



**Fiscal Year 2017  
Municipal Employees Retirement Fund (MERF) Contributions  
- January 11, 2017 -**

**Frequently Asked Questions (FAQ)**

**Q.** Why is the City delaying its contributions to the MERF for the balance of this fiscal year?

**A.** *The City currently expects to face a cash flow challenge in June of this year, as the deficit is projected to exceed available funds. We are exploring short-term solutions to that funding challenge, including short-term borrowing. We fully expect to be successful in managing that year-end cash flow challenge, and we intend to make the full contribution to the MERF by June 30, 2017. However, until we have fully resolved the end-of-year cash flow challenge, we believe that it is necessary to take the additional precaution of setting funds aside.*

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**Q.** Will the City eventually make this fiscal year's full contribution to the MERF?

**A.** *It is the City's intent to make the full contribution to the MERF by June 30, 2017.*

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**Q.** Will retirees continue to receive their pension checks?

**A.** *Yes, retirees will continue to receive their pension checks. There will be no change in the benefits received by retirees based on the timing of the City's contributions MERF.*

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**Q.** Will this delay in making contributions to the MERF impact my retirement benefits?

**A.** *No, retirees' benefits will not change based on the timing of the City's contributions MERF.*

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**Q.** Will retirees' health insurance change?

**A.** *No, there will not be any change to retirees' health insurance based on the timing of the City's contributions MERF.*

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**Q.** How healthy is the MERF? In other words, how well-funded is the MERF?

**A.** *The MERF's estimated liability is just under \$1.4 billion; with assets estimated at \$1.0 billion based on information dated September 9, 2016. This results in the MERF being funded at approximately 76%.*

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**Q.** Will this decision impact my ability to collect retirement benefits when I retire in the future?

**A.** *No. Employees' retirement benefits will not change based on the timing of the City's contributions to the MERF.*

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**Q.** If I am eligible to retire, should I leave now to be sure I can collect my benefits?

**A.** *Employees' retirement benefits will not change in any way based on the timing of the City's contributions to the MERF. If you are eligible to retire, you are entitled to those benefits – even if you remain an active employee.*

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**Q.** What happens if the City is unable to solve the June funding challenge?

**A.** *To the extent necessary, the City may consider using the monies that would otherwise have been contributed to the MERF to meet payroll and its other obligations through June 30, 2017.*

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**Q.** How will this withholding impact the City's unfunded MERF liability?

**A.** *The City's actuaries estimate the total liability and value the assets of the MERF annually. This temporary delay in making contributions will not have a material impact on the City's unfunded MERF liability. For perspective, with an estimated total liability of approximately \$1.4 billion, \$14 million represents approximately 1.0% of total liabilities.*

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**Q.** Does this delay violate the City's Charter?

**A.** *No. The Charter does not require that payments be made on a weekly basis. It has simply been the City's customary practice to do so. We intend to make the pension contribution in full, pending the successful implementation of a solution to the June funding challenge.*

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