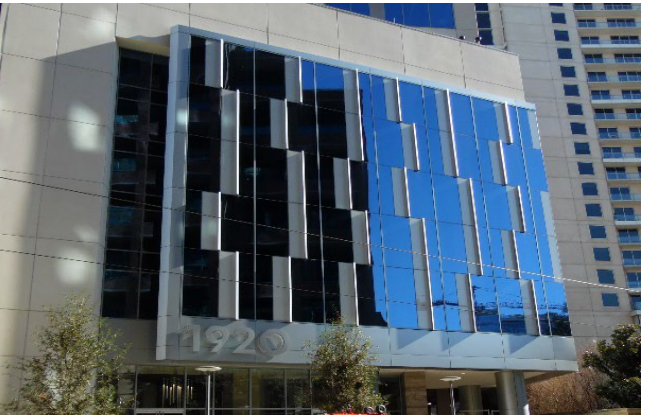
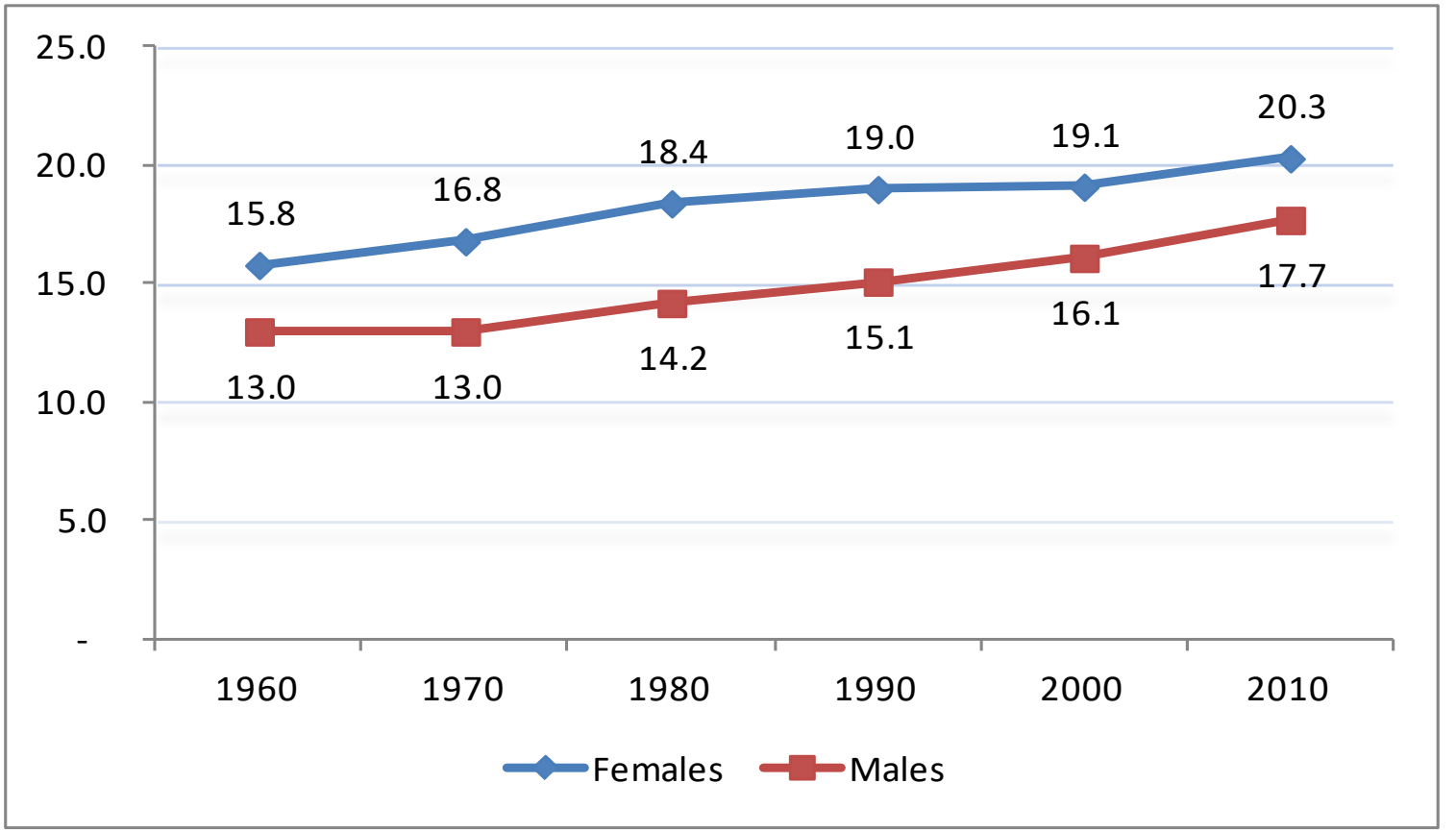


Employees' Retirement Fund of the City of Dallas Overview

ERF Trustee Board

January 14, 2020

ERF adjusted benefits for employees hired on and after January 1, 2017 due to people living and working longer.



Since 2010, life expectancies continue to increase. The latest published rates (2012) are 20.5 years for females and 17.9 years for males, both from age 65.

Source: National Vital Statistics Reports

Employees' Retirement Fund of the City of DALLAS

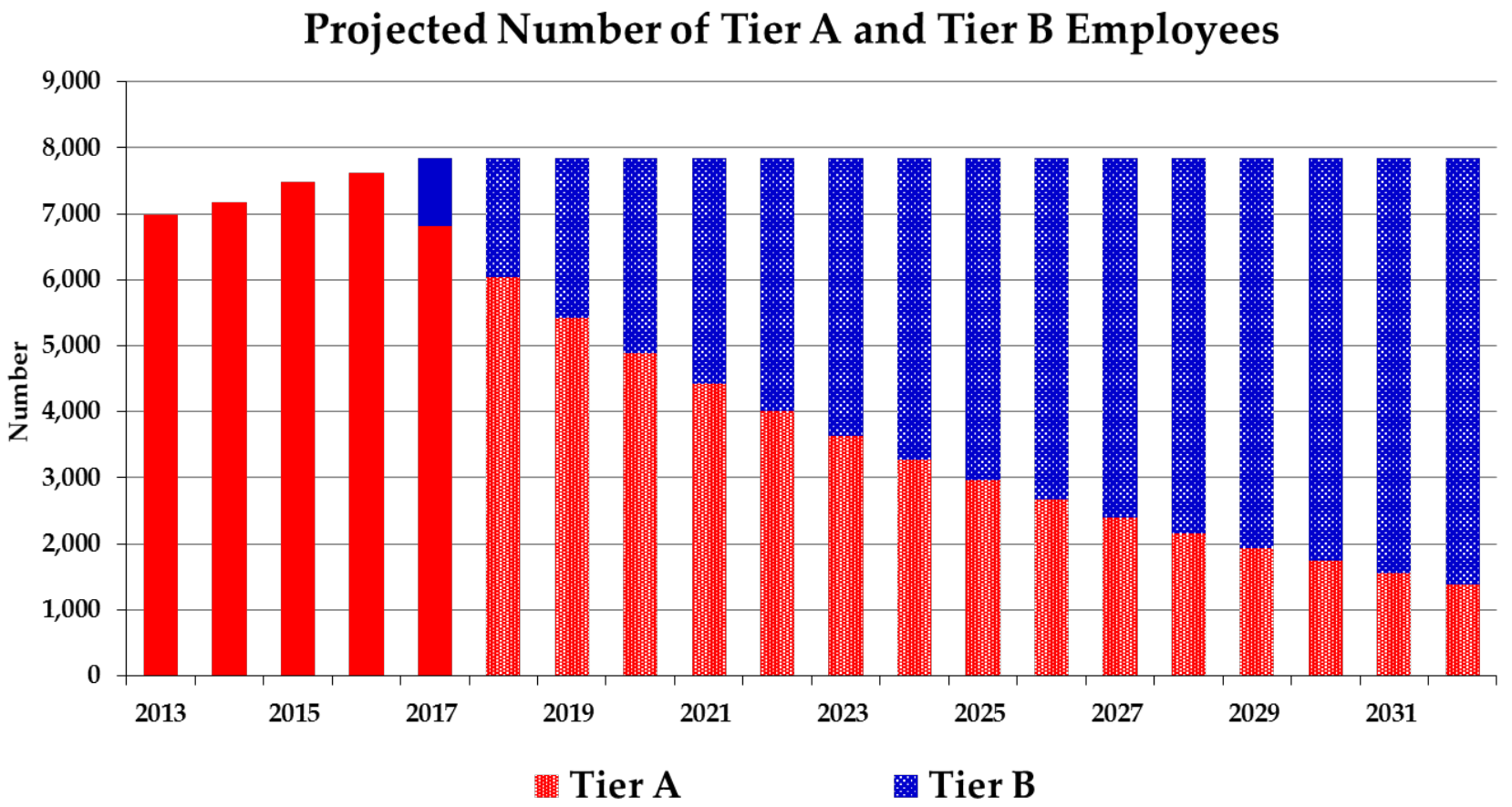
Approved Changes to Chapter 40A as of January 1, 2017

Benefit Factors	Plan Changes for New Employees Hired on or after January 1, 2017
Retirement Eligibility	• Changed from Age 60 to 65 w/5 years of credited service • From 30 years to 40 years of service (unreduced) • Rule of 78 (unreduced ≥ 50 YOA) to Rule of 80 (actuarially reduced < 65 years of age) • **Restricted Prior Service Credit**
Benefit Multiplier	• Reduced from 2.75% to 2.5%
CPI Cost of Living Adjustment (COLA)	• Reduced from a maximum of 5% to a maximum of 3%

The "normal cost" of a defined-benefit plan is the annual cost of the future liability associated with the benefits earned in that particular year. The 2017 changes projects to decrease the normal cost from 20.36% to 12.96% over the next 30 years.

Employees' Retirement Fund of the City of DALLAS

Active Membership Forecast



Note: The projected total number of employees is assumed to remain a constant 7,619.

It is projected that 50% of Active Employees Will Be in Tier B by 2022.

Employees' Retirement Fund of the City of DALLAS

What is Restricted Prior Service Credit?

- Restricted prior service credit increases credited service years to be used for vesting and retirement eligibility, but not toward calculating benefits.
- To be eligible, a member must apply for restricted prior service credit no later than three years after their start date.
- Restricted prior service credit is granted for previous employment with Federal, State, or local government entities.
- Members who started as permanent employees on or after January 1, 2017, may be eligible for restricted prior service credit. Only members of Tier B are eligible for this credit.

Employees' Retirement Fund of the City of DALLAS

What is Restricted Prior Service Credit?

What Service Counts Toward Restricted Prior Service Credits?

- This credit can be granted for service performed as a full-time, paid employee of:
  - The United States Federal governmental entity;
  - Any public authority or agency created by the United States;
  - Any state or territory of the United States;
  - Any political subdivision of any state in the United States;
  - Any public agency or authority created by a state or territory in the United States; or
  - Any public institution of higher education.

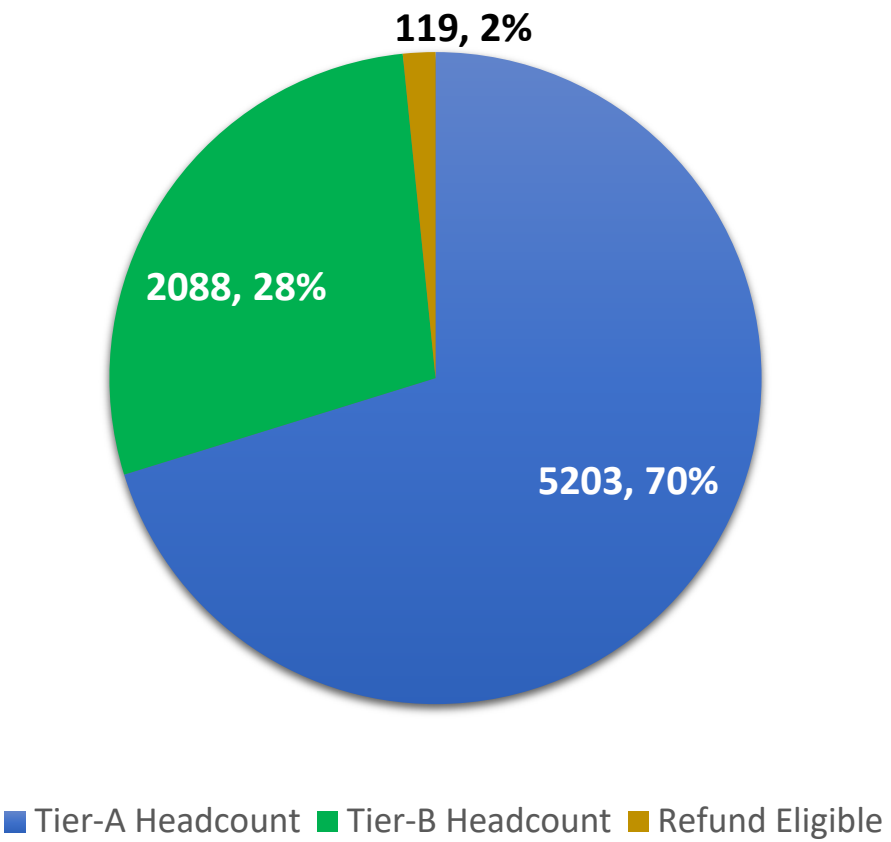
What Service is NOT Eligible for Restricted Prior Service Credit?

- **The following service is not eligible for Restricted Prior Service Credit:**
  - **Any military time that was not full-time active duty;**
  - **Private corporations or companies;**
  - **Part-time employment;**
  - **Volunteer work; or**
  - **Temporary or seasonal work.**

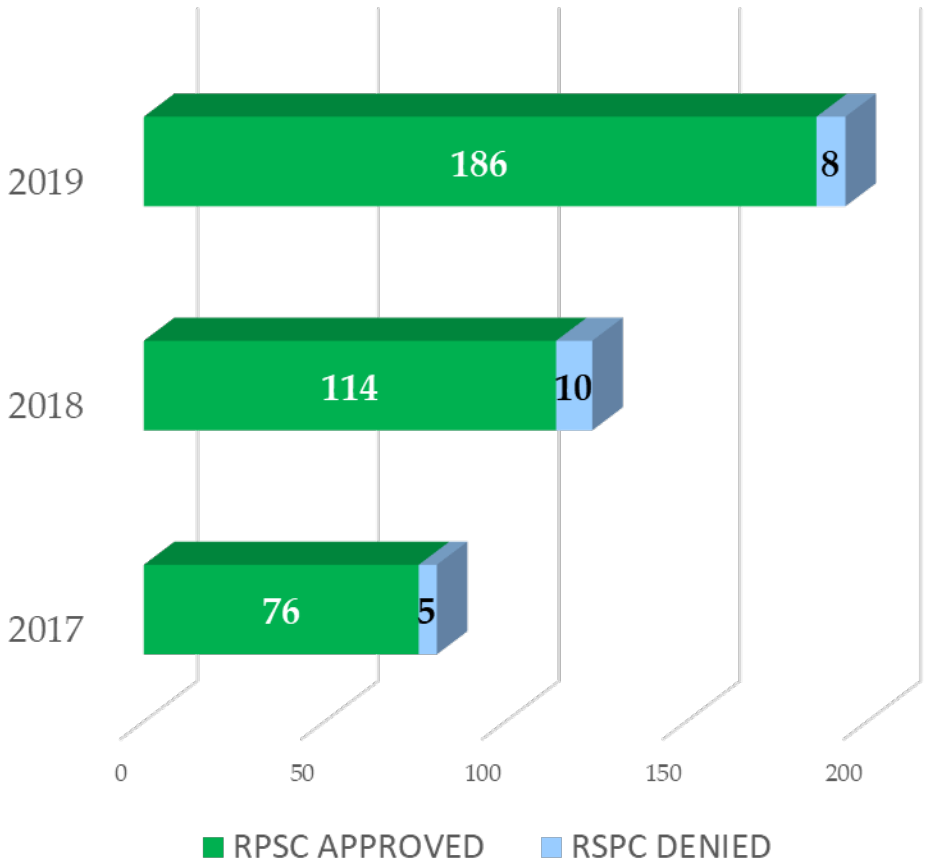
Employees' Retirement Fund of the City of DALLAS

Prior Restricted Service Credit At a Glance

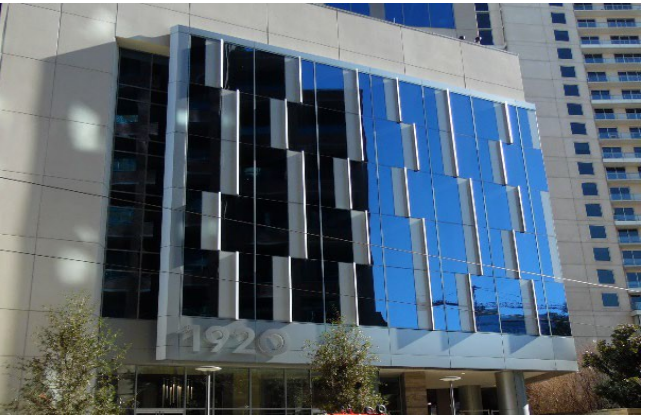
MEMBERSHIP HEADCOUNT BY TIER
as of December 31, 2019



376 TIER-B MEMBERS ARE APPROVED FOR PRSC



28% of Active Employees Are Tier-B Members as of December 31, 2019



QUESTIONS?