

POLICE-FIRE PENSION Sales Tax Renewal



REMEMBER TO VOTE Tuesday, Nov. 5



Voters will be asked whether or not to renew the existing $\frac{3}{4}$ -cent sales tax. The tax will help fund a shortfall in the Police-Fire Pension Plan.

Continuing the Pension Sales Tax will:

- NOT** increase or change the sales tax rate.
- Help the plan reach 100% funding**, fulfilling a commitment citizens made to police officers and firefighters more than 60 years ago.
- Prevent a shortfall** that would require the City to reduce other public services.

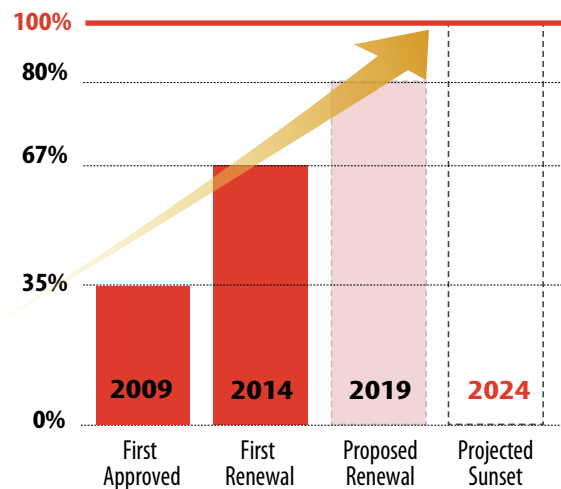
Nov. 5, 2019 Ballot Language:

Shall the City of Springfield, Missouri, continue collecting the pension sales tax imposed at the rate of three-quarters of one percent ($\frac{3}{4}$ -cent) for the sole purpose of providing revenues for the Springfield Police Officers' and Fire Fighters' pension system, with said tax to sunset upon the earlier of (A) five (5) years from the date of the commencement of collection of the renewed pension sales tax, or (B) the Pension System fund reaching a fully-funded (100%) status as determined by an independent actuarial study conducted for the pension system Board of Trustees?

(Note: There will be no increase in the current sales tax level if the three-quarters of one percent sales tax is continued.)

WE'RE ALMOST THERE. In 2014, the pension was 67% funded. Due to the voter-approved sales tax, the Pension is now 80% funded. If the pension sales tax is renewed, the pension could be fully funded by 2024 (within the five years of this renewal cycle), if all assumptions are met.

The tax will sunset after five years, or when it reaches 100% funding, whichever comes first.



For more information, visit
springfieldmo.gov/election



OVERVIEW:

The Police-Fire Pension Plan was created in 1946 to provide for the well-being of disabled and retired Springfield Police Officers and Firefighters. As of June 30, 2008, the plan's funded ratio had dropped to a low of 35.5% funded status.

Springfield's Police-Fire Pension Plan was greatly underfunded, and Springfield citizens voted in 2009 to implement a $\frac{3}{4}$ -cent Police-Fire Pension Sales Tax to help address this community need. As of June 30, 2019, the total assets in the pension plan had increased to \$471 million, with a funded ratio of 80%.

The pension plan is still below the 100% funded level necessary for a "closed" pension plan to be sustainable. Because it is a closed plan, (meaning no new members) the goal is to have 100% of the money (assets) needed to pay expected future retirement benefits (liabilities). While an 80% funded level may be considered "healthy" for open pension plans, a closed plan is different – no new employees are being added to a closed plan, so there are no new employee contributions being added to the plan.

QUESTION: Why bring back the sales tax for a renewal now?

ANSWER: By State statute, this tax must sunset and come back to the voters for renewal every five years. If the tax is renewed in 2019, the tax will sunset when the City's self-funded plan reaches 100% funded status, or after five years, whichever comes first.

QUESTION: Who recommended the Police-Fire Pension Sales Tax?

ANSWER: A Police-Fire Pension Sales Tax Citizens' Task Force met over a span of five months to study this issue and make a recommendation. Eventually, they recommended a three-quarter of one-cent sales tax be placed on the November 2009 ballot and then proposed and approved for a renewal in 2014. A $\frac{3}{4}$ -cent sales tax is the equivalent of 75 cents on every \$100 spent. This ballot initiative passed, putting Springfield among an elite few cities in the country proactively addressing its pension shortfall. The Pension Board and City Council both voted to bring the issue back to voters for another renewal in 2019.

QUESTION: If citizens pass the renewal in November, will they see a tax increase?

ANSWER: No. The renewal is not a tax increase – it is a continuation of the existing tax until the pension plan is 100% funded, or for an additional five years, whichever occurs first. Once the tax is no longer needed (according to the voters) or the fund reaches 100% funded status, the tax will end.



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