



Corpus Christi Firefighters' Retirement System

City Council Briefing
April 16, 2024



Corpus Christi Firefighters' Retirement System (CCFFRS)



- Corpus Christi Firefighters' Retirement System (CCFFRS) was established 1942 under the Texas Local Fire Fighters' Retirement Act (TLFFRA).
 - Members of the CCFFRS are those persons younger than 36 years old on the date certified under civil service as eligible for a beginning position with the Corpus Christi Fire Department. Excluded are those not regularly directly engaged in the fighting of fires.
 - CCFFRS is governed by a Board of Trustees who meets once a month.
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Corpus Christi Firefighters' Retirement System (CCFFRS)



- The Retirement System is funded with contributions from the City of Corpus Christi and the active firefighters.
 - Neither the firefighters nor the City (as the employer's contribution for the firefighters) contribute into Social Security based on a decision of the firefighters in 1965 not to participate in Social Security.
 - Medicare contributions of 1.45% are made by firefighters hired after April 1, 1986.
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Pension Governance



- **Article XVI, Section 67 of the Texas Constitution:** Provides the legislature with the authority to enact general laws establishing systems and programs of retirement and related disability and death benefits for public employees and officers.
- **Texas Government Code, Title 8, Subtitle A:** Provisions generally applicable to Public Retirement Systems
- **Vernon's Texas Civil Statutes:** Title 109: Pensions; Section 6243(e) Texas Local Fire Fighters Retirement Act (TLFFRA)



Corpus Christi Firefighters' Retirement System (CCFFRS) Board of Trustees (7 members)



- *Three Active Firefighters*
 - Michael Gilley – Chair
 - Ernest Rivas – Vice-Chair
 - Christopher Guilianelle

 - *Mayor or Mayor's Designee*
 - Penn Thomas

 - *Municipality's Chief Financial Officer*
 - Constance P. Sanchez

 - *Two Members elected by the Board of Trustees*
 - Darron Boergstrom – Secretary-Treasurer
 - Laurelyn Pohlmeier
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CCFFRS Support Staff



- *Plan Administrator*
 - Gracie Flores - Plan Administrator
 - Alicia Canales - Administrative Assistant

- *Attorney*
 - Craig Ansel - Davis, Hutchinson & Wilkerson, L.L.P.

- *Investment Advisor*
 - Hal Tab - UBS



Number of Fire Fighter Pension Recipients

As of December 31 , 2022 Valuation



Type of Benefit	Count by Type
Service Retirement	147
Disability Retirement:	
Not Eligible for Service Retirement	48
Eligible for Service Retirement	80
Vested Terminated (Deferred)	15
Surviving Spouse	57
Surviving Child	<u>1</u>
TOTAL	<u>348</u>



Contributions for City Employees

(As of January 1, 2024)



GENERAL EMPLOYEES AND POLICE:

EMPLOYER (ER) Contributions

16.57% to TMRS

6.20% to Social Sec

1.45% to Medicare

24.22% Total ER Contributions

EMPLOYEE (EE) Contributions

7.00% to TMRS

6.20% to Soc Sec

1.45% to Medicare

14.65% Total EE Contributions

Total 38.87%

FIREFIGHTERS:

EMPLOYER (ER) Contributions

26.216% ER Contributions to CCFRS

1.450% to Medicare

27.666% Total ER Contributions

EMPLOYEE (EE) Contributions

14.10% EE Contributions to CCFRS

1.45% to Medicare

15.55% Total ER Contributions

Total 43.216%



History of Contribution Rates



<u>Date</u>	<u>Firefighters</u>	<u>City</u>	<u>Total</u>	<u>Increase</u>
July 9, 2007	11.100%	14.580%	25.680%	
January 6, 2008	12.200%	15.390%	27.590%	1.910%
January 4, 2009	12.200%	16.580%	28.780%	1.190%
January 2, 2010	12.200%	17.680%	29.880%	1.100%
January 2, 2011	12.200%	18.780%	30.980%	1.100%
December 30, 2012	12.200%	20.130%	32.330%	1.350%
January 12, 2013	12.200%	20.780%	32.980%	0.650%
June 1, 2015	13.100%	20.780%	33.880%	0.900%
October 1, 2019	13.100%	21.280%	34.380%	0.500%
October 1, 2020 YR1	13.100%	22.264%	35.364%	0.984%
October 1, 2021 YR2	13.100%	23.248%	36.348%	0.984%
February 1, 2022	14.100%	23.248%	37.348%	1.000%
October 1, 2022 YR3	14.100%	24.232%	38.332%	0.984%
October 1, 2023 YR4	14.100%	26.216%	39.316%	1.984% *
Projected October 1, 2024 YR5	14.100%	27.200%	40.300%	0.984%

* It should be noted that in October 2023, retirees who have been retired over 3 years received a \$110 monthly increase in their retirement benefits.



Funding Levels for Both Pension Plans



	Funded Ratio		
	(Actuarial Value of Assets / Actuarial Accrued Liability)		
	2022	2020	2018
TMRS	87.0%	85.9%	74.1%
CCFFRS	63.0%	60.9%	60.2%

TMRS – Texas Municipal Retirement System

CCFFRS – Corpus Christi Firefighters' Retirement System



Requirements for Actuarial Valuation



- Texas Government Code, Title 8, Subtitle A, Sec. 802.101.

ACTUARIAL VALUATION. (a) The governing body of a public retirement system shall employ an actuary, as a full-time or part-time employee or as a consultant, to make a valuation at least once every three years of the assets and liabilities of the system on the basis of assumptions and methods that are reasonable in the aggregate, considering the experience of the program and reasonable expectations, and that, in combination, offer the actuary's best estimate of anticipated experience under the program. The valuation must include a recommended contribution rate needed for the system to achieve and maintain an amortization period that does not exceed 30 years.



CCFFRS Actuarial Valuation



- The current actuary for the Corpus Christi Fire Fighters Retirement System (CCFFRS) is Rudd & Wisdom, Inc.
- An actuarial valuation is completed every two (2) years.
- The last valuation was as of December 31, 2022 and was completed on November 10, 2023.



Audit of Actuarial Valuation



- House Bill 2664 was passed in the summer of 2007 and was codified in Section 802.1012 of the Texas Government Code
 - It requires an independent actuarial audit every five years of public retirement systems with assets totaling \$100,000,000.
 - The governmental entity for which the public retirement system is responsible for is required to select the actuary and pay all costs associated with preparing and distributing the audit.
 - An actuarial audit of the CCFRS has been conducted since inception of this provision. Four audits have been conducted.
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Current Year Actuarial Audit



- The City's Finance Department went through the procurement process and selected Foster and Foster, Inc. to perform the actuarial audit for the Actuarial Valuation as of December 31, 2020.
- The audit results were presented to the Audit Committee on April 9, 2024.



Audit Objectives



- Audit of the 12/31/2020 actuarial valuation report prepared by Rudd and Wisdom, Inc. (R&W)
 - Verify actuarial methods, considerations and analyses used are reasonable and consistent with actuarial standards
 - Verify calculations for funding requirements are appropriate based on the structure of the plan and funding objectives
 - Level Two Audit – check sample lives rather than full replication
- Key Categories Included in the Review
 - Member Data
 - Assets
 - Liabilities
 - Assumptions / Methods
 - Reporting



Overall Findings



- **No Major Deficiencies**
 - Contribution requirements are sufficient and consistent with long-term objectives of funding the plan and paying benefits when due
 - Underlying member and asset information is reasonable, consistent and free of material discrepancies
 - Actuarial assumptions and methods are reasonable
 - Report complies with Actuarial Standards of Practice and is sufficient in communicating results
 - Valuation is complete and in accordance with State and Federal requirements

- **Three recommendations made**



Recommendations



- **Assumption Review**

1. The underlying mortality table for inactives is tied to retiree experience, while tables for survivors and disabled lives also were included with the Pub-2010 release. We would recommend using the appropriate table for each inactive group to provide the best estimate of their liabilities.
2. The mortality projection is currently based on the MP-2018 table. Since these projection scales are updated annually, it might be worth including the annual projection scale update as part of the underlying mortality assumption, so that the most current information is being used each year.

- **Report Review**

3. The valuation report does not include any risk disclosure as required by Actuarial Standard of Practice Number 51. At a minimum, all future reports should include this disclosure.



Actuary Response



- Rudd & Wisdom, Inc. provided a written response to the actuarial audit report indicating that for the first two recommendations, the recommended changes would be immaterial.
- For the third recommendation, Rudd & Wisdom, Inc. disagreed and stated that they believe significant information on risk was included in the actuarial valuation report.
- The Board of Trustees will consider the recommendations and responses for future actuarial valuations.



QUESTIONS ?