



# THE CITY OF PITTSBURGH

## DEPARTMENT OF FINANCE

*William Peduto, Mayor*

*Douglas W. Anderson, Director/Treasurer*

September 23, 2020

Dear President and Members of City Council:

As required by law, I am informing you of the amount of the Minimum Municipal Obligation (MMO) that the City is required to contribute to the pension fund in 2021. The City's contribution is larger than the base required and has been for several years. All required contributions are listed on the attached pages.

As calculated by our actuary, the 2021 MMO for the City's three pension plans are based on the minimum funding rules of The Pennsylvania Municipal Pension Fund Funding Standard and Recovery Act (Act 205). They are based on the payroll information provided by the City and the actuarial results of the January 1, 2019 valuations.

The total MMO for all three pension plans is \$52,264,801. As a result of the issues covered in the valuation reports, we recommend contributing more than the MMO. The minimum contribution based on the actuarial recommended amortization payment contained in the January 1, 2019 valuations is \$72,067,645 (Municipal -\$19,116,742, Fire - \$26,246,554, Police - \$26,704,349).

The MMOs must be submitted to the governing body of the City by September 30, 2020.

Please let me know if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Douglas W. Anderson".

Douglas W. Anderson  
Director, Department of Finance

CC: William Peduto, Mayor  
Michael Lamb, City Controller  
Brenda Pree, City Clerk  
Dan Gilman, Chief of Staff to the Mayor  
Bill Urbanic, Council Budget Director  
Jennifer Gula, Asst. Dir. of Finance  
Adam Hoffman, Financial Analyst, Dept. of Finance

**Municipality: City of Pittsburgh**  
**Plan: Firemen's Relief Pension Fund**

**Municipality's Minimum Municipal Obligation for 2021**

1. Estimated 2020 W-2 Wages of Active Members	\$61,116,708
2. Normal Cost Rate (from 2019 valuation)	16.4661%
3. Administrative Expense Rate (from 2019 valuation)	1.3306%
4. Normal Cost for 2021: (1) x (2)	\$10,063,538
5. Estimated Administrative Expense for 2021: (1) x (3)	\$ 813,219
6. Amortization Requirement for 2021 (from 2019 valuation)	\$15,586,629
7. Plan's 2021 Financial Requirements: (4) + (5) + (6)	\$26,463,386
8. Estimated 2021 Member Contributions	\$ 4,448,991
9. Funding Adjustment for 2021 (from 2019 valuation)	\$ -
10. Minimum Municipal Obligation (MMO) for 2021: (7) - (8) - (9)	\$22,014,395
11. Additional Amortization Payment for 2021 ARC	\$ 4,232,159
12. Actuarial Recommended Contribution (ARC) for 2021:	\$26,246,554
13. 2021 Estimated State Aid (a restricted revenue receipt)	\$ 6,844,200
14. Municipality's Estimated Contribution for 2021: (12) - (13)	\$19,402,354

Note: Municipality's actual contribution requirement for 2021 will be its actual contribution (not less than MMO) less the actual amount of 2021 State Aid deposited in the pension fund.

Prepared by: Jason L. Fine  
 Jason L. Fine – Approved Actuary

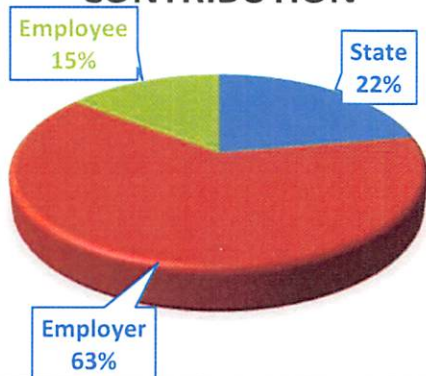
Date: August 24, 2020

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 Reviewed by: Douglas W. Cuckler  
 - Chief Administrative Officer

Submitted to: \_\_\_\_\_  
 (Municipality's governing body)

Date: \_\_\_\_\_

**ALLOCATION OF 2021 TOTAL CONTRIBUTION**



Allocation of Cost Percent

State	\$	6,844,200	22.3%
Employer	\$	19,402,354	63.2%
Employee	\$	4,448,991	14.5%
<b>Total</b>	<b>\$</b>	<b>30,695,545</b>	<b>100%</b>

**Municipality: City of Pittsburgh**  
**Plan: Municipal Pension Fund**

**Municipality's Minimum Municipal Obligation for 2021**

1. Estimated 2020 W-2 Wages of Active Members	\$94,217,152
2. Normal Cost Rate (from 2019 valuation)	7.7938%
3. Administrative Expense Rate (from 2019 valuation)	0.7460%
4. Normal Cost for 2021: (1) x (2)	\$ 7,343,096
5. Estimated Administrative Expense for 2021: (1) x (3)	\$ 702,860
6. Amortization Requirement for 2021 (from 2019 valuation)	\$10,670,999
7. Plan's 2021 Financial Requirements: (4) + (5) + (6)	\$18,716,955
8. Estimated 2021 Member Contributions	\$ 3,563,121
9. Funding Adjustment for 2021 (from 2019 valuation)	<u>\$ -</u>
10. Minimum Municipal Obligation for 2021: (7) - (8) - (9)	\$15,153,834
11. Additional Amortization Payment for 2021 ARC	<u>\$ 3,962,908</u>
12. Actuarial Recommended Contribution (ARC) for 2021:	\$19,116,742
13. 2021 Estimated State Aid (a restricted revenue receipt)	<u>\$ 8,884,200</u>
14. Municipality's Estimated Contribution for 2021: (12) - (13)	\$10,232,542

Note: Municipality's actual contribution requirement for 2021 will be its actual contribution (not less than MMO) less the actual amount of 2021 State Aid deposited in the pension fund.

Prepared by: Jason L. Fine  
 Jason L. Fine – Approved Actuary

Date: August 24, 2020

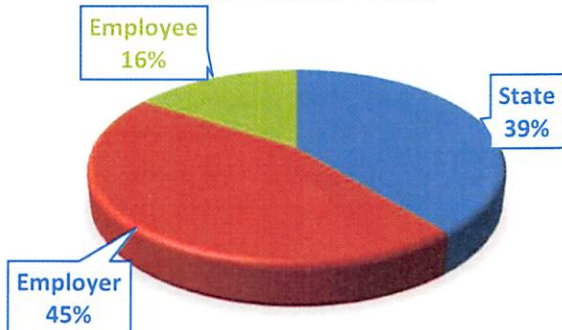
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Reviewed by: Douglas W. Anderson  
 - Chief Administrative Officer

Submitted to: \_\_\_\_\_  
 (Municipality's governing body)

Date: \_\_\_\_\_

**ALLOCATION OF 2021 TOTAL CONTRIBUTION**



Allocation of Cost Percent

State	\$ 8,884,200	39.2%
Employer	\$ 10,232,542	45.1%
Employee	<u>\$ 3,563,121</u>	<u>15.7%</u>
Total	\$ 22,679,863	100%



**Municipality: City of Pittsburgh**  
**Plan: Policemen's Relief Pension Fund**

**Municipality's Minimum Municipal Obligation for 2021**

1. Estimated 2020 W-2 Wages of Active Members	\$86,811,262
2. Normal Cost Rate (from 2019 valuation)	10.4818%
3. Administrative Expense Rate (from 2019 valuation)	1.0081%
4. Normal Cost for 2021: (1) x (2)	\$ 9,099,383
5. Estimated Administrative Expense for 2021: (1) x (3)	\$ 875,144
6. Amortization Requirement for 2021 (from 2019 valuation)	\$ 9,269,143
7. Plan's 2021 Financial Requirements: (4) + (5) + (6)	\$19,243,670
8. Estimated 2021 Member Contributions	\$ 4,147,098
9. Funding Adjustment for 2021 (from 2019 valuation)	\$ -
10. Minimum Municipal Obligation (MMO) for 2021: (7) - (8) - (9)	\$15,096,572
11. Additional Amortization Payment for 2021 ARC	<u>\$11,607,777</u>
12. Actuarial Recommended Contribution (ARC) for 2021:	\$26,704,349
13. 2021 Estimated State Aid (a restricted revenue receipt)	<u>\$ 9,843,000</u>
14. Municipality's Estimated Contribution for 2021: (12) - (13)	\$16,861,349

Note: Municipality's actual contribution requirement for 2021 will be its actual contribution (not less than MMO) less the actual amount of 2021 State Aid deposited in the pension fund.

Prepared by: Jason L. Fine  
 Jason L. Fine – Approved Actuary

Date: August 24, 2020

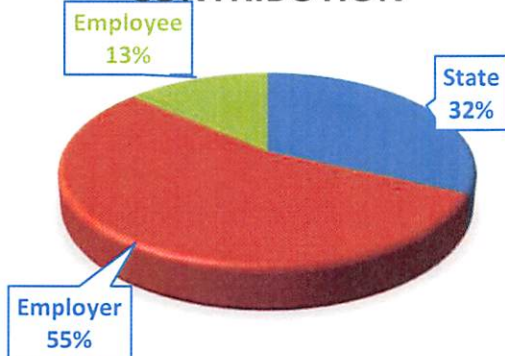
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 - Chief Administrative Officer

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 (Municipality's governing body)

Date: \_\_\_\_\_

**ALLOCATION OF 2021 TOTAL CONTRIBUTION**



Allocation of Cost Percent

State	\$ 9,843,000	31.9%
Employer	\$ 16,861,349	54.7%
Employee	\$ 4,147,098	13.4%
<b>Total</b>	<b>\$ 30,851,447</b>	<b>100%</b>