

## AGENDA



**Date:** August 8, 2025

The supplemental meeting of the Dallas Police and Fire Pension System Board of Trustees will be held at **8:30 a.m. on Thursday, August 14, 2025, in the Second Floor Board Room at 4100 Harry Hines Boulevard, Dallas, Texas** and via telephone conference for audio at **214-271-5080** access code **588694** or Toll-Free (US & CAN): **1-800-201-5203** and Zoom meeting for visual <https://us02web.zoom.us/j/83364156526?pwd=OG5CbEFhajN5V0hWaUFJMIhYcHQ2Zz09> Passcode: **923237**. Items of the following agenda will be presented to the Board:

### **A. APPROVAL OF MINUTES**

Regular meeting of July 10, 2025

### **B. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION**

#### **1. Actuarial Review and Actuarial Valuation Assumptions**

- a. Actuarial Experience Review**
- b. January 1, 2025 Actuarial Valuation Assumptions**

**2. 2025 Mid-Year Budget Review**

**3. Quarterly Financial Reports**

**C. BRIEFING ITEMS**

**Public Comment**

The term “possible action” in the wording of any Agenda item contained herein serves as notice that the Board may, as permitted by Texas Government Code, Section 551, in its discretion, dispose of any item by any action in the following non-exclusive list: approval, disapproval, deferral, table, take no action, and receive and file. At the discretion of the Board, items on this agenda may be considered at times other than in the order indicated in this agenda.

At any point during the consideration of the above items, the Board may go into Closed Executive Session as per Texas Government Code, Section 551.071 for consultation with attorneys, Section 551.072 for real estate matters, Section 551.074 for personnel matters, Section 551.076 for deliberation regarding security devices or security audits, and Section 551.078 for review of medical records.

**Dallas Police and Fire Pension System  
Thursday, July 10, 2025  
8:30 a.m.  
4100 Harry Hines Blvd., Suite 100  
Second Floor Board Room Dallas, TX**

Supplemental meeting, Michael Taglienti, Chairman, presiding:

**ROLL CALL**

**Board Members**

Present at 8:30 a.m. Michael Taglienti, Tom Tull, Michael Brown, Matthew Shomer, Joe Colonna, Anthony Scavuzzo, David Kelly, Marcus Smith, Robert Walters

Present at 8:39 a.m. Steve Idoux (by telephone)

**Staff**

Kelly Gottschalk, Josh Mond, Brenda Barnes, Ryan Wagner, Christina Wu, Kyle Schmit, Luis Solorzano Trejo, John Holt, Nien Nguyen, Milissa Romero, Cynthia J. Thomas (by telephone)

**Others**

David Elliston, Rick Salinas, Suzanne Zieman, Ben Mesches, David Harper

By telephone Ken Shoji, Leandro Festino, Colin Kowalski

\* \* \* \* \*

The Supplemental meeting was called to order and recessed at 8:30 a.m.

The Supplemental meeting was reconvened at 10:50 a.m.

\* \* \* \* \*

**A. APPROVAL OF MINUTES**

Regular meeting of June 12, 2025

After discussion, Mr. Kelly made a motion to approve the minutes of the meeting of June 12, 2025. Mr. Walters seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**Supplemental Board Meeting  
Thursday, July 10, 2025**

**B. BRIEFING ITEMS**

Public Comment

Prior to commencing items for Board discussion and deliberation, the Chairman extended an opportunity for public comment. No one requested to speak to the Board.

\* \* \* \* \*

Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Mr. Colonna and a second by Mr. Scavuzzo, the meeting was adjourned at 10:51 a.m.

\_\_\_\_\_  
Michael Taglienti,  
Chairman

**ATTEST:**

\_\_\_\_\_  
Kelly Gottschalk,  
Secretary



## **DISCUSSION SHEET**

### **Supplemental ITEM #B1**

**Topic:** **Actuarial Experience Review and Actuarial Valuation Assumptions**

- a.** Actuarial Experience Review
- b.** January 1, 2025 Actuarial Valuation Assumptions

**Attendees:** Jeff Williams, Vice President & Consulting Actuary, Segal Consulting  
Caitlin Grice, Vice President & Consulting Actuary, Segal Consulting

- Discussion:**
- a.** Segal has completed an actuarial experience review for DPFP for the period of January 1, 2020 to December 31, 2024. The primary purpose of an experience review is to compare the reasonableness of the demographic and economic assumptions used in preparing the Actuarial Valuation to the actual historical experience as well as expectations for the future. Segal will present the results of their review and may recommend the Board consider modifying certain assumptions.
  - b.** An actuarial valuation is performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and it is an important part of the annual financial audit. Segal Consulting is preparing the January 1, 2025 actuarial valuation reports for the Regular Plan (Combined Plan) and the Supplemental Plan. Many economic and demographic assumptions are required to prepare the valuation. Pursuant

*Supplemental Board Meeting– Thursday, August 14, 2025*

## DISCUSSION SHEET

### Supplemental ITEM #B1 (continued)

to Article 16, Section 67 (f)(3) of the Texas Constitution, the Board determines the assumptions used in the valuation.

#### Staff

- Recommendation:**
- a. **Accept** the Review of Actuarial Experience and **submit** the document to the Pension Review Board.
  - b. **Provide** direction to Segal on the assumptions to be used in preparing the January 1, 2025 actuarial valuation reports for the Regular Plan (Combined Plan) and the Supplemental Plan.

*Supplemental Board Meeting – Thursday August 14, 2025*

Dallas Police and Fire Pension System

## Review of Actuarial Experience

**For the Period January 1, 2020 to December 31, 2024**

August 14, 2025 Board Meeting / Jeff Williams / Caitlin Grice

# | Agenda

**Overview and Experience Review**

**Proposed Assumption Changes**

**Demographic Assumptions**

**Economic Assumptions**

**Actuarial Methods**

**Appendices**

# Overview and Experience Review

# Overview: Purpose of an Experience Study

- An experience study provides the basis for developing recommended assumptions to be used in the annual actuarial valuation.
  - Performed on a periodic basis
  - Last full experience study was conducted in 2020 for the five-year period ended December 31, 2019
  - Current study is based on the period January 1, 2020 through December 31, 2024
- Actuarial Standards of Practice Statement 27 provides guidance on best practices for performing assumption-setting analysis.
  - Each assumption should be the actuary's best estimate.
- Segal's role is to make appropriate "best estimate" recommendations to the Board for each assumption.



The assumptions are the Board's assumptions, and the Board can adopt all, none, or some of the recommendations of the actuary.

# Overview: How Assumptions Are Set

- Review past experience
- Compare past experience (“actual”) with assumptions (“expected”)
- Determine trends – make judgments about future
- Develop component parts of each assumption
  - Maintain linkage with investments
  - Maintain internal consistency
- Keep in mind
  - No “right” answer – best estimate
  - Assumptions are long-term, but need to be reviewed and revised periodically
    - Behavioral patterns can change over time
- Appendix 1 includes details of the current and proposed assumptions
- Appendix 2 contains a summary of actual, expected, and proposed experience
  - Proposed mortality counts include updated mortality projection scale



# Overview: Actuarial Assumptions and Methods

## Demographic

- Death in active service
- Death after retirement
  - Non-Disabled
  - Disabled
  - Contingent survivor
- Mortality improvement
- Retirement
  - DROP
  - Non-DROP
- Disability
- Withdrawal
- Other assumptions, including percent married, spousal age difference, etc.

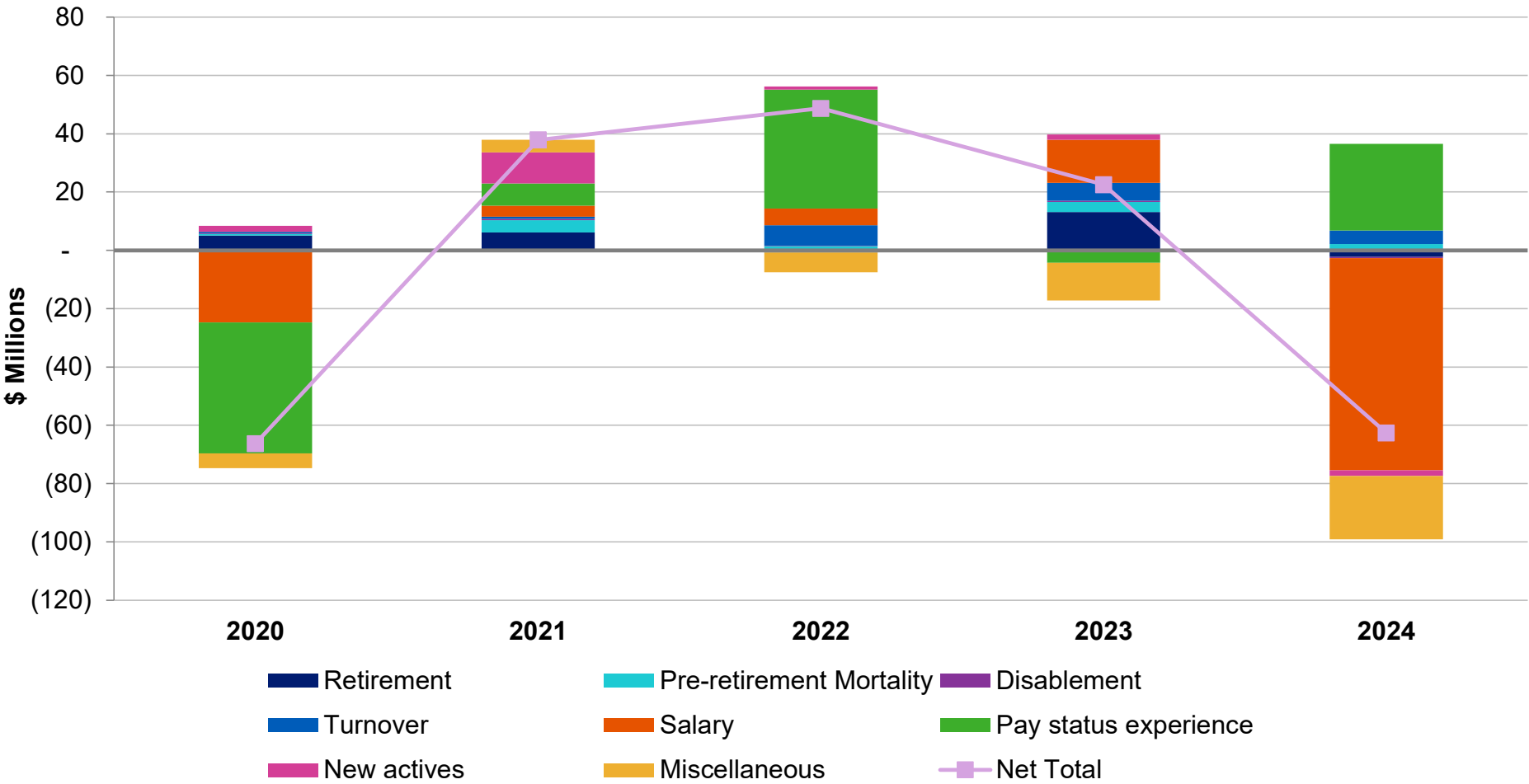
## Economic

- Salary increases
- Payroll growth
- Inflation
- Discount rate (investment rate of return)
- Administrative expenses
- COLA

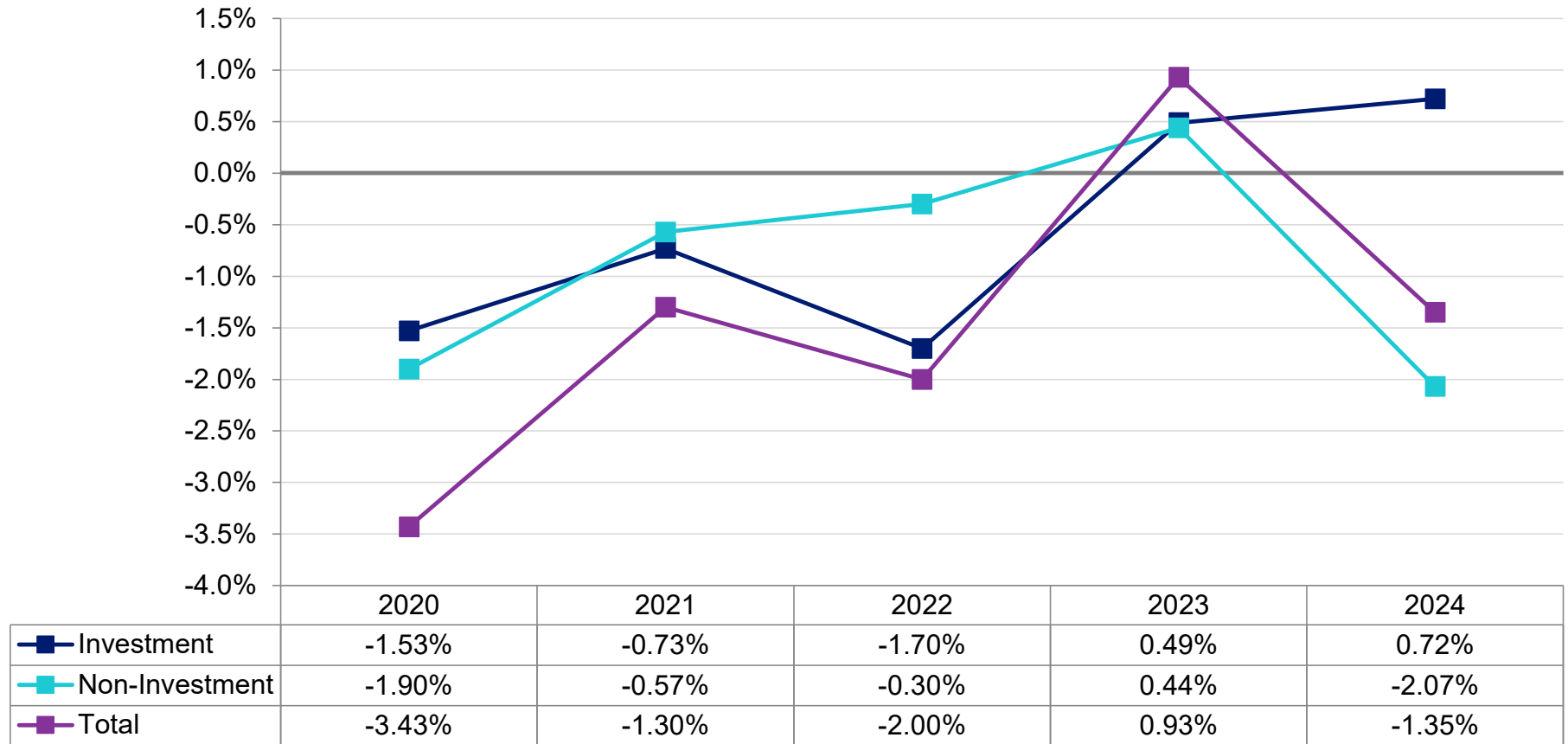
## Methods

- Funding method
- Amortization method
- Asset method

# Sources of Gain/(Loss) by Year



# Experience Gains and Losses as a % of Actuarial Accrued Liability in Study Period



# Proposed Assumption Changes

# Summary of Proposed Assumptions

Assumption	Current Assumption	Proposed Assumption
Healthy Annuitant Mortality	Pub-2010 Public Safety Retiree Amount-weighted Mortality Table, set back one year for females	Pub-2016 Public Safety Retiree Amount-weighted Mortality Table, multiplied times 1.25 for males and multiplied by 0.8 for females
Contingent Beneficiary Mortality	Pub-2010 Public Safety Contingent Survivor Amount-weighted Mortality Table, set back one year for females	Pub-2016 Public Safety Contingent Survivor Amount-weighted Mortality Table, multiplied times 1.1 for males and multiplied by 1.25 for females
Disabled Annuitant Mortality	Pub-2010 Public Safety Disabled Retiree Amount-weighted Mortality Table, set forward four years for males and females	Pub-2016 Public Safety Disabled Retiree Amount-weighted Mortality Table, set forward five years for males
Pre-Retirement Mortality	Pub-2010 Public Safety Employee Amount-weighted Mortality Table, set forward five years for males	Pub-2016 Public Safety Employee Amount-weighted Mortality Table, set forward five years for males and set back two years for females
Mortality Improvement	Projected generationally with Scale MP-2019	Projected generationally with Scale MP-2021
DROP Retirement	Separate age-based rates for Fire and Police, with 100% retirement at age 65; 75% retirement after ten years in DROP	Lowered age-based rates covering the same service age ranges for each group
Non-DROP Retirement	Two separate age-based rates based on hire date and service, with 100% retirement at age 62 or after benefit multiplier hits 90% maximum	Updated age-based rates covering the same service age ranges for each group
DROP Utilization	No members are assumed to elect to enter the DROP	No change

# Summary of Proposed Assumption Changes

Assumption	Current Assumption	Proposed Assumption
Terminated Vested Retirement	Age 50 if terminate pre-September 1, 2017; Age 58 if terminate on or after September 1, 2017 75% of those who terminate prior to age 40 will take a cash out at age 40	25% of those who terminate will take a cash out within the first two years after termination Afterwards, 100% retirement at normal retirement age
Disability	Age-based rates; rates zero out after age 54	Lowered age-based rates covering the same service age range
Service-Related Disability	100% of disabilities assumed service-related	No change
Turnover	Separate service-based rates for Fire and Police; rates zero out after 24 years of service	Updated service-based rates covering the same service ranges for each group
Percent Married	75% for Males and Females	No change
Spousal Age Difference	Females three years younger than males	Females two years younger than males
Inflation	2.50%	No change
Investment Return	6.50%	No change
Payroll Growth	2.50%	3.50%
Salary Scale	Separate salary scales based on rank as stated in the 2023 Meet and Confer agreement with an ultimate rate of 2.50% or 3.00%	Salary scales based on service, with 10-14% increase based on rank in first year based on 2025 Pay Scales
Administrative Expenses	Greater of \$7,000,000 per year or 1% of computation pay	No change
Cost-of-Living Adjustment (COLA)	Beginning October 1, 2025, 0.85% for 1 <sup>st</sup> 5 years, 1.00% for years 6-10, 1.25% for years 11-15 & 1.50% thereafter	No change

# Impact of Each Proposed Change on Key Metrics

Assumption	Change in ADC as a Percent of Pay	Change in Funded Ratio (AVA)
Spouse Age Difference	-0.13%	0.03%
Turnover	-0.02%	0.01%
Mortality	-2.16%	0.86%
Mortality Scale	-0.28%	0.11%
Disability	-0.02%	0.00%
Retirement	-0.62%	0.15%
TV Retirement	0.27%	-0.03%
Payroll Growth	-3.70%	0.00%
Salary Scale	3.95%	-0.69%
<b>All changes</b>	<b>-2.72%</b>	<b>0.44%</b>

The results above reflect the incremental changes from one change to the next.

# Impact of Proposed Changes on Overall Results

The chart below provides the estimated impact of the assumption changes, based on the preliminary January 1, 2025 valuation results. All dollar amounts are in millions.

	1	2	3
Item	January 1, 2024 Valuation Results	Preliminary January 1, 2025 Valuation Results	Recommended Changes
Employer Normal Cost	\$38.33	\$42.72	\$58.99
Actuarial Accrued Liability (AAL)	5,719.38	5,956.82	5,874.47
Actuarial Value of Assets (AVA)	1,831.29	1,892.29	1,892.29
Unfunded Actuarial Accrued Liability (UAAL)	3,888.09	4,064.53	3,982.18
Funded Percentage (AVA/AAL)	32.02%	31.77%	32.21%
<b>Actuarially Determined Contribution (ADC)</b>	<b>\$262.01</b>	<b>\$308.89</b>	<b>\$304.54</b>
<b>ADC as a Percentage of Projected Payroll</b>	<b>53.47%</b>	<b>55.42%</b>	<b>52.70%</b>
Projected payroll	\$490.00	\$557.37	\$577.86

# Demographic Assumptions

# Healthy Annuitant Mortality

## Current Assumption

- Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019

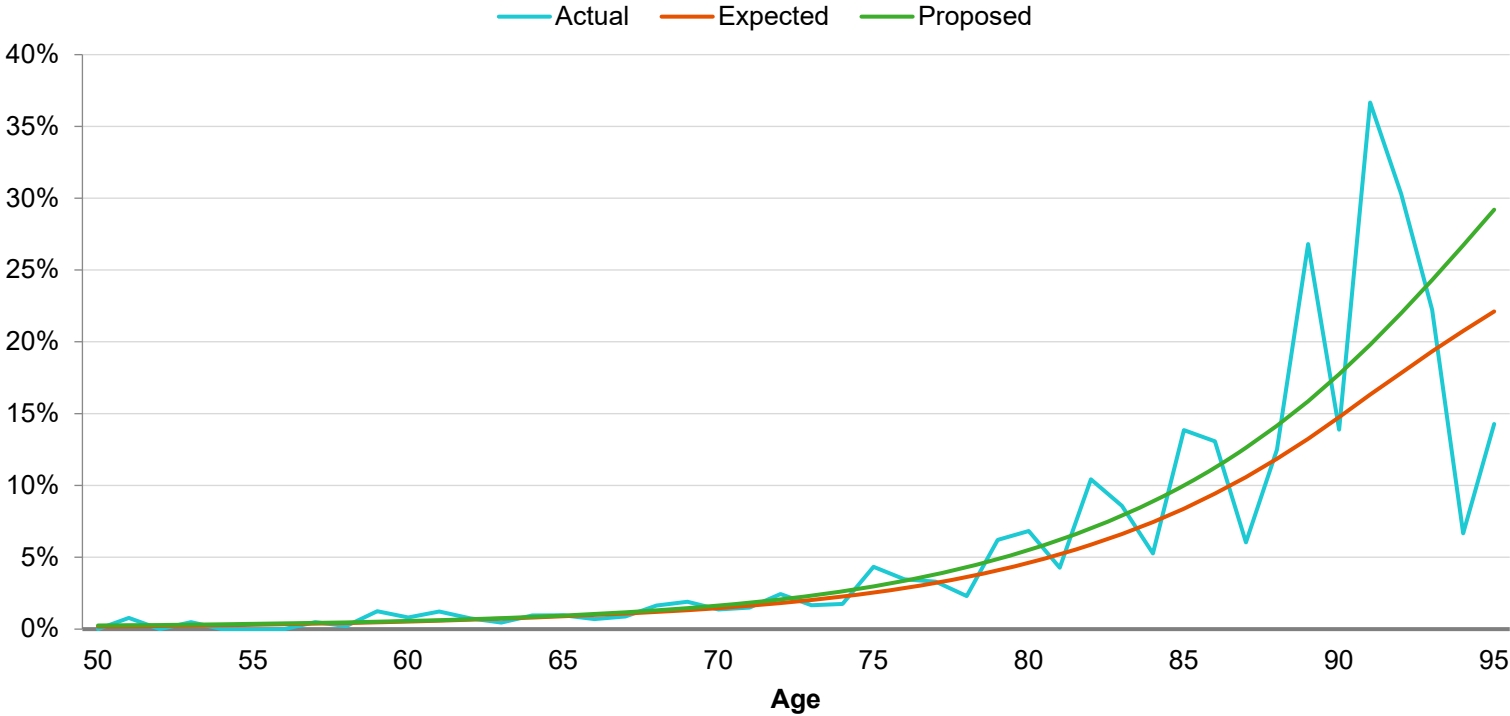
## Findings

- Post-retirement mortality is the most important component of mortality assumptions; it determines the duration over which retirement benefits are paid.
- There were 18,937 non-disabled retiree exposures over the study period:
  - 467 actual deaths (not enough for full credibility)
  - 388 deaths were expected
  - 450 deaths would have been expected under the new assumptions

## Recommendation

- Pub-2016 Public Safety Retiree Amount-Weighted Mortality Table, multiplied times 1.25 for males and multiplied times 0.8 for females, projected generationally using Scale MP-2021

# Male Retiree Mortality



# Contingent Beneficiary Mortality

## Current Assumption

- Pub-2010 Public Safety Contingent Survivor Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019

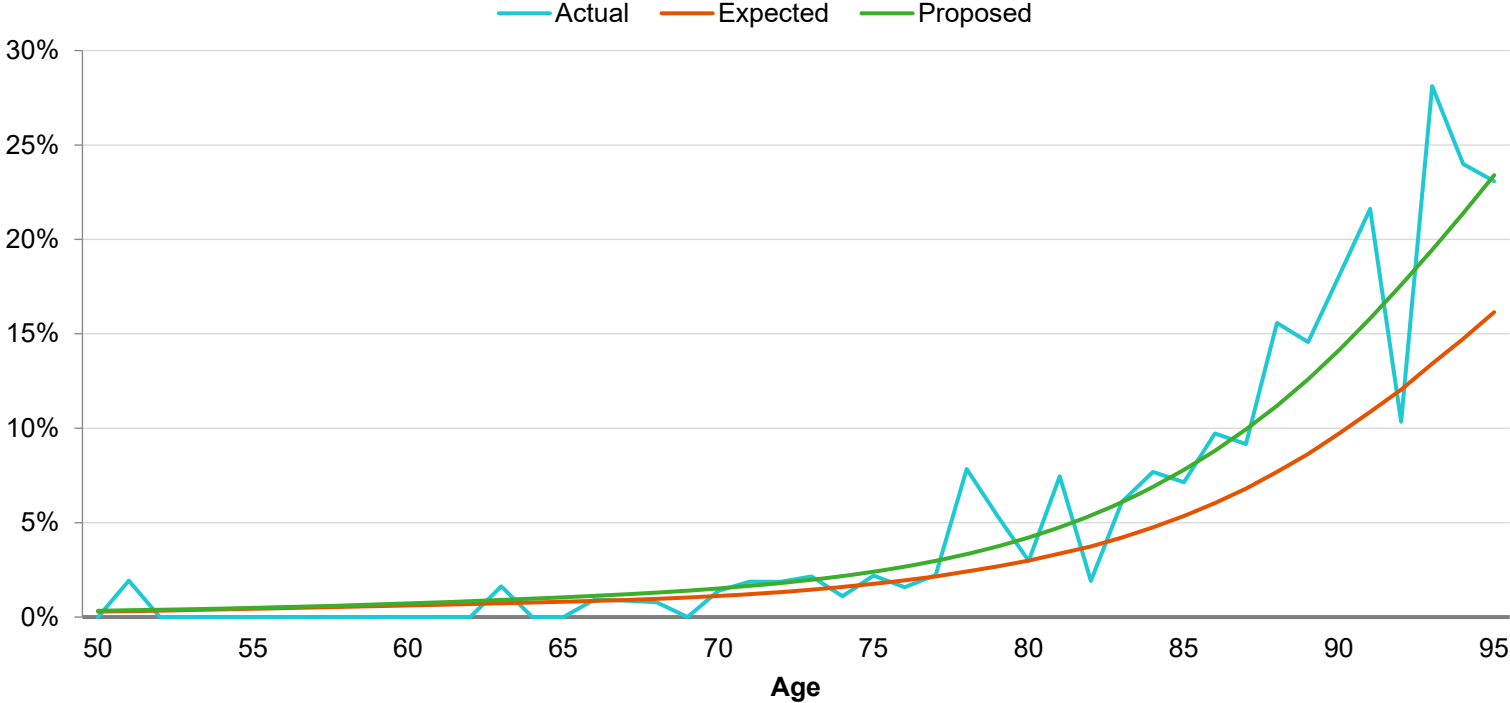
## Findings

- Post-retirement mortality is the most important component of mortality assumptions; it determines the duration over which retirement benefits are paid.
- There were 5,695 beneficiary exposures over the study period:
  - 270 actual deaths (not enough for full credibility)
  - 176 deaths were expected
  - 250 deaths would have been expected under the new assumptions

## Recommendation

- Pub-2016 Public Safety Contingent Survivor Amount-Weighted Mortality Table, multiplied by 1.1 for males and multiplied by 1.25 for females, projected generationally using Scale MP-2021

# Female Beneficiary Mortality



# Disabled Annuitant Mortality

## Current Assumption

- Pub-2010 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019

## Findings

- Post-retirement mortality is the most important component of mortality assumptions; it determines the duration over which retirement benefits are paid.
- There were 579 disabled retiree exposures over the study period:
  - 36 actual deaths (not enough for full credibility)
  - 29 deaths were expected
  - 32 deaths would have been expected under the new assumptions

## Recommendation

- Pub-2016 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2021

# Pre-Retirement Mortality

## Current Assumption

- Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019

## Findings

- There were 26,753 active and terminated vested exposures over the study period:
  - 35 actual deaths (not enough for full credibility)
  - 32 deaths were expected.
  - 32 deaths would have been expected under the new assumptions

## Recommendation

- Pub-2016 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males and set back 2 years for females, projected generationally using Scale MP-2021

# Retirement Rates

## Current Assumptions

- Four separate sets of retirement rates; separate rates for DROP and non-DROP participants
- Rates are age-based
- For DROP participants:
  - Separate rates for Fire and Police
  - The retirement rate is set to 75% after ten years in DROP and 100% at age 65
- For non-DROP participants:
  - Same rates for Fire and Police
  - Separate rates based on years of service as of 9/1/2017
  - The retirement rate is set to 100% at age 62 or once benefit multiplier hits 90% maximum
- DROP utilization: No members are assumed to elect to enter the DROP

# Retirement Rates – DROP Participants

## Findings

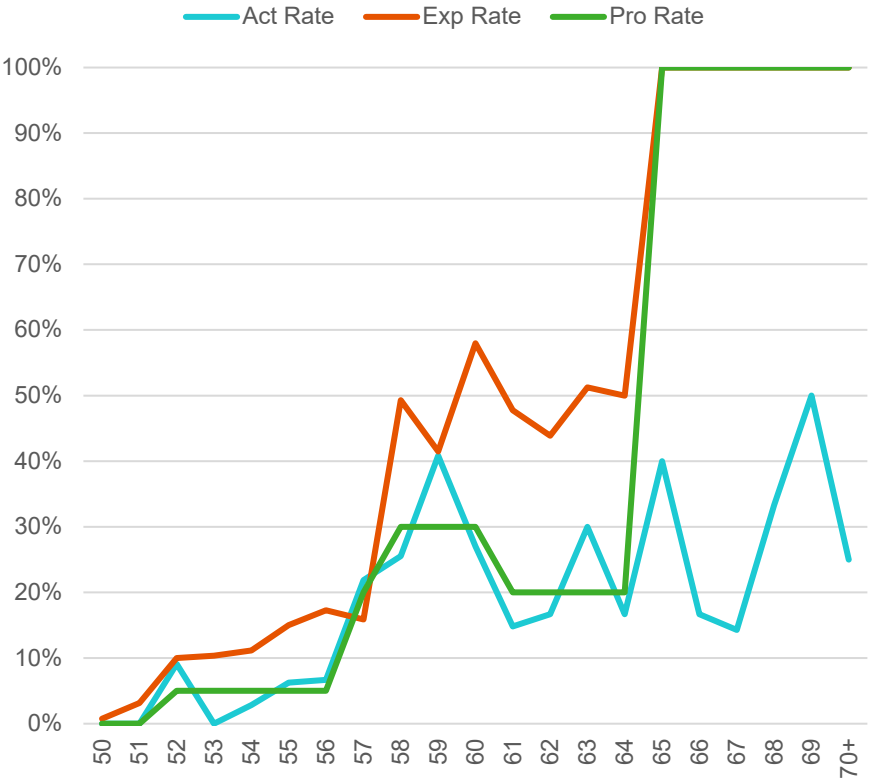
- **Fire:** 605 exposures over the study period
  - 121 actual retirements
  - 219 retirements were expected
  - 147 retirements would have been expected under the new assumptions
  - Through age 64
    - 109 actual, 176 expected, 104 proposed
- **Police:** 891 exposures over the study period
  - 142 actual retirements
  - 307 retirements were expected
  - 191 retirements would have been expected under the new assumptions
  - Through age 64
    - 137 actual, 252 expected, 136 proposed

## Recommendation

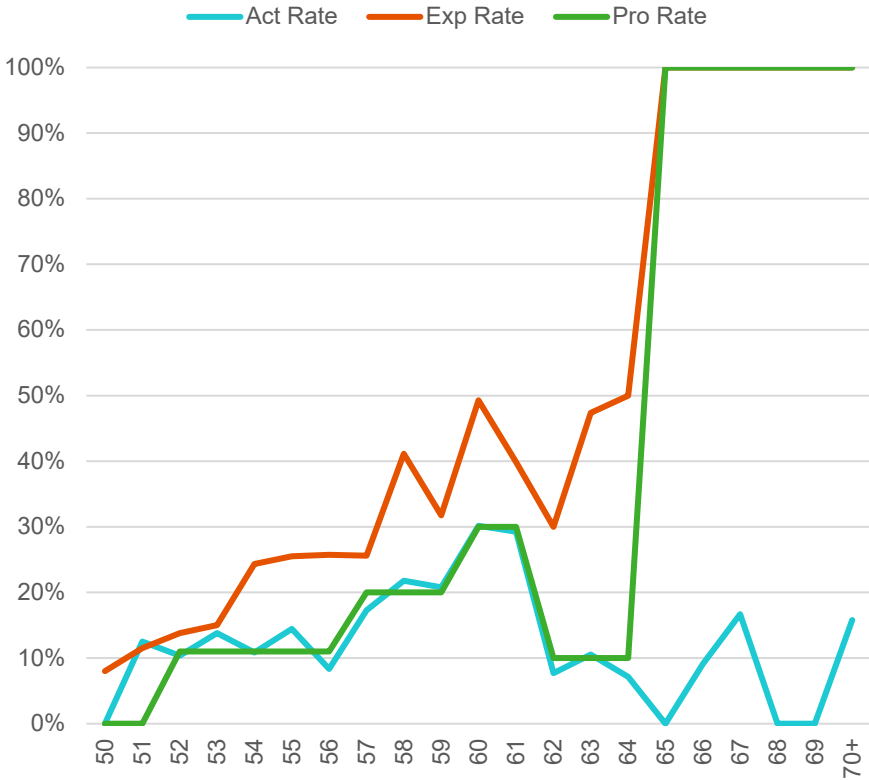
- Lower the rates used and begin at age 52
- Maintain the 75% retirement after 10 years in DROP and 100% retirement at age 65 assumption.

# Retirement Rates – DROP Participants

Fire



Police



# Retirement Rates – Non-DROP Participants

## Findings

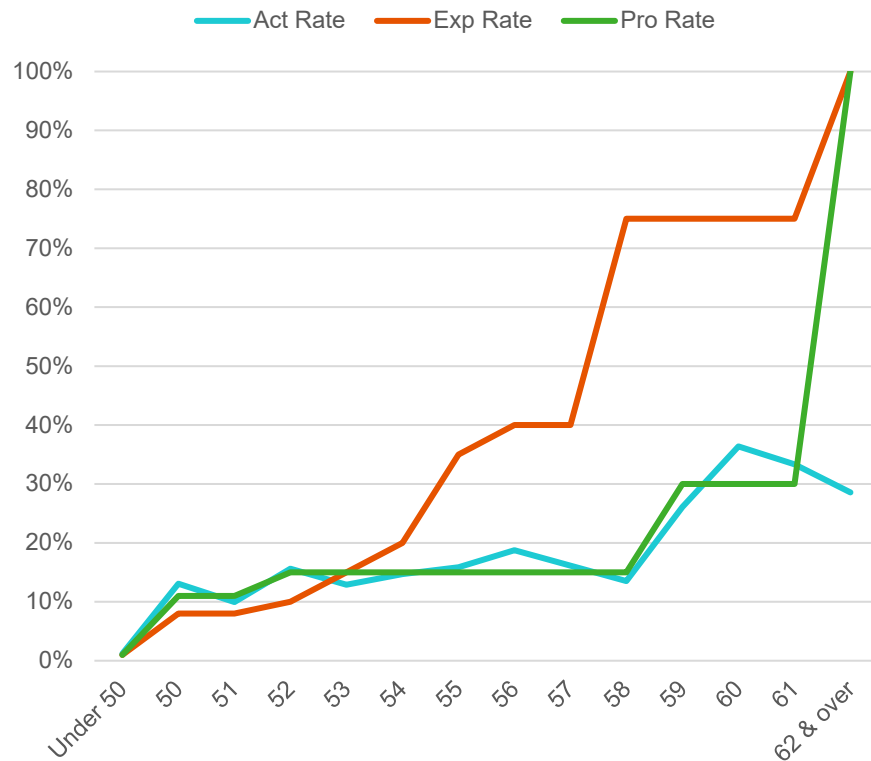
- **Service  $\geq$  20 as of 9/1/2017:** 1,809 exposures over the study period
  - 217 actual retirements
  - 348 retirements were expected
  - 219 retirements would have been expected under the new assumptions
- **Service  $<$  20 as of 9/1/2017:** 3,759 exposures over the study period
  - 146 actual retirements
  - 171 retirements were expected
  - 168 retirements would have been expected under the new assumptions
- **DROP utilization:** 5,568 exposures over the study period
  - 90 new DROP elections

## Recommendation

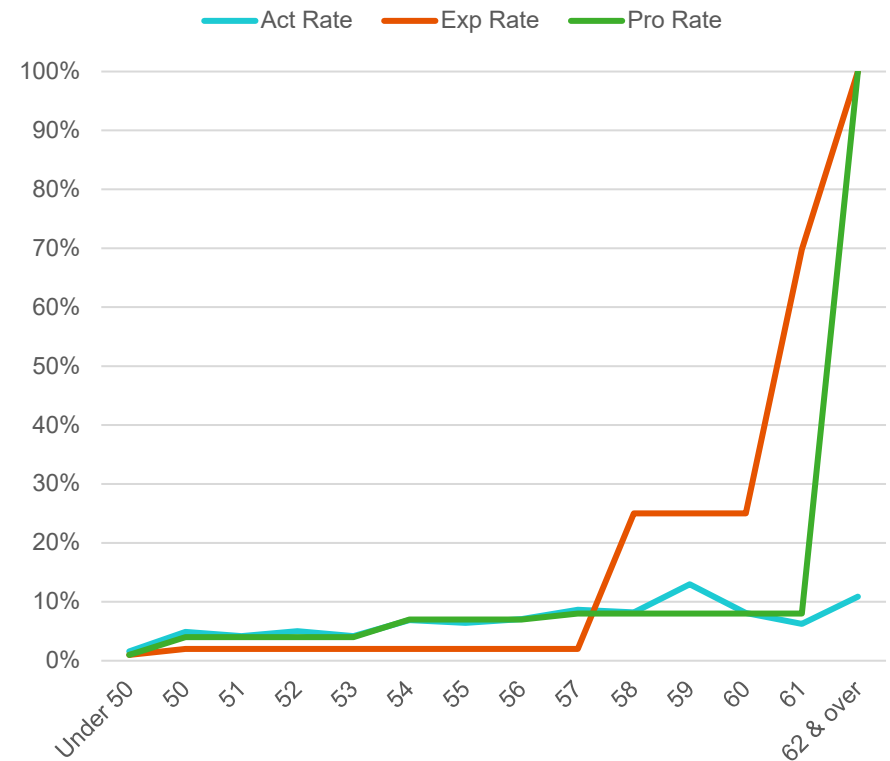
- Update the rates used
- Maintain the 100% retirement at age 62 or when benefit multiplier hits 90% maximum assumptions.
- Maintain the assumption that no new members are assumed to enter DROP

# Retirement Rates – Non-DROP Participants

## Service > 20 as of 9/1/2017



## Service <= 20 as of 9/1/2017



# Inactive Vested Participants

## Current Assumption

- Members who terminated prior to September 1, 2017 retire at age 50
- Members who terminated on or after September 1, 2017 retire at age 58
- 75% of those who terminate prior to age 40 take a lump sum cash out at age 40

## Findings

- 138 terminated vested participants either retired or cashed out during the study period:
  - 85, or 61.6%, retired at average age 50
  - 53, or 38.4%, cashed out at average age 36

## Recommendation

- Update assumed retirement age to be Normal Retirement Age
- Adjust cash out assumption to assume 25% cash out within first two years of terminating

# Disability Rates

## Current Assumption

- Age-based rates ranging from 0.01% to 0.044%, stopping at age 54
- 100% of disabilities are assumed to be service-related

## Findings

- There were 25,531 exposures over the study period:
  - 6 actual disabilities
  - 5 disabilities were expected
- 2 non-duty disabilities

## Recommendation

- Lower rates at all ages
- Maintain assumption that 100% of disabilities are assumed to be service-related

# Turnover Rates

## Current Assumption

- Service-based rates with rates decreasing with longer services
- Rates differ for Fire and Police
- Rates do not apply once eligible for normal retirement

## Findings

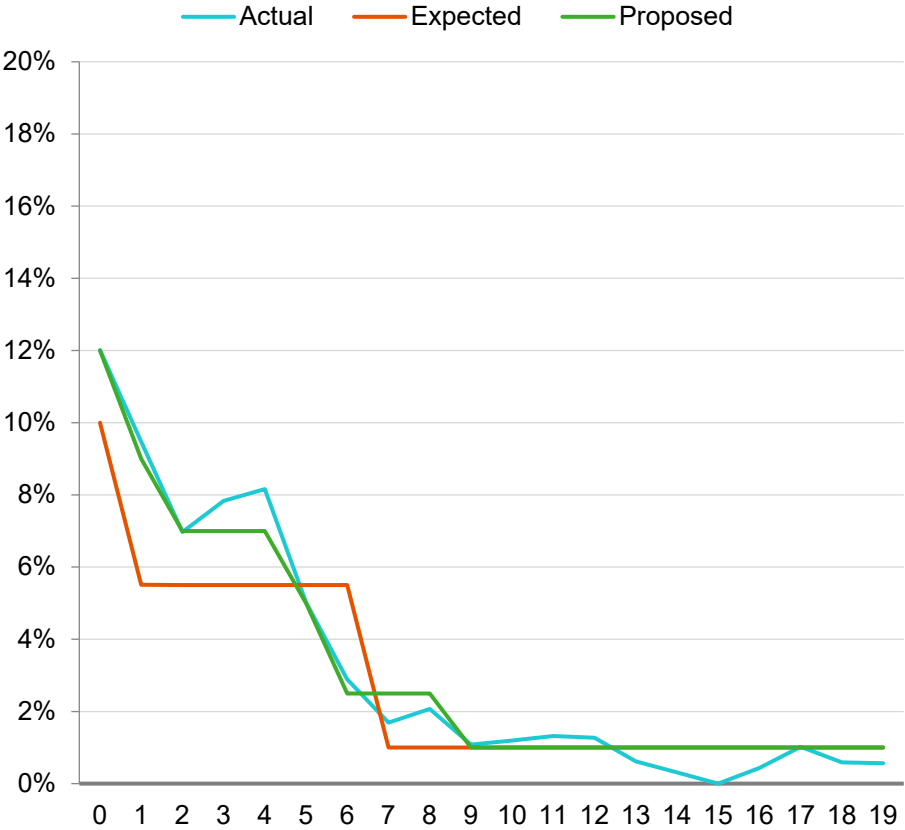
- **Fire:** 7,551 exposures over the study period
  - 308 actual terminations
  - 250 terminations were expected
  - 296 terminations would have been expected under the new assumptions
- **Police:** 11,131 exposures over the study period
  - 460 actual terminations
  - 455 terminations were expected
  - 458 terminations would have been expected under the new assumptions

## Recommendation

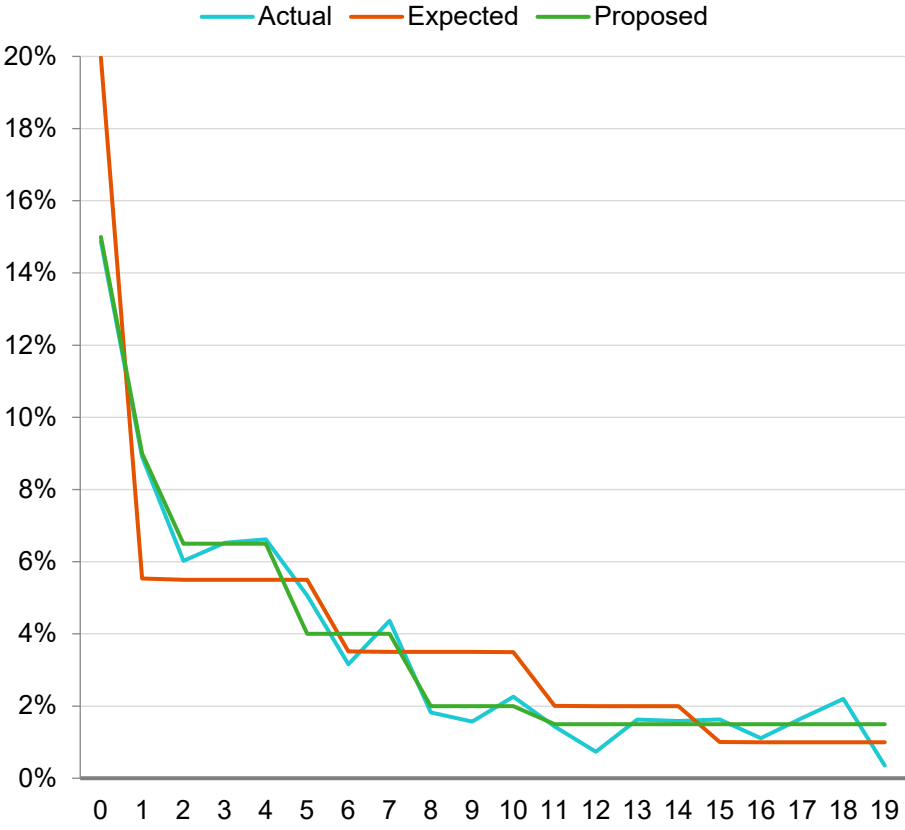
- Update the current rates

# Turnover Rates

## Fire



## Police



# Other Demographic Assumptions

## Form of Benefit Election

- Married participants are assumed to elect the 50% J&S Annuity, unmarried are assumed to elect the Single Life Annuity
- No change recommended

## Spousal Age Difference

- Females are assumed to be three years younger than males
- Females were approximately 1.3 years younger than their male spouses
- Recommend updating the assumption to assume females are two years younger than males

## Percentage of Participants Married

- 75% of participants are assumed to be married
- Approximately 77% of participants were married at the time of retirement
- No change recommended

# Economic Assumptions

# Economic Assumptions

## *Building Blocks*

These economic assumptions have two or three components (or building blocks).

**INVESTMENT RATE  
OF RETURN  
(Discount Rate)**



**SALARY  
INCREASES**



**PAYROLL  
GROWTH**



**Building blocks must be consistent across all economic assumptions.**

# Inflation

## Current Assumption: 2.50%

### Comments

- 2025 OASDI Trustees Report:
  - 3.0% for high-cost projection, 2.4% for intermediate projection, 1.8% for low-cost projection
- Historical (through December 2024):

Average Annual Change in CPI-U	
Last 5 years	4.17%
Last 10 years	2.86%
Last 20 years	2.57%
Last 30 years	2.53%
Last 100 years	2.95%

**Recommendation:** No change

# Investment Rate of Return

## Current Assumption: 6.50%

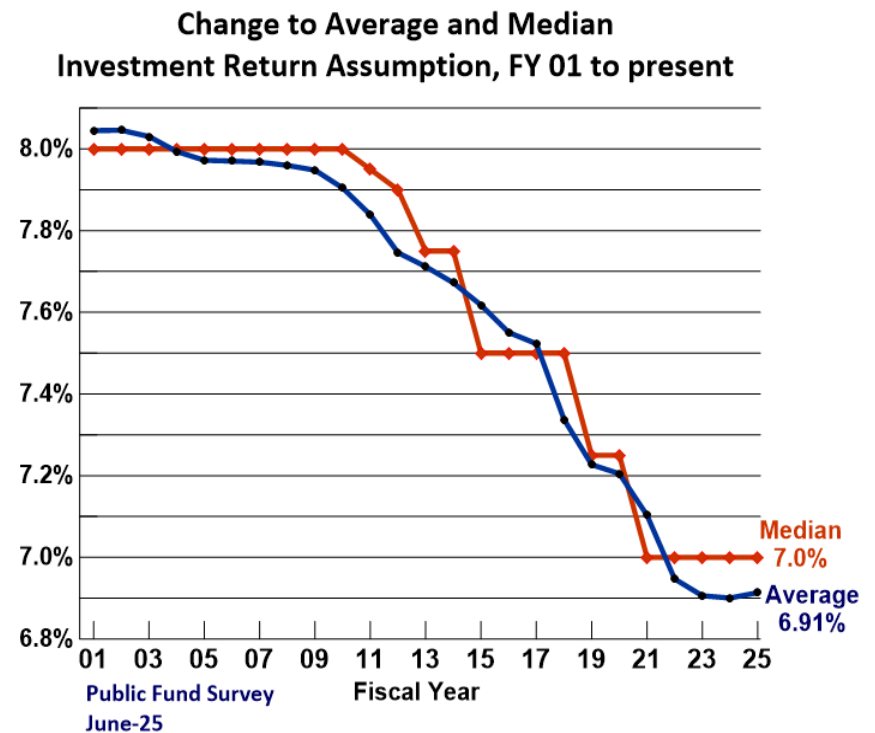
- NASRA Survey, November 2024
  - With FY24, the median has dropped to 7.00%, and the average is 6.91%.
  - Chart shows ongoing trend towards lower investment return assumptions.

## Findings

- Based on the current asset allocation and Segal Marco Advisor's capital market assumptions as of December 31, 2024, over the next 20 years, the System has a:
  - 56% chance of exceeding 6.50%

## Recommendation: No change

## Change in Distribution of Public Pension Investment Return Assumptions, FY 01 to FY 25



# Investment Rate of Return

- The chart below shows actuarial value and market value investment returns over the five-year period ending December 31, 2024.

Year Ended December 31	Actuarial Value Investment Return	Market Value Investment Return	Assumed Return
2020	3.46%	-0.45%	7.00%
2021	4.68%	16.99%	6.50%
2022	-9.78%	-11.46%	6.50%
2023	7.98%	13.90%	6.50%
2024	8.92%	9.27%	6.50%

Average Rates of Return	Actuarial Value	Market Value
Most recent five-year average return	0.21%	5.08%
Most recent ten-year average return	-3.90%	3.13%
Most recent 15-year average return	-0.44%	3.48%
20-year average return	0.01%	1.83%

# Payroll Growth

## Current Assumption: 2.50%

- Used to determine the amortization payment on the unfunded actuarial accrued liability (UAL)
- Payment on UAL expected to increase at payroll growth rate
- Usually equivalent to inflation assumption or inflation plus productivity

## Recommendation: Increase to 3.50%

### Average Annual Change in Covered Payroll

Last 5 years	6.10%
Last 7 years (since 2018)	6.39%
Last 10 years	3.38%

# Salary Scale

## Current Assumption

- Rates based on rank and the 2023 Meet and Confer Agreement
- Higher rates in 2023 with ultimate rates of 2.5% or 3%
- The current rates reflect assumed inflation of 2.50%.

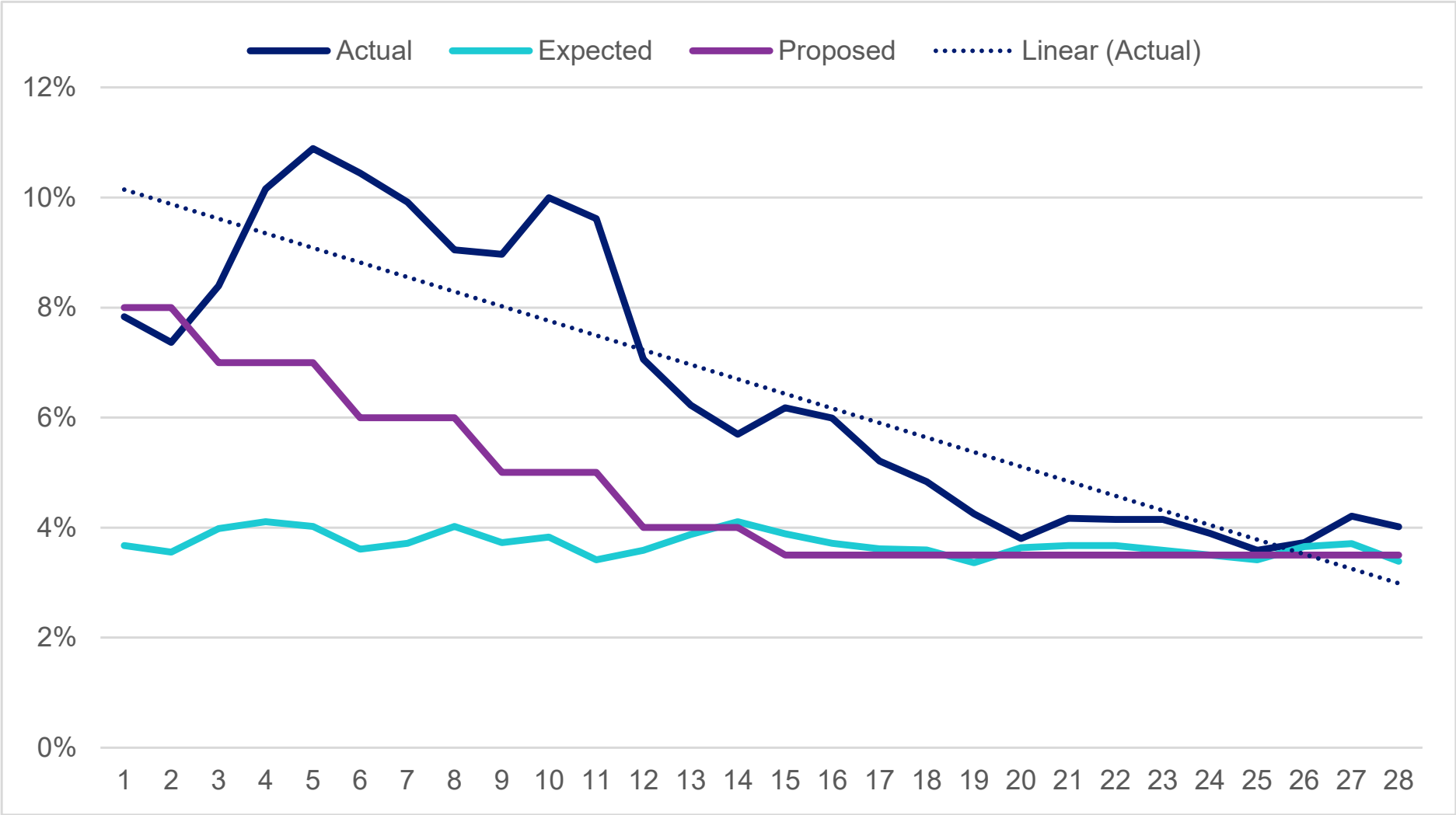
## Findings

- Actual increases over the period were much higher than assumed, with an average increase of almost 9.5% per year

## Recommendation

- Update to service-based table with rates ranging from 8% to 3.5%
- Assume initial 10% or 14% increase based on rank in 2025 to reflect the increased 2025 Pay Scales

# Salary Scale



# Administrative Expenses

## Current Assumption

- The administrative expenses are assumed to be \$7,000,000 a year and are occasionally updated to coincide with recent experience

## Recommendation

- No Change

Year	Assumed Expenses	Actual Expenses
2020	\$8,500,000	\$6,534,350
2021	7,000,000	6,390,829
2022	7,000,000	6,361,999
2023	7,000,000	5,974,248
2024	7,000,000	7,408,894
<b>Total</b>	<b>\$36,500,000</b>	<b>\$32,670,320</b>
<b>Average</b>	<b>\$7,300,000</b>	<b>\$6,534,064</b>

# Cost-of-Living Adjustment (COLA)

## Current Assumption

- Beginning October 1, 2025, 0.85% on original benefit for first five years, 1.00% for years six through 10, 1.25% for years 11 through 15, 1.5% thereafter
- As part of the plan changes adopted by the Board on August 8, 2024, a partial COLA is payable while the Plan is under 70% funded on a market value basis

## Recommendation

- Maintain assumption
- Will review as needed if plan changes or System and City agree to alternative funding plan

# Actuarial Methods

# Actuarial Cost Method

## Current Method: Traditional Entry Age

- Entry Age is the most common method used for public sector plans in the U.S.
- Normal cost stays constant as a percentage of payroll for each member.
- Provides more stable normal cost calculation, when assumptions are met
- Actuarial Standard of Practice #4 (ASOP 4) requires disclosure under the “Traditional” Entry Age approach, as does the GASB.

## Recommendation

Maintain current method.

# Actuarial Asset Smoothing Method

## Current Method

- Reflects 5-year straight-line amortization of each year's market value investment gain or loss
- 20% corridor around market
- Treats realized and unrealized losses equally
  - Sale of assets does not affect actuarial value.

## Recommendation

Maintain current method.



# Amortization of the Unfunded Actuarial Accrued Liability

## Current Method

- Two initial amortization bases established as of January 1, 2023
  - First amortization base for \$2.25 billion and is amortized over 30 years on a level percent of pay basis
  - Second amortization base for \$1.33 billion and has a three-year step up of the amortization payment, with the outstanding balance after three years to be amortized over 27 years on a level percent of pay basis
- Beginning January 1, 2024, new bases established based on plan's experience and are amortized over the amortization period remaining on the initial 2023 bases
- Beginning in 2033, newly established bases will be set at a period of 20 years

## Recommendation

- Maintain current method and amortization periods
- Revisit assumption if System and City agree to alternative funding plan



# Questions

## **Jeffrey S. Williams, FCA, ASA, MAAA, EA**

Vice President and Consulting Actuary

[jwilliams@segalco.com](mailto:jwilliams@segalco.com)

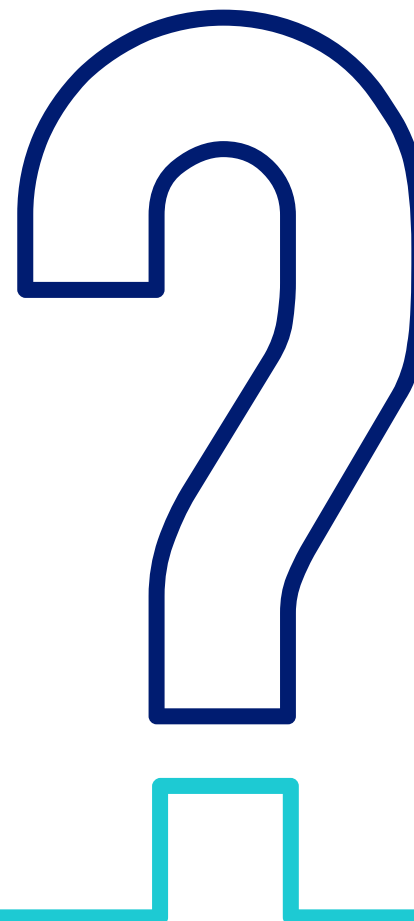
2727 Paces Ferry Road,  
Building One, Suite 1400  
Atlanta, GA 30339-4053  
678.306.3147

## **Caitlin E. Grice, FCA, ASA, MAAA, EA**

Vice President and Consulting Actuary

[cgrice@segalco.com](mailto:cgrice@segalco.com)

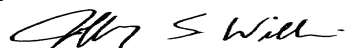
1800 M Street NW, Suite 900S  
Washington, DC 20011  
202.222.5187



# Actuarial Certification

- This document was prepared in accordance with generally accepted actuarial principles as prescribed by the Actuarial Standards Board and the American Academy of Actuaries at the request of the Board to assist in administering the System.
- The actuarial calculations included in this document were performed under the supervision of Jeffrey S. Williams, ASA, FCA, MAAA, EA with the assistance of Caitlin Grice and Justin Cash. I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.
- To the best of my knowledge, the information supplied in this presentation is complete and accurate.
- The results in this document are based on the preliminary January 1, 2025 valuation results. Use of the information in this document is subject to the caveats and limitations of use as described in the January 1, 2024 valuation report and upcoming January 1, 2025 valuation report. Please refer to the valuation report for a description of Segal's actuarial modeling software, the risks associated with these results, disclosure of Low-Default-Risk Obligation Measure information as required under Actuarial Standards of Practice No. 4, as well as the assumptions, methods, and plan provisions. The report also includes more comprehensive information regarding the Plan's membership, assets, and experience during the most recent plan year.
- This document was prepared as part of a presentation made to the Board of the Dallas Police & Fire Pension System on August 14, 2025 and is not complete without the upcoming January 1, 2025 valuation report. Except as may be required by law, this document should not be shared, copied, or quoted, in whole or in part, without the consent of Segal.

Certified by:




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Jeffrey S. Williams, ASA, FCA, MAAA, EA  
Vice President and Consulting Actuary

# Appendix 1 - Assumptions

**Healthy Post-Retirement Mortality**

**Beneficiary Mortality**

**Disabled Post-Retirement Mortality**

**Active/Pre-Retirement Mortality**

**Retirement**

**Disability**

**Turnover**

**Salary Scale**

# Appendix 1

## Healthy Post-Retirement Mortality

### Males

Age	Current Mortality Rate	Proposed Mortality Rate
55	0.31%	0.37%
60	0.51%	0.57%
65	0.88%	0.93%
70	1.57%	1.68%
75	2.83%	3.15%
80	5.10%	5.81%
85	9.14%	10.43%
90	15.86%	18.26%

### Females

Age	Current Mortality Rate	Proposed Mortality Rate
55	0.23%	0.20%
60	0.40%	0.32%
65	0.69%	0.54%
70	1.19%	0.93%
75	2.06%	1.68%
80	3.55%	3.07%
85	6.13%	5.57%
90	10.59%	10.09%

Mortality rates shown above include applicable set forwards and are unprojected. For actuarial valuation purposes, the proposed mortality rates will be projected from 2016 on a generational basis using the MP-2021 improvement scale.

# Appendix 1

## Healthy Beneficiary Mortality

### Males

Age	Current Mortality Rate	Proposed Mortality Rate
55	0.82%	0.97%
60	1.01%	1.16%
65	1.38%	1.45%
70	2.13%	2.06%
75	3.38%	3.42%
80	5.36%	6.06%
85	8.74%	10.56%
90	14.42%	18.28%

### Females

Age	Current Mortality Rate	Proposed Mortality Rate
55	0.42%	0.51%
60	0.58%	0.72%
65	0.83%	1.05%
70	1.24%	1.61%
75	1.95%	2.59%
80	3.21%	4.45%
85	5.61%	8.06%
90	10.15%	14.4%

Mortality rates shown above include applicable set forwards and are unprojected. For actuarial valuation purposes, the proposed mortality rates will be projected from 2016 on a generational basis using the MP-2021 improvement scale.

# Appendix 1

## Disabled Post-Retirement Mortality

### Males

Age	Current Mortality Rate	Proposed Mortality Rate
55	0.67%	0.70%
60	1.08%	1.07%
65	1.73%	1.78%
70	2.89%	3.01%
75	5.06%	5.40%
80	8.31%	9.60%
85	14.24%	15.78%
90	22.31%	24.40%

### Females

Age	Current Mortality Rate	Proposed Mortality Rate
55	0.64%	0.46%
60	0.98%	0.60%
65	1.48%	0.99%
70	2.25%	1.75%
75	3.55%	2.99%
80	6.13%	5.35%
85	10.59%	8.02%
90	17.40%	12.61%

Mortality rates shown above include applicable set forwards and are unprojected. For actuarial valuation purposes, the proposed mortality rates will be projected from 2016 on a generational basis using the MP-2021 improvement scale.

# Appendix 1

## Pre-Retirement Mortality

### Males

Age	Current Mortality Rate	Proposed Mortality Rate
20	0.04%	0.03%
25	0.04%	0.04%
30	0.05%	0.05%
35	0.06%	0.06%
40	0.08%	0.08%
45	0.12%	0.12%
50	0.18%	0.18%
55	0.26%	0.29%
60	0.41%	0.47%

### Females

Age	Current Mortality Rate	Proposed Mortality Rate
20	0.02%	0.01%
25	0.02%	0.01%
30	0.03%	0.02%
35	0.04%	0.03%
40	0.05%	0.04%
45	0.07%	0.06%
50	0.09%	0.09%
55	0.12%	0.13%
60	0.17%	0.19%

Mortality rates shown above include applicable set forwards and are unprojected. For actuarial valuation purposes, the proposed mortality rates will be projected from 2016 on a generational basis using the MP-2021 improvement scale.

# Appendix 1

## DROP Retirement Rates

### Police

Age	Current Rate	Proposed Rate
Under 50	1.00%	0.00%
50	10.00%	0.00%
51	15.00%	0.00%
52-53	15.00%	11.00%
54-56	25.00%	11.00%
57	25.00%	20.00%
58-59	30.00%	20.00%
60-61	30.00%	30.00%
62	30.00%	10.00%
63	40.00%	10.00%
64	50.00%	10.00%
65 & over	100.00%	100.00%

### Fire

Age	Current Rate	Proposed Rate
Under 50	0.75%	0.00%
50-51	0.75%	0.00%
52-54	10.00%	5.00%
55-56	15.00%	5.00%
57	15.00%	20.00%
58-60	40.00%	30.00%
61-62	40.00%	20.00%
63-64	50.00%	20.00%
65 & over	100.00%	100.00%

# Appendix 1

## Non-DROP Retirement Rates

Service  $\geq 20$  as of  
September 1, 2017

Age	Current Rate	Proposed Rate
Under 50	1%	1%
50-51	8%	11%
52	10%	15%
53	15%	15%
54	20%	15%
55	35%	15%
56-57	40%	15%
58	75%	15%
59-61	75%	30%
62 & over	100%	100%

Service  $< 20$  as of  
September 1, 2017

Age	Current Rate	Proposed Rate
Under 50	1%	1%
50-53	2%	4%
54-56	2%	7%
57	2%	8%
58-60	25%	8%
61	50%	8%
62 & over	100%	100%

# Appendix 1

## Disability Rates

Age	Current	Proposed
20	0.010%	0.004%
21	0.011%	0.005%
22	0.012%	0.006%
23	0.013%	0.007%
24	0.014%	0.008%
25	0.015%	0.009%
26	0.016%	0.010%
27	0.017%	0.011%
28	0.018%	0.012%
29	0.019%	0.013%
30	0.020%	0.014%
31	0.021%	0.015%
32	0.022%	0.016%
33	0.023%	0.017%
34	0.024%	0.018%
35	0.025%	0.019%
36	0.026%	0.020%
37	0.027%	0.021%
38	0.028%	0.022%
39	0.029%	0.023%

Age	Current	Proposed
40	0.030%	0.024%
41	0.031%	0.025%
42	0.032%	0.026%
43	0.033%	0.027%
44	0.034%	0.028%
45	0.035%	0.029%
46	0.036%	0.030%
47	0.037%	0.031%
48	0.038%	0.032%
49	0.039%	0.033%
50	0.040%	0.034%
51	0.041%	0.035%
52	0.042%	0.036%
53	0.043%	0.037%
54	0.044%	0.038%

# Appendix 1

## Turnover Rates

### Police

Service	Current	Proposed
0	20.0%	15.0%
1	5.5%	9.0%
2-4	5.5%	6.5%
5	5.5%	4.0%
6-7	3.5%	4.0%
8-10	3.5%	2.0%
11-14	2.0%	1.5%
15-20	1.0%	1.5%
21-24	1.0%	1.0%
25 & over	0.0%	0.0%

### Fire

Service	Current	Proposed
0	10.00%	12.00%
1	5.50%	9.00%
2-4	5.50%	7.00%
5	5.50%	5.00%
6	5.50%	2.50%
7-8	1.00%	2.50%
9-24	1.00%	1.00%
25 & over	0.00%	0.00%

# Appendix 1

## Salary Scale

### Current Rates

Year	Officers	Corporals, Drivers & Senior Officers	Sergeants, Lieutenants, Captains, Majors, Deputy Chiefs, Assistant Chiefs & Chiefs
2023	7.25%	6.75%	6.25%
2024+	3.00%	3.00%	2.50%

### Proposed Rates

Year	Officers	Corporals, Drivers & Senior Officers	Sergeants, Lieutenants, Captains, Majors, Deputy Chiefs, Assistant Chiefs & Chiefs
2025	10.00%	14.00%	10.00%
2026+	Service based rates	Service based rates	Service based rates

Service	Rate
0-2	8.00%
3-5	7.00%
6-8	6.00%
9-11	5.00%
12-14	4.00%
15+	3.50%

# Appendix 2 - Experience

**Healthy Post-Retirement Mortality**

**Beneficiary Mortality**

**Disabled Post-Retirement Mortality**

**Active/Pre-Retirement Mortality**

**Retirement**

**Disability**

**Turnover**

**Salary**

# Appendix 2 – Healthy Retiree Mortality Experience

## Males

Average Age	Number Exposed	Actual Deaths	Actual Mortality Rate	Expected Deaths	Expected Mortality Rate	Ratio of Actual Rate to Expected Rate	Proposed Deaths	Proposed Mortality Rate	Ratio of Actual Rate to Proposed Rate
Under 55	885	2	0.23%	1.99	0.22%	100.45%	2.56	0.29%	78.17%
55-59	2,119	10	0.47%	8.26	0.39%	121.06%	9.31	0.44%	107.39%
60-64	3,248	27	0.83%	21.40	0.66%	126.16%	22.49	0.69%	120.04%
65-69	3,015	37	1.23%	32.87	1.09%	112.58%	35.61	1.18%	103.91%
70-74	3,317	58	1.75%	60.70	1.83%	95.55%	69.56	2.10%	83.38%
75-79	2,155	84	3.90%	68.11	3.16%	123.33%	80.52	3.74%	104.32%
80-84	1,308	92	7.03%	75.50	5.77%	121.86%	90.03	6.88%	102.18%
85-89	613	86	14.03%	63.64	10.38%	135.14%	76.03	12.40%	113.11%
90 & over	232	58	25.00%	41.05	17.69%	141.29%	51.26	22.10%	113.15%
Total	16,892	454	2.69%	373.52	2.21%	121.55%	437.38	2.59%	103.80%

## Females

Average Age	Number Exposed	Actual Deaths	Actual Mortality Rate	Expected Deaths	Expected Mortality Rate	Ratio of Actual Rate to Expected Rate	Proposed Deaths	Proposed Mortality Rate	Ratio of Actual Rate to Proposed Rate
Under 55	224	0	0.00%	0.36	0.16%	0.00%	0.32	0.14%	0.00%
55-59	473	0	0.00%	1.52	0.32%	0.00%	1.17	0.25%	0.00%
60-64	615	1	0.16%	3.11	0.51%	32.14%	2.42	0.39%	41.29%
65-69	332	2	0.60%	2.63	0.79%	75.98%	2.13	0.64%	94.10%
70-74	247	6	2.43%	3.30	1.33%	182.05%	2.73	1.11%	219.48%
75-79	130	1	0.77%	2.87	2.21%	34.81%	2.48	1.90%	40.40%
80-84	22	1	4.55%	0.78	3.56%	127.54%	0.70	3.20%	142.05%
85-89	0	0	0.00%	0.00	0.00%	0.00%	0.00	0.00%	0.00%
90 & over	2	2	100.00%	0.22	10.76%	929.76%	0.21	10.48%	953.79%
Total	2,045	13	0.64%	14.79	0.72%	87.89%	12.16	0.59%	106.92%
Grand Total	18,937	467	2.47%	388.31	2.05%	120.27%	449.54	2.37%	103.88%

# Appendix 2 – Beneficiary Mortality Experience

## Males

Average Age	Number Exposed	Actual Deaths	Actual Mortality Rate	Expected Deaths	Assumed Mortality Rate	Ratio of Actual Rate to Expected Rate	Proposed Deaths	Proposed Mortality Rate	Ratio of Actual Rate to Proposed Rate
Under 55	61	0	0.00%	0.39	0.65%	0.00%	0.47	0.76%	0.00%
55-59	17	0	0.00%	0.16	0.94%	0.00%	0.18	1.05%	0.00%
60-64	31	1	3.23%	0.35	1.14%	282.23%	0.39	1.25%	257.75%
65-69	19	0	0.00%	0.28	1.50%	0.00%	0.30	1.57%	0.00%
70-74	12	1	8.33%	0.29	2.41%	345.75%	0.30	2.53%	329.77%
75-79	7	0	0.00%	0.26	3.70%	0.00%	0.29	4.12%	0.00%
80-84	8	0	0.00%	0.47	5.90%	0.00%	0.58	7.19%	0.00%
85-89	4	1	25.00%	0.40	10.09%	247.84%	0.52	12.91%	193.67%
90 & over	3	1	33.33%	0.55	18.35%	181.67%	0.71	23.52%	141.75%
Total	162	4	2.47%	3.17	1.96%	126.25%	3.72	2.30%	107.55%

## Females

Average Age	Number Exposed	Actual Deaths	Actual Mortality Rate	Expected Deaths	Assumed Mortality Rate	Ratio of Actual Rate to Expected Rate	Proposed Deaths	Proposed Mortality Rate	Ratio of Actual Rate to Proposed Rate
Under 55	416	2	0.48%	1.33	0.32%	150.80%	1.52	0.37%	131.70%
55-59	383	0	0.00%	1.96	0.51%	0.00%	2.20	0.57%	0.00%
60-64	560	2	0.36%	3.86	0.69%	51.78%	4.74	0.85%	42.17%
65-69	605	3	0.50%	5.55	0.92%	54.04%	7.39	1.22%	40.59%
70-74	833	14	1.68%	11.24	1.35%	124.54%	15.32	1.84%	91.40%
75-79	855	31	3.63%	18.47	2.16%	167.88%	25.51	2.98%	121.51%
80-84	806	42	5.21%	30.63	3.80%	137.12%	43.93	5.45%	95.60%
85-89	654	71	10.86%	44.11	6.75%	160.95%	64.34	9.84%	110.35%
90 & over	421	101	23.99%	55.79	13.25%	181.03%	80.81	19.20%	124.98%
Total	5,533	266	4.81%	172.94	3.13%	153.81%	245.77	4.44%	108.23%
Grand Total	5,695	270	4.74%	176.11	3.09%	153.32%	249.48	4.38%	108.22%

# Appendix 2– Disabled Retiree Mortality Experience

## Males

Average Age	Number Exposed	Actual Deaths	Actual Mortality Rate	Expected Deaths	Assumed Mortality Rate	Ratio of Actual Rate to Expected Rate	Proposed Deaths	Proposed Mortality Rate	Ratio of Actual Rate to Proposed Rate
Under 55	41	1	2.44%	0.17	0.42%	580.79%	0.20	0.49%	499.91%
55-59	48	1	2.08%	0.39	0.82%	254.40%	0.39	0.81%	258.12%
60-64	51	1	1.96%	0.70	1.37%	143.35%	0.68	1.34%	146.10%
65-69	53	2	3.77%	1.10	2.07%	182.26%	1.18	2.22%	170.10%
70-74	73	5	6.85%	2.46	3.37%	203.54%	2.69	3.69%	185.73%
75-79	47	4	8.51%	2.62	5.58%	152.53%	3.04	6.48%	131.38%
80-84	78	8	10.26%	7.51	9.63%	106.48%	8.96	11.49%	89.27%
85 & over	66	12	18.18%	11.95	18.10%	100.42%	13.70	20.75%	87.61%
Total	457	34	7.44%	26.90	5.89%	126.39%	30.84	6.75%	110.23%

## Females

Average Age	Number Exposed	Actual Deaths	Actual Mortality Rate	Expected Deaths	Assumed Mortality Rate	Ratio of Actual Rate to Expected Rate	Proposed Deaths	Proposed Mortality Rate	Ratio of Actual Rate to Proposed Rate
Under 55	45	0	0.00%	0.18	0.40%	0.00%	0.14	0.31%	0.00%
55-59	18	0	0.00%	0.15	0.82%	0.00%	0.09	0.51%	0.00%
60-64	18	1	5.56%	0.21	1.15%	482.00%	0.13	0.71%	781.46%
65-69	17	0	0.00%	0.28	1.62%	0.00%	0.21	1.21%	0.00%
70-74	13	0	0.00%	0.30	2.34%	0.00%	0.26	1.98%	0.00%
75-79	6	0	0.00%	0.23	3.91%	0.00%	0.21	3.45%	0.00%
80-84	4	0	0.00%	0.31	7.65%	0.00%	0.25	6.32%	0.00%
85 & over	1	1	100.00%	0.10	9.95%	1005.28%	0.08	7.77%	1287.44%
Total	122	2	1.64%	1.76	1.44%	113.96%	1.36	1.12%	146.98%
Grand Total	579	36	6.22%	28.66	4.95%	125.62%	32.20	5.56%	111.79%

# Appendix 2 – Pre-Retirement Mortality Experience

## Males

Average Age	Number Exposed	Actual Deaths	Actual Mortality Rate	Expected Deaths	Assumed Mortality Rate	Ratio of Actual Rate to Expected Rate	Proposed Deaths	Proposed Mortality Rate	Ratio of Actual Rate to Proposed Rate
Under 55	21,050	24	0.11%	22.18	0.11%	108.20%	21.74	0.10%	110.42%
55-59	1,462	7	0.48%	4.49	0.31%	156.03%	4.90	0.34%	142.80%
60-64	354	4	1.13%	1.79	0.51%	223.12%	2.00	0.56%	200.24%
65-69	76	0	0.00%	0.71	0.93%	0.00%	0.83	1.09%	0.00%
70 & over	34	0	0.00%	0.62	1.84%	0.00%	0.74	2.17%	0.00%
Total	22,976	35	0.15%	29.79	0.13%	117.48%	30.20	0.13%	115.89%

## Females

Average Age	Number Exposed	Actual Deaths	Actual Mortality Rate	Expected Deaths	Assumed Mortality Rate	Ratio of Actual Rate to Expected Rate	Proposed Deaths	Proposed Mortality Rate	Ratio of Actual Rate to Proposed Rate
Under 55	3,481	0	0.00%	1.99	0.06%	0.00%	1.57	0.04%	0.00%
55-59	217	0	0.00%	0.32	0.15%	0.00%	0.31	0.14%	0.00%
60-64	60	0	0.00%	0.11	0.19%	0.00%	0.13	0.22%	0.00%
65-69	19	0	0.00%	0.05	0.26%	0.00%	0.06	0.32%	0.00%
70 & over	0	0	0.00%	0.00	0.00%	0.00%	0.00	0.00%	0.00%
Total	3,777	0	0.00%	2.46	0.07%	0.00%	2.07	0.05%	0.00%
Grand Total	26,753	35	0.13%	32.26	0.12%	108.50%	32.27	0.12%	108.46%

# Appendix 2 – Active DROP Police Retirement Experience

Age	Total Exposures	Actual	Actual Rate	Expected	Current Assumed Rate	Ratio of Actual Rate to Expected Rate	Proposed Retirements	Proposed Rate
50	2	0	0.00%	0.16	8.00%	0.00%	0.00	0.00%
51	8	1	12.50%	0.92	11.50%	108.70%	0.00	0.00%
52	29	3	10.34%	4.00	13.79%	75.00%	3.19	11.00%
53	58	8	13.79%	8.70	15.00%	91.95%	6.38	11.00%
54	83	9	10.84%	20.20	24.34%	44.55%	9.13	11.00%
55	97	14	14.43%	24.75	25.52%	56.57%	10.67	11.00%
56	108	9	8.33%	27.80	25.74%	32.37%	11.88	11.00%
57	110	19	17.27%	28.15	25.59%	67.50%	22.00	20.00%
58	101	22	21.78%	41.55	41.14%	52.95%	20.20	20.00%
59	77	16	20.78%	24.45	31.75%	65.44%	15.40	20.00%
60	63	19	30.16%	31.05	49.29%	61.19%	18.90	30.00%
61	41	12	29.27%	16.35	39.88%	73.39%	12.30	30.00%
62	26	2	7.69%	7.80	30.00%	25.64%	2.60	10.00%
63	19	2	10.53%	9.00	47.37%	22.22%	1.90	10.00%
64	14	1	7.14%	7.00	50.00%	14.29%	1.40	10.00%
65+	55	5	9.09%	55.00	100.00%	9.09%	55.00	100.00%
Total	891	142	15.94%	306.88	34.44%	46.27%	190.95	21.43%

# Appendix 2 – Active DROP Fire Retirement Experience

Age	Total Exposures	Actual	Actual Rate	Expected	Current Assumed Rate	Ratio of Actual Rate to Expected Rate	Proposed Retirements	Proposed Rate
50	1	0	0.00%	0.01	0.75%	0.00%	0.00	0.00%
51	3	0	0.00%	0.10	3.17%	0.00%	0.00	0.00%
52	11	1	9.09%	1.10	10.00%	90.91%	0.55	5.00%
53	14	0	0.00%	1.45	10.36%	0.00%	0.70	5.00%
54	35	1	2.86%	3.90	11.14%	25.64%	1.75	5.00%
55	48	3	6.25%	7.20	15.00%	41.67%	2.40	5.00%
56	75	5	6.67%	12.95	17.27%	38.61%	3.75	5.00%
57	96	21	21.88%	15.25	15.89%	137.70%	19.20	20.00%
58	94	24	25.53%	46.35	49.31%	51.78%	28.20	30.00%
59	71	29	40.85%	29.45	41.48%	98.47%	21.30	30.00%
60	37	10	27.03%	21.45	57.97%	46.62%	11.10	30.00%
61	27	4	14.81%	12.90	47.78%	31.01%	5.40	20.00%
62	18	3	16.67%	7.90	43.89%	37.97%	3.60	20.00%
63	20	6	30.00%	10.25	51.25%	58.54%	4.00	20.00%
64	12	2	16.67%	6.00	50.00%	33.33%	2.40	20.00%
65+	43	12	27.91%	43.00	100.00%	27.91%	43.00	100.00%
Total	605	121	20.00%	219.25	36.24%	55.19%	147.35	24.36%

# Appendix 2 – Active Non-DROP Retirement Experience of Participants with less than 20 years of service as of 9/1/2017

Age	Total Exposures	Actual	Actual Rate	Expected	Current Assumed Rate	Ratio of Actual Rate to Expected Rate	Proposed retirements	Proposed Rate
Under 50	1,695	27	1.59%	16.95	1.00%	159.29%	16.95	1.00%
50	430	21	4.88%	8.60	2.00%	244.19%	17.20	4.00%
51	359	15	4.18%	7.18	2.00%	208.91%	14.36	4.00%
52	280	14	5.00%	5.60	2.00%	250.00%	11.20	4.00%
53	240	10	4.17%	4.80	2.00%	208.33%	9.60	4.00%
54	189	13	6.88%	3.78	2.00%	343.92%	13.23	7.00%
55	140	9	6.43%	2.80	2.00%	321.43%	9.80	7.00%
56	99	7	7.07%	1.98	2.00%	353.54%	6.93	7.00%
57	81	7	8.64%	1.62	2.00%	432.10%	6.48	8.00%
58	61	5	8.20%	15.25	25.00%	32.79%	4.88	8.00%
59	54	7	12.96%	13.50	25.00%	51.85%	4.32	8.00%
60	37	3	8.11%	9.25	25.00%	32.43%	2.96	8.00%
61	48	3	6.25%	33.50	69.79%	8.96%	3.84	8.00%
62+	46	5	10.87%	46.00	100.00%	10.87%	46.00	100.00%
Total	3,759	146	3.88%	170.81	4.54%	85.48%	167.75	4.46%

# Appendix 2 – Active Non-DROP Retirement Experience of Participants with greater than 20 years of service as of 9/1/2017

Age	Total Exposures	Actual	Actual Rate	Expected	Current Assumed Rate	Ratio of Actual Rate to Expected Rate	Proposed retirements	Proposed Rate
Under 50	340	4	1.18%	3.40	1.00%	117.65%	3.40	1.00%
50	199	26	13.07%	15.92	8.00%	163.32%	21.89	11.00%
51	241	24	9.96%	20.20	8.38%	118.81%	26.51	11.00%
52	237	37	15.61%	27.30	11.52%	135.53%	35.55	15.00%
53	225	29	12.89%	38.85	17.27%	74.65%	33.75	15.00%
54	177	26	14.69%	43.40	24.52%	59.91%	26.55	15.00%
55	145	23	15.86%	56.60	39.03%	40.64%	21.75	15.00%
56	96	18	18.75%	44.40	46.25%	40.54%	14.40	15.00%
57	62	10	16.13%	29.60	47.74%	33.78%	9.30	15.00%
58	37	5	13.51%	28.25	76.35%	17.70%	5.55	15.00%
59	23	6	26.09%	17.75	77.17%	33.80%	6.90	30.00%
60	11	4	36.36%	8.25	75.00%	48.48%	3.30	30.00%
61	9	3	33.33%	7.25	80.56%	41.38%	2.70	30.00%
62+	7	2	28.57%	7.00	100.00%	28.57%	7.00	100.00%
Total	1,809	217	12.00%	348.17	19.25%	62.33%	218.55	12.08%

# Appendix 2 – Disability Experience

Average Age	Number Exposed	Actual Awards	Actual Disability Rate	Expected Awards	Expected Disability Rate	Ratio of Actual Rate to Expected Rate	Proposed Disabilities	Proposed Disability Rate
Under 25	805	0	0.00%	0.11	0.01%	0.00%	0.06	0.01%
25-29	3,464	0	0.00%	0.60	0.02%	0.00%	0.39	0.01%
30-34	4,332	0	0.00%	0.95	0.02%	0.00%	0.69	0.02%
35-39	4,559	0	0.00%	1.23	0.03%	0.00%	0.95	0.02%
40-44	3,822	1	0.03%	1.22	0.03%	81.84%	0.99	0.03%
45-49	3,457	3	0.09%	1.28	0.04%	234.87%	1.07	0.03%
50-54	2,878	1	0.03%	0.03	0.00%	3073.14%	1.03	0.04%
55 & over	2,214	1	0.05%	0.00	0.00%	32467.53%	0.84	0.04%
Total	25,531	6	0.02%	5.42	0.02%	110.72%	6.03	0.02%

# Appendix 2 – Turnover Experience - Police

Average Service	Total Exposures	Actual Turnover	Actual Turnover Rate	Expected Turnover	Current Expected Rate	Ratio of Actual Rate to Expected Rate	Proposed Turnover	Proposed Rate
0	484	72	14.88%	96.66	19.97%	74.49%	72.60	15.00%
1	842	75	8.91%	46.60	5.53%	160.94%	75.78	9.00%
2	830	50	6.02%	45.65	5.50%	109.53%	53.95	6.50%
3	736	48	6.52%	40.48	5.50%	118.58%	47.84	6.50%
4	695	46	6.62%	38.23	5.50%	120.34%	45.18	6.50%
5	573	29	5.06%	31.52	5.50%	92.02%	22.92	4.00%
6	570	18	3.16%	20.03	3.51%	89.87%	22.80	4.00%
7	550	24	4.36%	19.25	3.50%	124.68%	22.00	4.00%
8	493	9	1.83%	17.26	3.50%	52.16%	9.86	2.00%
9	445	7	1.57%	15.58	3.50%	44.94%	8.90	2.00%
10	486	11	2.26%	16.98	3.49%	64.78%	9.72	2.00%
11-20	4,370	61	1.40%	66.51	1.52%	91.72%	65.55	1.50%
21-24	57	10	17.54%	0.57	1.00%	1754.39%	0.57	1.00%
Total	11,131	460	4.13%	455.30	4.09%	101.03%	457.67	4.11%

# Appendix 2 – Turnover Experience - Fire

Average Service	Total Exposures	Actual Turnover	Actual Turnover Rate	Expected Turnover	Current Expected Rate	Ratio of Actual Rate to Expected Rate	Proposed Turnover	Proposed Rate
0	358	43	12.01%	35.80	10.00%	120.11%	42.96	12.00%
1	549	52	9.47%	30.24	5.51%	171.96%	49.41	9.00%
2	574	40	6.97%	31.57	5.50%	126.70%	40.18	7.00%
3	549	43	7.83%	30.20	5.50%	142.41%	38.43	7.00%
4	527	43	8.16%	28.99	5.50%	148.35%	36.89	7.00%
5	518	26	5.02%	28.49	5.50%	91.26%	25.90	5.00%
6	450	13	2.89%	24.75	5.50%	52.53%	11.25	2.50%
7	355	6	1.69%	3.55	1.00%	169.01%	8.88	2.50%
8	386	8	2.07%	3.86	1.00%	207.25%	9.65	2.50%
9-24	3,285	34	1.04%	32.85	1.00%	103.50%	32.85	1.00%
Total	7,551	308	4.08%	250.29	3.31%	123.06%	296.40	3.93%

# Appendix 2 – Salary Experience

Average Service	Total Exposures	Prior Year Average Salary	Current Year Expected Average Salary	Expected Rate	Current Year Average Salary	Actual Rate	Proposed Average Salary	Proposed Rate
0	1,315	\$28,584	\$29,448	3.02%	\$67,993	137.87%	\$30,871	8.00%
1	1,329	\$64,333	\$66,697	3.67%	\$69,371	7.83%	\$69,480	8.00%
2	1,332	\$66,208	\$68,561	3.55%	\$71,086	7.37%	\$71,505	8.00%
3	1,197	\$68,257	\$70,976	3.98%	\$73,988	8.40%	\$73,035	7.00%
4	1,130	\$70,861	\$73,771	4.11%	\$78,056	10.15%	\$75,821	7.00%
5	1,076	\$73,287	\$76,232	4.02%	\$81,267	10.89%	\$78,417	7.00%
6	937	\$75,552	\$78,279	3.61%	\$83,445	10.45%	\$80,085	6.00%
7	858	\$77,624	\$80,507	3.71%	\$85,324	9.92%	\$82,281	6.00%
8	832	\$82,171	\$85,474	4.02%	\$89,607	9.05%	\$87,102	6.00%
9	809	\$84,996	\$88,162	3.73%	\$92,617	8.97%	\$89,246	5.00%
10	833	\$83,862	\$87,074	3.83%	\$92,245	10.00%	\$88,055	5.00%
11	960	\$84,874	\$87,769	3.41%	\$93,036	9.62%	\$89,118	5.00%
12	995	\$87,272	\$90,402	3.59%	\$93,430	7.06%	\$90,763	4.00%
13	1,021	\$90,237	\$93,732	3.87%	\$95,852	6.22%	\$93,847	4.00%
14	986	\$92,343	\$96,138	4.11%	\$97,606	5.70%	\$96,037	4.00%
15+	8,441	\$95,968	\$99,436	3.61%	100,398	4.62%	\$99,327	3.50%
Total	24,051	\$81,404	\$84,423	3.71%	\$89,063	9.41%	\$85,406	4.92%



## **DISCUSSION SHEET**

### **Supplemental ITEM #B2**

**Topic:** **2025 Mid-Year Budget Review**

**Discussion:** Attached is a review of the 2025 Operating Expense Budget detailing expenses for the first six months of the calendar year.

Expense items with significant variances to the prorated budget as of June 30, 2025 are discussed in the attached review.

*Supplemental Board Meeting – Thursday, August 14, 2025*

# DALLAS POLICE AND FIRE PENSION SYSTEM

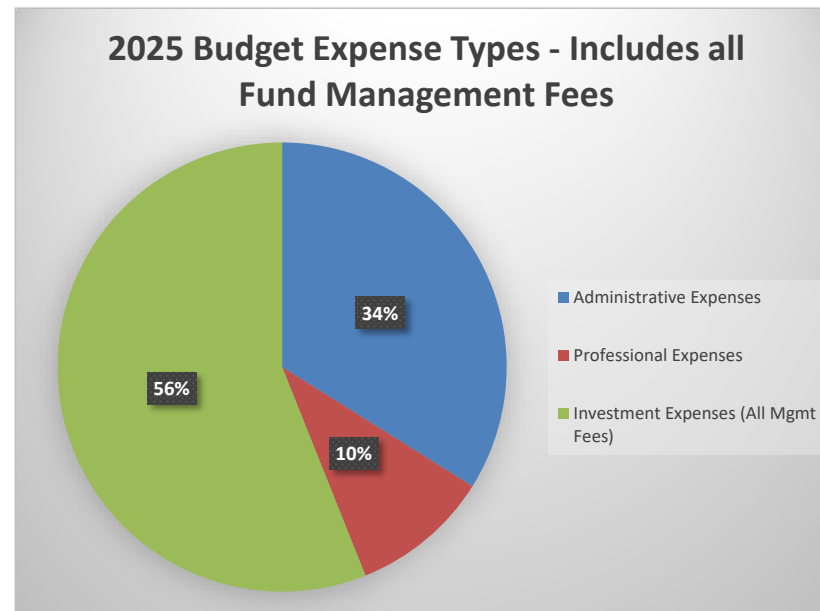
## 2025 MID-YEAR BUDGET REVIEW

### August 14, 2025



## 2025 Mid-Year Budget Review

- The System budget year is January – December.
- The Budget Adoption Policy requires a mid-year budget review each August.
- The annual budget of \$19.3M is straight-lined over the year.



## 2025 Mid-Year Budget Review

In the summary budget, we track three broad categories of expenses:

- Administrative Expenses
- Professional Expenses
- Investment Expenses



# 2025 Mid-Year Budget Review

## Summary Budget

Expense Type	2025 Six Months Actual	2025 Six Months Budget	2024 Six Months Actual	2025 Actual vs Budget \$ Variance	2025 Actual vs Budget % Variance
Administrative Expenses	\$ 2,974,350	\$ 3,272,697	\$ 2,752,355	\$ (298,347)	(9.1%)
Professional Expenses	851,183	968,833	716,669	(117,649)	(12.1%)
Investment Expenses **	3,343,440	3,408,169	2,864,528	(64,729)	(1.9%)
<b>Total</b>	<b>\$ 7,168,973</b>	<b>\$ 7,649,698</b>	<b>\$ 6,333,552</b>	<b>\$ (480,725)</b>	<b>(6.3%)</b>

\*\* Does not include Indirect Investment Management Fees

## 2025 Mid -Year Budget Review

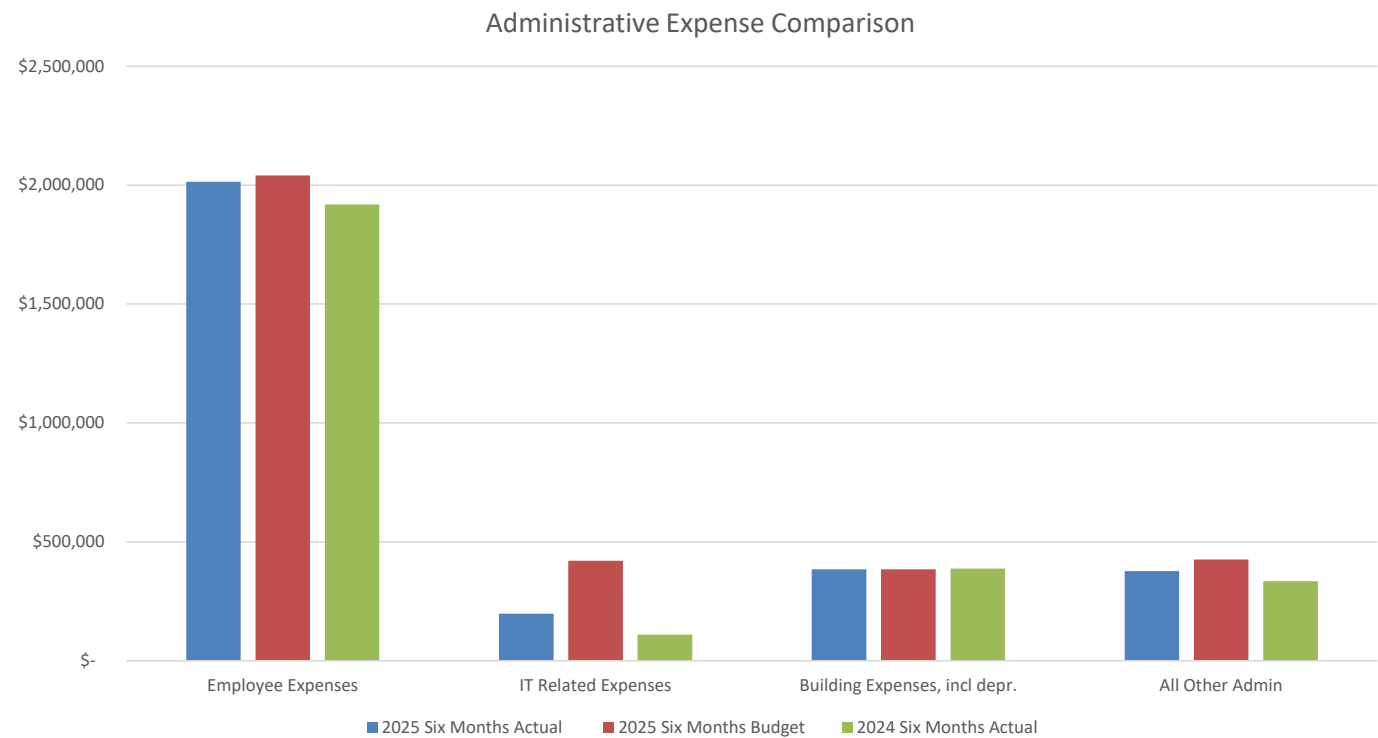
### Administrative Expenses

Expense Type	2025 Six Months Actual	2025 Six Months Budget	2024 Six Months Actual	2025 Actual vs Budget \$ Variance	2025 Actual vs Budget % Variance
Employee Expenses	\$ 2,014,582	\$ 2,040,744	\$ 1,918,786	\$ (26,162)	(1.3%)
IT Related Expenses	198,068	420,743	110,194	(222,675)	(52.9%)
Building Expenses, incl depr.	384,068	384,789	388,104	(721)	(0.2%)
All Other Admin	377,632	426,421	335,271	(48,789)	(11.4%)
<b>Total</b>	<b>\$ 2,974,350</b>	<b>\$ 3,272,697</b>	<b>\$ 2,752,355</b>	<b>\$ (298,347)</b>	<b>(9.1%)</b>

- IT Related Expenses – Largest variance is related to timing of expenses for the Pension Administration Project. We expect more expenses in the second half of the year.
- Employee and Building Expenses – Actual Expenses are close to budget with overall variances of 1.3% or less.
- All Other Admin Expenses – Liability Insurance is under budget by \$23k as the actual policy renewals came in under budgeted projections.

# 2025 Mid-Year Budget Review

## Administrative Expense Comparison



## 2025 Mid-Year Budget Review

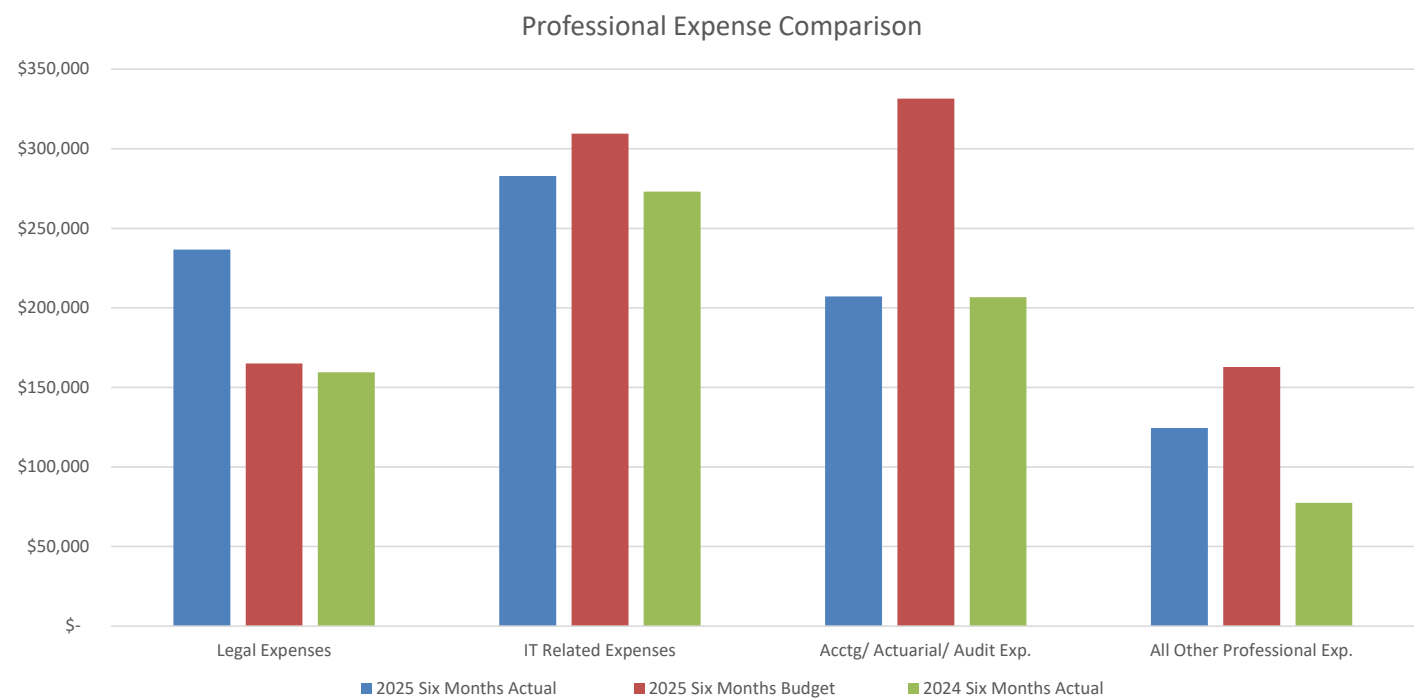
### Professional Expenses

Expense Type	2025 Six Months Actual	2025 Six Months Budget	2024 Six Months Actual	2025 Actual vs Budget \$ Variance	2025 Actual vs Budget % Variance
Legal Expenses	\$ 236,562	\$ 165,000	\$ 159,578	\$ 71,562	43.4%
IT Related Expenses	282,921	309,500	272,971	(26,579)	(8.6%)
Acctg/ Actuarial/ Audit Exp.	207,124	331,433	206,715	(124,309)	(37.5%)
All Other Professional Exp.	124,577	162,900	77,405	(38,323)	(23.5%)
<b>Total</b>	<b>\$ 851,183</b>	<b>\$ 968,833</b>	<b>\$ 716,669</b>	<b>\$ (117,649)</b>	<b>(12.1%)</b>

- Legal expenses – Variance reflects the current litigation expenses during the first six months of the year.
- Accounting / Actuarial / Audit Expenses – Actuarial expenses are \$116K less than expected due in part to the timing of the work performed.

# 2025 Mid-Year Budget Review

## Professional Expense Comparison



## 2025 Mid-Year Budget Review

### Investment Expenses

Expense Type	2025 Six Months Actual	2025 Six Months Budget	2024 Six Months Actual	2025 Actual vs Budget \$ Variance	2025 Actual vs Budget % Variance
Investment due diligence	\$ 31,141	\$ 36,160	\$ 20,787	\$ (5,019)	(13.9%)
Custodian fees	113,500	113,500	108,129	-	0.0%
Investment portfolio operating exp.	727,562	397,000	195,935	330,562	83.3%
Investment consultant and reporting	311,250	307,084	175,000	4,167	1.4%
Fund management fees (direct only)	2,159,986	2,554,425	2,364,677	(394,439)	(15.4%)
<b>Total Investment Expenses</b>	<b>\$ 3,343,440</b>	<b>\$ 3,408,169</b>	<b>\$ 2,864,528</b>	<b>\$ (64,729)</b>	<b>(1.9%)</b>

- Portfolio Operating Expenses – Variance is related to larger than expected legal fees with an investment manager, partially offset by the timing of appraisal, audit and other investment related expenses.
- Fund Management Fees – Less than budgeted due to negotiated fee reductions and the timing of some fees.

## 2025 Mid-Year Budget Review

Account Detail – sorted by largest to smallest dollar variance

	<b>Expense Type</b>	<b>2025 Six Months Actual</b>	<b>2025 Six Months Budget</b>	<b>2024 Six Months Actual</b>	<b>2025 Actual vs Budget \$ Variance</b>	<b>2025 Actual vs Budget % Variance</b>
1	Investment portfolio operating expenses	\$ 727,562	\$ 397,000	\$ 195,935	\$ 330,562	83.3%
2	Legal fees	236,562	165,000	159,578	71,562	43.4%
3	Postage	24,400	13,600	15,183	10,800	79.4%
4	Investment consultant and reporting	311,250	307,084	175,000	4,167	1.4%
5	Bank Fees	9,924	6,500	5,562	3,424	52.7%
6	Bad Debt Expense	2,469	-	-	2,469	100.0%
7	Miscellaneous professional services	20,977	19,375	14,405	1,602	8.3%
8	Printing	3,910	3,425	1,763	485	14.2%
9	Board meetings	1,673	1,300	1,119	373	28.7%
10	Disability medical evaluations	3,500	3,250	-	250	7.7%
11	Subscriptions/Publications	532	470	284	62	13.3%
12	Records storage	1,896	1,868	1,550	29	1.5%
13	Communications (phone/internet)	14,355	14,332	12,594	23	0.2%
14	Custodian fees	113,500	113,500	108,129	-	0.0%

## 2025 Mid-Year Budget Review

Account Detail – sorted by largest to smallest dollar variance

	Expense Type	2025 Six Months Actual	2025 Six Months Budget	2024 Six Months Actual	2025 Actual vs Budget \$ Variance	2025 Actual vs Budget % Variance
15	Leased equipment	10,973	11,000	9,804	(27)	(0.2%)
16	Member educational programs	1,662	2,000	-	(338)	(16.9%)
17	Staff meetings	-	400	461	(400)	(100.0%)
18	Building expenses, incl depreciation	384,068	384,790	388,104	(722)	(0.2%)
19	Business continuity	29,218	30,000	23,249	(782)	(2.6%)
20	Elections	5,912	7,025	-	(1,113)	(15.8%)
21	Network security monitoring	121,051	122,500	110,901	(1,449)	(1.2%)
22	Accounting services	29,500	30,975	29,500	(1,475)	(4.8%)
23	Employee service recognition	509	2,000	908	(1,491)	(74.5%)
24	Salaries and benefits	1,982,455	1,984,163	1,894,013	(1,708)	(0.1%)
25	Memberships and dues	9,459	11,419	10,362	(1,960)	(17.2%)
26	Conference registration/materials - board	2,625	6,000	450	(3,375)	(56.3%)
27	Office supplies	10,250	14,175	12,100	(3,925)	(27.7%)
28	Travel - board	6,003	11,000	762	(4,997)	(45.4%)
29	Investment due diligence	31,141	36,160	20,787	(5,019)	(13.9%)
30	Miscellaneous expense	118	6,000	-	(5,882)	(98.0%)
31	Travel - staff	20,652	26,675	9,476	(6,023)	(22.6%)

## 2025 Mid-Year Budget Review

### Account Detail – sorted by largest to smallest dollar variance

	Expense Type	2025 Six Months Actual	2025 Six Months Budget	2024 Six Months Actual	2025 Actual vs Budget \$ Variance	2025 Actual vs Budget % Variance
32	Independent audit	65,000	71,958	-	(6,958)	(9.7%)
33	Conference/training registration/materials - staff	6,848	14,607	3,840	(7,759)	(53.1%)
34	IT software/hardware	3,461	12,500	9,328	(9,039)	(72.3%)
35	Employment expenses	4,118	13,300	10,549	(9,182)	(69.0%)
36	IT subscriptions/services/licenses	77,570	88,738	65,605	(11,168)	(12.6%)
37	Legislative consultants	94,189	108,250	63,000	(14,061)	(13.0%)
38	Depreciation exp - IT hardware	7,674	25,174	8,622	(17,500)	(69.5%)
39	Repairs and maintenance	24,219	46,331	16,488	(22,112)	(47.7%)
40	Liability insurance	267,519	290,933	259,383	(23,413)	(8.0%)
41	Pension administration software & WMS	132,651	157,000	138,821	(24,349)	(15.5%)
42	Public Relations Expense	-	25,000	-	(25,000)	(100.0%)
43	Actuarial services	112,624	228,500	177,215	(115,876)	(50.7%)
44	Information technology projects	95,008	280,000	14,045	(184,992)	(66.1%)
45	Fund management fees (direct only)	2,159,986	2,554,425	2,364,677	(394,439)	(15.4%)
	<b>Gross Total</b>	<b>\$ 7,168,973</b>	<b>\$ 7,649,698</b>	<b>\$ 6,333,552</b>	<b>\$ (480,725)</b>	<b>(6.3%)</b>
	Less: Allocation to Supplemental Plan Budget*	75,284	83,585	74,210	(8,301)	(9.9%)
	<b>Total Regular Plan Budget</b>	<b>\$ 7,093,689</b>	<b>\$ 7,566,113</b>	<b>\$ 6,259,342</b>	<b>\$ (472,424)</b>	<b>(6.2%)</b>

## 2025 Mid-Year Budget Review

Any questions?





## **DISCUSSION SHEET**

### **Supplemental ITEM #B3**

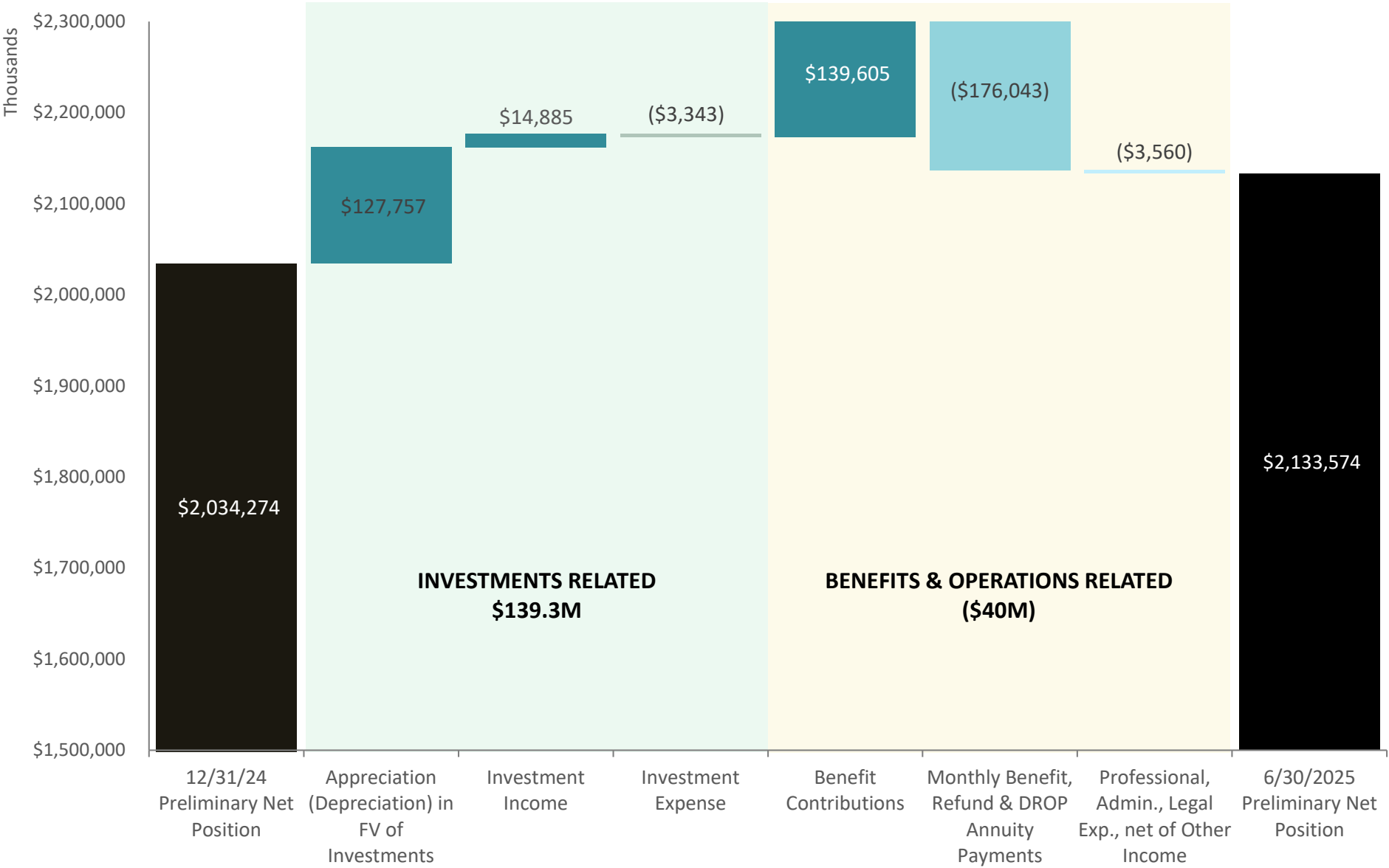
**Topic:** **Quarterly Financial Reports**

**Discussion:** The Chief Financial Officer will present the second quarter 2025 financial statements.

*Supplemental Board Meeting – Thursday, August 14, 2025*

Change in Net Fiduciary Position

December 31, 2024 – June 30, 2025 - Preliminary



Components may not sum exactly due to rounding.

**DALLAS POLICE & FIRE PENSION SYSTEM**  
**Combined Statements of Fiduciary Net Position**

	<u>June 30, 2025</u>	<u>PRELIMINARY December 31, 2024</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Assets</b>				
<b>Investments, at fair value</b>				
Short-term investments	\$ 19,653,628	\$ 27,946,218	\$ (8,292,590)	-30%
Fixed income securities	424,525,098	406,365,175	18,159,923	4%
Equity securities	1,196,721,061	1,067,813,755	128,907,306	12%
Real assets	241,829,630	250,144,667	(8,315,037)	-3%
Private equity	184,747,245	187,559,581	(2,812,336)	-1%
Forward currency contracts	(586)	(50)	(536)	1072%
<b>Total investments</b>	<u>2,067,476,076</u>	<u>1,939,829,346</u>	<u>127,646,730</u>	<u>7%</u>
<b>Receivables</b>				
City	7,354,403	7,787,490	(433,087)	-6%
Members	2,695,243	2,635,212	60,031	2%
Interest and dividends	5,294,130	4,546,990	747,140	16%
Investment sales proceeds	3,180,662	60,732	3,119,930	5137%
Lease Receivable	2,609,709	2,752,939	(143,230)	-5%
Other receivables	7,886	23,729	(15,843)	-67%
<b>Total receivables</b>	<u>21,142,033</u>	<u>17,807,092</u>	<u>3,334,941</u>	<u>19%</u>
Cash and cash equivalents	45,077,908	72,316,825	(27,238,917)	-38%
Prepaid expenses	957,315	602,217	355,098	59%
Capital assets, net	11,358,518	11,480,088	(121,570)	-1%
<b>Total assets</b>	<u>\$ 2,146,011,850</u>	<u>\$ 2,042,035,568</u>	<u>\$ 103,976,282</u>	<u>5%</u>
<b>Liabilities</b>				
<b>Payables</b>				
Securities purchased	5,985,906	116,339	5,869,567	5045%
Accounts payable and other accrued liabilities	4,182,516	5,206,380	(1,023,864)	-20%
<b>Total liabilities</b>	<u>10,168,422</u>	<u>5,322,719</u>	<u>4,845,703</u>	<u>91%</u>
<b>Deferred inflow of resources</b>	2,269,890	2,438,997	(169,107)	-7%
<b>Net position restricted for pension benefits</b>	<u>\$ 2,133,573,538</u>	<u>\$ 2,034,273,852</u>	<u>\$ 99,299,686</u>	<u>5%</u>

\*The ending period amounts are preliminary and may change as the 2024 results are finalized.

**DALLAS POLICE & FIRE PENSION SYSTEM**  
**Combined Statements of Changes in Fiduciary Net Position**

	<b>Six Months Ended June 30, 2025</b>	<b>Six Months Ended June 30, 2024</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Contributions</b>				
City	\$ 102,285,631	\$ 91,391,540	\$ 10,894,091	12%
Members	37,318,877	33,658,898	3,659,979	11%
<b>Total Contributions</b>	<b>139,604,508</b>	<b>125,050,438</b>	<b>14,554,070</b>	<b>12%</b>
<b>Investment income</b>				
Net appreciation (depreciation) in fair value of investments	127,757,283	86,691,125	41,066,158	47%
Interest and dividends	14,884,539	12,944,222	1,940,317	15%
Total gross investment income	142,641,822	99,635,347	43,006,475	43%
less: investment expense	(3,343,439)	(2,864,528)	(478,911)	17%
<b>Net investment income</b>	<b>139,298,383</b>	<b>96,770,819</b>	<b>42,527,564</b>	<b>44%</b>
Other income	265,247	225,921	39,326	17%
<b>Total additions</b>	<b>279,168,138</b>	<b>222,047,178</b>	<b>57,120,960</b>	<b>26%</b>
<b>Deductions</b>				
Benefits paid to members	173,934,223	172,186,204	1,748,019	1%
Refunds to members	2,108,695	2,652,138	(543,443)	-20%
Legal expense	236,562	159,578	76,984	48%
Legal expense reimbursement	-	-	-	0%
Legal expense, net of reimbursement	236,562	159,578	76,984	48%
Staff Salaries and Benefits	1,982,455	1,894,013	88,442	5%
Professional and administrative expenses	1,606,517	1,415,433	191,084	14%
<b>Total deductions</b>	<b>179,868,452</b>	<b>178,307,366</b>	<b>1,561,086</b>	<b>1%</b>
<b>Net increase (decrease) in net position</b>	<b>99,299,686</b>	<b>43,739,812</b>		
Beginning of period	2,034,273,852	1,954,624,389		
End of period	<u>\$ 2,133,573,538</u>	<u>\$ 1,998,364,201</u>		



## **DISCUSSION SHEET**

### **Supplemental ITEM C**

**Topic:**                      **Public Comment**

**Discussion:**              Comments from the public will be received by the Board.

*Supplemental Board Meeting – Thursday, August 14, 2025*