

Allentown Single Employer Pension Plans



2023 Preliminary Census Review and Other Considerations

May 16, 2023

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Preliminary Data Review



City of Allentown Police Pension Plan 2023 Preliminary Data Summary			
	<u>January 1, 2021</u>	<u>January 1, 2023</u>	<u>Change (%)</u>
Active Benefit Statistics			
Active Count	214	210	-1.9%
Average Age	39.3	39.0	-0.7%
Average Benefit Service	11.7	11.0	-5.9%
Prior Year W-2 Wages*	\$ 21,919,008	\$ 21,060,426	-3.9%
Average W-2 Wages	102,425	100,288	-2.1%
In-Payment Benefit Statistics			
Count	293	309	5.5%
Average Age	65.3	64.9	-0.6%
Annual Benefits	\$ 12,293,158	\$ 13,938,172	13.4%
Average Monthly Benefits	3,496	3,759	7.5%

* Includes overtime pay

Preliminary Data Review



City of Allentown Firemen's Pension Plan 2023 Preliminary Data Summary

	<u>January 1, 2021</u>	<u>January 1, 2023</u>	<u>Change (%)</u>
Active Benefit Statistics			
Active Count	128	127	-0.8%
Average Age	42.8	43.6	1.8%
Average Benefit Service	13.4	14.1	5.0%
Prior Year W-2 Wages*	\$ 12,011,495	\$ 12,845,274	6.9%
Average W-2 Wages	93,840	101,144	7.8%
In-Payment Benefit Statistics			
Count	192	190	-1.0%
Average Age	69.9	69.6	-0.5%
Annual Benefits	\$ 8,180,825	\$ 8,537,825	4.4%
Average Monthly Benefits	3,551	3,745	5.5%

* Includes overtime pay

Preliminary Data Review



City of Allentown Officers and Employees Pension Plan 2023 Preliminary Data Summary

	<u>January 1, 2021</u>	<u>January 1, 2023</u>	<u>Change (%)</u>
Active Benefit Statistics			
Active Count	1	1	0.0%
In-Payment Benefit Statistics			
Count	97	83	-14.4%
Average Age	85.0	86.6	1.9%
Annual Benefits	\$ 1,618,824	\$ 1,430,061	-11.7%
Average Monthly Benefits	\$ 1,391	\$ 1,436	3.2%

- Effective for measurement dates on/after February 15, 2023 (1/1/2025 AVR)
- Measuring Pension Obligations and Determining Pension Plan Costs or Contributions
 - Disclose Reasonable Actuarially Determined Contribution (ADC)
 - Contribution Lag
 - Gain/Loss Analysis
 - Low-Default-Risk Obligation Measure (new)
 - Liability for plan if invested in fixed income securities
- City follows Act 205 to determine the ADC with a one-year lag in the contributions
- Gain/Loss analysis of liabilities and assets completed

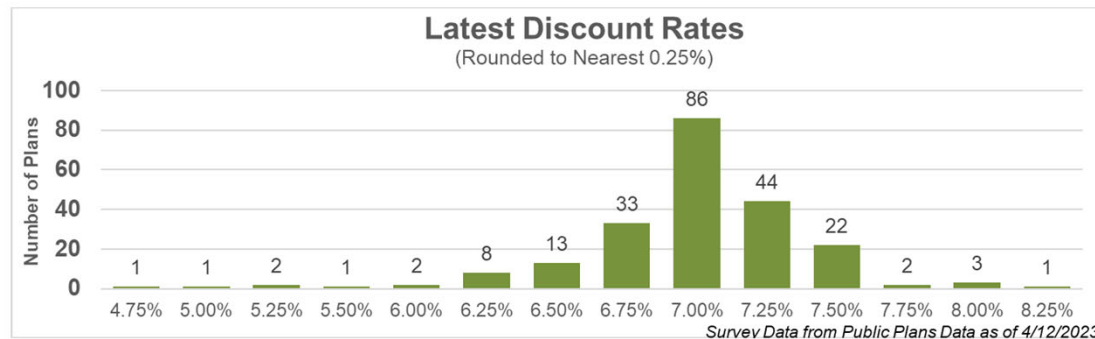
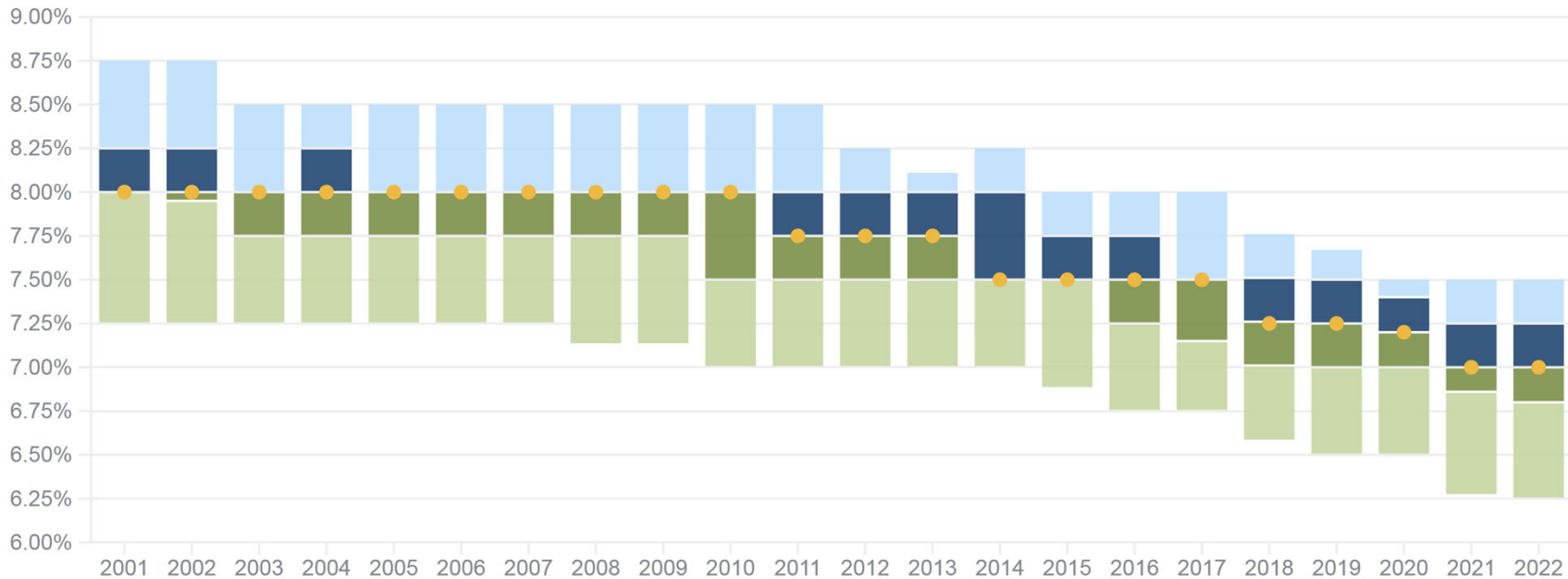
Industry Trends – Discount Rate



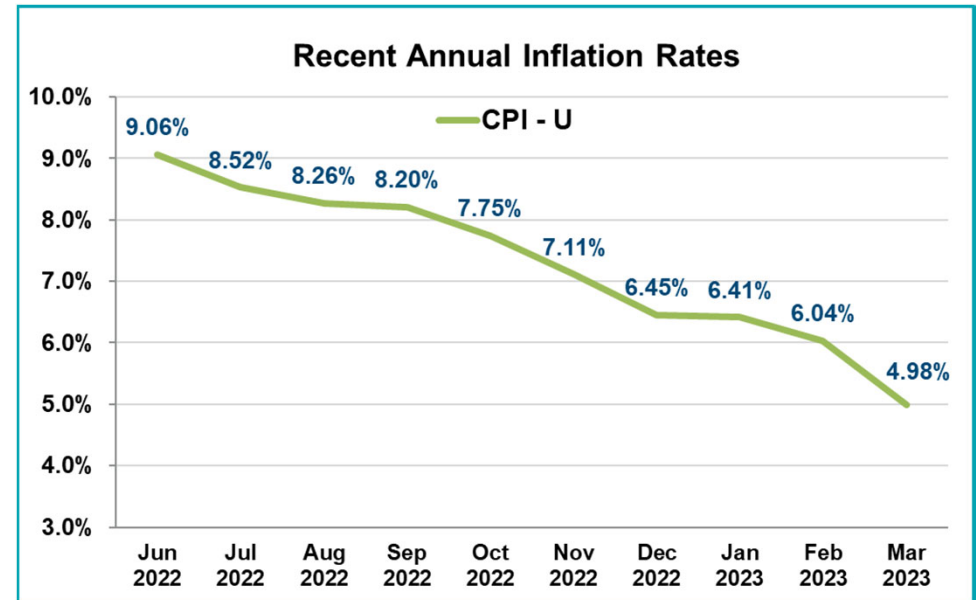
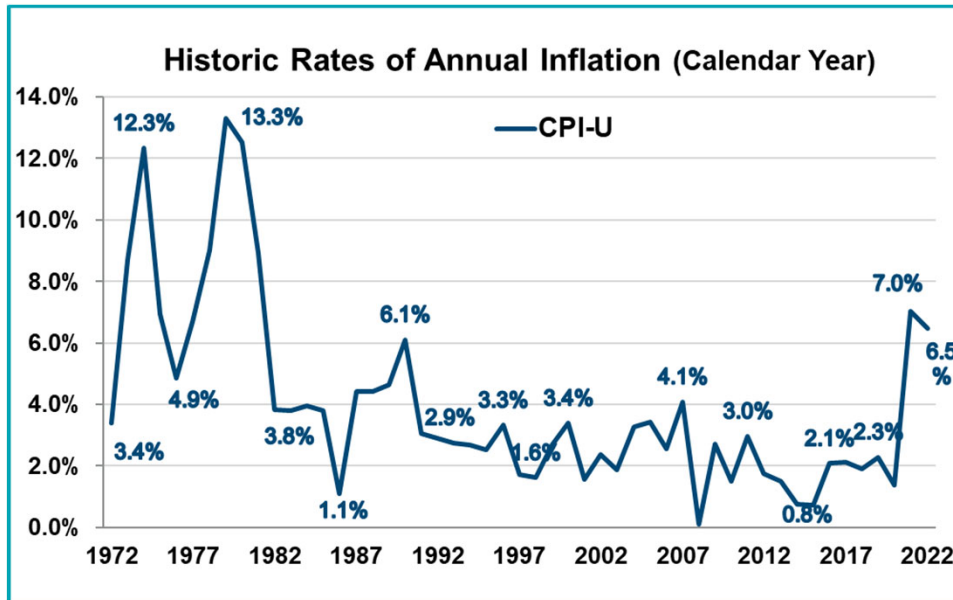
Distribution of Discount Rates

Gold dot = **Median**

Percentiles of Distribution: 5th to 25th, 25th to 50th, 50th to 75th, 75th to 95th



Price Inflation – Historical



- Inflation has been low since 1992
- As we all know, there has been significant spikes in the last two years
- However, year-over-year inflation has been trending down since it peaked in June 2022

Price Inflation – Industry Trends

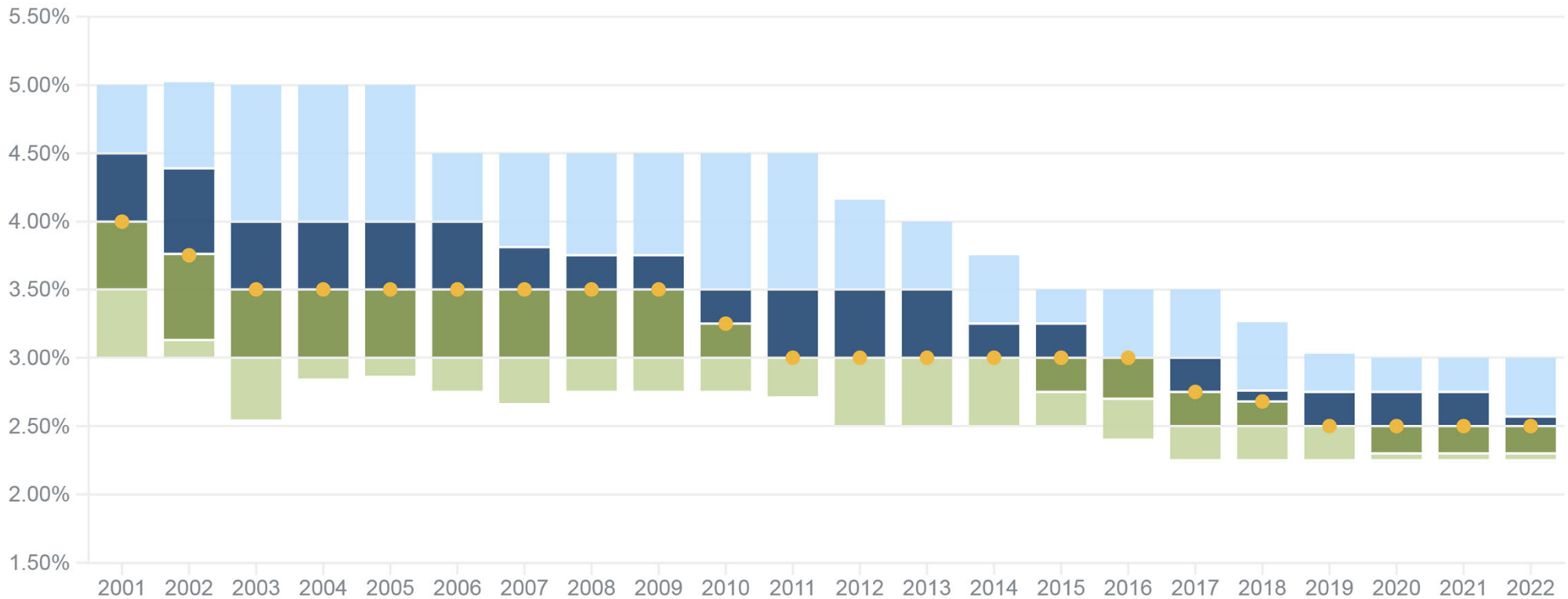


Distribution of Price Inflation Assumptions

Gold dot = **Median**

Percentiles of Distribution

- 5th to 25th
- 25th to 50th
- 50th to 75th
- 75th to 95th

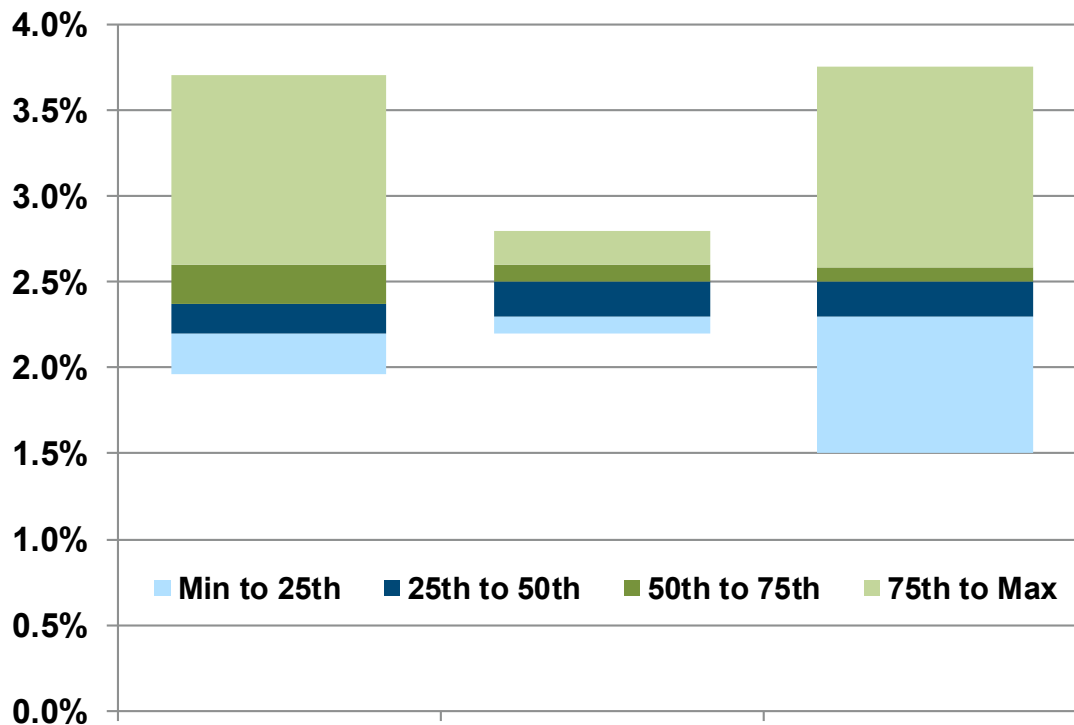


- Similar to discount rate, lowering inflation has been the trend

Price Inflation – Industry Trends



Survey of CPI Assumptions



- 90 of the 217 public plans in the national database have a price inflation assumption of 2.50%



The purpose of this presentation is to present 1/1/2023 membership data for the City of Allentown Pension Plans and is for the use of the Pension Board of Trustees. This presentation was prepared exclusively for the City of Allentown, PA for the purpose described herein. Other users of this presentation are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

In preparing this presentation, we relied without audit, on information (some oral and some written) supplied by the City. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

This presentation and its contents were prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as a credentialed actuary, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. This presentation does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

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