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News Release

For Immediate Release

Police-Fire Pension Fund Ratio Above 50 Percent

In a presentation today, Police-Fire Pension Fund Board of Trustees chairman Ken Homan told City Council that the once-ailing plan is on the mend, thanks to an infusion of revenue from a dedicated sales tax, higher than expected investment returns and several other changes that have helped ease the uncertainty that surrounded the plan for many years.

Highlights of the presentation included:

- The plan's funded ratio is now at approximately 54 percent, up from a low point of about 28.5 percent in 2009. Net assets of the plan currently total more than \$177 million as of Feb. 28, 2011, up from a low of just under \$90 million in February 2009.
- The increases come from four sources of revenue. Those sources, with revenue totals since June 30, 2010:
 - Net investment income — \$28.9 million
 - Pension fund sales tax — \$13.3 million
 - Employer contribution — \$4.8 million
 - Employee contribution — \$1.8 million
- Investment returns continue to be very strong and well above the Pension Board's target of 7.5 percent. Returns in 2010 topped 11 percent and are above 20 percent from June 30, 2010 through March 31 of this year.
- The dedicated ¾-cent sales tax has provided the stability of revenue needed to significantly ease the uncertainty surrounding the plan. Additionally, the City continues to put General Fund revenue into the Pension Fund, and police and fire employees hired before July 2006 have increased the amount they pay into the now-closed plan.
- The Pension Board's decision to once again pursue income verification for retirees has led to substantial savings and has reset expectations for plan participants.
- A search for a new investment consulting firm is currently underway, as is a search for a professional administrative director for the pension fund. The director will be a part-time position overseeing day-to-day administrative duties of the fund on behalf of and under the direction of the Board of Trustees.

"It is important to let the public know what an extraordinary thing they have done to approve a tax increase, addressing the problem head-on with what should prove to be a true long-term solution," Homan said. "The responsibility of managing those dollars to reach the goal of the Fund being self-sustaining is an important job. The Board takes that responsibility very seriously and feels fortunate to have the opportunity to be part of something that will help shape the future of the City."

For more information, contact: Ken Homan, Police-Fire Pension Fund Board of Trustees chairman, (417) 569-1614.



Office of the City Clerk

840 Boonville Avenue • P.O. Box 8368 • Springfield, MO 65801
417-864-1651 • Fax: 417-864-1649