Police and Fire Pension Analysis

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Background

- There are 130 public pension systems operating in Missouri, 16 Statewide systems and 114 locally administered plans
- The Missouri Local Government Employee Retirement System (LAGERS) is the biggest, serving 861 agencies and 247 cities
- 50 cities in the State administer one or more pension systems
- In addition to University City, 15 other cities have a police and fire pension system
- St. Louis metro area cities, Brentwood, Clayton, Jennings, Ladue and Maplewood had or have such systems

Condition of University City Police and Fire Pension Fund

- The University City Police and Fire Retirement System (UCPFRS) was below 80% funded, 73% and 77% in Fiscal Years 2024 and 2025

- Anything less than 80% funded is considered a warning sign

- For comparison, the non-uniformed pension system is 96.7% funded

- The UCPFRS is experiencing negative cash flow on an annual basis

- On the plus side the market value of assets under management has increased

- The situation is concerning but not critical

UCPFRS Findings

1. The system is viewed as underfunded and structurally outdated
2. Many believe the system needs a structural overhaul / steps to ensure long term solvency
3. Administrative costs are high due to small size of system
4. The City lacks a complete view of retirees' retirement benefits, limiting ability to assess adequacy
5. Turnover is a challenge in fire and especially police and some is linked to uncertainty regarding pension stability
6. Recruitment is negatively impacted by concerns with pension stability
7. Employees lack understanding about the system
8. There is a strong desire for fairness and transparency with any changes
9. Governance and decision making can be painstaking
10. Funding solutions are constrained

University City Police and Fire Pension Competitiveness

1. Generally University City offers a competitive pension program when compared to other cities

2. The City and employees contribute less to the pension system than some other comparable cities

3. Higher turnover in University City may not be due to inferior pension benefits but a perception that the pension system itself is not as strong as in other communities

Outlook for UCPFRS

1. Recent results for UCPFRS have been good with earnings above 8%

2. However with the status of current funding the Plan has not been able to offer an inflation adjustment since 2007

3. With current funding levels the Plan does not appear to be on a trajectory to obtain 80% funding and to be able to offer benefit improvements

4. It is possible the Plan could fall below 70% funded status which would put the Plan on the State "watch list"

5. All this makes it clear that additional funding needs to be directed to funding the Plan to obtain at least 80% funded status

6. The City has already asked for a voter approved tax measure to direct more funding to the Plan, and failed to gain approval

Recommendations for UCPFRS

1. Continue providing discretionary General Fund support of approximately $545,000 annually to UCPFRS

2. Negotiate with police and fire employees to provide a similar level of support annually

3. With recommendations 1 and 2 in place, which will demonstrate a commitment from the City at or beyond what similar cities make, place another ballot measure before voters for police and fire service enhancements and additional pension system support

4. In recognition of support from employees commit to a COLA adjustment study once the funded status reaches 80%

5. Once UCPFRS is stabilized approach LAGERS about transitioning into that system, with a pledge that reduced administrative costs will be channeled into COLA benefits or similar improvements for retired annuitants