



FROM	NAME & TITLE	N. Anthony Calhoun, Executive Director 	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Fire and Police Employees' Retirement System 7 E. Redwood Street, 18 th Floor		
	SUBJECT	City Council Bill 15-0579		

TO

DATE:
November 13, 2015

The Honorable President and Members
of the Baltimore City Council
Attn: Natawna Austin, Executive Secretary
Room 409, City Hall
100 N. Holliday Street
Baltimore, Maryland 21202

Re: City Council Bill 15-0579 – Fire and Police Employees' Retirement System – Definition of Regular Interest for Valuation Purposes

Dear Mr. President and City Council Members:

City Council Bill 15-0579 has been introduced at the request of the Fire and Police Employees' Retirement System ("F&P") to amend the F&P law to decrease the definition of regular interest for valuation purposes from 7.75% to 7.5%.

This adjustment of F&P's assumed future rate of return was recommended by the plan's actuary, Cheiron, and approved by the F&P Board of Trustees for valuation purposes. The FY2015 Valuation Report for F&P approved by the F&P Board used the 7.5% assumed rate of investment return to derive the City's 7/1/16 contribution to F&P; that contribution was certified by the F&P Board of Trustees to the Department of Finance to be \$128.8 million. Passage of the Bill will not increase the City's certified contribution.

Decrease in the F&P's assumed rate of investment return is consistent with data derived by the City's actuary from F&P's investment experience and future investment results projected by F&P's investment advisor, Summit Strategies. A significant number of governmental pension plans have similarly reduced their assumed rates of investment return to more accurately reflect investment market data.

I will be available to provide testimony at the hearing scheduled for CC Bill 15-0579. Please call me at 410.497.7929 if you would like additional information.

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