

Anchorage Police & Fire Retirement System Newsletter

July 2022

Board Member News

Last fall, the election for one of the Fire Board seats was held. Jim Bauman (Retired Fire) was re-elected by the Fire members for a three year term that began January 1, 2022. This spring, the election for one of the Police Board seats was held. Bill Herrick (Retired Police) was re-elected by the Police members for a three year term that began July 1, 2022.

The Municipal Board representatives are appointed by the Mayor.

At the May 25, 2022 Board meeting, the Board elected a new Chair and Vice Chair. Paul Burns (Retired Fire) was elected as Chair and Paul Honeman (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

Daniel Moore (MOA Treasurer)
Travis Frisk
Vacant

A Message From The Chair—Paul Burns

I am honored and pleased to be working alongside an excellent board that represents the Police/Fire/MOA. The Director, Ed Jarvis, and his staff continue to meet the daily challenges of our system. Our board has endeavored to keep the membership informed and we encourage all our members to call if you have questions related to your surplus benefit account, spousal benefits, disability claims, conversions, or need to change any of your information such as any changes of address, or banking information. We also encourage you to attend our Board meetings either in person or virtually. While we have all been impacted by the Covid-19 Virus, the ability to meet virtually has allowed the Board members to attend all of our scheduled Board meetings and keep the retirement system on a steady course.

Our system currently has five working members who have yet to retire. In short order, we will have no active members and will be a system solely of retirees.



Matanuska Glacier

Inside this Issue:

- Page 1 Board Member News
Message From the Chair
- Page 2 Plan III COLA For 2022
- Page 3 Investment Manager News
Investment Performance
Annual Audit Report
Annual Actuarial Report
2021 Surplus Benefit -
Board Decision
- Page 4 Plan Funding Levels
Participants By Plan
FAQ - Spouse Benefits
- Page 5-6 Deceased Members
- Page 6 New Retirees
- Page 7 Surplus Benefit Account
Help Topics
Retirement Office
Information
- Page 8 Pension Plan Investments
Surplus Benefit Account
Investments

Message From the Chair - continued

Earlier this year, after a two-year hiatus, we were able to resume our Annual Investment Review meeting. It was great to have all our managers come together and give the board a summary of their performance and their economic outlook for the future. This Annual Investment Review serves multiple purposes. It gathers all our investment managers to review their performance, or their lack of. The two-day review also serves as a useful educational mandate for us that serve as trustees of our retirement system. We also heard from the system's pension attorney, Robert Klausner, who has represented our system for more than thirty years. Additionally, attorney Javier Bleichmar briefed the board on current security litigation. We have scheduled our next Annual Investment Review for March 29 & 30, 2023 and invite any who want to attend. The agenda will be posted on our website at www.muni.org/apfrs.

This year we have hired a new audit firm, BDO, and they gave us a strong report that our financial systems and controls continue to be managed well.

Again, it is a privilege and honor to serve on this board as Chairman. I live just two miles away and would personally bring forth any concerns or questions you have to the director and staff. If an issue or concern warrant's it, an agenda item will be placed on our next scheduled board meeting and addressed by the full board at that time.

July 2022 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 Department of Labor average Consumer Price Index for Urban Alaska (CPI-U). The average CPI for Urban Alaska in 2021 was 4.9%.

Surviving Spouses and Disabled Members are eligible for COLA immediately upon receipt of benefits. COLA is equivalent to the lesser of 50% of the CPI rate or 6% of the current benefit. The calculations and changes are automatically processed by the retirement system's staff each year. If you have any questions, please contact the Retirement System Staff or go directly to the

Department of Labor's website: <https://live.laborstats.alaska.gov/cpi/index.cfm>

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 published July 2021. Please see page 8 for the investment allocation details.

Investment Performance Update

The APFRS trust investment returned 14.22% in 2021. Listed below is our historical investment performance from 2013 to 2021 calculated by our Investment Consultant:

<u>Year</u>	<u>Performance</u>	<u>Year</u>	<u>Performance</u>
2013	18.21%	2018	-5.01%
2014	5.96%	2019	19.89%
2015	0.92%	2020	11.97%
2016	8.71%	2021	14.22%
2017	17.12%		

Annual Audit Report

The Retirement System is audited annually. BDO performed a comprehensive financial and internal controls audit for plan year-end 2021. There were no findings and the 2021 Audit Report was accepted and approved by the Board at the June 23, 2022 Board meeting.

Annual Actuarial Report

The Actuarial Valuation Report is performed annually by Milliman, Inc. The report dated 1/1/2022, shows funding levels still below 100%. As a result, contributions will continue for the 2023 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 5 active members as of 6/2022. The Municipality of Anchorage (MOA) is required to contribute \$5.8 million in 2022 and \$3.04 million in 2023. 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 25, 2022 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 2022 Plan Year. By Anchorage Municipal Code (AMC 3.85), the Board may grant a distribution only if the funding ratio is greater than 116%.

Plan Funding Levels (2018-2021)

GASB 67 Disclosure

Assets vs Liabilities (Millions)

<u>12/31/2018</u>	<u>Plan I</u>	<u>Plan II</u>	<u>Plan III</u>
Assets:	\$70.9	\$55.4	\$225.7
Liabilities	\$85.0	\$67.3	\$270.0
Funding Level	83.4%	82.2%	83.63%
<u>12/31/2019</u>	<u>Plan I</u>	<u>Plan II</u>	<u>Plan III</u>
Assets:	\$76.3	\$60.1	\$250.2
Liabilities	\$85.8	\$68.5	\$282.5
Funding Level	88.8%	87.7%	88.6%
<u>12/31/2020</u>	<u>Plan I</u>	<u>Plan II</u>	<u>Plan III</u>
Assets:	\$75.9	\$60.6	\$257.1
Liabilities	\$85.5	\$68.8	\$291.0
Funding Level	88.7%	88.0%	88.4%
<u>12/31/2021</u>	<u>Plan I</u>	<u>Plan II</u>	<u>Plan III</u>
Assets:	\$78.0	\$63.0	\$272.1
Liabilities	\$82.3	\$67.0	\$284.7
Funding Level	94.7%	94.0%	95.6%



Moose Pretzel Disc Golf Course, Homer, AK

Participants By Plan as of 12/31/2021

<u>Status</u>	<u>Plan I</u>	<u>Plan II</u>	<u>Plan III</u>	<u>Total</u>
Actives	0	0	5	5
Term. Vested	0	0	0	0
Retired: Normal	68	71	329	468
Retired: Disabled	56	26	25	107
Survivors	52	18	50	120
Child Benefits	0	0	1	1
Totals	176	115	410	701

Frequently Asked Questions - Understanding Your Plan Benefits

In the July 2021 newsletter we discussed why knowing the funding status is important to know. This year we will discuss knowing your plan benefits as it pertains to spousal benefits.

Surviving Spouse Benefit

1. Do you know what your surviving spouse will receive after your death?

At the time of death, if you are legally married and meet all plan requirements your surviving spouse is entitled to a benefit. This benefit is separate and distinct from your benefit.

There are several variables in calculating the benefit. The plan document for plans I, II and III outlined in the Anchorage Municipal Code (AMC 3.85) determines the calculation method used. Other factors include cause of death (occupational vs non-occupational), service retirement, disability, final average monthly compensation for the last 26 pay periods and more. Because of these complexities, please contact a retirement specialist in our office for questions and have a calculation performed specifically for you. Even if you think you know, please contact us if you do not have a calculation in your files.

Should you have any questions on this or other topics, please call the retirement office to discuss your questions.

Deceased Members (July 2021—June 2022) - continued

Name	Dept	Date of Death	Plan

New Retirees (July 2021—June 2022)

New Retirees	DEPT	Date of Retirement	PLAN

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. Should you have questions contact Vanguard:

Web Page: www.Vanguard.com

Phone Number: 1- 800-523-1188 / Plan Number: 093161

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.

Retirement System Contact Information

Edward Jarvis, CRSP, Director
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

907.343.8439

Toll Free Number

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>



Anchorage, AK

**Anchorage Police & Fire Retirement System Total Fund
Asset Allocation By Manager**

December 31, 2021 : \$413,392,237

	Market Value (\$)	Allocation (%)
Barrow Hanley Enhanced Int Credit (SA)	78,620,972	19.02
Lazard Intl Equity ACW Ex US Trust (CF)	50,830,384	12.30
Capital Group All Countries Equity (CF)	49,661,533	12.01
SKBA Large Cap Value Equity (SA)	42,577,472	10.30
BNYM DB Stock Index NL (CF)	39,565,168	9.57
BNYM DB Lg Cap Grth Stock Index NL (CF)	38,996,189	9.43
Smith Graham Mid Cap Value (SA)	26,948,648	6.52
Macquarie Small Cap Core (SA)	25,903,401	6.27
UBS Trumbull Property (CF)	21,975,406	5.32
UBS AgriVest Farmland (CF)	19,126,575	4.63
UBS Trumbull Property Income (CF)	16,957,891	4.10
BlkRk Lq:FedFund;Instl (TFDXX)	2,228,597	0.54

Anchorage Police & Fire Retirement Surplus Account

December 31, 2021 : \$13,823,809

	Market Value (\$)	Allocation (%)
Vanguard Retirement Savings Trust (CF)	4,144,578	29.98
Vanguard 500 Idx;Inv (VFINX)	2,663,363	19.27
Vanguard US Growth;Inv (VWUSX)	1,905,252	13.78
Vanguard Explorer;Inv (VEXPX)	1,017,334	7.36
Vanguard Wellington;I (VWELX)	651,370	4.71
Vanguard Windsor II;Inv (VWNFX)	612,077	4.43
Vanguard Tot Bd;Inv (VBMFX)	533,794	3.86
Vanguard Sel Value;Inv (VASVX)	404,141	2.92
Vanguard LS Mod Gro;Inv (VSMGX)	361,431	2.61
Vanguard Tot I S;Inv (VGTSX)	358,356	2.59
Vanguard Intl Gro;Inv (VWIGX)	342,237	2.48
Vanguard LS Growth;Inv (VASGX)	324,946	2.35
Vanguard RE Idx;Inv (VGSIX)	240,022	1.74
Vanguard Intl Val;Inv (VTRIX)	114,785	0.83
Vanguard LS Cons Gro;Inv (VSCGX)	75,198	0.54
Vanguard LS Income;Inv (VASIX)	74,925	0.54

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