

FACT SHEET

Dallas Police and Fire Pension System (DPFP)



Overview

Established in 1916, the DPFP provides retirement, death and disability benefits to Dallas police officers and firefighters. It comprises two defined benefit pension plans: a Regular Plan and a Supplemental Plan (for higher-ranked members). Assets are managed through a Group Master Trust, with expenses allocated in equal portions to each plan. A Board of Trustees oversees operations and investments.

Funding Status as of January 2023

The DPFP is currently funded at 39.1% and has an unfunded liability of \$3.2 billion. The total accrued liability is \$5.3 billion against assets of \$1.8 billion. The City contributes 34.5% of pay plus an additional \$13 million annually, while employees contribute 13.5% of their pay. Under current projections, full funding is expected by 2105.

Future Outlook

Financial strain arose from poor investments managed by the previous Board in high-risk real estate (2005-2009) and issues in the Deferred Retirement Option Program (DROP) in 2016. The 2017 HB 3158 legislation reduced unfunded liability by \$1 billion and improved the funding ratio, also reforming the Board's governance.

Since 2017, the Board implemented over 30 mandates from HB 3158, transitioning to a more stable investment portfolio and lowering the assumed rate of return to 6.5%. An independent actuary will review DPFP's valuation by July 1, 2024, with the Board required to adopt a compliant funding plan.

Future Funding Considerations

A plan, to be approved by November 1, 2024, aims for full funding by 2055, including:

- City contribution increases incrementally starting FY2025 for 3-5 years

- Transition to Actuarially Determined Contributions

- No increase to employee contribution rate and no change to benefits

- City may consider opportunities for lump sum contributions to reduce future annual contributions

- Dallas Ad Hoc Committee on Pensions will develop a funding plan that may incorporate these considerations.

dallas.gov/pensions