



# Doylestown Township

## Pension Advisory Committee Meeting

~ Minutes ~

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Monday, June 12, 2023

4:30 PM

Community Meeting Room

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**In Attendance:** Ed Denton, Chairman; Sinclair Salisbury, Vice Chairman; Ed Richards and Bob Salanik.

**Absent:** Tom Burke and Bill Mokriski

**Township Staff:** Ken Wallace, Finance Director and Stephanie J. Mason, Township Manager

**Liaison:** Jen Herring, Supervisors

**Guest:** Jim Kennedy, Actuarial Advisory via Zoom

### Public Comments

No comments

### **Review of the December 2022 Actuarial 1/1/2023**

Mr. Denton indicated that it would be helpful as we move toward a 6% rate of return in 2026 that we have some information, he read a statement with factors and the goals that impact the Minimum Municipal Obligations (MMO). He reminded everyone that the non-uniform defined benefit plan is closed to new employees, this has been in effect for 10 years. The goal for both plans is to make sure that the Township is educated and that the PAC and Board of Supervisors all understand the financial statements for the plans, the program and how it's managed.

Mr. Kennedy indicated that he had an estimate for the MMO for 2024 and he explained the ACT 205 valuation that's done every two years (odd years) that focuses on the assets and liabilities and market demographics. Technically the 1/1/23 is not due until the end of March of 2024 so with new reports the MMO next is based on actual annual payroll and page one of the actuarial reports reflect that information based on the normal costs it takes to fund the pension. Actual data is somewhat static, MMO tries to be consistent with the amortization report as well. There is not clarity regarding 2025 in a rough actuarial year can change assumptions quickly. Also, mortality tables are considered when the calculations are done. Mr. Kennedy also indicated that we don't use actuarial smoothing and that the MMO is a minimum, the Township has set up to pay in more with market level payments. He indicated that he does have a fear that there could be another hit in 2025 in the market and that certainly is a concern and we have planned for a rainy day in 2025. With the current discount rate, the MMO for the Police is estimated at \$857,934 in 2024 and the non-uniformed plan MMO for 2024 would be \$549,361.

Mr. Denton asked if Mr. Kennedy could run scenarios, showing 6%, 6.5% now. It would be very helpful in budgeting.

The estimated MMO's is what the Township will need to budget for and then add additional for market conditions as we have been doing in the past.

Mr. Kennedy was very complimentary of the Townships approach. He indicated that a level payment could be a goal. As the Township looks ahead and what budgeting will need to look like in 2025 & 2026 as we work our way to 6% returns.

The Committee indicated that the comparison could be from the 6% and 6 ¾% where we are at now and what it looks like to be adding an additional \$300,000, that could be reasonable and good information.

Mr. Richardson inquired about the 1/21 change assumption and the \$133,000 impact on the gains and losses and the change in the discount rate. Seeing it ratchet down and the MMO assumptions was explained by Mr. Kennedy.

Obviously with the market going up and down sometimes it's difficult to predict what "reasonably funded" would mean to the plan.

July 18, 2023 will be the Budget Work Session at 5PM where the Pension Committee will present information to the Board of Supervisors. Mr. Wallace will be sending the payroll information to Mr. Kennedy in July as well.

Mr. Kennedy will come back in August.

Mr. Salanik had a question on page 10 about the actuarial assumptions and the 3% COLA, on pages 13 & 14. Mr. Kennedy responded to Mr. Salanik.

Mr. Denton indicated that he would like to set up a short meeting with Mr. Kennedy and Mr. Wallace to go over things further.

**Approval minutes of May 8, 2023** – On motion of Mr. Richardson, seconded by Mr. Salanik the minutes were unanimously approved.

Mr. Denton indicated that he gave a presentation to the Board of Supervisors at their June 6<sup>th</sup> meeting where he provided a debrief to the PAC. He indicated that listening to all the other Boards and Commissions in the Township make their presentations was really good information.

Having an executive summary for the meeting to present to the Board of Supervisors with a trend table and averages for the Board in July would be helpful.

Being no further business, on motion of Mr. Salanik, seconded by Mr. Richardson the meeting adjourned at 5:36pm.

Respectfully submitted,

Stephanie J Mason, Township Secretary