

Estimates of Normal Costs Under Alternative Plan Designs

Normal costs at 7.0% (about 50% confidence)							
Base-Line	Revised MPS		Stacked Hybrid				
All Employees	Current Employees	New Employees	Current DB	New Employees			
				DB	DC	total	
Funding Source							
City	25.09%	14.06%	5.06%	14.06%	3.89%	4.00%	7.89%
\$4.5M Premium Taxes	4.00%	4.00%	4.00%	4.00%	4.00%		4.00%
Subtotal	29.09%	18.06%	9.06%	18.06%	7.89%	4.00%	11.89%
Employee	6.82%	9.66%	9.92%	9.66%		9.92%	9.92%
Total	35.91%	27.72%	18.98%	27.72%	7.89%	13.92%	21.81%

The Revised MPS plan appears in line with objectives recommended by the Civic Council

New employees' benefits did not change from the MPS but new employees' normal costs are in line with the Civic Council proposal: It has a total cost at 7.0% of about 20% and it is funded about 50% by employees

Current employees' costs were reduced in the MPS, primarily from COLA modifications, and thus also make a change consistent with Civic Council requests for benefit reductions

City costs for new employees in the Hybrid Plan are higher, which outcome would be consistent with paying to shift some investment risk to the employees

Normal costs at 5.4% (75% confidence)							
Base-Line	Revised MPS		Stacked Hybrid				
All Employees	Current Employees	New Employees	Current DB	New Employees			
				DBs ¹⁾	DC	total	
Funding Source							
City	43.03%	26.96%	14.41%	26.96%	7.84%	4.00%	11.84%
\$4.5M Premium Taxes	4.00%	4.00%	4.00%	4.00%	4.00%		4.00%
Subtotal	47.03%	30.96%	18.41%	30.96%	11.84%	4.00%	15.84%
Employee	6.82%	9.66%	9.92%	9.66%		9.92%	9.92%
Total	53.85%	40.62%	28.33%	40.62%	11.84%	13.92%	25.76%

¹⁾ Actual results not completed; Costs are assumed to be 50% higher than results at 7%

Measuring at a more reliable investment return indicates the expected cost to the City to fund DB plan increases significantly.

These investment risk adjusted benefit costs remain much greater than corporate benefits structured as DC benefits

As currently structured, the Hybrid Plan remains more expensive than the MPS as the lower investment return is still primarily borne by the City; accordingly the currently proposed hybrid plan would be of little benefit for the City.

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