



**THE CLASSIFIED EMPLOYEES' RETIREMENT TRUST FUND
OF THE CITY OF STAMFORD**

**Actuarial Valuation as of July 1, 2022
To Determine Funding For Fiscal Year 2023-24**

Prepared by

Rebecca A. Sielman, FSA
Consulting Actuary

Yelena Pelletier, ASA
Consulting Actuary

Table of Contents

	Page
CERTIFICATION	1
I EXECUTIVE SUMMARY	3
II PLAN ASSETS	
A. Summary of Fund Transactions	14
B. Development of Actuarial Value of Assets	15
III DEVELOPMENT OF CONTRIBUTION	
A. Past Service Cost	16
B. Actuarially Determined Contribution	17
C. Long Range Forecast	18
D. History of Funded Status	19
E. History of City Contributions	20
IV MEMBERSHIP DATA	
A. Reconciliation of Membership from Prior Valuation	21
B. Statistics of Active Membership	22
C. Distribution of Active Members	23
D. Statistics of Inactive Membership	24
E. Distribution of Inactive Members	25
V ANALYSIS OF RISK	
A. Introduction	26
B. Risk Identification and Assessment	27
C. Maturity Measures	30
APPENDICES	
A. Actuarial Funding Method	31
B. Actuarial Assumptions	32
C. Summary of Plan Provisions	36
D. Glossary	40

Certification

We have performed an actuarial valuation of the Plan as of July 1, 2022 to determine funding for fiscal year 2023-24. This report presents the results of our valuation.

The ultimate cost of a pension plan is the total amount needed to provide benefits for plan members and beneficiaries and to pay the expenses of administering the plan. Pension costs are met by contributions and by investment return on plan assets. The principal purpose of this report is to set forth an actuarial recommendation of the contribution, or range of contributions, which will properly fund the plan, in accordance with applicable government regulations. In addition, this report provides:

- A valuation of plan assets and liabilities to review the year-to-year progress of funding.
- Information needed to meet disclosure requirements.
- Review of plan experience for the previous year to ascertain whether the assumptions and methods employed for valuation purposes are reflective of actual events and remain appropriate for prospective application.
- Assessment of the relative funded position of the plan, i.e., through a comparison of plan assets and projected plan liabilities.
- Comments on any other matters which may be of assistance in the funding and operation of the plan.

This report may not be used for purposes other than those listed above without Milliman's prior written consent. If this report is distributed to other parties, it must be copied in its entirety, including this certification section.

Milliman's work is prepared solely for the internal business use of the City of Stamford ("City"). To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions: (a) the City may provide a copy of Milliman's work, in its entirety, to the City's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the City; and (b) the City may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law. No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

In preparing this report, we relied on employee census data and financial information as of the valuation date, furnished by the City. We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have found them to be reasonably consistent and comparable with data used for other purposes. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete and our calculations may need to be revised. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

Certification

The calculations reported herein have been made on a basis consistent with our understanding of ERISA and the related sections of the tax code. Additional determinations may be needed for purposes other than meeting funding requirements, such as judging benefit security at plan termination or meeting employer accounting requirements. On the basis of the foregoing, we hereby certify that, to the best of our knowledge, this report is complete and accurate and all costs and liabilities were determined in conformance with generally accepted actuarial principles and practices. Figures for periods prior to July 1, 2018 have been obtained from actuarial valuation reports prepared by Hooker & Holcombe and from the City's Comprehensive Annual Financial Reports.

The valuation results were developed using models intended for valuations that use standard actuarial techniques. In addition to the models described previously, Milliman has developed certain models to develop the expected long term rate of return on assets used in this analysis. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOP). The models, including all input, calculations, and output may not be appropriate for any other purpose.

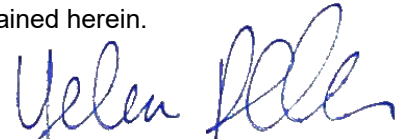
I further certify that, in my opinion, each actuarial assumption, method and technique used is reasonable taking into account the experience of the Plan and reasonable expectations. Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, 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. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of such future measurement.

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



Rebecca A. Sielman, FSA
Consulting Actuary



Yelena Pelletier, ASA
Consulting Actuary

Section I - Executive Summary Changes Since the Prior Valuation

Plan Changes

None.

Changes in Actuarial Methods and Assumptions

This valuation reflects the changes in the actuarial assumptions that were recommended in connection with the recent experience study. These changes include modifications in the assumed rates of termination, retirement, disability and salary increases, a change in the mortality improvement assumption and a change in the assumed amount of vacation/sick time exchange elected by retiring members. Appendix B of this report describes the assumptions in more detail. These changes in combination caused the Unfunded Accrued Liability to decrease by about \$32.8 million and caused the Actuarially Determined Contribution to decrease by about \$3.7 million.

In addition, this valuation reflects the changes in the actuarial methods that were recommended in connection with the experience study. These changes include switching the cost method from Projected Unit Credit to Entry Age Normal and modifying the amortization method from 15 year open amortization to layered 15-year amortization. In addition, in the event the plan as a whole is more than 100% funded and therefore has a negative Past Service Cost, this negative result will only be used to offset the Normal Cost if the plan is at least 120% funded; this change is designed to deliberately build up a modest cushion against market downturns. These changes in combination caused the Unfunded Accrued Liability to increase by about \$9.8 million and the Actuarially Determined Contribution to increase by about \$171,000.

Other Significant Changes

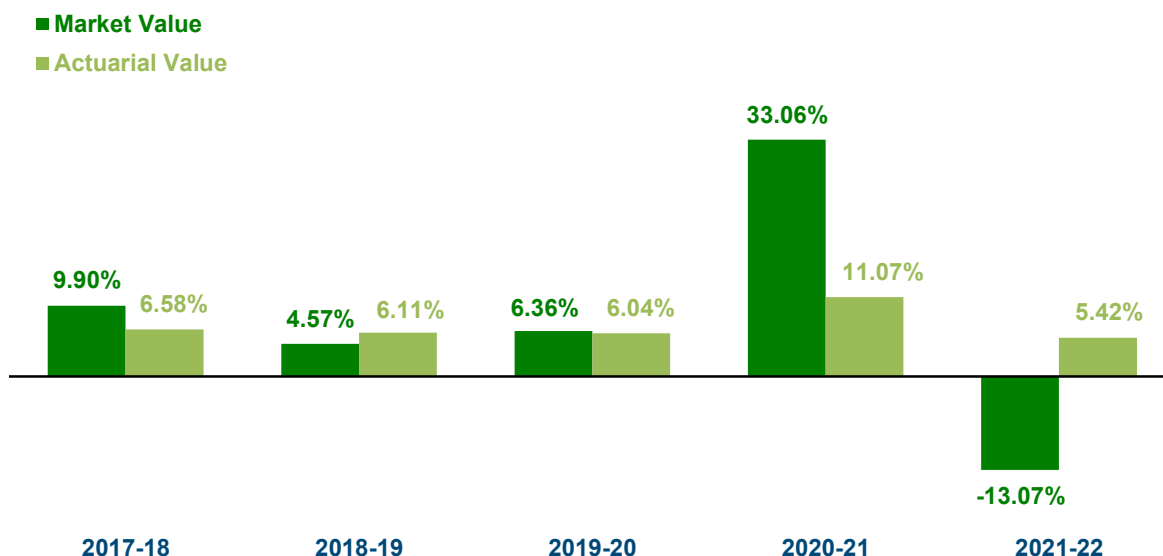
Although it is possible that the COVID-19 pandemic could have a material impact on the projected mortality, liabilities, and contribution requirements, we have chosen not to make an adjustment in the projections at this time, given the substantial current uncertainty regarding the impact of COVID-19 on mortality and plan costs, including whether the pandemic will increase or decrease mortality during the term of our projections. We will be monitoring this development closely and may adjust future projections to reflect the impact of COVID-19, if and when it becomes appropriate.

Section I - Executive Summary Assets

There are two different measures of the plan's assets that are used throughout this report. The Market Value is a snapshot of the plan's investments as of the valuation date. The Actuarial Value is a smoothed asset value designed to temper the volatile fluctuations in the market by recognizing investment gains or losses asymptotically over five years.

	Market	Actuarial
Value as of July 1, 2021	\$301,714,578	\$262,071,468
City and Member Contributions	9,808,933	9,808,933
Investment Income	(38,930,346)	14,211,917
Benefit Payments and Administrative Expenses	(17,301,948)	(17,301,948)
Value as of July 1, 2022	255,291,217	268,790,370

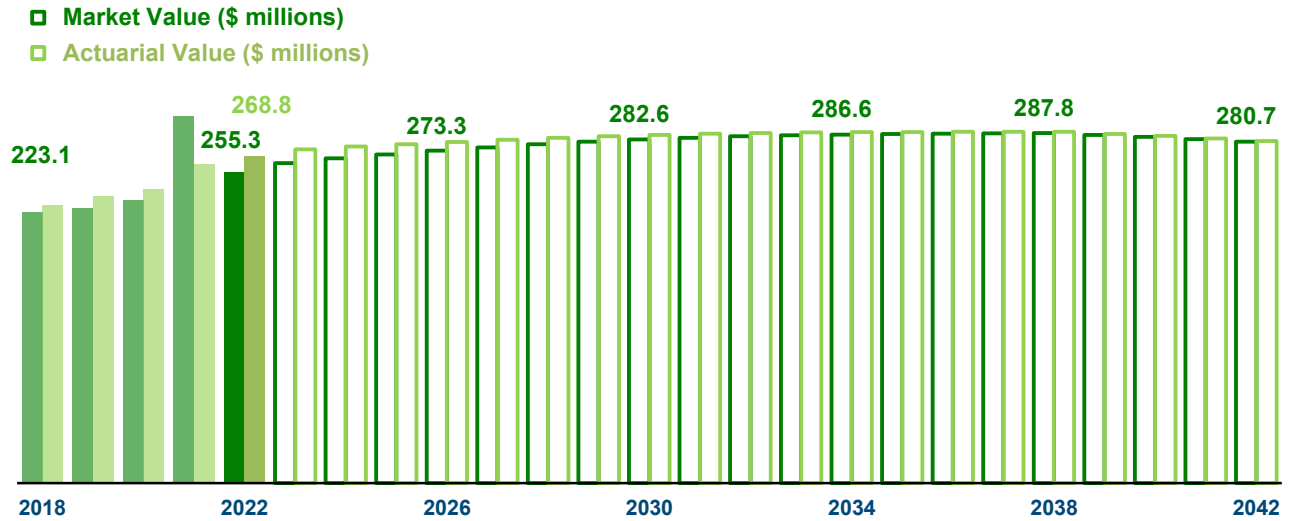
For fiscal year 2021-22, the plan's assets earned -13.07% on a Market Value basis and 5.42% on an Actuarial Value basis. The actuarial assumption for this period was 6.70%; the result is an asset loss of about \$58.9 million on a Market Value basis and a loss of about \$3.4 million on an Actuarial Value basis. Historical rates of return are shown in the graph below.



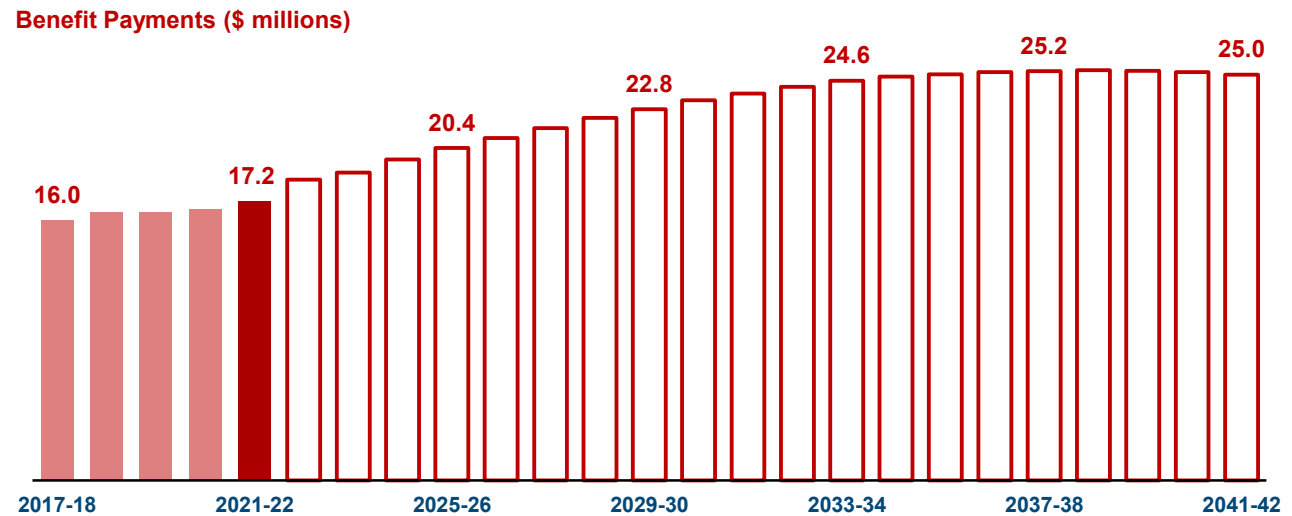
Please note that the Actuarial Value currently exceeds the Market Value by \$13.5 million. This figure represents investment losses that will be gradually recognized in future years. This process will exert upward pressure on the City's contribution, unless there are offsetting market gains.

Section I - Executive Summary Assets (continued)

The graph below shows how this year's asset values compare to where the plan's assets have been over the past several years and how they are projected to change over the next 20 years. For purposes of this projection, we have assumed that the City always contributes the Actuarially Determined Contribution and the investments always earn the assumed interest rate each year.

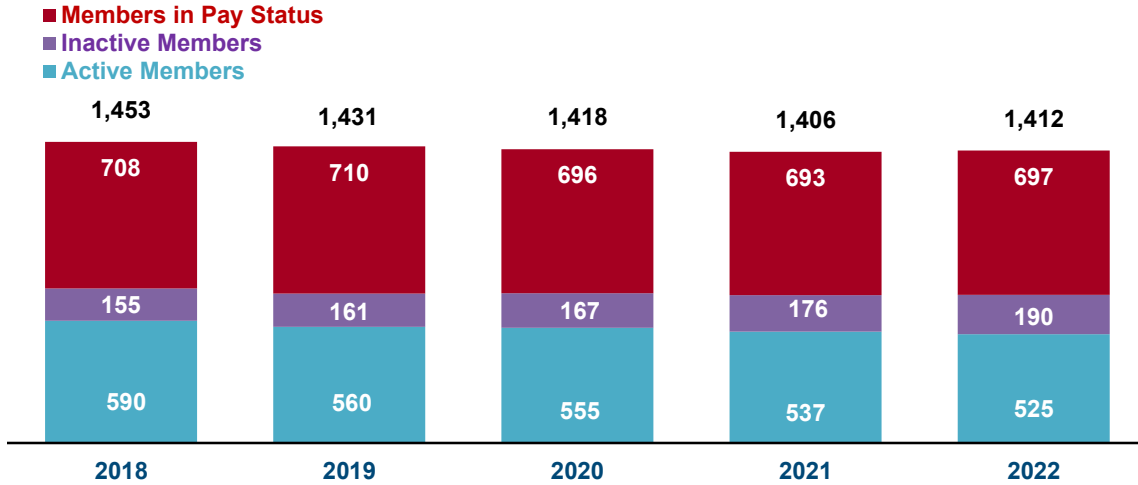


In 2021-22, the plan paid out \$17.2 million in benefits to members. Over the next 20 years, the plan is projected to pay out a total of \$462 million in benefits to members.



Section I - Executive Summary Membership

There are three basic categories of plan members included in the valuation: (1) members who are receiving monthly pension benefits, (2) former employees who have a vested right to benefits but have not yet started collecting, and (3) active employees who have met the eligibility requirements for membership.

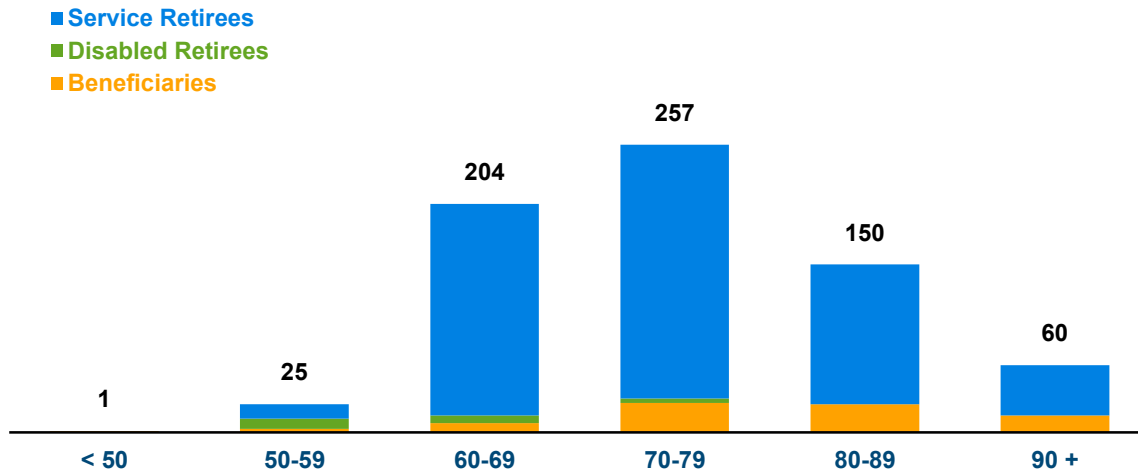


Members in Pay Status on July 1, 2022

Board of Education	77	Average Age	75.3
City	591	Total Annual Benefit	\$16,877,378
WPCA	29	Average Annual Benefit	24,214
Total	697		

As of July 1, 2022, there were 599 Service Retirees, 20 Disabled Retirees, and 78 Beneficiaries.

The total members in pay status fall across a wide distribution of ages:



Section I - Executive Summary Membership (continued)

Terminated Vested Members on July 1, 2022

Board of Education	12	Average Age	51.6
City	133	Total Annual Benefit	\$2,015,170
WPCA	2	Average Annual Benefit	13,709
Total	147		

Nonvested Members Due Refunds on July 1, 2022

Board of Education	2
City	39
WPCA	2
Total	43

Active Members on July 1, 2022

Board of Education	90	Average Age	52.8
City	413	Average Service	15.6
WPCA	22	Payroll	\$42,380,809
Total	525	Average Payroll	80,725

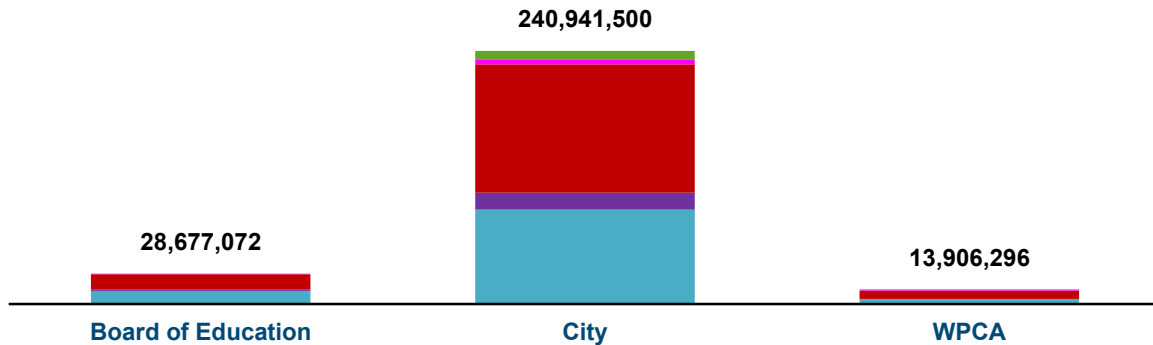
The table below illustrates the age and years of service of the active membership:

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	4							4
25-29	14	5						19
30-34	22	7	3					32
35-39	15	11	8	3				37
40-44	14	15	8	13	3			53
45-49	11	7	4	6	11			39
50-54	12	17	7	12	24	9	2	83
55-59	12	17	8	11	27	9	17	101
60-64	6	7	5	17	21	8	20	84
65+	5	8	6	9	19	8	18	73
Total	115	94	49	71	105	34	57	525

Section I - Executive Summary Accrued Liability

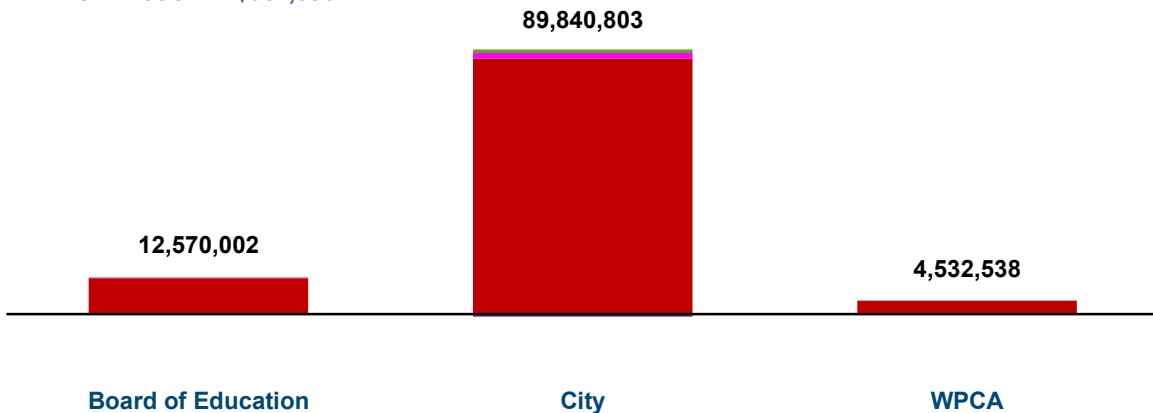
The Accrued Liability as of July 1, 2022 is \$283,524,868, which consists of the following pieces:

- **Beneficiaries = \$9,207,249**
- **Disabled Retirees = \$5,116,570**
- **Service Retirees = \$144,396,339**
- **Terminated Members = \$17,861,367**
- **Active Members = \$106,943,343**



The Accrued Liability for active members can be broken down further by the different types of benefits provided by the plan:

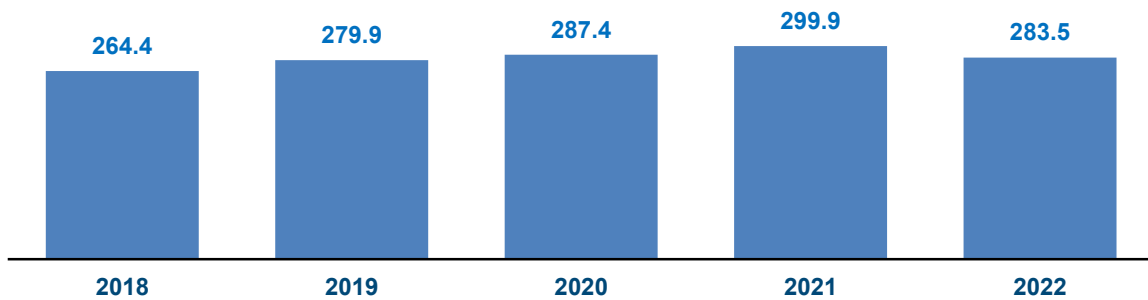
- **Preretirement Death = \$1,389,918**
- **Disability = \$2,183,912**
- **Retirement = \$104,331,109**
- **Termination = -\$961,596**



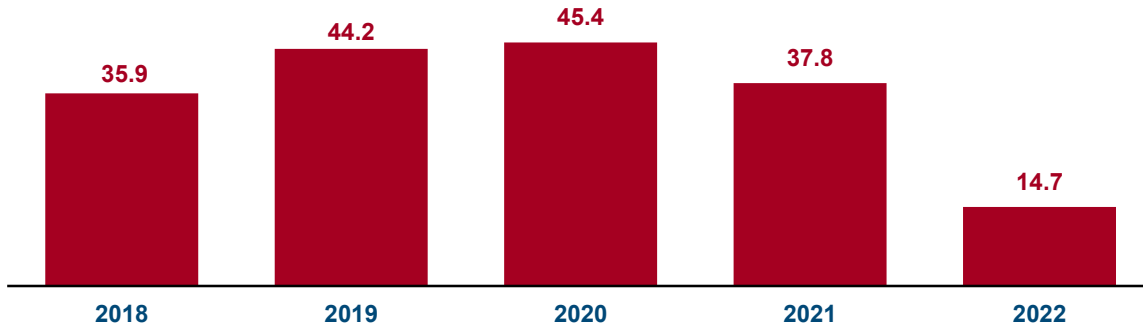
Section I - Executive Summary Funded Status

The Accrued Liability grows over time as active members earn additional benefits, and goes down over time as members receive benefits; it may also change when there are changes to the plan provisions or changes in the actuarial assumptions. The Unfunded Accrued Liability is the dollar difference between the Accrued Liability and the Actuarial Value of Assets; the Funded Ratio is the ratio of the two. The decrease in the Accrued Liability as of July 1, 2022 is primarily due to the changes to the actuarial methods and assumptions.

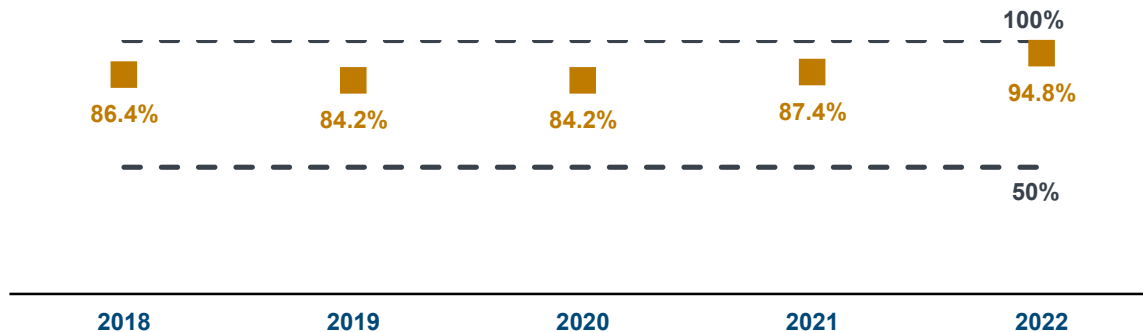
Accrued Liability (\$ millions)



Unfunded Accrued Liability (\$ millions)



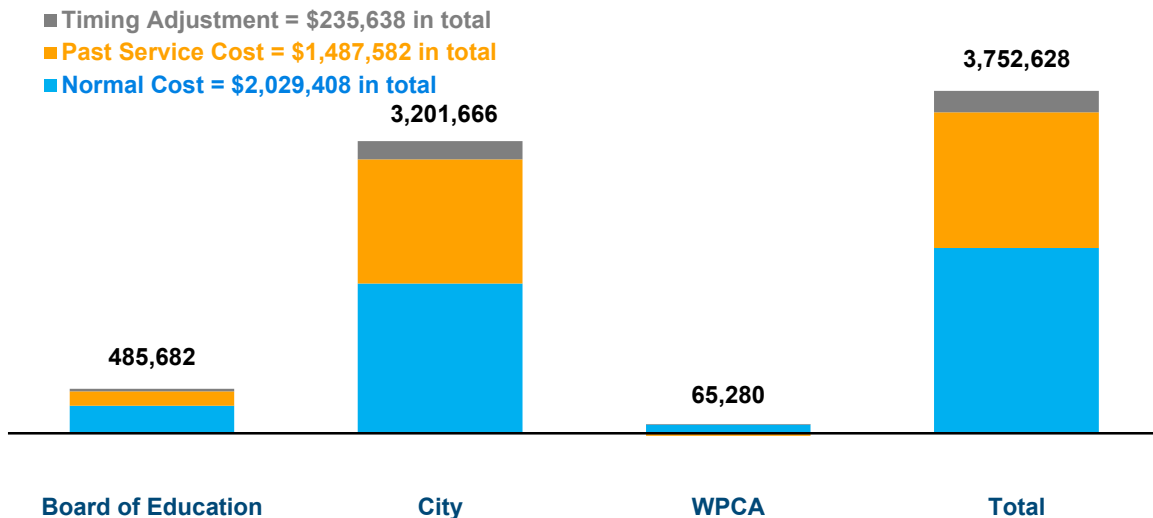
Funded Ratio



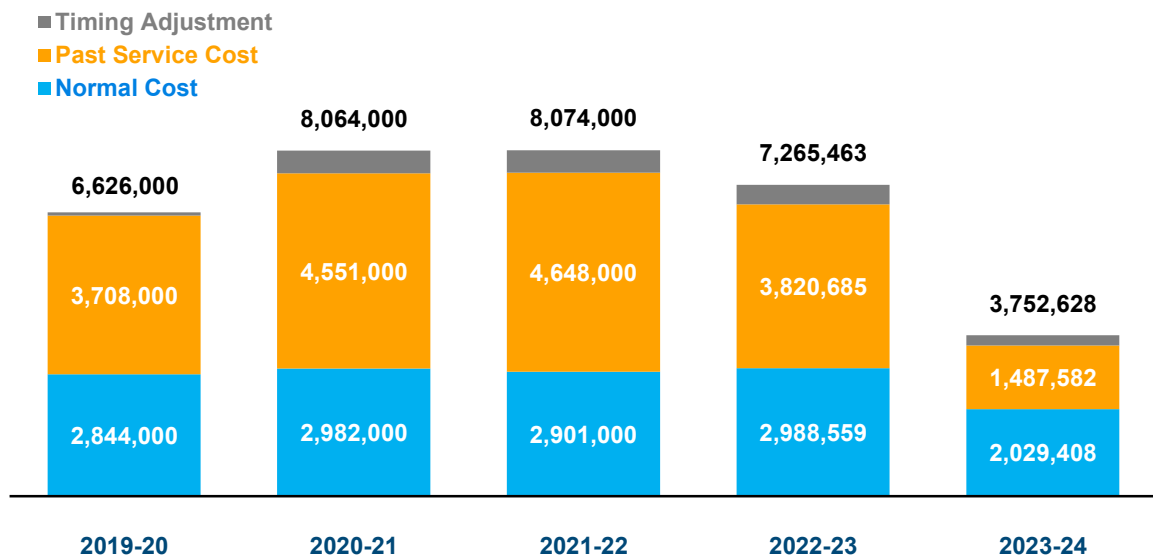
Section I - Executive Summary Actuarially Determined Contribution

The Actuarially Determined Contribution consists of three pieces: a Normal Cost payment to fund the benefits earned each year, a Past Service Cost to gradually reduce any unfunded or surplus liability, and a Timing Adjustment to reflect the timing of the contribution relative to the valuation date.

The Actuarially Determined Contribution for fiscal year 2023-24 is shown graphically below.



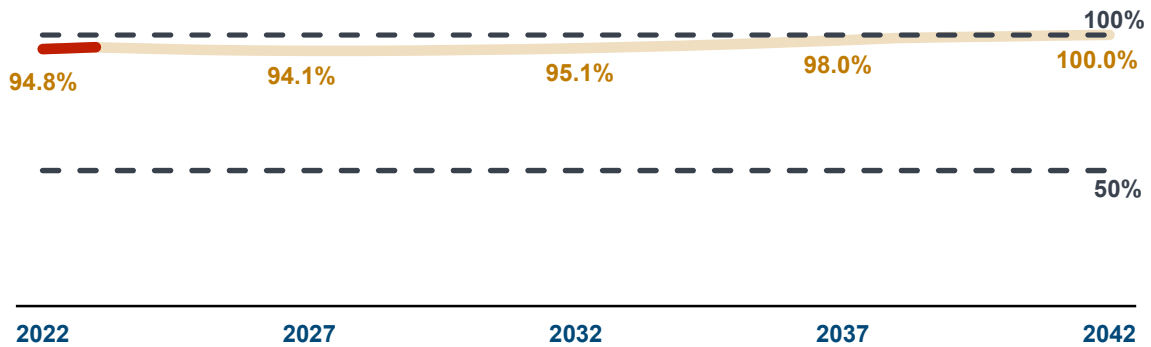
The chart below shows the Actuarially Determined Contribution for the past five fiscal years. Note that the Normal Cost is relatively consistent from year to year, whereas the Past Service Cost tends to be more volatile since it reflects the impact of asset performance.



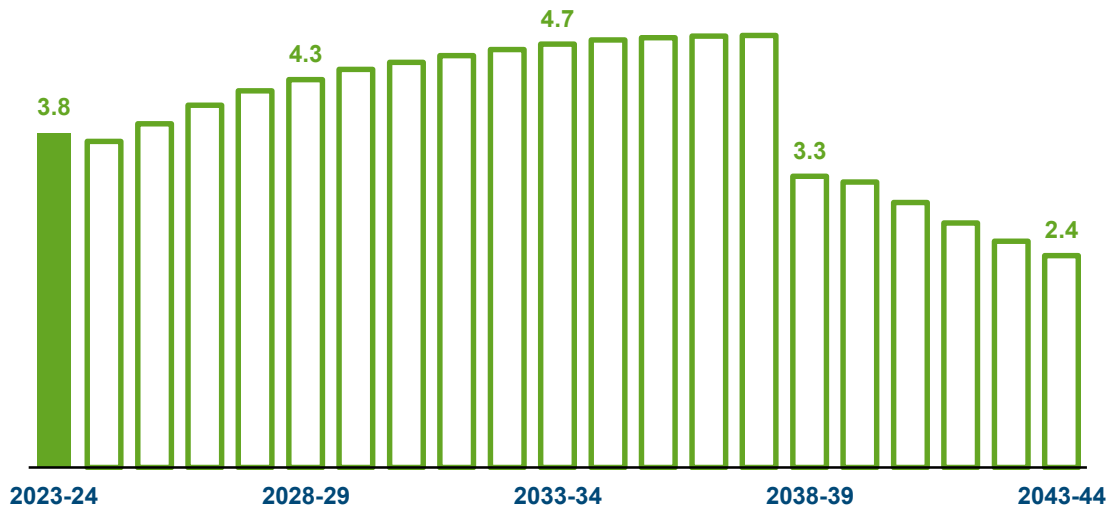
Section I - Executive Summary Long-Range Forecast

If the City pays the Actuarially Determined Contribution each year, the investments earn exactly the assumed interest rate each year, and there are no changes in the plan provisions or in the actuarial methods and assumptions, then we project the following changes in the plan's funded status and the long-range contribution levels.

Funded Ratio



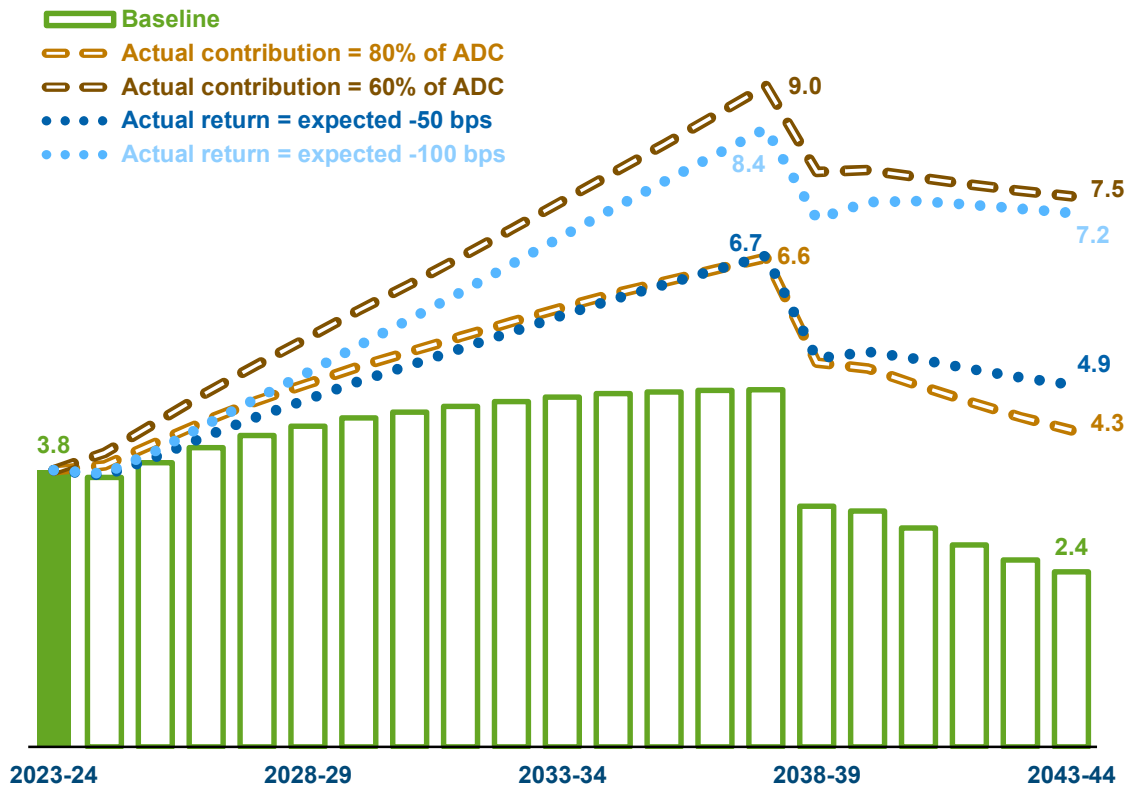
Actuarially Determined Contribution (\$ millions)



To the extent that there are future investment or liability gains or losses, changes in the actuarial assumptions or methods, or plan changes, the actual valuation results will differ from these forecasts. Please see Section III C for more details of the long range forecast.

Section I - Executive Summary Long-Range Forecast (continued)

Pension benefits are paid for through a combination of contributions from the City and from employees, and from investment income. If the City pays less than the Actuarially Determined Contribution each year, or if the investments persistently earn less than the assumed interest rate, then the plan's funded status would suffer, and to compensate, the City's contribution levels would be pushed higher. The risks of underfunding and underearning are illustrated in the hypothetical scenarios below:



The scenarios illustrated above are based on deterministic projections that assume emerging plan experience always exactly matches the actuarial assumptions; in particular that actual asset returns will be constant in every year of the projection period. Variation in asset returns, contribution amounts, and many other factors may have a significant impact on the long-term financial health of the plan, the liquidity constraints on plan assets, and the City's future contribution levels. Stochastic projections could be prepared that would enable the City to understand the potential range of future results based on the expected variability in asset returns and other factors. Such analysis was beyond the scope of this engagement.

Section I - Executive Summary Summary of Principal Results

Membership as of	July 1, 2022	July 1, 2021
Active Members	525	537
Inactive Members	190	176
Members in Pay Status	697	693
Total Count	1,412	1,406
 Payroll	 \$42,380,809	 \$41,714,164
 Assets and Liabilities as of	 July 1, 2022	 July 1, 2021
Market Value of Assets	\$255,291,217	\$301,714,578
Actuarial Value of Assets	268,790,370	262,071,468
 Accrued Liability for Active Members	 106,943,343	 126,616,026
Accrued Liability for Inactive Members	17,861,367	17,202,624
Accrued Liability for Members in Pay Status	158,720,158	156,096,705
Total Accrued Liability	283,524,868	299,915,355
 Unfunded Accrued Liability	 14,734,498	 37,843,887
 Funded Ratio	 94.8%	 87.4%
 Actuarially Determined Contribution for Fiscal Year	 2023-24	 2022-23
Normal Cost	\$2,029,408	\$2,988,559
Past Service Cost	1,487,582	3,820,685
Timing Adjustment	235,638	456,219
Actuarially Determined Contribution	3,752,628	7,265,463
 Allocated to Board of Education	 485,682	 866,563
Allocated to City	3,201,666	6,095,614
Allocated to WPCA	65,280	303,286
Total	3,752,628	7,265,463

Section II - Plan Assets

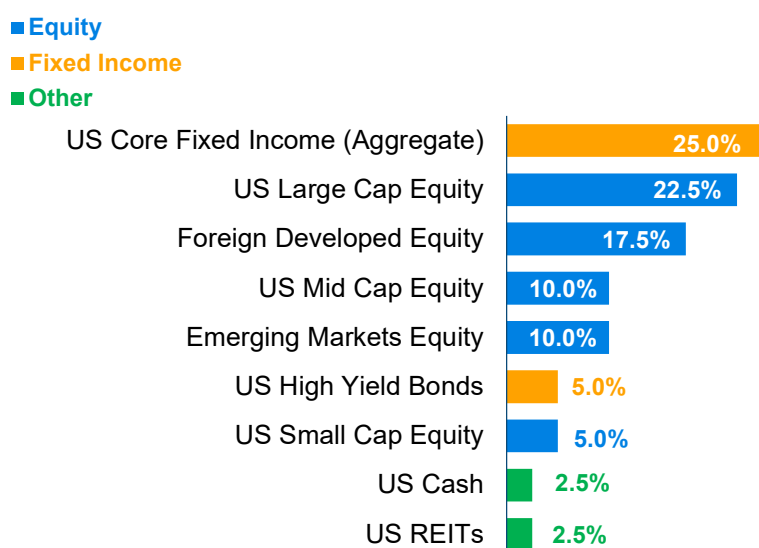
A. Summary of Fund Transactions

Assets are allocated directly to WPCA based on the WPCA cash flows and a prorata share of the net investment income; the remaining non-WPCA market value is allocated to the Board of Education and the City in proportion to their respective total Accrued Liability, measured prior to any plan or assumption changes (Board of Education \$31,076,903; City \$260,602,535).

	Board of Education	City	WPCA	Total
Market Value as of July 1, 2021	\$30,779,155	\$254,975,967	\$15,959,456	\$301,714,578
City Contributions			364,000	8,074,000
Member Contributions			85,955	1,734,933
Net Investment Income			(1,977,790)	(38,930,346)
Benefit Payments			(919,614)	(17,173,648)
Administrative Expenses			(6,518)	(128,300)
Market Value as of June 30, 2022	25,760,992	216,024,736	13,505,489	255,291,217
Expected Return on Market Value of Assets				19,956,643
Market Value (Gain)/Loss				58,886,989
Approximate Rate of Return *				-13.07%

* The rate shown here is not the dollar or time weighted investment yield rate which measures investment performance. It is an approximate net return assuming all activity occurred on average midway through the fiscal year.

Target Asset Allocation as of June 30, 2022



Section II - Plan Assets

B. Development of Actuarial Value of Assets

In order to minimize the impact of market fluctuations on the contribution level, we use an Actuarial Value of Assets that recognizes gains and losses asymptotically over a five year period. The Actuarial Value of Assets as of July 1, 2022 is determined below.

1.	Expected Actuarial Value of Assets:	
	a. Actuarial Value of Assets as of July 1, 2021	\$262,071,468
	b. City and Member Contributions	9,808,933
	c. Benefit Payments and Administrative Expenses	(17,301,948)
	d. Expected Earnings Based on 6.70% Interest	17,586,705
	e. Expected Actuarial Value of Assets as of July 1, 2022	272,165,158
2.	Market Value of Assets as of July 1, 2022	255,291,217
3.	Unrecognized Gains/(Losses): (2) - (1e)	(16,873,941)
4.	Amount Recognized as of July 1, 2022: 20% of (3)	(3,374,788)
5.	Preliminary Actuarial Value of Assets as of July 1, 2022: (1e) + (4)	268,790,370
6.	Preliminary Actuarial Value of Assets as a % of Market Value: (5) / (2)	105.3%
7.	Actuarial Value of Assets as of July 1, 2022: (5), within +/- 30% of (2)	268,790,370
8.	Actual Earnings on Actuarial Value of Assets: (7) - [(1a) + (1b) + (1c)]	14,211,917
9.	Approximate Rate of Return on Actuarial Value of Assets	5.42%
10.	Actuarial Value (Gain)/Loss: (1d) - (8)	3,374,788
11.	Actuarial Value of Assets as of July 1, 2022 allocated in proportion to Market Value:	

	Market Value	Actuarial Value
Board of Education	\$25,760,992	\$27,123,168
City	216,024,736	227,447,577
WPCA	13,505,489	14,219,625
Total	255,291,217	268,790,370

Section III - Development of Contribution

A. Past Service Cost

In determining the Past Service Cost, the Unfunded Accrued Liability is amortized as a level dollar amount over 15 years. Starting with the July 1, 2022 valuation, each year a new amortization base will be established for the actuarial gains or losses that have emerged since the last valuation. Because this is the initial year of the new funding method, no prior amortization bases exist.

	Board of Education	City	WPCA	Total
1. Accrued Liability				
Active Members	\$12,570,002	\$89,840,803	\$4,532,538	\$106,943,343
Inactive Members	1,187,032	16,274,516	399,819	17,861,367
Service Retirees	14,553,164	122,009,997	7,833,178	144,396,339
Disabled Retirees	157,328	4,425,640	533,602	5,116,570
Beneficiaries	209,546	8,390,544	607,159	9,207,249
Total Accrued Liability	28,677,072	240,941,500	13,906,296	283,524,868
2. Actuarial Value of Assets (see Section IIB)	27,123,168	227,447,577	14,219,625	268,790,370
3. Unfunded Accrued Liability: (1) - (2)	1,553,904	13,493,923	(313,329)	14,734,498
4. Funded Ratio: (2) / (1)	94.6%	94.4%	102.3%	94.8%
5. Amortization Period	15	15	15	15
6. Amortization Growth Rate	0.00%	0.00%	0.00%	0.00%
7. Past Service Cost: (3) amortized over (5)	156,881	1,362,334	(31,633)	1,487,582

Section III - Development of Contribution
B. Actuarially Determined Contribution

	Board of Education	City	WPCA	Total
1. Total Normal Cost	\$564,379	\$3,197,358	\$190,432	\$3,952,169
2. Expected Member Contributions	281,956	1,649,039	102,977	2,033,972
3. Expected Administrative Expenses	15,881	89,971	5,359	111,211
4. Net Normal Cost: (1) - (2) + (3)	298,304	1,638,290	92,814	2,029,408
5. Past Service Cost (see Section IIIA)*	156,881	1,362,334	(31,633)	1,487,582
6. Interest on (4) + (5) to start of the fiscal year	30,497	201,042	4,099	235,638
7. Actuarially Determined Contribution: (4) + (5) + (6)	485,682	3,201,666	65,280	3,752,628

* In the event the funded ratio for the plan as a whole is between 100% and 120%, the resulting negative Past Service Cost will not be used to offset the Net Normal Cost.

Section III - Development of Contribution C. Long Range Forecast

This forecast is based on the results of the July 1, 2022 actuarial valuation and assumes that the City will pay the Actuarially Determined Contribution each year, the assets will return the assumed interest rate on a market value basis each year, and there are no future changes in the actuarial methods or assumptions or in the plan provisions. Actual results at each point in time will yield different values, reflecting the actual experience of the plan membership and assets.

Valuation Date	Values as of the Valuation Date				Fiscal Year	Cash Flows Projected to the Following Fiscal Year			
	Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability	Funded Ratio		City Contributions	Member Contributions	Benefit Payments	Net Cash Flows
7/1/2022	\$283,524,868	\$268,790,370	\$14,734,498	94.8%	2023-24	\$3,752,628	\$2,018,617	(\$18,934,994)	(\$13,163,749)
7/1/2023	287,633,000	274,524,000	13,109,000	95.4%	2024-25	3,653,000	1,986,000	(19,735,000)	(14,096,000)
7/1/2024	291,542,000	276,848,000	14,694,000	95.0%	2025-26	3,852,000	1,987,000	(20,447,000)	(14,608,000)
7/1/2025	294,816,000	278,716,000	16,100,000	94.5%	2026-27	4,059,000	1,984,000	(21,067,000)	(15,024,000)
7/1/2026	297,541,000	280,491,000	17,050,000	94.3%	2027-28	4,222,000	1,969,000	(21,675,000)	(15,484,000)
7/1/2027	299,768,000	282,220,000	17,548,000	94.1%	2028-29	4,347,000	1,955,000	(22,290,000)	(15,988,000)
7/1/2028	301,459,000	283,815,000	17,644,000	94.1%	2029-30	4,462,000	1,948,000	(22,837,000)	(16,427,000)
7/1/2029	302,591,000	285,186,000	17,405,000	94.2%	2030-31	4,541,000	1,933,000	(23,373,000)	(16,899,000)
7/1/2030	303,190,000	286,358,000	16,832,000	94.4%	2031-32	4,616,000	1,911,000	(23,798,000)	(17,271,000)
7/1/2031	303,242,000	287,258,000	15,984,000	94.7%	2032-33	4,685,000	1,892,000	(24,216,000)	(17,639,000)
7/1/2032	302,830,000	287,951,000	14,879,000	95.1%	2033-34	4,745,000	1,879,000	(24,581,000)	(17,957,000)
7/1/2033	301,938,000	288,408,000	13,530,000	95.5%	2034-35	4,792,000	1,880,000	(24,843,000)	(18,171,000)
7/1/2034	300,593,000	288,649,000	11,944,000	96.0%	2035-36	4,815,000	1,885,000	(24,978,000)	(18,278,000)
7/1/2035	298,874,000	288,756,000	10,118,000	96.6%	2036-37	4,834,000	1,907,000	(25,117,000)	(18,376,000)
7/1/2036	296,900,000	288,818,000	8,082,000	97.3%	2037-38	4,843,000	1,926,000	(25,172,000)	(18,403,000)
7/1/2037	294,661,000	288,831,000	5,830,000	98.0%	2038-39	3,265,000	1,950,000	(25,231,000)	(20,016,000)
7/1/2038	292,230,000	288,857,000	3,373,000	98.8%	2039-40	3,200,000	1,970,000	(25,187,000)	(20,017,000)
7/1/2039	289,590,000	287,198,000	2,392,000	99.2%	2040-41	2,969,000	1,987,000	(25,108,000)	(20,152,000)
7/1/2040	286,838,000	285,452,000	1,386,000	99.5%	2041-42	2,739,000	2,003,000	(24,964,000)	(20,222,000)
7/1/2041	284,013,000	283,463,000	550,000	99.8%	2042-43	2,536,000	2,028,000	(24,771,000)	(20,207,000)

Section III - Development of Contribution
D. History of Funded Status

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Accrued Liability	Funded Ratio
July 1, 2022	\$268,790,370	\$283,524,868	\$14,734,498	94.8%
July 1, 2021	262,071,468	299,915,355	37,843,887	87.4%
July 1, 2020	241,939,516	287,362,298	45,422,782	84.2%
July 1, 2019	235,625,904	279,855,800	44,229,896	84.2%
July 1, 2018	228,435,137	264,380,151	35,945,014	86.4%
July 1, 2017	221,592,260	268,864,782	47,272,522	82.4%
July 1, 2016	216,205,953	249,941,161	33,735,208	86.5%
July 1, 2015	213,353,135	241,905,000	28,551,865	88.2%
July 1, 2014	205,056,151	235,975,000	30,918,849	86.9%
July 1, 2013	194,421,794	227,311,000	32,889,206	85.5%

Section III - Development of Contribution

E. History of City Contributions

Fiscal Year	Actuarially Determined Contribution	Actual City Contribution	Payroll	Actual Contribution as a Percent of Payroll
2023-24	\$3,752,628	TBD	\$42,380,809	TBD
2022-23	7,265,463	TBD	41,714,164	TBD
2021-22	8,074,000	\$8,074,000	42,190,391	19.1%
2020-21	8,064,000	8,064,000	42,111,975	19.1%
2019-20	6,626,000	6,626,000	42,277,750	15.7%
2018-19	7,864,000	7,864,000	41,463,538	19.0%
2017-18	6,348,000	6,348,000	42,603,785	14.9%
2016-17	5,923,000	5,923,000	40,776,678	14.5%
2015-16	6,387,000	6,348,000	39,506,337	16.1%
2014-15	6,799,000	6,799,000	44,213,643	15.4%

Section IV - Membership Data

A. Reconciliation of Membership from Prior Valuation

Details of the changes in the Plan membership since the last valuation are shown below. Additional details on the Plan membership are provided in the remainder of Section IV.

	Active Members	Terminated Vested Members	Nonvested Members Due Refunds	Service Retirees	Disabled Retirees	Beneficiaries	Total
Count July 1, 2021	537	145	31	605	17	71	1,406
Terminated							
- due refund	(11)	-	11	-	-	-	0
- paid refund	(2)	-	-	-	-	-	(2)
- vested benefits due	(14)	14	-	-	-	-	0
Retired	(17)	(10)	-	27	-	-	0
Died							
- with beneficiary	-	-	-	(8)	-	8	0
- no beneficiary	(1)	(1)	-	(26)	-	(5)	(33)
Benefits expired	-	-	-	-	-	-	0
New member	32	-	-	-	-	-	32
Rehired	1	(1)	-	-	-	-	0
New Alternate Payee	-	-	-	-	-	2	2
Correction	-	-	1	1	3	2	7
Count July 1, 2022	525	147	43	599	20	78	1,412
Breakdown July 1, 2022							
Board of Education	90	12	2	73	1	3	181
City	413	133	39	502	17	72	1,176
WPCA	<u>22</u>	<u>2</u>	<u>2</u>	<u>24</u>	<u>2</u>	<u>3</u>	<u>55</u>
Total	525	147	43	599	20	78	1,412

Section IV - Membership Data

B. Statistics of Active Membership

		As of July 1, 2022	As of July 1, 2021
Number of Active Members	Board of Education	90	90
	City	413	421
	WPCA	22	26
	Total	525	537
Average Age	Board of Education	52.2	51.9
	City	52.9	52.4
	WPCA	53.3	54.5
	Total	52.8	52.5
Average Service	Board of Education	12.8	12.9
	City	16.3	16.1
	WPCA	14.4	15.9
	Total	15.6	15.5
Total Payroll	Board of Education	\$6,409,402	\$6,105,806
	City	34,013,331	33,419,208
	WPCA	1,958,076	2,189,150
	Total	42,380,809	41,714,164
Average Payroll	Board of Education	\$71,216	\$67,842
	City	82,357	79,381
	WPCA	89,003	84,198
	Total	80,725	77,680

Section IV - Membership Data

C. Distribution of Active Members as of July 1, 2022

Board of Education

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25								0
25-29	1							1
30-34	5	1						6
35-39	7	5	2					14
40-44	3	7	1	2				13
45-49	2		1		1			4
50-54	2	4	1	1	3			11
55-59	2	5	2		5		1	15
60-64	2	2	1		3	2	2	12
65+		1	1	2	4	2	4	14
Total	24	25	9	5	16	4	7	90

City

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	4							4
25-29	11	5						16
30-34	16	6	2					24
35-39	8	6	6	2				22
40-44	11	8	6	10	3			38
45-49	9	7	3	6	10			35
50-54	10	13	6	10	21	9	2	71
55-59	10	11	4	11	22	9	14	81
60-64	3	5	3	17	16	5	18	67
65+	5	5	4	7	15	5	14	55
Total	87	66	34	63	87	28	48	413

WPCA

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25								0
25-29	2							2
30-34	1		1					2
35-39				1				1
40-44			1	1				2
45-49								0
50-54				1				1
55-59		1	2				2	5
60-64	1		1		2	1		5
65+		2	1			1		4
Total	4	3	6	3	2	2	2	22

Section IV - Membership Data

D. Statistics of Inactive Membership

	As of July 1, 2022	As of July 1, 2021
Terminated Vested Members		
Number	147	145
Total Annual Benefit	\$2,015,170	\$1,935,111
Average Annual Benefit	13,709	13,346
Average Age	51.6	51.9
Nonvested Members Due Refunds		
Number	43	31
Service Retirees		
Number	599	605
Total Annual Benefit	\$15,100,577	\$14,844,497
Average Annual Benefit	25,210	24,536
Average Age	75.0	75.0
Disabled Retirees		
Number	20	17
Total Annual Benefit	\$499,129	\$422,580
Average Annual Benefit	24,956	24,858
Average Age	63.3	63.2
Beneficiaries		
Number	78	71
Total Annual Benefit	\$1,277,672	\$1,197,834
Average Annual Benefit	16,380	16,871
Average Age	80.4	81.6

Section IV - Membership Data
E. Distribution of Inactive Members as of July 1, 2022

	Age	Number	Annual Benefits
Terminated Vested Members	< 50	44	\$512,814
	50 - 59	76	1,081,056
	60 - 69	26	416,103
	70 - 79	1	5,197
	80 - 89	0	0
	90 +	0	0
	Total	147	2,015,170
Service Retirees	< 50	0	\$0
	50 - 59	13	402,086
	60 - 69	189	5,458,464
	70 - 79	227	6,118,086
	80 - 89	125	2,460,624
	90 +	45	661,317
	Total	599	15,100,577
Disabled Retirees	< 50	0	\$0
	50 - 59	9	230,151
	60 - 69	7	178,948
	70 - 79	4	90,031
	80 - 89	0	0
	90 +	0	0
	Total	20	499,129
Beneficiaries	< 50	1	\$28,098
	50 - 59	3	44,684
	60 - 69	8	153,940
	70 - 79	26	483,017
	80 - 89	25	366,531
	90 +	15	201,402
	Total	78	1,277,672

Section V - Analysis of Risk

A. Introduction

The results of this actuarial valuation are based on one set of reasonable assumptions. However, it is almost certain that future experience will not exactly match these assumptions. As an example, the plan's investments may perform better or worse than assumed in any single year and over any longer time horizon. It is therefore important to consider the potential impacts of these likely differences when making decisions that may affect the future financial health of the plan, or of the plan's members.

In addition, as plans mature they accumulate larger pools of assets and liabilities. The increase in size in turn increases the potential magnitude of adverse experience. As an example, the dollar impact of a 10% investment loss on a plan with \$1 billion in assets and liabilities is much greater than the dollar impact for a plan with \$1 million in assets and liabilities. Since pension plans make long-term promises and rely on long-term funding, it is important to consider how mature the plan is today, and how mature it may become in the future.

Actuarial Standard of Practice No. 51 (ASOP 51) directs actuaries to provide pension plan sponsors with information concerning the risks associated with the plan:

- Identify risks that may be significant to the plan.
- Assess the risks identified as significant to the plan. The assessment does not need to include numerical calculations.
- Disclose plan maturity measures and historical information that are significant to understanding the plan's risks.

This section of the report uses the framework of ASOP 51 to communicate important information about significant risks to the plan, the plan's maturity, and relevant historical plan data.

Please see Section III C for more information on the basis for the projected results shown on the following pages.

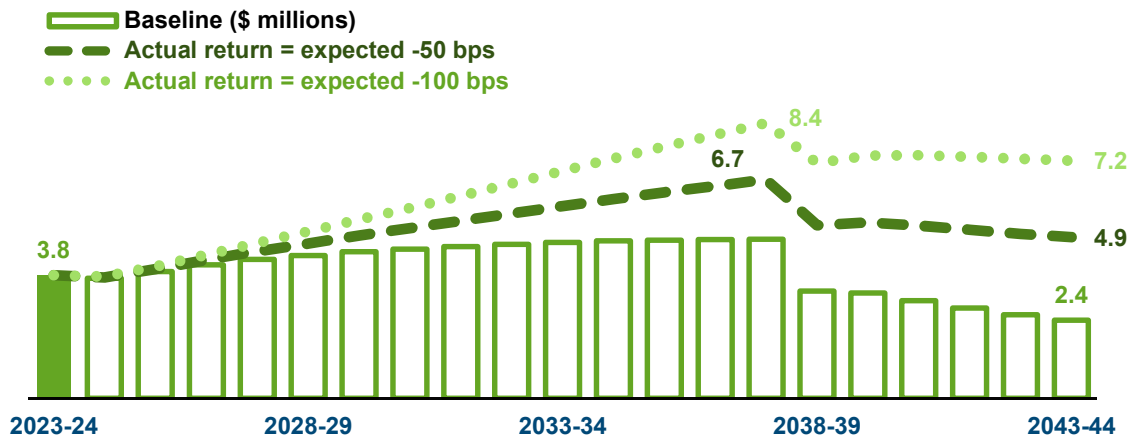
Section V - Analysis of Risk

B. Risk Identification and Assessment

Investment Risk

Definition: This is the potential that investment returns will be different than expected.

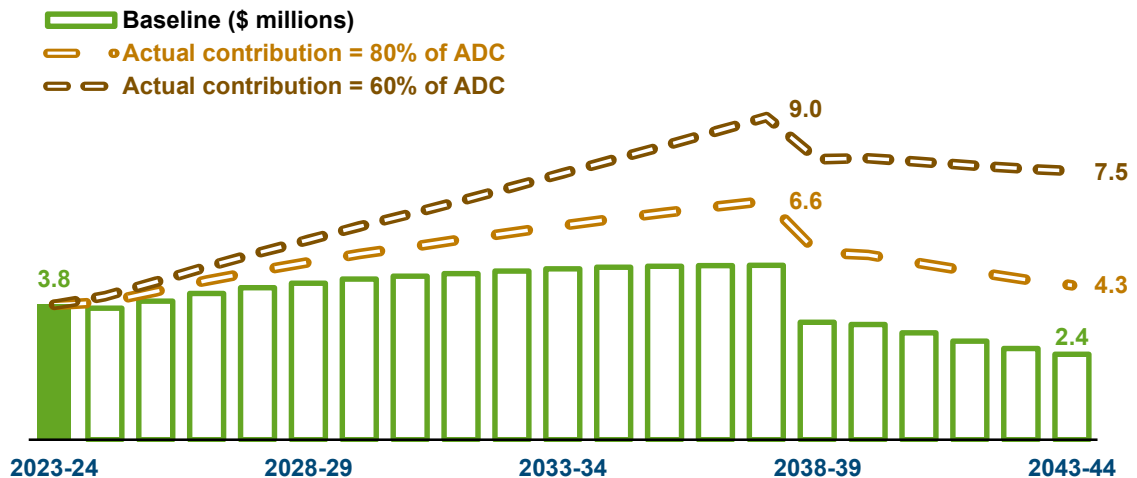
Identification: To the extent that actual investment returns differ from the assumed investment return, the plan's future assets, Actuarially Determined Contributions, and funded status may differ significantly from those presented in this valuation. The consequences of persistent underperformance on future Actuarially Determined Contribution levels are illustrated below:



Contribution Risk

Definition: This is the potential that actual future contributions will be less than the Actuarially Determined Contribution.

Identification: Over the past 8 years, actual contributions have been 99.9% of the Actuarially Determined Contribution in total. The consequences of persistent underfunding on future Actuarially Determined Contribution levels are illustrated below:



Section V - Analysis of Risk

B. Risk Identification and Assessment

Liquidity Risk

Definition: This is the potential that assets must be liquidated at a loss earlier than planned in order to pay for the plan's benefits and operating costs. This risk is heightened for plans with negative cash flows, in which contributions are not sufficient to cover benefit payments plus expenses.

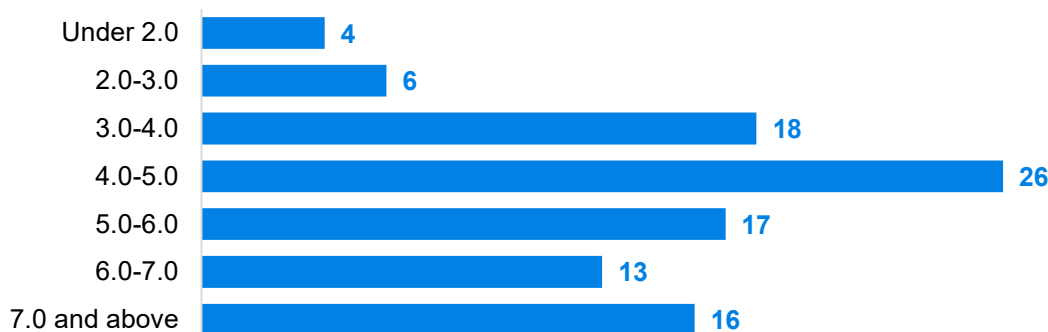
Identification: In 2021-22, the plan had negative cash flow, with city and member contributions to the plan of \$9,808,933 compared to \$17,301,948 of benefit payments and administrative expenses paid out of the plan. We suggest that you consult with your investment advisors with respect to the liquidity characteristics of the plan's investment holdings.

Maturity Risk

Definition: This is the potential for total plan liabilities to become more heavily weighted toward inactive liabilities over time, and for plan assets and/or liabilities to become larger relative to the active member liability.

Identification: The plan is subject to maturity risk because as plan assets and liabilities continue to grow, the dollar impact of any gains or losses on the assets or liabilities also becomes larger.

Assessment: As of July 1, 2022, the plan's Asset Volatility Ratio (the ratio of the market value of plan assets to payroll) is 6.0. According to Milliman's 2021 Public Pension Funding Study, the 100 largest US public pension plans have the following range of Asset Volatility Ratios:



Inflation Risk

Definition: This is the potential for a pension to lose purchasing power over time due to inflation.

Identification: The members of pension plans without fully inflation-indexed benefits are subject to the risk that their purchasing power will be reduced over time due to inflation.

Assessment: This plan does not contain a mechanism to regularly increase benefits after retirement, so members bear all of the inflation risk.

Section V - Analysis of Risk

B. Risk Identification and Assessment

Insolvency Risk

Definition: This is the potential that a plan will become insolvent; that is, assets will be fully depleted.

Identification: If a plan becomes insolvent, contractually required benefits must be paid from the plan sponsor's other remaining assets.

Assessment: Under the GASB 68 depletion date methodology, the plan is not projected to become insolvent. Please see the GASB 68 report for more details on the underlying analysis.

Demographic Risks

Definition: This is the potential that mortality, turnover, retirement, or other demographic experience will be different than expected.

Identification: The pension liabilities reported herein have been calculated by assuming that members will follow patterns of demographic experience as described in Appendix B. If actual demographic experience or future demographic assumptions are different from what is assumed to occur in this valuation, future pension liabilities, Actuarially Determined Contributions, and funded status may differ significantly from those presented in this valuation. Formal Experience Studies performed on a regular basis are helpful in ensuring that the demographic assumptions reflect emerging plan experience.

Retirement Risk

Definition: This is the potential for members to retire and receive subsidized benefits that are more valuable than expected.

Identification: This plan permits members to retire with unreduced benefits at young ages. If members retire at earlier ages than are anticipated by the actuarial assumptions, this will put upward pressure on subsequent Actuarially Determined Contributions.

Additional Pension Credit Risk

Definition: This is the potential for active members to trade in unused sick and/or vacation days and receive pension benefits that are higher than expected.

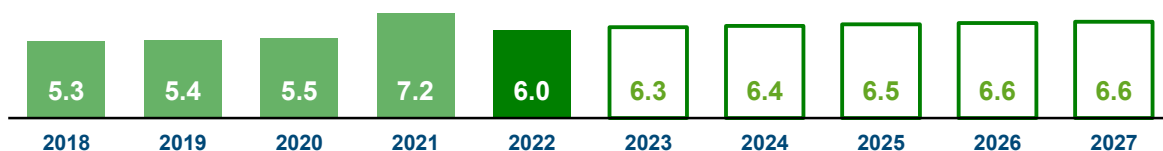
Identification: This plan permits some members to trade in unused sick and/or vacation days and increase their total pension multiplier. We assume that on average members elect to receive 100% of the maximum additional pension credit based on their current bank. If eligible members elect to receive more than the assumed amount of pension credit, then the plan costs will rise over time.

Section V - Analysis of Risk

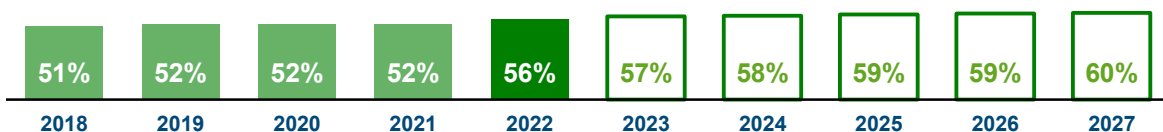
C. Maturity Measures

The metrics presented below are different ways of understanding the plan's maturity level, both in the past and as it is expected to change in the coming years.

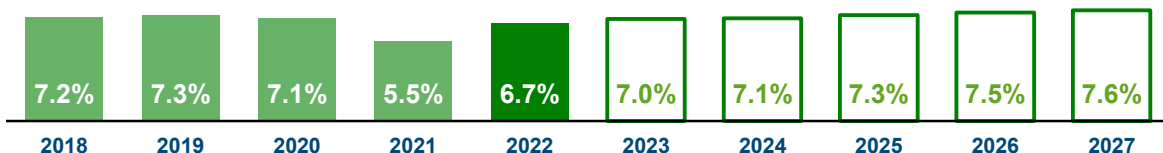
Asset Volatility Ratio: Market Value of Assets compared to Payroll



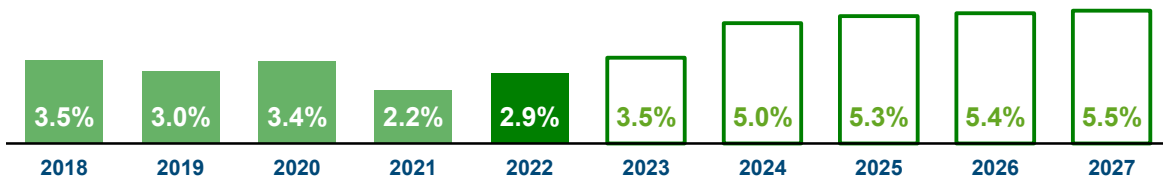
Accrued Liability for members in pay status compared to total Accrued Liability



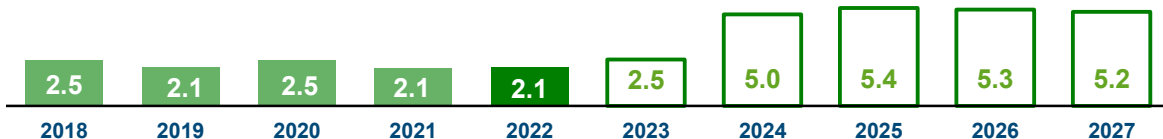
Benefit Payments compared to Market Value of Assets



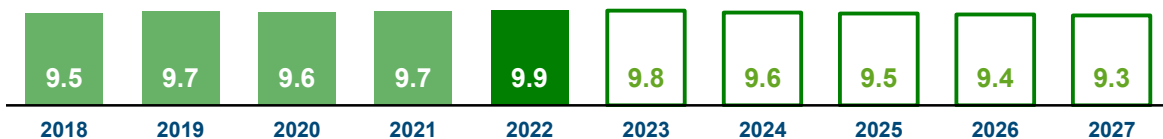
Net Cash Flows compared to Market Value of Assets



Benefit Payments compared to City Contributions



Duration of Accrued Liability (based on GASB 68 sensitivity disclosures)



Appendix A - Actuarial Funding Method

Starting with the July 1, 2022 valuation, the actuarial funding method used in the valuation of this Plan is known as the Entry Age Normal Method. The Actuarially Determined Contribution consists of three pieces: Normal Cost plus a Past Service Cost payment to gradually eliminate the Unfunded Accrued Liability plus a Timing Adjustment to reflect the timing of the contribution relative to the valuation date.

The Normal Cost is determined by calculating the present value of future benefits for present active Members that will become payable as the result of death, disability, retirement or termination. This cost is then spread as a level percentage of earnings from entry age to termination as an Active Member. If Normal Costs had been paid at this level for all prior years, a fund would have accumulated. Because this fund represents the portion of benefits that would have been funded to date, it is termed the Accrued Liability. In fact, it is calculated by adding the present value of benefits for Retired Members and Terminated Vested Members to the present value of benefits for Active Members and subtracting the present value of future Normal Cost contributions.

The funding cost of the Plan is derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc. which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the Plan.

The Unfunded Accrued Liability is the excess of the Accrued Liability over the assets which have been accumulated for the plan. This Unfunded Accrued Liability is amortized as a level dollar amount over an open period of 15 years. Starting with the July 1, 2023 valuation, each year a new amortization base is established for the actuarial gains or losses that have emerged since the last valuation. The City will continue to fund the Net Normal Cost so long as the Plan's funded ratio is below 120%. Should the funded ratio be 120% or more as of the valuation date, surplus would be used to offset the Net Normal Cost.

The Actuarial Value of Assets is determined by recognizing market gains and losses asymptotically over a five year period; the result is constrained to within +/- 30% of the market value of assets as of the valuation date.

The long-range forecasts included in this report have been developed by assuming that members will terminate, retire, become disabled, and die according to the actuarial assumptions with respect to these causes of decrement, and that pay increases, cost of living adjustments, and so forth will likewise occur according to the actuarial assumptions. For those unions whose new employees are eligible to participate in this plan, members who are projected to leave active employment are assumed to be replaced by new active members with the same age, service, gender, and pay characteristics as those hired in the past few years, as well as incorporating the characteristics of the current active employees as a whole.

Appendix B - Actuarial Assumptions

Each of the assumptions used in this valuation was set based on a formal study of the plan's experience for the period ending June 30, 2021 which reflected industry standard published tables and data, the particular characteristics of the plan, relevant information from the plan sponsor or other sources about future expectations, and our professional judgment regarding future plan experience. We believe the assumptions are reasonable for the contingencies they are measuring, and are not anticipated to produce significant cumulative actuarial gains or losses over the measurement period. Several assumptions were changed with this valuation. See pages 34-35 of this report for the assumptions that were used for the prior valuation.

Interest Rate 6.70%

Inflation Rate 2.60%

Expenses The average of the prior year two year's administrative expenses, rounded to the nearest \$1.

Salary Scale	Age	Rate
	< 30	5.00%
	30-39	4.00%
	40-49	3.20%
	50-64	2.50%
	65+	2.00%

Retroactive pay increases of 2.35% were assumed back to 7/1/2021 for the IUOE-WPCA (TEA).

Turnover **Rates for UAW and UE members:**

Service	Male	Female
< 5	6.0%	10.0%
5 - 9	5.0%	10.0%
10-14	3.0%	3.0%
15+	1.0%	1.0%

Rates for all other members:

Service	Rate
< 10	5.00%
10+	1.00%

Appendix B - Actuarial Assumptions

Retirement	Age	Rate
	50-59	5.2%
	60-64	10.8%
	65	13.0%
	66-69	18.5%
	70-74	16.5%
	75+	100.0%

Retirements are assumed to occur after the earliest of 1) age 50 with 25 years of service, 2) age 55 with 15 years of service, or 3) age 60 with 5 years of service.

Disability 25% of the DP-1985 Class 1 Table. Sample rates are shown below.

Age	Male	Female
20	0.007%	0.008%
25	0.010%	0.012%
30	0.012%	0.020%
35	0.017%	0.034%
40	0.029%	0.053%
45	0.051%	0.081%
50	0.090%	0.133%
55	0.181%	0.238%
60	0.314%	0.290%
65	0.438%	0.340%
70+	0.000%	0.000%

All disabilities are assumed to be non-service related.

Mortality PubG-2010 Mortality Table with generational projection per the MP-2021 Ultimate scale, with employee rates before benefit commencement and healthy, disabled and contingent annuitant rates after benefit commencement. This assumption includes a margin for mortality improvement beyond the valuation date.

All preretirement deaths are assumed to be non-service related.

Marital Status 80% of active participants are assumed to be married. Female spouses are assumed to be 4 years younger than male spouses.

Pension Service Exchange and Payout Bank Retiring members are assumed to elect 25% of the maximum exchange.

COLA's None assumed

Appendix B - Actuarial Assumptions

Changes in Assumptions From Prior Year

The following assumptions were used in the prior year actuarial valuation:

Salary Scale	Age	Rate
	20	6.10%
	25	6.10%
	30	5.45%
	35	4.80%
	40	4.15%
	45	3.50%
	50	2.85%
	55+	2.60%

Retroactive pay increases of 2.25% were assumed back to 7/1/2019 for the UE and LAW, and back to 7/1/2020 for the MAA.

Turnover	Age	Rate
	20	10.6%
	25	7.9%
	30	5.8%
	35	4.2%
	40	3.1%
	45	2.1%
	50	1.3%
	55	0.5%
	60	0.5%

Disability	Age	Rate
	20	0.05%
	25	0.05%
	30	0.05%
	35	0.06%
	40	0.09%
	45	0.18%
	50	0.40%
	55	0.85%
	60	0.85%

All disabilities are assumed to be non-service related.

Appendix B - Actuarial Assumptions

Changes in Assumptions From Prior Year (continued)

Retirement	Age	Rate
	50-61	5%
	62-65	100%

Retirements are assumed to occur after the earliest of 1) age 50 with 25 years of service, 2) age 55 with 15 years of service, or 3) age 60 with 10 years of service.

Mortality

PubG-2010 Mortality Table with generational projection per the MP-2019 Ultimate scale, with employee rates before benefit commencement and healthy, disabled and contingent annuitant rates after benefit commencement. This assumption includes a margin for mortality improvement beyond the valuation date.

All preretirement deaths are assumed to be non-service related.

Pension Service Exchange and Payout Bank

100% of retiring members are assumed to elect the maximum exchange (based on their current bank).

Appendix C - Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan. It is not intended to be, nor should it be interpreted as a complete statement of all plan provisions. All eligibility requirements and benefit amounts shall be determined in strict accordance with the plan document itself. To the extent that this summary does not accurately reflect the plan provisions, then the results of this valuation may not be accurate.

Eligibility Members of the UAW are eligible to participate upon hire. Members of the other unions hired after a certain date (varies by union) are not eligible to participate in the Plan.

Pension Earnings LAW, UAW and TEA: the average of the highest 3 out of the last 10 years of salary.

All others: salary in the final year of employment.

Normal Retirement Eligibility Generally: age 58 with 15 years of service, or age 60 with 10 years of service.

MAA: also any age with 25 years of service.

UE hired or or after 7/1/2012: age 58 with 15 years does not apply.

UAW: age 58 with 15 years only applies to those with 25 years of service on 1/1/2015.

TEA: age 58 with 15 years does not apply.

Normal Retirement Benefit Equal to a percentage of Pension Earnings multiplied by years of service with a cap on years of service and/or a cap on the overall benefit.

Group	Multiplier	Service Cap	Benefit Cap
Generally	2.00%	33	66%
UE hired or or after 7/1/2012		30	
UAW			70%
UAW with <25 years on 1/1/2015	1.75%*		
UAW hired or or after 1/1/2015	1.50%		
TEA			66%
TEA with <20 years on 1/1/2015	1.75%*		
TEA hired on or after 1/1/2015	1.50%		

* applies only to service after 1/1/2015

Appendix C - Summary of Plan Provisions

Normal Retirement Benefit (continued)	<p>For members promoted to MAA after 6/16/2018, the multiplier immediately prior to promotion will be used for service after promotion. These members also have three options regarding what pay will be used for their pension calculation (their new pay, their new pay with phase in, or the salary for their pre-promotion position).</p> <p>Minimum benefit with 25 years of service is \$1,000.</p>
Early Retirement Eligibility	<p>Age 50 with 25 years of service.</p>
Early Retirement Benefit	<p>Accrued retirement benefit reduced .25% for each of the first 36 months prior to age 58 and .55% for each month in excess of 36; no reduction for MAA with 25+ years of service.</p>
Non-Service Disability Eligibility	<p>UAW, Nurses, and Dental: 15 years of service.</p> <p>All others: 10 years of service.</p>
Non-Service Disability Benefit	<p>TEA: 50% of Pension Earnings if less than 20 years of service; accrued retirement benefit if more than 20 years of service.</p> <p>All others: 50% of Pension Earnings if less than 25 years of service; accrued retirement benefit if more than 25 years of service.</p>
Service Disability Eligibility	<p>No service requirement.</p>
Service Disability Benefit	<p>50% of Pension Earnings.</p>
Non-Service Preretirement Death Eligibility	<p>No service requirement.</p>
Non-Service Preretirement Death Benefit	<p>Less than 15 years of service: refund of contributions.</p> <p>15+ years of service but not eligible for retirement: \$166.67 per month less Social Security benefit.</p> <p>Eligible to retire: retirement benefit payable as a 100% Joint & Survivor annuity.</p>
Service Preretirement Death Eligibility	<p>No service requirement.</p>
Service Preretirement Death Benefit	<p>50% of Pension Earnings less Worker's Compensation payments, minimum \$83.33 per month.</p>

Appendix C - Summary of Plan Provisions

Postretirement Death Benefit	Lump sum equal to the excess, if any, of accumulated contributions over the total benefits paid to the member or survivors.
Postretirement Life Insurance	UAW: none. All others: \$6,000 lump sum.
Vesting	TEA and UE: 100% after 10 years of service. All others: 100% after 5 years of service.
Termination Benefit	If the member is vested, the accrued benefit is payable at age 60, or at age 58 if the member has 15+ years of vesting services and is eligible for Normal Retirement at age 58 with 15 years of service. If the member is not vested, the member is paid a refund of their accumulated contributions.
Employee Contributions	Active members contribute a percentage of salary: 1199: 3.00% LAW, TEA, DEN, UE, NUR, NSH and NHE: 6.00% MAA: 6.25% (Prior to 7/17/2020: 6.00%) UAW with multiplier < 2.00%: 4.50% UAW with 2% multiplier: 5.00% No member contributions are made by: Teamsters with 33+ years of service on 7/1/2012. UAW with 35+ years or who have reached the maximum total multiplier. MAA once the member has reached the maximum total multiplier.
Cost of Living Adjustments	A notional COLA adjustment account is maintained and a triennial calculation is performed to update the account and determine if a COLA is due. The COLA amount is based on the value of the account and the liability for eligible retirees. The maximum COLA is 4%.

Appendix C - Summary of Plan Provisions

Vacation / Sick Leave Banks

Union	Payout Bank Source	Additional Pension Credits Available		Eligibility Cutoff Date For	
		Vacation	Sick	Vacation	Sick
1199	Operating Budget	Yes-payout only	Yes-payout only	--	07/01/1998
Dental	Operating Budget	No	Yes	--	07/01/1997
Law	Operating Budget	Yes-payout only	Yes-payout only	--	--
MAA	Operating Budget	Yes	Yes	--	07/01/1997
Nurses	Operating Budget	Yes	Yes	--	07/01/1997
Teamsters	Operating Budget	Yes	Yes	01/01/2015	07/01/1997
UAW	Operating Budget	Yes	Yes	01/01/2015	03/17/2020
UE	Operating Budget	Yes	Yes	07/01/2012	07/01/1997

UE hired on or after 7/1/2012: not eligible for exchange.

UAW and TEA hired on or after 1/1/2015: not eligible for exchange.

The amount of the exchange/payout bank is equal to 50% of sick days subject to a 75 day maximum, plus vacation days. Employees can trade in up to 100 days of eligible time for additional pension credit. Each 25 days grants an additional 1% of salary up to a maximum of 4%. The remainder of the bank is paid out in a lump sum.

Additional Provisions

MAA, UAW, and Dental Hygienists: can pay 3% of 2011-2012 base salary for one additional year of service credit. The additional benefit is paid at age 65+. Such payment must be made by 6/30/2013 or 6/30/2014, depending on the union.

CERF plan participant promoted into MAA may choose: (1) to use the salary of the new position to calculate the member's pension (member must buy back value of higher pension) based on service limited to 10 years; or (2) to use a graded 6 year schedule for the increase in salary to be used; or (3) Freeze pension salary at pre-promotion position.

Cost of Living Adjustments

A notional COLA adjustment account is maintained and a triennial calculation is performed to update the account and determine if a COLA is due. The COLA amount is based on the value of the account and the liability for eligible retirees. The maximum COLA is 4%.

Appendix D - Glossary

Actuarial Cost Method - This is a procedure for determining the Actuarial Present Value of Benefits and allocating it to time periods to produce the Actuarial Accrued Liability and the Normal Cost.

Accrued Liability - This is the portion of the Actuarial Present Value of Benefits attributable to periods prior to the valuation date by the Actuarial Cost Method (i.e., that portion not provided by future Normal Costs).

Actuarial Assumptions - With any valuation of future benefits, assumptions of anticipated future events are required. If actual events differ from the assumptions made, the actual cost of the plan will vary as well. Some examples of key assumptions include the interest rate, salary scale, and rates of mortality, turnover and retirement.

Actuarial Present Value of Benefits - This is the present value, as of the valuation date, of future payments for benefits and expenses under the Plan, where each payment is: a) multiplied by the probability of the event occurring on which the payment is conditioned, such as the probability of survival, death, disability, termination of employment, etc.; and b) discounted at the assumed interest rate.

Actuarial Value of Assets - This is the value of cash, investments and other property belonging to the plan, typically adjusted to recognize investment gains or losses over a period of years to dampen the impact of market volatility on the Actuarially Determined Contribution.

Actuarially Determined Contribution (“ADC”) - This is the employer’s periodic contributions to a defined benefit plan, calculated in accordance with actuarial standards of practice.

Attribution Period - The period of an employee’s service to which the expected benefit obligation for that employee is assigned. The beginning of the attribution period is the employee’s date of hire and costs are spread across all employment.

Interest Rate - This is the long-term expected rate of return on any investments set aside to pay for the benefits. In a financial reporting context (e.g., GASB 68) this is termed the Discount Rate.

Normal Cost - This is the portion of the Actuarial Present Value of Benefits allocated to a valuation year by the Actuarial Cost Method.

Past Service Cost - This is a catch-up payment to fund the Unfunded Accrued Liability over time (generally 10 to 30 years). A closed amortization period is a specific number of years counted from one date and reducing to zero with the passage of time; an open amortization period is one that begins again or is recalculated at each valuation date. Also known as the Amortization Payment.

Return on Plan Assets - This is the actual investment return on plan assets during the fiscal year.

Unfunded Accrued Liability - This is the excess of the Accrued Liability over the Actuarial Value of Assets.