



# **Pension & OPEB Funding Plans Update**

Sondra Ainsworth  
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## Plan Implementation Drivers

- Address the plan growing unfunded liability
- End of life approaching for certain NCPA projects
- Credit rating agencies view funding levels below 80% as negative
- NCPA seeking new members to improve economies of scales; improve balance sheet
- Cap future retiree medical costs

## **Long-Term Funding Plan**

### **NCPA Employee Pension & OPEB Programs**

- Obtain minimum 80% funding level
- Shorten amortization of UAL from 30 years to 15 years
- Using new Actuarial Valuation each year, adjust plan as necessary
  - Finance Committee Chair annual updates to Commission

# OPEB

## Plan's Funded Status (In millions)

Annual Valuation Report as of:	Full Valuation June 30, 2021	Roll Forward Valuation June 30, 2020	
Total OPEB Liability	\$37.3	\$38.8	Liability decrease resulting from third tier implementation
Fiduciary Net Position	49.2	38.5	
Net OPEB Liability	(11.9)*	0.3	
Fiduciary Net Position as % of Total OPEB Liability	131.8%	99.3%	
Discount Rate	6.00%	6.75%	
Actuarially Determined Contribution	\$1.04	\$1.17	

# Changes in Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b>Balance as of June 30, 2020</b>	\$ 38,821,039	\$ 38,553,585	\$ 267,454
Service cost	994,705	0	994,705
Interest on the total OPEB liability	2,618,181	0	2,618,181
Changes of benefit terms	0	0	0
Differences between actual and expected experience with regard to economic or demographic factors	(3,011,160)	0	(3,011,160)
Changes of assumptions	(52,374)	0	(52,374)
Benefit payments <sup>1</sup>	(2,089,871)	(2,089,871)	0
Contributions from employer <sup>2</sup>	0	1,890,942	(1,890,942)
* Net investment income	0	10,804,119	(10,804,119)
Administrative expense	0	(14,901)	14,901
Other changes	0	0	0
Total changes	(1,540,519)	10,590,289	(12,130,808)
<b>Balance as of June 30, 2021</b>	\$ 37,280,520	\$ 49,143,874	\$ (11,863,354)

## Impact of Market Changes to Liability

Annual Valuation Report as of:	Trust Balance 6/30/2021	Trust Balance 9/30/2022
Total OPEB Liability	\$37.3	\$37.3
Fiduciary Net Position	49.2	40.5
Net OPEB Liability	(11.9)	(3.3)
Fiduciary Net Position as % of Total OPEB Liability	131.8%	108.7%

## FY22 Settlements Results

Annual Valuation Report as of:	Fiscal Year Ending June 30, 2022
Actuarially Determined Contribution	\$1,043,000
Fiscal Year 22 Budget Collections	2,831,350
Settlement Refund	1,788,350
Net Collected Actuarially Determined Contribution	\$1,043,000
Actual Retiree Premiums Paid	1,758,163
Trust Reimbursement Request	(715,163)



# Pension

## Plan's Funded Status (In millions)

Annual Valuation Report as of:	June 30, 2021	June 30, 2020
Accrued Actuarial Liability	\$192.5	\$183.7
Market Value of Assets	145.8	115.8
Unfunded Accrued Actuarial Liability	46.7	67.8
Plan Funding Level	75.7% *	63.1%
Discount Rate	6.8%	7.0%

## Plan Funding History

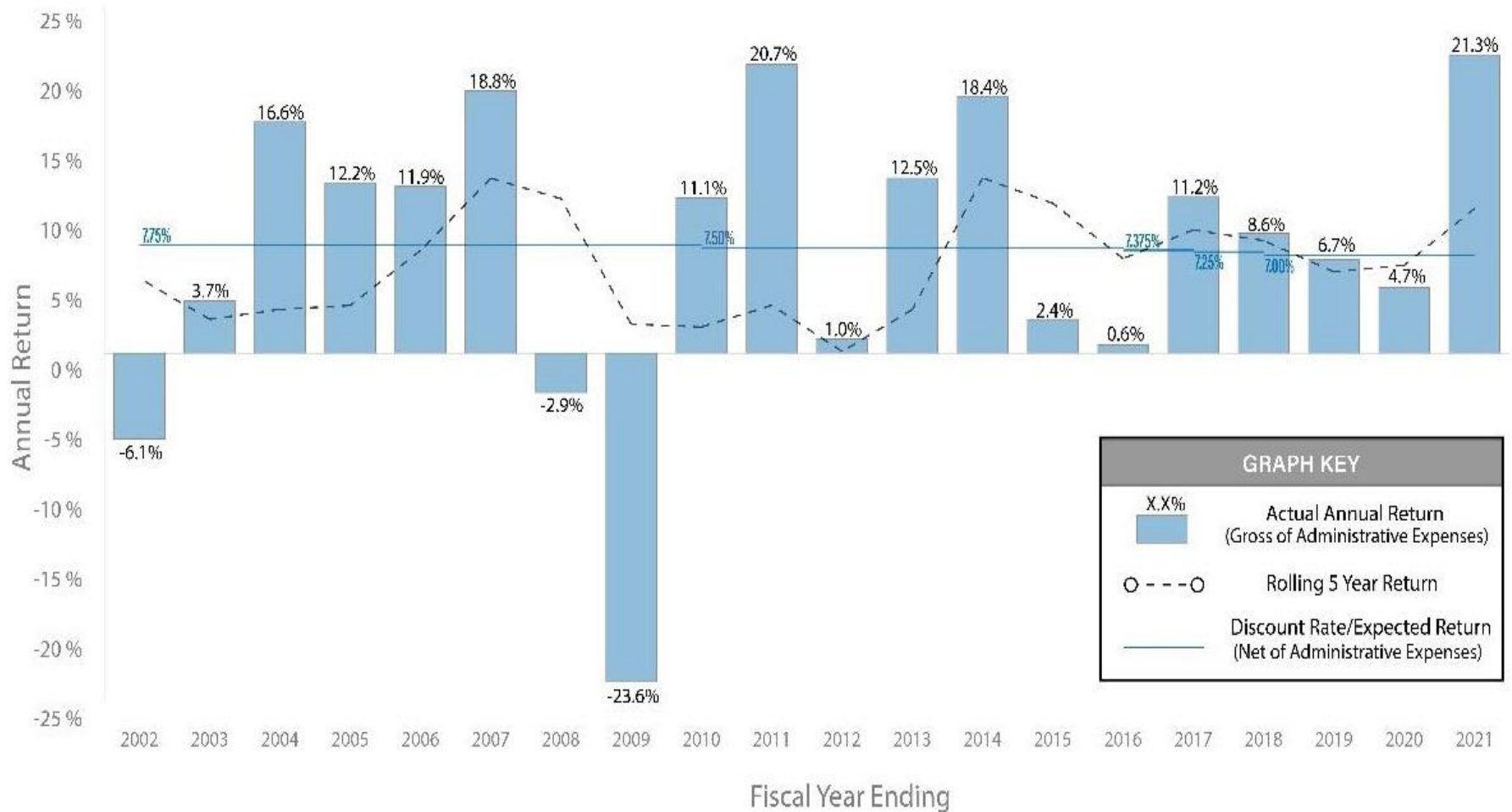
Valuation Date	Accrued Liability (AL)	Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
6/30/2012	\$106,400,959	\$52,231,911	\$54,169,048	49.1%	\$16,805,905
6/30/2013	118,304,984	62,063,208	56,241,776	52.5%	17,083,944
6/30/2014	130,733,429	74,802,107	55,931,322	57.2%	17,830,382
6/30/2015	138,917,719	77,970,925	60,946,794	56.1%	17,593,485
6/30/2016	146,696,486	79,154,505	67,541,981	54.0%	18,032,208
6/30/2017	153,666,951	89,902,552	63,764,399	58.5%	18,536,134
6/30/2018	165,443,162	99,614,418	65,828,744	60.2%	18,628,370
6/30/2019	174,811,511	108,640,899	66,170,612	62.1%	19,473,179
6/30/2020	183,687,637	115,840,537	67,847,100	63.1%	20,592,295
6/30/2021	192,483,275	145,795,284	46,687,991	75.7%	21,287,550

First year after plan implementation

## Market Value of Assets Performance

Market Value of Assets as of 6/30/20 including Receivables	\$115,840,537
Change in Receivables for Service Buybacks	(171,791)
Employer Contributions	11,158,575
Employee Contributions	1,591,218
Benefit Payments to Retirees and Beneficiaries	(9,140,341)
Refunds	(39,488)
Transfers	0
Service Credit Purchase (SCP) Payments and Interest	174,961
Administrative Expenses	(145,746)
Miscellaneous Adjustments	0
* Investment Return (Net of Investment Expenses)	26,527,359
Market Value of Assets as of 6/30/21 including Receivables	\$145,795,284

# History of Pension Investment Returns (2002-2021)



## **Recommendation**

Provide annual Commission update on OPEB and Pension funding statuses in accordance with NCPA's Long-Term Funding Plans