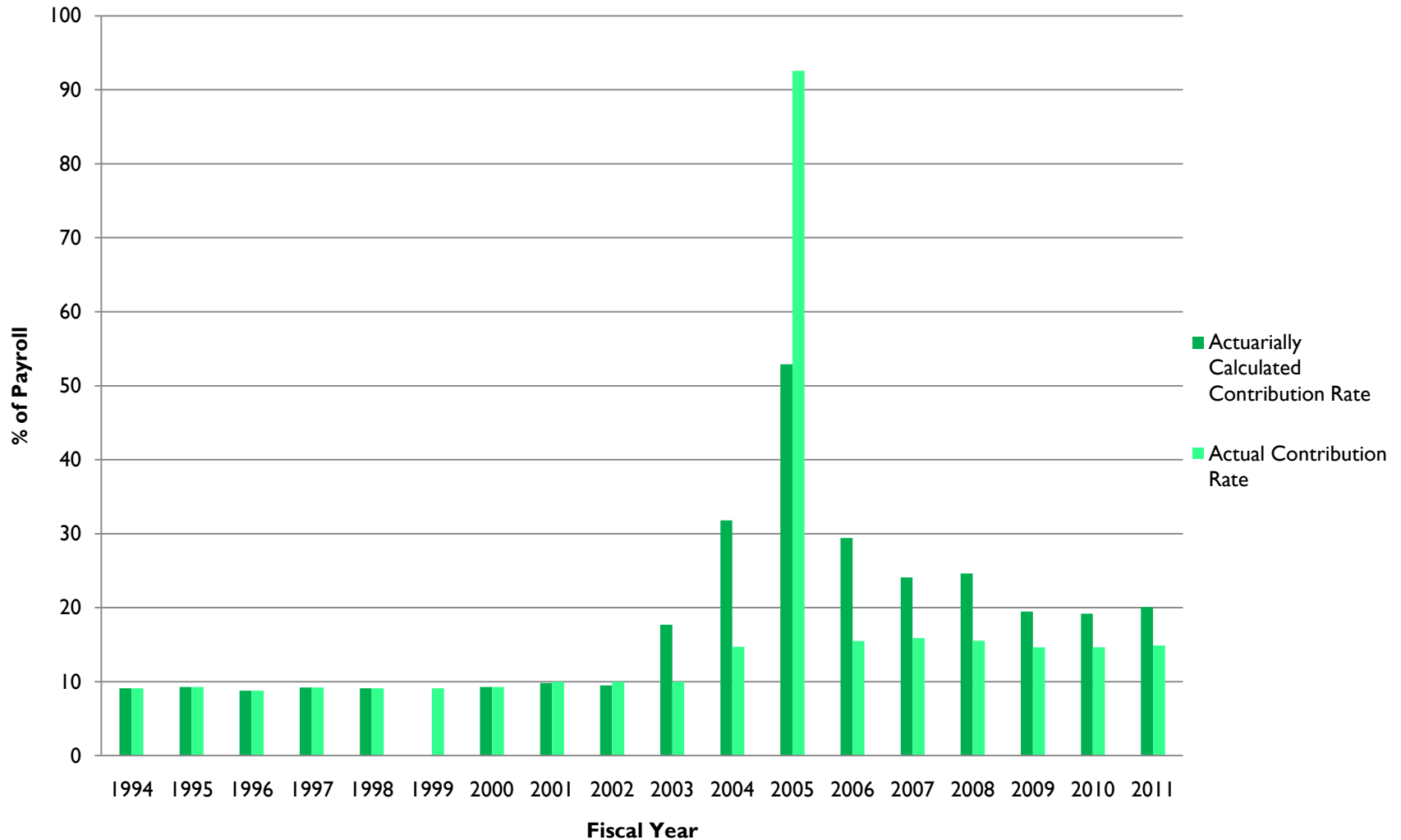


# Houston Pension Systems Quarterly Update

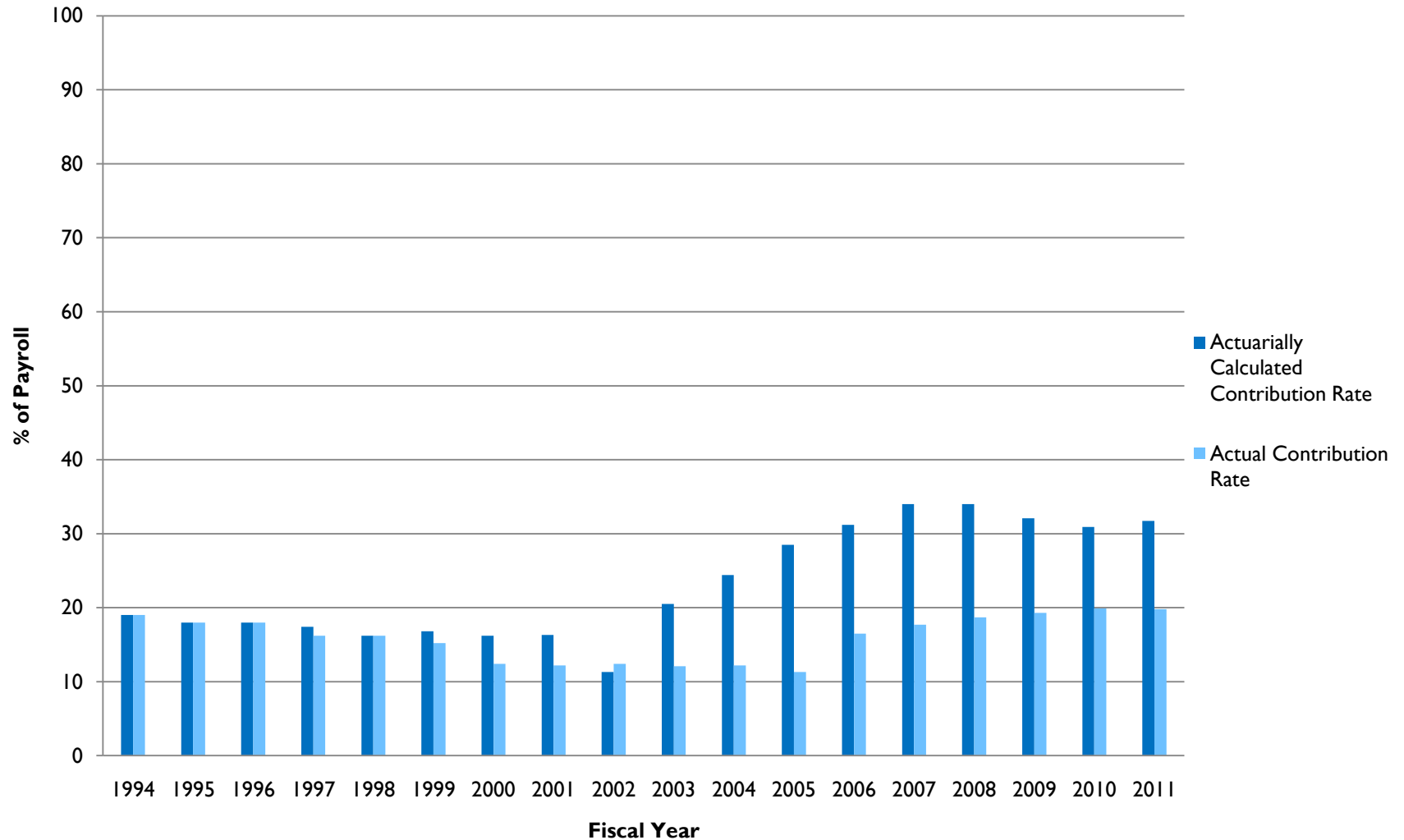
August 9, 2011 Budget and Fiscal Affairs Committee

# HMEPS Historical City Contribution Rates: Actuarial vs. Actual

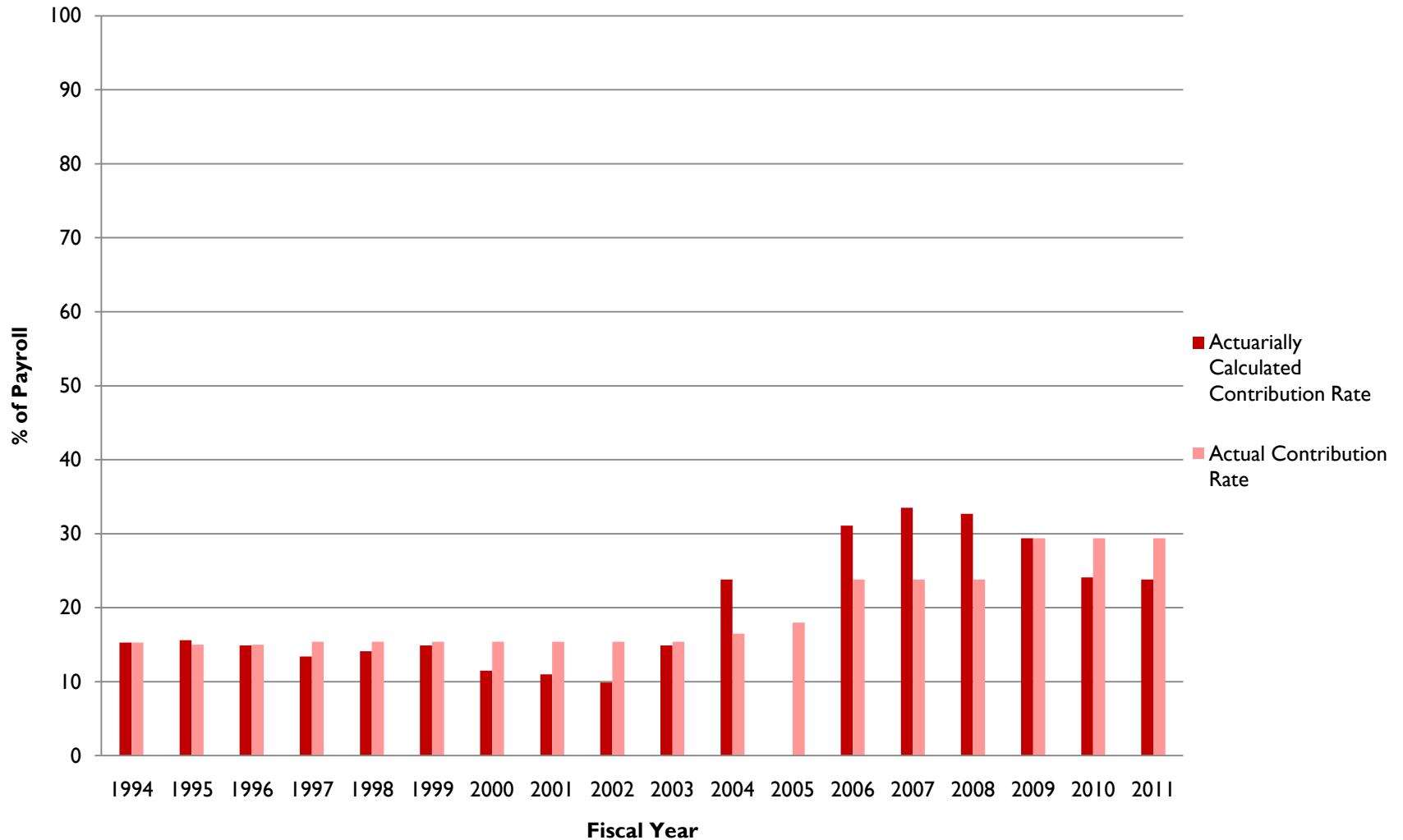


Note: An additional 6.2% of payroll is paid to Social Security for HMEPS employees ONLY.

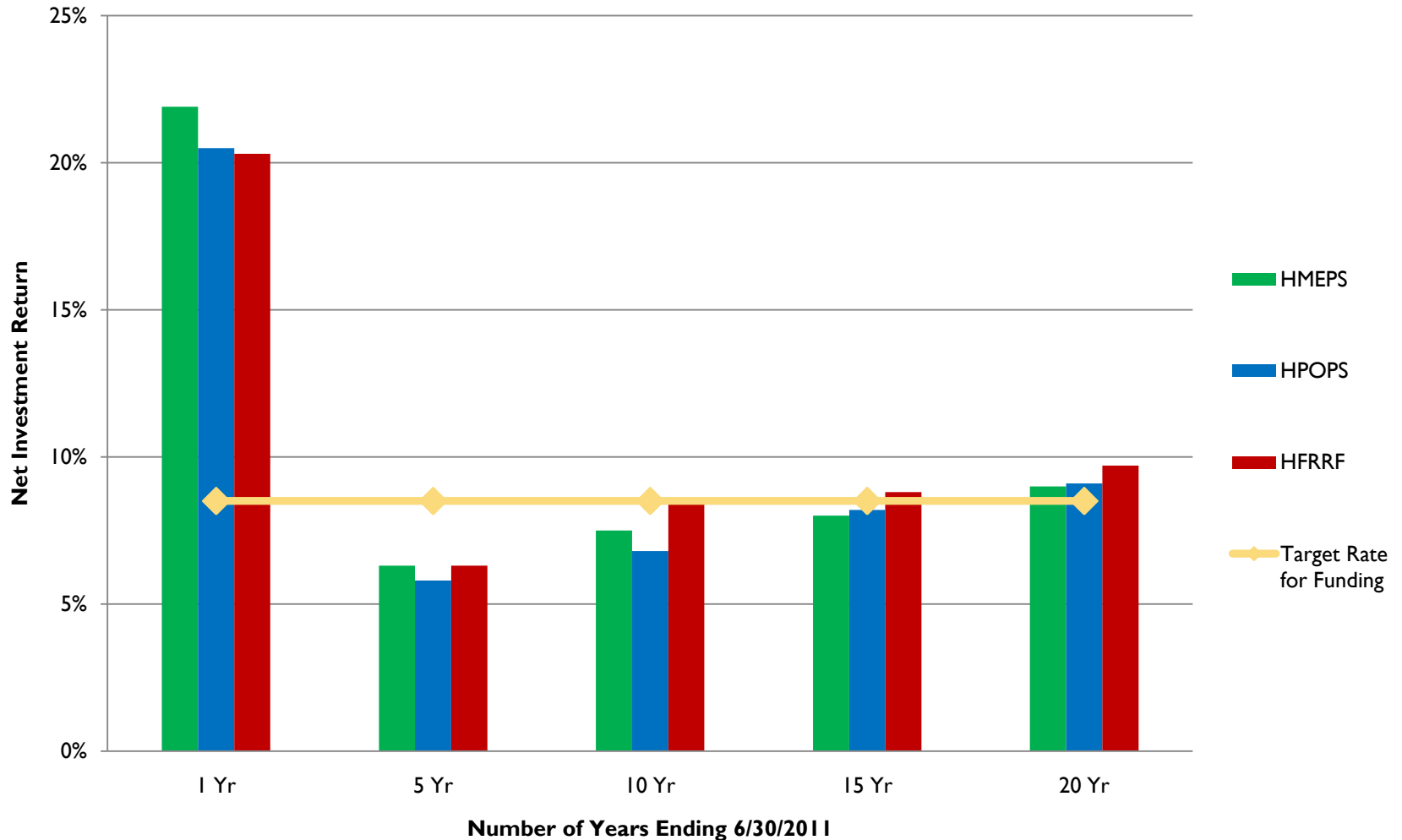
# HPOPS Historical City Contribution Rates: Actuarial vs. Actual



# HFRRF Historical City Contribution Rates: Actuarial vs. Actual



# Historical Pension Fund Investment Returns\*



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

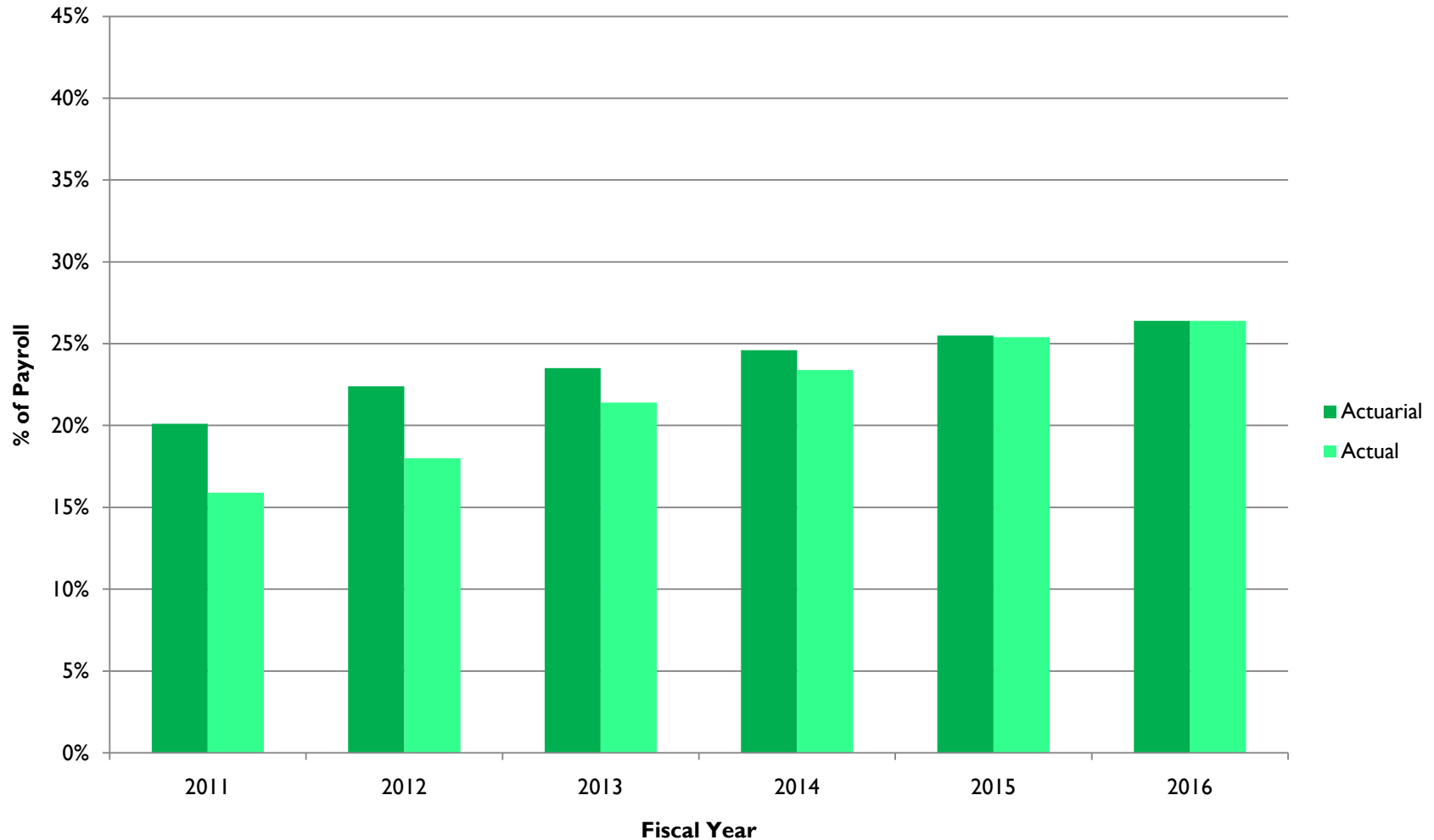
# Projecting Future Contribution Requirements

- ▶ 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

	What is owed to current and future retirees*	What is currently in the fund*	What we are short*	How to make up the difference
HMEPS	\$ 4.2 billion	\$2.1 billion	\$2.1 billion	?
HPOPS	\$ 5.4 billion	\$ 3.5 billion	\$1.9 billion	?
HFRRF	\$ 4.3 billion	\$3.2 billion	\$1.1 billion	?

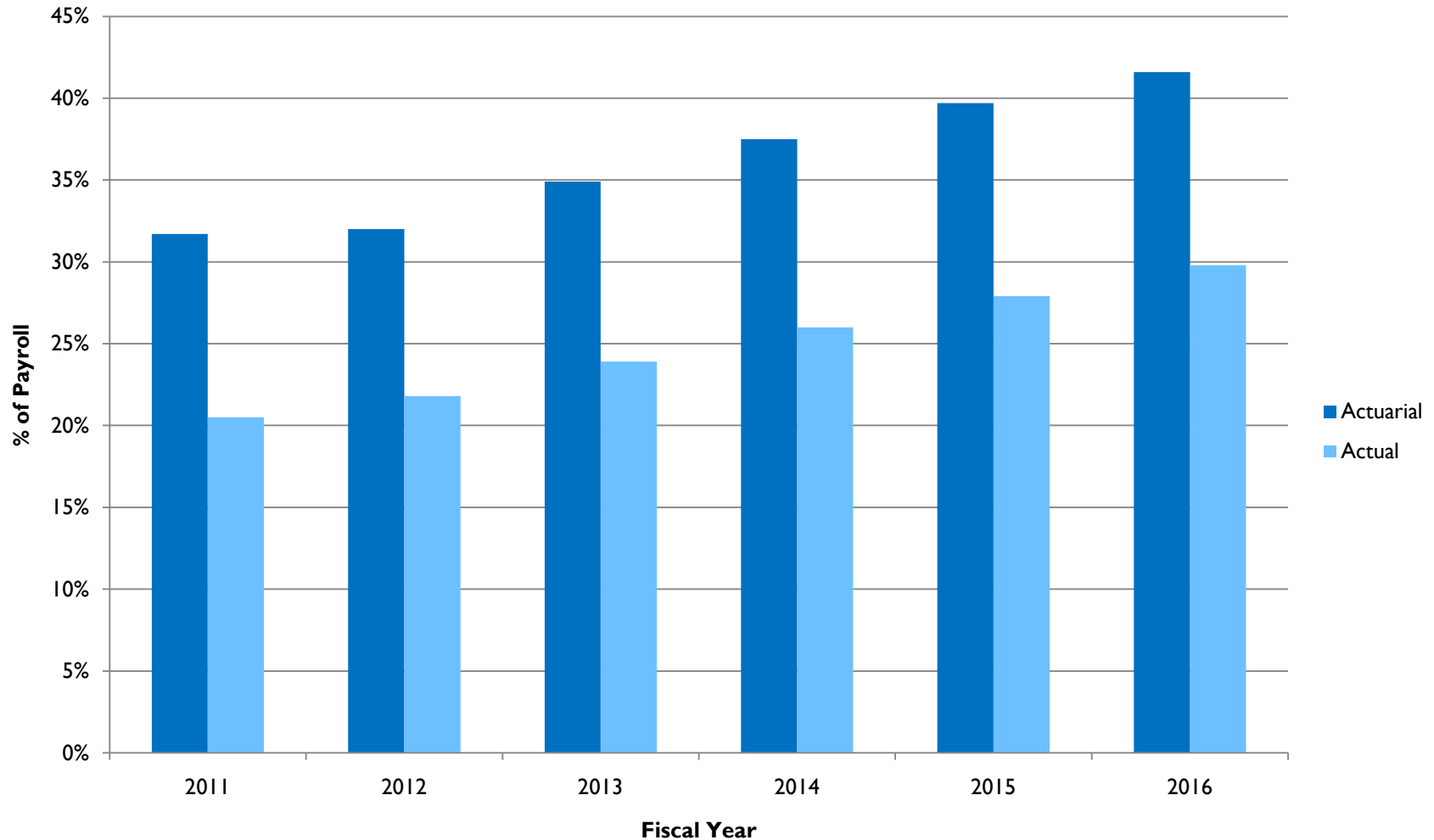
\*Figures are estimates because FY2011 numbers have not yet been finalized.

# 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.

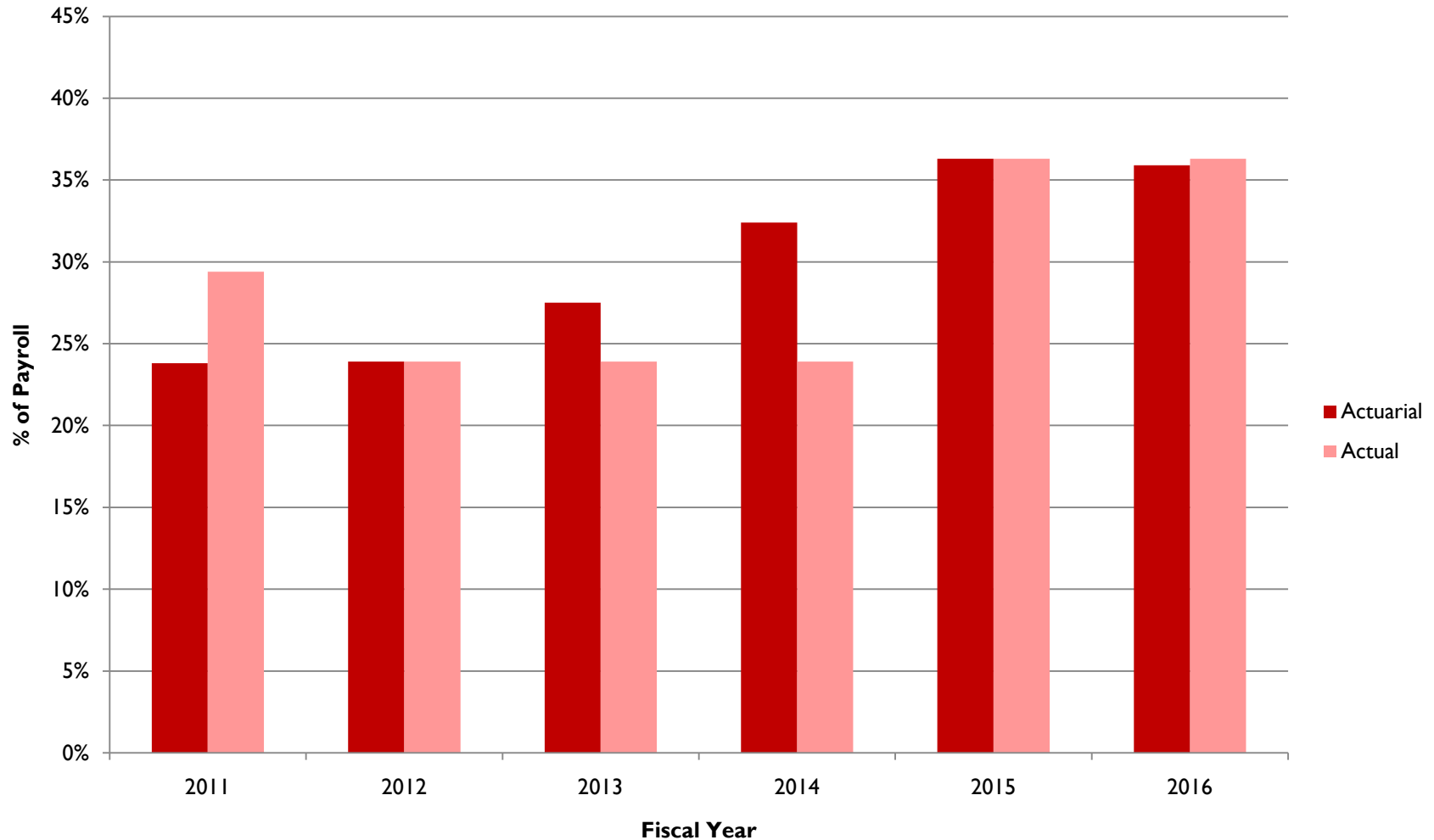
# HPOPS Projected City Contribution Rates: Actuarial vs. Actual



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.

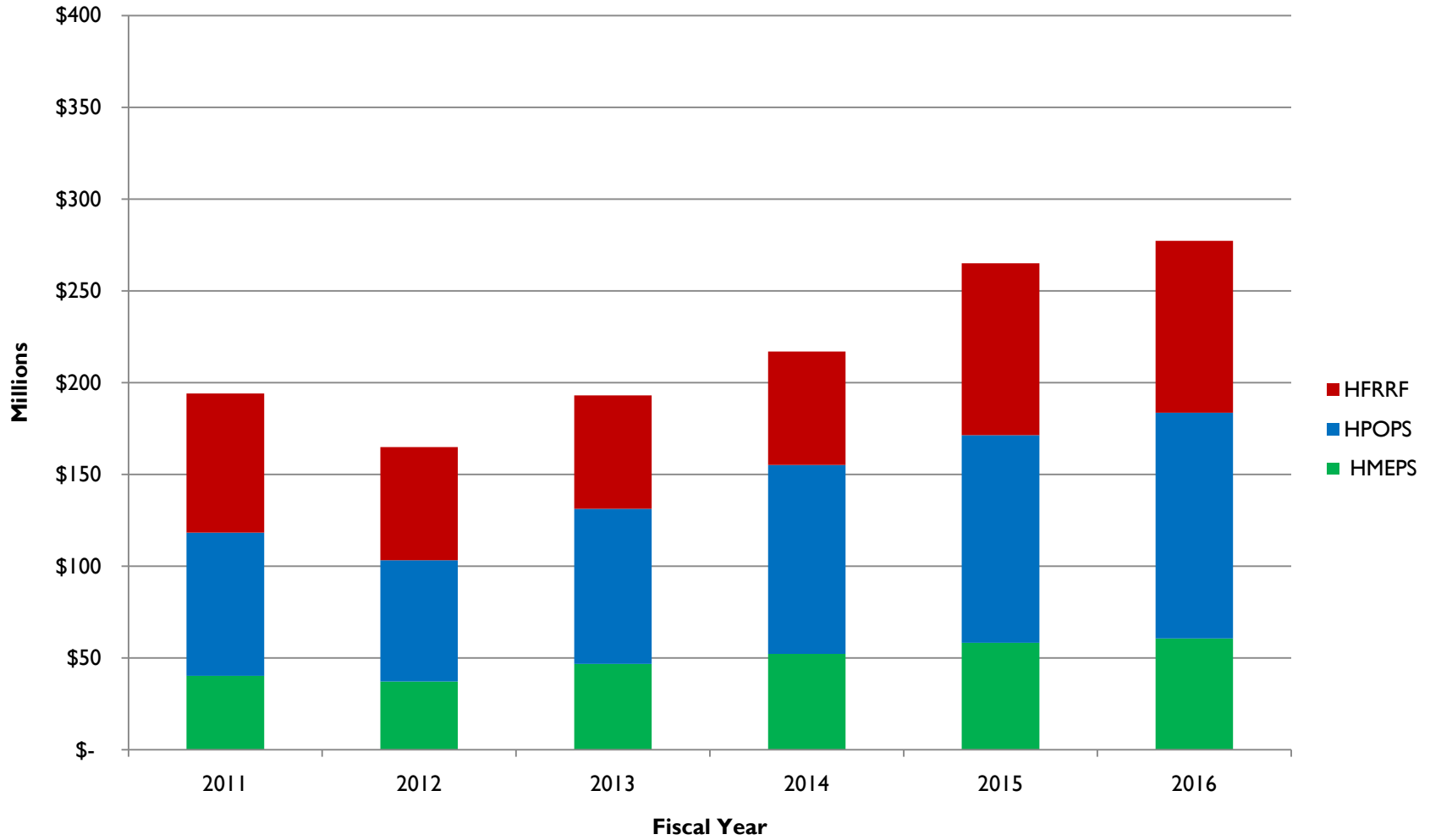


# HFRRF Projected City Contribution Rates: Actuarial vs. Actual

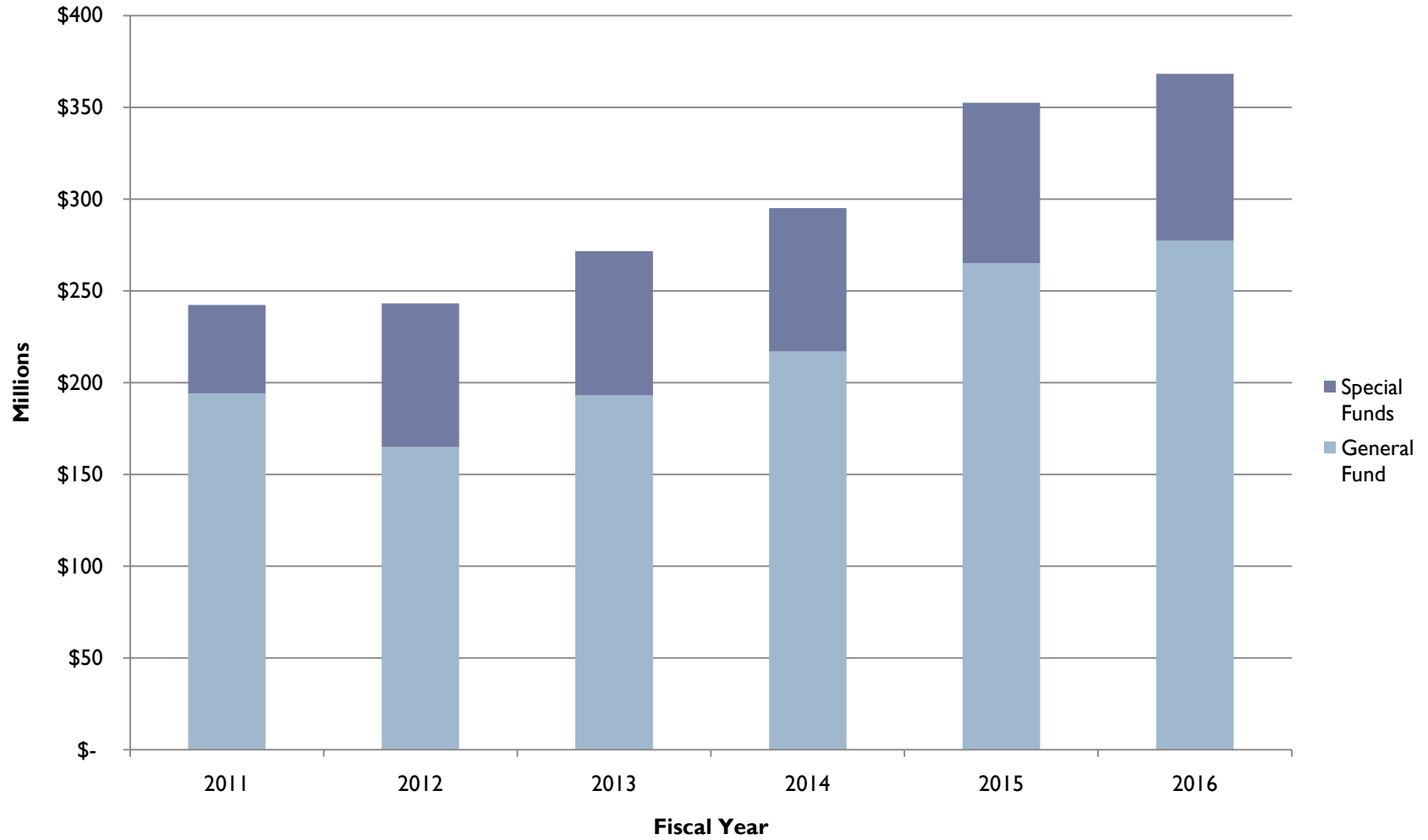


Note: The projected actuarial contribution rates are based on the 7/1/2010 actuarial valuation report and do not reflect the investment gains for the year ended 6/30/2011.

# Projected City Contributions from the General Fund only (In Dollars)



# Projected City Contributions from all funds (In Dollars)



# Questions?

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