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Commending the City of Philadelphia Board of Pensions and Retirement for their prudent actions over the years to increase the Pension Fund's actuarial funding ratio.

WHEREAS, Led by the City of Philadelphia Board of Pensions and Retirement, the combined efforts of the City Administration, the Philadelphia Municipal Unions, City Council, the State Legislature, and all interested parties has resulted in moving toward securing the long-term financial stability of the Philadelphia Municipal Pension Fund for the employees and taxpayers of the City of Philadelphia; and

WHEREAS, The Philadelphia Municipal Pension Fund (Pension Fund) achieved historical investment returns over 29 percent for the fiscal year ending June 30, 2021; and

WHEREAS, The Pension Fund had its actuarial funding ratio increase from 44.8 percent in 2016 to 55.2 percent for the fiscal year ending June 30, 2021. For the same period, the Pension Fund's market value funding ratio increased to 61.1 percent, the highest market value for the Pension Fund in over 20 years; and

WHEREAS, Since Fiscal Year 2014, the Pension Fund has reduced investment fees from 0.69 percent of assets to its current 0.30 percent of assets. This represents savings of more than $90 million over the past six fiscal years; and

WHEREAS, The Pension Fund has had four consecutive years of net positive cash flow excluding investment earnings. The Pension Fund went from having one of the worst cash flows among large pension funds to having one of the best; and

WHEREAS, Led by the Pension Board, pension reform efforts have been a collaborative effort of the City Administration, Municipal Unions, City Council, the State Legislature, and other interested parties. A key aspect of the reforms included additional dedicated streams of revenue to pay down the unfunded actuarial liability of the Pension Fund more aggressively; and

WHEREAS, The pension reforms have had a significant positive effect on improving the long-term stability of the Pension Fund. Philadelphia's Pension Recovery initiative was awarded the 2020 Government Finance Officers Association Award for Excellence; and

WHEREAS, In 2016, the Pension Fund's actuary projected that because of the pension reforms, the Pension Fund would reach 80 percent funding by 2032. The most recent actuarial analysis, as of June 30, 2021, projects that the Pension Fund will reach 80 percent funding by 2028 if the City continues to adhere to the pension reforms; and

WHEREAS, The Pension Fund is further projected to reach 100 percent funding by 2031. As the funding ratio approaches 100 percent, City contributions into the system are projected to decrease; and

WHEREAS, According to an April 2019 analysis of the pension reforms, The Pew Charitable Trusts concluded

in part that, “Philadelphia’s recent reforms demonstrate that improved funding of a municipal pension system is attainable…”; and

WHEREAS, The City of Philadelphia Board of Pensions and Retirement has remained steadfast in its commitment to increase the Fund’s actuarial funding ratio, knowing that improved funding will benefit City retirees, current City workers, taxpayers, and the City’s operating budget, and it will likely improve the City’s credit rating; now, therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That it hereby commends the City of Philadelphia Board of Pensions and Retirement for their prudent actions over the years to increase the Pension Fund’s actuarial funding ratio.

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