

# Job Service Retiree Meeting



November 19, 2009  
Sparb Collins



# Job Service Meeting

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- COLA Update
- Valuation Update
- Medical Plan Update



# Cost Of Living Adjustment (COLA)



# COLA's

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## ■ History:

2003	2.1%
2004	2.7%
2005	4.1%
2006	3.3%
2007	2.3%



**2008 approved rate was 5.8%**

Post-retirement  
cost-of-living adjustment: 5.0% per year.

# COLA

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- According to Article VII(3) of the plan document for the Retirement Plan for Employees of Job Service North Dakota, “effective each December 1 of any year, the monthly amount of each retirement annuity, death benefit, or disability benefit then payable shall be increased by the percent increase, if any, in the Consumer Price Index.” It further states...”no increase in retirement allowance granted under the Plan, or the date for commencement of such increase, will become effective unless the same increase has been authorized for the Civil Service Retirement System, and unless the increase has been authorized by the NDPERS Board.”

# COLA

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- This year the Consumer Price Index (CPI-U) increased 0.2 percent. However, the Bureau of Labor Statistics has publicized that there will be no COLA increase for the Federal Civil Service Retirement Plan.

# Social Security Benefits Not Expected Rise in '10



- The forecasts, by the Obama administration and the [Congressional Budget Office](#), indicate that Social Security beneficiaries will not receive any cost-of-living increase in 2010 or in 2011. The COLA is intended to preserve the purchasing power of Social Security, by increasing benefits to keep pace with consumer prices. In the last year, overall inflation has been low, largely because of the economic downturn and a decline in energy prices.



# Valuation

# Membership – Job Service

	2009	2008	Change
<b>Number of actives</b>	35	38	- 7.9%
<b>Average age</b>	57.3	56.4	+ 0.9
<b>Average service</b>	33.4	32.6	+ 0.8
<b>Total projected compensation</b>	\$1,709,424	\$1,762,644	- 3.0%
<b>Average payroll</b>	\$48,841	\$46,385	+ 5.3%
<b>Number of pensioners and beneficiaries*</b>	120	118	+ 1.7%
<b>Average age</b>			
<b>Total annual benefits*</b>	\$3,176,263	\$2,987,764	+ 6.3%
<b>Average monthly benefit*</b>	\$2,206	\$2,110	+ 4.5%

# Financial Information – Job Service

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- Market value of assets decreased from \$89.9 million to \$72.2 million.
- Actuarial value of assets decreased from \$77.0 million to \$74.5 million.
- Ratio of actuarial value to market value is 103% (a \$2.3 million difference).
- Approximate returns:
  - ❖ Market Value: - 16.0% (eight-year average: 3.8%)
  - ❖ Actuarial Value: 1.5% (eight-year average: 4.6%)
- Benefits and Expenses: \$3,784,719 in 2008 - 2009.
- Contributions: \$119,115 in 2008 - 2009.

# Valuation Results – Job Service

	<b>July 1, 2009</b>	<b>July 1, 2008</b>
Actuarial present value of benefits	\$72,043,372	\$71,828,872
Actuarial value of assets	\$74,472,806	\$77,020,934
Unfunded present value of benefits	\$0	\$0

If the actuarial present value of benefits is greater than the actuarial value of assets, a required contribution is triggered under the current funding method.

PVB @ 8% return is \$68,324,000

# Funded Ratio History – Job Service

<b>Year</b>	<b>Actuarial Present Value of Benefits (millions)</b>	<b>Actuarial Value of Assets (millions)</b>	<b>Funded Ratio</b>
<b>2000</b>	\$56.6	\$71.0	125%
<b>2001</b>	58.7	70.8	121%
<b>2002</b>	59.9	67.6	113%
<b>2003</b>	60.7	66.0	109%
<b>2004</b>	61.8	67.5	109%
<b>2005</b>	63.3	69.3	109%
<b>2006</b>	70.0	70.6	101%
<b>2007</b>	71.7	75.7	106%
<b>2008</b>	71.8	77.0	107%
<b>2009</b>	72.0	74.5	103%

# Valuation

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- Funded ratios @ 7.5% return
  - Actuarial value – 103%
  - Market value - 100%
- Funded ratio @ 7.5%
  - Actuarial value – 108%
  - Market value – 106%



# Investments

# NDPERS COMPARED TO OTHER STATE RETIREMENT PLANS

<b><i>Asset class</i></b>	<b><i>PERS</i></b>	<b><i>Job Service</i></b>
<b>Domestic Equities</b>	<b>40</b>	<b>31</b>
<b>International Equities</b>	<b>15</b>	<b>9</b>
<b>Domestic Fixed Income</b>	<b>29</b>	<b>55</b>
<b>International Fixed Income</b>	<b>5</b>	<b>5</b>
<b>Real Estate</b>	<b>5</b>	<b>0</b>
<b>Alternatives</b>	<b>5</b>	<b>0</b>
<b>Other</b>	<b>1</b>	

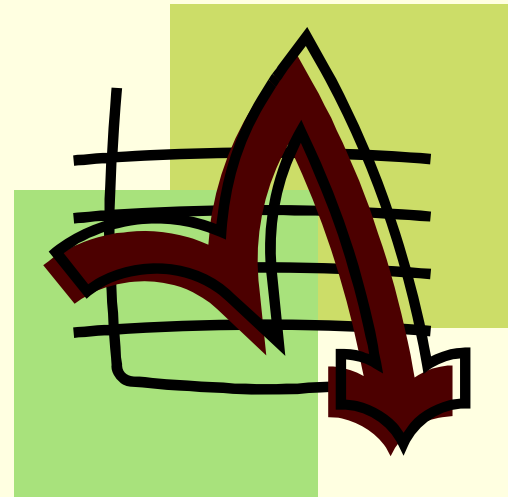
# Where is PERS at?

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- Based upon RIO estimates YTD return thru June

**-16.5%**

**PERS was – 24.5%**



# Investments YTD

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# Rx Coverage

# Part D Coverage

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- Premiums are adjusted each year on Jan 1<sup>st</sup>
- Renewal for this year was no increase
- No change in coverage
- Next consideration will be for Jan of 2011