



## MEMORANDUM

TO: All Members of the Fund Receiving a Monthly Annuity

FROM: Pension Fund Board

DATE: January 26, 2022

SUBJECT: *13<sup>th</sup> Check*

It is our great pleasure to inform you that the Board, at a Regular Board Meeting on January 25, 2022, authorized the payment of a *13<sup>th</sup> Check*. The Fund is requesting that the *13<sup>th</sup> Check* be issued on or about February 11, 2022.

Pursuant to a change in the pension law that became effective on October 1, 1997, the Board has the discretion to grant a *13<sup>th</sup> Check* if the 5-year average actual rate of return exceeds the 5-year actuarial assumed rate of return by 100 basis points (1.0%). Please refer to the following table for these numbers for the past five years:

<u>Fiscal Year</u>	<u>Rates of Return</u> <u>Actuarial Assumption</u>	<u>Actual</u>
2017	7.25%	14.7%
2018	7.25%	-4.0%
2019	7.25%	16.1%
2020	7.25%	12.1%
2021	7.25%	12.1%(estimated)
5 Year Average	7.25%	10.20%

As you can see, the estimated 5-year actual rate of return exceeded the 5-year actuarial assumption by approximately 2.95%, an amount greater than the 1.0% threshold. Based on these facts, the Board made the decision to grant the *13<sup>th</sup> Check* to eligible members.

The *13<sup>th</sup> Check* will be based on your regular pension received in December 2021. For those of you who retired in 2021, the *13<sup>th</sup> Check* will be prorated based on the number of full months you were retired in 2021. These Checks will include a one-time 22% withholding tax deduction; this will not change what your current monthly withholding tax deduction is. No other deductions will be taken from the Checks.

Nevertheless, let us add a word of caution. We quote directly from the Pension Law, "Authorization of a *13<sup>th</sup> check* for any year is subject to the discretion of the Board. Authorization for one year does not obligate the Board to authorize a *13<sup>th</sup> check* for any other year." It would be wonderful if the rates of return in every future year would allow for a *13<sup>th</sup> Check*; however, this is not realistic. There will be some years when actual returns will be lower than assumed returns and there will be no *13<sup>th</sup> Check*. Please consider the *13<sup>th</sup> Check* a "sharing of investment gains in the good years," but do not expect these good years to occur every year.

May this *13<sup>th</sup> Check* be a blessing for each of you!