The Seeds of Change: Will it be Weeds or Flowers? Understanding and Implementing Pensions

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City of Carrollton, Texas
Session Objectives

• The Employer Dilemma
• Provide a timeline of future sessions to assist the membership implement GASB 68 successfully
• Provide a high level overview of the actuarial process for Pensions from the perspective of GASB 67/68 in order to:
  • Understand the logic behind the numbers
  • Emphasize the importance of funding discipline
• Discuss the information contained in Pension Plan CAFRs and the type of due diligence that employer’s should perform on their pension plans.
The Employer Dilemma

**TMRS**

Complete and total **Control** over the generation of each city’s actuarial valuation and the tracking of fiduciary net position (assets) by city

**Auditor**

No responsibility to audit anything actuarial or by city

**Actuary**

Valuation based on the assumptions and parameters set by TMRS

**Member City**

Complete and total **Responsibility** for the reporting of NPL and related pension numbers in their financial statements

**Auditor**

Complete responsibility for expressing an opinion on the pension numbers

No relationship
Proposed Solution

- AICPA is developing guidance to be finalized May 2014 that will coordinate efforts between the PERS (i.e. TMRS), their auditor and actuary and the member government.
- Remember the NPL = TPL – FNP so the AICPA has determined the necessary procedures by individual part:
Proposed Solution

• Fiduciary Net Position
  • PERS will issue a “Schedule of Changes in FNP” by member government and PERS auditor will express an opinion (not in relation to) on it
  • PERS will also have a SOC 1 Type 2 report on controls over allocation of assets

• Total Pension Liability
  • Actuary will prepare individual valuations addressed to each government
  • PERS will have a SOC 1 Type 2 report performed on the census data for retirees and in actives
Proposed Solution

- Employer Auditor
  - Can use the work performed at the plan level as part of their audit evidence on pension numbers
  - Will also need to test the census data for actives including the testing of controls over the data sent to the PERS
  - Will need to apply SAS 73 Relying on the work of a Specialist for determining the appropriateness of the valuation
  - May also use their own actuary if they so choose
  - The opinion on the pension numbers is totally theirs (cannot reference the work of the PERS auditor)
TMRS SOC Letter

• TMRS is way ahead of most PERS in that they initiated the SOC work before the AICPA guidance was final
• The letter explains the process but most importantly delineates between TMRS responsibilities and the employer responsibilities.

• The four control objectives for employer generated data are your responsibility:
  • Document what those controls are and discuss with your auditor
  • Plan on your auditor testing those controls in 2015 audit (2014 is better)
  • TMRS does not need you to report back on those controls-unless testing revealed errors in census data that need to be corrected.
## Timeline of GASB 68 Implementation-To Date

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2012</td>
<td>GASB issues Statements 67 &amp; 68</td>
</tr>
<tr>
<td>August 2012</td>
<td>AICPA SLGEP begins circulating possible audit approach for auditing employer’s NPL and related amounts</td>
</tr>
<tr>
<td>November 2012</td>
<td>TMRS and various audit firms meet to discuss impacts of and preparation needed for an employer auditor’s clean opinion</td>
</tr>
<tr>
<td>2013</td>
<td>TMRS begins preparing for SOC 1 Type 2 by documenting IC assertions and having a “gap” analysis performed</td>
</tr>
<tr>
<td>2013</td>
<td>TMRS chooses to switch actuarial methods to EAN to minimize differences between funding and reporting valuations and to improve the stability and predictability of contributions.</td>
</tr>
<tr>
<td>December 2013</td>
<td>TMRS Board approves the SOC 1 Type 2 audit as part of the 2014 budget.</td>
</tr>
<tr>
<td>March 2014</td>
<td>TMRS mails SOC letter to member cities</td>
</tr>
<tr>
<td>March 2014</td>
<td>GFOA requests/GASB declines a one year implementation delay</td>
</tr>
</tbody>
</table>
# Timeline of GASB 68 Implementation-To Come

<table>
<thead>
<tr>
<th>Date/Event</th>
<th>Date/Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>April/May 2014</td>
<td>AICPA Audit Guidance for Agent Plans to be finalized</td>
</tr>
<tr>
<td>Fall Conference</td>
<td>Pension Sabbatical declared-NO SESSIONS ON PENSIONS</td>
</tr>
<tr>
<td>Fall 2014-January 2015</td>
<td>Decisions regarding reporting packages, on-line resources and audit support finalized. TMRS begins first GASB 67/68 valuation. Contents of 2014 CAFR using GASB 67 to be finalized.</td>
</tr>
<tr>
<td>Spring 2015 Conference</td>
<td>Multiple pensions sessions on topics including GASB 68 basics, understanding and using TMRS reporting package, anticipating audit requests, required implementation JE’s, adjusting the MD&amp;A discussion, providing additional supplementary information on funding in your CAFR, etc.</td>
</tr>
<tr>
<td>Fall 2015 Conference</td>
<td>Possible repeat of some spring sessions dependent on feedback, a session on explaining GASB 68 to elected officials and others</td>
</tr>
</tbody>
</table>
Overview of Actuarial Methods

Looking Behind the Curtain
Overview of Actuarial Methods-Objectives

• To fund the retirement benefits over the working career of the employee.

• To amortize any unfunded costs related to prior service (what should have been accumulated in prior periods but wasn’t) in a manner that will generate adequate funds to pay those benefits when due.

• To achieve an approximately level contribution rate from year to year

• To keep rates affordable by utilizing investment return rather than contributions to fund the majority (65-75%) of benefit payments (Requires good actuarial methods, long term discipline, and good investment strategy)
Actuarial Terms

• Normal Cost-the present value portion of the total estimated future benefits that is attributable to the current period.
• Prior Service Cost-that present value portion of the total estimated future benefits that is attributable to prior years service
• Future Cost- that portion of the total estimated future benefits that will be recognized in future years
Actuarial Terms

• Actuarial Accrued Liability—the total normal and prior service cost recognized to date less any benefits already paid (similar to GASB 67/68s TPL).
• Unfunded Actuarial Accrued Liability—the difference between the AAL and the assets accumulated to pay benefits (similar to GASB 67/68s NPL).
• An actuary’s use of terms such as “audit” or “amortization” can have a very different meaning than the accountant’s definition.
ASOPS vs. GASB

• Actuarial Standards of Practice (ASOPs) typically allow for a great deal of flexibility and judgment. GASB tightly defines their terms and will give them a unique name to avoid confusion.
• ASOPs do not have a maximum amortization period.
• ASOPs currently allow a wide range (25\textsuperscript{th} to 75\textsuperscript{th} percentile) for reasonableness of assumptions although ASOP 27 was modified for valuations effective September 2014.
Joe the Firefighter’s Service Period

25
Age when hired-earned $20,000

45
Present age-earns $55,000

55
Assumed age at retirement-earns $72,000

80
Life Expectancy-will receive 25 years of annuities
1) **Project Benefits**

Expected payments during Joe’s retirement

3) **Allocate** and discount the amount needed at retirement to years of service

2) **Discount** payments to year of retirement

3) Using identical assumptions, the discounted PV upon retirement will be the same regardless of actuarial method used. What makes actuarial methods different is how they choose to allocate that amount over Joe’s working years. Some backload the costs, some front load the costs and others are even.
Actuarial Methods

- GASB 25/27 & 43/5 allows six actuarial methods.
- A GASB survey revealed that 88% of pension plans use either Entry Age Normal (73%) or Projected Unit Credit (15%). GASB 68 will allow only EAN.
- Entry Age recognizes an approximate even amount of costs each year.
- Projected Unit Credit is cost based by recognizing a smaller percentage of costs in the early years and a larger percentage of costs in later years.
- No data is yet available on methods used for OPEB but it is likely that PUC will be used more since it works well/better for PAYGO/No Trust Plans.
Entry Age vs. Projected Unit Credit

Joe's Required Contribution

Year 1  Year 5  Year 10  Year 15  Year 20  Year 25  Year 30

Entry Age  PUC

0  2  4  6  8  10  12  14

14  12  10  8  6  4  2  0
Unfunded Actuarial Liability

- Unfunded Liabilities come from one of five sources:
  - Negative variances of actual vs. assumption
  - Switching actuarial methods or assumptions
  - Granting of retroactive benefits (COLA’s, formula upgrades etc.)
  - Interest on the unfunded
  - Not paying the ARC
- Recognizing the entire unfunded actuarial liability all in one year is often not financially feasible and would cause extreme rate fluctuations
- As a result the unfunded plus interest is currently amortized over a period not to exceed 30 years using either Level Dollar Amount or Level Percent of Payroll methods with periods either closed or open.
- Most financial statement users and auditors do not understand how pension plan amortization works
Amortization Approaches

• Level Dollar Amount (LDA) pays a constant amount from year to year and similar to a traditional mortgage is mostly interest in the early years and mostly principal in the later years.

• Level Percent of Payroll (LPP) is a back loading technique that makes very small payments in the early years and then much larger payments in the later years
  • The larger the covered payroll growth assumption the smaller the first year payment and larger the last.
  • Payments in the early years are often less then the interest accruing resulting in growth in the liability (negative amortization)
Comparing Amortization Methods

• Assume a $10 million UAAL, 6%, $600k 1st year interest expense, a $20 million covered payroll, first year payments would be:
  • 30 yr. LDA- $726,489
  • 100 yr. LDA $601,774
  • 30 yr. LPP w/ 4% payroll growth $459,462
  • 30 yr. LPP w/ 5% payroll growth $404,031
  • 25 yr. LPP w/ 4% payroll growth $527,894
  • 25 yr. LPP w/ 5% payroll growth $473,970
Comparing Amortization Methods

- 30 yr. LPP w/ 4% payroll growth:
  - First year payment-$459,462
  - Negative amortization for 1st nine years
  - Balance goes back below original $10 million in year 17
- 25 yr. LPP w/ 4% payroll growth:
  - First year payment-$527,894
  - Negative amortization for 1st four years
  - Balance goes back below original $10 million in year 8.
Comparing Amortization Methods

• Open amortization means you are always in year 1 of the amortization period creating a perpetually and substantially negative amortization when combined with most LPP amortizations of more than 20 years. Although actuaries don’t call it this, open amortization is in essence an infinite funding period.

• 20 years appears to be the dividing line with 4% and lower payroll growth producing a 1\textsuperscript{st} year payment large enough to cover first year interest.

• Open amortization can be appropriate for overfunded situations as it keeps the contribution rate higher and brings down the overfunded amount very slowly.
Amortization-A Brave New World

- GASB 68 specifies that interest for the period be considered separately and that gains and losses be amortized using a systematic and rational method over remaining service life of actives and in-actives (includes retirees). Investment gains and losses are amortized over five years.
- Most plans will see this portion of pension expense double, triple or more.
Granddaddy of Assumptions

• Investment return (aka asset experience):
  • Determines both the discount rate and the rate charged on the unfunded liability
  • Compounding means that even small differences in rate can mean huge differences in ARC.
  • 7.5 to 8% percent return is very common for public pensions with some plans at 8.75%. Warren Buffet uses 6.9% for the Berkshire Hathaway pension plan.
  • Recent stock market results make aggressive return assumptions unreasonable even on a long term basis.
Other Key Assumptions - Pensions

- (aka liability experience) They include:
  - Withdrawal Rates
  - Retirement Age
  - Mortality/Life Expectancy (Mortality Tables are referred to by year of issue with some plans still using 1980’s tables possibly with age setback)
  - Salary Progression
  - Covered payroll Growth (if LPP is used)

- Watch out also for:
  - Spiking
  - Handling of Ad Hoc increases
Reasonableness of Assumptions

• The most reasonable assumption has an equal probability (50%) of being high or low in any given year.
• ASOP 27 currently allows the actuary to go up to 25 percentage points on either side of the mid point and (25th to 75th %tile) and still consider the assumption reasonable.
• They are required to consider the reasonableness of the assumptions both individually and in the aggregate.
• Modifications to ASOP 27 require a five step process including “no significant bias” and disclosure of prescribed assumptions.
• Effective for valuations September 2014, it is not known how much impact this may have on assumptions used.
Reasonableness of Assumptions

• There is no requirement that the actuary disclose where in the range their assumptions fall.
• With GASB 68, however, users will be able to see the frequency and the magnitude of actuarial gains and losses through the reconciliation of the changes in the NPL.
• Eventually with ten years of information, unrealistic assumptions will become much more transparent.
Audit Implications of GASB 68

Will Auditors do what they’ve always done or demand more assurance.
Audit Implications-TMRS

- TMRS is a statewide, multi-employer agency plan serving approximately 849 member cities.
- “Agency” means that even though centrally administered, each city’s plan stands alone.
- TMRS’s audit opinion and actuarial certification letter are for TMRS as a whole.
- This allows tremendous economies of scale and extremely reasonable fees but does not provide any assurance on each government’s individual plan.
Cost of Professional Services

- In 2012, TMRS paid $89,000 for its audit or about $105 per year per member city.
  - $8.75 a month is about the price of a single lunch.
- In 2012, TMRS paid $315,000 for actuarial valuations or about $370 for each city’s annual valuation.
- While fees are likely to be increasing (particularly for multi-employer plans), it is important to keep the amounts in perspective.
Auditing Pensions

• Traditionally the lack of any individual audit assurance was not an issue for most of our auditors because all pension information was RSI and therefore unaudited.

• GASB 50 changed that in 2008 moving one year to the notes but it was the same information as before and it was taken almost in its entirety directly from a PERS reporting package. Even GASB in their Basis for Conclusions stated:

“The Board’s understanding based on research of applicable auditing standards, is that the potential incremental cost would relate to the difference between auditing requirements related to (a) RSI and (b) establishing a basis for reliance on the work of a specialist-the actuary”
Auditing Pensions

• Now with the new GASB standards on the horizon several things are changing:
  • Scrutiny and the political sensitivity of pensions in general has increased.
  • Pensions will go from being a packaged disclosure in the footnotes to being multiple and very material individual numbers on the Statement of Net Position.
• These changes make it unlikely that your auditor will feel comfortable doing what they have always done.
Pending Guidance

• The AICPA is considering various solutions and combinations of solutions and options that will require additional work on the part of both the Plan and the Employer Auditor.
• This guidance is currently available in the form of whitepapers posted on the Government Audit Quality website.
• It will be included as a appendix in the 2014 State and Local Government Audit Guide and a chapter in the 2015 guide.
• Audit interpretations based on the whitepaper guidance are also planned.
Employer Responsibility - Adequately Funding the Plan

Blindly relying on the actuarial valuation provided by the plan may not give you the results you desire.
The Costs Are What the Costs Are

• The costs of a plan are the payments that will eventually be made to retirees and their beneficiaries.
• The Annual Required Contribution is not the cost. It is the actuary’s estimate of what it will take to fund those future costs over the employee’s work years while also amortizing the unfunded liabilities.
The Costs Are What the Costs Are

- ASOPs allow valuations to range from very conservative to very optimistic.
- Overly optimistic valuations will reduce contributions today but not the eventual costs which will ultimately cause contributions and liabilities to skyrocket.
- With GASB 67/68 divorcing funding from accounting and with the volatility of the pension expense number making it a poor indicator of an adequate contribution, funding discipline by the plan and the employer will be more important than ever.
Focus, Focus, Focus

Employers should not allow the “noise” of GASB 68 to detract from their primary responsibility:

*Adequately funding the benefits that they have committed to.*

Remember GASB may have divorced reporting from funding but if we don’t adequately fund the plan, we will have nothing good to report.
Model Funding Standards

• GFOA has issued a funding best practice “Core Elements of a Pension Funding Policy” which recommends:
  • Entry Age actuarial method
  • Asset smoothing of five years but never longer than ten and if ten use of corridors.
  • Closed amortization of not more than 25 years
    • Preferably shorter and based on demographics
    • Use of layers for item being amortized


• TMRS funding policy is in compliance with Model Funding Standards
Employer Due Diligence

Will blind reliance on pension plan data stand up in court or to the SEC?
Employer Due Diligence

- Pensions - the Original Government Outsourcing
  - Private Sector - tight control over their Plans
  - Public Sector - independently governed & managed plans but still retain most financial risk
- Whether you are outsourcing garbage collection, IT, Pensions or anything else...
YOU CAN OUTSOURCE THE TASK BUT NOT THE RESPONSIBILITY
Why can’t we outsource the responsibility for pensions?

• Won’t Let Us
  • GASB 68/Auditors
  • The Bondholders/SEC

• Fiduciary Responsibility to:
  • The Taxpayers
  • Beneficiaries and Future Beneficiaries
  • Future Employees
Know What You Know and Don’t Know

• Your auditors will want you to make major representations about the fair statement of the NPL:
  • Familiarity with or a good feeling about the plan does not necessarily equate to first hand knowledge on a specific number
  • Lack of concerns does not necessarily justify positive assurance
  • Think carefully about what you can positively assert and for the rest consider either
    • negative assurance
    • or getting enough additional information for positive assertion
Understanding Your Plan(s)

- Start with understanding pensions
- Plan Design
  - Defined Benefit, Contribution or Hybrid
  - Benefit Formula
  - Retirement Eligibility
  - Automatic or Ad Hoc COLAS
  - Special Provisions
    - Buy Back
    - Reciprocity
    - DROP Payments
  - How susceptible to spiking? (No I’m not talking volleyball)
Understanding Your Plan(s)

• When in the context of their year end and your reporting cycle are financial statements issued?
  • Basic Financial Statements or
  • CAFR
• Frequency of actuarial valuations
• Outside investment managers or internal
• Tradeoff between risk and return on LTRoR
• How conservative is the amortization?
Plan Monitoring

• In most cases your largest financial asset and liability are managed by the PERS
• Employers should review:
  • Annual Financial Statements
    • Audit opinion
    • Financial Statements or footnotes for anything unusual
    • Did PERS receive a management letter
      • Material Weakness
      • Significant Deficiency
      • Other matters
Plan Monitoring-Actuarial Information

- Ideally the PERS will prepare a CAFR but if not, there should be independently issued actuarial report containing:
  - Certification letter
    - Signed by an ASA or FSA
    - Objectives of the valuation
    - Within the parameters of ...
    - Assumptions are reasonable
  - Discussion of Assumptions
  - Various Schedules of Trend Information
Plan Monitoring-Actuarial Information

- Trend Information
  - Current 3 years employer/ six years PERS
  - GASB 67/68-ten years for both
  - Ten years is desirable due to the long term nature of pensions and that it is guaranteed to cover boom/bust of investment cycles and at lest one actuarial experience study
Plan Monitoring-Actuarial Information

- Key Schedules
  - Retiree and beneficiary information
  - Schedule of Funding Progress
  - Solvency Test
  - Reconciliation of the Unfunded/Analysis of Financial Experience
    - Not always provided but very useful
    - A ten year schedule of changes in the NPL will be required by GASB 68
Plan Monitoring-Actuarial Information

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>Added to Rolls</th>
<th>Removed From Rolls</th>
<th>Rolls at End of Year</th>
<th>Percentage Increase in Annual Allowances</th>
<th>Average Annual Allowances</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number*</td>
<td>Annual Allowances</td>
<td>Number*</td>
<td>Annual Allowances</td>
<td>Number*</td>
</tr>
<tr>
<td>2010</td>
<td>10,607</td>
<td>$278,758,820</td>
<td>4,041</td>
<td>$59,271,884</td>
<td>173,235</td>
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<tr>
<td>2009</td>
<td>10,839</td>
<td>289,793,503</td>
<td>5,542</td>
<td>78,808,830</td>
<td>166,669</td>
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<tr>
<td>2008</td>
<td>9,240</td>
<td>225,548,983</td>
<td>4,124</td>
<td>56,416,940</td>
<td>161,372</td>
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<tr>
<td>2007</td>
<td>9,733</td>
<td>230,401,061</td>
<td>5,576</td>
<td>82,605,482</td>
<td>156,256</td>
</tr>
<tr>
<td>2006</td>
<td>8,969</td>
<td>204,875,766</td>
<td>3,973</td>
<td>55,836,612</td>
<td>152,099</td>
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<tr>
<td>2005</td>
<td>9,394</td>
<td>217,934,811</td>
<td>5,047</td>
<td>65,360,194</td>
<td>147,103</td>
</tr>
</tbody>
</table>

* Represents a count of the retired members' accounts under which either the member or the member's beneficiaries are receiving benefits.
## Plan Monitoring - Actuarial Information

### Summary of Actuarial Liabilities & Funding Progress

(Pension Trust Fund)

(Amounts in Millions of Dollars)

<table>
<thead>
<tr>
<th>Annual Report Year</th>
<th>Actuarial Value of Assets</th>
<th>Actuarial Accrued Liability (AAL)</th>
<th>Funded Ratio (1) / (2)</th>
<th>Unfunded AAL (UAAL) (2) - (1)</th>
<th>Covered Payroll (5)</th>
<th>UAAL as a Percentage of Covered Payroll (4) / (5)</th>
<th>City Contributions (7)</th>
<th>Average City Rate (7) / (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$14,203.3</td>
<td>$19,278.8</td>
<td>73.7 %</td>
<td>$5,075.5</td>
<td>$4,221.3</td>
<td>120.2 %</td>
<td>$512.9</td>
<td>12.2 %</td>
</tr>
<tr>
<td>2008</td>
<td>15,149.7</td>
<td>20,360.8</td>
<td>74.4</td>
<td>5,211.1</td>
<td>4,530.0</td>
<td>115.0</td>
<td>567.2</td>
<td>12.5</td>
</tr>
<tr>
<td>2009</td>
<td>16,305.7</td>
<td>21,525.1</td>
<td>75.8</td>
<td>5,219.4</td>
<td>4,769.0</td>
<td>109.4</td>
<td>641.7</td>
<td>13.5</td>
</tr>
<tr>
<td>2010*</td>
<td>16,986.0</td>
<td>20,481.5</td>
<td>82.9</td>
<td>3,495.5</td>
<td>4,797.9</td>
<td>72.9</td>
<td>679.3</td>
<td>14.2</td>
</tr>
<tr>
<td>2011</td>
<td>18,347.0</td>
<td>21,563.3</td>
<td>85.1</td>
<td>3,216.4</td>
<td>4,853.3</td>
<td>66.3</td>
<td>703.8</td>
<td>14.5</td>
</tr>
<tr>
<td>2012</td>
<td>19,784.8</td>
<td>22,683.8</td>
<td>87.2</td>
<td>2,899.0</td>
<td>4,961.7</td>
<td>58.4</td>
<td>664.4</td>
<td>13.4</td>
</tr>
</tbody>
</table>
Plan Monitoring-Actuarial Information

Funded Portion of Actuarial Liabilities by Type (Pension Trust Fund)

<table>
<thead>
<tr>
<th>Valuation Date</th>
<th>Actuarial Liabilities for</th>
<th>Net Assets Available for Benefits</th>
<th>Portion of Actuarial Liabilities Covered by Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1) Current Member Contributions</td>
<td>(2) Retirees and Beneficiaries</td>
<td>(3) Current Members (Employer-Financed Portion)</td>
</tr>
<tr>
<td>12/31/2007</td>
<td>$3,784.2</td>
<td>$7,201.5</td>
<td>$8,293.1</td>
</tr>
<tr>
<td>12/31/2008</td>
<td>3,968.0</td>
<td>7,550.3</td>
<td>8,842.5</td>
</tr>
<tr>
<td>12/31/2009</td>
<td>4,203.9</td>
<td>7,941.6</td>
<td>9,379.6</td>
</tr>
<tr>
<td>12/31/2010</td>
<td>4,403.9</td>
<td>7,598.6</td>
<td>8,479.0</td>
</tr>
<tr>
<td>12/31/2011</td>
<td>4,589.5</td>
<td>8,188.0</td>
<td>8,785.9</td>
</tr>
<tr>
<td>12/31/2012</td>
<td>4,775.2</td>
<td>8,832.0</td>
<td>9,076.6</td>
</tr>
</tbody>
</table>
Plan Monitoring-Actuarial Information

Analysis of Financial Experience (Pension Trust Fund)

<table>
<thead>
<tr>
<th>Changes in the Unfunded Actuarial Accrued Liability (Amounts in Millions)</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>$ 226.0</td>
<td>$ 259.5</td>
</tr>
<tr>
<td>Amortization payments</td>
<td>(208.7)</td>
<td>(233.3)</td>
</tr>
<tr>
<td>Asset experience</td>
<td>(78.4)</td>
<td>(24.9)</td>
</tr>
<tr>
<td>Liability experience</td>
<td>(275.8)</td>
<td>(198.5)</td>
</tr>
<tr>
<td>Benefit modifications</td>
<td>12.1</td>
<td>(36.1)</td>
</tr>
<tr>
<td>Contributions different than actuarially calculated</td>
<td>7.4</td>
<td>(45.9)</td>
</tr>
<tr>
<td>Total</td>
<td>$(317.4)</td>
<td>$(279.2)</td>
</tr>
</tbody>
</table>
Plan monitoring-investment results

• Ideally the PERS will prepare a CAFR but if not, there should also be some type of report or information on:
  • investment strategies
  • investment allocation
  • investment results.

• Remember LTRoR is one of the most likely assumptions to be challenged by the auditor so be familiar with the basic strategies and results.