



April 02, 2023

Dear Members,

In September 2023, AFRF received a Funding Soundness Restoration Plan (FSRP) “At Risk” notification from the Pension Review Board. In response to the FSRP notification, the AFRF Board created the “Pension Funding Working Group” comprised of two trustees, Chief Doug Fowler and John Bass. The Board directed the Working Group to collaborate with the Fund staff and actuary to assess the current financial health of the plan, project any future funding concerns, generate ideas, collaborate with the City of Austin to develop a Voluntary-FSRP, keep the membership apprised of the situation, and solicit member feedback for consideration.

We would like to formally invite you to join us for our third Working Group informational session to provide you with an update on the current financial health of the Fund and the progress made so far. The Working Group has developed broad goals to guide its efforts in the development of the V-FSRP; please see those goals outlined in the document below. At this meeting, we will be happy to answer any of your questions or concerns and receive any input or feedback you would like to share with us.

This session will be held virtually over Zoom on **Friday, April 12th**, from **8:30-10am**. You can access the meeting on **Zoom.us/join** using meeting ID: **947 7546 3774** and passcode: **637894**. There is also a direct link to the meeting available on the AFRF event calendar at AFRFund.org.

To ensure your questions are addressed, we encourage you to **submit your questions in advance of the meeting** using the link provided on the Member Informational Session event page on AFRFund.org.

Thank you and we hope to see you there.

Anumeha Kumar

Executive Director, AFRF

Goals for Pension Funding Working Group Voluntary Funding Soundness Restoration Plan (V-FSRP)

1. **Benefit security:** Ensuring the Fund has sufficient assets to preserve the ability to pay promised benefits; thereby providing our members with a clear path to achieving retirement security. Our members do not participate in Social Security and AFRF benefits are the only source of retirement income that they have.
2. **Benefit adequacy:** Ensuring the Fund delivers an adequate level of benefits to our members, so they have a decent standard of living in retirement.
3. **Cost of Living Adjustment (COLA):** Striving to provide COLAs to provide purchasing power protection to retirees to ensure continued benefit adequacy while acknowledging the potential need for adjustments under exceptional circumstances. The Fund has had a well-developed and articulated COLA policy to self-regulate.
4. **Equitable contribution and benefit arrangement across the three Austin systems:**
In considering pension reform, recognizing that:
 - AFRF has a history of managing the funding health of the plan extremely responsibly. The Fund should be recognized for its good stewardship and not be penalized. In fact, the Fund has a long history of the Board and its active and retired members jointly cooperating to take appropriate action when needed, including increasing member contributions significantly, foregoing COLAs for over a decade, and adopting a responsible COLA policy that has resulted in the discontinuance of COLAs at current funding levels.
 - Unlike the members of the other two systems, AFRF members do not participate in Social Security, and any reforms should consider this key difference.
5. **Actuarially Determined Pension Funding Commitment:** Ensuring that all benefits for current and future members are consistently and adequately funded through an actuarial determination of required City contributions. Any actuarially determined funding for City contributions should include appropriate determination of the portion of the liability that represents the “legacy liability.”
6. **Fund Sustainability:** Continue the almost 50-year history of active and retired members and the plan sponsor sharing in the burden of ensuring Fund sustainability.
7. **Board Composition:** Continued recognition of the stewardship and commitment to the Fund by the membership through maintaining a member-majority board while recognizing the need for significant City representation by allowing the mayoral position to be filled by either the mayor or a mayoral designee.