

RETIREMENT BOARD OF THE EMPLOYEES' RETIREMENT SYSTEM
JAMES J. LOMBARDI, III, CHAIRMAN



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Betty Jackson
Sarah Latham
Carl H. Richards
Timothy P. Walsh

Dated March 20, 2024

Honorable Rachel M. Miller
City Council President
Providence City Council
25 Dorrance Street
Providence, Rhode Island 02903

Dear Madame President,

I am hereby respectfully transmitting to the City Council, the City of
Providence Annual Actuarial Report as of July 1, 2023, presented to the
Providence Retirement Board of the Employees' Retirement System on March 20,
2024, by our actuarial firm, Bolton Partners, Inc.

Sincerely,

James J. Lombardi, III,
Chairman of the Retirement Board Employees' Retirement System

IN CITY COUNCIL

APR 04 2024

READ

WHEREUPON IT IS ORDERED THAT
THE SAME BE RECEIVED.

CLERK



Bolton

City of Providence, RI Annual Actuarial Report

March 27, 2024

AGENDA

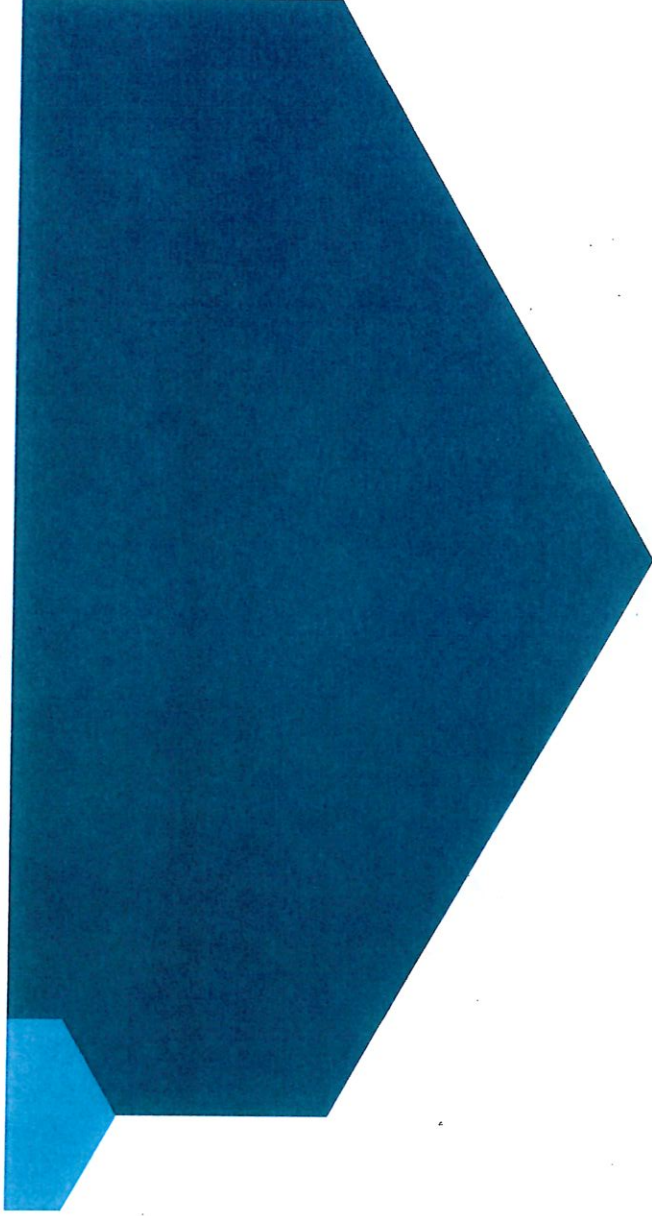
Providence Updates

State Of Plan

Emerging Topics

Discussion

B



PROVIDENCE UPDATES

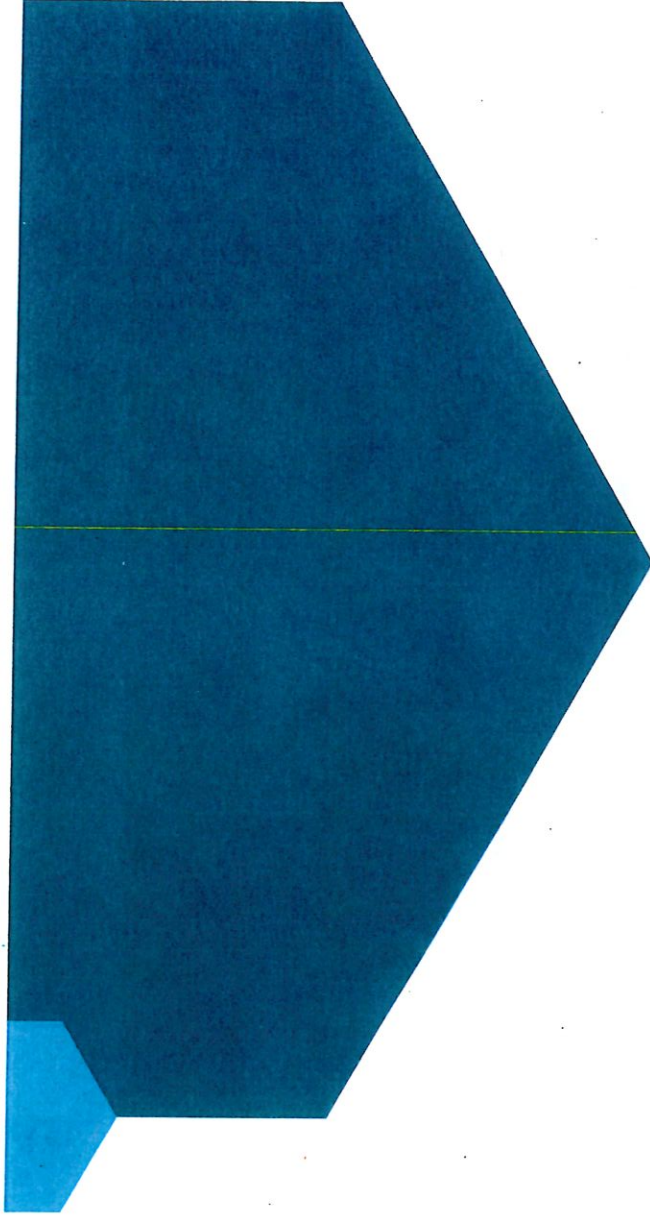


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Providence Updates

- **Changes and Initiatives**
 - Contracts
 - Settlements
 - Other



STATE OF PLAN



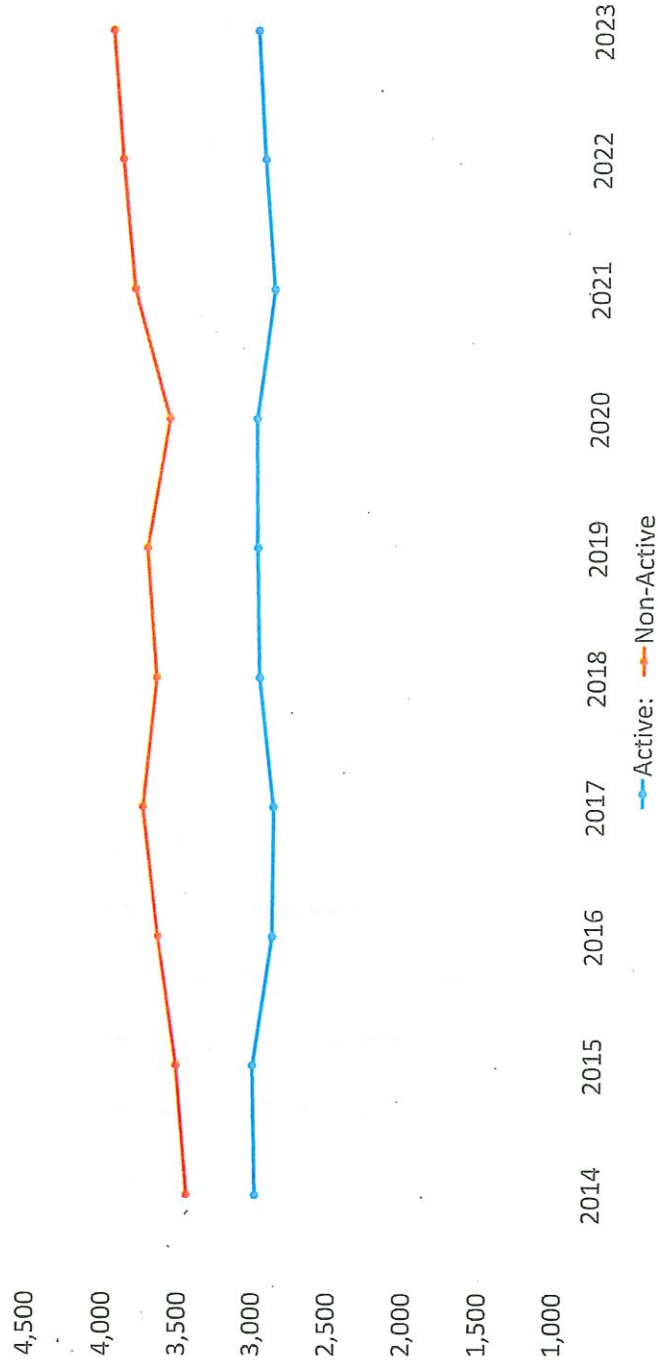
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State of Plan

- July 1, 2023 Funded Status: 26.3%
- FYE 2025 ADC Rate: 60.69%
- Key Drivers
 - Deferred losses from PYE 2022 returns
 - Payroll growth: 7.2%
 - Data updates implemented

Demographics

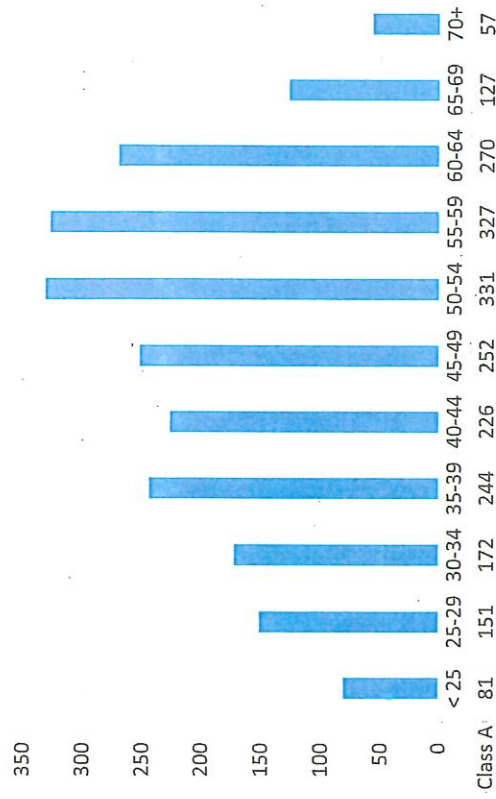


- Stable Active Group
- Growing Inactive Group



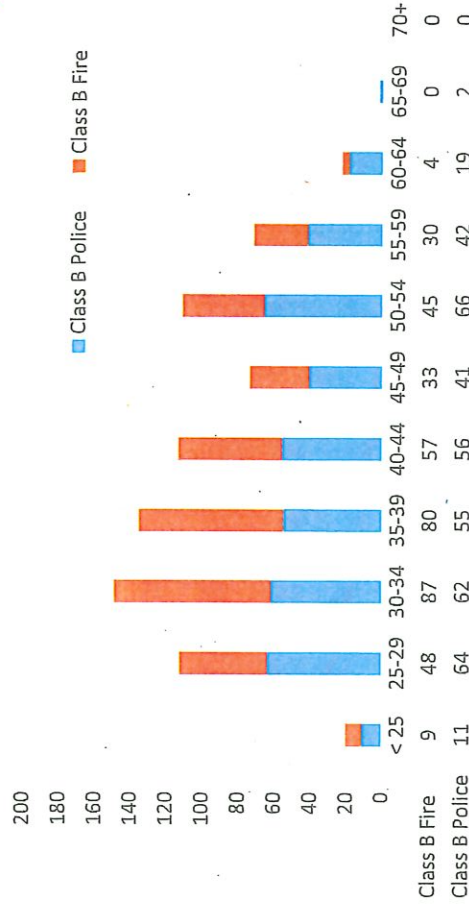
Demographics

Class A - Active Members by Age Group



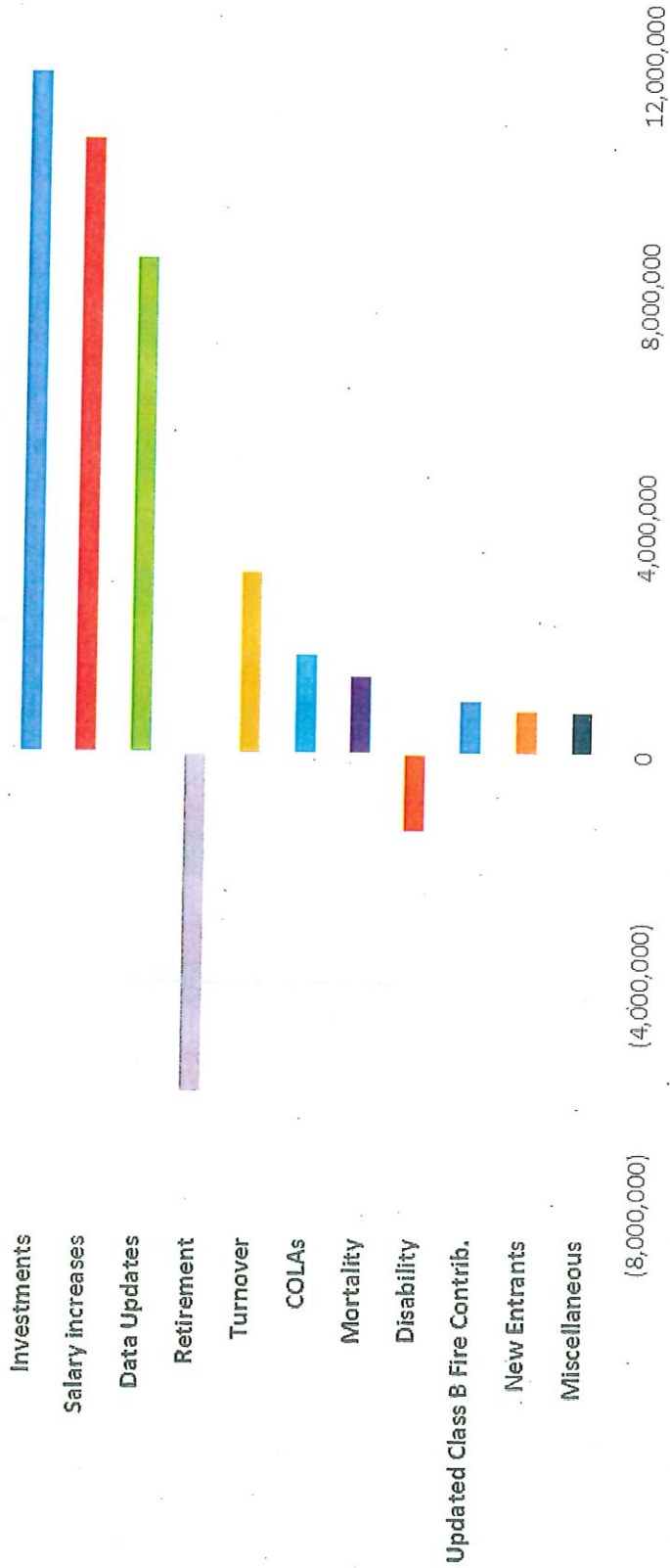
- Different Age Profiles for Class A and Class B
- Fire Skews Younger Than Police

Class B - Active Members by Age Group



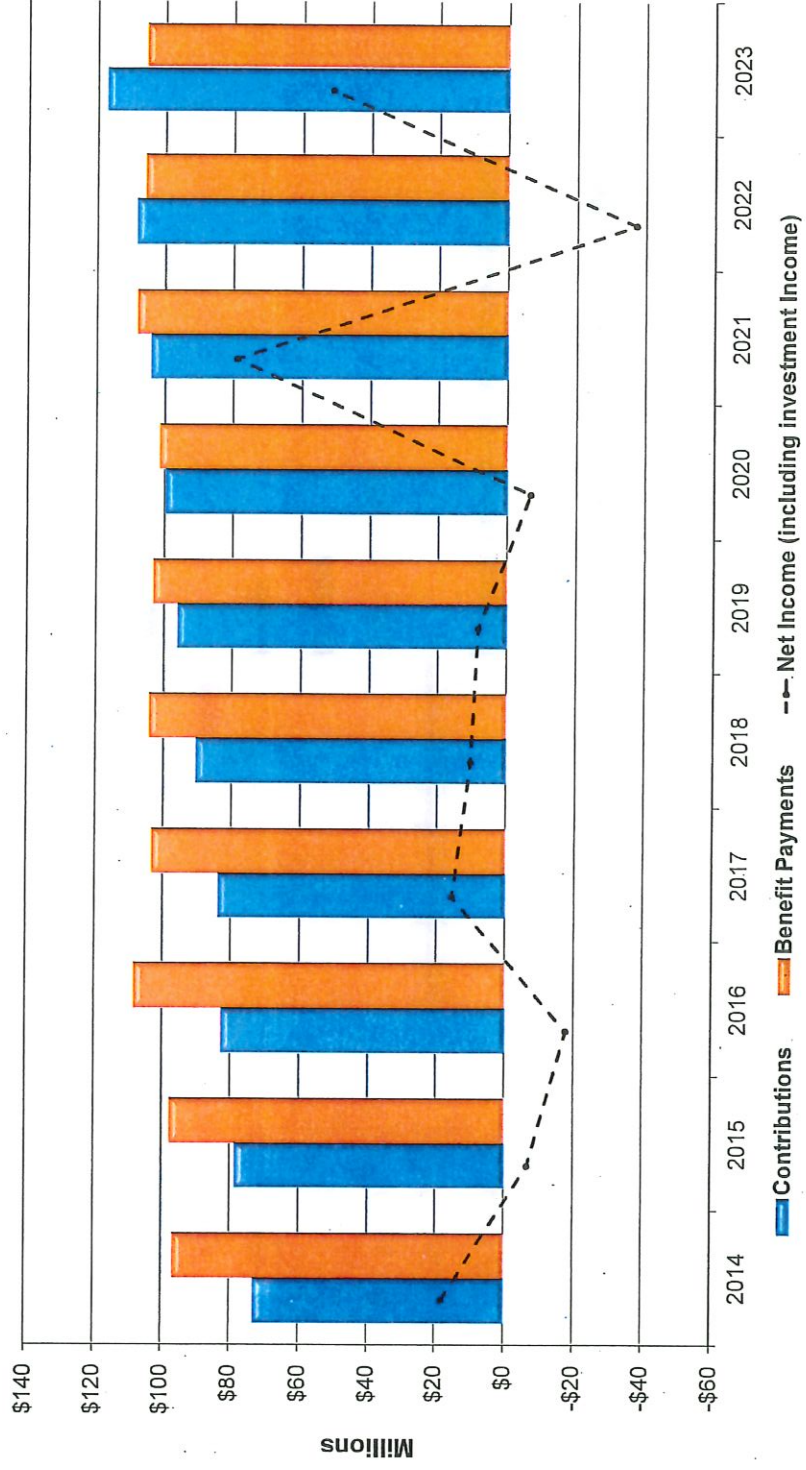
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(Gain)/Loss Analysis



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Historical Cash Flows



Funded Status – Historical and Current (\$ in millions)



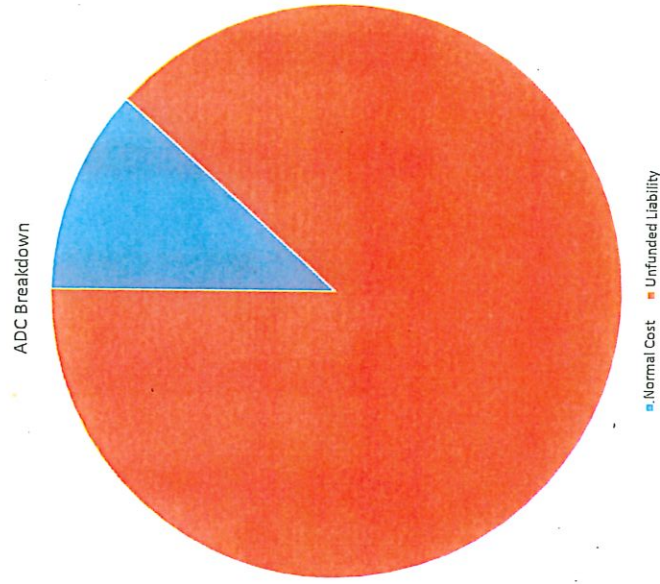
Annual Actuarially Determined Contribution (ADC)

	FYE 2023	FYE 2024	FYE 2025
ADC	\$100,323,373	\$104,943,383	\$112,272,205
Percent of Payroll	55.77%	60.60%	60.69%

- **FY 2025 ADC up 7% from FY 2024**
 - Within range of previously projected cost
- **Primary drivers of the increase**
 - Deferred Investment losses
 - Payroll increases
 - Data updates implemented

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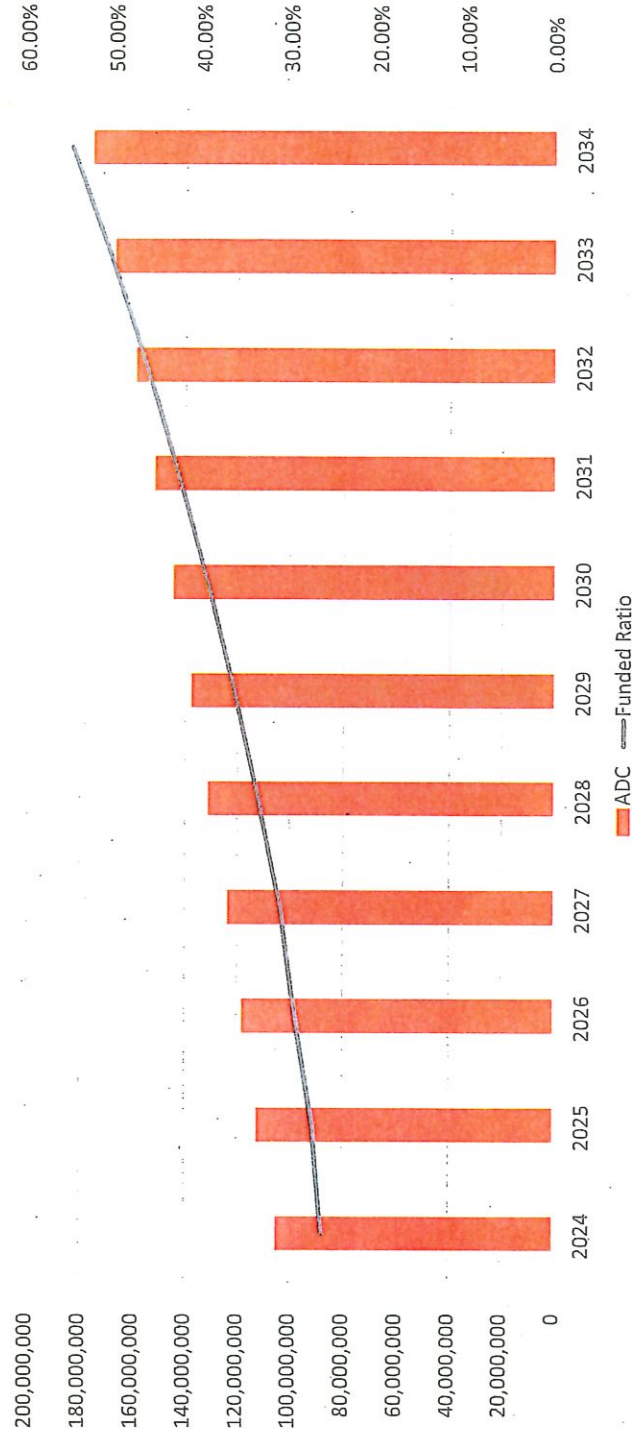
Annual Actuarially Determined Contribution (ADC)



- Primarily (89%) Paydown Of Unfunded Liability

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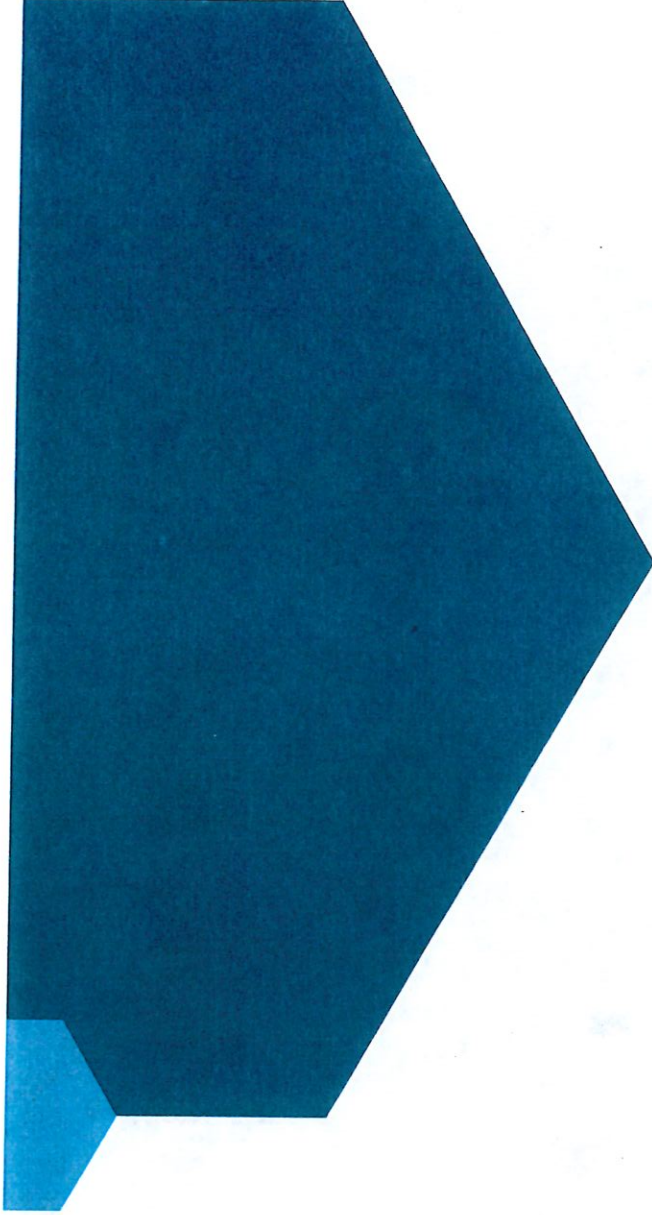
Funding Forecast



Funding Policy:

- 100% funded in 16 years
- 5.3% increase in unfunded paydown each year

B



EMERGING TOPICS



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Emerging Topics



FUNDING POLICY

- Volatility exposure high
- May not be sustainable

LOW DEFAULT RISK OBLIGATION MEASURE (LDROM)

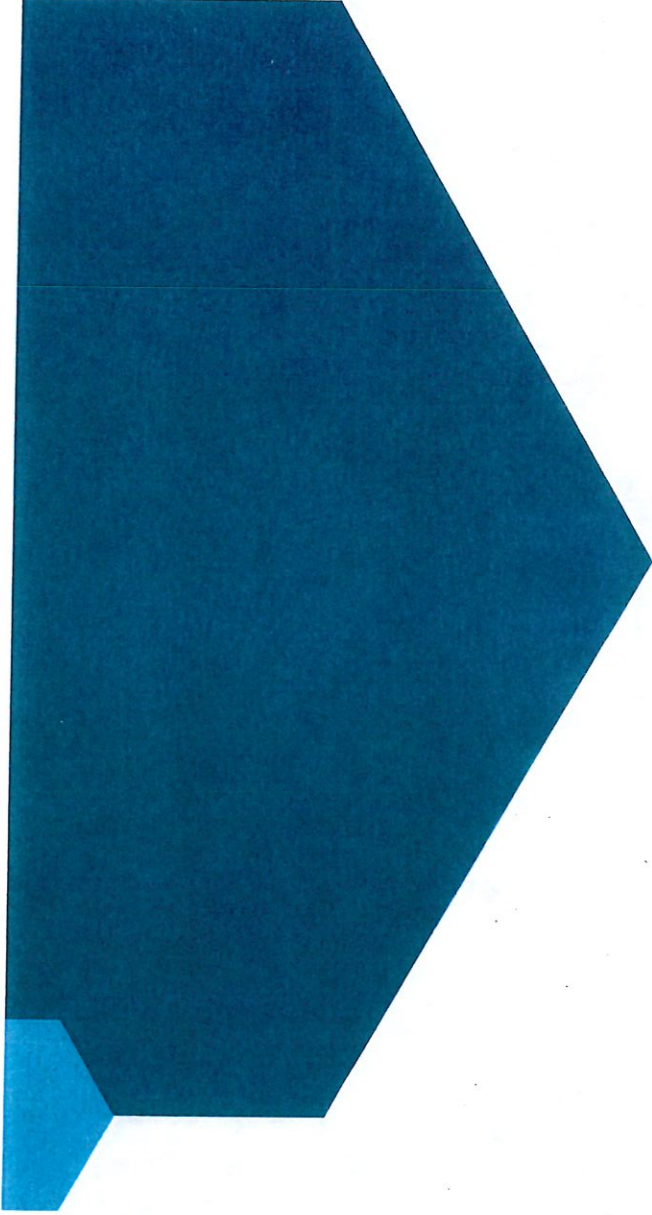
- Required with 2024
- Uses, concerns

INFLATION

- Currently below recent peaks
- May be several years before back to 2.0% -2.5% range

EVOLVING WORKFORCE

- Attraction and Retention needs
- Potentially larger "post retirement" workforce
 - Adjust offerings to appeal to this group?



DISCUSSION



Bolton