

City of Arlington's Pension Plan

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 883 administered by TMRS, an agent, multiple-employer public employee retirement system. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. A summary of plan provisions for the City are as follows:

Employee Deposit Rate:	7%
Matching Ratio (City to Employee):	2 to 1
Vesting of Benefits:	5 years
Service Retirement Eligibility:	20 years at any age, 5 years at the age of 60 and above
Updated Service Credit:	100% repeating transfers
Annuity Increases (to retirees):	50% of change in CPI
Death Benefits:	Yes

Employees Covered by Benefit Terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,725
Inactive employees entitled to but not yet receiving benefits	1,129
Active Employees	2,495
Total	5,349

Pension Summary

TMRS provides each of its member cities with two slightly different actuarial valuations which are both reflected below as of December 31, 2017. The first is the smoothed valuation used to calculate the City of Arlington's actuarially determined contribution (ADC) to the plan. The second valuation is provided for Governmental Accounting Standards Board (GASB) Pronouncement 68 financial reporting purposes and reflects the City of Arlington's fiduciary net position based on the market value of its assets.

Equivalent Single Amortization Period – 18.6 years
Covered Payroll - \$169,628,359

Funding Valuation (Smoothed Value)	12/31/2017
Total Actuarial Accrued Liability	1,189,337,480
Actuarial Value of Assets	1,036,660,677
Unfunded Actuarial Accrued Liability (UAAL)	152,676,809
Funded Ratio	87.2%
UAAL as a percentage of covered payroll	90.0%

GASB 68 Valuation (Market Value)	12/31/2017
Total Pension Liability	1,189,337,480
Plan Fiduciary Net Position	1,081,094,845
Net Pension Liability	108,242,635
Funded Ratio	90.9%
NPL as a percentage of covered payroll	63.8%

Year	Total Actuarial Accrued Liability	Actuarial Value of Assets (funded)	Unfunded Actuarial Accrued Liability	Funded Ratio	Unfunded Ratio
2012	904,236,326	787,497,396	116,738,930	87.1%	12.9%
2013	1,003,238,111	842,193,693	161,044,418	83.9%	16.1%
2014	1,037,982,210	893,065,264	144,916,946	86.0%	14.0%
2015	1,086,413,400	939,417,412	147,165,988	86.5%	13.5%
2016	1,136,501,615	984,567,996	151,933,619	86.6%	13.4%
2017	1,189,337,480	1036,660,677	152,676,803	87.2%	12.8%

Contributions

Employees for the City of Arlington are required to contribute 7% of their annual gross earnings based on the City's plan provisions. Contribution rates for the City of Arlington for calendar years 2014 through 2019 are listed below. The City of Arlington contributes the full ADC rate.

Year	Actuarially Determined Contribution Rate	Employee Rate	Total Combined Contribution Rate
2015	15.50%	7.00%	22.50%
2016	14.93%	7.00%	21.93%
2017	15.58%	7.00%	22.58%
2018	15.94%	7.00%	22.94%
2019	15.96%	7.00%	22.96%

Investments

More detailed information regarding investment objectives, policies, and performance of the TMRS pension system can be found at <https://www.tmr.org/investments.php> or in the TMRS Comprehensive Annual Financial Report (CAFR).

TMRS Current Assumed Rate of Return = 6.75%

2017 Investment Results (TMRS Total Fund Return)	
1 Year	14.27%
3 Year	7.19%
5 Year	7.46%
10 Year	6.71%

Source: TMRS 2017 Comprehensive Annual Financial Report (CAFR) Rates of return presented are calculated using a time-weighted rate of return methodology based upon market values, and are presented gross of investment management fees.