

# Anchorage Police & Fire Retirement System Newsletter

July 2023

## A Message From The Chair—Paul Honeman

Hello fellow retirees of the APFRS!

As your recently appointed Chair of the Board of Trustees, I have the duty and honor to provide recent updates that impact and concern our plan and its members through this section of our newsletter. And what a year that it has been.

The latest ‘big news’, is that the APFRS is now a ‘Closed, Closed, Closed’ retirement plan – often called a ‘fully matured’ retirement plan. As a refresher, our retirement plan was initiated by a voter referendum by the citizens of Anchorage in 1968 (Plan 1), which was ‘Closed’ to Municipal employees except sworn police officers and firefighters. Our System remained ‘active’ with changes in 1977 (Plan 2) and 1984 (Plan 3) which affected those newly hired at those years. In January, 1995 – all persons hired as Anchorage Police Officers and Firefighters were placed into the State of Alaska PERS system. This action taken by the Assembly and then Mayor Mystrom, effectively ‘Closed’ our APFRS plans to any ‘new’ career employees.

The last three retirees of our System are Anchorage Police Retiree Richard Henning (Feb. 11, 2023) and Anchorage Police Retiree Jeffrey Martin (Mar. 10, 2023) and for the finale....as of June 21, 2023 – the last Active member of the APRFS has retired. Congratulations, and the Red Lantern goes to Bryan Grella of the Anchorage Fire Department. So as of his retirement....the APFRS is now ‘Closed - times 3’.

Another retirement that directly affects our System – Board Trustee Dan Moore retired June 30, 2023 with 20 years of service to our APFRS Board. There are six elected members on your Board, 3 Police members and 3 Fire members, and the other 3 Trustees are appointed at the direction and ‘at will’ of the current Mayoral Administration. Dan managed to serve under nine (9) Mayors, which is remarkable. Congratulations Dan – yours will be big shoes to fill, and the loss of two decades of institutional knowledge cannot easily be overcome. Dan did manage to mentor and recommend a replacement for himself to the Mayor – and we eagerly await their appointment.



Northern Lights  
Nancy Lake, AK

## Inside this Issue:

- Page 1-2 Message From the Chair
- Page 3 Board Member News  
COLA—Plan III
- Page 4 Investment Manager News  
Investment Performance  
Annual Audit Report  
Annual Actuarial Report  
Annual Surplus Benefit
- Page 5 Plan Funding Levels  
Participants By Plan  
FAQ - Spouse Benefits
- Page 6 Deceased Members  
New Retirees
- Page 7 Surplus Benefit Account  
Help Topics and  
Retirement Office Info.
- Page 8 Pension Plan Investments  
Surplus Benefit Account  
Investments

## A Message From The Chair—Paul Honeman

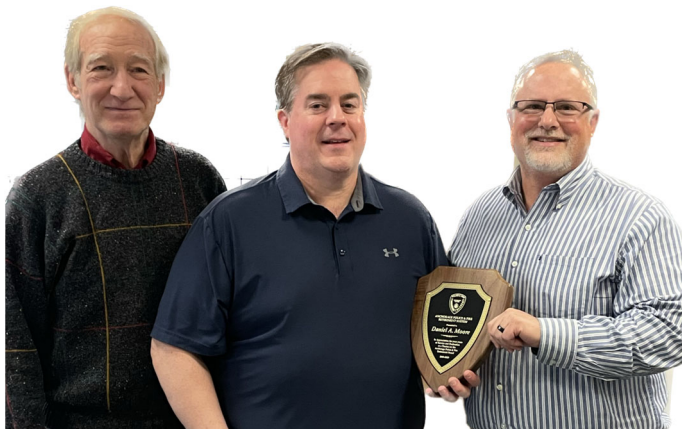
After the 2023 Investment Conference and during our Board Meeting in March, your Board of Trustees heard the results of the research of our Plan 3 members Cost of Living Allowance (COLA) study. Your Board takes seriously our duties to stay educated, informed and knowledgeable to safeguard our Retirement Systems to the benefit of our members. I'm happy to report that the new COLA guidance replaces a previous one that relied on a CPI Chart that isn't even in effect anymore. Our next Investment Conference is set for March 27 and 28<sup>th</sup>, 2024 and will be at the Captain Cook Hotel. All of our meetings are open to any of our members and the public.

Our Retirement funds need to be sufficient for each member or surviving spouse to the last person. Its an obligation that your Board of Trustees take seriously. Our plan funding gets challenged by many variables, primarily the market forces. Even though our plan regularly is assessed in the top 10-25 percent of all similar sized plans, the future will present the need to refocus our investment strategy. In example, as of April 30, 2023 we had over \$338 million in market value. Our 'Outflow' (payments to retiree participants) is about \$2.8 million per month – or approximately \$36 million per year. Using just this data, you can see that investment returns must be strong, to offset distributing nearly 10 % of our fund balance (at present) yearly.

I would be remiss if I did not remind each member to check in with the Plan Office Staff to verify your benefit changes, should the plan member outlive their spouse or if your spouse should survive the member. It is different for each member depending on many variables, so please, PLEASE – gather this information before there is a crisis in your family.

In closing, wherever you are, your Board wishes you a safe and sunny summer in the coming year.

In the 49<sup>th</sup> State this Spring and Summer – it's been cool and wet. I've heard the lower 48 has set some record hot temps, so stay healthy.



Dan Moore (center) presented with a plaque for 20 years of service to the retirement system. Presented by Paul Burns , outgoing Chair (left) and Ed Jarvis, Director (right).

## Board Member News

Last fall, the election for one of the Fire Board seats was held. Paul Burns (Retired Fire) was re-elected by the Fire members for a three year term that began January 1, 2023. This spring, the election for one of the Police Board seats was held. Everett Robbins (Retired Police) was re-elected by the Police members for a three year term that began July 1, 2023.

The Municipal Board representatives are appointed by the Mayor.

At the May 24, 2023 Board meeting, the Board selected a new Chair and Vice Chair. Paul Honeman (Retired Police) was elected as Chair and Jim Vignola (Retired Fire) as Vice Chair. The Retirement Board members are as follows:

<u>Police Members</u>	<u>Fire Members</u>	<u>MOA Members</u>
Bill Herrick	Jim Bauman	Glenn Cipriano (Deputy Treasurer)
Paul Honeman	Paul Burns	Raylene Griffith (Director, Labor Relations)
Everett Robbins	Jim Vignola	Courtney Petersen (Director, OMB)

---

### July 2023 COLA for Plan III - Approved by the Board

On July 1st each year, the rate for Cost of Living Adjustments (COLA) for Plan III members goes into effect for the subsequent twelve month period. The COLA rate is based on the Department of Labor average Consumer Price Index for the Western Region. The average CPI in 2022 was 8.0%. The increase to your July 1, 2023 payment will be 4.0%

Surviving Spouses and Disabled Members are eligible for COLA immediately upon receipt of benefits. COLA is equivalent to the lesser of 50% of the CPI rate or 6% of the current benefit. The calculations and changes are automatically processed by the retirement system's staff each year. If you have any questions, please contact the Retirement System Staff.

Due to the fact that the Anchorage CPI is no longer existence the Board, at the advice of our legal counsel, commissioned a COLA Study which was conducted by the Segal Company. The Anchorage Municipal Code (AMC) 3.85.075-D allows the Board to use an alternative CPI should the Anchorage CPI no longer exist. In the Segal Study, they concluded that most (82%) of Plan III members live in the western region and recommended the US DOL Western Region CPI which also includes Alaska. The Board unanimously adopted their recommendations.

## Investment Manager & Investment Consultant News

The Board and its Investment Consultant, RVK, Inc., reviews the performance of each manager on a quarterly and annual basis. Decisions to terminate a manager or to hire a new manager come after appropriate monitoring of performance. There have been no fund manager changes since our last news letter published July 2022. Please see page 8 for the investment allocation details.

## Investment Performance Update

The APFRS trust investment returned -11.65 in 2022. Listed below is our historical investment performance from 2013 to 2022 calculated by RVK:

<u>Year</u>	<u>Performance</u>	<u>Year</u>	<u>Performance</u>
2013	18.21%	2018	-5.01%
2014	5.96%	2019	19.89%
2015	0.92%	2020	11.97%
2016	8.71%	2021	14.22%
2017	17.12%	2022	-11.65%

## Annual Audit Report

The Retirement System is audited annually. BDO performed a comprehensive financial and internal controls audit for plan year-end 2022. There were no findings and the 2022 Audit Report was accepted and approved by the Board at the June 22, 2023, Board meeting.

## Annual Actuarial Report

The Actuarial Valuation Report is performed annually by Milliman, Inc. The report dated 1/1/2023, shows funding levels still below 100%. As a result, contributions will continue for the 2024 year. The Municipality of Anchorage (MOA) is required to contribute \$ 3.04 million in 2023 and \$10.74 Million in 2024. These amounts were prefunded by the MOA in December 2017 with a contribution of \$58.2 million.

## Annual Surplus Benefit Board Distribution Decision

Each year, the Board must make a Surplus Benefit decision no later than the regular June Board meeting. This year, the Board made its decision at the May 24, 2023 Board meeting.

As shown in the Plan funding level on page 5, the Annual Actuarial Valuation Report shows that all three Plans are still below the 100% mark, and none of the Plans are at or above 116% of Assets to Liabilities. Therefore, the Board passed a motion stating that no surplus benefit will be available during the 2023 Plan Year. By Anchorage Municipal Code (AMC 3.85), the Board may grant a distribution only if the funding ratio is greater than 116%.

**Plan Funding Levels (2019-2022)**  
 GASB 67 Disclosure

**Assets vs Liabilities (Millions)**

<u>12/31/2019</u>	<u>Plan I</u>	<u>Plan II</u>	<u>Plan III</u>
Assets:	\$76.3	\$60.1	\$250.2
Liabilities	\$85.8	\$68.5	\$282.5
Funding Level	88.8%	87.7%	88.6%
<u>12/31/2020</u>	<u>Plan I</u>	<u>Plan II</u>	<u>Plan III</u>
Assets:	\$75.9	\$60.6	\$257.1
Liabilities	\$85.5	\$68.8	\$291.0
Funding Level	88.7%	88.0%	88.4%
<u>12/31/2021</u>	<u>Plan I</u>	<u>Plan II</u>	<u>Plan III</u>
Assets:	\$78.0	\$63.0	\$272.1
Liabilities	\$82.3	\$67.0	\$284.7
Funding Level	94.7%	94.0%	95.6%
<u>12/31/2022</u>	<u>Plan I</u>	<u>Plan II</u>	<u>Plan III</u>
Assets:	\$61.4	\$50.1	\$220.8
Liabilities	\$76.7	\$64.3	\$284.0
Funding Level	80%	77.9%	77.7%



*Bryan Grella, (Retired Fire)  
 Last Active Member to Retire*

**Participants By Plan as of 12/31/2022**

<u>Status</u>	<u>Plan I</u>	<u>Plan II</u>	<u>Plan III</u>	<u>Total</u>
Actives	0	0	3	3
Term. Vested	0	0	0	0
Retired: Normal	65	71	325	461
Retired: Disabled	51	26	25	102
Survivors	50	18	51	119
Child Benefits	0	0	0	0
Totals	166	115	404	685

**Frequently Asked Questions - Understanding Your Plan Benefits**

In the July 2022 newsletter we discussed knowing your plan benefits as it pertains to spousal benefits. We had a number of members request a surviving spouse calculation but wanted to re-run this topic due to it's importance.

**Surviving Spouse Benefit**

1. Do you know what your surviving spouse will receive after your death?

At the time of death, if you are legally married and meet all plan requirements your surviving spouse is entitled to a benefit. This benefit is separate and distinct from your benefit.

There are several variables in calculating the benefit. The plan document for plans I, II and III outlined in the Anchorage Municipal Code (AMC 3.85) determines the calculation method used. Other factors include cause of death (occupational vs non-occupational), service retirement, disability, final average monthly compensation for the last 26 pay periods and more. Because of these complexities, please contact a retirement specialist in our office for questions and have a calculation performed specifically for you. Even if you think you know, please contact us if you do not have a calculation in your files.

**Deceased Members (July 2022 - June 2023)**

<b>Name</b>	<b>Dept</b>	<b>Date of Death</b>	<b>Plan</b>
Wanda J. Jones (surviving spouse of Homer E. Jones)	Police	7/11/2022	1
Richard S. Newton (no surviving spouse)	Police	7/14/2022	1
Gordon K. Jaynes (no surviving spouse)	Fire	7/21/2022	3
John H. Denning (surviving spouse Patricia R. Denning)	Police	8/5/2022	3
Richard L. Hood (surviving spouse Erma J. Hood)	Fire	10/30/2022	1
Dorothy J. Lee (surviving spouse of Roger Lee)	Fire	11/14/2022	3
Gwen Christianson (surviving spouse of Ralph Christianson)	Police	12/2/2022	1
Delbert G. Otter (surviving spouse Karen Otter)	Fire	12/5/2022	3
Joyce Nelson (surviving spouse of Michael Nelson)	Fire	12/7/2022	3
Irene Grady (surviving spouse of Charles M. Grady)	Fire	1/6/2023	1
Joyce Dringle (surviving spouse of Roy Dringle)	Police	1/21/2023	1
Jerry L. Cozzen (surviving spouse Marjorie A. Cozzen)	Police	2/8/2023	3
Frederick M. Taylor (no surviving spouse)	Police	2/11/2023	1
William F. Combs (surviving spouse Dyanne L. Combs)	Fire	3/10/2023	3
Connie D. Parker (surviving spouse of Joseph Parker)	Police	4/26/2023	1
Thomas E. Dang (surviving spouse Lynn Dang)	Police	5/17/2023	2
Darrell Carlson (surviving spouse Eileen Carlson)	Fire	6/12/2023	3
Robert Howell (no surviving spouse)	Fire	6/16/2023	1
Janet Knight (surviving spouse of Gaston Knight)	Fire	6/20/2023	3

**New Retirees (July 2022—June 2023)**

<b>Name</b>	<b>Dept</b>	<b>Retirement Date</b>	<b>Plan</b>
Calvin Lauwers	Fire	11/17/2022	3
Kevin Mitchell	Police	12/21/2022	3
Richard Henning	Police	2/11/2023	3
Jeff Martin	Police	3/10/2023	3
Bryan Grella	Fire	6/21/2023	3

## Surplus Benefit Account

For those who have a Surplus Benefits Account, Vanguard continues to do a good job of helping you manage these funds at practically the lowest cost in the industry. Should you have questions contact Vanguard:

Web Page: [www.Vanguard.com](http://www.Vanguard.com)

Phone Number: 1- 800-523-1188 / Plan Number: 093161

### Help Topics

**Note:** All forms referenced in this column are available on-line at the APFRS Website or you may call the office and have one sent to you. Forms must be returned to the APFRS office for processing.

[www.muni.org/apfrs](http://www.muni.org/apfrs)

### Change of Address or email:

Please call the Retirement Office to change your address, phone number or email address.

### Direct Deposit Changes:

If you need to change your direct deposit (bank or credit union) information you must complete the Direct Deposit Form. Please complete and return the form to the APFRS office for processing. The deadline is the 15th of each month.

### Tax Withholding Changes:

If you need to change your withholding on your benefit payments, you must complete an IRS W-4P Withholding Election Form. Please complete and return the form to the APFRS office for processing.

### Beneficiary Designation:

It is a good idea to periodically review and update your beneficiary designation information. For Spousal Survivor Benefits, the procedures are dictated by the Anchorage Municipal Code. But for the Surplus Benefit Account Program, you need to have a current Beneficiary Form on file here in this office.

## Retirement System Contact Information

Edward Jarvis, CRSP, Director  
907.343.8401

Dan Allen, Retirement Specialist IV  
907.343.8409

Marie Berry, Retirement Specialist III  
907.343.8405

### Main Office Number

907.343.8400

### Fax Number

907.343.8439

### Toll Free Number

877.650.8400

### Address

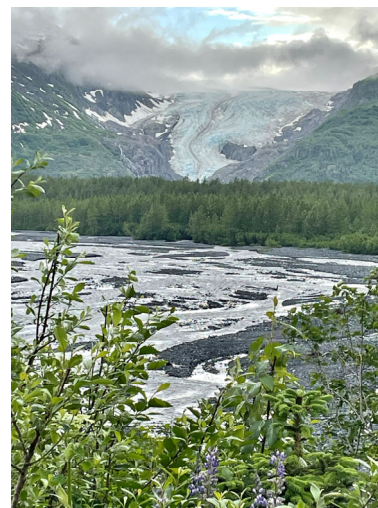
3600 Dr. Martin Luther King Jr. Ave.  
Suite 207  
Anchorage, AK 99507

### Office Hours

Monday—Friday  
8:00 am—4:30 pm

### Web Page Address

Access Board meeting agendas, newsletters, forms, Board members listings and Plan summaries at the following address:  
<http://www.muni.org/apfrs>



Exit Glacier, Seward, AK

**Anchorage Police & Fire Retirement System Total Fund**

**December 31, 2022 : \$332,356,082**

**Asset Allocation by Manager**

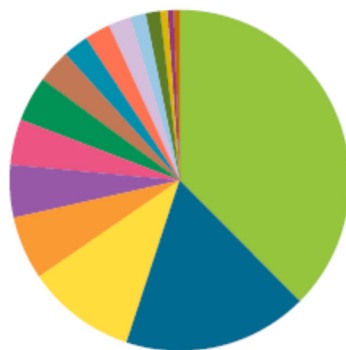


	Market Value	Allocation
	(\$)	(%)
Barrow Hanley Enhanced Int Credit (SA)	64,733,502	19.48
Lazard Intl Equity ACW Ex US Trust (CF)	43,895,408	13.21
Capital Group All Countries Equity (CF)	36,657,434	11.03
SKBA Large Cap Value Equity (SA)	33,318,420	10.02
BNYM DB Stock Index NL (CF)	29,249,951	8.80
BNYM DB Lg Cap Grth Stock Index NL (CF)	27,283,085	8.21
UBS Trumbull Property (CF)	19,998,896	6.02
Smith Graham Mid Cap Value (SA)	19,692,232	5.93
Macquarie Small Cap Core (SA)	19,477,680	5.86
UBS AgriVest Farmland (CF)	17,606,544	5.30
UBS Trumbull Property Income (CF)	16,859,588	5.07
BlkRk Lq:FedFund;Instl (TFDXX)	3,583,340	1.08

	Market Value
	(\$)
<b>Total Fund</b>	<b>332,356,082</b>
Domestic Equity	129,021,369
International Equity	80,552,842
Domestic Fixed Income	64,733,502
Real Assets	54,465,028
Cash Equivalent	3,583,340

**Anchorage Police & Fire Retirement Surplus Account**

**December 31, 2022: \$11,000,426**



	Market Value	Allocation
	(\$)	(%)
Vanguard Retirement Savings Trust (CF)	4,129,518	37.54
Vanguard 500 Idx;Inv (VFINX)	1,926,662	17.51
Vanguard US Growth;Inv (VWUSX)	1,144,095	10.40
Vanguard Explorer;Inv (VEXPX)	662,581	6.02
Vanguard Wellington;I (VWELX)	548,532	4.99
Vanguard Windsor II;Inv (VWNFX)	475,529	4.32
Vanguard Tot Bd;Inv (VBMFX)	473,926	4.31
Vanguard Sel Value;Inv (VASVX)	348,998	3.17
Vanguard LS Growth;Inv (VASGX)	269,225	2.45
Vanguard Tot I S;Inv (VGT SX)	267,783	2.43
Vanguard Intl Gro;Inv (VWIGX)	236,025	2.15
Vanguard LS Mod Gro;Inv (VSMGX)	161,518	1.47
Vanguard RE Idx;Inv (VGSIX)	150,564	1.37
Vanguard Intl Val;Inv (VTRIX)	77,438	0.70
Vanguard LS Income;Inv (VASIX)	64,465	0.59
Vanguard LS Cons Gro;Inv (VSCGX)	63,569	0.58

Allocations shown may not sum up to 100% exactly due to rounding.