

# Fire and Police Employees' Retirement System Rate of Return Decrease



# F&P

## Summary

- ▶ F&P has been decreasing the expected rate of return by 0.25% every 3 years from 8% to 7.25%
- ▶ F&P average rate of return since inception is about 7%
- ▶ With the decreased expected return, the city's contribution will continue to decrease and the funding ratio will continue to increase

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## Summary

- ▶ Other jurisdictions are in line with the proposed rate reduction
- ▶ These numbers are not fixed. The amounts are adjusted every year based on actual returns and expenditures.

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## Summary

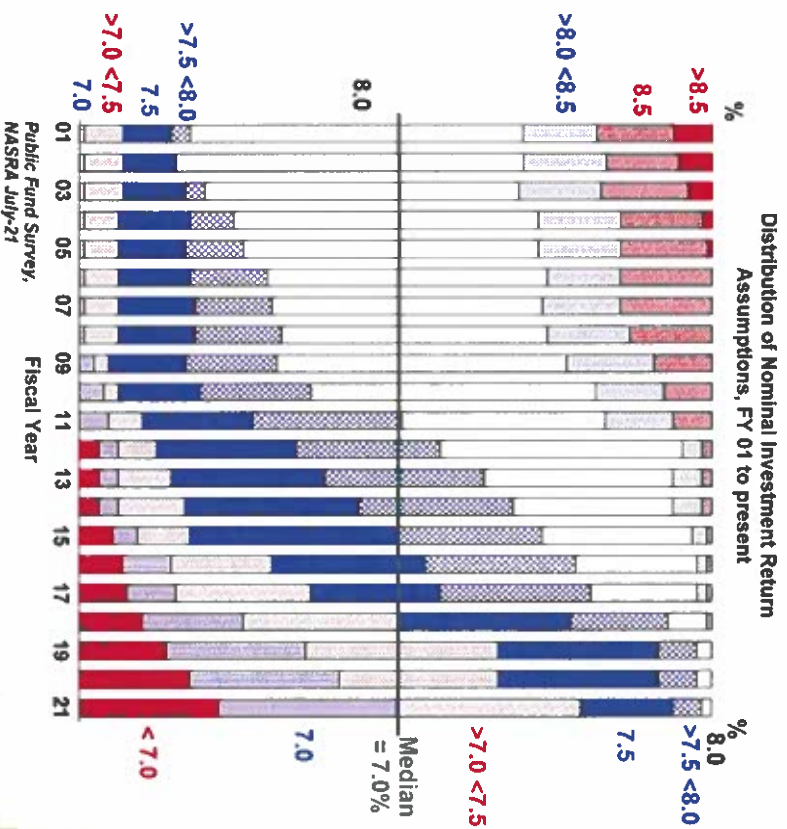
- ▶ The F&P's Board has approved the assumption rate change.
- ▶ The city council has to approve to put the change into law.

# F&P Experience Study Results

- ❖ Since 2009, many plans have reduced their investment return assumption.

- ❖ The median assumption is now 7.00%.

- ❖ The number of plans assuming 7.00% or lower has increased significantly.



## City Contributions

Rate of Return	FY23 City Contribution
6.90%	159,169,729
6.95%	156,576,941
7.00%	153,984,152

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## Rate Changes

FY Ending June 30	Projected Investment Return
2010	8.00%
2011	8.00%
2012	7.75%
2013	7.75%
2014	7.75%
2015	7.50%
2016	7.50%

## Rate Changes

FY Ending June 30	Projected Investment Return
2017	7.50%
2018	7.25%
2019	7.25%
2020	7.25%
2021	7.00%
2022	6.95%
2023	6.90%



## Local Rates

Local Survey	
County	Discount Rate
Anne Arundel County	7.00%
Baltimore County	6.375%
Calvert County	7.25%
Caroline County	7.00%
Carroll County	7.00%
Cecil County	7.00%
Charles County	7.00%
Frederick County	7.00%
Harford County	7.00%
Howard County	7.35%
Montgomery County	7.50%
Prince George's County	7.25%
St. Mary's County	7.25%
State of Maryland	6.80%
M-NCPPC	6.75%

source: most recent AVRs available online 10/17/2021  
Fire and Police Employees' Retirement System