



Austin Police Retirement System

UPDATE TO MEMBERSHIP
8/19/2021

RE: PURCHASE COST OF PERMISSIVE SERVICE CREDIT

The Austin Police Retirement System (APRS) has recently re-evaluated the cost to members for purchasing additional years of service credit following a study presented by the actuary at the Board's July meeting. The actuary identified two potential options for the APRS Board's consideration which would increase the purchase cost to mitigate potential adverse impact to the System. The Board of Trustees decided on August 18, 2021, to implement Option 1. It will increase the purchase cost using a risk premium of 6-9% (which varies depending on member age) and will be implemented for any service purchases that are made on or after February 1, 2022.

The full report by the APRS actuary, Gabriel Roeder Smith & Co., is posted on the APRS website under News at: <https://www.ausprs.org/articles/Actuary-Study-of-Permissive-Service-Credit-Purchase>

In addition, please note the following related points:

- State law governing APRS allows the Board of Trustees to provide an opportunity for members to purchase additional service credit, the requirements and details of which are determined by the Board; however, the law requires the member pay the actuarial present value of the enhanced benefit.
- Current purchase rates originally built in a risk premium of 7-10% to guard against any potential adverse experience to the System, but the recent study indicates that risk premium has eroded. Current purchase prices are now less than the actuarial cost to the System of providing the enhanced benefit created by the purchase of additional years of service.