

# Anchorage Police & Fire Retirement System Newsletter

July 2019

## Board Member News

Last fall, the election for one of the Fire Board seats was held. James (Jim) Bauman (Retired Fire) was reelected by the Fire members for a three year term that began January 1, 2019. This spring, the election for one of the Police Board seats was held. Bill Herrick (Retired Police) was reelected by the Police members for a three year term that began July 1, 2019.

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 22, 2019 Board meeting, the Board elected a new Chairperson and Vice Chairperson. Everett Robbins (Retired Police) was elected as Chairperson and Jim Vignola (Retired Fire) as Vice Chairperson. The Retirement Board members are as follows:

<b><u>Police Members</u></b>	<b><u>Fire Members</u></b>	<b><u>MOA Members</u></b>
Bill Herrick	Jim Bauman	Bill Falsey
Paul Honeman	Paul Burns	Daniel Moore
Everett Robbins	Jim Vignola	Alex Slivka

## A Message From The Chair—Everett Robbins

Looking back, it was not that long ago when the Retirement Board offered classes on retirement planning. Today, only 11 active members are working and they will be retiring in the near future. In the past, the Board spent a significant amount of time reviewing occupational and non-occupational disability cases. Now the Board focuses on the post retirement planning of the Trust and maintaining continuity going into the future.

The Board currently has two members that do not live in Anchorage. Years ago, after many meetings and discussions, the Board made changes to the policy, upgraded video and audio communications and allowed for Board members from out of state, or out of town, to run for the Board and participate in meetings. This has been a successful endeavor and we will strive to continue to make improvements.



Tern Lake

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## Message From the Chair (continued)

We encourage you to be involved in the Retirement System and attend our Board meetings, in particular our Annual Investment Review Board Meeting. This year's meeting will be held August 7<sup>th</sup> and 8<sup>th</sup> at the Hotel Captain Cook in downtown Anchorage, Alaska. The Agenda will be posted on our website, [www.muni.org/apfrs](http://www.muni.org/apfrs). You are invited to attend all or part of these meetings. We will be serving breakfast at 8:00 am and lunch at noon. Please join us, or stop by and say hello. If you are out of state and would like to join us by phone, call the retirement office and a number will be provided to you so you can call in and listen.

It's an honor to serve the members on the Retirement Board. We will continue to work diligently to monitor our investments and maintain investment performance in the top tier compared to our peers. As always, don't hesitate to call me on any concerns or questions.

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## 2019 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 Anchorage Consumer Price Index for all Urban Consumers( CPI-U). The CPI increase for the 2019 COLA was 3.0%.

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 .

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## 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. Since our last news letter the Board made one change in our real estate portfolio by terminating CBRE and deploying the funds to an existing portfolio UBS-TPF. The Board also made some adjustments to the funds allocations. Please see page 7 for the investment allocation details.

### **Investment Performance Update**

The APFRS trust investment returned –5.01% in 2018. Listed below is our historical investment (gross of fees) performance from 2012 to 2018 calculated by our Investment Consultants:

<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%

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### **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 2018 Audit Report was accepted and approved by the Board at the May 22, 2019 Board meeting.

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### **Annual Actuarial Report**

The Actuarial Valuation Report is performed annually by Milliman, Inc. The report dated 1/1/2019, shows funding levels still below 100%. As a result, contributions will continue for the 2020 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 11 active members. The Municipality of Anchorage (MOA) is required to contribute \$6.098 million in 2019 and \$9.645 million in 2020. These amounts were prefunded by the MOA in December 2017 with a contribution of \$58.2 million.

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### **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 22, 2019 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 2019 Plan Year. By Code (Anchorage Municipal Code, Section 3.85), the Board may grant a distribution only if the funding ratio is greater than 116%.

**Plan Funding Levels (2015-2018)**

Assets vs Liabilities (Millions)

<u>1/1/2016</u>	<u>Plan I</u>	<u>Plan II</u>	<u>Plan III</u>
Assets:	\$68.5	\$52.4	\$198.7
Liabilities	\$86.3	\$65.1	\$250.6
Funding Level	79%	80%	79%
<u>1/1/2017</u>	<u>Plan I</u>	<u>Plan II</u>	<u>Plan III</u>
Assets:	\$66.7	\$51.4	\$199.80
Liabilities	\$83.86	\$63.6	\$247.7
Funding Level	79%	81%	81%
<u>1/1/2018</u>	<u>Plan I</u>	<u>Plan II</u>	<u>Plan III</u>
Assets:	\$83.21	\$64.30	\$256.80
Liabilities	\$88.13	\$67.74	\$271.10
Funding Level	94%	95%	95%
<u>1/1/2019</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%	82%	84%

**Alaska Railroad  
To Fairbanks**



**Participants By Plan as of 1/1/19**

<u>Status</u>	<u>Plan I</u>	<u>Plan II</u>	<u>Plan III</u>	<u>Total</u>
Actives	0	0	14	14
Term. Vested	0	0	1	1
Retired: Normal	74	75	335	484
Retired: Disabled	65	30	28	123
Survivors	46	13	37	96
Child Benefits	0	0	2	2
Totals	185	118	417	720

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**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](http://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.





“Lunch Break”  
Richard S. Beyer

## 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](http://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](http://www.Vanguard.com)

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

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

Phone Number: 1- 800-523-1188

## Retirement System Contact Information

Director, Edward Jarvis, CRSP  
907.343.8401

### Pension Administration

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  
(Except Municipal Holidays)

### Web Page Address

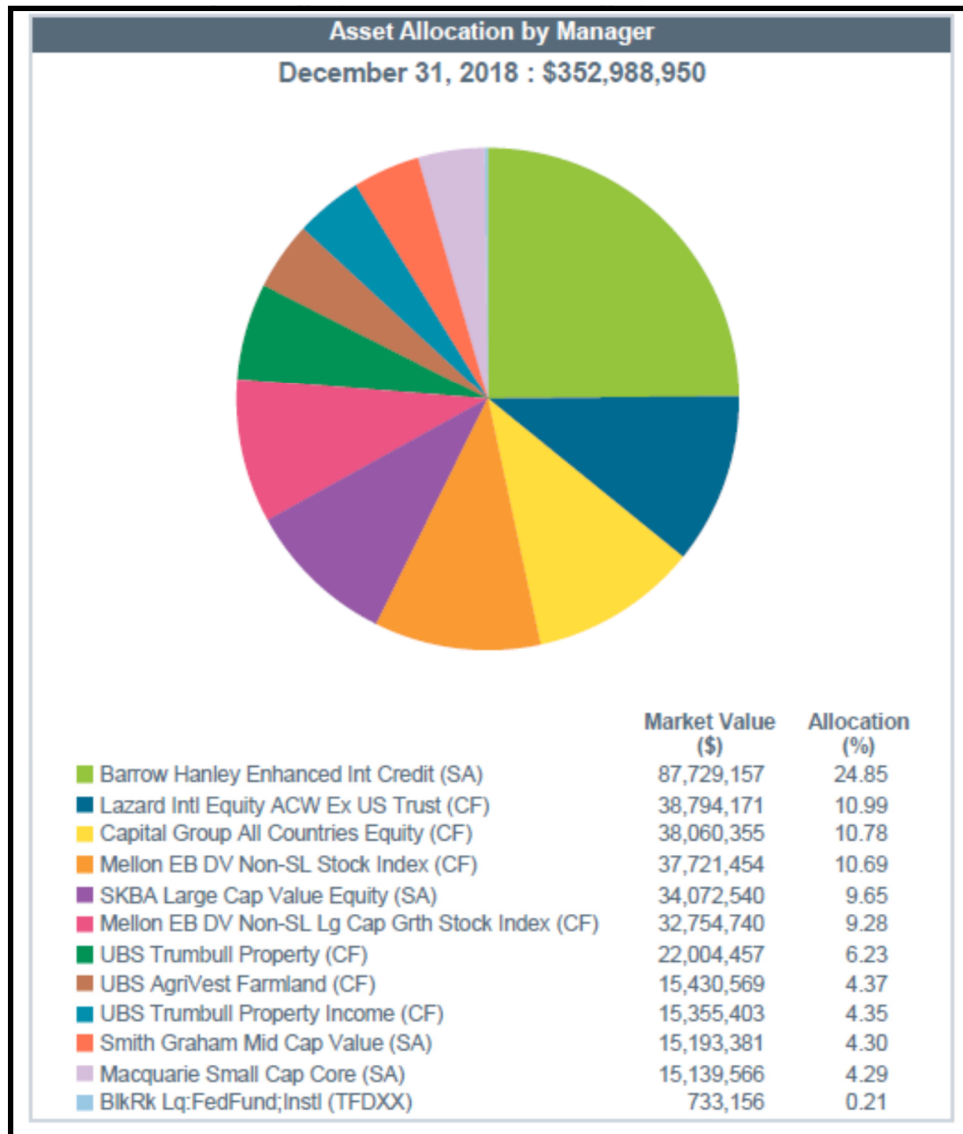
Access Board meeting agendas, newsletters, forms, Board members listings and Plan summaries at the following address:  
<http://www.muni.org/apfrs>



Fishing on the Russian River

\* All Photographs Courtesy of Ed Jarvis

### Anchorage Police & Fire Retirement System Total Fund

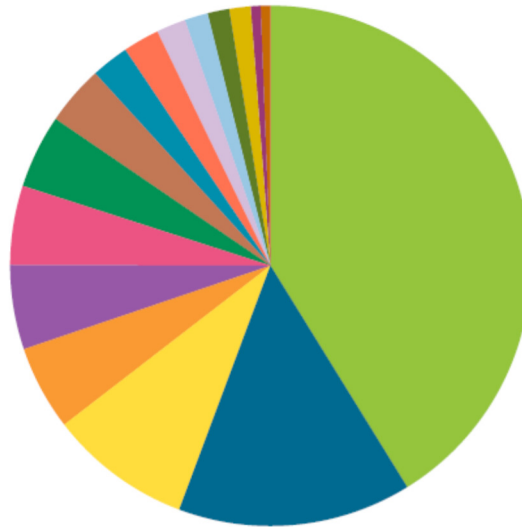


	Market Value (\$)	Allocation (%)
Total Fund	352,988,950	100.00
Domestic Equity	134,881,682	38.21
International Equity	76,854,526	21.77
Domestic Fixed Income	87,729,157	24.85
Real Assets	52,790,429	14.96
Cash Equivalent	733,156	0.21

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

### Anchorage Police & Fire Retirement Surplus Account Asset Allocation By Manager

December 31, 2018 : \$11,722,551



	Market Value (\$)	Allocation (%)
Vanguard Retirement Savings Trust (CF)	4,828,839	41.19
Vanguard 500 Idx;Inv (VFINX)	1,700,161	14.50
Vanguard Morgan Gro;Inv (VMRGX)	1,036,899	8.85
Vanguard Explorer;Inv (VEXPX)	616,719	5.26
Vanguard Wellington;I (VWELX)	614,610	5.24
Vanguard LS Mod Gro;Inv (VSMGX)	576,255	4.92
Vanguard Tot Bd;Inv (VBMFX)	536,173	4.57
Vanguard Windsor II;Inv (VWNFX)	433,409	3.70
Vanguard Tot I S;Inv (VGTSX)	275,067	2.35
Vanguard Sel Value;Inv (VASVX)	264,169	2.25
Vanguard Intl Gro;Inv (VWIGX)	214,881	1.83
Vanguard LS Growth;Inv (VASGX)	169,340	1.44
Vanguard RE Idx;Inv (VGSIX)	157,562	1.34
Vanguard Intl Val;Inv (VTRIX)	155,772	1.33
Vanguard LS Cons Gro;Inv (VSCGX)	71,757	0.61
Vanguard LS Income;Inv (VASIX)	70,938	0.61

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