

The City of Cranston Fire and Police Department Pension Plans

GASB 67 Information

For Fiscal Year Ending June 30, 2014

October 2014



October 21, 2014

Mr. Robert F. Strom
Finance Director
City of Cranston
869 Park Avenue
Cranston, Rhode Island 02910

Philip Bonanno
Director, Retirement

Buck Consultants, LLC.
485 Lexington Avenue
10th Floor
New York, NY 10017

philip.bonanno@xerox.com
tel 212.330.1058
fax 212.330.1166

Dear Mr. Strom:

Buck Consultants, LLC (Buck) was retained to issue a report presenting the disclosure requirements under Statement No. 67 of the Governmental Accounting Standards Board Statement No. 67 (GASB 67). This report presents the results for the City of Cranston Fire Department and Police Department Pension Plans for the fiscal year ending June 30, 2014.

Purpose of this Report

The plan sponsor may use this report to prepare the plan's and the plan sponsor's audited financial statements.

Unless otherwise noted in this report, the benefit provisions, actuarial assumptions and methods used for the calculations are the same as those summarized in the valuation report issued on December 6, 2013 and in a subsequent communication dated January 21, 2014.

Use of this report for any other purpose or by anyone other than the plan sponsor may not be appropriate and may result in mistaken conclusions because of failure to understand applicable assumptions, methods, or inapplicability of the report for that purpose. No one may make any representations or warranties based on any statements or conclusions contained in this report without Buck Consultants' written consent.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. Because of limited scope, Buck performed no analysis of the potential range of such future differences. An analysis of the potential range of such future differences is beyond the scope of this valuation.

Recent Guidance

This report reflects information required as part of the new GASB 67 standards. These standards are effective for the financial statements for fiscal years beginning after June 15, 2013, i.e. the July 1, 2013 – June 30, 2014 fiscal year.

Data Used

Buck performed the calculations using participant data as of July 1, 2013 and financial data supplied by the City as of June 30, 2014. Buck did not audit the data, although they were reviewed for reasonableness and consistency with the prior year data. The results of the valuation are dependent on the accuracy of the data.

Actuarial Certification

The plan sponsor selected the assumptions used for the accounting results and funding policy calculations in the report with our advice. We believe that these assumptions are reasonable and comply with the requirements of GASB 67. We prepared this report's accounting exhibits in accordance with the requirements of these standards.

Based on the individually reasonable assumptions used in the preparation of this report, and on the data furnished us, we certify that projection of the costs under this plan has been made using generally accepted actuarial principles and practices, and that our recommended contributions make adequate provision for the funding of future benefits.

The valuation was prepared under the supervision of Philip Bonanno, a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. Mr. Bonanno has met the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. This report has been prepared in accordance with all applicable Actuarial Standards of Practice, and we are available to answer questions about it.

The Table of Contents, which immediately follows, outlines the material contained in the report.

Respectfully submitted,

BUCK CONSULTANTS, LLC



Philip Bonanno, FSA, EA, MAAA
Director, Retirement Actuary

PB/

Cranston 6 30 14 GASB 67

Table of Contents

Section 1 – GASB 67 Information	1
Section 2 – Plan Participant Data	13
Section 3 – Actuarial Assumptions and Methods	14
Section 4 – Summary of Plan Provisions.....	17

Section 1 – GASB 67 Information

A. Summary of Significant Accounting Policies

Method used to value investments

Investments are reported at fair value.

B. Plan Description

Plan administration

The City of Cranston (City) administers the City of Cranston Fire Department and Police Department Pension Plans (Plan), a defined benefit pension plan that provides pensions for all full-time firefighters and policemen of the City. Employees hired after July 1, 1995 become members of the State plan and do not participate in this plan.

Plan membership

As of June 30, 2013, pension plan membership consisted of the following:

Membership Status	Fire	Police	Total
Inactive plan members or beneficiaries currently receiving	222	205	427
Inactive plan members entitled to but not yet receiving	0	0	0
Active plan members	29	13	42
Total	251	218	469

Liabilities measured at the census date were projected to June 30, 2014 assuming no gains or losses.

Benefits provided

Please see Section 4 of the report for a summary of plan provisions.

Contributions

The City establishes contributions based on an actuarially determined contribution recommended by an independent actuary. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2014, the City contributed \$22,376,109 to the Plan, including \$381,765 from the state.

C. Investments

Rate of return

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.78%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Section 1 – GASB 67 Information (continued)

D. Net Pension Liability

The components of the net pension liability at June 30, 2014 were as follows:

Components of Net Pension Liability	
Total pension liability	\$324,937,270
Plan fiduciary net position	<u>(66,642,298)</u>
Net pension liability	258,294,972
Plan fiduciary net position as a percentage of the total pension liability	20.51%

E. Actuarial assumptions

The June 30, 2014 total pension liability was determined by rolling forward the June 30, 2013 valuation results, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions	
Inflation	3.00%
Salary increases	3.00%
Investment rate of return	7.50%, comprised on average inflation rate of 3.00% and a real rate of return of 4.50%.

Census data was collected as of July 1, 2013. Liabilities measured as of the census date were projected to June 30, 2014 assuming no demographic gains or losses.

Mortality rates for healthy lives were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment and improvements projected to 2023 with Scale AA. The same tables were used for disabled lives but set forward three years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return and by adding expected inflation. Best estimates of rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table (note that the rates shown below include the inflation component):

Asset Class	Long-Term Expected Rate of Return	Targeted Allocation
Domestic equity (large cap)	8.79%	35.00%
Domestic equity (mid cap)	10.85%	5.00%
Domestic equity (small cap)	10.93%	5.00%
International equity	9.09%	15.00%
Fixed income	4.96%	35.00%
Real Estate	5.92%	5.00%
Cash	0.90%	0.00%

Section 1 – GASB 67 Information (continued)

Discount rate

The assumed discount rate used to measure liabilities for valuation purposes is 7.50%. The projection of cash flows used to determine the discount rate for GASB 67 purposes assumed that future City contributions will follow the contribution pattern of the most recent five years (see table below), which results in an assumption that the City will contribute approximately 89.4% of the actuarially determined contributions. Based on these assumptions, the pension plan's fiduciary net position is projected to fall short of meeting all future benefit obligations to current plan members. From the point where assets are projected to be depleted, a municipal bond rate of 3.66%, based on the S&P Municipal Bond 20 Year High Grade Rate Index, was used in the development of the blended GASB discount rate. The resulting blended rate of 7.29% was used to measure the Plan's total pension liability.

Fiscal Year Ending June 30	Annual Required Contribution (ARC)	Actual Contribution	Percentage of ARC Contributed
2010	\$22,209,224	\$19,396,892	87.34%
2011	23,947,728	19,947,728	83.30%
2012	24,154,120	20,369,456	84.33%
2013	25,705,110	21,994,344	85.56%
2014	21,006,057	22,376,109	106.52%

The ARC for the fiscal year ending June 30, 2014 was based on the results of the July 1, 2012 valuation, updated to reflect the benefit provisions of the Funding Improvement Plan. An ordinance of such provision changes was passed by the City Council and signed into law by the Mayor in April 2013.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.29%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.29%) or 1-percentage-point higher (8.29%) than the current rate:

	1% Decrease (6.29%)	Current Discount Rate (7.29%)	1% Increase (8.29%)
Net Pension Liability	\$294,238,023	\$258,294,972	\$228,247,849

Section 1 – GASB 67 Information (continued)

Schedules of Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios

2014

Total pension liability

Service cost	\$ 802,841
Interest	22,844,850
Changes of benefit terms	0
Differences between expected and actual experience	0
Changes of assumptions	0
Benefit payments	<u>(23,747,994)</u>
Net change in total pension liability	\$ (100,303)
Total pension liability-beginning	\$ 325,037,573
Total pension liability-ending (a)	\$ 324,937,270

Plan fiduciary net pension

Contributions-employer	\$ 21,994,344
Contributions-employee	368,575
Net investment income	9,690,430
Benefit payments, including refunds of employee contributions	(23,747,994)
Administrative expense	(629,880)
Other*	<u>381,765</u>
Net change in plan fiduciary net position	\$ 8,057,240
Plan fiduciary net position-beginning	\$ 58,585,058
Plan fiduciary net position-ending (b)	\$ 66,642,298
Net pension liability-ending (a)-(b)	\$ 258,294,972

Plan fiduciary net position as a percentage of the total pension liability 20.51%

Covered-employee payroll \$ 2,905,865

Net pension liability as a percentage of covered-employee payroll 8,888.75%

* State allocation

Notes to Schedule:

A. Benefit changes

None.

B. Changes of assumptions

There were no changes in assumptions.

Section 1 – GASB 67 Information (continued)

Schedules of Required Supplementary Information (continued)

Schedule of City Contributions

	FYE 2014
Actuarially determined contribution	\$21,006,057
Contributions related to the actuarially determined contribution	<u>(22,376,109)</u>
Contribution deficiency (excess)	\$(1,370,052)

Notes to Schedule:

A. Valuation date

Actuarially determined contribution rates are calculated as of July 1, in the following fiscal year in which contributions are reported. That is, the contribution calculated as of July 1, 2014 will be made during the fiscal year ending June 30, 2016.

B. Methods and assumptions used to determine contribution rates:

Actuarial cost method:

Entry Age Normal, Level Percent of Payroll

Amortization method

Level dollar

Amortization period

For members in Court approved Plan:

Closed 28-year period beginning with the July 1, 2013 valuation.

For members that opted out of Court approved Plan:

Closed 23-year period beginning with the July 1, 2013 valuation.

Asset valuation method

Market Value of Assets

Cost-of-living increases after retirement

For members in Court approved Plan:

Every other year COLA freeze for a ten year period effective July 1, 2013. In years 11 and 12 a 1.50% COLA would apply and then a 3.00% COLA for each year thereafter, effective each July 1. Current and future widows will continue to receive 3.00% annual COLAs.

For members that opted out of Court approved Plan:

COLAs are frozen for a ten year period effective July 1, 2013. Upon the expiration of the ten year period, the COLA is capped at 3.00%.

Salary increases

3.00%

Investment rate of return

7.50%, based on an average inflation rate of 3.00% and a real rate of return of 4.50%.

Retirement age

Assumptions related to age, service, and department are used for participants not yet receiving payments.

Section 1 – GASB 67 Information (continued)

Mortality

RP-2000 Combined with Blue Collar Adjustment and mortality improvements projected to 2023 with Scale AA.

Other information

Please see Section 3 of the report.

Schedule of Investment Returns

	2014
Annual money-weighted rate of return, net of investment expenses	15.78%

Section 1 – GASB 67 Information (continued)

Table 1 – Projection of Fiduciary Net Position (000's omitted)

Fiscal Year Beginning July 1	Beginning Fiduciary Net Position	Member Contributions	Employer Contributions	Benefit Payments	Administrative Expenses	Investment Earnings	Ending Fiduciary Net Position
2014	\$66,642	\$335	\$22,376	\$24,256	\$630	\$4,904	\$69,372
2015	69,372	269	19,390	24,428	630	4,990	68,964
2016	68,964	227	19,530	25,006	630	4,943	68,029
2017	68,029	186	19,675	25,046	630	4,877	67,092
2018	67,092	150	19,847	25,535	630	4,795	65,720
2019	65,720	113	20,027	25,452	630	4,702	64,479
2020	64,479	85	20,239	25,759	630	4,605	63,020
2021	63,020	67	20,473	25,470	630	4,515	61,975
2022	61,975	55	20,725	25,653	630	4,440	60,912
2023	60,912	43	20,984	25,662	630	4,369	60,018
2024	60,018	33	21,254	25,651	630	4,313	59,336
2025	59,336	21	21,538	25,822	630	4,266	58,709
2026	58,709	14	21,845	25,954	630	4,225	58,210
2027	58,210	8	22,171	26,020	630	4,198	57,937
2028	57,937	6	22,521	26,046	630	4,189	57,978
2029	57,978	4	22,895	26,026	630	4,207	58,428
2030	58,428	2	23,300	25,947	630	4,259	59,412
2031	59,412	1	23,744	25,812	630	4,355	61,071
2032	61,071	1	24,238	25,626	630	4,505	63,559
2033	63,559	0	24,797	25,373	630	4,722	67,074
2034	67,074	-	25,458	25,054	630	5,022	71,871
2035	71,871	-	26,294	24,667	630	5,428	78,296

Section 1 – GASB 67 Information (continued)

Table 1 – Projection of Fiduciary Net Position (000's omitted)

Fiscal Year Beginning July 1	Beginning Fiduciary Net Position	Member Contributions	Employer Contributions	Benefit Payments	Administrative Expenses	Investment Earnings	Ending Fiduciary Net Position
2036	78,296	-	27,578	24,208	630	5,975	87,010
2037	87,010	-	21,807	23,677	630	6,432	90,942
2038	90,942	-	22,609	23,072	630	6,780	96,629
2039	96,629	-	23,675	22,396	630	7,271	104,550
2040	104,550	-	25,283	21,650	630	7,954	115,506
2041	115,506	-	28,568	20,837	630	8,929	131,537
2042	131,537	-	-	19,962	630	9,093	120,038
2043	120,038	-	-	19,029	630	8,266	108,644
2044	108,644	-	-	18,045	630	7,448	97,417
2045	97,417	-	-	17,017	630	6,645	86,415
2046	86,415	-	-	15,952	630	5,859	75,693
2047	75,693	-	-	14,860	630	5,096	65,299
2048	65,299	-	-	13,751	630	4,358	55,276
2049	55,276	-	-	12,636	630	3,648	45,658
2050	45,658	-	-	11,526	630	2,969	36,471
2051	36,471	-	-	10,434	630	2,320	27,728
2052	27,728	-	-	9,370	630	1,705	19,433
2053	19,433	-	-	8,348	630	1,121	11,575
2054	11,575	-	-	7,379	630	568	4,134
2055	4,134	-	-	6,470	630	-	-
2056	-	-	-	5,630	-	-	-
2057	-	-	-	4,864	-	-	-

Section 1 – GASB 67 Information (continued)

Table 1 – Projection of Fiduciary Net Position (000's omitted)

Fiscal Year Beginning July 1	Beginning Fiduciary Net Position	Member Contributions	Employer Contributions	Benefit Payments	Administrative Expenses	Investment Earnings	Ending Fiduciary Net Position
2058	-	-	-	4,174	-	-	-
2059	-	-	-	3,560	-	-	-
2060	-	-	-	3,022	-	-	-
2061	-	-	-	2,555	-	-	-
2062	-	-	-	2,155	-	-	-
2063	-	-	-	1,816	-	-	-
2064	-	-	-	1,532	-	-	-
2065	-	-	-	1,295	-	-	-
2066	-	-	-	1,099	-	-	-
2067	-	-	-	938	-	-	-
2068	-	-	-	806	-	-	-
2069	-	-	-	698	-	-	-
2070	-	-	-	609	-	-	-
2071	-	-	-	535	-	-	-

Section 1 – GASB 67 Information (continued)

Table 2 – Actuarial Present Values of Projected Benefit Payments (000's omitted)

Fiscal Year Beginning July 1	Beginning Fiduciary Net Position	Benefit Payments	Benefit Payments		Present Value of Benefit Payments		
			Funded Portion	Unfunded Portion	Funded Portion at 7.50%	Unfunded Portion at 3.66%	Using a Single Discount Rate of 7.29%
2014	\$66,642	\$24,256	\$24,256	\$-	\$23,394	\$-	\$23,417
2015	69,372	24,428	24,428	-	21,916	-	21,981
2016	68,964	25,006	25,006	-	20,870	-	20,972
2017	68,029	25,046	25,046	-	19,445	-	19,579
2018	67,092	25,535	25,535	-	18,441	-	18,604
2019	65,720	25,452	25,452	-	17,099	-	17,284
2020	64,479	25,759	25,759	-	16,098	-	16,304
2021	63,020	25,470	25,470	-	14,807	-	15,026
2022	61,975	25,653	25,653	-	13,873	-	14,105
2023	60,912	25,662	25,662	-	12,909	-	13,151
2024	60,018	25,651	25,651	-	12,004	-	12,253
2025	59,336	25,822	25,822	-	11,241	-	11,496
2026	58,709	25,954	25,954	-	10,510	-	10,770
2027	58,210	26,020	26,020	-	9,801	-	10,064
2028	57,937	26,046	26,046	-	9,127	-	9,389
2029	57,978	26,026	26,026	-	8,484	-	8,745
2030	58,428	25,947	25,947	-	7,868	-	8,126
2031	59,412	25,812	25,812	-	7,281	-	7,534
2032	61,071	25,626	25,626	-	6,724	-	6,972
2033	63,559	25,373	25,373	-	6,193	-	6,434
2034	67,074	25,054	25,054	-	5,689	-	5,921

Section 1 – GASB 67 Information (continued)

Table 2 – Actuarial Present Values of Projected Benefit Payments (000's omitted)

Fiscal Year Beginning July 1	Beginning Fiduciary Net Position	Benefit Payments	Benefit Payments		Present Value of Benefit Payments		
			Funded Portion	Unfunded Portion	Funded Portion at 7.50%	Unfunded Portion at 3.66%	Using a Single Discount Rate of 7.29%
2035	71,871	24,667	24,667	-	5,210	-	5,434
2036	78,296	24,208	24,208	-	4,756	-	4,970
2037	87,010	23,677	23,677	-	4,327	-	4,531
2038	90,942	23,072	23,072	-	3,923	-	4,115
2039	96,629	22,396	22,396	-	3,542	-	3,723
2040	104,550	21,650	21,650	-	3,185	-	3,355
2041	115,506	20,837	20,837	-	2,852	-	3,009
2042	131,537	19,962	19,962	-	2,541	-	2,687
2043	120,038	19,029	19,029	-	2,254	-	2,387
2044	108,644	18,045	18,045	-	1,988	-	2,110
2045	97,417	17,017	17,017	-	1,744	-	1,855
2046	86,415	15,952	15,952	-	1,521	-	1,620
2047	75,693	14,860	14,860	-	1,318	-	1,407
2048	65,299	13,751	13,751	-	1,134	-	1,213
2049	55,276	12,636	12,636	-	970	-	1,039
2050	45,658	11,526	11,526	-	823	-	884
2051	36,471	10,434	10,434	-	693	-	746
2052	27,728	9,370	9,370	-	579	-	624
2053	19,433	8,348	8,348	-	480	-	518
2054	11,575	7,379	7,379	-	394	-	427
2055	4,134	6,470	-	6,470	-	1,456	349

Section 1 – GASB 67 Information (continued)

Table 2 – Actuarial Present Values of Projected Benefit Payments (000's omitted)

Fiscal Year Beginning July 1	Beginning Fiduciary Net Position	Benefit Payments	Benefit Payments		Present Value of Benefit Payments		
			Funded Portion	Unfunded Portion	Funded Portion at 7.50%	Unfunded Portion at 3.66%	Using a Single Discount Rate of 7.29%
2056	-	5,630	-	5,630	-	1,222	283
2057	-	4,864	-	4,864	-	1,018	228
2058	-	4,174	-	4,174	-	843	182
2059	-	3,560	-	3,560	-	694	145
2060	-	3,022	-	3,022	-	568	115
2061	-	2,555	-	2,555	-	463	90
2062	-	2,155	-	2,155	-	377	71
2063	-	1,816	-	1,816	-	307	56
2064	-	1,532	-	1,532	-	249	44
2065	-	1,295	-	1,295	-	203	35
2066	-	1,099	-	1,099	-	167	27
2067	-	938	-	938	-	137	22
2068	-	806	-	806	-	114	17
2069	-	698	-	698	-	95	14
2070	-	609	-	609	-	80	11
2071	-	535	-	535	-	68	9

Section 2 – Plan Participant Data

Reconciliation of Participant Data - Fire

	Actives	Terminated Vesteds	Retirees and Beneficiaries	Disabled Participants	Total
Participants as of July 1, 2012	35	0	181	42	258
Disabilities	(1)	0	0	1	0
Retirements	(5)	0	5	0	0
Deaths	0	0	(9)	(2)	(11)
New beneficiaries	0	0	3	0	3
Layoff/Leave/Termination	0	0	0	0	0
Data corrections	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>
Participants as of July 1, 2013	29	0	181	41	251

Reconciliation of Participant Data - Police

	Actives	Terminated Vesteds	Retirees and Beneficiaries	Disabled Participants	Total
Participants as of July 1, 2012	13	0	169	39	221
Disabilities	0	0	0	0	0
Retirements	0	0	0	0	0
Deaths	0	0	(3)	0	(3)
New beneficiaries	0	0	0	0	0
Layoff/Leave/Termination	0	0	0	0	0
Data corrections	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Participants as of July 1, 2013	13	0	166	39	218

Inactive Participant Statistics – Average Annual Benefits

	July 1, 2012	July 1, 2013
Retirees	\$ 60,007	\$ 61,750
Beneficiaries	\$ 33,628	\$ 34,142
Disabled Participants	\$ 53,671	\$ 55,129

Section 3 – Actuarial Assumptions and Methods

Actuarial Funding Assumptions

Funding valuation interest rate

7.50% per annum

Interest rate for accounting

7.29% per year, compounded annually. Projected benefit payments that are expected to be paid from available plan assets are discounted at the valuation interest rate of 7.50%. After the point where plan assets are not available to pay benefits, projected benefit payments are discounted at the municipal bond rate of 3.66%.

Municipal bond rate

3.66%, based on the S&P Municipal Bond 20 Year High Grade Rate Index.

Compensation increase rate

3.00% per annum

Retirement age:

Police and Fire Department

Rates according to the following table:

Years of Service	Percent Retiring
Less than 20	0%
20	20%
21 – 24	4%
25	15%
26 – 29	10%
30	50%
31 and greater	20%

100% upon the attainment of age 65 regardless of service.

Healthy Mortality

RP-2000 Combined with Blue Collar Adjustment and mortality improvements projected to 2023 with Scale AA

Disabled Mortality

Healthy mortality, set forward 3 years.

Section 3 – Actuarial Assumptions and Methods (continued)

Disability Incidence

Age	Rate
20	0.12%
25	0.17%
30	0.22%
35	0.29%
40	0.44%
45	0.72%
50	1.21%
55	1.21%

92.5% assumed to be accidental disabilities and 7.5% assumed to be ordinary disabilities

Turnover

Death and disability

Marriage Assumption

80% of active employees are assumed to be married with the husband assumed to be 3 years older than the wife.

Expenses

Paid by the city.

Participant Data

Retiree census data was supplied by the City. Liabilities measured at the census date of June 30, 2013 were projected to June 30, 2014 assuming no demographic gains or losses.

The experience study report dated March 2012 outlines the most recent comprehensive review of the actuarial assumptions noted above.

Section 3 – Actuarial Assumptions and Methods (continued)

Funding Methods

Actuarial Cost Method

For funding, Attained Age Normal method with the UAAL funded on a level dollar basis over a closed period.

For accounting, Entry Age Normal. The actuarial present value of projected benefits of each individual is allocated on a level basis over the covered salary of the individual between date of hire and assumed date they cease active employment. The portion of this actuarial present value not provided for at the valuation date by the actuarial present value of future entry age normal cost is called the accrued liability.

Assets

Funding

Market value of assets

Accounting

Market value of assets

Amortization Period

For members in Court approved Plan:

Closed 28-year period beginning with the July 1, 2013 valuation.

For members that opted out of Court approved Plan:

Closed 23-year period beginning with the July 1, 2013 valuation.

Changes Since the Prior Valuation

None

Section 4 – Summary of Plan Provisions



The plan is closed to employees hired on or after July 1, 1995.

Final compensation is the member's base compensation rate, including longevity and holiday pay at retirement.

Service is total employment by the City plus any purchased service.

Service Pension

Eligibility	20 years of service.
Amount	A pension equal to 2½% of the member's final compensation for each year of service up to 20 years plus 2% of final compensation for each year of service, up to 10 years, in excess of 20 years. An additional 5% of final compensation is added to the pension at age 55.

Deferred Pension

Eligibility	10 years of service.
Amount	A deferred pension commencing at age 55, equal to 2½% of final compensation for each year of total service.

Ordinary Disability Pension

Eligibility	Total and permanent disability at any age.
Amount	A pension equal to 50% of final compensation.

Work Related Disability Pension

Eligibility	Work related total and permanent disability at any age. Impairment due to heart condition or hypertension presumed to be work related.
Amount	A pension of $66\frac{2}{3}\%$ of final compensation, but not less than the service pension.

Death Benefit

Eligibility	Death in active service after 1 year of service or after termination with a deferred pension. (No service requirement if death is work related).
Amount	A pension of $33\frac{1}{3}\%$ of the member's final compensation is paid to his widow until she dies or remarries. The benefit increases to $67\frac{1}{2}\%$ of final compensation if the member has 20 years of service. (The pension is 50% if death is work related). In the event of death after termination with a deferred pension, the widow receives $67\frac{1}{2}\%$ of the deferred pension starting when the member would have been age 55.

Benefit upon Death after Retirement

Upon death of a retired member, $67\frac{1}{2}\%$ of his pension is paid to his widow. No benefits are payable upon the death of unmarried members. Note that there is no actuarial reduction for the spouse coverage.

Section 4 – Summary of Plan Provisions



Cost of Living Adjustment

For members in Court approved Plan:

Every other year COLA freeze for a ten year period effective July 1, 2013. In years 11 and 12 a 1.50% COLA would apply and then a 3.00% COLA for each year thereafter, effective each July 1. Current and future widows will continue to receive 3.00% annual COLAs.

For members that opted out of Court approved Plan:

COLAs are frozen for a ten year period effective July 1, 2013. Upon the expiration of the ten year period, the COLA is capped at 3.00%.

Contributions by Members

Firefighters	10.50% of base compensation plus longevity and holiday pay
Police	10.00% of base compensation plus longevity and holiday pay