

Contribution Change Indicators



- Investment Loss Contribution Change Indicators

- Investment Loss Rate

Actual Rate of Return
– Discount Rate

- Asset Leverage Ratio

Assets ÷ Payroll

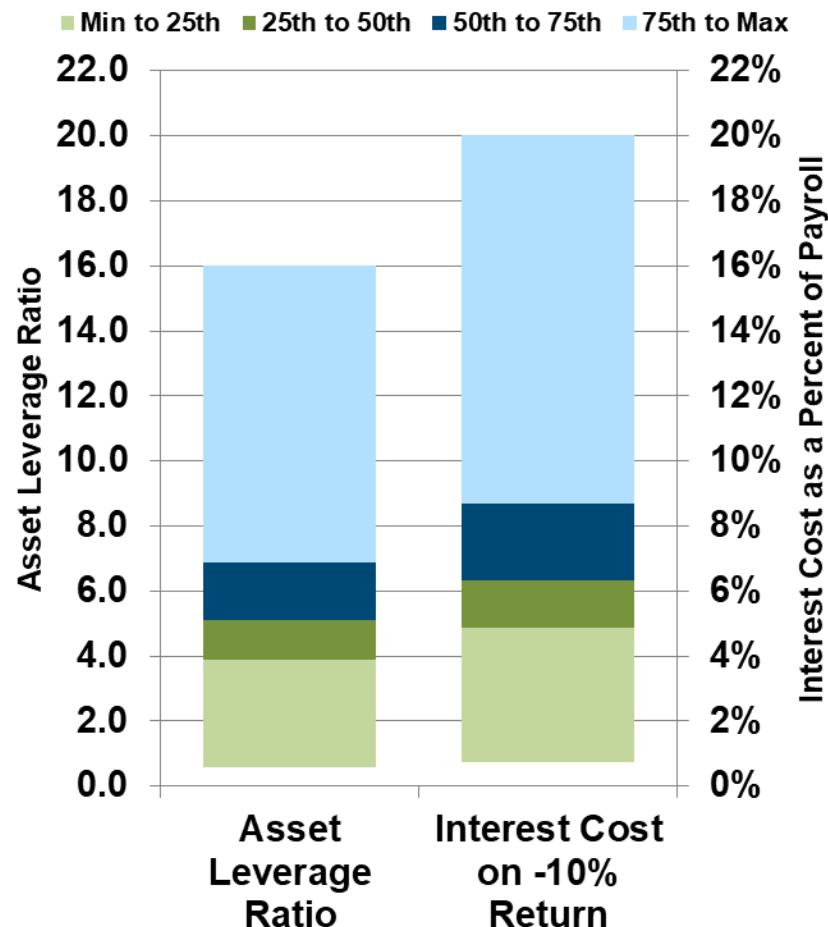
- Interest Cost on Investment Loss

Discount Rate

x Investment Loss Rate

x Asset Leverage Ratio

Contribution Change Indicators

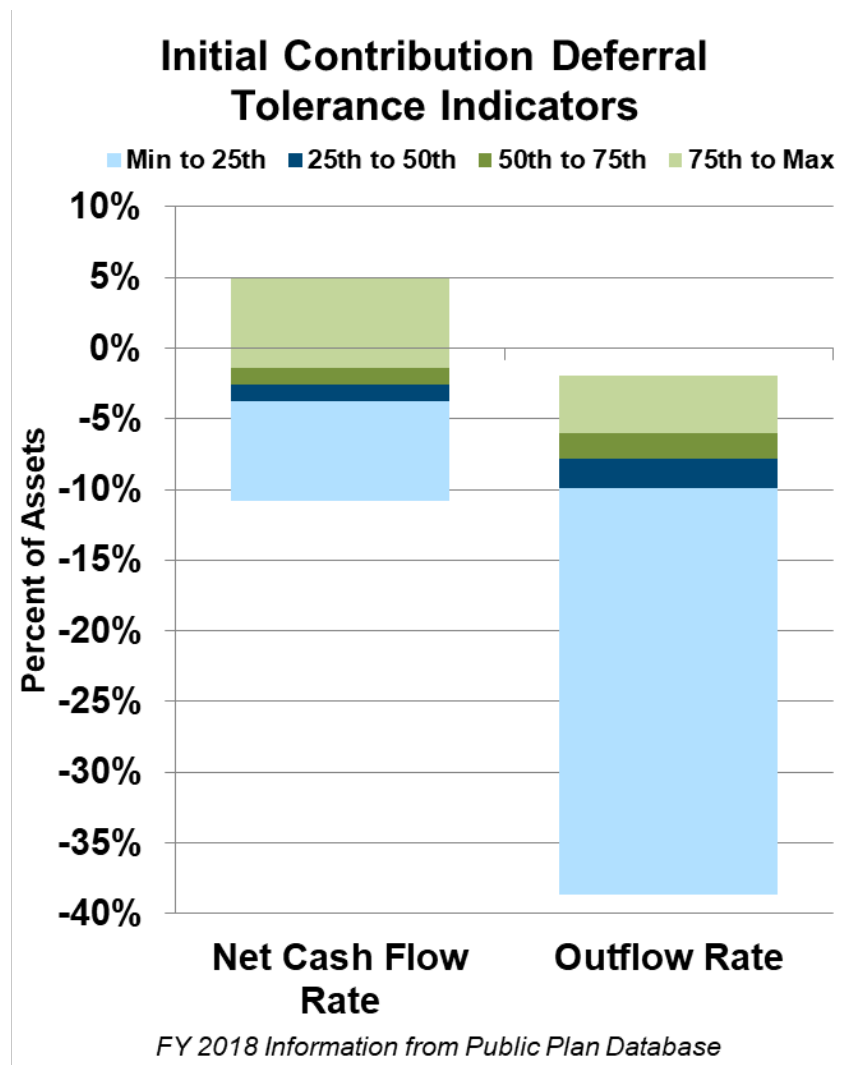


FY 2018 Information from Public Plan Database (Open Plans Only)

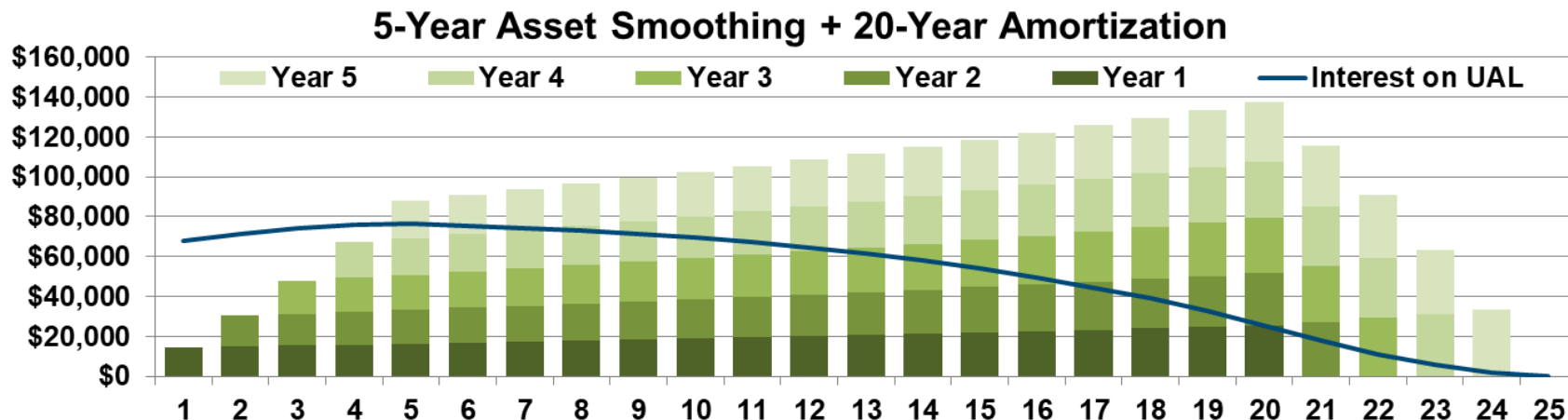
Contribution Deferral Tolerance



- Assessing immediate impact
 - **Net Cash Flow Rate**
 - Contributions
 - Benefits
 - Expenses
 - **Outflow Rate**
 - Benefits
 - Expenses



Contributions to Pay Off \$1 Million Loss



- Asset smoothing steps contributions up to the amount needed to pay for the full loss
- If need to provide for additional contribution deferral (and can tolerate it):
 - Generally resist extending amortization periods
 - Consider adjusting amortizations to start lower and step back up to the full amount over a 3 to 5 year period to provide temporary relief without long-term damage