returned to the City of Creve Coeur by no later than November 30, 2019. Steps for completing the application are outlined below.

1. Review for accuracy and complete Section A.
   - Incomplete or substitute applications will be returned resulting in a delay of payment or ineligibility if you miss the November 30, 2019 deadline for submitting the *Buyout Program Application*.
2. Submit ONE acceptable proof-of-age document as outlined in Section B.
   - **Do not send originals unless sending a birth certificate with a raised/embossed seal.**
3. Choose **ONE** payment option in Section C.
   - **If you elect a rollover distribution, an official from your financial institution or employer plan must complete and sign Section D.**
4. Sign Section E in the presence of notary. If you are married, your spouse must also sign in the presence of a notary.
   - **Have each signature notarized.** If both spouses sign in the presence of the same notary, that notary must notarize both signatures (complete both notarization spaces). If spouses do not appear before the same notary at the same time, signatures may be notarized separately but must be on the same form.
5. Return the completed *Buyout Program Application* to the City of Creve Coeur by no later than November 30, 2019. Applications received after November 30, 2019 will be rejected.

STOP – Before You Mail Your Application

- Did you indicate in Section A if you are married or single?
- If you elected a rollover, did you have an official from your financial institution or employer plan complete and sign the Rollover Agreement in Section D?
- Did you (and, if married, your spouse) sign the application in the presence of a notary and have this *Buyout Program Application* properly notarized?
  - ***Where can you find a notary?*** You may be able to find a notary at your bank or credit union, your local library, at a city/county/state office building, your home/car insurance agency, or at stores such as the UPS Store and Mail Boxes, etc.
  - ***Why do you have to have the Buyout Program Application notarized?*** We require this application to be notarized to prove your identity. It helps protect you and the City of Creve Coeur from fraud.

Buyout Program FAQs

Defined Benefit Retirement Plan for Employees of City of Creve Coeur

Below are answers to several questions that you may have about the Buyout Program for the City of Creve Coeur Defined Benefit Retirement Plan for Employees (the "Plan").

What is the Pension Buyout Program?

This program allows certain former City of Creve Coeur employees who are vested for a pension to cash out their future monthly retirement benefit in exchange for a one-time lump-sum payment now. If you are eligible for this program, we will send you a personalized letter and application in October 2019 with an estimate of your future monthly retirement annuity and your lump-sum offer. We urge you to consider the responsibility you have to yourself in retirement and to carefully consider your options as you make your choice.

Who is eligible?

You may be eligible for the Buyout Program if all of the following are true:

- You are a former City of Creve Coeur employee who is vested under the Defined Benefit (DB) Retirement Plan for Employees of the City of Creve Coeur, AND
- You have not applied for, nor have you started receiving retirement benefits from the Plan, AND
- You have not reached eligibility for normal retirement, and won't before December 1, 2019. There may be other more unique conditions that may disqualify you from eligibility for the Buyout Program, but those will be explained if discovered.

How will the Plan calculate the lump-sum amount?

Your lump-sum buyout amount will be 80% of the present value of your future normal retirement benefit. The present value is the amount required, as of December 1, 2019, to fund your future normal retirement monthly benefit payments. Factors include your credited service, your final average pay, and various plan provisions that apply to you. Assumptions include life expectancy (using a unisex version of the valuation mortality tables used for funding), and the DB Retirement Plans' expected rate of return on investments (assumed to be 6.75% annually).

When is the application deadline?

November 30, 2019 is the last day the Plan will accept completed applications for the Buyout Program. If your application is incomplete or if it has been determined that you are not eligible for the Buyout Program, we will notify you. We will send you a confirmation letter once we have received your completed application.

If I lose my application, can I get a new one?

Yes. Call us at (314) 872-2519 to request a replacement copy.

Why is spousal consent required?

Your Plan retirement benefit could be "marital property." If you elect the buyout, your spouse must sign your application indicating that they are waiving/giving up their potential survivor benefit and that they agree with your decision.

What are the taxes on the buyout?

You may take the lump-sum buyout payment as a cash payment, as a rollover to a qualified retirement plan, or as a combination cash and rollover distribution.

- Any distribution not directly rolled over to a qualified retirement plan will be reported as taxable income in the year of payment. The Plan is required to withhold 20% of the taxable portion of a cash distribution for federal income tax.
- We will not withhold state taxes but you may have to pay state or local taxes if you take the buyout as a cash payment.
- If you are younger than age 59 1/2, an additional 10% early distribution federal tax penalty may apply.

We encourage you to read the Special Tax Notice Regarding Plan Payments and speak to a tax professional before making a decision.

How do I roll over my payment?

You may roll over your lump-sum payment to your 457 Deferred Comp account if you have kept it open since leaving the City of Creve Coeur. If you are unsure if you still have an account, contact Director of Finance Lori Obermoeller at 314-872-2519 or lobermoeller@crevecoeurmo.gov.

You may roll over your payment to either an IRA or eligible employer plan (a 401(a), 401(k), 403(a), 403(b), or 457(b) that will accept the rollover). For information about rolling over your payment, please consult your financial advisor.

What can I do if I apply for the buyout but then change my mind?

You may rescind your application and election to participate in the Buyout Program. Your rescission must be in writing and must be received by the Plan no later than November 30, 2019.

When will I get my payment?

We will begin issuing payments for the Buyout Program in December 2019, once the deadline to rescind applications has passed. We will issue payments (via paper check to the address on your application) as soon as possible, but please allow up to 90 days for us to process your application and issue payment.

If I take the buyout, can I return to the City of Creve Coeur employment?

Yes. If you elect to participate in the Buyout Program and later decide to return to work in a City of Creve Coeur benefit-eligible position, you will be considered a new employee covered under the provisions of LAGERS. You will not retain any prior service credit and you will not have the option to purchase the prior service credit you forfeited under the Buyout Program.

What happens if I don't take the buyout?

If you do not elect the buyout, we will contact you prior to your date of eligibility for normal retirement. We will also provide you with information on how to complete the retirement process so that your monthly retirement benefit payments can begin.

Buyout Program Timeline

August 2019	October 1, 2019	November 30, 2019	December 2019
THE PLAN distributed notification letters to eligible participants about the possibility of a Buyout Program occuring October 2019	THE PLAN will mail Buyout Letters, Applications, Special Tax Notice and FAQs to participants who are eligible for the Buyout Program.	Deadline for Buyout Applications. Deadline to rescind Buyout Applications (must be in writing).	THE PLAN will begin issuing payments. Please allow up to **90 days** for us to process your application and issue payment.

Special Tax Notice Regarding Plan Payments

<u>YOUR ROLLOVER OPTIONS</u>

If you decide to cash out your retirement benefit from the Defined Benefit Retirement Plan for Employees of the City of Creve Coeur (the “Plan”), all or a portion of the payment you will be receiving is eligible to be rolled over to an IRA or a qualified employer plan. The following information is an excerpt from IRS materials. The Plan hopes that it is helpful to you, but reminds you that it is not a substitute for a discussion with a tax professional.

Rules that apply to most payments from a plan are described in the “General Information About Rollovers” section. Special rules that only apply in certain circumstances are described in the “Special Rules and Options” section.

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (generally, distributions made before age 59½), unless an exception applies. However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception applies).

What types of retirement accounts and plans may accept my rollover?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover.
The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

How do I do a rollover?

There are two ways to do a rollover. You can do either a direct rollover or a 60- day rollover.

<u>If you do a direct rollover</u>, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. Generally, you will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary);
- Required minimum distributions after age 70½ (or after death);
- Hardship distributions;
- ESOP dividends;
- Corrective distributions of contributions that exceed tax law limitations;
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends);
- Cost of life insurance paid by the Plan;
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution; and
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there will generally be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA).

The Plan administrator or the payor can tell you what portion of a payment is eligible for rollover.

If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax applies to the part of the distribution that you must include in income and is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary);
- Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 in the year of the separation;
- Payments made due to disability;
- Payments after your death;
- Payments of ESOP dividends;
- Corrective distributions of contributions that exceed tax law limitations;
- Cost of life insurance paid by the Plan;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a qualified domestic relations order (QDRO);
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days;
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution;
- Payments for certain distributions relating to certain federally declared disasters; and
- Phased retirement payments made to federal employees.

If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions on the part of the distribution that you must include in income, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- The exception for payments made after you separate from service if you will be at least age 55 in the year of the separation (or age 50 for qualified public safety employees) does not apply.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or

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separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).

- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to $10,000 used in a qualified first- time home purchase, and (3) payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

This notice does not describe any State or local income tax rules (including withholding rules).

SPECIAL RULES AND OPTIONS

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*.

If you were born on or before January 1, 1936

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, *Pension and Annuity Income*.

If you are an eligible retired public safety officer and your payment is used to pay for health coverage or qualified long-term care insurance

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income Plan payments paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of $3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you roll over your payment to a Roth IRA

If you roll over a payment from the Plan to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to $10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, and IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs).*

If you are not a Plan participant

<u>Payments after death of the participant</u>. If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the participant was born on or before January 1, 1936.

> **If you are a surviving spouse.** If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.
>
> An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after

you are age 70½.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½.

If you are a surviving beneficiary other than a spouse. If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

<u>Payments under a qualified domestic relations order</u>. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options and the same tax treatment that the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). However, payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

If you are a nonresident alien

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, *U.S. Tax Guide for Aliens*, and IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*.

Other special rules

If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than $200 (not including payments from a designated Roth account in the Plan), the Plan is not required to allow you to do a direct rollover and is not required to withhold federal income taxes. However, you may do a 60-day rollover.

Unless you elect otherwise, a mandatory cashout of more than $1,000 (not including payments from a designated Roth account in the Plan) will be directly rolled over to an IRA chosen by the Plan administrator or the payor. A mandatory cashout is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed $5,000 (not including any amounts held under the plan as a result of a prior rollover made to the plan).

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, *Armed Forces' Tax Guide*. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at www.irs.gov.

FOR MORE INFORMATION

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, *Pension and Annuity Income*; IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*; IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*; and IRS Publication 571, *Tax-Sheltered Annuity Plans (403(b) Plans)*. These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.

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