

Anchorage Police & Fire Retirement System Newsletter

July 2020

Board Member News

Last fall, the election for one of the Fire Board seats was held. Paul Burns (Retired Fire) was re-elected by the Fire members for a three year term that began January 1, 2020. This spring, the election for one of the Police Board seats was held. Paul Honeman (Retired Police) was re-elected by the Police members for a three year term that began July 1, 2020.

The Municipal Board representatives appointed by Mayor Ethan Berkowitz are William (Bill) Falsey (Municipal Manager), Daniel Moore (Municipal Treasurer) and Alex Slivka (Chief Financial Officer).

At the May 20, 2020 Board meeting, the Board elected a new Chair and Vice Chair. Jim Vignola (Retired Fire) was elected as Chair and Bill Herrick (Retired Police) as Vice Chair. The Retirement Board members are as follows:

Police Members

Bill Herrick
Paul Honeman
Everett Robbins

Fire Members

Jim Bauman
Paul Burns
Jim Vignola

MOA Members

Bill Falsey
Daniel Moore
Alex Slivka

A Message From The Chair—Jim Vignola

Greeting Retirees and future Retirees (all 9 of you),

What a year it has been! I hope this letter finds you all well and safe from Covid-19. Your Retirement Trustees have been conducting meetings online since the "Hunker Down" order was declared. For some of us, online meetings are old hat. For others it has been a transition, albeit a smooth one. The online meeting has worked well and hopefully will encourage you to think about running for the Board in the future. Additionally, if you would like to attend a Board meeting by phone, please contact the retirement office and they can send you an invitation.

This past year we unfortunately lost a number of retirees. Two of our brothers, Gentile and Caswell served on the Board for years helping shape the Retirement System today. Our condolences to the families of all our fallen brothers and sisters. They will forever be in our hearts and minds.



Photo Courtesy of
C. M. Diehl-Robbins

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Message From the Chair (continued)

The financial markets ended on a high note in 2019 but 2020 has been a roller coaster. Fortunately, the retirement trust is well diversified. We have a great team helping to guide us forward and through these turbulent times. The next Annual Investment Review meeting is scheduled for March of 2021. This was a decision the Board made last year in order to have the meeting closer to the audit and yearly valuations. We would like to think that it was because we foresaw the pandemic, but we are not that good. All retirees are encouraged to be involved and you are welcomed to attend (hopefully in the near future) or call into the meetings.

This is my first term serving as a Trustee and I look forward to hopefully serving you for many years to come. Please do not hesitate to call any of us if you have questions. Our office team is incredible and always looks forward to helping you with your retirement issues.

Be safe out there.

2020 COLA for Plan III - Approved by the Board

On July 1st each year, the rate for Cost of Living Adjustments (COLA) for Plan III members goes into effect for the subsequent twelve month period. The COLA rate is based on the Consumer Price Index for Urban Alaska (CPI-U). The CPI increase for the 2020 COLA was 1.4%.

Surviving Spouses and Disabled Members are eligible for COLA immediately upon receipt of benefits. Members who retire under "Normal" circumstances are eligible for the lesser of 25% of the CPI rate or 3% of the current benefit when they would have had 20 years of service. COLA is equivalent to the lesser of 50% of the CPI rate or 6% of the current benefit when the Member would have had 25 years of service. The calculations and changes are automatically processed by the Retirement System Staff each year. If you have any questions, please contact the Retirement System Staff.

Investment Manager & Investment Consultant News

The Board and its Investment Consultant, RVK, Inc., reviews the performance of each manager on a quarterly and annual basis. Decisions to terminate a manager or to hire a new manager come after appropriate monitoring of performance. There have been no fund manager changes since our last news letter, July 2019. Please see page 7 for the investment allocation details.

Investment Performance Update

The APFRS trust investment returned 19.89% in 2019. Listed below is our historical investment (net of fees) performance from 2012 to 2019 calculated by our Investment Consultant:

<u>Year</u>	<u>Performance</u>
2012	13.95%
2013	18.21%
2014	5.96%
2015	0.92%
2016	8.71%
2017	17.12%
2018	-5.01%
2019	19.89%

Annual Audit Report

The Retirement System is audited annually. KPMG performs a comprehensive financial and internal controls audit of the plan each year. There were no audit findings and the 2019 Audit Report was accepted and approved by the Board at the May 20, 2020 Board meeting.

Annual Actuarial Report

The Actuarial Valuation Report is performed annually by Milliman, Inc. The report dated 1/1/2020, shows funding levels still below 100%. As a result, contributions will continue for the 2021 year and will be required from active members in Plan III (6% of pensionable wages). All members in Plan I and II are now retired. Plan III has 9 active members as of 6/2020. The Municipality of Anchorage (MOA) is required to contribute \$9.645 million in 2020 and \$7.581 million in 2021. These amounts were prefunded by the MOA in December 2017 with a contribution of \$58.2 million.

Annual Surplus Benefit Board Distribution Decision

Each year, the Board must make a Surplus Benefit decision no later than the regular June Board meeting. This year, the Board made its decision at the May 20, 2020 Board meeting.

As shown in the Plan funding level on page 4, the Annual Actuarial Valuation Report shows that all three Plans are still below the 100% mark, and none of the Plans are at or above 116% of Assets to Liabilities. Therefore, the Board passed a motion stating that no surplus benefit will be available during the 2020 Plan Year. By Anchorage Municipal Code, Section 3.85), the Board may grant a distribution only if the funding ratio is greater than 116%.

Help Topics:

Note: All forms referenced in this column are available on-line at the APFRS Website or you may call the office and have one sent to you. Forms must be returned to the APFRS office for processing.

www.muni.org/apfrs

Change of Address or email:

Please call the Retirement Office to change your address, phone number or email address.

Direct Deposit Changes:

If you need to change your direct deposit (bank or credit union) information you must complete the Direct Deposit Form. Please complete and return the form to the APFRS office for processing. The deadline is the 15th of each month.

Tax Withholding Changes:

If you need to change your withholding on your benefit payments, you must complete an IRS W-4P Withholding Election Form. Please complete and return the form to the APFRS office for processing.

Beneficiary Designation:

It is a good idea to periodically review and update your beneficiary designation information. For Spousal Survivor Benefits, the procedures are dictated by the Anchorage Municipal Code. But for the Surplus Benefit Account Program, you need to have a current Beneficiary Form on file here in this office.



“Enjoying The Retirement Life” Jim Vignola

Surplus Benefit Account

For those who have a Surplus Benefits Account, Vanguard continues to do a good job of helping you manage these funds at practically the lowest cost in the industry. Please carefully review the quarterly statements you receive from Vanguard. Should you have questions you may call us here at the Retirement System or you can contact Vanguard with questions by using the contact information below.

If you have not yet done so, we encourage you to log on to the Web Site (www.Vanguard.com). You can view and check the status of your accounts, make changes in where your funds are invested, initiate withdrawals, and many other services, including a large array of investment education assistance.

Need Free Advice? “Ask a CFP Professional” for help in managing all of your investments. You can contact Vanguard by phone by calling the Participant Service Center at 800-523-1188. A representative can answer questions for you and help you with all other services.

Vanguard Contact Information:

Web Page: www.Vanguard.com

Participant Services by Phone (The Vanguard “VOICE” System):

Or speak directly with a Participant Services Associate, 8:30 a.m. to 9:00 p.m. Eastern Time

Retirement System Contact Information

Director, Edward Jarvis, CRSP
907.343.8401

Dan Allen, Retirement Specialist IV
907.343.8409

Marie Berry, Retirement Specialist III
907.343.8405

Main Office Number
907.343.8400

Fax Number
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877.650.8400

Address
3600 Dr. Martin Luther King Jr. Ave.
Suite 207
Anchorage, AK 99507

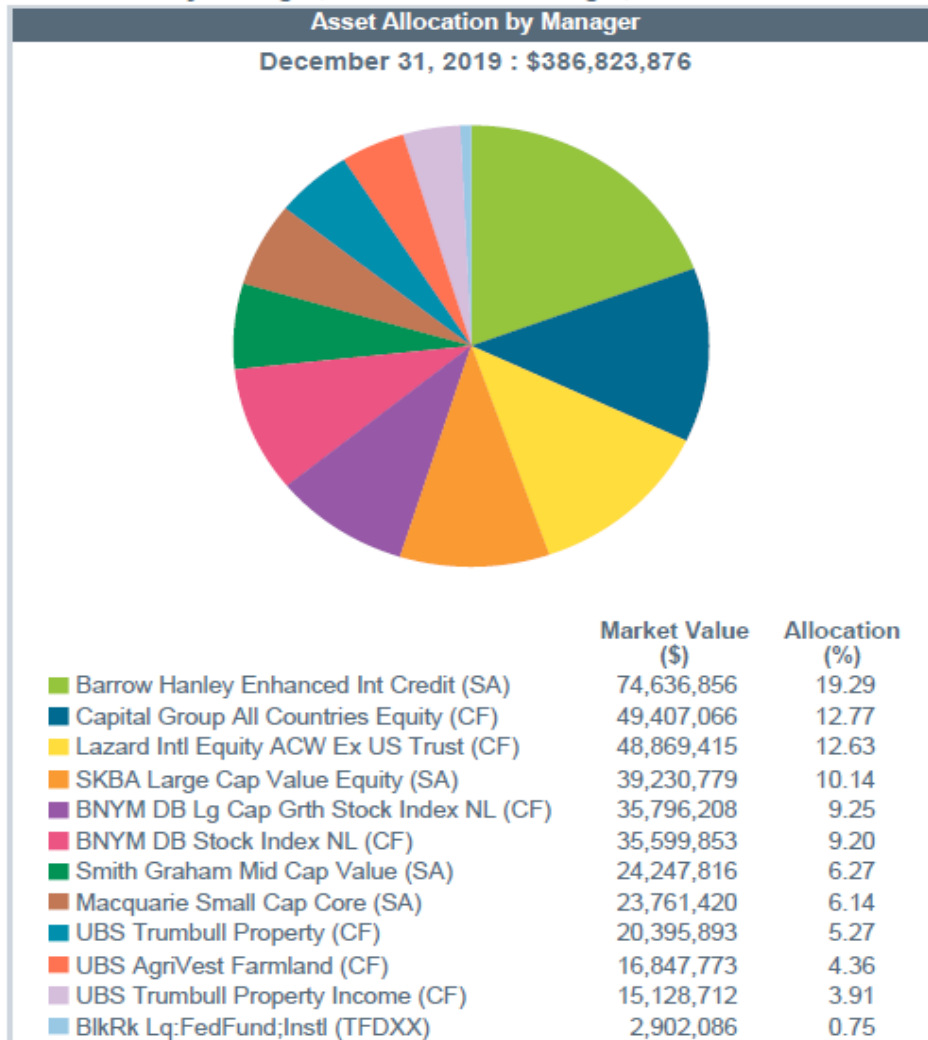
Office Hours
Monday—Friday
8:00 am—4:30 pm

Web Page Address
Access Board meeting agendas, newsletters, forms, Board members listings and Plan summaries at the following address:
<http://www.muni.org/apfrs>



Photo Courtesy of
C. M. Diehl-Robbins

Anchorage Police & Fire Retirement System Total Fund

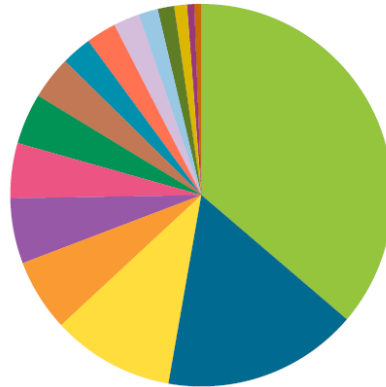


	Market Value (\$)	Allocation (%)
Total Fund	386,823,876	100.00
Domestic Equity	158,636,077	41.01
International Equity	98,276,481	25.41
Domestic Fixed Income	74,636,856	19.29
Real Assets	52,372,377	13.54
Cash Equivalent	2,902,086	0.75

Allocations shown may not sum up to 100% exactly due to rounding.

Anchorage Police & Fire Retirement Surplus Account Asset Allocation By Manager

December 31, 2019 : \$12,959,133



	Market Value (\$)	Allocation (%)
■ Vanguard Retirement Savings Trust (CF)	4,697,736	36.25
■ Vanguard 500 Idx;Inv (VFINX)	2,139,710	16.51
■ Vanguard US Growth;Inv (VWUSX)	1,340,425	10.34
■ Vanguard Explorer;Inv (VEXPX)	792,028	6.11
■ Vanguard Wellington;I (VWELX)	715,729	5.52
■ Vanguard LS Mod Gro;Inv (VSMGX)	602,050	4.65
■ Vanguard Tot Bd;Inv (VBMFX)	558,279	4.31
■ Vanguard Windsor II;Inv (VWNFX)	472,233	3.64
■ Vanguard Sel Value;Inv (VASVX)	334,381	2.58
■ Vanguard Tot I S;Inv (VGTSX)	328,752	2.54
■ Vanguard Intl Gro;Inv (VWIGX)	286,223	2.21
■ Vanguard LS Growth;Inv (VASGX)	212,397	1.64
■ Vanguard RE Idx;Inv (VGSIX)	181,546	1.40
■ Vanguard Intl Val;Inv (VTRIX)	139,997	1.08
■ Vanguard LS Income;Inv (VASIX)	79,433	0.61
■ Vanguard LS Cons Gro;Inv (VSCGX)	78,212	0.60

Allocations shown may not sum up to 100% exactly due to rounding.