

**CITY OF MIAMI BEACH EMPLOYEES' RETIREMENT PLAN**  
ACTUARIAL VALUATION REPORT AS OF OCTOBER 1, 2014

ANNUAL EMPLOYER CONTRIBUTION FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2016





May 4, 2015

Board of Trustees  
City of Miami Beach Employees'  
Retirement Plan  
Miami Beach, Florida

Dear Board Members:

The results of the October 1, 2014 Actuarial Valuation of the City of Miami Beach Employees' Retirement Plan are presented in this report.

This report was prepared at the request of the Board and is intended for use by the Retirement Plan and those designated or approved by the Board. This report may be provided to parties other than the Retirement Plan only in its entirety and only with the permission of the Board.

The purpose of the valuation is to measure the Plan's funding progress, to determine the employer contribution rate for the fiscal year ending September 30, 2016 and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 67 for the fiscal year ending September 30, 2014. This report also includes estimated GASB Statement No. 67 information for the fiscal year ending September 30, 2015.

This report should not be relied on for any purpose other than the purpose described above.

The findings in this report are based on data or other information through September 30, 2014. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such measurements.

The valuation was based upon information furnished by the City concerning Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the City.

This report was prepared using certain assumptions prescribed by the Board as described in Section B.

The undersigned actuaries are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Retirement Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate. In my opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

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**SECTION A**  
**DISCUSSION OF VALUATION RESULTS**

## DISCUSSION OF VALUATION RESULTS

### Comparison of Required Employer Contributions

A comparison of the required employer contribution developed in this and the last actuarial valuation is shown below.

	<u>Required City Contribution</u>			Non-DROP Covered Payroll	Total Covered Payroll
	Amount	% of Non-DROP Payroll	% of Total Payroll		
For FYE 9/30/16 Based on 10/1/14 Valuation	\$ 27,783,852	43.33 %	38.86 %	\$ 64,115,083	\$ 71,501,306
For FYE 9/30/15 Based on 10/1/13 Valuation*	26,317,983	41.43 %	38.67 %	\$ 63,526,903	\$ 68,050,242
Increase (Decrease)	1,465,869	1.90	0.19	588,180	3,451,064

\* Reflecting changes under Ordinance No. 2014-3864.

The contribution has been adjusted for interest on the basis that the employer contribution is made in a single payment on the first day of the fiscal year. The actual employer contribution for the year ending September 30, 2014 was \$25,602,030. The minimum required contribution was \$25,602,030.

### Revisions in Benefits

The displayed results as of October 1, 2013 reflect Ordinance Number 2014-3864 adopted on May 21, 2014. This Ordinance implemented the changes in Plan provisions listed below for members participating in the AFSCME bargaining unit:

- The maximum period for participation in the Deferred Retirement Option Program (DRO) is extended from three to five years for members hired before October 1, 2010 (i.e., Tier A and Tier B members). This extension applies to all active members in Tiers A and B who elect to participate in the DRO in the future as well as current DRO members. The 2.5% COLA is not payable while members are in the DRO.
- The option for members to purchase up to 2-years of credited service is eliminated.

### **Revisions in Actuarial Assumptions and Methods**

The investment return assumption was lowered from 8.00% to 7.85%. This rate will continue to be lowered by 0.15% each year until 7.4% is reached. This change has increased the required employer contribution by approximately \$1.1 million, or 1.73% of non-DROP payroll.

There have been no other changes in assumptions or methods since the prior valuation. We recommend that the mortality assumption be revised to include a margin for mortality improvements after 2010.

### **Actuarial Experience**

There was a net actuarial gain of \$3,236,333 for the year which means actual experience was more favorable than expected. The actuarial gains were primarily due to greater than expected recognized return on investments. The return on the Actuarial Value of Assets was 9.9% and the return on the Market Value of Assets was 11.1%. The actuarial gains were partially offset by 97 members purchasing prior service (up to two years) at a subsidized rate and greater than expected retirements (41 expected vs. 62 actual). As noted above, the provision allowing these service purchases has been eliminated prospectively. The actuarial gain translates into a decrease in the employer contribution equal to 0.45% of non-DROP payroll.

### **Funded Ratio**

The funded ratio this year is 69.2% compared to 68.0% last year (reflecting the changes under Ordinance No. 2014-3864). The funded ratio was 70.3% before the change in assumptions. The funded ratio is equal to the actuarial value of assets divided by the actuarial accrued (past service) liability.

### **Analysis of Change in Employer Contribution**

The components of change in the required employer contribution as a percent of non-DROP payroll are as follows:

Contribution rate last year	41.43 %
Change in assumptions/methods	1.73
Payment on unfunded liability	1.60
Change in employer normal cost rate	(0.94)
Experience gain/loss	(0.45)
Change in administrative expense	<u>(0.04)</u>
Contribution rate this year	43.33 %

### **Variability of Future Contribution Rates**

It is important to keep in mind that under the asset smoothing method, the difference between actual and expected return is recognized over five years. As of September 30, 2014 the market value of assets



exceeded the actuarial value by \$33,896,597. Once all the gains and losses through September 30, 2014 are fully recognized in the actuarial asset values, the contribution rate will decrease by roughly \$3.0 million, or 4.6% of non-DROP payroll unless there are further gains or losses.

Additionally, there are amortization credits of approximately \$500,000 that will expire next year. As a result, the required contribution will increase by this amount in next year's report.

If we were not using an asset smoothing method, the City contribution rate would have been 38.70% and the funded ratio would have been 74.1%.

### **Projections of Required Contributions and Funded Ratio**

The following three pages show the estimated City contributions and funded ratios over the next ten years, and a projection of the unfunded accrued liability and amortization payments over the next thirty years. The projections are based on these assumptions:

- A 7.85% return on market value of assets for 2015 and for each year after.
- Cash flow remains constant
- No future gains or losses other than the recognition of prior investment experience
- 3% payroll growth

The projections reflect the expiration of amortization bases. For example, for the 2015 valuation, the amortization payments will increase by \$506,087. For the 2016 valuation, the amortization payments will decrease by \$1,332,955.

### **Conclusion**

It is important to note that system assets are barely sufficient to cover the liabilities for inactive members. As of October 1, 2014, the assets are \$509.1 million and the liability for current inactive members is \$493.9 million. Additionally, the funded ratio has dropped from over 100% in 2000 to the current level of 69.2%. Some steps have been taken to address these issues, such as strengthening the actuarial assumptions and lowering the investment return rate. Given the low funded ratio, it is advisable to consider further steps, such as a shortening of the amortization period and/or further strengthening of the actuarial assumptions. Any of these steps would result in higher contributions in the short-term for the City. For each additional \$5 million contributed, the funded ratio will increase by 0.73%.

The remainder of this Report includes detailed actuarial valuation results, financial information, miscellaneous information and statistics, and a summary of plan provisions.

## 10-Year Projection of Annual Required Contribution (ARC)

<b>Total ARC</b>		
<b>Current Assumptions</b>		
Fiscal Year	Dollar	
Ending 9/30	Amount	% of Payroll
	(thousands)	
2016	\$ 27,784	43.33 %
2017	27,619	41.82
2018	24,768	36.41
2019	24,003	34.26
2020	23,584	32.68
2021	23,442	31.54
2022	23,329	30.47
2023	23,239	29.47
2024	23,161	28.52
2025	23,104	27.62
2026	23,082	26.79

### Assumptions

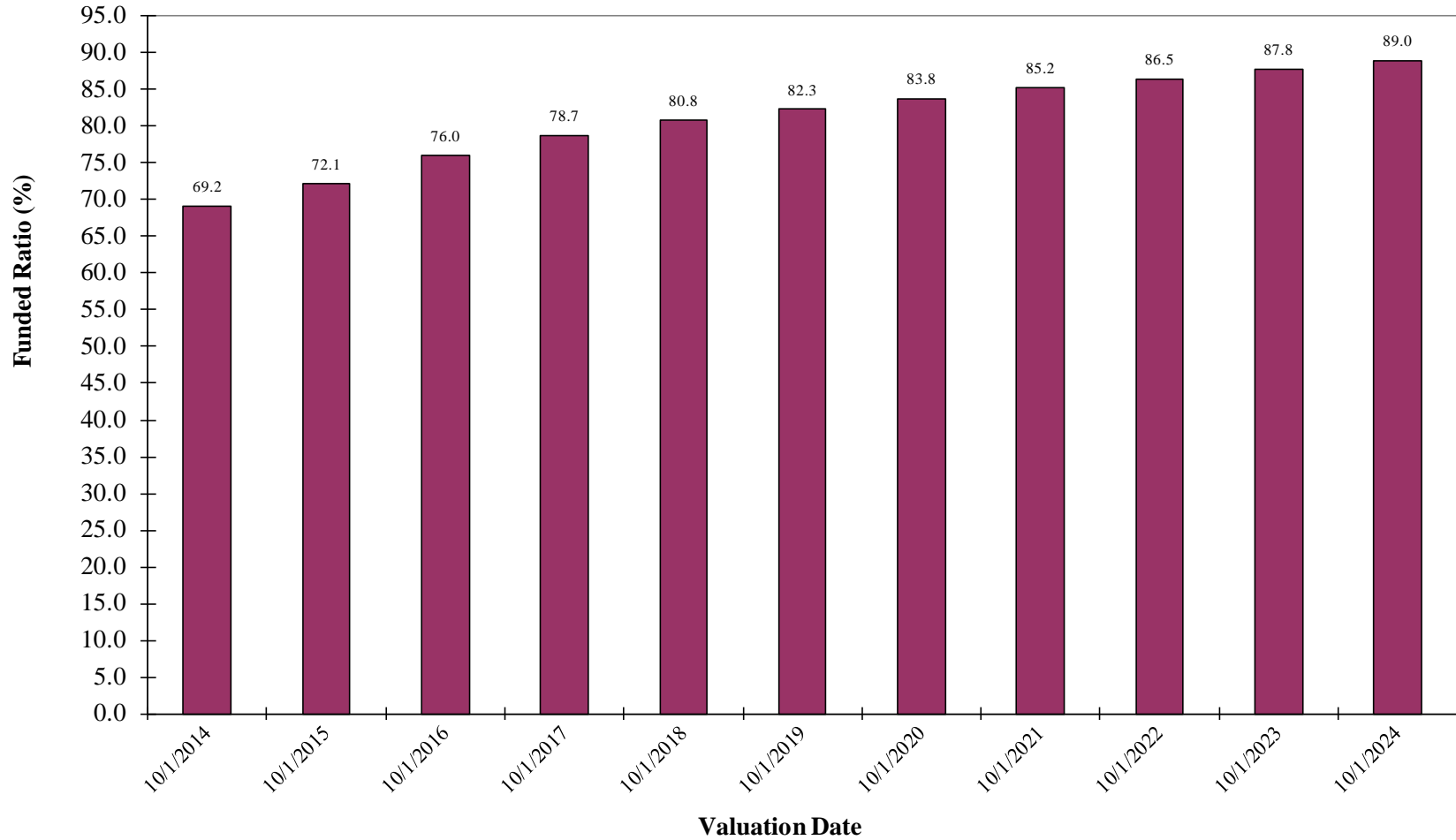
*7.85% investment return assumption (i.e. no phase in of lower rate)*

*No gains or losses other than recognition of prior investment experience*

*Constant cash flow*

*3.0% payroll growth*

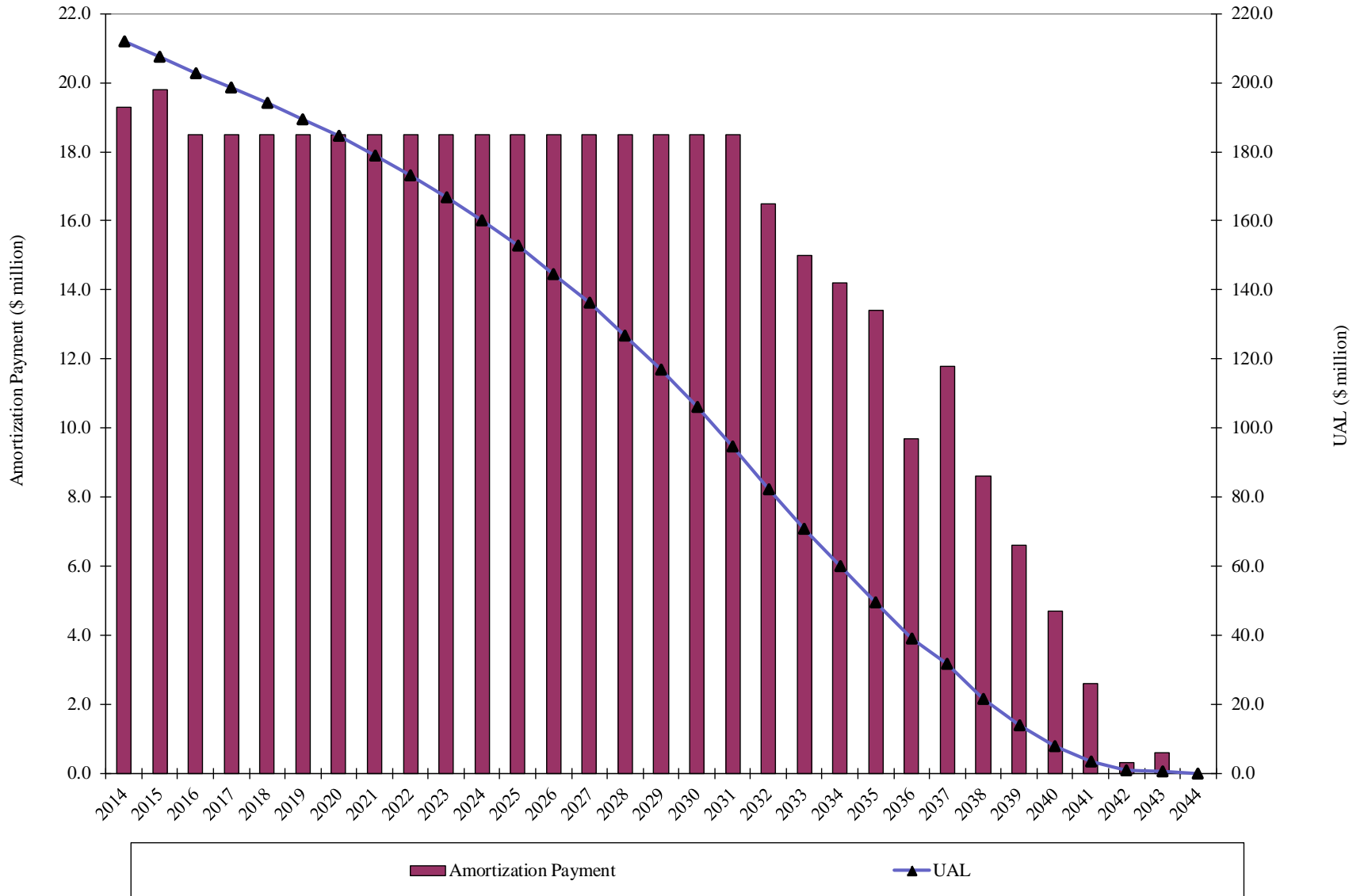
**City of Miami Beach Employees' Retirement Plan  
10-Year Projection of Funded Ratio**



**Assumptions**

- 7.85% investment return assumption (i.e. no phase in of lower rate)
- No gains or losses other than recognition of prior investment experience
- Constant cash flow
- 3.0% payroll growth

**30-Year Projection of Unfunded Actuarial Accrued Liability (UAL) and Amortization Payments  
Reflecting only Current UAL Bases**



**SECTION B**  
**VALUATION RESULTS**

<b>PARTICIPANT DATA</b>		
	<b>October 1, 2014</b>	<b>October 1, 2013</b>
<b>ACTIVE MEMBERS</b>		
Number (Non-DROP)	1,011	1,014
Covered Annual Non-DROP Payroll	\$ 64,115,083	\$ 63,526,903
Average Annual Non-DROP Pay	\$ 63,417	\$ 62,650
Total Covered Annual Payroll	\$ 71,501,306	\$ 68,050,242
Average Total Annual Pay	\$ 64,766	\$ 63,598
Average Age (Non-DROP)	45.0	45.4
Average Past Service (Non-DROP)	10.1	10.3
Average Age at Hire (Non-DROP)	34.9	35.1
<b>DROP PARTICIPANTS</b>		
Number	93	56
Annual Benefits	\$ 4,523,237	2,962,427
Average Annual Benefit	\$ 48,637	52,900
Average Age	60.0	59.1
<b>RETIREES &amp; BENEFICIARIES</b>		
Number	1,025	1,013
Annual Benefits	\$ 36,442,769	\$ 34,891,355
Average Annual Benefit	\$ 35,554	\$ 34,444
Average Age	71.7	71.4
<b>DISABILITY RETIREES</b>		
Number	41	42
Annual Benefits	\$ 1,102,121	\$ 1,094,407
Average Annual Benefit	\$ 26,881	\$ 26,057
Average Age	65.4	64.9
<b>TERMINATED VESTED MEMBERS</b>		
Number	88	69
Annual Benefits	\$ 2,066,666	\$ 1,517,707
Average Annual Benefit	\$ 23,485	\$ 21,996
Average Age	46.0	47.0

ANNUAL REQUIRED CONTRIBUTION (ARC)				
A. Valuation Date	October 1, 2014 <i>After Assumption Change</i>	October 1, 2014 <i>Before Assumption Change</i>	October 1, 2013 <i>After Plan Change</i>	October 1, 2013 <i>Before Plan Change</i>
B. ARC to Be Paid During Fiscal Year Ending	9/30/2016	9/30/2016	9/30/2015	9/30/2015
C. Assumed Date of Employer Contrib.	10/1/2015	10/1/2015	10/1/2014	10/1/2014
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 19,299,055	\$ 18,617,155	\$ 17,766,736	\$ 17,853,423
E. Employer Normal Cost	6,462,514	6,077,076	6,601,767	6,643,410
F. ARC if Paid on the Valuation Date: D+E	25,761,569	24,694,231	24,368,503	24,496,833
G. ARC Adjusted for Frequency of Payments	27,783,852	26,669,769	26,317,983	26,456,580
H. ARC as % of Covered Payroll				
- Non-DROP Payroll	43.33 %	41.60 %	41.43 %	41.65 %
- Total Payroll	38.86 %	37.30 %	38.67 %	38.88 %
I. Expected Covered Payroll				
- Non-DROP Payroll	64,115,083	64,115,083	63,526,903	63,526,903
- Total Payroll	71,501,306	71,501,306	68,050,242	68,050,242

**ACTUARIAL VALUE OF BENEFITS AND ASSETS**

A. Valuation Date	October 1, 2014 <i>After Assumption Change</i>	October 1, 2014 <i>Before Assumption Change</i>	October 1, 2013 <i>After Plan Change</i>	October 1, 2013 <i>Before Plan Change</i>
<b>B. Actuarial Present Value of All Projected Benefits for</b>				
1. Active Members				
a. Service Retirement Benefits	\$ 249,399,311	\$ 242,551,212	\$ 252,457,516	\$ 253,649,365
b. Vesting Benefits	30,545,116	29,517,870	30,551,084	30,551,084
c. Disability Benefits	6,996,610	6,827,049	6,845,667	6,845,667
d. Preretirement Death Benefits	3,648,675	3,556,933	3,776,378	3,776,378
e. Return of Member Contributions	844,353	839,850	635,188	635,188
f. Total	291,434,065	283,292,914	294,265,833	295,457,682
2. Inactive Members				
a. Service Retirees & Beneficiaries	463,081,150	457,073,452	425,701,527	425,868,360
b. Disability Retirees	12,232,025	12,073,275	12,172,805	12,172,805
c. Terminated Vested Members	18,630,104	18,199,425	12,839,377	12,839,377
d. Total	493,943,279	487,346,152	450,713,709	450,880,542
3. Total for All Members	785,377,344	770,639,066	744,979,542	746,338,224
C. Actuarial Accrued (Past Service) Liability (under Entry Age Normal)	687,011,560	676,231,752	648,743,246	649,797,221
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	651,159,799	640,948,571	611,078,480	611,078,480
E. Plan Assets				
1. Market Value	509,100,178	509,100,178	466,773,693	466,773,693
2. Actuarial Value	475,203,581	475,203,581	440,912,751	440,912,751
F. Unfunded Actuarial Accrued Liability: C-E2	211,807,979	201,028,171	207,830,495	208,884,470
G. Actuarial Present Value of Projected Covered Payroll	551,518,628	546,783,453	525,429,135	525,429,135
H. Actuarial Present Value of Projected Member Contributions	51,703,177	51,296,760	49,629,625	49,629,625
I. Accumulated Contributions of Active Members	61,646,599	61,646,599	63,736,469	63,736,469



**CALCULATION OF EMPLOYER NORMAL COST**

A. Valuation Date	October 1, 2014 <i>After Assumption Change</i>	October 1, 2014 <i>Before Assumption Change</i>	October 1, 2013 <i>After Plan Change</i>	October 1, 2013 <i>Before Plan Change</i>
<b>B. Normal Cost for</b>				
1. Service Retirement Benefits	\$ 9,184,638	\$ 8,884,401	\$ 9,284,851	\$ 9,326,494
2. Vesting Benefits	1,998,514	1,928,826	1,982,098	1,982,098
3. Disability Benefits	525,002	514,019	518,942	518,942
4. Preretirement Death Benefits	250,098	244,165	259,043	259,043
5. Return of Member Contributions	222,597	224,000	220,218	220,218
6. Total for Future Benefits	12,180,849	11,795,411	12,265,152	12,306,795
7. Assumed Amount for Administrative Expenses	681,181	681,181	699,982	699,982
8. Total Normal Cost	12,862,030	12,476,592	12,965,134	13,006,777
% of Covered Payroll				
- Non-DROP Payroll	20.06 %	19.46 %	20.41 %	20.47 %
- Total Payroll	17.99 %	17.45 %	19.05 %	19.11 %
<b>C. Expected Member Contribution</b>				
% of Covered Payroll				
- Non-DROP Payroll	9.98 %	9.98 %	10.02 %	10.02 %
- Total Payroll	8.95 %	8.95 %	9.35 %	9.35 %
<b>D. Employer Normal Cost: B8-C</b>				
% of Covered Payroll				
- Non-DROP Payroll	10.08 %	9.48 %	10.39 %	10.46 %
- Total Payroll	9.04 %	8.50 %	9.70 %	9.76 %

**LIQUIDATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY**

<b>A. Derivation of the Current UAAL</b>	
1. Last Year's UAAL	\$ 207,830,495
2. Employer Normal Cost for Contribution Year	6,905,335
3. Last Year's Contributions	25,602,030
4. Interest at the Assumed Rate on:	
a. 1 and 2 for one year	17,178,866
b. 3 from dates paid	<u>2,048,162</u>
c. a - b	15,130,704
5. This Year's Expected UAAL Prior to Revision: 1 + 2 - 3 + 4c	204,264,504
6. Change in UAAL Due to Plan Amendments and/or Changes in Actuarial Assumptions	10,779,808
7. This Year's Expected UAAL After Revisions: 5 + 6	215,044,312
8. This Year's Actual UAAL After Revisions	211,807,979
9. This Year's Gain (Loss): 7 - 8	3,236,333
10. Gain (Loss) Due to Investments	8,382,806
11. Gain (Loss) Due to Other Causes	(5,146,473)

<b>B. UAAL Amortization Period and Payments</b>							
<b>Original UAAL</b>				<b>Current UAAL</b>			
<b>Date Established</b>	<b>Source</b>	<b>Amortization Period (Years)</b>	<b>Amount</b>	<b>Years Remaining</b>	<b>Amount</b>	<b>Payment</b>	
						<b>After Assumption Change</b>	<b>Before Assumption Change</b>
10/1/00	(Gain) Loss	15	\$ (1,184,364)	1	\$ (130,946)	\$ (130,946)	\$ (130,946)
10/1/01	(Gain) Loss	15	4,182,294	2	848,310	440,174	440,469
10/1/01	Plan Change	15	8,482,719	2	1,720,579	892,781	893,378
10/1/02	(Gain) Loss	30	24,017,296	18	19,972,542	1,955,481	1,973,252
10/1/03	(Gain) Loss	30	16,972,622	19	15,789,379	1,508,029	1,522,325
10/1/04	(Gain) Loss	30	9,682,048	20	8,856,404	827,074	835,226
10/1/05	(Gain) Loss and Assum. Change*	30	9,377,578	21	8,377,990	766,603	774,439
10/1/06	(Gain) Loss	30	11,796,972	22	10,600,739	952,169	962,234
10/1/06	(Gain) Loss	30	34,747,408	22	31,223,968	2,804,567	2,834,213
10/1/07	(Gain) Loss	30	(14,036,710)	23	(12,804,964)	(1,130,890)	(1,143,224)
10/1/07	Assum. and Method Change**	30	(12,143,754)	23	(11,078,119)	(978,381)	(989,052)
10/1/08	(Gain) Loss	30	29,844,325	24	28,917,536	2,514,840	2,543,082
10/1/08	Assum. Change	30	8,228,994	24	7,973,449	693,418	701,205
10/1/09	(Gain) Loss	30	28,291,986	25	27,374,625	2,347,375	2,374,464
10/1/09	Assum. Change	30	8,975,372	25	8,684,348	744,683	753,277
10/1/09	Assum. Change	30	(7,968,884)	25	(7,710,494)	(661,175)	(668,805)
10/1/09	Plan Change	30	(6,161,412)	25	(5,961,631)	(511,210)	(517,110)
10/1/09	***	6	(1,126,404)	1	(375,141)	(375,141)	(375,141)
10/1/10	(Gain) Loss	30	15,123,488	26	15,088,223	1,277,257	1,292,378
10/1/10	Assum. Change	30	8,061,915	26	8,043,116	680,871	688,931
10/1/11	(Gain) Loss	30	22,163,141	27	22,143,344	1,852,509	1,874,969
10/1/11	Assum. Change	30	1,658,668	27	1,657,186	138,640	140,321
10/1/12	****	29	869,791	27	858,948	71,859	72,731
10/1/12	(Gain) Loss	30	23,859,099	28	23,601,184	1,953,233	1,977,449
10/1/12	Assum. Change	30	10,160,600	28	10,050,765	831,801	842,114
10/1/12	Plan Change	30	(5,160,035)	28	(5,104,256)	(422,428)	(427,665)
10/1/13	(Gain) Loss	30	(3,358,961)	29	(3,313,020)	(271,478)	(274,915)
10/1/13	Plan Change	30	(1,053,975)	29	(1,039,560)	(85,184)	(86,263)
10/1/14	(Gain) Loss	30	(3,236,333)	30	(3,236,333)	(262,788)	(266,181)
10/1/14	Assum. Change	30	10,779,808	30	10,779,808	875,312	N/A
			231,845,292		211,807,979	19,299,055	18,617,155

\* Loss of 7,060,041 plus assumption change of 2,317,537.

\*\* Assumption change of 5,311,398 plus method change of (17,455,152).

\*\*\* Credit Base established to reflect receivables from Excess Plan

\*\*\*\* Charge Base established to reflect excess contribution for fiscal year ending 9/30/11 that was included in assets. This base is established as of 10/1/12.

**C. Amortization Schedule**

The UAAL is being liquidated as a level dollar amount over the number of years remaining in the amortization period. The expected amortization schedule is as follows:

<b>Amortization Schedule</b>	
<b>Year</b>	<b>Expected UAAL</b>
2014	\$ 211,807,979
2015	207,620,854
2016	202,559,245
2017	198,537,892
2018	194,200,863
2019	189,523,377
2024	160,016,711
2029	116,961,980
2034	60,148,488
2039	13,888,189
2044	-

### ACTUARIAL GAINS AND LOSSES

The assumptions used to anticipate mortality, employment turnover, investment income, expenses, salary increases, and other factors have been based on long range trends and expectations. Actual experience can vary from these expectations. The variance is measured by the gain and loss for the period involved. If significant long term experience reveals consistent deviation from what has been expected and that deviation is expected to continue, the assumptions should be modified.

Net actuarial gains in previous years are as follows:

Year Ended	Gain (Loss)
9/30/1990	\$ (9,106,524)
9/30/1991	2,727,904
9/30/1992	4,954,823
9/30/1993	5,370,894
9/30/1994	(1,696,061)
9/30/1995	6,661,918
9/30/1996	7,568,621
9/30/1997	13,539,264
9/30/1998	6,894,790
9/30/1999	16,168,137
9/30/2000	6,540,306
9/30/2001	(6,572,791)
9/30/2002	(32,586,068)
9/30/2003	(18,414,901)
9/30/2004	(9,682,048)
9/30/2005	(7,060,041)
9/30/2006	(11,796,971)
9/30/2007	14,036,710
9/30/2008	(29,844,325)
9/30/2009	(28,291,986)
9/30/2010	(15,123,488)
9/30/2011	(22,163,141)
9/30/2012	(23,859,099)
9/30/2013	3,358,961
9/30/2014	3,236,333

**HISTORY OF INVESTMENT RETURNS AND SALARY INCREASES**

The fund earnings and salary increase assumptions have considerable impact on the cost of the Plan so it is important that they are consistent with the actual experience. The following table shows the actual fund earnings and salary increase rates compared to the assumed rates for the last several years:

Year Ending	General Plan				Unclassified Plan			
	Investment Return		Salary Increases		Investment Return		Salary Increases	
	Actual	Assumed	Actual	Assumed	Actual	Assumed	Actual	Assumed
9/30/1989	11.6 %	8.0 %	1.9 %	6.0 %	14.6 %	8.0 %	3.2 %	6.0 %
9/30/1990	7.3	8.5	7.5	6.0	(2.3)	8.0	12.3	6.0
9/30/1991	8.1	8.5	3.0	6.0	21.6	8.5	3.4	6.0
9/30/1992	13.7	8.5	2.0 *	6.0	5.8	9.0	2.4	6.0
9/30/1993	11.4	8.5	3.1	6.0	14.1	9.0	6.3	6.0
9/30/1994	6.8	8.5	3.9	6.0	4.8	9.0	6.0	6.0
9/30/1995	11.4	8.5	8.8	6.0	24.1	9.0	7.6	6.0
9/30/1996	15.3	8.5	4.2	6.0	13.9	9.0	8.6	6.0
9/30/1997	13.8	8.5	6.0	6.0	19.1	9.0	7.4	6.0
9/30/1998	12.5	8.5	5.0	6.0	4.3	9.0	4.1	6.0
9/30/1999	14.4	8.5	7.3	6.0	18.8	9.0	7.1	6.0
9/30/2000	10.7	8.5	6.7	6.0	16.5	9.0	6.7	6.0
9/30/2001	7.2	8.5	9.3	6.0	9.7	9.0	7.0	6.0
9/30/2002	0.3	8.5	8.9	6.0	1.7	9.0	9.2	6.0
9/30/2003	4.3	8.5	8.1	6.0	4.6	9.0	7.5	6.0
9/30/2004	4.1	8.5	3.1	6.0	9.7	9.0	5.7	6.0
9/30/2005	4.4	8.5	4.7	6.0	10.7	9.0	6.8	6.0
9/30/2006	7.7	8.5	11.9	6.0	10.2	8.75	7.9	6.0
9/30/2007 **	12.0	8.75	(3.6)	6.0	NA	NA	NA	NA
9/30/2008 **	5.2	8.65	11.3	6.0	NA	NA	NA	NA
9/30/2009 **	1.1	8.50	4.8	6.0	NA	NA	NA	NA
9/30/2010 **	5.0	8.35	2.5	6.0	NA	NA	NA	NA
9/30/2011 **	1.1	8.25	0.8	6.8	NA	NA	NA	NA
9/30/2012 **	2.1	8.15	1.7	5.7	NA	NA	NA	NA
9/30/2013 **	7.4	8.00	2.3	5.6	NA	NA	NA	NA
9/30/2014 **	9.9	8.00	3.6	5.6	NA	NA	NA	NA
Averages	7.9 %	---	4.9 %	---	11.0 %	---	6.6 %	---

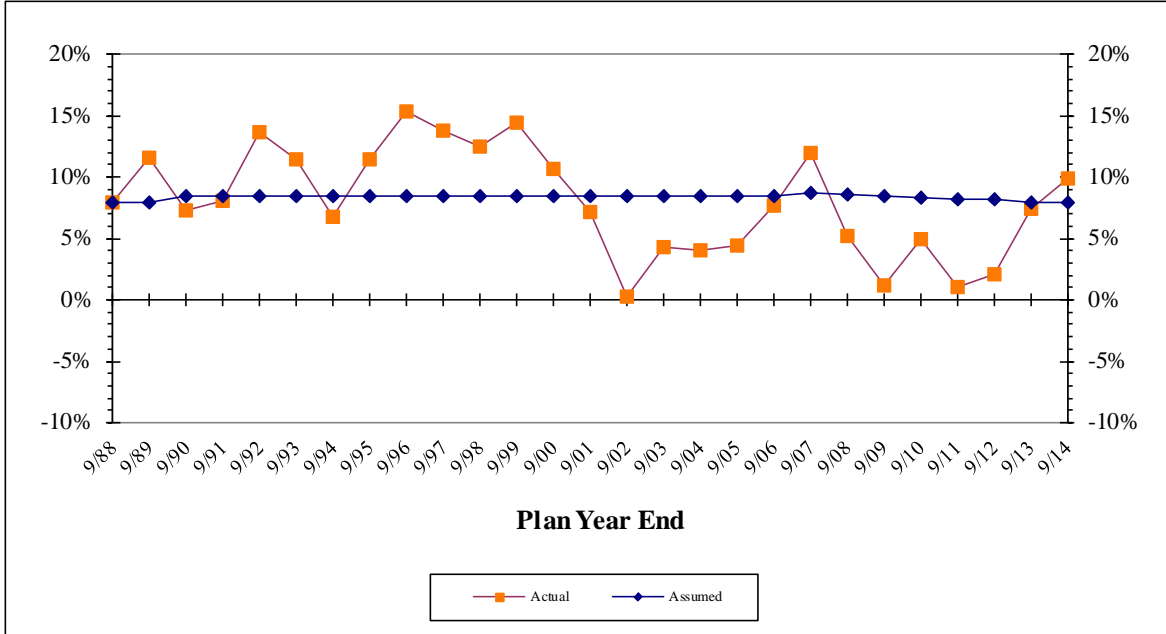
\* Approximate rate

\*\* Represents salary increases and investment return for the total group

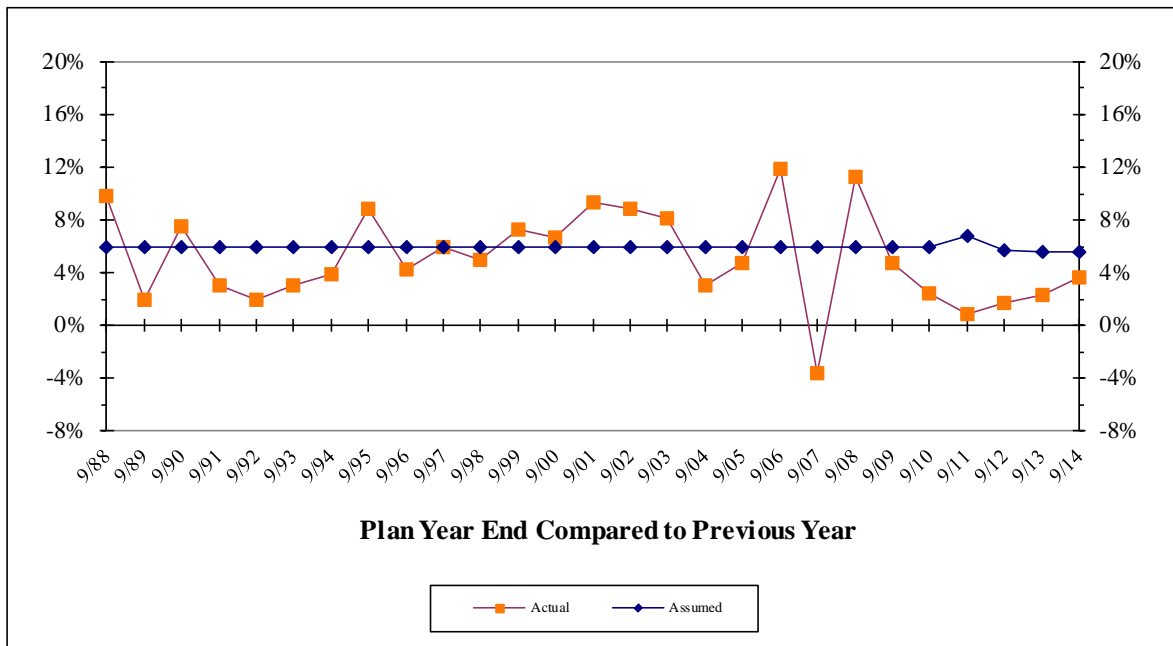
Note: Figures before 1992 were taken from Reports of Buck Consultants.

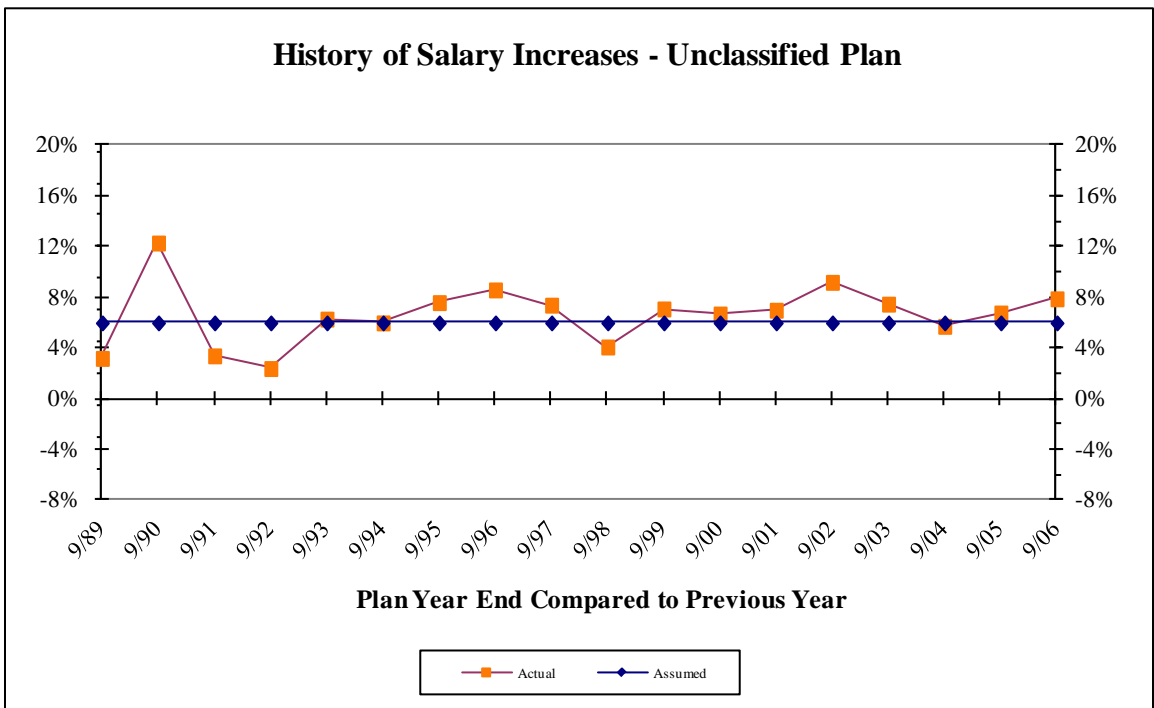
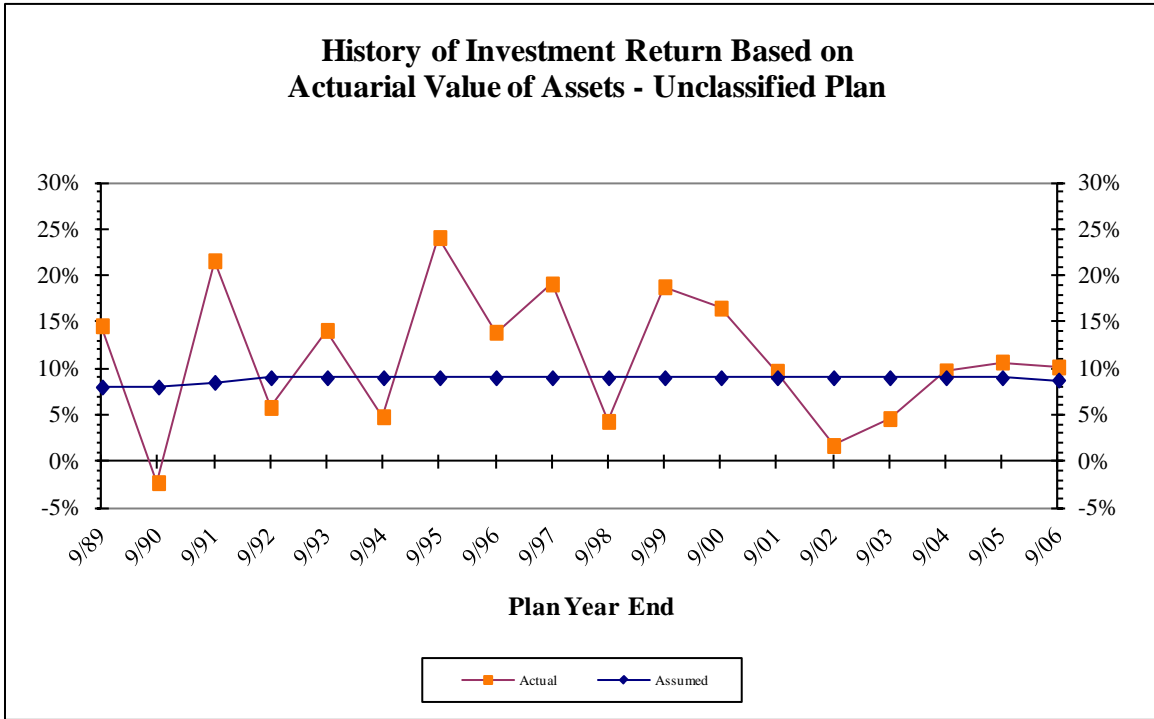
The actual investment return rates shown above are based on the actuarial value of assets. The actual salary increase rates shown above are the increases received by those active members who were included in the actuarial valuation both at the beginning and the end of each period. The exhibits that follow illustrate the table above in graphic form.

**History of Investment Return Based  
on Actuarial Value of Assets – General Plan  
and Combined Plan after 2006**



**History of Salary Increases – General Plan  
and Combined Plan after 2006**







<b>Actual (A) Compared to Expected (E) Decrements Among Active Employees</b>													
<b>Year Ended</b>	<b>Number Added During Year</b>		<b>Service &amp; DROP Retirement</b>		<b>Disability Retirement</b>		<b>Death</b>		<b>Terminations</b>				<b>Active Members End of Year</b>
	<b>A</b>	<b>E</b>	<b>A</b>	<b>E</b>	<b>A</b>	<b>E</b>	<b>A</b>	<b>E</b>	<b>Vested</b>	<b>Other</b>	<b>Totals</b>		
									<b>A</b>	<b>A</b>	<b>A</b>	<b>E</b>	
9/30/2003	109	46	20	40	0	3	2	1	15	9	24	33	<b>714</b>
9/30/2004	65	54	24	37	2	3	1	1	18	9	27	35	<b>725</b>
9/30/2005	73	62	16	43	2	3	2	1	23	19	42	37	<b>736</b>
9/30/2006 *	357	75	40	40	0	3	1	1	21	13	34	37	<b>1018</b>
9/30/2007	149	106	40	86	2	3	1	2	17	46	63	49	<b>1061</b>
9/30/2008	182	85	29	92	1	3	1	2	24	30	54	61	<b>1158</b>
9/30/2009	78	29	55	123	2	3	1	2	12	12	24	64	<b>1154</b>
9/30/2010	35	72	31	114	0	3	1	2	10	30	40	69	<b>1117</b>
9/30/2011	37	82	27	38	3	1	3	2	9	40	49	43	<b>1072</b>
9/30/2012	60	83	41	46	2	1	1	2	16	23	39	39	<b>1049</b>
9/30/2013	52	87	37	45	2	1	1	2	21	26	47	38	<b>1014</b>
9/30/2014	113	116	62	41	0	1	1	2	34	19	53	37	<b>1011</b>
9/30/2015				30		1		1				42	
12 Yr Totals **	1310	897	422	745	16	28	16	20	220	276	496	542	

\* Includes 401a transfers

\*\* Totals are through current Plan Year only

RECENT HISTORY OF REQUIRED AND ACTUAL CONTRIBUTIONS						
Valuation Date	End of Year To Which Valuation Applies	Required Employer Contribution		Actual Employer Contribution	Expected Employee Contribution	
		Amount	% of Payroll <sup>1</sup>	Amount	Amount	% of Payroll
10/1/92	9/30/94	\$ 3,004,556	13.59 %	\$ 3,004,556	2,210,760	10.00 %
10/1/93	9/30/95	2,809,509	13.32	2,809,509	2,109,411	10.00
10/1/94	9/30/96	4,151,807	18.92	4,151,807	2,194,453	10.00
10/1/95	9/30/97	3,982,477	16.97	3,982,477	2,346,131	10.00
10/1/96	9/30/98	3,091,359	12.29	3,091,359	2,514,836	10.00
10/1/97	9/30/99	1,293,920	4.99	1,293,920	2,593,998	10.00
10/1/98	9/30/00	666,897	2.66	666,897	2,507,033	10.00
10/1/99	9/30/01	-	-	-	2,541,861	10.00
10/1/00	9/30/02	-	-	-	2,588,940	10.00
10/1/01	9/30/03	-	-	-	2,766,409	10.00
10/1/02	9/30/04	2,476,702	8.16	2,476,702	3,035,064	10.00
10/1/03	9/30/05	5,082,595	14.74	5,082,595	3,448,863	10.00
10/1/04	9/30/06	5,500,329	15.89	5,500,329	3,461,920	10.00
10/1/05	9/30/07	12,234,519 *	23.11	13,053,231	4,550,013 *	8.59
10/1/06	9/30/08	13,911,545	24.24	13,911,545	4,901,855	8.54
10/1/07	9/30/09	12,863,823	21.57	12,863,823	4,987,739	8.36
10/1/08	9/30/10	17,137,394	25.20	17,137,394	5,627,519	8.27
10/1/09	9/30/11	14,474,678	20.65	14,474,678	7,146,837	10.20
10/1/10	9/30/12	17,583,191	25.54	17,583,191 **	6,995,774	10.16
10/1/11	9/30/13	21,222,051	31.99	21,222,051	6,613,338	9.97
10/1/12	9/30/14	25,602,030 ***	39.36	25,602,030	6,504,355 ***	10.00
10/1/13	9/30/15	26,317,983	41.43	NA	6,363,367	10.02
10/1/14	9/30/16	27,783,852	43.33	NA	6,399,516	9.98
Average % of Payroll			18.17 %			9.74 %

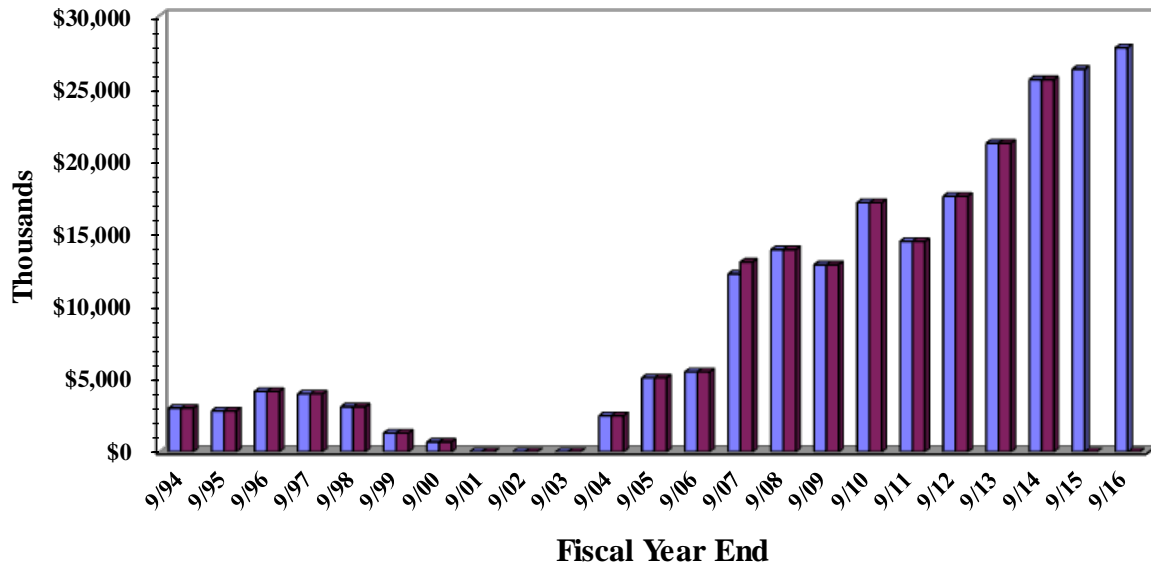
\* From February 28, 2006 Actuarial Impact Statement.

\*\* Reflects use of \$1,271,123 prepaid contribution

\*\*\* From September 6, 2013 Actuarial Impact Statement.

<sup>(1)</sup> Non-DROP Payroll

**Recent History of Required and Actual Contributions  
Total**



Required Contribution      Actual Contribution

## RECENT HISTORY OF UAAL AND FUNDED RATIO

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) - Entry Age (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b - a) / c
10/1/1993	\$ 185,721,855	\$ 187,130,465	\$ 1,408,610	99.2 %	\$ 21,094,111	6.7 %
10/1/1994	188,997,087	202,078,377	13,081,290	93.5	21,944,531	59.6
10/1/1995	208,877,297	213,844,465	4,967,168	97.7	23,461,309	21.2
10/1/1996	226,633,680	222,221,064	(4,412,616)	102.0	25,148,361	(17.5)
10/1/1997	251,171,973	232,871,332	(18,300,641)	107.9	25,939,981	(70.5)
10/1/1998	266,716,007	240,760,472	(25,955,535)	110.8	25,070,334	(103.5)
10/1/1999	305,344,213	263,462,059	(41,882,154)	115.9	25,418,614	(164.8)
10/1/2000	326,816,322	277,933,325	(48,882,997)	117.6	25,889,403	(188.8)
10/1/2001	336,024,366	292,748,088	(43,276,278)	114.8	27,664,085	(156.4)
10/1/2002	322,181,146	319,831,292	(2,349,854)	100.7	30,350,644	(7.7)
10/1/2003	320,053,468	338,904,200	18,850,732	94.4	34,488,630	54.7
10/1/2004	320,735,755	352,105,058	31,369,303	91.1	34,619,199	90.6
10/1/2005	325,727,087	368,096,409	42,369,322	88.5	36,680,110	115.5
10/1/2006	358,458,949	448,933,278	90,474,329	79.8	57,390,894	157.6
10/1/2007	412,824,235	478,067,829	65,243,594	86.4	59,632,425	109.4
10/1/2008	425,714,565	526,481,586	100,767,021	80.9	68,009,550	148.2
10/1/2009	420,520,122	545,536,965	125,016,843	77.1	70,097,549	178.3
10/1/2010	431,479,305	580,246,165	148,766,860	74.4	68,844,264	216.1
10/1/2011	425,781,050	602,577,503	176,796,453	70.7	66,346,904	266.5
10/1/2012	421,376,041	632,203,739	210,827,698	66.7	65,053,945	324.1
10/1/2013 (b)	440,912,751	649,797,221	208,884,470	67.9	63,526,903	328.8
10/1/2013 (a)	440,912,751	648,743,246	207,830,495	68.0	63,526,903	327.2
10/1/2014 (b)	475,203,581	676,231,752	201,028,171	70.3	64,115,083	313.5
10/1/2014 (a)	475,203,581	687,011,560	211,807,979	69.2	64,115,083	330.4

(a) After Changes

(b) Before Changes

## **ACTUARIAL ASSUMPTIONS AND COST METHOD**

### **Valuation Methods**

**Actuarial Cost Method** - Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

- (i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gains/(losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

**Financing of Unfunded Actuarial Accrued Liabilities** - Unfunded Actuarial Accrued Liabilities (full funding credit if assets exceed liabilities) were amortized by level (principal & interest combined) dollar contributions over a reasonable period of future years.

**Actuarial Value of Assets** - The Actuarial Value of Assets phase in the difference between the expected actuarial value and actual market value of assets at the rate of 20% per year. The Actuarial Value of Assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the Market Value of plan assets and whose upper limit is 120% of the Market Value of plan assets. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than assumed rate, Actuarial Value of Assets will tend to be greater than Market Value.

### **Valuation Assumptions**

*The actuarial assumptions used* in the valuation are shown in this Section.

#### **Economic Assumptions**

**The investment return rate** assumed in the valuation is 7.85% per year, compounded annually (net after investment expenses). The reduction in the assumed investment return rate from 8.00% to 7.40% is being phased-in over a four-year period starting October 1, 2014.

The **Wage Inflation Rate** assumed in this valuation was 3.00% per year. The Wage Inflation Rate is defined to be the portion of total pay increases for an individual that are due to macroeconomic forces including productivity, price inflation, and labor market conditions. The wage inflation rate does not include pay changes related to individual merit and seniority effects.

The assumed **real rate of return** over wage inflation is defined to be the portion of total investment return that is more than the assumed wage inflation rate. Considering other economic assumptions, the 7.85% investment return rate translates to an assumed real rate of return over wage inflation of 4.85%.

**Rates of salary increases** used are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefits will be based.

Years of Service	% Increase in Salary		
	Merit and Seniority	Base (Economic)	Total Increase
1	4.0%	3.0%	7.0%
2	3.9%	3.0%	6.9%
3	3.8%	3.0%	6.8%
4	3.7%	3.0%	6.7%
5	3.6%	3.0%	6.6%
6	3.5%	3.0%	6.5%
7	3.0%	3.0%	6.0%
8	2.9%	3.0%	5.9%
9	2.8%	3.0%	5.8%
10	2.7%	3.0%	5.7%
11	2.6%	3.0%	5.6%
12	2.5%	3.0%	5.5%
13	2.4%	3.0%	5.4%
14	2.3%	3.0%	5.3%
15	2.2%	3.0%	5.2%
16	2.1%	3.0%	5.1%
17	2.0%	3.0%	5.0%
18	1.9%	3.0%	4.9%
19	1.8%	3.0%	4.8%
20	1.7%	3.0%	4.7%
21+	1.5%	3.0%	4.5%

#### Demographic Assumptions

*The mortality table* was the RP-2000 Combined Healthy Participant Mortality Tables for males and females projected to the year 2010 using Scale AA. There is no provision for future mortality improvements after 2010. As noted in the Discussion of Valuation Results, we recommend that the mortality assumption be revised to include a margin for mortality improvements after 2010. Sample values of the current life expectancies are shown below.

This assumption is used to measure the probabilities of each benefit being made after retirement. For active members, the probabilities of dying before retirement were based upon the same mortality table as members dying after retirement (25% of deaths are assumed to be service-connected).

#### Current Mortality Assumption

Sample Attained Ages	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.18 %	0.14 %	31.85	34.16
55	0.30	0.25	27.17	29.44
60	0.57	0.48	22.66	24.89
65	1.11	0.92	18.44	20.61
70	1.91	1.59	14.60	16.69
75	3.29	2.59	11.12	13.15
80	5.82	4.28	8.13	10.00

*The rates of retirement* used to measure the probability of eligible members retiring during the next year are shown in the table below.

<b>Normal Retirement Rates</b>		
<b>Years of Service</b>	<b>Age</b>	<b>Assumed Rate of Retirement</b>
5-9	50-54	5.0 %
	55-59	5.0
	60-64	10.0
	65-69	20.0
	70+	100.0
10-14	50-54	5.0
	55-59	5.0
	60-64	10.0
	65-69	10.0
	70+	100.0
15-19	50-54	15.0
	55-59	15.0
	60-64	20.0
	65-69	25.0
	70+	100.0
20-24	50-54	25.0
	55-59	25.0
	60-64	35.0
	65-69	50.0
	70+	100.0
25-29	50-54	70.0
	55-59	40.0
	60-64	50.0
	65-69	50.0
	70+	100.0
30+	50-54	100.0
	55-59	100.0
	60-64	100.0
	65-69	100.0
	70+	100.0

The rate of retirement is 5% for each year of eligibility for early retirement.

*Rates of separation from active membership* were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

<b>Sample Ages</b>	<b>Years of Service</b>	<b>% of Active Members Separating Within Next Year</b>
ALL	0	9.80 %
	1	7.70
	2	6.20
	3	5.00
	4	4.00
20	5 & Over	7.00
25		6.64
30		6.16
35		5.28
40		4.20
45		3.44
50		2.84
55		2.60

*Rates of disability* among active members are shown in the table below (50% of disabilities are assumed to be service connected).

<b>Sample Ages</b>	<b>% Becoming Disabled Within Next Year</b>
25	0.03 %
30	0.03
35	0.05
40	0.07
45	0.11
50	0.17
55	0.23
60	0.37
65	0.56

### *Changes Since Previous Valuation*

The investment return assumption was lowered from 8.00% to 7.85%. This rate will continue to be lowered by 0.15% each year until 7.4% is reached.



### Miscellaneous and Technical Assumptions

<i>Administrative &amp; Investment Expenses</i>	The investment return assumption is intended to be the return net of investment expenses. Annual administrative expenses are assumed to be the average of non-investment related expenses averaged over the last two years. Assumed administrative expenses are added to the Normal Cost.
<i>Benefit Service</i>	Service rounded to the nearest month is used to determine the amount of benefit payable.
<i>Decrement Operation</i>	Disability and mortality decrements operate during retirement eligibility.
<i>Decrement Timing</i>	Decrement of all types are assumed to occur at the beginning of the year.
<i>Eligibility Testing</i>	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
<i>Forfeitures</i>	For vested separations from service, it is assumed that 0% of members separating will withdraw their contributions and forfeit an employer financed benefit. It was further assumed that the liability at termination is the greater of the vested deferred benefit (if any) or the member's accumulated contributions.
<i>Incidence of Contributions</i>	Employer contributions are assumed to be made in full on the first day of the fiscal year. Member contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.
<i>Marriage Assumption</i>	85% of males and 85% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
<i>Normal Form of Benefit</i>	50% joint and survivor annuity; life annuity for members hired after September 30, 2010.
<i>Pay Increase Timing</i>	Middle of fiscal year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
<i>Cost of Living Increase</i>	2.5% per year for Tier A and Tier B members; 1.5% per year for Tier C members. Increases are assumed to begin 4 years after retirement. This assumption reflects the COLA delay for DROP members.
<i>Maximum Benefits</i>	Benefits calculated for valuation purposes are limited to the maximum allowable benefits under Section 415 of the Internal Revenue Code.

## GLOSSARY

<b><i>Actuarial Accrued Liability (AAL)</i></b>	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
<b><i>Actuarial Assumptions</i></b>	Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members; and other items.
<b><i>Actuarial Cost Method</i></b>	A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of Future Normal Costs and the Actuarial Accrued Liability.
<b><i>Actuarial Equivalent</i></b>	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
<b><i>Actuarial Present Value (APV)</i></b>	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
<b><i>Actuarial Present Value of Future Benefits (APVFB)</i></b>	The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits, and inactive, nonretired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
<b><i>Actuarial Valuation</i></b>	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB No. 67.
<b><i>Actuarial Value of Assets</i></b>	The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially required contribution (ARC).

<b><i>Amortization Method</i></b>	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.
<b><i>Amortization Payment</i></b>	That portion of the plan contribution or ARC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
<b><i>Amortization Period</i></b>	The period used in calculating the Amortization Payment.
<b><i>Annual Required Contribution (ARC)</i></b>	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation. The ARC consists of the Employer Normal Cost and Amortization Payment.
<b><i>Closed Amortization Period</i></b>	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.
<b><i>Employer Normal Cost</i></b>	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
<b><i>Equivalent Single Amortization Period</i></b>	For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.
<b><i>Experience Gain/Loss</i></b>	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.

<b><i>Funded Ratio</i></b>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.
<b><i>GASB</i></b>	Governmental Accounting Standards Board.
<b><i>GASB No. 67 and GASB No. 27</i></b>	These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 27 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 67 sets the rules for the systems themselves.
<b><i>Normal Cost</i></b>	The annual cost assigned, under the Actuarial Cost Method, to the current plan year.
<b><i>Open Amortization Period</i></b>	An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.
<b><i>Unfunded Actuarial Accrued Liability</i></b>	The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.
<b><i>Valuation Date</i></b>	The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.

**SECTION C**

**PENSION FUND INFORMATION**

## STATEMENT OF PLAN ASSETS AT MARKET VALUE

Item	September 30	
	2014	2013
A. Cash and Cash Equivalents (Operating Cash)	\$ -	\$ -
B. Receivables:		
1. Member Contributions	\$ -	\$ -
2. Employer Contributions	-	-
3. Investment Income and Other Receivables	94,096	1,271,032
4. Total Receivables	\$ 94,096	\$ 1,271,032
C. Investments		
1. Short Term Investments	\$ 1,179,625	\$ 5,640,604
2. Domestic Equities	262,508,080	250,644,127
3. International Equities	85,158,862	80,535,134
4. Domestic Fixed Income	159,989,139 *	124,379,524
5. International Fixed Income	-	5,244,053
6. Real Estate	-	-
7. Private Equity	-	-
8. ICMA Account (for DROP)**	7,598,683	4,835,836
9. Total Investments	\$ 516,434,389	\$ 471,279,278
D. Liabilities		
1. Benefits	\$ -	\$ -
2. Prepaid Employer Contribution	-	-
3. Expenses	(140,700)	(128,080)
4. Other	-	(1,434,854)
5. Total Liabilities	\$ (140,700)	\$ (1,562,934)
E. Total Market Value of Assets Available for Benefits	\$ 516,387,785	\$ 470,987,376
F. Reserves		
1. DROP Accounts**	\$ (7,598,683)	\$ (4,835,836)
2. Total Reserves	\$ (7,598,683)	\$ (4,835,836)
G. Adjustments		
1. Receivables from Excess Benefit Plan	\$ 311,076	\$ 622,153
2. Prepaid Contribution	-	-
3. Total Adjustments	\$ 311,076	\$ 622,153
H. Market Value Net of Reserves and Adjustments	\$ 509,100,178	\$ 466,773,693
I. Allocation of Investments		
1. Short Term Investments	0.23%	1.20%
2. Domestic Equities	50.83%	53.18%
3. International Equities	16.49%	17.09%
4. Domestic Fixed Income*	30.98%	26.39%
5. International Fixed Income	0.00%	1.11%
6. Real Estate	0.00%	0.00%
7. Private Equity	0.00%	0.00%
8. ICMA Account (for DROP)	1.47%	1.03%
9. Total Investments	100.00%	100.00%

\* The breakdown of this amount between domestic and international fixed income was not provided.

\*\* Includes outstanding loan balances.

**RECONCILIATION OF PLAN ASSETS**

Item	September 30	
	2014	2013
A. Market Value of Assets at Beginning of Year	\$ 470,952,819 *	\$ 428,729,956
B. Revenues and Expenditures		
1. Contributions		
a. Employee Contributions	\$ 7,373,407	\$ 7,168,858
b. Employer Contributions	25,602,030	21,222,051
c. Other	-	-
d. Total	<u>\$ 32,975,437</u>	<u>\$ 28,390,909</u>
2. Investment Income		
a. Interest, Dividends, and Other Income	\$ 5,097,103	\$ 6,555,026
b. Net Realized and Unrealized Gains/(Losses)**	47,490,489	49,188,741
c. Investment Expenses	<u>(813,946)</u>	<u>(973,518)</u>
d. Net Investment Income	\$ 51,773,646	\$ 54,770,249
3. Benefits and Refunds		
a. Refunds	\$ (1,143,866)	\$ (1,021,269)
b. Regular Monthly Benefits	(36,011,685)	(34,714,010)
c. DROP Disbursements	<u>(1,489,715)</u>	<u>(4,474,949)</u>
d. Total	\$ (38,645,266)	\$ (40,210,228)
4. Administrative and Miscellaneous Expenses	\$ (668,851)	\$ (693,510)
C. Market Value of Assets at End of Year	\$ 516,387,785	\$ 470,987,376
D. Reserves		
1. DROP Accounts***	<u>\$ (7,598,683)</u>	<u>\$ (4,835,836)</u>
2. Total Reserves	\$ (7,598,683)	\$ (4,835,836)
E. Adjustments		
1. Receivables from Excess Benefit Plan	\$ 311,076	\$ 622,153
2. Prepaid Contribution	-	-
3. Total Adjustments	<u>\$ 311,076</u>	<u>\$ 622,153</u>
F. Market Value Net of Reserves and Adjustments	\$ 509,100,178	\$ 466,773,693

\* Adjusted to match restated beginning of year balance reported in the 9/30/2014 financial statements.

\*\* We were not provided with the breakdown of this amount between realized gains/(losses) and unrealized gains/(losses).

\*\*\* Includes outstanding loan balances.

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**Reconciliation of DROP Accounts**

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Value at Beginning of Year	\$	4,835,836
Payments Credited to Accounts*		4,041,962
Investment Earnings Credited to Accounts		210,600
Withdrawals from Accounts		(1,489,715)
Value at End of Year		7,598,683

\*Reflects change in outstanding loan balance.



## DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

Valuation Date – September 30	2013	2014	2015	2016	2017	2018
A. Actuarial Value of Assets Beginning of Year	\$ 426,658,355	\$ 445,126,434				
B. Market Value End of Year	470,987,376	516,387,785				
C. Market Value Beginning of Year	428,729,956	470,987,376 *				
D. Non-Investment/Administrative Net Cash Flow	(12,512,829)	(6,373,237)				
E. Investment Income						
E1. Actual Market Total: B-C-D	54,770,249	51,773,646				
E2. Assumed Rate of Return	8.00%	8.00%	7.85%	7.70%	7.55%	7.40%
E3. Assumed Amount of Return	33,632,155	35,355,185				
E4. Amount Subject to Phase-In: E1-E3	21,138,094	16,418,461				
F. Phase-In Recognition of Investment Income						
F1. Current Year: 0.20 x E4	4,227,619	3,283,692				
F2. First Prior Year	7,916,898	4,227,619	\$ 3,283,692			
F3. Second Prior Year	(7,754,825)	7,916,898	4,227,619	\$ 3,283,692		
F4. Third Prior Year	709,422	(7,754,825)	7,916,898	4,227,619	\$ 3,283,692	
F5. Fourth Prior Year	(7,750,361)	709,422	(7,754,825)	7,916,898	4,227,619	\$ 3,283,692
F6. Total Phase-Ins	(2,651,247)	8,382,806	7,673,384	15,428,209	7,511,311	3,283,692
<b>G. Actuarial Value of Assets End of Year</b>						
G1. Preliminary Actuarial Value of Assets	\$ 445,126,434	\$ 482,491,188				
G2. Upper Corridor Limit: 120%*B	565,184,851	619,665,342				
G3. Lower Corridor Limit: 80%*B	376,789,901	413,110,228				
G4. Funding Value End of Year	445,126,434	482,491,188				
G5. Less: DROP Account Balances	4,835,836	7,598,683				
G6. Plus: Adjustments	622,153	311,076				
G7. Less: Prepaid Contribution	-	-				
G8. Final Funding Value End of Year	440,912,751	475,203,581				
H. Difference between Market & Actuarial Value	\$ 25,860,942	\$ 33,896,597				
<b>I. Actuarial Rate of Return</b>	7.37%	9.90%				
<b>J. Market Value Rate of Return</b>	12.96%	11.07%				
<b>K. Ratio of Actuarial Value to Market Value</b>	94.51%	93.44%				

\* Prior to adjustment to match restated beginning of year balance reported in 9/30/2014 financial statements.

## INVESTMENT RATE OF RETURN

Year Ended	General Plan **		Unclassified Plan	
	Market Value	Actuarial Value	Market Value	Actuarial Value
9/30/89	NA %	11.6 %	14.6 %	14.6 %
9/30/90	NA	7.3	(2.3)	(2.3)
9/30/91	NA	8.1	21.6	21.6
9/30/92	12.2	13.7	5.8	5.8
9/30/93	14.6	11.4	14.6	14.1
9/30/94	1.4	6.8	5.3	4.8
9/30/95	20.0	11.4	25.9	24.1
9/30/96	9.8	15.3	22.7	13.9
9/30/97	23.0	13.8	35.2	19.1
9/30/98	8.4	12.5	(0.3)	4.3
9/30/99	13.1	14.4	19.1	18.8
9/30/00	10.8	10.7	11.5	16.5
9/30/01	(7.4)	7.2	(8.1)	9.7
9/30/02	(5.9)	0.3	(9.8)	1.7
9/30/03	17.4	4.3	16.9	4.6
9/30/04	11.4	4.1	13.0	9.7
9/30/05	12.8	4.4	13.8	10.7
9/30/06	7.4 *	7.7	7.5 *	10.2 *
9/30/07	15.3	12.0	NA	NA
9/30/08	(13.6)	5.2	NA	NA
9/30/09	(0.8)	1.1	NA	NA
9/30/10	11.3	5.0	NA	NA
9/30/11	(0.9)	1.1	NA	NA
9/30/12	20.5	2.1	NA	NA
9/30/13	13.0	7.4	NA	NA
9/30/14	11.1	9.9	NA	NA
<b>Average Returns:</b>				
Last 5 Years	10.8 %	5.0 %	NA %	NA %
Last 10 Years	7.2 %	5.5 %	NA %	NA %
All Years	8.5 %	7.9 %	10.9 %	11.0 %

\* Note: Effective 10/1/06, the former General and Unclassified Plans were merged and assets were combined. Investment returns after this date are for the total group.

\*\* Combined Plan after 2006

**SECTION D**

**FINANCIAL ACCOUNTING INFORMATION**

<b>FASB NO. 35 INFORMATION</b>		
A. Valuation Date	October 1, 2014	October 1, 2013
B. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Members Currently Receiving Payments	\$ 475,313,175	\$ 438,041,165
b. Terminated Vested Members	18,630,104	12,839,377
c. Other Members	149,165,783	155,200,791
d. Total	<u>643,109,062</u>	<u>606,081,333</u>
2. Non-Vested Benefits	8,050,737	4,997,147
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	651,159,799	611,078,480
4. Accumulated Contributions of Active Members	61,646,599	63,736,469
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Year	611,078,480	596,192,659
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	(851,318)	(4,320,307)
b. Change in Actuarial Assumptions	10,211,228	0
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	71,918,922	57,797,015
d. Benefits Paid	<u>(41,197,513)</u>	<u>(38,590,887)</u>
e. Net Increase	40,081,319	14,885,821
3. Total Value at End of Period	651,159,799	611,078,480
D. Market Value of Assets	509,100,178	466,773,693
E. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods		

**SCHEDULE OF CHANGES IN THE EMPLOYER'S  
NET PENSION LIABILITY AND RELATED RATIOS  
GASB Statement No. 67**

Fiscal year ending September 30,	<b>2015*</b>	<b>2014</b>
<b>Total pension liability</b>		
Service Cost	\$ 12,180,849	\$ 12,306,795
Interest	53,754,970	51,809,378
Benefit Changes	(1,183,267)	-
Difference between actual & expected experience	5,188,095	(278,357)
Assumption Changes	10,779,808	-
Benefit Payments	(43,247,009)	(37,501,400)
Refunds	(159,654)	(1,143,866)
Other (Change in Receivable from Excess Benefit Plan)	311,076	311,077
<b>Net Change in Total Pension Liability</b>	<b>37,624,868</b>	<b>25,503,627</b>
<b>Total Pension Liability - Beginning</b>	<b>679,514,531</b>	<b>654,010,904</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 717,139,399</b>	<b>\$ 679,514,531</b>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 26,317,983	\$ 25,602,030
Contributions - Non-Employer Contributing Entity	-	-
Contributions - Member	6,399,516	7,373,407
Net Investment Income	41,123,136	51,773,646
Benefit Payments	(43,247,009)	(37,501,400)
Refunds	(159,654)	(1,143,866)
Administrative Expense	(681,181)	(668,851)
Other	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>29,752,791</b>	<b>45,434,966</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>516,387,785</b>	<b>470,952,819</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 546,140,576</b>	<b>\$ 516,387,785</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>170,998,823</b>	<b>163,126,746</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>76.16 %</b>	<b>75.99 %</b>
<b>Covered Employee Payroll**</b>	<b>\$ 64,115,083</b>	<b>\$ 63,526,903</b>
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	<b>266.71 %</b>	<b>256.78 %</b>

\* These figures are estimates only. Actual figures will be provided after the end of the fiscal year.

\*\* Expected total covered payroll for the fiscal year.

**SCHEDULE OF THE EMPLOYER'S NET PENSION LIABILITY**  
**GASB Statement No. 67**

FY Ending September 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll**	Net Pension Liability as a % of Covered Payroll
2014	\$679,514,531	\$516,387,785	\$ 163,126,746	75.99%	\$ 63,526,903	256.78%
2015*	717,139,399	546,140,576	170,998,823	76.16%	64,115,083	266.71%

**\* These figures are estimates only. Actual figures will be provided after the end of the fiscal year.**

\*\* Expected total covered payroll for the fiscal year.

**SCHEDULE OF CONTRIBUTIONS**  
**GASB Statement No. 67**

<u>FY Ending September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll**</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2014	\$ 25,602,030	\$ 25,602,030	\$ -	\$ 63,526,903	40.30%
2015*	26,317,983	26,317,983	-	64,115,083	41.05%

**\* These figures are estimates only. Actual figures will be provided after the end of the fiscal year.**

\*\* Expected total covered payroll for the fiscal year.

**NOTES TO SCHEDULE OF CONTRIBUTIONS**  
**GASB Statement No. 67**

**Valuation Date:** October 1, 2014  
 Notes Actuarially determined contributions are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	5-year smoothed market
Inflation	3.0%
Salary Increases	4.5% to 7.0% depending on age, including inflation
Investment Rate of Return	7.85%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvements projected after 2000 to the year 2010 using Scale AA

**Other Information:**

Notes See Discussion of Valuation Results on Page 1



**SINGLE DISCOUNT RATE**  
**GASB Statement No. 67**

A single discount rate of 7.85% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.85%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (7.85%) was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.85%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

**Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption\***

1% Decrease 6.85%	Current Single Discount Rate Assumption 7.85%	1% Increase 8.85%
\$ 252,576,019	\$ 170,998,823	\$ 102,564,150

\* These figures are estimates projected to September 30, 2015. Actual figures will be provided after the end of the fiscal year.

**SECTION E**  
**MISCELLANEOUS INFORMATION**

<b>RECONCILIATION OF MEMBERSHIP DATA</b>		
	<b>From 10/1/13 To 10/1/14</b>	<b>From 10/1/12 To 10/1/13</b>
<b>A. Active Members</b>		
1. Number Included in Last Valuation	1,014	1,049
2. New Members Included in Current Valuation	113	52
3. Employment Terminations	(53)	(47)
4. Service Retirements	(12)	(15)
5. DROP Retirements	(50)	(22)
6. Disability Retirements	0	(2)
7. Deaths	(1)	(1)
8. Other - Transfers Out and Data Adjustments	<u>0</u>	<u>0</u>
9. Number Included in This Valuation	1,011	1,014
<b>B. Terminated Vested Members</b>		
1. Number Included in Last Valuation	69	63
2. Additions from Active Members	34	21
3. Lump Sum Payments/Refund of Contributions	(10)	(12)
4. Payments Commenced	(5)	(3)
5. Deaths	0	0
6. Other - Data Adjustments	<u>0</u>	<u>0</u>
7. Number Included in This Valuation	88	69
<b>C. DROP Plan Members</b>		
1. Number Included in Last Valuation	56	55
2. Additions from Active Members	50	22
3. Retirements	(13)	(21)
4. Deaths	0	0
5. Other	<u>0</u>	<u>0</u>
6. Number Included in This Valuation	93	56
<b>D. Service Retirees, Disability Retirees and Beneficiaries</b>		
1. Number Included in Last Valuation	1,055	1,045
2. Additions from Active Members	12	17
3. Additions from Terminated Vested Members	5	3
4. Additions from DROP Plan	13	21
5. Deaths Resulting in No Further Payments	(22)	(30)
6. Deaths Resulting in New Survivor Benefits	1	0
7. End of Certain Period - No Further Payments	0	(1)
8. Other	<u>2</u>	<u>0</u>
9. Number Included in This Valuation	1,066	1,055

**MIAMI BEACH EMPLOYEES' RETIREMENT PLAN - ACTIVE MEMBERS ON OCTOBER 1, 2014**

Age Group	Years of Service							Totals
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Up	
20-24	5							5
Total Pay	239,748							239,748
Avg Pay	47,950							47,950
25-29	45	23						68
Total Pay	2,126,339	906,780						3,033,119
Avg Pay	47,252	39,425						44,605
30-34	41	70	11					122
Total Pay	2,288,940	3,185,276	516,747					5,990,963
Avg Pay	55,828	45,504	46,977					49,106
35-39	28	56	29	10				123
Total Pay	1,533,371	2,947,395	1,564,553	592,543				6,637,862
Avg Pay	54,763	52,632	53,950	59,254				53,966
40-44	28	43	46	28	5			150
Total Pay	1,899,752	2,250,847	2,895,763	2,050,903	407,901			9,505,166
Avg Pay	67,848	52,345	62,951	73,247	81,580			63,368
45-49	29	34	43	34	19	8		167
Total Pay	2,228,450	1,704,763	2,911,049	2,276,389	1,627,912	609,922		11,358,485
Avg Pay	76,843	50,140	67,699	66,953	85,680	76,240		68,015
50-54	38	40	50	45	28	5	1	207
Total Pay	3,364,839	2,211,104	3,115,435	3,190,326	2,374,677	317,252	84,426	14,658,059
Avg Pay	88,548	55,278	62,309	70,896	84,810	63,450	84,426	70,812
55-59	13	16	26	28	7	1		91
Total Pay	909,898	734,938	1,398,410	1,966,904	545,129	81,940		5,637,219
Avg Pay	69,992	45,934	53,785	70,247	77,876	81,940		61,947
60-64	6	13	16	13	5		1	54
Total Pay	539,219	671,721	1,246,460	828,643	290,921		69,178	3,646,142
Avg Pay	89,870	51,671	77,904	63,742	58,184		69,178	67,521
65-99	4	6	6	6	1	1		24
Total Pay	365,690	275,726	400,054	470,636	62,467	67,160		1,641,733
Avg Pay	91,423	45,954	66,676	78,439	62,467	67,160		68,406
<b>Total No.</b>	<b>237</b>	<b>301</b>	<b>227</b>	<b>164</b>	<b>65</b>	<b>15</b>	<b>2</b>	<b>1,011</b>
<b>Total Pay</b>	<b>15,496,246</b>	<b>14,888,550</b>	<b>14,048,471</b>	<b>11,376,344</b>	<b>5,309,007</b>	<b>1,076,274</b>	<b>153,604</b>	<b>62,348,496</b>
<b>Avg Pay</b>	<b>65,385</b>	<b>49,464</b>	<b>61,888</b>	<b>69,368</b>	<b>81,677</b>	<b>71,752</b>	<b>76,802</b>	<b>61,670</b>

## INACTIVE MEMBERS ON OCTOBER 1, 2014

Age	Terminated Vested		Disabled		Retirees, Beneficiaries & DROP		Grand Total	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 45	34	\$ 567,449	2	\$ 39,540	4	78,933	40	\$ 685,922
45-49	28	883,463	1	16,648	2	35,427	31	935,538
50-54	26	615,754	7	187,040	79	3,955,506	112	4,758,300
55-59	0	-	7	235,420	131	6,772,612	138	7,008,032
60-64	0	-	6	152,027	180	7,553,596	186	7,705,623
65-69	0	-	6	219,903	186	7,893,288	192	8,113,191
70-74	0	-	2	73,805	146	5,193,713	148	5,267,518
75-79	0	-	3	71,289	126	3,520,479	129	3,591,768
80-84	0	-	1	14,561	112	2,819,749	113	2,834,310
85-89	0	-	5	80,965	86	1,851,295	91	1,932,260
90 & Up	0	-	1	10,923	66	1,291,408	67	1,302,331
<b>Total</b>	<b>88</b>	<b>\$ 2,066,666</b>	<b>41</b>	<b>\$1,102,121</b>	<b>1118</b>	<b>\$ 40,966,006</b>	<b>1,247</b>	<b>\$ 44,134,793</b>

**SECTION F**  
**SUMMARY OF PLAN PROVISIONS**

## SUMMARY OF PLAN PROVISIONS

### Effective Date

September 30, 2010 under Ordinance No. 2010-3693 and Ordinance No. 2010-3706

### Eligibility

Each general employee who works more than 30 hours per week is eligible for membership on his date of employment

### Creditable Service

Service credited under the predecessor system plus service after such date with respect to which member contributions are made.

### Tiers of Employees

Tier C – All members hired on or after September 30, 2010 (October 27, 2010 for members of CWA)

Tier B – Members of AFSCME hired on or after April 30, 1993; members classified as GSA or "Other" hired on or after August 1, 1993; members of CWA hired on or after February 21, 1994; and Unclassified members hired on or after October 18, 1992.

Tier A – All other members

### Earnings

For Tier B and C members, base pay including longevity, but excluding overtime, shift differential or extra compensation allowances. For Tier A members, actual salary or wages received. Earnings do not include lump sum payments of unused sick or vacation time. Overtime pay for Classified Tier A members is limited to 10% of regular pay.

### Final Average Monthly Earnings (FAME)

One-twelfth of average annual Earnings during the two highest paid years of Creditable Service, not less than the average monthly earnings for the 12 months as of March 8, 2006 for Unclassified Tier A members

Effective September 30, 2010 averaging period is five years except for members who are less than five years away from normal retirement eligibility. Members who are eligible for normal retirement within two years or less as of September 30, 2010 will have average earnings of two years. Members who are eligible for normal retirement in within three years as of September 30, 2010 will have average earnings of three years. Members who are eligible for normal retirement within four years as of September 30, 2010 will have average earnings of four years.

### Normal Retirement

<b>Eligibility</b>	Age 50 and five years of Creditable Service for those in Tier A
	Age 55 and five years of Creditable Service for those in Tier B
	Age 55 with 30 years of service or age 62 with 5 years of service for those in Tier C

**Benefit** 3% of FAME multiplied years of Creditable Service with the total not to exceed 80% of FAME. There is a 90% cap for certain Tier A members.

2.5% of FAME multiplied years of Creditable Service with the total not to exceed 80% of FAME for Tier C members.

**Form of Benefit** 50% joint and survivor annuity payable only to the spouse or, if no spouse, to the surviving children until age 21; other options are also available. Spouse's benefits cease upon remarriage.

Life annuity for Tier C members

**COLA** 2.5% for Tier A and Tier B members; 1.5% for Tier C members

### Early Retirement

**Eligibility** Tier B members of the General Plan whose total of age plus service is 75, not earlier than age 50

Tier C members whose total of age plus service is 75, not earlier than age 55

**Benefit** Accrued pension actuarially reduced for number of years by which Early Retirement Date precedes Normal Retirement Date.

**Form of Benefit** 50% joint and survivor annuity payable only to the spouse or, if no spouse, to the surviving children until age 21; other options are also available. Spouse's benefits cease upon remarriage.

Life annuity for Tier C members

**COLA** 2.5% for Tier A and Tier B members; 1.5% for Tier C members

### Delayed Retirement

**Eligibility** Any time after the Normal Retirement Date.

**Benefit** Calculated in the same manner as the Normal Retirement Benefit but using the FAME and Creditable Service as of the actual retirement date.

**Form of Benefit** 50% joint and survivor annuity payable only to the spouse or, if no spouse, to the surviving children until age 21; other options are also available. Spouse's benefits cease upon remarriage.

Life annuity for Tier C members

**COLA** 2.5% for Tier A and Tier B members; 1.5% for Tier C members

### Disability Benefits

**Eligibility** A total and permanent disability which renders a member incapacitated for the further performance of duty. Five years of Creditable Service is also required unless the disability is service-connected.



<b>Benefit</b>	<p>Ordinary Disability: Accrued retirement benefit, without reduction, with a minimum of 35% of FAME.</p> <p>Service-Connected Disability: Accrued retirement benefit without reduction, with a minimum of 65% of FAME; 75% of FAME minimum for General Tier A members.</p> <p>Such amounts are reduced by workers' compensation benefits and, in certain cases, earned income will be considered in offsetting the benefit. The period of disability shall be included in Creditable Service for purposes of computing normal retirement benefits when a disability retiree reaches normal retirement age.</p>
<b>Form of Benefit</b>	<p>50% joint and survivor annuity payable only to the spouse or, if no spouse, to the surviving children until age 21; other options are also available. Spouse's benefits cease upon remarriage.</p> <p>Life annuity for Tier C members</p>
<b>COLA</b>	2.5% for Tier A and Tier B members; 1.5% for Tier C members

### **Preretirement Death Benefits**

For a member who has at least three years of Creditable Service but who dies before commencement of retirement benefits, a monthly benefit is payable to the spouse or, if no spouse, to the children until age 21. The benefit is equal to 50% of the accrued normal retirement benefit without reduction with the result being a minimum of 30% of FAME and a maximum of 40% of FAME for General members.

### **Termination Benefits**

Any member who terminates employment and does not request a refund of his own contributions and has completed at least five years of Creditable Service will be eligible to receive his accrued benefit upon reaching his normal retirement age.

### **Contributions**

**Tier A Members** 12% of Earnings.

**Tier B and Tier C Members** 10% of Earnings.

Employees who have reached the applicable benefit accrual cap (90% for General Tier A employees and 80% for all others) but have not yet reached retirement age will continue to contribute to the pension Plan, but only on the amount by which pay increases after reaching the cap

**From the City** The amount necessary to fund the Plan properly according to the Plan's actuary.

**Deferred Retirement Option Plan (DROP)**

<b>Eligibility</b>	Members who are eligible for Normal Retirement
<b>Benefit</b>	The member's Credited Service and AFC are frozen upon entry into the DROP. The monthly retirement benefit as described under Normal Retirement is calculated based upon the frozen Credited Service and AFC.
<b>Maximum DROP Period</b>	60 months
<b>Interest Credited</b>	The investment return is determined by the self-directed investments.
<b>Normal Form of Benefit</b>	Lump Sum
<b>COLA</b>	None

**Changes Since Last Valuation**

Under Ordinance Number 2014-3864 adopted on May 21, 2014, the following changes in Plan provisions were implemented for members participating in the AFSCME bargaining unit:

- The maximum period for participation in the Deferred Retirement Option Program (DROP) is extended from three to five years for members hired before October 1, 2010 (i.e., Tier A and Tier B members). This extension applies to all active members in Tiers A and B who elect to participate in the DROP in the future as well as current DROP members. The 2.5% COLA is not payable while members are in the DROP.
- The option for members to purchase up to 2-years of credited service is eliminated.