



MUNICIPAL MONEY MATTERS

PHILADELPHIA CITY CONTROLLER CHRISTY BRADY

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City of Philadelphia Employee Pension Fund Update

As we begin 2025, it's worth highlighting the strides Philadelphia has made in securing the financial stability of its Pension Fund, an essential commitment to the City's current and future retirees and a key factor in attracting and retaining talented employees.

The growth can be contributed to the positive investment returns and other measures taken by the Pension Board (Board). In Fiscal Year 2024, the Board delivered an 8.7% return, exceeding the assumed rate of return of 7.35%.

The Pension Fund pays an average of \$72 million per month and approximately \$877 million annually to its current retirees. In Fiscal Year 2024, the City of Philadelphia's contribution to its Pension Fund was \$742.8 million. This amount represented about 12% of the City's General Fund expenditures.

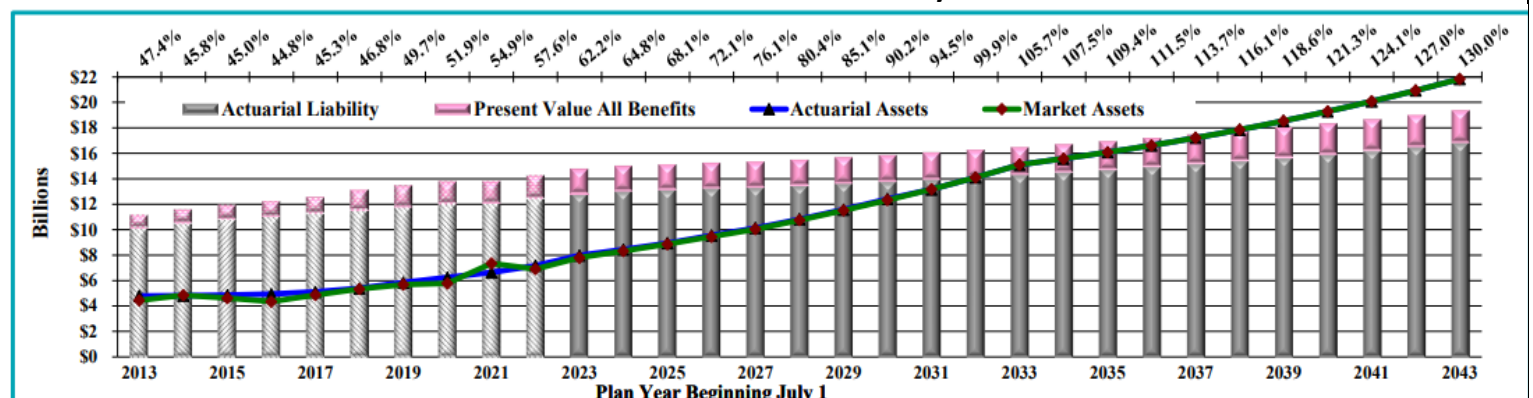
Each year, the Pension Fund receives three sources of anticipated additional revenue:

- A portion of sales tax revenue,
- Additional tiered member contributions based on salary levels for current and future municipal employees, and
- Additional member contributions for current and future members in Plan 87 for Police and Fire.

Since the end of FY 2018, the City, along with the municipal workforce, and the Executive Board and staff of the Pension Board, has implemented reforms to the pension fund, including adopting an alternative funding policy known as the Revenue Recognition Policy (RRP). This policy requires contributions that exceed the Minimum Municipal Obligation (MMO), which is the required contribution in accordance with Act 205 of Pennsylvania Law.

As a result of these reforms, the funding level of the pension fund increased from 49.7% in 2019 to 62.2% at the end of FY 2023. The fund is projected to reach 80% by 2028 and achieve full funding (100%) by 2033.

30 Year Outlook: 100% Funded by 2033



The benefit to citizens is significant: as the funding level rises, the City's required contributions to the pension fund decline, freeing up resources to invest in other initiatives.

Each month Controller Brady looks forward to bringing transparency and accountability of our city, right to you.