

CITY OF SATELLITE BEACH  
POLICE OFFICERS' AND FIREFIGHTERS'  
RETIREMENT SYSTEM

ACTUARIAL VALUATION  
AS OF OCTOBER 1, 2014

DETERMINES THE CONTRIBUTION  
FOR THE 2015/16 FISCAL YEAR



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March 19, 2015

## Introduction

This report presents the results of the October 1, 2014 actuarial valuation of the City of Satellite Beach Police Officers' and Firefighters' Retirement System. The report is based on the participant data and asset information provided by the pension plan administrator and, except for a cursory review for reasonableness including a comparison to the data provided for the previous valuation, we have not attempted to verify the accuracy of this information.

The primary purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2014 and to determine the minimum required contribution under Chapter 112, Florida Statutes, for the 2015/16 plan year. In addition, this report provides a projection of the long-term funding requirements of the plan, accounting disclosures pursuant to Governmental Accounting Standards Board Statement Nos. 25 and 27 (GASB 25/27), statistical information concerning the assets held in the trust, statistical information concerning the participant population, and a summary of any recent plan changes.

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an *estimate* of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table V-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, if any of the assumptions is not completely realized, then the cost shown in this report will change in the future.

Certain assumptions play a bigger role than others in determining the cost of the post-employment pension benefits. In some cases, relatively small changes in a particular assumption can have a dramatic impact on the anticipated cost of benefits. Although a thorough analysis of the impact of such changes is beyond the scope of this report, Table I-B illustrates the impact that alternative long-term investment returns would have on the minimum required contribution rate.

## Minimum Required Contribution

Table I-A shows the development of the minimum required contribution for the 2015/16 plan year. The minimum required contribution rate is 31.79% of covered payroll, which represents a decrease of 3.35% of payroll from the prior valuation.

Table I-C provides a breakdown of the sources of change in the contribution rate. Significantly, the rate decreased by 0.89% of payroll due to investment gains and decreased by another 2.46% of payroll due to demographic experience. The market value of assets earned 8.57% during the 2013/14 plan year. However, the actuarial value of assets is





based on a four-year average of the market value returns. On this basis, the actuarial value of assets earned 9.41% during the 2013/14 plan year, whereas a 7.75% annual investment return was required to maintain a stable contribution rate. The demographic gain occurred primarily because plan compensation increased less than expected.

Chapter 112, Florida Statutes, sets forth the rules concerning the minimum required contribution for public pension plans within the state. Essentially, the City must contribute an amount equal to the annual normal cost of the plan plus an amortization payment towards the unfunded liability, where the amortization period is no longer than 30 years and where both amounts are adjusted as necessary for administrative expenses and to reflect interest on any delayed payment of the contribution beyond the valuation date. On this basis, the City's 2015/16 minimum required contribution will be equal to 31.79% multiplied by the total pensionable earnings for the 2015/16 fiscal year for the active employees who are covered by the plan and reduced by the portion of the Chapter 175/185 contribution that is allowed to be recognized during the 2015/16 plan year. As of the date of this report, the allowable portion of the Chapter 175/185 contribution is \$170,774 per year. However, this amount is subject to change depending on the amount of the Chapter 175/185 contribution for the 2015/16 plan year and whether additional qualifying benefit improvements have been adopted at that time.

Based on the current assets, participant data, and actuarial assumptions and methods that are used to value the plan, the present-day value of the total long-term funding requirement is \$19,964,765. As illustrated in Table I-A, current assets are sufficient to cover \$13,724,189 of this amount, the employer's 2014/15 expected contribution will cover \$711,203 of this amount, the employer's 2015/16 expected contribution will cover \$673,967 of this amount, and future employee contributions are expected to cover \$1,064,717 of this amount, leaving \$3,790,689 to be covered by future employer funding beyond the 2015/16 fiscal year. Again, demographic and investment experience that differs from that assumed will either increase or decrease the future employer funding requirement.

#### Advance Employer Contribution

The City has made contributions to the plan in excess of the minimum amount that was required to be contributed pursuant to Chapter 112. In this report, the excess contributions are referred to as an "advance employer contribution." As of October 1, 2014, the advance employer contribution is \$63,180, which reflects the balance as of October 1, 2013 plus the difference between the minimum required contribution for the 2013/14 plan year and the actual employer contribution for that year as shown in Table III-F.

The City may apply all or any portion of the advance employer contribution towards the minimum required contribution for the 2014/15 plan year or for any later plan year. The minimum required contribution for that plan year will be reduced dollar-for-dollar by the amount of the advance employer contribution that is applied in this manner.

Alternatively, at any time, the City may apply all or any portion of the advance employer contribution as an extra contribution in excess of the minimum required contribution. In this case, the immediate application of the entire balance of the advance employer contribution as of October 1, 2014 would reduce the minimum required contribution for the 2015/16 plan year to 31.52% of payroll.





### Excess Chapter 175/185 Contributions

As of October 1, 2014, the plan has accumulated excess Chapter 175/185 contributions of \$215,552 as shown in Table III-F. This amount is equal to the accumulated excess Chapter 175/185 contribution balance as of October 1, 2013 plus the amount by which the 2013/14 Chapter 175/185 distribution exceeded the allowable portion. The total Chapter 175/185 distribution received during the 2013/14 plan year was \$226,179, which consisted of a \$114,037 regular Chapter 175 distribution, a \$22,671 supplemental Chapter 175 distribution, and an \$89,471 Chapter 185 distribution. The accumulated excess Chapter 175/185 contributions cannot be used to pay for the current plan of benefits. Instead, the excess contributions may only be used to pay for qualifying benefit improvements in excess of the Chapter 175/185 minimum benefits. Tables III-G and III-H provide a history of the Chapter 175/185 contributions and the portion that is allowed to be recognized.

### Amortization of the Unfunded Liability

This plan uses the entry age normal cost method to develop an unfunded liability each year. The unfunded liability is then amortized or “paid off” over a period of time. The period over which the unfunded liability is amortized is often referred to as the “funding period” of the plan. Although under Chapter 112 the maximum allowable funding period is 30 years, the unfunded liability should be paid off within a period that does not exceed the expected future working life of the active employees who are covered by the plan. We recommend a 10-year amortization period for amortization components that arise after October 1, 2008. However, it is our understanding that the Board of Trustees has adopted a 30-year amortization period for this purpose and this report reflects the Board’s decision. Table I-I shows the various components of the unfunded liability and the respective funding period for each component.

### Contents of the Report

Tables I-D through I-H provide a detailed breakdown of various liability amounts by type of benefit and by participant group. Tables II-A through II-C provide information needed by both the plan’s and the employer’s accountants in order to prepare the relevant financial statements that cover the period October 1, 2013 through September 30, 2014. Tables III-A through III-F provide information concerning the assets of the trust fund. Specifically, Table III-A shows the development of the actuarial value of assets, which is based on the four-year average return on the market value of assets in order to provide a more stable and predictable contribution rate for the employer. Tables IV-A through IV-G provide statistical information concerning the plan’s participant population. In particular, Table IV-G gives a 10-year projection of the cash that is expected to be required from the trust fund in order to pay benefits to the current group of participants. Finally, Tables V-A through VI-B provide a summary of the actuarial assumptions and methods that are used to value the plan’s benefits and of the relevant plan provisions as of October 1, 2014, as well as a summary of the changes that have occurred since the previous valuation report was prepared.



### Certification

This actuarial valuation was prepared 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 and, in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Chapter 112, Florida Statutes. 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 change in plan costs or required contribution rates have been taken into account in the valuation.

For the firm,



Charles T. Carr  
Consulting Actuary  
Southern Actuarial Services Company, Inc.

Enrolled Actuary No. 14-04927

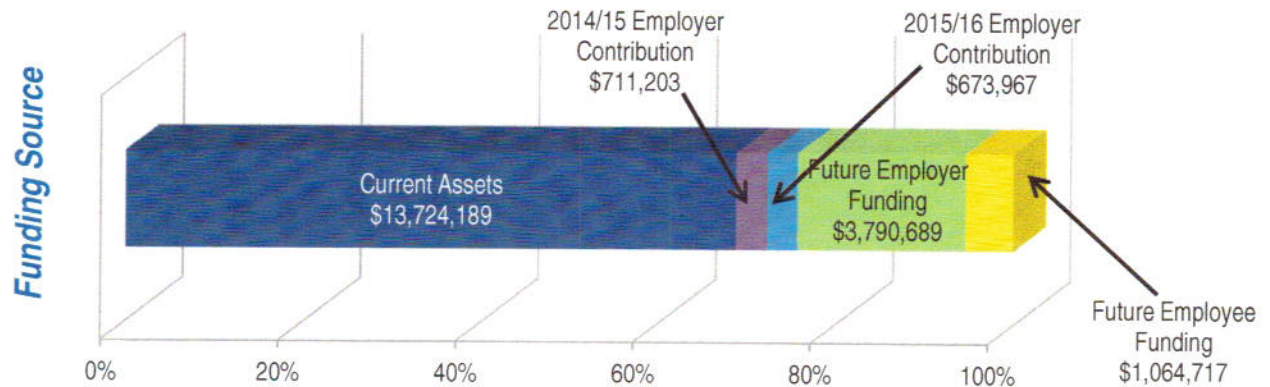
*The individual above is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.*





## Minimum Required Contribution

Table I-A



### For the 2015/16 Plan Year

Entry Age Normal Cost for the 2014/15 Plan Year	\$491,840
Unfunded Liability Amortization Payment for the 2014/15 Plan Year	\$295,311
Expense Allowance for the 2014/15 Plan Year	\$25,299
Expected Employee Contribution for the 2014/15 Plan Year	(\$166,506)
	<hr/>
	\$645,944
Adjustment to Reflect End-of-Quarter Employer Contributions	\$30,701
Expected Employer Contribution for the 2014/15 Plan Year	(\$711,203)
Remaining Contribution Due/(Credit) for the 2014/15 Plan Year	(\$34,558)
	<hr/>
	x 0.0775
One Year's Interest Charge/(Credit) on the Remaining Contribution	(\$2,678)
	<hr/>
Preliminary Employer Contribution for the 2015/16 Plan Year	\$673,967
Expected Payroll for the 2015/16 Plan Year	÷ \$2,120,048

**Minimum Required Contribution Rate** **31.79%**

*(The actual contribution should be based on the minimum required contribution rate multiplied by the actual payroll for the year.)*

### Additional Disclosures

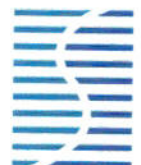
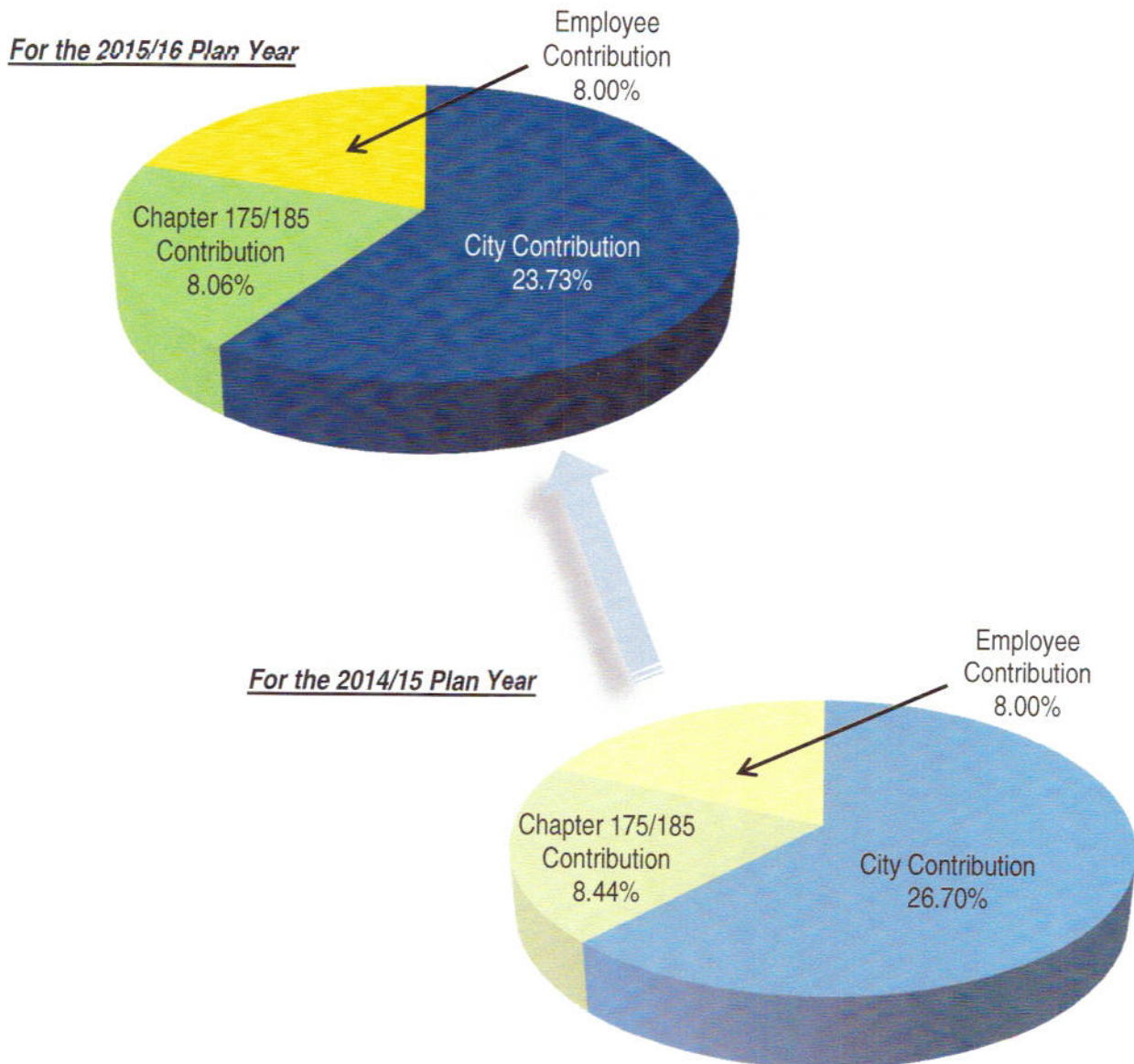
Present Value of Future Compensation	\$12,904,134
Present Value of Future Employer Contributions	\$5,175,859
Present Value of Future Employee Contributions	\$1,064,717



# Minimum Required Contribution

Table I-A  
(continued)

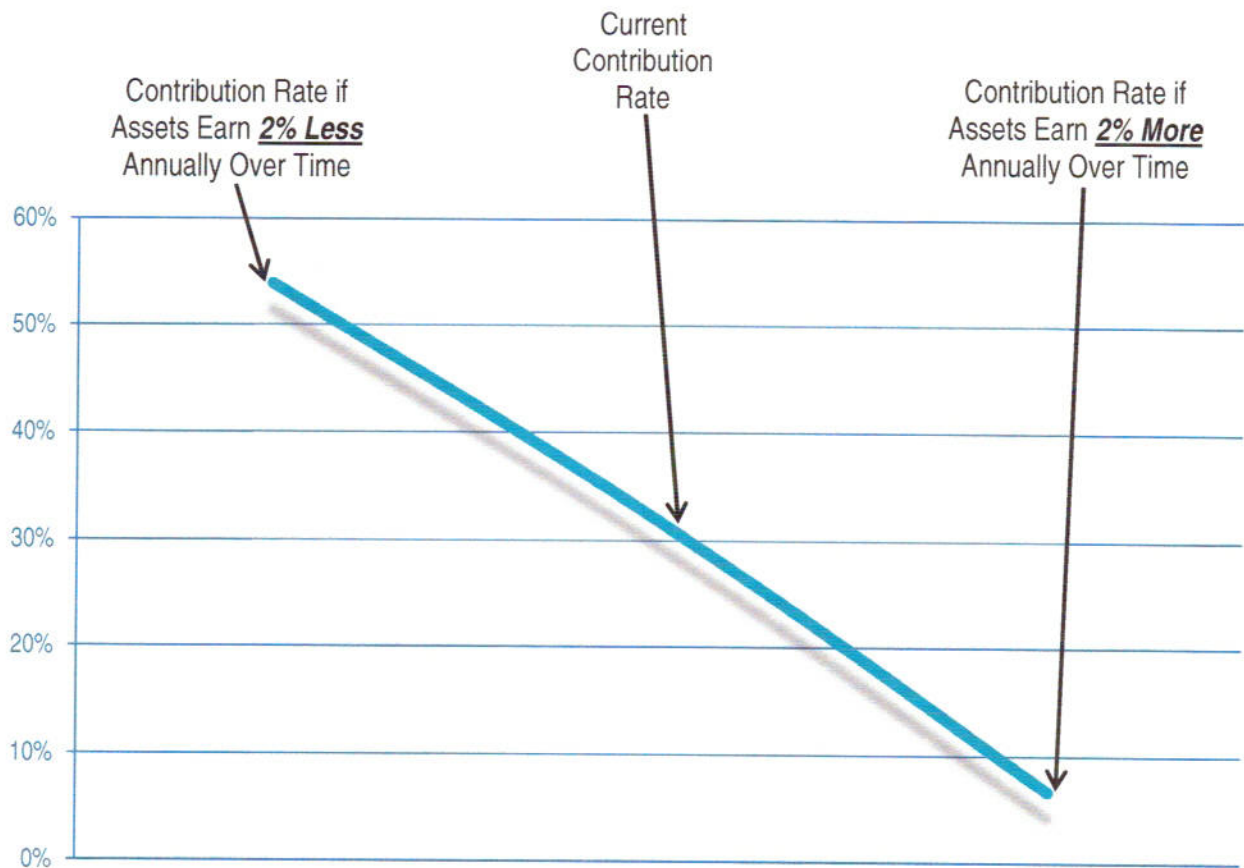
The minimum required contribution rate of 31.79% includes both the City contribution and the allowable Chapter 175/185 contribution. In addition, employees are required to contribute 8.00% of pensionable earnings. The actual City contribution rate is expected to be approximately 23.73% based on the allowable Chapter 175/185 contribution for the previous year. The chart below shows the expected contribution rate by source for the 2015/16 plan year based on the expected payroll. A comparative chart shows the contribution rate by source for the previous plan year.



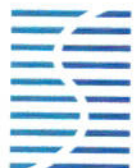


## Sensitivity Analysis

Table I-B



*The line above illustrates the sensitivity of the contribution rate to changes in the long-term investment return.*



Gain and Loss Analysis

Table I-C

**Source of Change in the Contribution Rate**

Previous minimum required contribution rate	35.14%
Increase (decrease) due to investment gains and losses	-0.89%
Increase (decrease) due to demographic experience	-2.46%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	0.00%
Increase (decrease) due to actuarial method changes	0.00%
Current minimum required contribution rate	<u>31.79%</u>

**Source of Change in the Unfunded Liability**

Previous unfunded liability	\$3,795,109
Increase due to employer normal cost for the prior year	\$399,459
Increase due to interest on normal cost and unfunded liability	\$325,079
Decrease due to employer contributions	(\$773,093)
Decrease due to interest on employer contributions	(\$59,916)
Expected unfunded liability	<u>\$3,686,638</u>
Increase (decrease) due to plan experience	(\$470,403)
Increase (decrease) due to plan amendments	\$0
Increase (decrease) due to actuarial assumption changes	\$0
Increase (decrease) due to actuarial method changes	\$0
Current unfunded liability	<u>\$3,216,235</u>





Present Value of Future Benefits

Table I-D

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<u>Actively Employed Participants</u>			
Retirement benefits	\$11,375,085	\$11,375,085	\$11,375,085
Termination benefits	\$369,168	\$369,168	\$369,168
Disability benefits	\$955,869	\$955,869	\$955,869
Death benefits	\$41,346	\$41,346	\$41,346
Refund of employee contributions	\$7,614	\$7,614	\$7,614
Sub-total	<b>\$12,749,082</b>	<b>\$12,749,082</b>	<b>\$12,749,082</b>
<u>Deferred Vested Participants</u>			
Retirement benefits	\$289,433	\$289,433	\$289,433
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	<b>\$289,433</b>	<b>\$289,433</b>	<b>\$289,433</b>
<u>Due a Refund of Contributions</u>	<b>\$10,306</b>	<b>\$10,306</b>	<b>\$10,306</b>
<u>Deferred Beneficiaries</u>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<u>Retired Participants</u>			
Service retirements	\$4,474,653	\$4,474,653	\$4,474,653
Disability retirements	\$2,170,855	\$2,170,855	\$2,170,855
Beneficiaries receiving	\$109,134	\$109,134	\$109,134
DROP participants	\$0	\$0	\$0
Sub-total	<b>\$6,754,642</b>	<b>\$6,754,642</b>	<b>\$6,754,642</b>
<u>Grand Total</u>	<b><u>\$19,803,463</u></b>	<b><u>\$19,803,463</u></b>	<b><u>\$19,803,463</u></b>
Present Value of Future Payroll	\$12,904,134	\$12,904,134	\$12,904,134
Present Value of Future Employee Contribs.	\$1,064,717	\$1,064,717	\$1,064,717
Present Value of Future Employer Contribs.	\$5,175,859	\$5,175,859	\$5,175,859



Present Value of Accrued Benefits

Table I-E

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<u>Actively Employed Participants</u>			
Retirement benefits	\$6,482,927	\$6,482,927	\$6,482,927
Termination benefits	\$217,315	\$217,315	\$217,315
Disability benefits	\$681,632	\$681,632	\$681,632
Death benefits	\$25,921	\$25,921	\$25,921
Refund of employee contributions	\$4,375	\$4,375	\$4,375
Sub-total	<b>\$7,412,170</b>	<b>\$7,412,170</b>	<b>\$7,412,170</b>
<u>Deferred Vested Participants</u>			
Retirement benefits	\$289,433	\$289,433	\$289,433
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	<b>\$289,433</b>	<b>\$289,433</b>	<b>\$289,433</b>
<u>Due a Refund of Contributions</u>	<b>\$10,306</b>	<b>\$10,306</b>	<b>\$10,306</b>
<u>Deferred Beneficiaries</u>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<u>Retired Participants</u>			
Service retirements	\$4,474,653	\$4,474,653	\$4,474,653
Disability retirements	\$2,170,855	\$2,170,855	\$2,170,855
Beneficiaries receiving	\$109,134	\$109,134	\$109,134
DROP participants	\$0	\$0	\$0
Sub-total	<b>\$6,754,642</b>	<b>\$6,754,642</b>	<b>\$6,754,642</b>
<u>Grand Total</u>	<b><u>\$14,466,551</u></b>	<b><u>\$14,466,551</u></b>	<b><u>\$14,466,551</u></b>





## Present Value of Vested Benefits

Table I-F

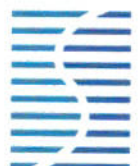
	Old Assumptions <u>w/o Amendment</u>	Old Assumptions <u>w/ Amendment</u>	New Assumptions <u>w/ Amendment</u>
<u>Actively Employed Participants</u>			
Retirement benefits	\$6,464,277	\$6,464,277	\$6,464,277
Termination benefits	\$203,783	\$203,783	\$203,783
Disability benefits	\$681,632	\$681,632	\$681,632
Death benefits	\$25,387	\$25,387	\$25,387
Refund of employee contributions	\$15,588	\$15,588	\$15,588
Sub-total	<b>\$7,390,667</b>	<b>\$7,390,667</b>	<b>\$7,390,667</b>
<u>Deferred Vested Participants</u>			
Retirement benefits	\$289,433	\$289,433	\$289,433
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	<b>\$289,433</b>	<b>\$289,433</b>	<b>\$289,433</b>
<u>Due a Refund of Contributions</u>	<b>\$10,306</b>	<b>\$10,306</b>	<b>\$10,306</b>
<u>Deferred Beneficiaries</u>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<u>Retired Participants</u>			
Service retirements	\$4,474,653	\$4,474,653	\$4,474,653
Disability retirements	\$2,170,855	\$2,170,855	\$2,170,855
Beneficiaries receiving	\$109,134	\$109,134	\$109,134
DROP participants	\$0	\$0	\$0
Sub-total	<b>\$6,754,642</b>	<b>\$6,754,642</b>	<b>\$6,754,642</b>
<u>Grand Total</u>	<b><u>\$14,445,048</u></b>	<b><u>\$14,445,048</u></b>	<b><u>\$14,445,048</u></b>



Entry Age Normal Accrued Liability

Table I-G

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<u>Actively Employed Participants</u>			
Retirement benefits	\$8,851,656	\$8,851,656	\$8,851,656
Termination benefits	\$267,774	\$267,774	\$267,774
Disability benefits	\$729,847	\$729,847	\$729,847
Death benefits	\$32,259	\$32,259	\$32,259
Refund of employee contributions	\$4,507	\$4,507	\$4,507
Sub-total	<b>\$9,886,043</b>	<b>\$9,886,043</b>	<b>\$9,886,043</b>
<u>Deferred Vested Participants</u>			
Retirement benefits	\$289,433	\$289,433	\$289,433
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	<b>\$289,433</b>	<b>\$289,433</b>	<b>\$289,433</b>
<u>Due a Refund of Contributions</u>	<b>\$10,306</b>	<b>\$10,306</b>	<b>\$10,306</b>
<u>Deferred Beneficiaries</u>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<u>Retired Participants</u>			
Service retirements	\$4,474,653	\$4,474,653	\$4,474,653
Disability retirements	\$2,170,855	\$2,170,855	\$2,170,855
Beneficiaries receiving	\$109,134	\$109,134	\$109,134
DROP participants	\$0	\$0	\$0
Sub-total	<b>\$6,754,642</b>	<b>\$6,754,642</b>	<b>\$6,754,642</b>
<u>Grand Total</u>	<b><u>\$16,940,424</u></b>	<b><u>\$16,940,424</u></b>	<b><u>\$16,940,424</u></b>
<u>less Actuarial Value of Assets</u>	<b><u>(\$13,724,189)</u></b>	<b><u>(\$13,724,189)</u></b>	<b><u>(\$13,724,189)</u></b>
<u>Unfunded Accrued Liability</u>	<b><u>\$3,216,235</u></b>	<b><u>\$3,216,235</u></b>	<b><u>\$3,216,235</u></b>





Entry Age Normal Cost

Table I-H

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<u>Actively Employed Participants</u>			
Retirement benefits	\$425,817	\$425,817	\$425,817
Termination benefits	\$19,205	\$19,205	\$19,205
Disability benefits	\$43,638	\$43,638	\$43,638
Death benefits	\$1,573	\$1,573	\$1,573
Refund of employee contributions	\$1,607	\$1,607	\$1,607
Sub-total	<b>\$491,840</b>	<b>\$491,840</b>	<b>\$491,840</b>
<u>Deferred Vested Participants</u>			
Retirement benefits	\$0	\$0	\$0
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<u>Due a Refund of Contributions</u>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<u>Deferred Beneficiaries</u>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<u>Retired Participants</u>			
Service retirements	\$0	\$0	\$0
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<u>Grand Total</u>	<b><u>\$491,840</u></b>	<b><u>\$491,840</u></b>	<b><u>\$491,840</u></b>



Unfunded Liability Bases

Table I-I

<u>Description</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>	<u>Amortization Payment</u>	<u>Years Rem.</u>
	<b>Total</b>	<b>\$3,216,235</b>	<b>\$295,311</b>	
		↓	↓	
Initial Unfunded Liability	\$2,458,670	\$2,404,702	\$223,095	20
11/2004 Amendment	\$402,499	\$431,246	\$39,192	21
2004/05 Experience Loss	\$224,223	\$240,241	\$21,833	21
10/1/2005 Assumption Change	(\$497,315)	(\$532,834)	(\$48,424)	21
2005/06 Experience Gain	(\$200,230)	(\$212,601)	(\$18,962)	22
2006/07 Experience Gain	(\$208,490)	(\$228,968)	(\$20,075)	23
2007/08 Experience Loss	\$393,490	\$425,098	\$36,693	24
2008/09 Experience Loss	\$335,935	\$315,017	\$26,805	25
10/1/2009 Assumption Change	\$806,677	\$756,445	\$64,367	25
2009/10 Experience Loss	\$310,935	\$305,970	\$25,697	26
2010/11 Experience Loss	\$54,064	\$53,117	\$4,408	27
7/1/2011 Amendment	\$385,205	\$378,453	\$31,406	27
2011/12 Experience Gain	(\$128,845)	(\$125,149)	(\$10,272)	28
2012/13 Experience Gain	(\$534,105)	(\$524,099)	(\$42,584)	29
2013/14 Experience Gain	\$470,403	(\$470,403)	(\$37,868)	30





## GASB 25/27 Results

## Table II-A

**Development of the Net Pension Obligation (Asset)**

Net Pension Obligation (Asset) as of October 1, 2013	\$127,920
Annual Pension Cost for the 2013/14 Plan Year	\$729,557
Employer Contributions for the 2013/14 Plan Year	(\$773,093)
Net Increase (Decrease) in NPO	(\$43,536)
<b>Net Pension Obligation (Asset) as of October 1, 2014</b>	<b>\$84,384</b>



## GASB 25/27 Disclosures

## Table II-B

***Schedule of Employer Contributions***

Year Ended September 30	Annual Required	%	Annual Pension	%
	<u>Contribution</u>	<u>Contrib.</u>	<u>Cost</u>	<u>Contrib.</u>
2009	\$470,040	96%	\$470,040	96%
2010	\$536,483	109%	\$535,868	109%
2011	\$742,974	88%	\$742,302	88%
2012	\$764,561	93%	\$764,723	93%
2013	\$771,711	93%	\$771,477	93%
2014	\$729,941	106%	\$729,557	106%

***Schedule of Funding Progress***

Actuarial Valuation Date	(1)	(2)	(3)	(4)	(5)	(6)
	Actuarial	Actuarial	Unfunded	Funded	Covered	UAAL
	Value of	Liability	AAL	Ratio	Payroll	as % of
	Assets	(AAL)	(UAAL)	(1) ÷ (2)		Covered Payroll (3) ÷ (5)
October 1, 2009	\$9,018,455	\$12,754,341	\$3,735,886	70.71%	\$2,078,591	179.73%
October 1, 2010	\$9,659,594	\$13,709,165	\$4,049,571	70.46%	\$2,043,402	198.18%
October 1, 2011	\$10,103,821	\$14,591,273	\$4,487,452	69.25%	\$2,048,798	219.03%
October 1, 2012	\$10,993,450	\$15,391,050	\$4,397,600	71.43%	\$1,982,849	221.78%
October 1, 2013	\$12,361,582	\$16,156,691	\$3,795,109	76.51%	\$1,980,916	191.58%
October 1, 2014	\$13,724,189	\$16,940,424	\$3,216,235	81.01%	\$2,023,912	158.91%

**Additional Information**Valuation Date **October 1, 2014**Actuarial Cost Method **Entry age normal**Amortization Method **Level percentage, closed**Remaining Amortization Period **30 years**Asset Valuation Method **Four-year smoothed market**Discount Rate **7.75%**Salary Increase Rate **4.75%**



## SFAS 35 Disclosures

## Table II-C

Actuarial Present Value of Accrued Benefits

	<u>As of October 1, 2013</u>	<u>As of October 1, 2014</u>
<u>Vested Benefits</u>		
Participants currently receiving benefits	\$6,866,036	\$6,754,642
Other participants	\$6,733,236	\$7,690,406
Sub-total	<u>\$13,599,272</u>	<u>\$14,445,048</u>
<u>Non-Vested Benefits</u>	\$23,367	\$21,503
<u>Total Benefits</u>	<u><u>\$13,622,639</u></u>	<u><u>\$14,466,551</u></u>
<u>Funded Percentage</u>	89.82%	91.30%
(based on the market value of assets)		

Statement of Change in Actuarial Present Value of Accrued Benefits

<u>Actuarial Present Value as of October 1, 2013</u>	<u>\$13,622,639</u>
<u>Increase (Decrease) Due To:</u>	
Interest	\$1,055,755
Benefits accumulated	\$775,944
Benefits paid	(\$987,787)
Plan amendments	\$0
Changes in actuarial methods and assumptions	\$0
Net increase (decrease)	<u>\$843,912</u>
<u>Actuarial Present Value as of October 1, 2014</u>	<u><u>\$14,466,551</u></u>



## Actuarial Value of Assets

Table III-A

Market Value Rate of Return

For the 2010/11 plan year	0.92%
For the 2011/12 plan year	16.89%
For the 2012/13 plan year	11.88%
For the 2013/14 plan year	8.57%

Average return for the preceding four years  
9.41%

Actuarial Value of Assets as of October 1, 2013	\$12,361,582
Plus contributions for the 2013/14 plan year	\$709,161
Minus benefit payments and administrative expenses for the 2013/14 plan year	(\$1,023,888)
Minus DROP account credits	\$271,135
Minus advance employer contribution	\$289,696
Minus excess Chapter 175/185 contribution	(\$55,405)
Adjustment for interest at the average rate shown above, but restricted to an amount that keeps the actuarial value of assets within an 80%-120% corridor of the market value	\$1,171,908

**Actuarial Value of Assets as of October 1, 2014** **\$13,724,189**

Historical Actuarial Value of Assets

October 1, 2005	\$6,307,516
October 1, 2006	\$7,275,600
October 1, 2007	\$8,060,797
October 1, 2008	\$8,687,759
October 1, 2009	\$9,018,455
October 1, 2010	\$9,659,594
October 1, 2011	\$10,103,821
October 1, 2012	\$10,993,450
October 1, 2013	\$12,361,582
October 1, 2014	\$13,724,189



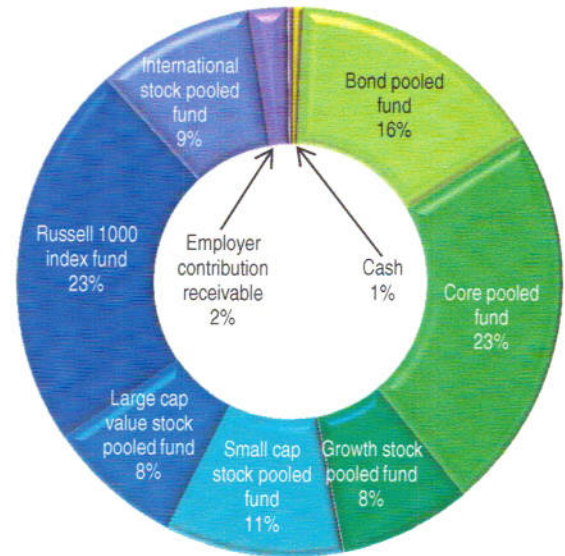


## Market Value of Assets

Table III-B

As of October 1, 2014

<b>Market Value of Assets</b>	<b><u>\$13,423,754</u></b>
Cash	\$78,448
Bond pooled fund	\$2,091,941
Core pooled fund	\$3,059,464
Growth stock pooled fund	\$1,045,971
Small cap stock pooled fund	\$1,425,135
Large cap value stock pooled fund	\$1,072,120
Russell 1000 index fund	\$3,059,464
International stock pooled fund	\$1,242,090
Employer contribution receivable	\$312,623
Employee contribution receivable	\$36,498

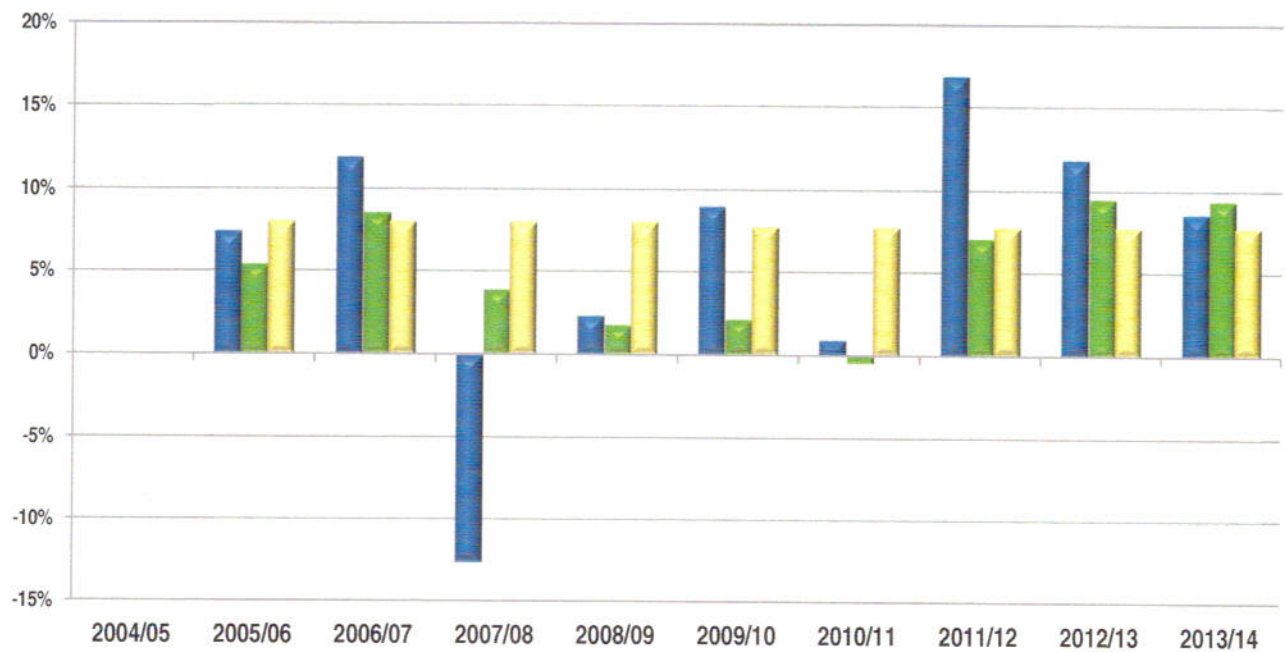
**Historical Market Value of Assets**

October 1, 2005	\$6,166,798
October 1, 2006	\$7,159,831
October 1, 2007	\$8,369,047
October 1, 2008	\$7,733,161
October 1, 2009	\$8,291,005
October 1, 2010	\$8,928,751
October 1, 2011	\$9,107,800
October 1, 2012	\$11,154,771
October 1, 2013	\$12,666,934
October 1, 2014	\$13,423,754



## Investment Return

Table III-C

*Annual Investment Returns*

■ Market Value Return  
 ■ Actuarial Value Return  
 ■ Assumed Return

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2004/05	N/A	N/A	N/A
2005/06	7.41%	5.41%	8.00%
2006/07	11.91%	8.53%	8.00%
2007/08	-12.64%	3.90%	8.00%
2008/09	2.32%	1.80%	8.00%
2009/10	8.99%	2.17%	7.75%
2010/11	0.92%	-0.44%	7.75%
2011/12	16.89%	7.08%	7.75%
2012/13	11.88%	9.50%	7.75%
2013/14	8.57%	9.41%	7.75%
9yr. Avg.	5.92%	5.21%	7.86%





## Asset Reconciliation

Table III-D

	<u>Market Value</u>	<u>Actuarial Value</u>
<b>As of October 1, 2013</b>	<b>\$12,666,934</b>	<b>\$12,361,582</b>
<i><b>Increases Due To:</b></i>		
Employer Contributions	\$312,623	\$312,623
Chapter 175/185 Contributions	\$226,179	\$226,179
Employee Contributions	\$165,766	\$165,766
Service Purchase Contributions	\$4,593	\$2,860
Total Contributions	<u>\$709,161</u>	<u>\$707,428</u>
Interest and Dividends	\$0	
Realized Gains (Losses)	\$0	
Unrealized Gains (Losses)	<u>\$1,071,547</u>	
Total Investment Income	<u>\$1,071,547</u>	\$1,173,641
Other Income	\$0	
<b>Total Income</b>	<u><b>\$1,780,708</b></u>	<u><b>\$1,881,069</b></u>
<i><b>Decreases Due To:</b></i>		
Monthly Benefit Payments	(\$952,875)	(\$952,875)
Refund of Employee Contributions	(\$34,912)	(\$34,912)
DROP Benefit Payments / Credits		\$271,135
Total Benefit Payments	<u>(\$987,787)</u>	<u>(\$716,652)</u>
Investment Expenses	\$0	
Administrative Expenses	(\$36,101)	(\$36,101)
Advance Employer Contribution		\$289,696
Excess Chapter 175/185 Contribution		(\$55,405)
<b>Total Expenses</b>	<u><b>(\$1,023,888)</b></u>	<u><b>(\$518,462)</b></u>
<b>As of October 1, 2014</b>	<u><b>\$13,423,754</b></u>	<u><b>\$13,724,189</b></u>



## Historical Trust Fund Detail

Table III-E

**Income**

Plan Year	Employer Contribs.	Chapter Contribs.	Employee Contribs.	Service Purchase Contribs.	Interest / Dividends	Realized Gains / Losses	Unrealized Gains / Losses	Other Income
2004/05	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2005/06	\$310,379	\$171,261	\$155,008	\$152,104	\$0	\$0	\$475,820	\$0
2006/07	\$257,374	\$184,831	\$162,931	\$7,640	\$0	\$0	\$872,847	\$0
2007/08	\$302,622	\$226,228	\$169,488	\$68,455	\$0	\$0	-\$1,086,611	\$0
2008/09	\$282,091	\$209,311	\$175,934	\$4,593	\$0	\$0	\$183,618	\$103
2009/10	\$424,435	\$166,029	\$167,321	\$4,593	\$0	\$0	\$740,771	\$0
2010/11	\$654,482	\$163,393	\$160,499	\$4,593	\$0	\$0	\$82,578	\$353
2011/12	\$707,925	\$173,205	\$157,080	\$4,593	\$0	\$0	\$1,577,562	\$0
2012/13	\$560,152	\$219,955	\$156,539	\$4,593	\$0	\$0	\$1,335,905	\$0
2013/14	\$312,623	\$226,179	\$165,766	\$4,593	\$0	\$0	\$1,071,547	\$0

**Expenses**

Plan Year	Monthly Benefit Payments	Contrib. Refunds	Admin. Expenses	Invest. Expenses	<u><b>Other Actuarial Adjustments</b></u>		
					DROP Credits	Advance Employer Contribs.	Excess Chapter Contribs.
2004/05	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2005/06	\$249,159	\$0	\$22,380	\$0	\$90,317	\$0	-\$183,592
2006/07	\$249,159	\$3,422	\$23,826	\$0	\$164,667	\$0	\$14,057
2007/08	\$249,159	\$36,172	\$30,737	\$0	\$88,501	\$0	\$55,454
2008/09	\$259,030	\$13,514	\$25,262	\$0	\$162,753	\$0	\$38,537
2009/10	\$429,220	\$29,993	\$31,483	\$0	-\$175,597	\$6,304	\$0
2010/11	\$492,323	\$1,875	\$29,946	\$0	-\$194,612	\$165,647	\$0
2011/12	\$540,329	\$0	\$33,065	\$0	\$127,131	\$171,252	\$2,431
2012/13	\$572,045	\$15,203	\$33,749	\$0	-\$48,144	\$9,673	\$49,181
2013/14	\$952,875	\$34,912	\$36,101	\$0	-\$271,135	-\$289,696	\$55,405

Note: Information was not available to separate the investment expenses from the investment income nor was information available to separate the investment income by source.



## Other Reconciliations

Table III-F

**DROP Account Reconciliation**

DROP Balance as of October 1, 2013	\$271,135
DROP Benefit Credits	\$31,034
DROP Investment Credits	\$3,633
DROP Benefits Paid Out	(\$305,802)
Net DROP Credit	(\$271,135)
DROP Balance as of October 1, 2014	<u>\$0</u>

**Advance Employer Contribution**

Advance Employer Contribution as of October 1, 2013	\$352,876
Additional Employer Contribution	\$483,397
Minimum Required Contribution	(\$773,093)
Net Increase in Advance Employer Contribution	(\$289,696)
Advance Employer Contribution as of October 1, 2014	<u>\$63,180</u>

**Excess Chapter 175/185 Contribution**

Excess Chapter 175/185 Contribution as of October 1, 2013	\$160,147
Additional Chapter 175/185 Contribution	\$226,179
Allowable Chapter 175/185 Contribution	(\$170,774)
Net Increase in Excess Chapter 175/185 Contribution	\$55,405
Excess Chapter 175/185 Contribution as of October 1, 2014	<u>\$215,552</u>





## Allowable Chapter 175/185 Contribution

Table III-G

**1997 Base Amounts**

Chapter 175 Regular Distribution	\$25,734
Chapter 175 Supplemental Distribution	\$11,387
Chapter 185 Distribution	\$60,892

**Qualifying Benefit Improvements**

Prior Ordinance	\$4,318
Ordinance 890	\$68,443



## Historical Chapter 175/185 Contributions

Table III-H

**Total Accumulated Excess Chapter 175/185 Contribution** **\$215,552**

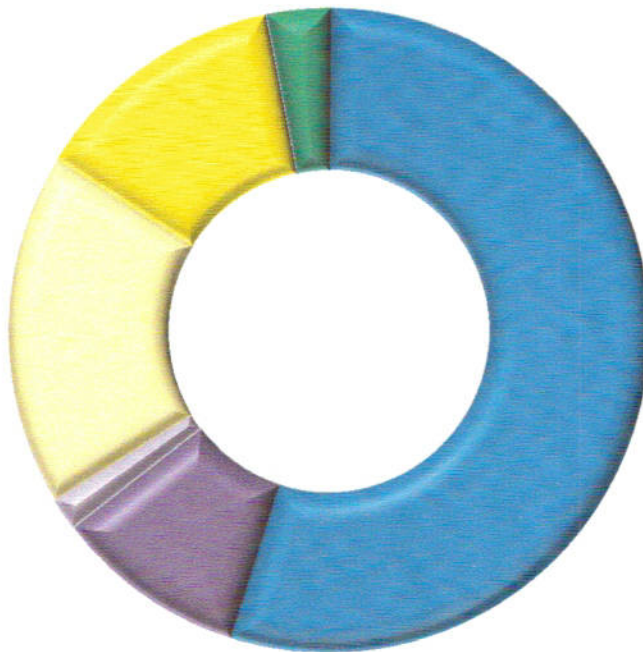
	Chapter 175 Regular <u>Distribution</u>	Chapter 175 Supplemental <u>Distribution</u>	Chapter 185 <u>Distribution</u>	Allowable <u>Amount</u>
1998 Distribution	\$28,094	\$0	\$60,060	(\$97,181)
1999 Distribution	\$33,941	\$15,339	\$56,457	(\$93,578)
2000 Distribution	\$31,740	\$19,366	\$58,257	(\$95,378)
2001 Distribution	\$37,929	\$16,678	\$67,811	(\$98,013)
2002 Distribution	\$41,006	\$21,026	\$71,249	(\$98,013)
2003 Distribution	\$43,820	\$22,849	\$82,900	(\$98,013)
2004 Distribution	\$49,580	\$26,317	\$84,223	(\$104,387)
2005 Distribution	\$57,269	\$28,635	\$85,357	(\$354,853)
2006 Distribution	\$67,822	\$31,885	\$85,124	(\$170,774)
2007 Distribution	\$83,675	\$57,762	\$84,791	(\$170,774)
2008 Distribution	\$68,416	\$65,678	\$75,217	(\$170,774)
2009 Distribution	\$68,791	\$21,629	\$75,609	(\$166,029)
2010 Distribution	\$63,479	\$22,142	\$77,772	(\$163,393)
2011 Distribution	\$65,192	\$27,640	\$80,373	(\$170,774)
2012 Distribution	\$101,389	\$35,399	\$83,167	(\$170,774)
2013 Distribution	\$114,037	\$22,671	\$89,471	(\$170,774)



## Summary of Participant Data

Table IV-A

As of October 1, 2014

Actively Employed Participants

Active Participants	34
DROP Participants	0

Inactive Participants

Deferred Vested Participants	6
Due a Refund of Contributions	1
Deferred Beneficiaries	0

Participants Receiving a Benefit

Service Retirements	11
Disability Retirements	8
Beneficiaries Receiving	2

**Total Participants 62**Number of Participants Included in Prior Valuations

	<i>Active</i>	<i>DROP</i>	<i>Inactive</i>	<i>Retired</i>	<i>Total</i>
October 1, 2005	35	1	1	12	49
October 1, 2006	38	2	3	12	55
October 1, 2007	35	2	7	12	56
October 1, 2008	37	2	4	12	55
October 1, 2009	36	3	5	17	61
October 1, 2010	36	3	5	17	61
October 1, 2011	37	2	4	17	60
October 1, 2012	36	2	3	19	60
October 1, 2013	34	1	6	20	61
October 1, 2014	34	0	7	21	62





## Data Reconciliation

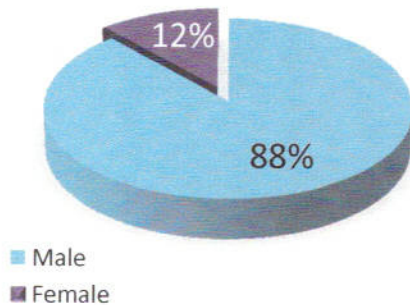
Table IV-B

	<u>Active</u>	<u>DROP</u>	<u>Deferred Vested</u>	<u>Due a Refund</u>	<u>Def. Benef.</u>	<u>Service Retiree</u>	<u>Disabled Retiree</u>	<u>Benef. Rec'v.</u>	<u>Total</u>
<u>October 1, 2013</u>	34	1	5	1	0	10	8	2	61
<u>Change in Status</u>									
Re-employed									
Terminated	(3)		2	1					
Retired		(1)				1			
<u>Participation Ended</u>									
Transferred Out									
Cashed Out			(1)	(1)					(2)
Died									
<u>Participation Began</u>									
Newly Hired	3								3
Transferred In									
New Beneficiary									
<u>Other Adjustment</u>									
<u>October 1, 2014</u>	34	0	6	1	0	11	8	2	62

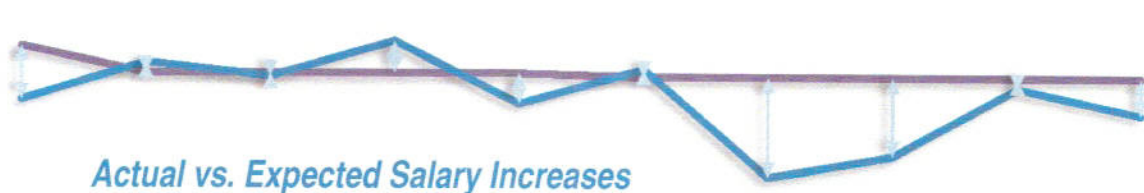


## Active Participant Data

Table IV-C

**Gender Mix****As of October 1, 2014**

Average Age	41.2 years
Average Service	11.5 years
Total Annualized Compensation for the Prior Year	\$1,986,544
Total Expected Compensation for the Current Year	\$2,023,912
Average Increase in Compensation for the Prior Year	1.97%
Expected Increase in Compensation for the Current Year	4.75%
Accumulated Contributions for Active Employees	\$2,462,156

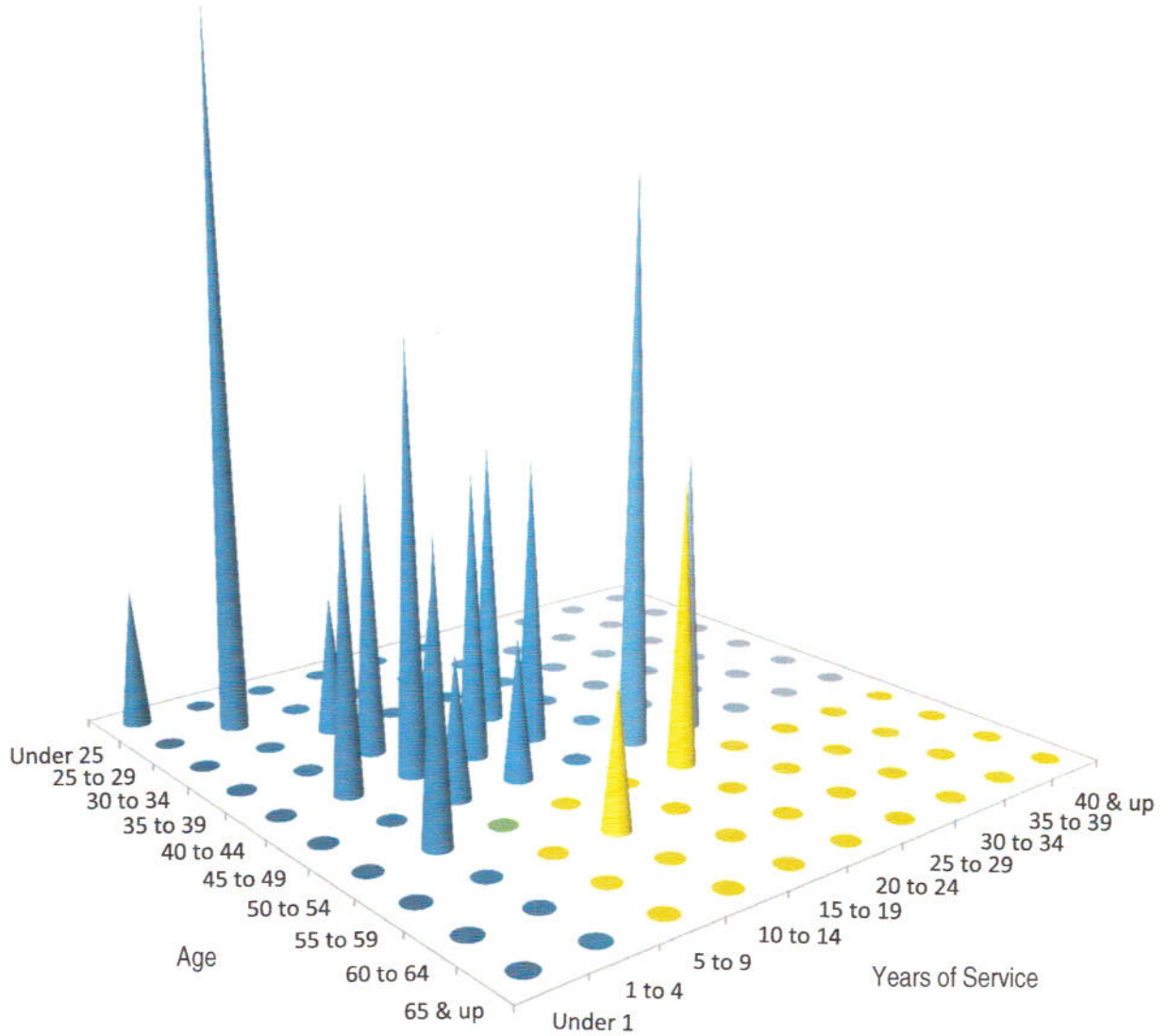
**Active Participant Statistics From Prior Valuations**

	Average Age	Average Service	Average Salary	Average Expected Salary Increase	Average Actual Salary Increase
October 1, 2005	37.4	8.9	\$50,337	7.00%	2.99%
October 1, 2006	37.5	8.0	\$49,191	5.00%	5.83%
October 1, 2007	38.3	8.9	\$54,686	5.00%	4.77%
October 1, 2008	39.9	9.5	\$57,159	5.00%	7.42%
October 1, 2009	40.6	9.3	\$55,114	5.00%	2.72%
October 1, 2010	37.9	7.8	\$55,906	4.75%	5.32%
October 1, 2011	39.2	8.7	\$54,458	4.75%	-2.72%
October 1, 2012	39.6	9.8	\$54,107	4.75%	-1.15%
October 1, 2013	41.0	10.8	\$57,116	4.75%	3.97%
October 1, 2014	41.2	11.5	\$58,428	4.75%	1.97%



# Active Age-Service Distribution

Table IV-D



- ▲ Eligible to retire
- ▲ May be eligible to retire
- ▲ Not eligible to retire





Active Age-Service-Salary Table

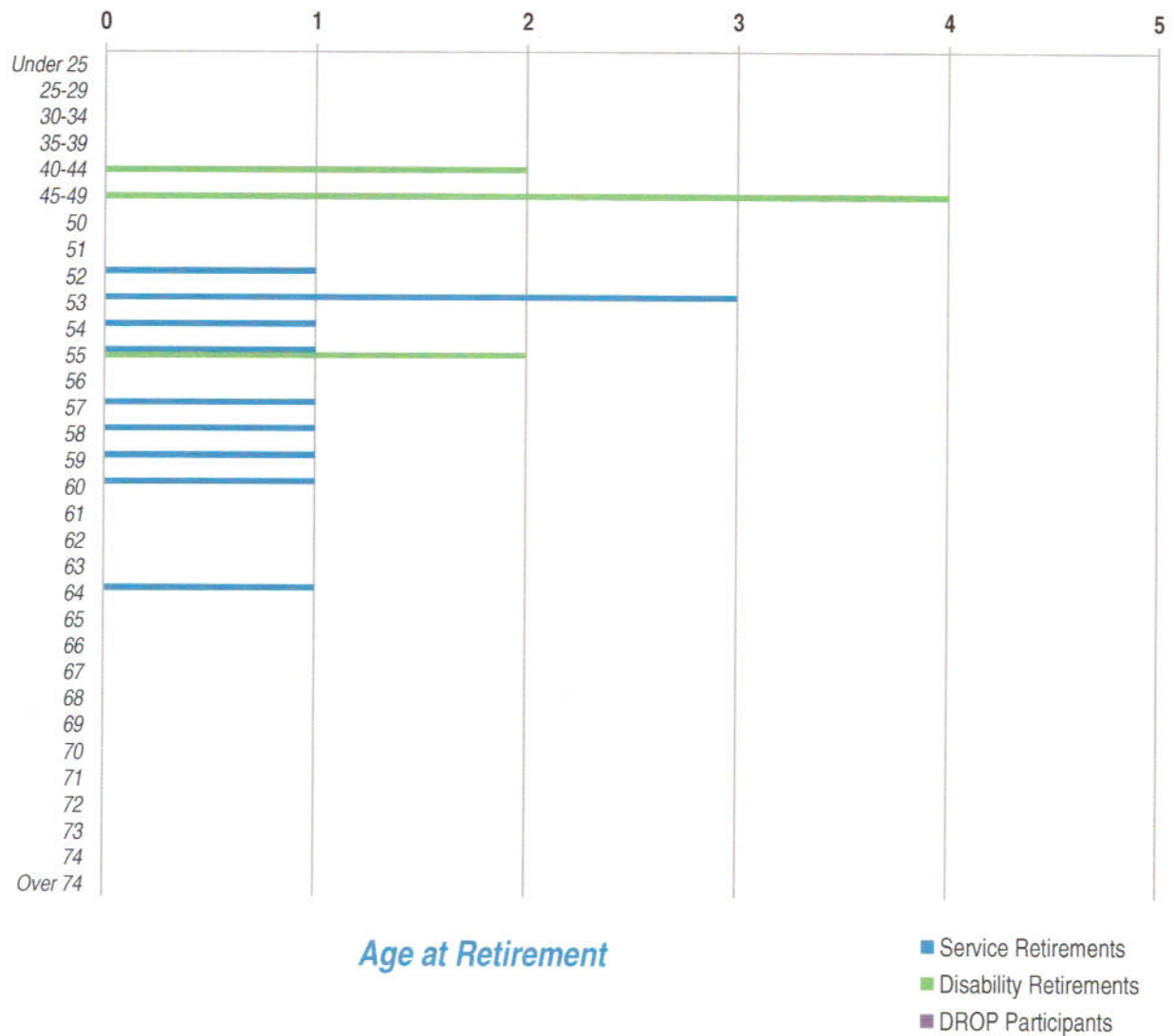
Table IV-E

Attained Age	Completed Years of Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	1	0	0	0	0	0	0	0	0	0	1
Avg. Pay	41,259	0	0	0	0	0	0	0	0	0	41,259
25 to 29	0	5	0	0	0	0	0	0	0	0	5
Avg. Pay	0	42,822	0	0	0	0	0	0	0	0	42,822
30 to 34	0	0	1	0	0	0	0	0	0	0	1
Avg. Pay	0	0	44,628	0	0	0	0	0	0	0	44,628
35 to 39	0	0	2	1	2	0	0	0	0	0	5
Avg. Pay	0	0	47,314	62,034	72,252	0	0	0	0	0	60,233
40 to 44	0	2	3	2	2	0	0	0	0	0	9
Avg. Pay	0	40,526	49,277	49,476	69,764	0	0	0	0	0	51,929
45 to 49	0	0	1	1	0	4	2	0	0	0	8
Avg. Pay	0	0	54,312	65,310	0	78,791	83,776	0	0	0	75,292
50 to 54	0	2	0	0	0	2	0	0	0	0	4
Avg. Pay	0	41,006	0	0	0	82,621	0	0	0	0	61,814
55 to 59	0	0	0	1	0	0	0	0	0	0	1
Avg. Pay	0	0	0	68,429	0	0	0	0	0	0	68,429
60 to 64	0	0	0	0	0	0	0	0	0	0	0
Avg. Pay	0	0	0	0	0	0	0	0	0	0	0
65 & up	0	0	0	0	0	0	0	0	0	0	0
Avg. Pay	0	0	0	0	0	0	0	0	0	0	0
Total	1	9	7	5	4	6	2	0	0	0	34
Avg. Pay	41,259	41,908	48,771	58,945	71,008	80,068	83,776	0	0	0	58,428



## Inactive Participant Data

Table IV-F

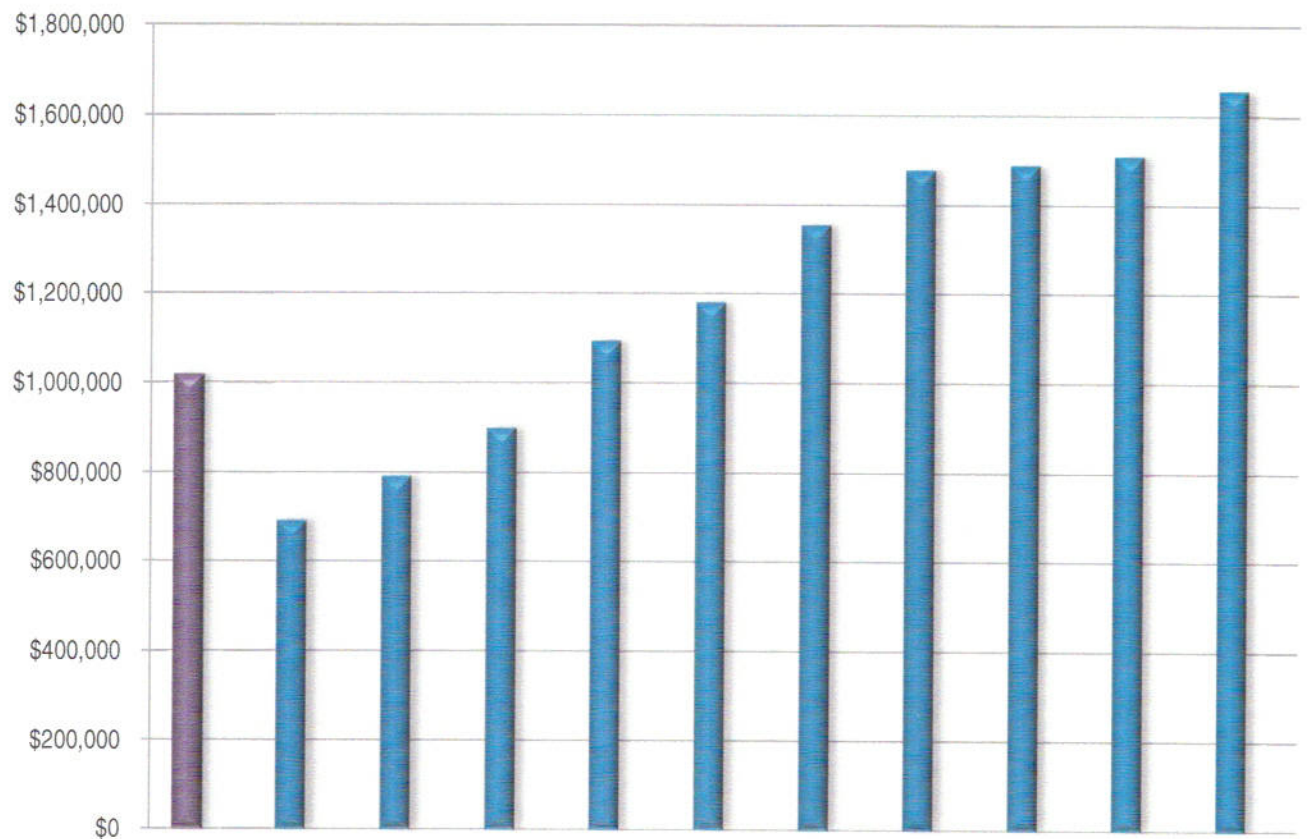
Average Monthly Benefit

Service Retirements	\$3,268.29
Disability Retirements	\$2,228.13
Beneficiaries Receiving	\$735.29
DROP Participants	Not applicable
Deferred Vested Participants	\$804.70
Deferred Beneficiaries	Not applicable



## Projected Benefit Payments

Table IV-G

Actual

For the period October 1, 2013 through September 30, 2014

\$1,018,821

Projected

For the period October 1, 2014 through September 30, 2015

\$692,747

For the period October 1, 2015 through September 30, 2016

\$794,078

For the period October 1, 2016 through September 30, 2017

\$902,140

For the period October 1, 2017 through September 30, 2018

\$1,094,996

For the period October 1, 2018 through September 30, 2019

\$1,181,606

For the period October 1, 2019 through September 30, 2020

\$1,356,466

For the period October 1, 2020 through September 30, 2021

\$1,480,351

For the period October 1, 2021 through September 30, 2022

\$1,490,870

For the period October 1, 2022 through September 30, 2023

\$1,512,120

For the period October 1, 2023 through September 30, 2024

\$1,655,968





## Summary of Actuarial Methods and Assumptions

Table V-A

**1. Actuarial Cost Method**

Individual entry age normal cost method. Under this actuarial cost method, a level funding cost is developed with respect to each benefit for each participant. The level funding cost for each benefit applies to the period beginning when the participant's service commences and ends when the participant is assumed to cease active participation due to each respective decrement. The actuarial accrued liability is equal to the accumulated level funding cost to the valuation date for all participants. The normal cost is equal to the level funding cost for the year immediately following the valuation date for all active participants.

**2. Amortization Method**

The unfunded actuarial accrued liability is amortized as a level dollar amount over a period of up to 30 years.

**3. Asset Method**

The actuarial value of assets is equal to the prior year's actuarial value of assets adjusted for contributions, benefit payments, and expenses and further adjusted by the average return on the market value of assets for the preceding four years; the actuarial value of assets is restricted to 80% to 120% of the market value.

**4. Interest (or Discount) Rate**

7.75% per annum

**5. Salary Increases**

Plan compensation is assumed to increase at the rate of 4.75% per annum, unless actual plan compensation is known for a prior plan year. In addition, average monthly earnings have been adjusted for each active participant to reflect the anticipated payment of the number of hours of accrued sick leave and annual leave that were accumulated as of June 30, 2011.

**6. Decrements**

- Pre-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for non-annuitants, projected to 2007 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected.



## Summary of Actuarial Methods and Assumptions

## Table V-A

(continued)

- Post-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2007 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected.
- Disability: Sex-distinct rates set forth in the Wyatt 1985 Disability Study (Class 4); All disabilities are assumed to be service-related.
- Termination: Sex-distinct rates set forth in the Scale 155 Table
- Retirement: Retirement is assumed to occur upon the attainment of age 52 with at least five years of service, except that those participants who have attained their normal retirement age as of the valuation date are assumed to retire one year after the valuation date. Alternatively, participants who have attained age 50 with at least 10 years of service are assumed to retire at the rate of 2.50% per annum.

7. **Form of Payment**

Future retirees have been assumed to select the 10-year certain and life annuity.

8. **Beneficiary Age and Gender**

Where beneficiary information is unavailable, beneficiaries have been assumed to be of the opposite gender of the participant, with males assumed to be three years older than females.

9. **Expenses**

Administrative expenses are assumed to be 1.25% of future payroll. In addition, the interest rate set forth in item 4. above is assumed to be net of investment expenses and commissions.



## Changes in Actuarial Methods and Assumptions

Table V-B

No assumptions or methods have been changed from those used to complete the previous valuation.





# Summary of Plan Provisions

## Table VI-A

### 1. Benefit Formula

3% of Average Monthly Earnings multiplied by Credited Service (§46-58(b)(1))

### 2. Service Retirement

Normal retirement: Age 52 with at least five years of participation (§46-58(a)(1))

Early retirement: Age 50 with at least 10 years of credited service (§46-58(a)(2))

*(Note: In the case of early retirement, the participant's benefit is reduced by 3% for each year by which the participant's early retirement age precedes his normal retirement age.) (§46-58(b)(2))*

### 3. Disability Retirement

Service-based disability: Participant must be disabled during the course of his employment with the City. (§46-58(c)(1))

Non-service disability: Participant must have earned at least 10 years of credited service. (§46-58(c)(1))

The disability benefit is a monthly 10-year certain and life annuity equal to the larger of the monthly accrued benefit or either 42% of average monthly earnings (for service-based disability) or 25% of average monthly earnings (for non-service disability), but offset as necessary to preclude the total of the participant's worker's compensation, disability benefit, and other City-financed disability or salary continuation benefit (excluding social security benefits) from exceeding his average monthly earnings. A partial month's payment is made to cover the period between the date of the Board's approval and the end of the month. (§46-58(c)(4),(5),&(6))

*(A participant is disabled if he is found to be mentally or physically incapacitated so as to be wholly unable to properly perform his duties as a police officer or firefighter and is likely to remain so disabled continuously and permanently. However, a participant will not be eligible for a disability benefit if his disability is caused by excessive and habitual use of drugs, intoxicants, or narcotics; by injury or disease sustained while serving in the armed forces; by injury or disease sustained while willfully and illegally participating in fights, riots, or civil insurrections, or while committing a crime; by injury or disease sustained after termination of employment; or by a self-inflicted injury.) (§§46-58(c)(1)&(2))*



# Summary of Plan Provisions

## Table VI-A

(continued)

### 4. Deferred Vested Retirement

A vested participant who terminates employment before becoming eligible for retirement receives a deferred vested retirement benefit payable at the participant's early or normal retirement age. If the benefit is payable prior to normal retirement age, then the benefit is actuarially reduced to account for the earlier commencement of the benefit. (§46-58(e)(1))

A non-vested participant who terminates employment receives his accumulated contributions. (§46-58(e)(2))

### 5. Vesting

A participant becomes 100% vested upon the attainment of five years of credited service. For this purpose, service includes service earned under the City of Satellite Beach General Employees' Retirement System. (§46-58(e)(1))

### 6. Pre-Retirement Death Benefit

If a vested participant dies prior to retirement, the participant's beneficiary receives a 10-year certain annuity equal to the participant's monthly accrued benefit payable beginning at the participant's early or normal retirement age. At the beneficiary's election and upon approval by the Board of Trustees, an actuarially equivalent benefit is payable at any time following the participant's death. In any event, the pre-retirement death benefit guarantees at least the return of the participant's accumulated contributions. (§46-58(d))

If a non-vested participant dies prior to retirement, the participant's beneficiary receives the participant's accumulated contributions. (§46-58(d)(1))

### 7. Form of Payment

Actuarially increased single life annuity (*optional*);

10-year certain and life annuity (*normal form of payment*);

Actuarially reduced 50% joint and contingent annuity with a relative as the joint annuitant (*optional*);

Actuarially reduced 66⅔% joint and contingent annuity with a relative as the joint annuitant (*optional*);

Actuarially reduced 75% joint and contingent annuity with a relative as the joint annuitant (*optional*);





## Summary of Plan Provisions

## Table VI-A

(continued)

Actuarially reduced 100% joint and contingent annuity with a relative as the joint annuitant (*optional*); or

Any other actuarially equivalent form of payment approved by the Board of Trustees (*optional*)

(*Note: All forms of payment guarantee at least the return of the participant's accumulated contributions.*)

(§46-58(b)(1), §46-59, & §46-60(a)(2))

### 8. Average Monthly Earnings

Average monthly earnings during the highest consecutive three years out of the 10 years immediately preceding the determination. Earnings include base pay, commissions, bonuses, maintenance pay, overtime pay, payments for accrued sick leave, and vacation pay, although payment for accrued sick and annual leave are limited to the number of hours accumulated as of June 30, 2011 multiplied by the pay rate that is in effect at the time of employment termination. Earnings cannot exceed the maximum amount allowed under IRC section 401(a)(17). (§46-56)

### 9. Credited Service

The service, expressed in years and completed months, from the participant's date of hire until his date of termination, retirement, or death, excluding periods during which the participant does not make the required employee contribution. Participants may also purchase up to five years of credited service for benefit accrual purposes only for previous full-time employment as a police officer or full-time or volunteer employment as a firefighter with any federal, state, county, or city government, including military service, by paying into the plan the full actuarial cost thereof, provided that no other retirement benefit is paid for such service. Payment for purchased service must be made within a period of time equal to the length of service being purchased. (§46-56 & §46-67)

### 10. Employee Contribution

Employees must contribute 8.00% of earnings and such contributions are accumulated with interest at the rate of 5.50% per annum. (§46-56 & §46-60(a)(1))

### 11. City Contribution

The City is required to make quarterly contributions as determined in the most recent actuarial valuation of the retirement system. (§46-60(b))





## Summary of Plan Provisions

## Table VI-A

(continued)

### 12. Deferred Retirement Option Plan (DROP)

A DROP is available to those participants who have attained their normal retirement age, whereby the participant's monthly retirement benefit is accumulated on his behalf in a DROP account while he continues in active employment with the City. Individuals may participate in the DROP for a period of 12 to 60 months and neither earn additional benefits nor make the required employee contribution during the period of their DROP participation. DROP participants are considered to be retired for all other purposes under the plan and are not eligible for disability or pre-retirement death benefits. DROP accounts earn interest equal to the investment return realized by the market value of assets or the investment return realized by a stable return investment vehicle (as elected by the participant from time to time).

(§46-66)

### 13. Participant Requirement

All full-time firefighters and sworn police officers of the City of Satellite Beach, Florida, excluding civilian members of the fire and police departments and temporary and contract employees, are eligible to participate in the plan. (§46-57(a))

### 14. Actuarial Equivalence

Based on 8.00% interest per annum and the 1984 Uninsured Pensioner Mortality Table (§46-56)

### 15. Retiree Increases

Retirement benefits in payment status on October 1, 1997 were increased by 1.00%. (§46-58(b)(3))

### 16. Plan Effective Date

The plan was originally effective on May 22, 1973.



## Summary of Plan Amendments

## Table VI-B

Since the completion of the previous valuation, Ordinance No. 1083 was adopted to be effective January 15, 2014. This amendment eliminated the 0.1875% daily administrative charge on the DROP accounts retroactively for the period December 6, 2004 through July 3, 2013. The amendment had no actuarial impact on the plan.

