

Anchorage Police & Fire Retirement System Newsletter

July 2024

A Message From The Chair—Jim Vignola

Hello fellow Retirees!

I hope this letter finds you all well. I am now serving my third term on the board and this is the second time I have had the honor of serving as Chairperson. I am so pleased to be working with such a great team. The board works together like a well oiled machine now and it's mainly because of the team that keeps us oiled. Our office staff (Ed, Dan, and Marie) are a big asset to all of us. Please, don't hesitate to reach out to one of your board members or to the office staff if you have any questions about your benefits. Also, our board meetings are open meetings, and you may attend in person, by video conference, or by phone. We would love to see you! The Municipality recently held a mayoral election, and a new mayor will preside over Anchorage for the next three years. Our current members from the Municipality have been great to work with and we are hoping to see them stay on the team.

Interest rates are on the rise and so are the rates in our fixed income portfolio. Since fixed income rates are doing so well, the Board decided to make a slight change in our investment strategy and hire an additional fixed income manager. With the guidance from our Investment Consultant, we vetted four different fixed income managers (core) and chose one we believe will work best for our Plans. The additional manager chosen is Merganser out of Boston. The board is always reviewing our investment managers and our yearly Investment Conference gives us one-on-one time with each Manager for exactly that reason. The conference provides a wealth of knowledge and insight on our investments and allows us to ask tough questions of our Investment Managers. The next conference will be March 26 & 27, 2025, at the Hotel Captain Cook. Overall, 2023 was a much better year than 2022, and so far, 2024 is looking good.

There are currently 674 retirees and surviving spouses in our retirement system. This number unfortunately gets smaller every year. Please keep those we lost in your thoughts and their families in your prayers. As we move forward in this year, stay safe and enjoy life to it's fullest!

Fraternaly yours,
Jim Vignola



Denali
Denali National Park

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Board Member News

Last fall, the election for one of the Fire Board seats was held. Jim Vignola (Retired Fire) was re-elected by the Fire members for a three year term that began January 1, 2024. 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, 2024.

The Municipal Board representatives are appointed by the Mayor.

At the May 29, 2024, Board meeting, the Board selected 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

Glenn Cipriano (Treasurer)
Raylene Griffith (Director, Labor)
Courtney Petersen (Manager,
Economic & Community Development)

July 2024 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 the Western Region. The average CPI in 2023 was 4.3%. The increase to your July 1, 2024 payment will be 2.15%

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.

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. With the guidance from our Investment Consultant, the Board hired an additional fixed-income manager (core) manager, Merganser out of Boston to manage an 8% allocation. This brings a total allocation to fixed-income to 28%.

Investment Performance Update

The APFRS trust investment returned 13.39% in 2023. Listed below is our historical investment performance from 2013 to 2023 calculated by RVK:

<u>Year</u>	<u>Performance</u>	<u>Year</u>	<u>Performance</u>
2013	18.21%	2019	19.89%
2014	5.96%	2020	11.97%
2015	0.92%	2021	14.22%
2016	8.71%	2022	-11.65%
2017	17.12%	2023	13.39%
2018	-5.01%		

Annual Actuarial Report

The Actuarial Valuation Report is performed annually by Milliman, Inc. The report dated 1/1/2024, shows funding levels still below 100%. As a result, contributions will continue for the 2025 year. The Municipality of Anchorage (MOA) is required to contribute \$ 10.74 million in 2024 and \$9.85 Million in 2025. These amounts were pre-funded 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 24, 2024, 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 2024 Plan Year. By Anchorage Municipal Code (AMC 3.85), the Board may grant a distribution only if the funding ratio is greater than 116%.

Annual Audit Report

The Retirement System is audited annually. BDO is performing a comprehensive financial and internal controls audit for plan year-end 2023. The audit is ongoing at the time of this newsletter.

Plan Funding Levels (2020-2023)

GASB 67 Disclosure

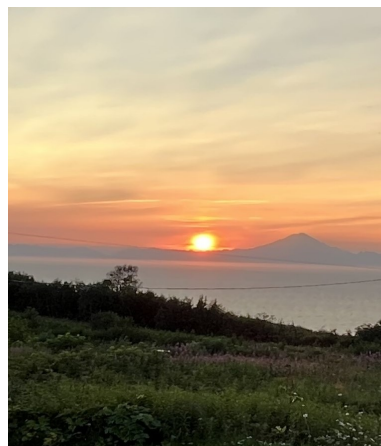
Assets vs Liabilities (Millions)

<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%

<u>12/31/2022</u>	<u>Plan I</u>	<u>Plan II</u>	<u>Plan III</u>
Assets:	\$61.4	\$50.1	\$220.8
Liabilities	\$76.7	\$64.3	\$284.0
Funding Level	80%	77.9%	77.7%

<u>12/31/2023</u>	<u>Plan I</u>	<u>Plan II</u>	<u>Plan III</u>
Assets:	\$61.5	\$50.6	\$227.4
Liabilities	\$73.7	\$62.8	\$281.5
Funding Level	83.5%	80.6%	80.8%

**Ninilchik, AK****Participants By Plan as of 12/31/2023**

<u>Status</u>	<u>Plan I</u>	<u>Plan II</u>	<u>Plan III</u>	<u>Total</u>
Actives	0	0	0	0
Term. Vested	0	0	0	0
Retired: Normal	64	70	322	456
Retired: Disabled	48	25	24	97
Survivors	46	20	55	121
Child Benefits	0	0	0	0
Totals	158	115	401	674

Surviving Spouse Benefit

In the July 2023 newsletter we discussed knowing your plan benefits as it pertains to spousal benefits. We had a number of members request a surviving spouse calculation but wanted to re-run this topic due to it's importance.

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.

Power of Attorney (POA)

There are many who think they do not need to worry about their estate plans until they are old and have significant assets, but there's one document you should have in place as soon as you are a legal adult: a financial power of attorney. A serious illness can strike anyone at any time no matter how invincible you feel, and you might not have time to prepare your affairs.

What is power of attorney?

A power of attorney (POA) is a document granting authority to another person to make certain decisions on a person's behalf. POA authority ends when the person granting authority revokes authority or dies. The requirements for a valid power of attorney vary by state.

If you have a POA, we can place a copy in your file. Please contact the retirement office for instructions. If you do not have a POA, The Alaska Court System has forms free of charge to establish a POA. The website is www.courts.alaska.gov/shc/family/shcpoa.htm

Setting up a power of attorney, however, is one of the most important steps to take and one of the easier ones.

Deceased Members (July 2023 - June 2024)

[illegible]

Need a Notary?

The retirement office is happy to assist you with your notary needs. There is no charge for members and their families. Should you need a notary, please call the retirement office and make an appointment.

Plan I Members—News Flash

Benefit News Flash was recently mailed to all Plan I members who retired with a service retirement. When the Retirement System was re-organized after the legal settlement with the Municipality of Anchorage in 2000, additional benefits were given to Plan I members, AMC 3.85.090(A). One of these benefits is a conversion from a service retirement to an Occupational Disability should a member qualify. The Occupational Disability is defined below:

Occupational Disability

Definition:

Any injury received while performing official duties for the Municipality of Anchorage, or any heart, lung, or respiratory system illnesses occurring before or after retirement, or which renders a member incapable of performing normal assigned duties. Heart, lung or respiratory system illness or injury shall be construed as an illness contracted or injury received in the performance of official duty.

Benefit:

A monthly pension of 66-2/3% of the Member's gross monthly compensation at the time of disability, payable for life or until the Member is capable of resuming similar duty with any police or fire department.

If you have a health condition that you believe qualifies for this benefit, please contact the retirement office to discuss your situation.

Surplus Benefit Account

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
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877.650.8400

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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>

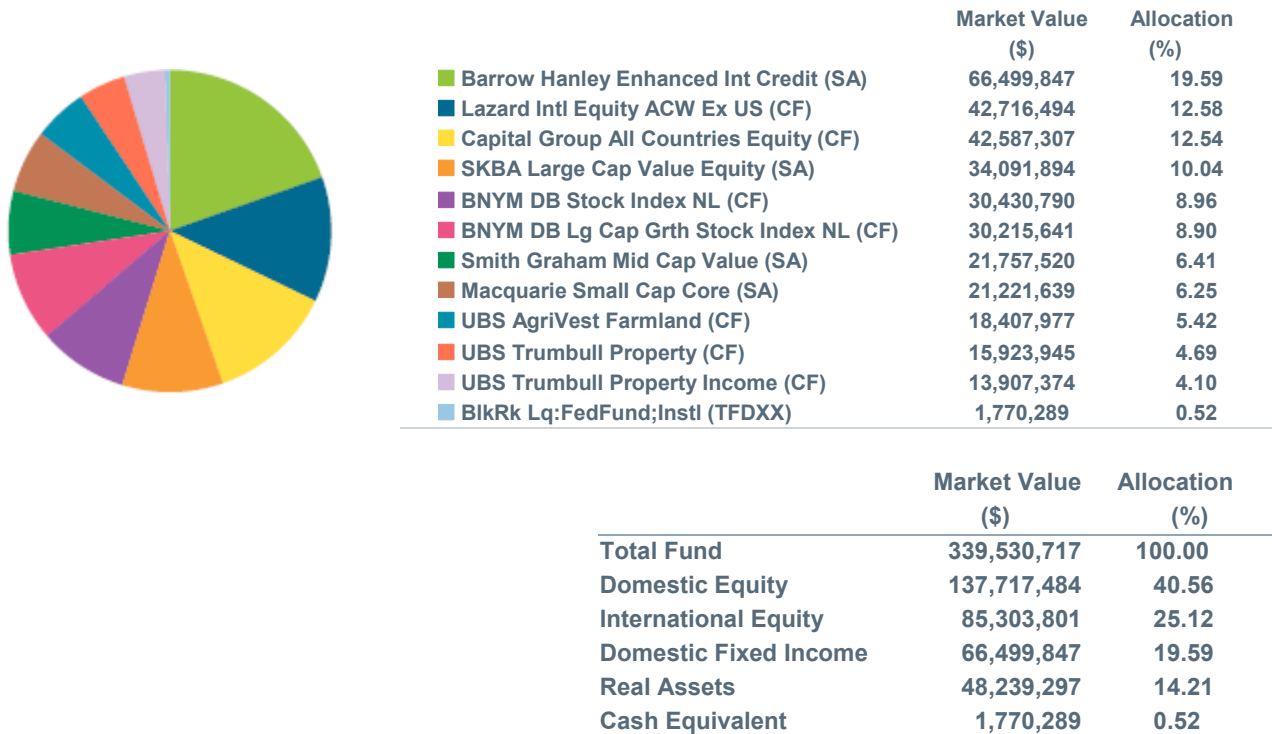


Cold Starry Night, Nancy Lake, AK

Anchorage Police & Fire Retirement System Total Fund

December 31, 2023: \$332,621,068

Asset Allocation by Manager



Anchorage Police & Fire Retirement Surplus Account

December 31, 2023: \$12,449,478



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