MERS ACTUARIAL VALUATION DECEMBER 31, 2020

The current MERS Investment Return Assumption is 7.35% per year. In February 2020, MERS completed a five year (2013 – 2018) Experience Study and adopted changes to certain demographic assumptions. Demographic assumption changes will be effective with fiscal year 2022 contributions. Alternate projection scenarios are listed in the table on page 10 of the report.

The table on Page 7 of the AV shows that SLC's required employer contribution (with phase-in) beginning 10/1/2022 will be $2,958 per month ($35,496 per year). If we choose to pay the no-phase in contribution, the amount will be $3,513 per month ($42,156 per year).

SLC's current (FY 2021) required employer contribution is $2,187 per month ($26,244 per year).

FY 2021/2022 required employer contribution will be $2,610 per month ($31,320 per year.)

Table 5 on page 17 shows that SLC's assets as of December 31, 2020 were $816,158. Table 5 also shows required and voluntary employer payments from 2009 through 2020. SLC set up a Surplus Division in 2017; the $31,512 payment was the first payment into the new Surplus Division and all subsequent voluntary payments have been directed to the Surplus Division. Prior to 2017, all voluntary employer payments went into the regular defined benefit division. Voluntary payments to the regular division reduce the required employer contribution; voluntary payments to the Surplus Division reduce the future unfunded defined benefit plan liability. Table 5 also shows required active employee contributions to the plan; the last employee contributions were made in 2018; on August 28, 2018, the defined benefit plan was closed to new hires and a new Defined Contribution plan was adopted by the Board.

Table 7 on page 19 shows that SLC's DB plan was funded at 74% as of December 31, 2020 and unfunded accrued liabilities were $287,199. Note that SLC's plan funding dropped from 76% to 74% from 2019 to 2020; this is partly due to the fact that our 2020 Surplus Division contribution ($20,000) was our lowest since the Surplus Division was set up in 2017.

I recommend that, before the end of the current fiscal year, the board consider contributing a higher amount ($30,000 - $50,000) to the Surplus Division in order to increase our plan funded percentage and reduced unfunded accrued liabilities.