

The background of the slide is a photograph of a modern, multi-story office building with a curved facade and large glass windows. The building is constructed with light-colored stone or concrete panels. A blue semi-transparent banner is overlaid across the middle of the image, containing the title and date. The building's name, 'CBIZ', is visible on the upper right corner of the facade.

CBIZ Retirement Plan Services

# **Charlotte Firefighters' Retirement System Funding Projections**

August 2020

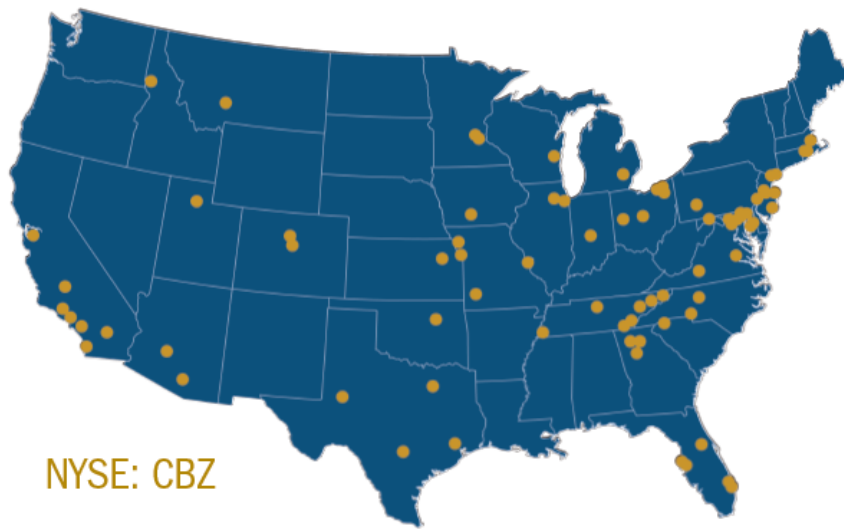


# Agenda

- Scope of Project
- Executive Summary
- Projections

# About CBIZ

## National Resources; Personal Service



100+

offices

4,600+

associates

90,000+

clients



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CBIZServices



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85  
Workplace  
Awards



Commitment  
to Community  
including  
5 Million+  
Lbs. of Food  
Donated



# Scope of Review

# Scope of Review

- Project plan assets and liabilities for thirty years based on:
  - Census data used to prepare the July 1, 2017 actuarial valuation report
  - Updated assumption set developed by Cavanaugh Macdonald in January of 2020
  - Three scenarios
    - Current plan provisions
    - Changing compensation averaging period to four (4) years
    - Changing definition of compensation to base pay
      - Participants within five (5) years of normal retirement date will not be impacted

# Alternative Funding Policies

- Project plan assets for the three scenarios based on the following funding policies:
  - Employer contribution increases to 14% of pay for all years
  - Employer contribution increases to 14% in year one and increasing by 2% annually until the Actuarially Determined Employer Contribution (ADEC) is reached continuing at the ADEC for all subsequent years
    - $ADEC = \text{Normal Cost} + \text{Amortization of Unfunded Liability}$
  - Employer contribution increases to ADEC for all years



# Executive Summary

# Executive Summary

- If 14% of pay contribution, Year 30 funding ratio decreases from 72.9% to:
  - Current Plan – 19.3%
  - 4 Year Avg – 26.7%
  - Base Pay – 57.5%



# Executive Summary

Current Plan Contribution Rate	Lowest Contribution Rate	Highest Contribution Rate	Year 30 Funding Ratio
14%	14.0%	14.0%	19.3%
14% plus 2	14.0%	45.7%	101.6%
ADEC	30.1%	32.2%	101.6%

# Executive Summary

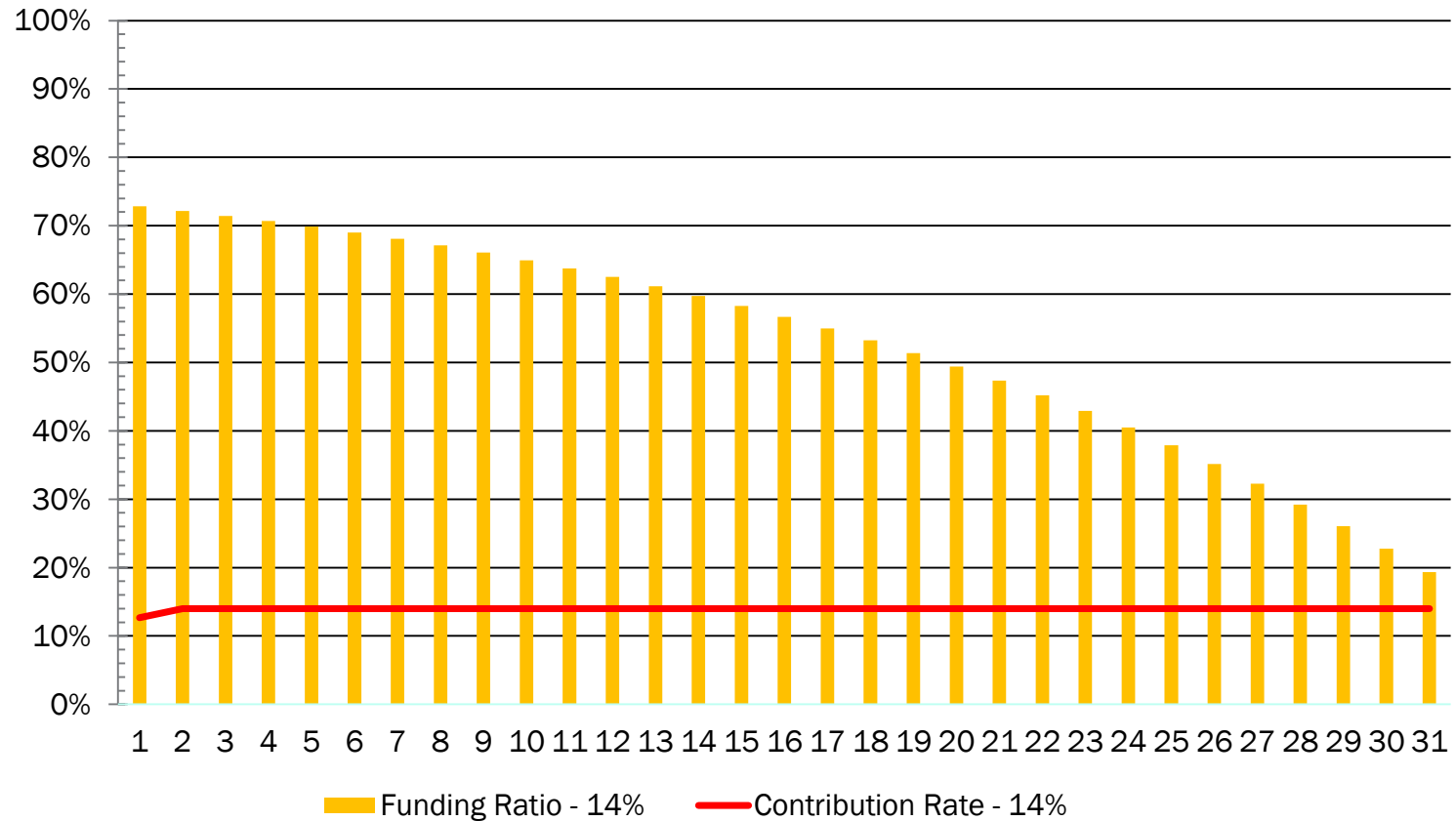
4 Year Avg Pay Contribution Rate	Lowest Contribution Rate	Highest Contribution Rate	Year 30 Funding Ratio
14%	14.0%	14.0%	26.7%
14% plus 2	14.0%	41.3%	101.5%
ADEC	27.7%	30.2%	101.4%

Base Pay Contribution Rate	Lowest Contribution Rate	Highest Contribution Rate	Year 30 Funding Ratio
14%	14.0%	14.0%	57.5%
14% plus 2	14.0%	24.4%	101.5%
ADEC	16.1%	22.8%	101.5%

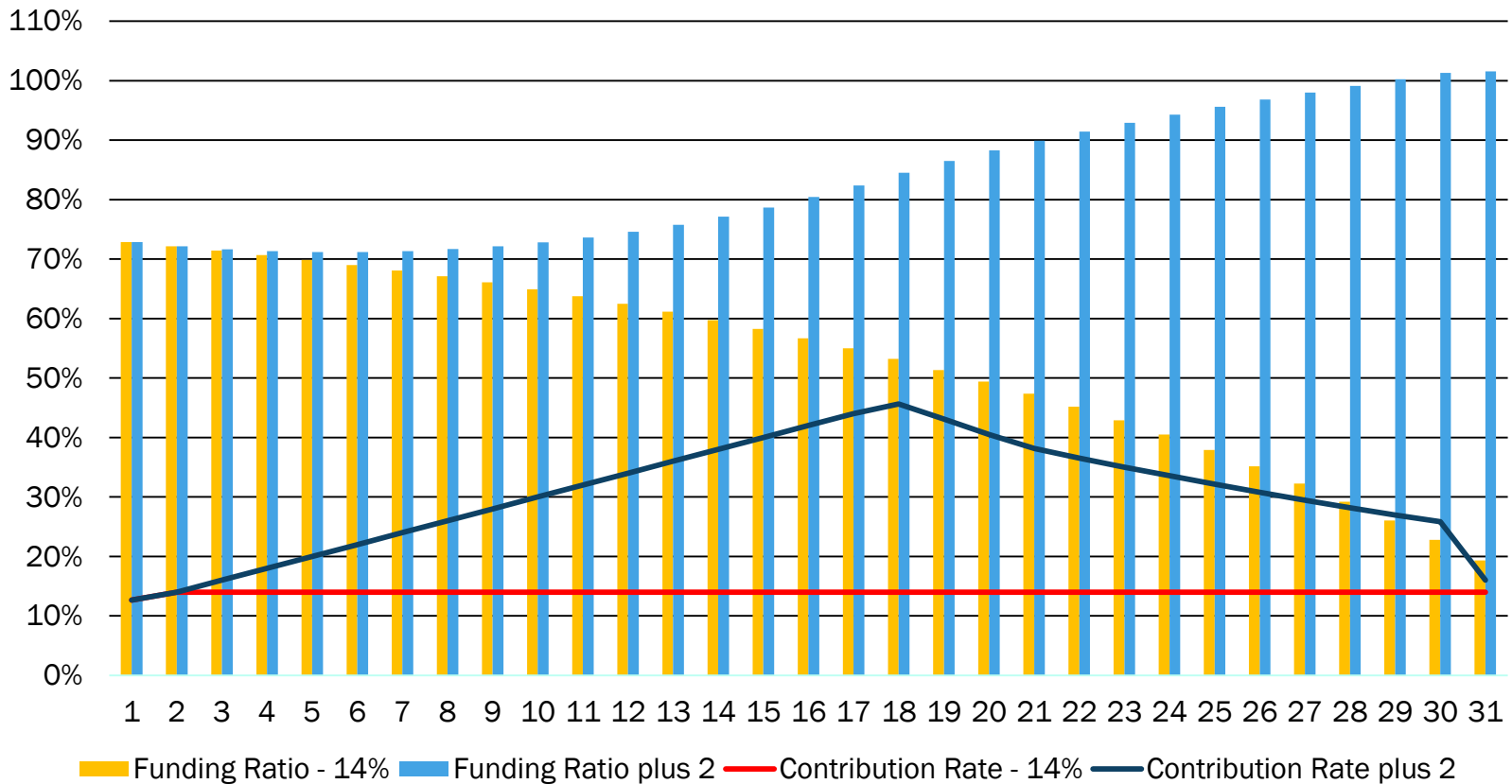


# Projections

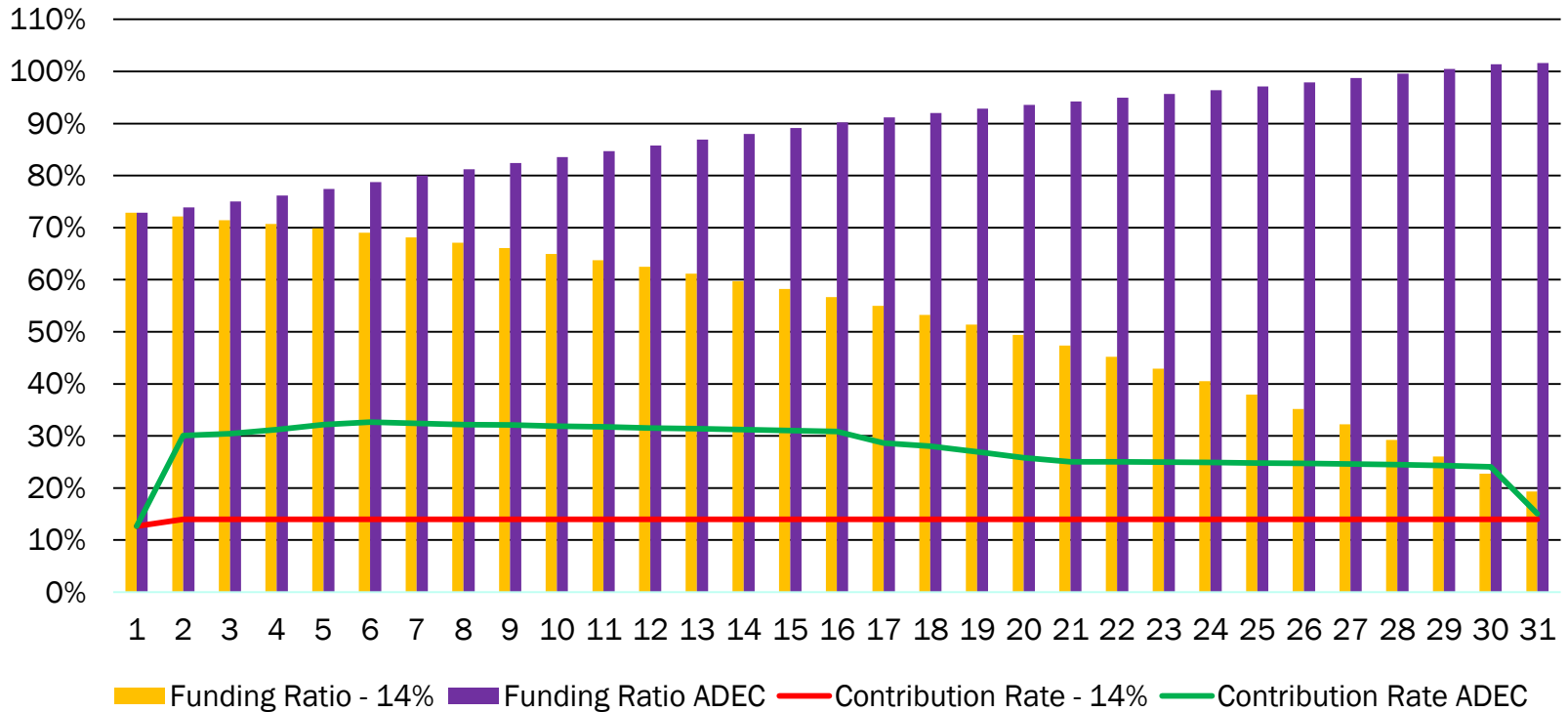
# Current Plan – 14% Contribution



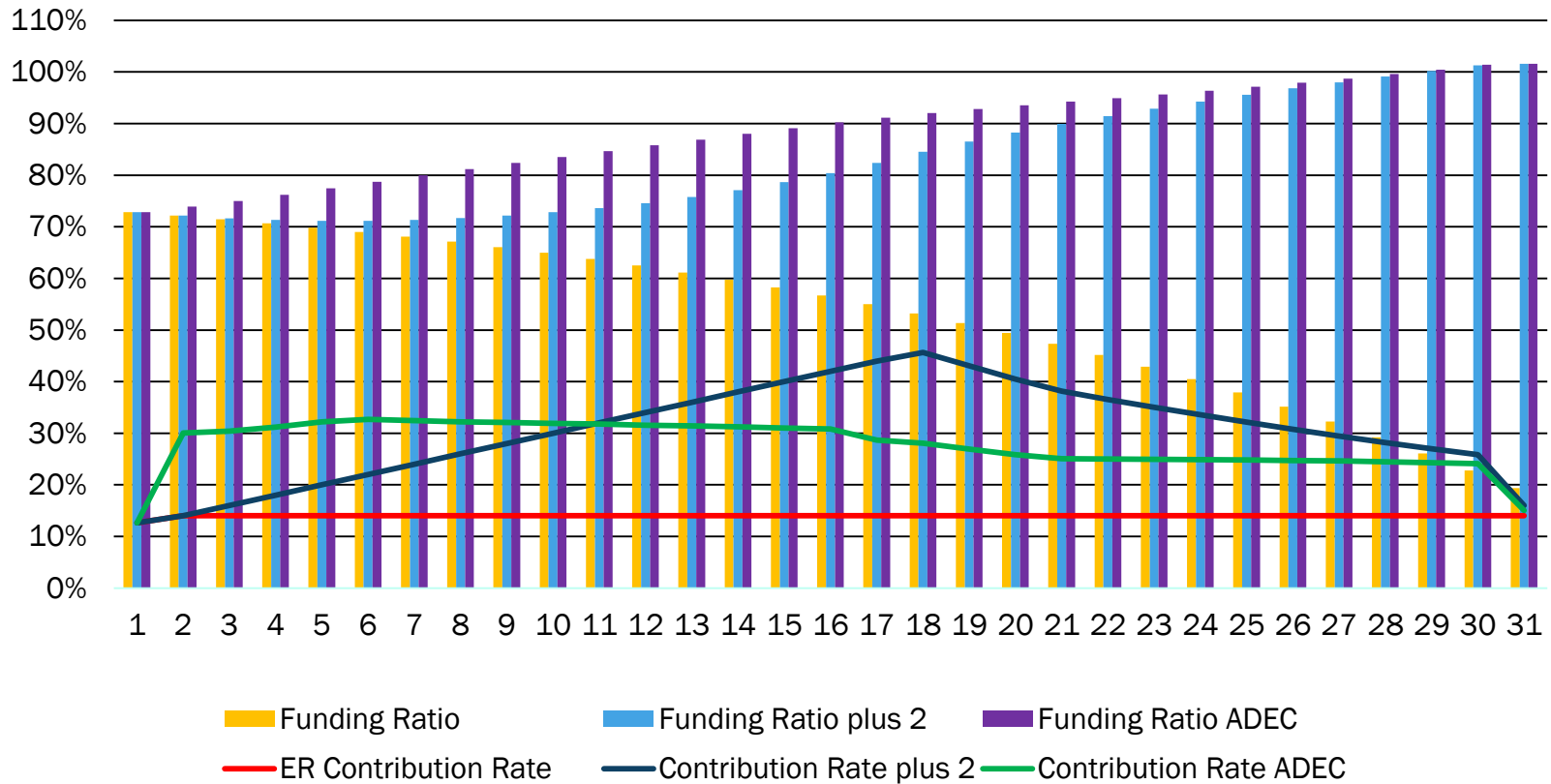
# Current Plan – 14% / 14% plus 2



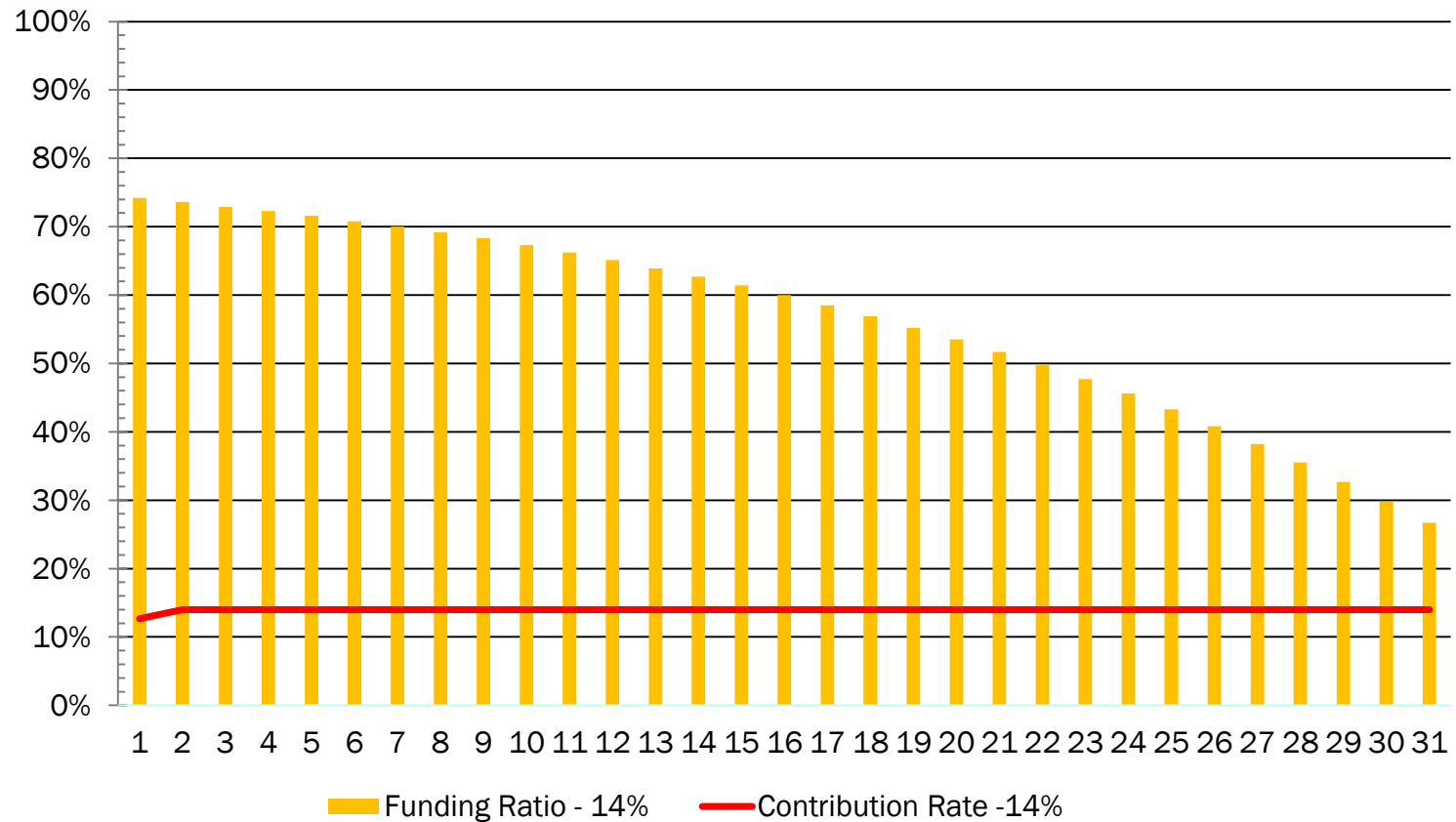
# Current Plan – 14% / ADEC



# Current Plan – All Projections

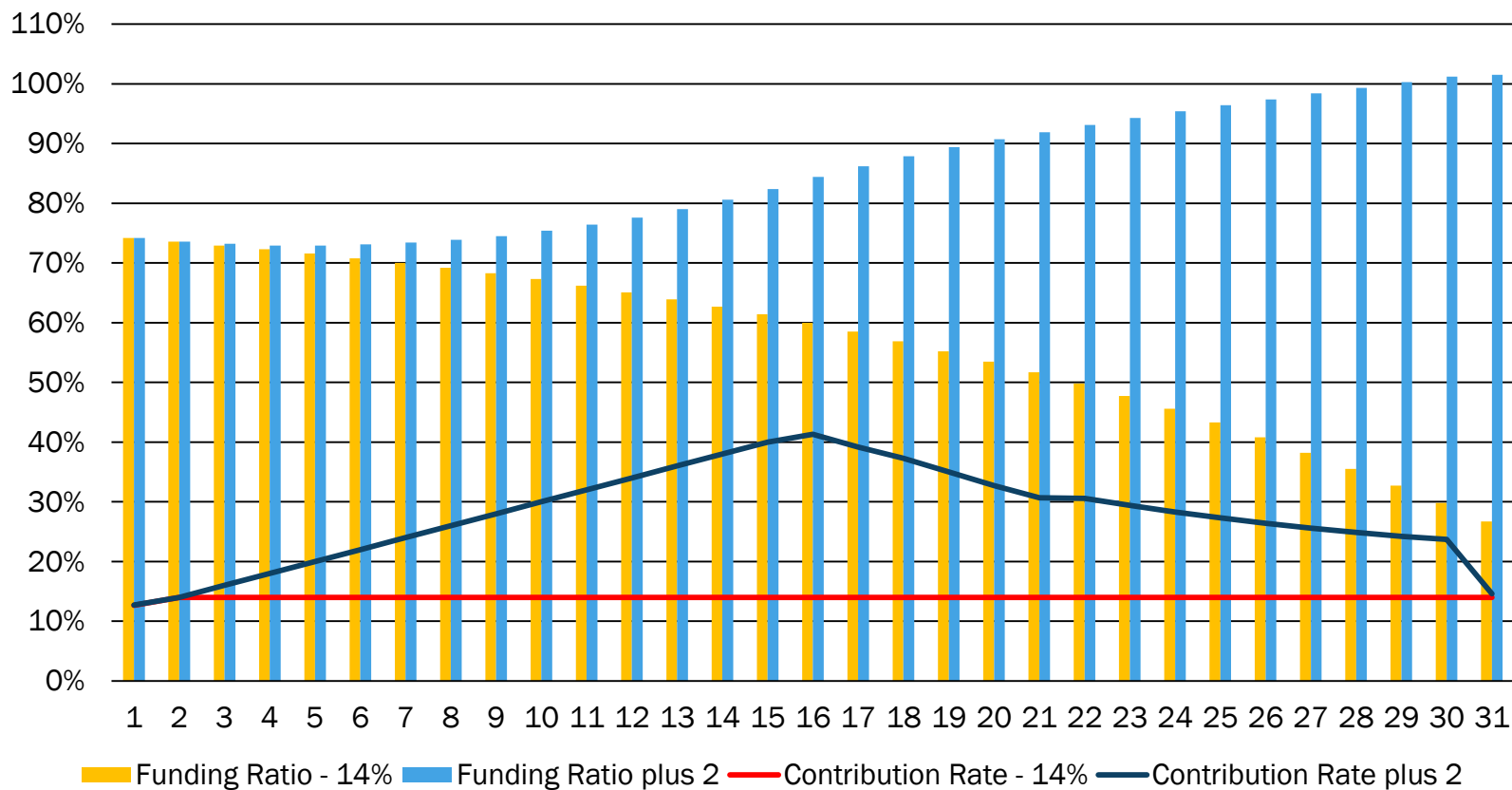


## 4 Year Avg – 14% Contribution

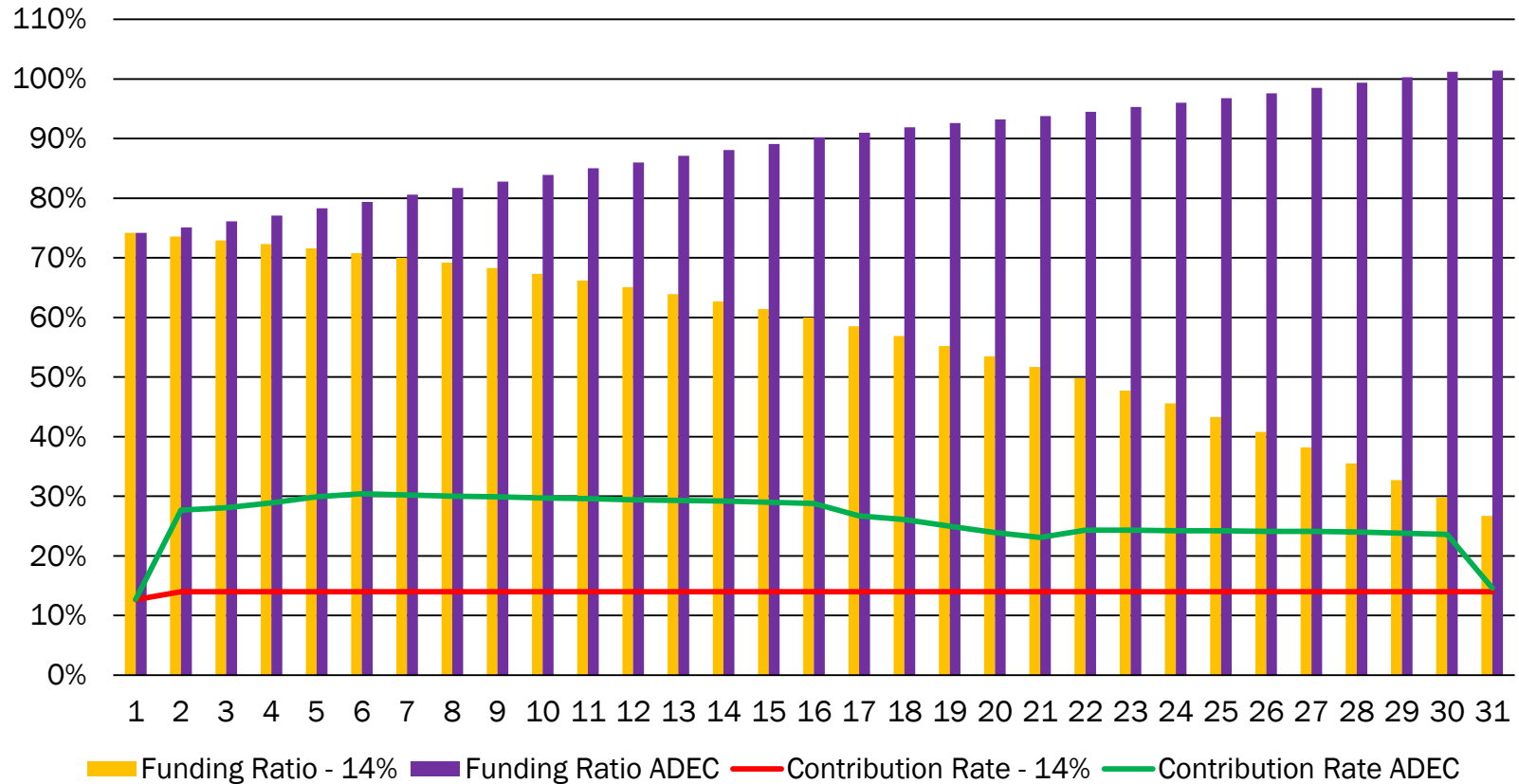




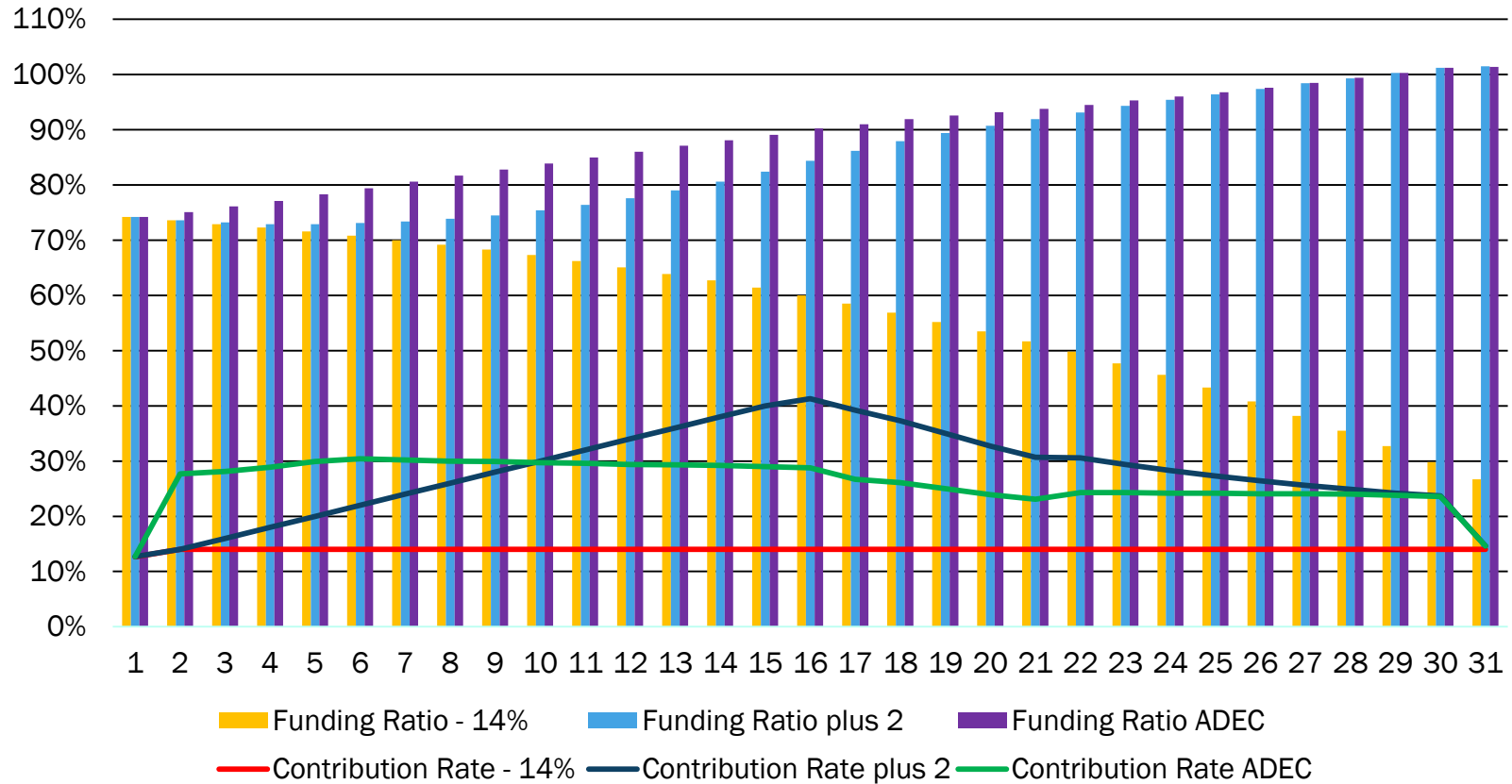
# 4 Year Avg – 14% / 14% plus 2



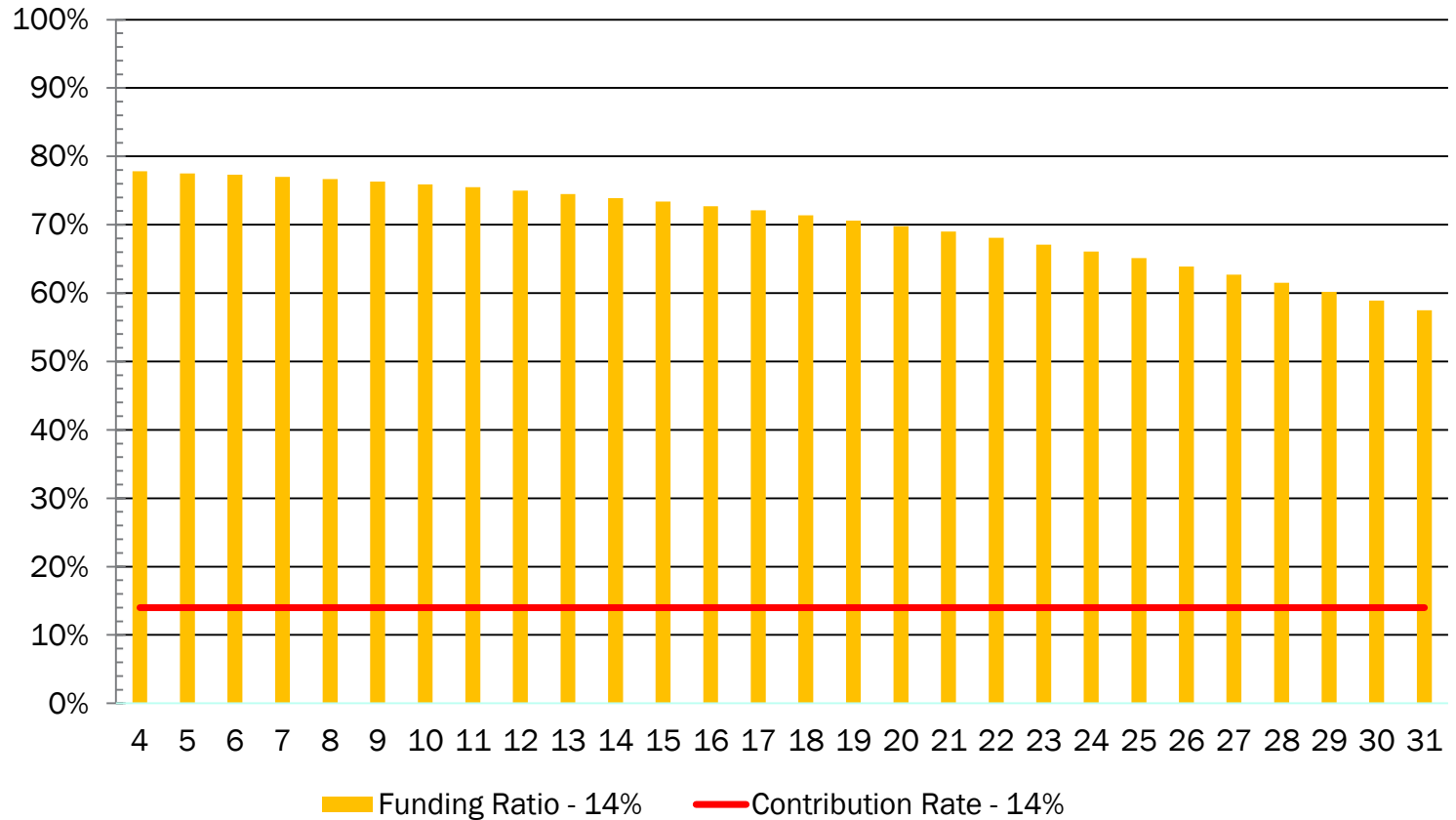
## 4 Year Avg – 14% / ADEC



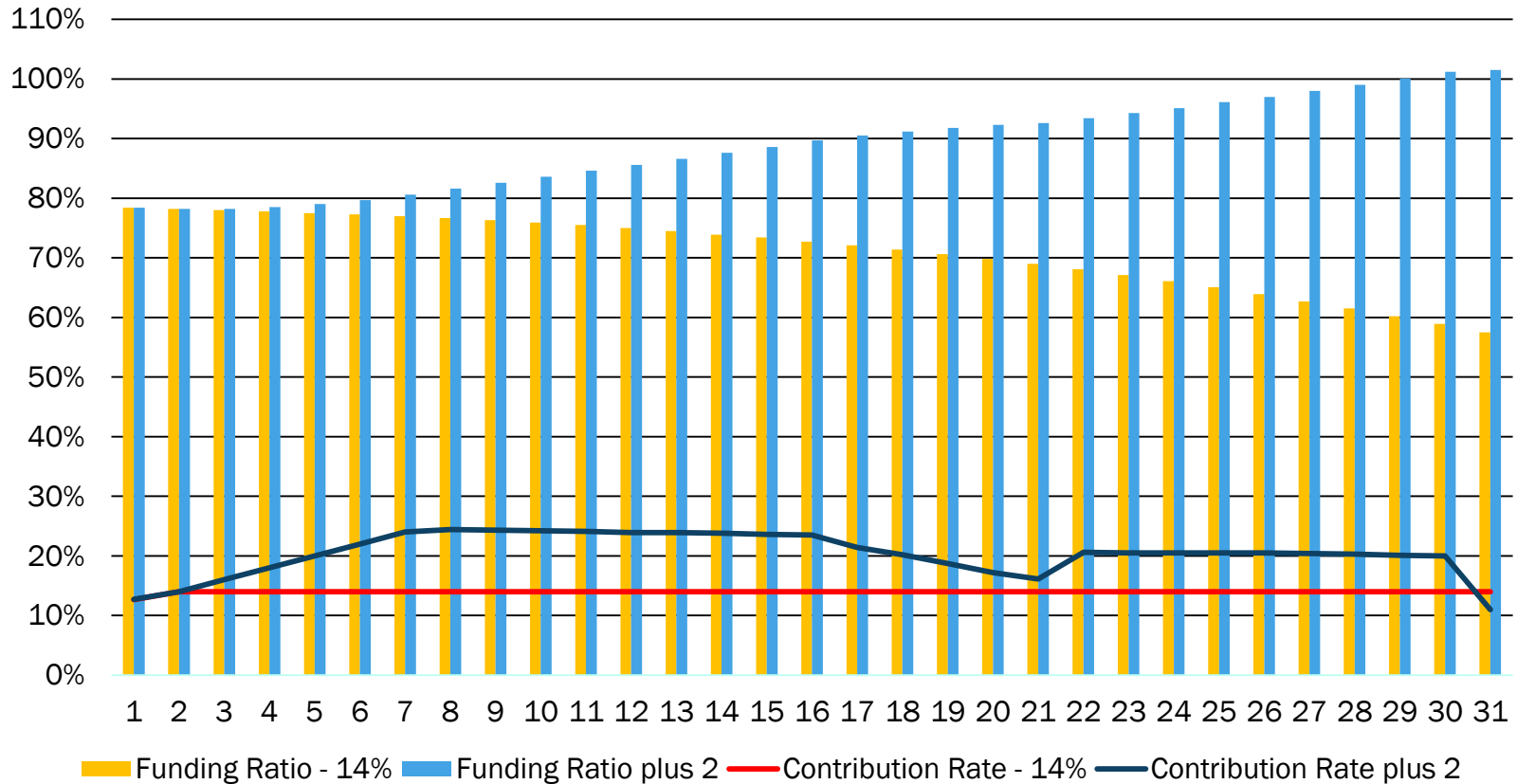
# 4 Year Avg – All Projections



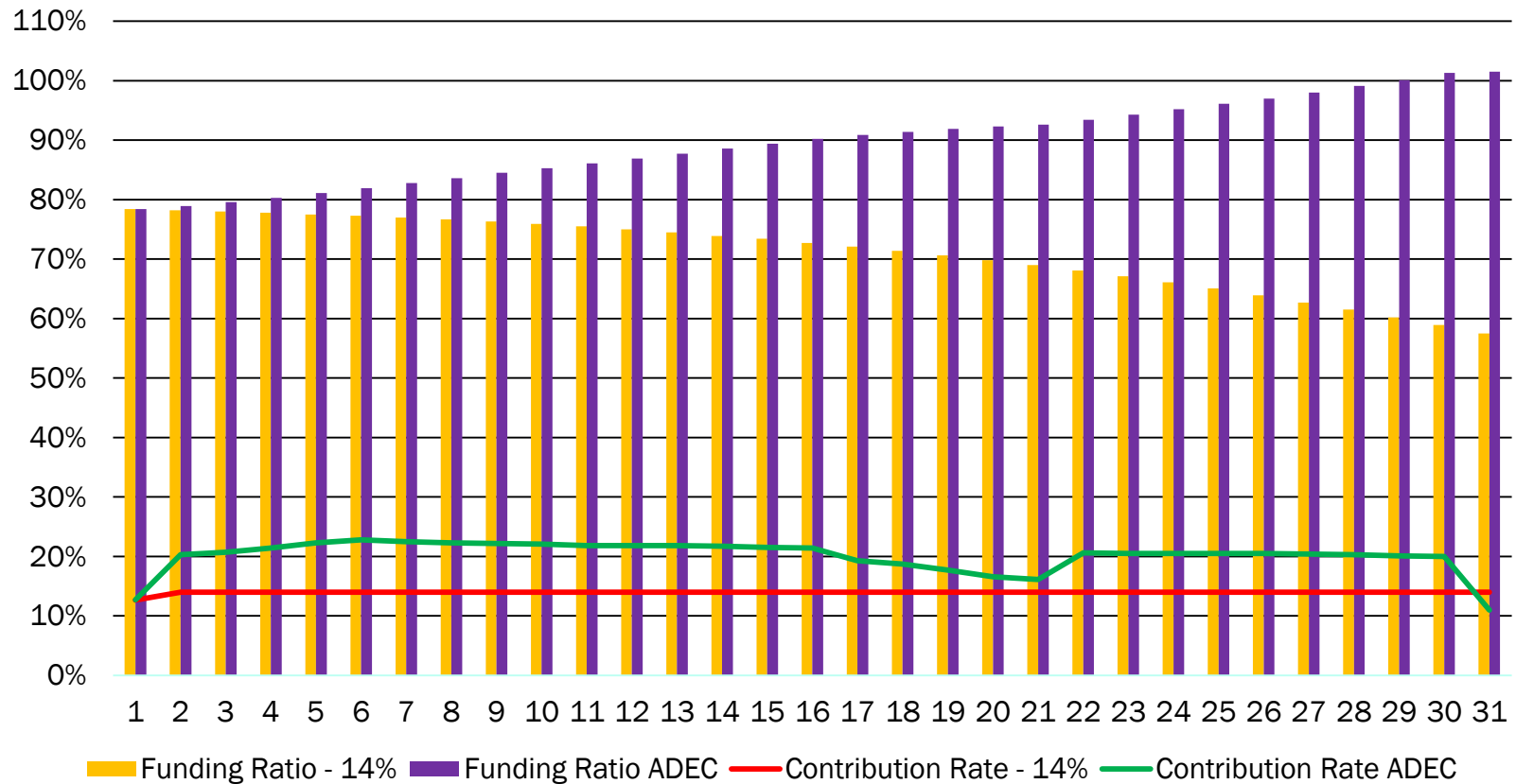
# Base Pay – 14% Contribution



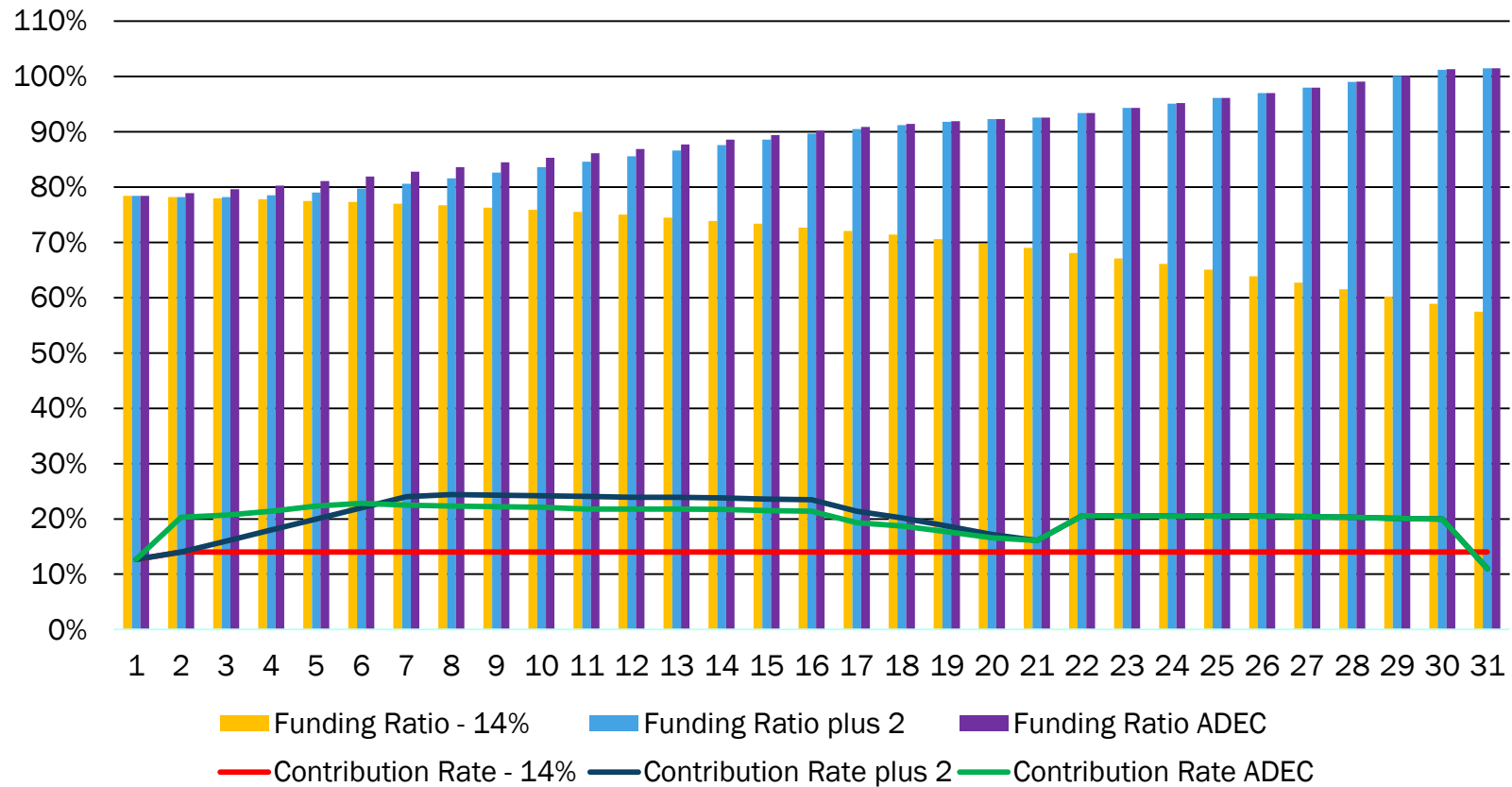
# Base Pay – 14% / 14% plus 2



# Base Pay – 14% / ADEC



# Base Pay – All Projections





## Important Notices and Certification







# Data, Assumptions, Methods and Provisions

- This report is based on participant data as of January 1, 2017, as summarized herein.
  - Except as otherwise noted herein, this report is based on assumptions, methods and provisions summarized in the Charlotte Firefighters' Retirement System Experience Investigation for the Five-Year Period Ending June 30, 2019 signed by Cavanaugh Macdonald on January 15, 2020.

# Important Notices

- CBIZ Retirement Plan Services has prepared this report for the sole use of the Charlotte Firefighters Retirement System for the purpose of providing the estimated change in funding ratio under different funding policies. Additional determinations may be needed for other purposes, such as judging benefit sufficiency for plan termination. This report should not be relied upon for other purposes without consulting CBIZ Retirement Plan Services.

# Certification

The actuary whose signature appears below meets the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States and is qualified to render the actuarial opinion contained herein. CBIZ Retirement Plan Services' relationship with the Plan and Plan Sponsor is strictly professional. There are no aspects of the relationship that may impair or appear to impair the objectivity of our work.



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William G. Karbon  
MAAA, MSPA, EA

August 11, 2020

# Thank You

## CONTACT INFO

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**Questions?**