



September 9, 2022

Mr. Jeff Pabst
Education and Outreach Coordinator
Missouri Local Government
Employees Retirement System
P.O. Box 1665
Jefferson City, Missouri 65102

Re: City of Independence (#0167) – Projected Employer Contribution Rates

Dear Jeff:

Projected employer contribution rates are provided for the City of Independence based on the February 28, 2022 annual valuation. Remember that employer contribution rates cannot increase by more than 1% of payroll annually due to Statutes, unless there are benefit changes. It is expected that the capped employer contribution rate will increase by 1% each year until it reaches the uncapped employer contribution rate.

Active member data included in the February 28, 2022 actuarial valuation is shown below:

Active Members as of February 28, 2022

<u>Division</u>	<u>Number</u>	<u>Payroll</u>	<u>Avg. Pay</u>	<u>Avg. Age</u>	<u>Avg. Benefit Service</u>	<u>Avg. Vesting Service</u>
General	566	\$41,035,189	\$72,500	45.4 years	10.9 years	11.6 years
Police	186	16,057,468	86,330	41.8 years	14.1 years	16.1 years
Fire	162	14,286,438	88,188	41.6 years	13.4 years	15.1 years

Unless otherwise noted, the methods and assumptions used were the same as those used in the annual actuarial valuations as of February 28, 2022. In particular, the assumed rate of investment return was 7.00% and the assumed rate of payroll growth was 2.75%. The amortization period for actuarial gains and losses for the February 28, 2022 actuarial valuation was a closed 15-year period.

Notes regarding the projections:

- 1) **For purposes of the projections, it was assumed that all actuarial assumptions would be realized.** In particular, it was assumed that the actuarial value of assets would earn 7.00% in each year.
- 2) Estimated projected payroll is based upon the valuation payroll, increased each future year by 2.75%.
- 3) Due to the estimated nature of the projections, certain but not all aspects of the Missouri LAGERS funding policy have been incorporated in the projections.
- 4) Differences between fiscal end dates of the employer and the actuarial valuation date of February 28th have not been incorporated in the results.
- 5) The actual employer contribution rates for future valuation dates will be based upon actual data as of the future valuation date.

Shown below is a 20-year projection of the capped and uncapped employer contribution rates for the **General** division.

Valuation Date	Estimated Projected Payroll	Current Amortization Policy				
		Estimated Employer Contribution			Annual Dollars	Estimated Difference Between AAL and AVA
		As a % of Payroll		Difference		
Uncapped	Capped	Difference				
2022	\$ 41,035,189	26.30%	22.30%	4.00%	\$ 9,150,847	\$ 64,190,208
2023	42,163,657	26.70%	23.30%	3.40%	9,824,132	62,774,788
2024	43,323,158	27.00%	24.30%	2.70%	10,527,527	60,691,674
2025	44,514,545	27.20%	25.30%	1.90%	11,262,180	57,847,608
2026	45,738,695	27.40%	26.30%	1.10%	12,029,277	54,144,166
2027	46,996,509	27.50%	27.30%	0.20%	12,830,047	49,523,463
2028	48,288,913	27.50%	27.50%	0.00%	13,279,451	43,878,105
2029	49,616,858	22.30%	22.30%	0.00%	11,064,559	37,481,645
2030	50,981,322	23.90%	23.30%	0.60%	11,878,648	33,016,639
2031	52,383,308	17.90%	17.90%	0.00%	9,376,612	27,519,775
2032	53,823,849	17.30%	17.30%	0.00%	9,311,526	24,398,905
2033	55,304,005	16.80%	16.80%	0.00%	9,291,073	21,225,696
2034	56,824,865	16.30%	16.30%	0.00%	9,262,453	18,031,077
2035	58,387,549	15.30%	15.30%	0.00%	8,933,295	14,771,730
2036	59,993,207	15.50%	15.50%	0.00%	9,298,947	11,739,237
2037	61,643,020	15.20%	15.20%	0.00%	9,369,739	8,270,992
2038	63,338,203	14.80%	14.80%	0.00%	9,374,054	4,596,375
2039	65,080,004	9.10%	9.10%	0.00%	5,922,280	777,604
2040	66,869,704	8.90%	8.90%	0.00%	5,951,404	447,934
2041	68,708,621	8.70%	8.70%	0.00%	5,977,650	248,560



Shown below is a 20-year projection of the capped and uncapped employer contribution rates for the Police division.

Valuation Date	Estimated Projected Payroll	Current Amortization Policy				
		Estimated Employer Contribution			Annual Dollars	Estimated Difference Between AAL and AVA
		As a % of Payroll		Difference		
Uncapped	Capped	Difference				
2022	\$ 16,057,468	37.80%	23.50%	14.30%	\$ 3,773,505	\$ 38,797,392
2023	16,499,048	39.10%	24.50%	14.60%	4,042,267	38,986,850
2024	16,952,772	40.40%	25.50%	14.90%	4,322,957	38,955,360
2025	17,418,973	41.70%	26.50%	15.20%	4,616,028	38,671,873
2026	17,897,995	43.00%	27.50%	15.50%	4,921,949	38,102,344
2027	18,390,190	44.40%	28.50%	15.90%	5,241,204	37,209,515
2028	18,895,920	45.80%	29.50%	16.30%	5,574,296	35,971,027
2029	19,415,558	35.90%	30.50%	5.40%	5,921,745	34,342,936
2030	19,949,486	36.60%	31.50%	5.10%	6,284,088	32,368,385
2031	20,498,097	33.30%	32.50%	0.80%	6,661,882	29,922,985
2032	21,061,795	31.60%	31.60%	0.00%	6,655,527	26,983,055
2033	21,640,994	30.10%	30.10%	0.00%	6,513,939	23,916,842
2034	22,236,121	28.20%	28.20%	0.00%	6,270,586	20,837,923
2035	22,847,614	27.50%	27.50%	0.00%	6,283,094	17,853,772
2036	23,475,923	25.90%	25.90%	0.00%	6,080,264	14,694,898
2037	24,121,511	22.80%	22.80%	0.00%	5,499,705	11,592,439
2038	24,784,853	21.50%	21.50%	0.00%	5,328,743	8,923,172
2039	25,466,436	16.60%	16.60%	0.00%	4,227,428	6,293,151
2040	26,166,763	15.30%	15.30%	0.00%	4,003,515	4,673,363
2041	26,886,349	14.00%	14.00%	0.00%	3,764,089	3,237,549



Shown below is a 20-year projection of the capped and uncapped employer contribution rates for the Fire division.

Valuation Date	Estimated Projected Payroll	Current Amortization Policy				
		Estimated Employer Contribution			Annual Dollars	Estimated Difference Between AAL and AVA
		As a % of Payroll		Difference		
Uncapped	Capped	Difference				
2022	\$ 14,286,438	21.10%	21.10%	0.00%	\$ 3,014,438	\$ 13,100,211
2023	14,679,315	21.10%	21.10%	0.00%	3,097,335	12,607,851
2024	15,082,996	21.10%	21.10%	0.00%	3,182,512	12,042,270
2025	15,497,778	21.10%	21.10%	0.00%	3,270,031	11,397,275
2026	15,923,967	21.10%	21.10%	0.00%	3,359,957	10,666,211
2027	16,361,876	21.10%	21.10%	0.00%	3,452,356	9,841,927
2028	16,811,828	21.10%	21.10%	0.00%	3,547,296	8,916,743
2029	17,274,153	19.00%	19.00%	0.00%	3,282,089	7,882,409
2030	17,749,192	21.30%	20.00%	1.30%	3,549,838	7,110,995
2031	18,237,295	17.60%	17.60%	0.00%	3,209,764	6,059,555
2032	18,738,821	17.80%	17.80%	0.00%	3,335,510	5,354,639
2033	19,254,139	17.60%	17.60%	0.00%	3,388,728	4,520,366
2034	19,783,628	16.40%	16.40%	0.00%	3,244,515	3,642,095
2035	20,327,678	15.90%	15.90%	0.00%	3,232,101	2,920,270
2036	20,886,689	15.30%	15.30%	0.00%	3,195,663	2,215,571
2037	21,461,073	15.10%	15.10%	0.00%	3,240,622	1,569,861
2038	22,051,253	15.10%	15.10%	0.00%	3,329,739	896,967
2039	22,657,662	11.70%	11.70%	0.00%	2,650,946	155,445
2040	23,280,748	11.70%	11.70%	0.00%	2,723,848	139,581
2041	23,920,969	11.70%	11.70%	0.00%	2,798,753	121,871



Mr. Jeff Pabst
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Let us know if you have any questions.

Mita Drazilov is a member of the American Academy of Actuaries and meets the Qualification Standards of the Academy of Actuaries to render the actuarial opinions contained herein.

Sincerely,



Mita D. Drazilov, ASA, FCA, MAAA

MDD:rmg/bd

cc: Judith A. Kermans, (GRS)

