Houston Pension Systems
Quarterly Update

August 9, 2011 Budget and Fiscal Affairs Committee
HMEPS Historical City Contribution Rates: Actuarial vs. Actual

Note: An additional 6.2% of payroll is paid to Social Security for HMEPS employees ONLY.
HPOPS Historical City Contribution Rates: Actuarial vs. Actual

- Actuarially Calculated Contribution Rate
- Actual Contribution Rate

Fiscal Year

% of Payroll

August 9, 2011
HFRRF Historical City Contribution Rates: Actuarial vs. Actual

% of Payroll

Fiscal Year

Actuarially Calculated Contribution Rate

Actual Contribution Rate

August 9, 2011
Historical Pension Fund Investment Returns*

*Results for the year ended on 6/30/2011 are estimates and are not yet finalized.

August 9, 2011
Projecting Future Contribution Requirements

- A plan’s funding liability = the present value of future expected benefit payments
- **Funding adequacy exists when**: A plan’s funding liability = current assets + the present value of future expected contributions
- **Or more simply, over the long term**: The sum of benefits + administrative expenses paid = the sum of what the city and employees contribute + the investment income earned on fund assets

<table>
<thead>
<tr>
<th>Plan</th>
<th>What is owed to current and future retirees*</th>
<th>What is currently in the fund*</th>
<th>What we are short*</th>
<th>How to make up the difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>HMEPS</td>
<td>$4.2 billion</td>
<td>$2.1 billion</td>
<td>$2.1 billion</td>
<td>?</td>
</tr>
<tr>
<td>HPOPS</td>
<td>$5.4 billion</td>
<td>$3.5 billion</td>
<td>$1.9 billion</td>
<td>?</td>
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<tr>
<td>HFRRF</td>
<td>$4.3 billion</td>
<td>$3.2 billion</td>
<td>$1.1 billion</td>
<td>?</td>
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</tbody>
</table>

*Figures are estimates because FY2011 numbers have not yet been finalized.*
HMEPS Projected City Contribution Rates: Actuarial vs. Actual

Note: The projected actuarial contribution rates are based on the 7/1/2010 actuarial valuation report and do not reflect the investment gains for the year ended 6/30/2011. An additional 6.2% of payroll is paid to Social Security for HMEPS employees ONLY.
HPOPS Projected City Contribution Rates: Actuarial vs. Actual

Note: The projected actuarial contribution rates are based on the 7/1/2010 actuarial valuation report and do not reflect the investment gains for the year ended 6/30/2011.
HFRRF Projected City Contribution Rates: Actuarial vs. Actual

Note: The projected actuarial contribution rates are based on the 7/1/2010 actuarial valuation report and do not reflect the investment gains for the year ended 6/30/2011.
Projected City Contributions from the General Fund only (In Dollars)
Projected City Contributions from all funds (In Dollars)
Questions?