City of Atlanta Police Officers' Pension Fund

Actuarial Valuation Report
as of
January 1, 2004

Dated 3-2-2005

SOUTHERN ACTUARIAL SERVICES

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SOUTHERN ACTUARIAL SERVICES

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SOUTHERN ACTUARIAL SERVICES

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March 2, 2005

Board of Trustees
City of Atlanta Police Officers' Pension Fund

Ladies and Gentlemen:

This report presents the results of the actuarial valuation of the City of Atlanta Police Officers' Pension Fund as of January 1, 2004. The purpose of this report is to provide a summary of the funded status of the plan as of January 1, 2004, to determine the minimum required contribution for the 2005 plan year, and to determine the annual required contribution and accounting disclosures pursuant to Governmental Accounting Standard Nos. 25 and 27 (GASB 25/27).

Recommended Contribution

Currently, the plan receives contributions from the City of Atlanta and from employees. Employees contribute either 6% or 7% of base salary, depending on whether the employee has any beneficiaries who would be eligible for death benefits under the plan. The City contributes the amount that is actuarially determined as a level percentage of payroll, where the unfunded accrued liability is scheduled to be eliminated as of January 1, 2019 and payroll is assumed to increase at the rate of 4.50% per year. The contribution is based on the actuarial valuation results as of January 1 of the preceding plan year.

For the 2005 plan year, the minimum required contribution is 38.27% of payroll after taking into account expected employee contributions of 6.67% of payroll. This amount represents an increase of 14.94% of payroll from the required contribution for the 2004 plan year.

per 2002 report 23.3%

The increase in the contribution is partially due to poor investment performance over the past five years. The market value of assets gained 19.56% during 2003 as compared with an assumed return of 8.00%. Rather than reflect the entire amount of the unrealized gains and losses immediately, the actuarial value of assets is based on a five-year phase-in of the unrealized appreciation. On this basis, the actuarial value of assets only gained 0.99% for the year, which was well below the assumed 8.00% return.

In addition, for purposes of the January 1, 2004 valuation, we have changed several assumptions as follows:

(1) The assumed mortality rates have been changed from those set forth in the 1971 Group Annuity Mortality Table, set back three years, to those set forth in the 1983 Group Annuity Mortality Table in order to reflect increased life expectancy;

(2) The assumed increase in the Consumer Price Index has been changed from 3.00% per year to 2.50% per year to account for lower expected inflation;

these would increase contrib. %

(3) The assumed annual increase in future individual salaries has been changed from a range of 5.00% to 10.00%, depending on age, to 4.50% regardless of age in order to account for lower expected future compensation increases; and

(4) The assumed increase in total payroll has been decreased from 5.00% per year to 4.50% per year to coordinate with the change in the future salary increase assumption described above.

We will continue to monitor the assumptions used to determine the City's contribution and will make changes as necessary to reflect future expectations.

Contents of the Report

A summary of the results of the valuation is presented in Table I, while Table II provides a historical record of the City's contribution percentage. A detailed breakdown of the liabilities of the plan by type of benefit is presented in Table III. Information for the auditors can be found in Tables IV and V. Tables VI through VIII provide information about the fund's assets. In particular, Table VI provides a breakdown of the fund assets by investment type, and Tables VII and VIII provide a historical record of the growth, expenditures, and annual yields of the fund. Tables IX through XII provide a variety of useful information concerning the participant population. Finally, Table XIII provides a summary of the assumptions and methods used to complete the valuation and Table XIV provides a summary of the plan provisions.

Certification

To the best of our knowledge, this report fairly and accurately represents the liabilities of the plan as of January 1, 2004 based on the participant data and asset information provided by the City of Atlanta and the plan provisions and actuarial assumptions set forth herein. We believe that these assumptions are reasonable in the aggregate and represent our best estimate of anticipated experience. All calculations set forth herein conform to generally accepted actuarial principles and practices and comply with our current understanding of the requirements of the Georgia Code and the Governmental Accounting Standards Board.

Respectfully submitted,

Charles T. Carr

Charles T. Carr
Consulting Actuary
Enrolled Actuary No. 05-04927

SUMMARY OF VALUATION RESULTS

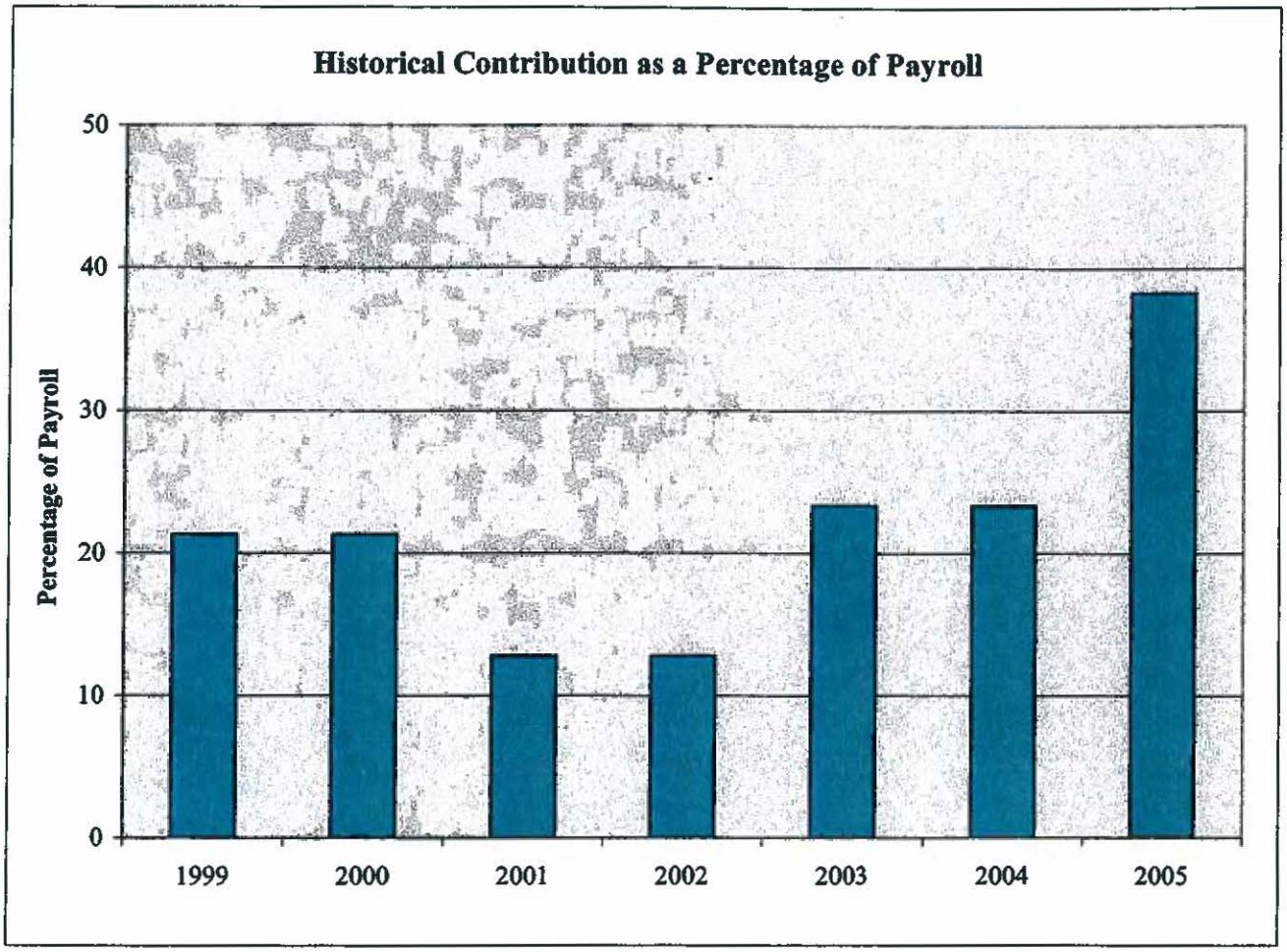
	As of January 1, 2003	Janu
1. Number of Participants		
a. Active Participants		
i. Fully Vested	496	521
ii. Partially Vested	631	594
iii. Non-Vested	396	373
iv. Sub-total	**1,523**	**1,488**
b. Deferred Vested Participants	**0**	**0**
c. Retired Participants		
i. Service Retirement	643	686
ii. Disability Retirement	105	102
iii. Beneficiaries	222	225
iv. Sub-total	**970**	**1,013**
d. Total Participants	**2,493**	**2,501**
2. Expected Annual Compensation *	**$66,371**	**$63,274**
3. Development of Required Contribution *		
a. Actuarial Accrued Liability	$592,428	$617,501
b. Actuarial Value of Assets	($437,282)	($440,212)
c. Unfunded Actuarial Accrued Liability (UAAL)	$155,146	$177,289
d. Amortization Payment Towards UAAL	$12,865	$15,674
e. Normal Cost	$20,491	$13,441 *
f. Initial Annual Cost	$33,356	$29,115

2005 Budg

	For the 2004 Plan Year	For the 2005 Plan Year
4. Minimum Required Contribution		
a. Level Percent Amortization of UAAL	18.46 %	23.70 %
b. Normal Cost Percentage	30.87 %	21.24 %
c. Total Contribution Percentage	49.33 %	44.94 %
d. Effective Employee Contribution	(6.63)%	(6.67)%
e. Minimum Required Employer Contribution	**42.70 %**	**38.27 %**

* What is driving the significant change in normal cost?

** dollar amounts are shown in 000's*



Plan Year	Employer Contribution Percentage	Plan Year	Employer Contribution Percentage	Plan Year	Employer Contribution Percentage
1999	21.31%	2002	12.77%	2005	38.27%
2000	21.31%	2003	23.33%		
2001	12.77%	2004	23.33%		

LIABILITIES AS OF January 1, 2004

TABLE III

	Retirement Benefits	Disability Benefits	Withdrawal Benefits	Pre-Ret. Death Benefits	Return of Employee Contributions		Total
1. Present Value of Future Benefits							
a. Active participants	$348,400	$12,599	$3,449	$10,572	$451		$375,471
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$275,928	$38,262	$0	$0	$0		$314,190
Beneficiaries	$33,031	$0	$0	$0	$0		$33,031
d. Total	$657,359	$50,861	$3,449	$10,572	$451		$722,692
2. Entry Age Accrued Liability							
a. Active participants	$250,773	$8,965	$2,328	$7,903	$311		$270,280
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$275,928	$38,262	$0	$0	$0		$314,190
Beneficiaries	$33,031	$0	$0	$0	$0		$33,031
d. Total	$559,732	$47,227	$2,328	$7,903	$311		$617,501
3. Entry Age Normal Cost	$11,972	$693	$301	$390	$85		$13,441
4. Present Value of Vested Benefits							
a. Active participants	$144,408	$8,509	$12,954	$5,584	$814		$172,269
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$275,928	$38,262	$0	$0	$0		$314,190
Beneficiaries	$33,031	$0	$0	$0	$0		$33,031
d. Total	$453,367	$46,771	$12,954	$5,584	$814		$519,490
5. Present Value of Accrued Benefits							
a. Active participants	$170,689	$8,509	$1,995	$5,816	$299		$187,308
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$275,928	$38,262	$0	$0	$0		$314,190
Beneficiaries	$33,031	$0	$0	$0	$0		$33,031
d. Total	$479,648	$46,771	$1,995	$5,816	$299		$534,529

**** all amounts are shown in 000's***

ACCOUNTING DISCLOSURES (GASB 25/27)

	For the 2004 Plan Year	F 2005
A. Number of Plan Participants as of Preceding January 1		
a. Retirees and beneficiaries receiving benefits	970	1,013
b. Terminated plan participants entitled to but not yet receiving benefits	0	0
c. Active plan participants	1,523	1,488
d. Total	2,493	2,501
B. Development of Annual Required Contribution (ARC) *		
a. Employer normal cost:		
i. Total normal cost (EOY)	$22,128	$14,515
ii. Expected employee contribution	($4,531)	($4,786)
iii. Employer normal cost	**$17,597**	**$9,729**
b. Amortization of UAAL:		
i. PV of future benefits	$788,648	$722,692
ii. PV of future employer normal costs	($145,331)	($65,696)
iii. PV of future employee contributions	($50,889)	($39,495)
iv. Actuarial accrued liability (AAL)	$592,428	$617,501
v. Actuarial value of assets	($437,282)	($440,212)
vi. Unfunded AAL (UAAL)	$155,146	$177,289
vii. Amortization of UAAL	**$12,862**	**$15,542**
c. Amortization of NPO	**$0**	**$0**
d. **ARC** (Item B.a.iii. plus item B.b.vii. plus item B.c.)	**$30,459**	**$25,271**
C. Annual Pension Cost and Net Pension Obligation (NPO) *		
a. ARC	$30,459	$25,271
b. Interest on NPO	$0	$0
c. Adjustment to ARC	$0	$0
d. **Annual Pension Cost**	**$30,459**	**$25,271**
e. Contributions made (w/ interest to EOY)	($30,459)	($25,271)
f. Increase(decrease) in NPO	$0	$0
g. NPO (beginning of year)	$0	$0
h. **NPO (end of year)**	**$0**	**$0**

** dollar amounts are shown in 000's*

D. Schedule of Employer Contributions **

Year Ended December 31	Annual Pension Cost	Percentage Contributed
2000	$13,816	100%
2001	$14,200	100%
2002	$15,068	100%
2003	$15,062	100%
2004	$30,459	100%
2005	$25,271	100%

E. Schedule of Funding Progress **

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratio (1) ÷ (2)	(5) Covered Payroll	(6) UAAL as % of Covered Payroll (3) ÷ (5)
1/1/1998	$296,516	$384,074	$87,558	77.2%	$46,913	186.6%
1/1/2000	$384,083	$419,439	$35,356	91.6%	$56,966	62.1%
1/1/2002	$448,676	$541,209	$92,533	82.9%	$64,588	143.3%
1/1/2003	$437,282	$592,428	$155,146	73.8%	$66,371	233.8%
1/1/2004	$440,212	$617,501	$177,289	71.3%	$63,274	280.2%

F. Additional Information

	January 1, 2003	January 1, 2004
Valuation date		
Actuarial cost method	Individual entry age	Individual entry age
Amortization method	Level percent closed	Level percent closed
Remaining amortization period	40 years from 1/1/1979	40 years from 1/1/1979
Asset valuation method	Five-year smoothed market	Five-year smoothed market
Actuarial assumptions:		
Investment rate of return *	8.00%	8.00%
Projected salary increases *	Ranges from 5% to 10%	4.50%
* Includes inflation at:	3.00%	2.50%
Cost-of-living adjustments	3.00%	2.50%

*** dollar amounts are shown in 000's.*

1. Actuarial Present Value of Accrued Benefits

		As of January 1, 2003	As of January 1, 2004
a.	Vested Benefits:		
	i. Participants currently receiving benefits	$290,085	$347,221
	ii. Other participants	$177,852	$172,269
	iii. Sub-total	$467,937	$519,490
b.	Non-Vested Benefits	$16,081	$15,039
c.	Total Benefits	**$484,018**	**$534,529**
d.	Market Value of Assets	$373,446	$444,943
e.	Funded Ratio	77.16%	83.24%

2. Statement of Change in Actuarial Present Value of Accrued Benefits

a.	Actuarial Present Value as of January 1, 2003	**$484,018**
b.	Increase (Decrease) During 2003 Plan Year Due to:	
	i. Interest	$38,721
	ii. Benefits accumulated	$69,608
	iii. Benefits paid	($24,838)
	iv. Plan amendments	$0
	v. Changes in actuarial assumptions or methods	($32,980)
	vi. Net increase (decrease)	$50,511
c.	Actuarial Present Value as of January 1, 2004	**$534,529**

3. Items Affecting Calculation of Actuarial Present Value of Accrued Benefits

a. Plan provisions reflected in the accrued benefits (see Table XIV on page 18)
b. Actuarial assumptions and methods used to determine present values (see Table XIII on page 16)

	As of January 1, 2003	As of January 1, 2004
1. Market Value of Assets (in 000's)		
a. Cash and cash equivalents (8%)	$19,504	$35,920
b. Government bonds & notes (17%)	$48,139	$73,526
c. Corporate bonds (11%)	$98,138	$48,387
d. Equities (52%)	$161,353	$230,945
e. Repurchase agreements (0%)	$0	$0
f. Real estate (0%)	$0	$0
g. Mortgages (13%)	$55,191	$55,827
h. Accrued income receivable (0%)	$1,479	$0
i. Contributions receivable (0%)	$157	$0
j. Other receivables (0%)	$3,150	$1,512
k. Benefits and accounts payable (0%)	($7,064)	($291)
l. Other payables (0%)	($6,601)	($883)
m. Market value of assets	**$373,446**	**$444,943**

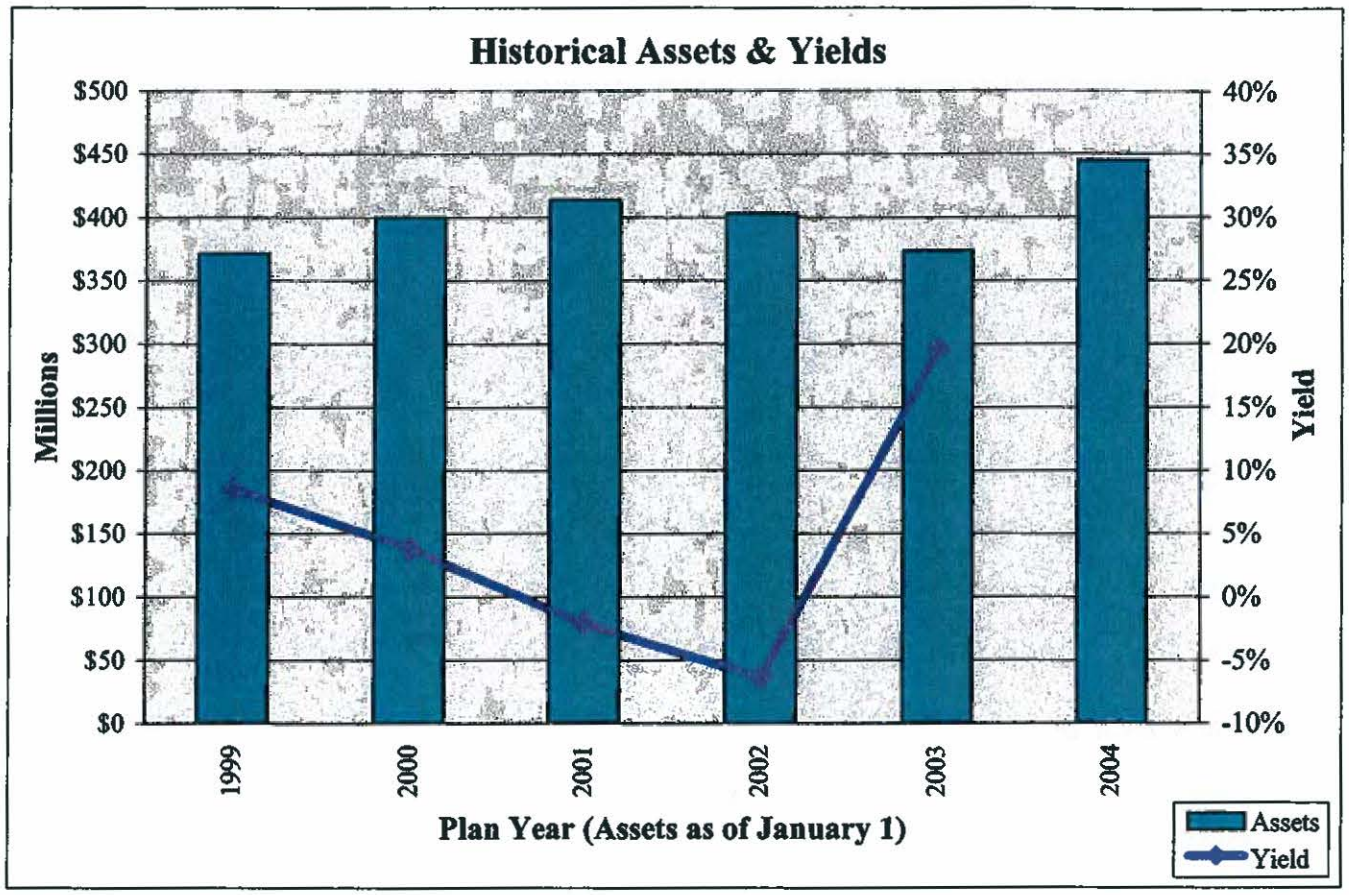
2. Actuarial Value of Assets (in 000's)

a. Market value of assets			$373,446				$444,943
b. Five-year phase-in of unrealized investment appreciation:							
i. 1999	($6,197)	x 20% =	($1,239)				
ii. 2000	$37,436	x 40% =	$14,974	x 20%	=		$7,487
iii. 2001	$32,305	x 60% =	$19,383	x 40%	=		$12,922
iv. 2002	$38,397	x 80% =	$30,718	x 60%	=		$23,038
v. 2003	($60,222)			x 80%	=		($48,178)
vi. Total unrecognized losses(gains)			$63,836				($4,731)
c. Actuarial Value of Assets (Item a. plus item b., but within an 80-120% corridor of item a.)			**$437,282**				**$440,212**

FASB Erisa plan change

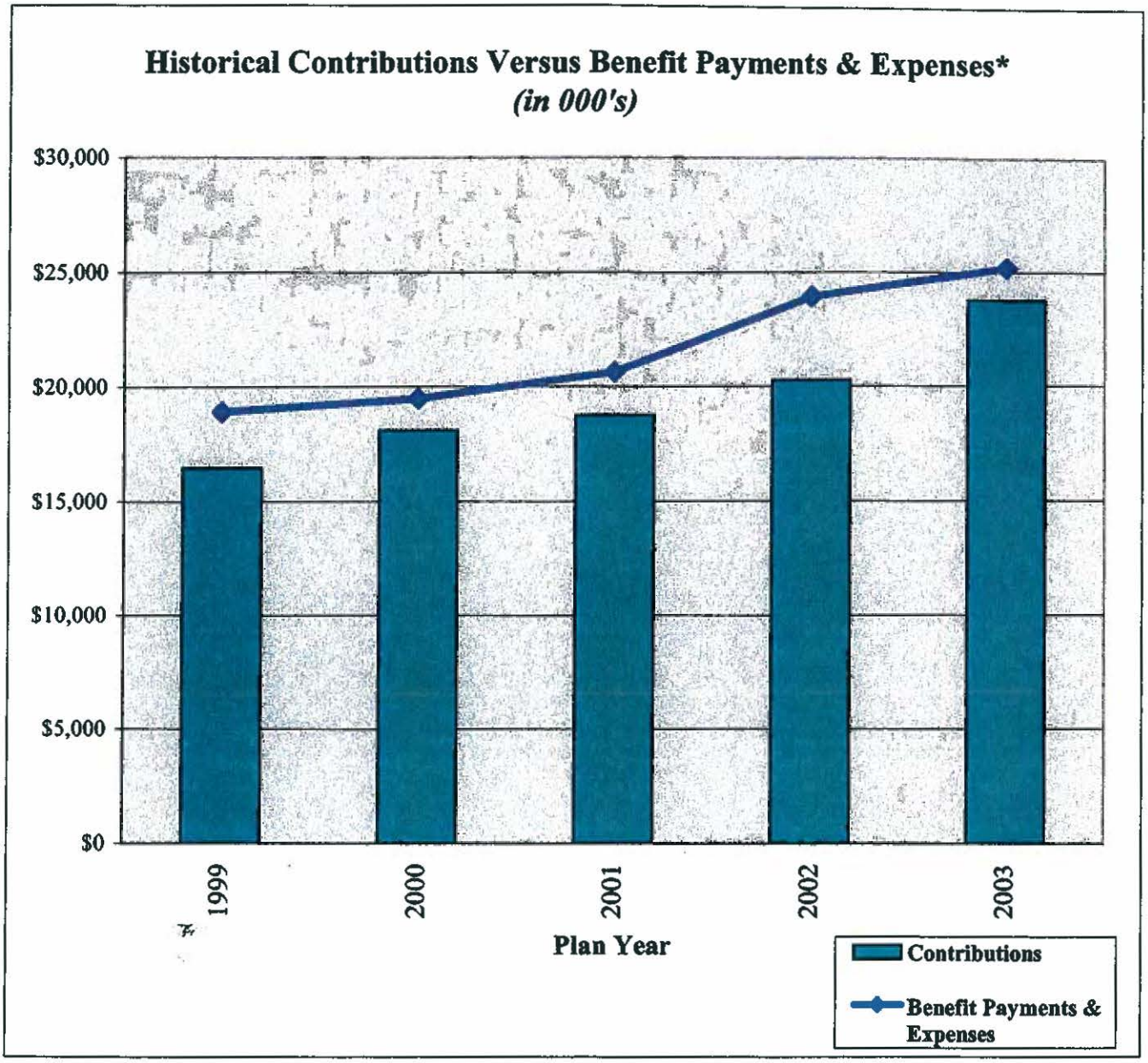
Note:

The percentages in parentheses indicate the proportion of assets committed to each type of investment as of January 1, 2004.

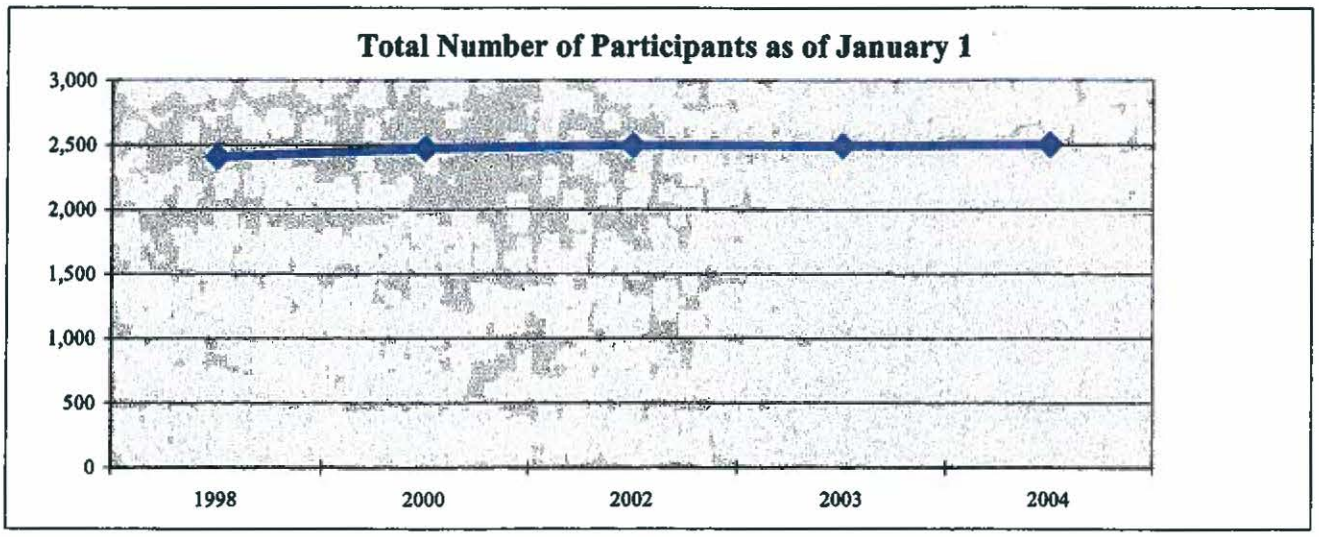


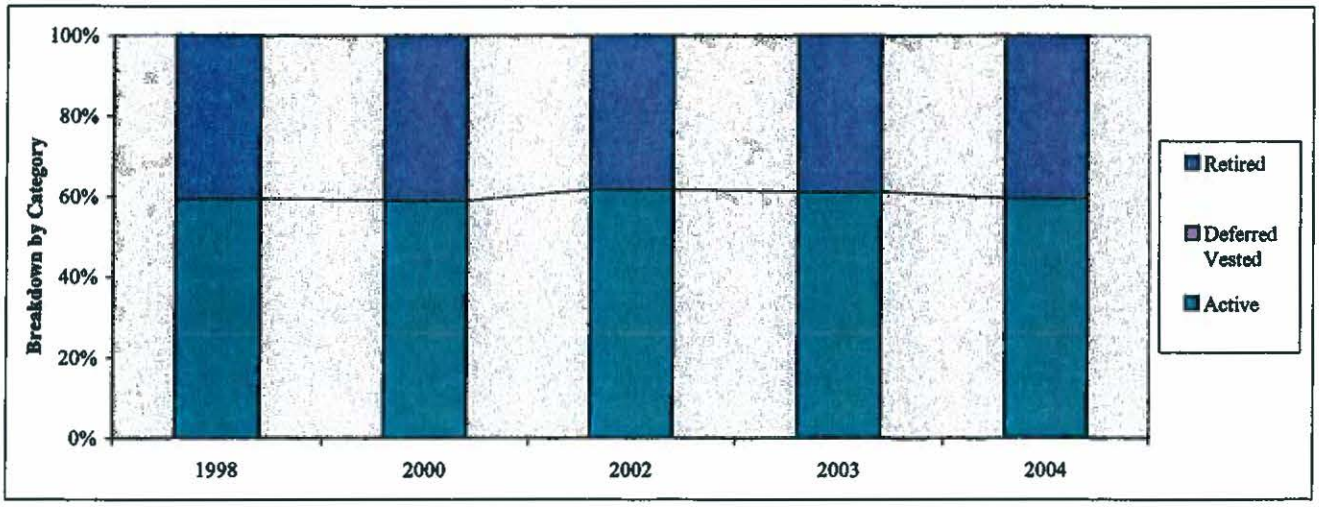
Plan Year	Market Value as of January 1	Actuarial Value as of January 1	Benefit Payments	Expenses	Contributions	Market Value Yield	Actuarial Value Yield
1999	$370,953		$18,555	$359	$16,471	8.49%	
2000	$399,889	$384,083	$18,986	$496	$18,108	3.78%	8.51%
2001	$413,593		$20,020	$611	$18,750	-2.15%	8.51%
2002	$402,836	$448,676	$22,163	$1,769	$20,279	-6.42%	-1.73%
2003	$373,446	$437,282	$24,838	$324	$23,755	19.56%	0.99%
2004	$444,943	$440,212					

** all dollar amounts are shown in 000's*

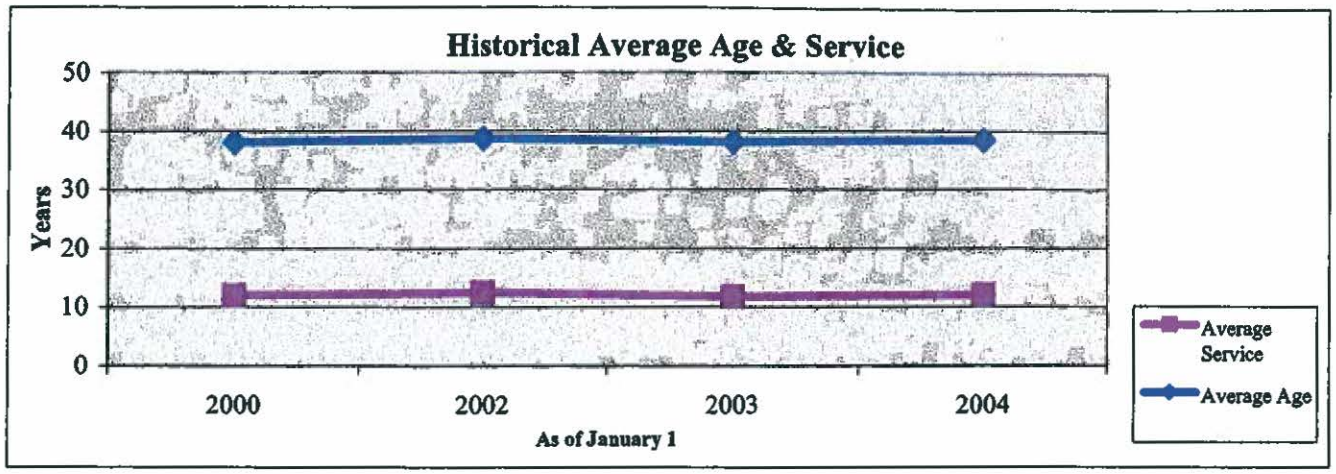


* *Please reference Table VII on page 10 for the historical benefit payments, expenses, and contributions.*

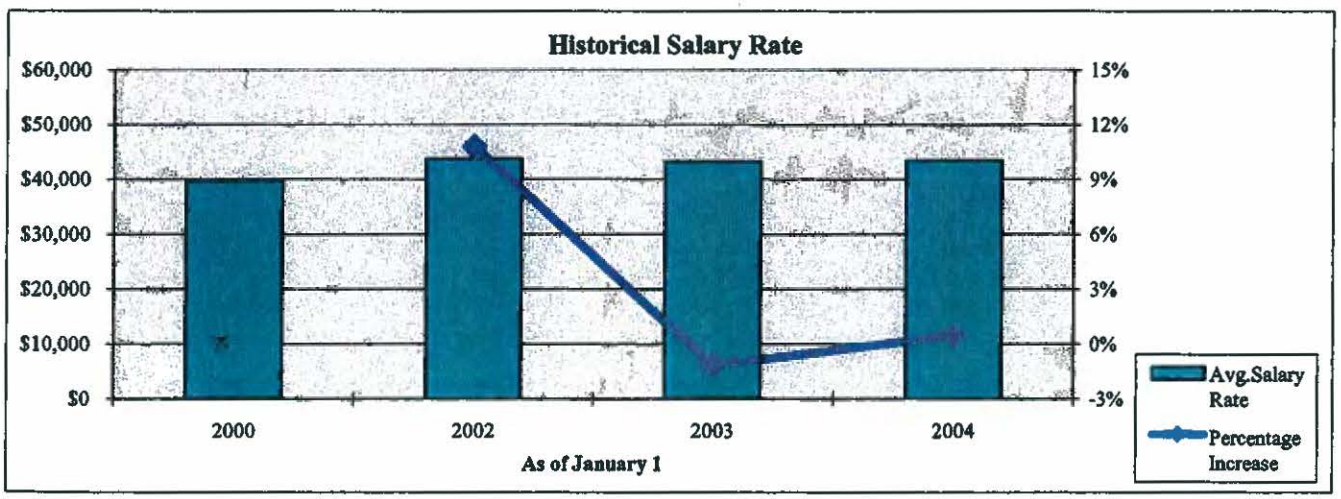




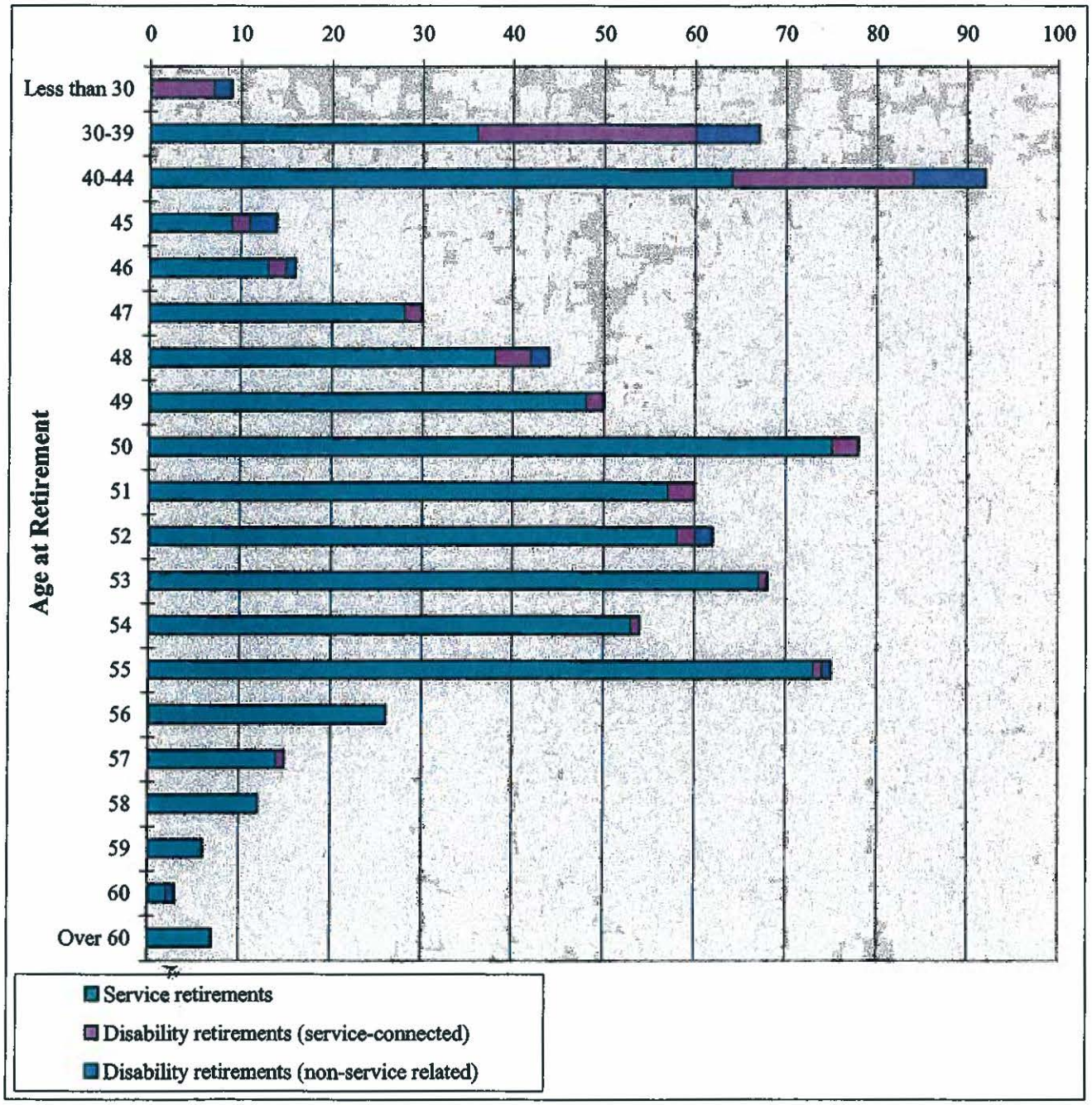
	As of January 1, 2003	As of January 1, 2004
1. Active Participants		
a. Fully Vested	496	521
b. Partially Vested	631	594
c. Non-Vested	396	373
d. Sub-total	**1,523**	**1,488**
2. Deferred Vested Participants	**0**	**0**
3. Retired Participants		
a. Service Retirement	643	686
b. Disability Retirement	105	102
c. Beneficiaries	222	225
d. Sub-total	**970**	**1,013**
4. Total Participants	**2,493**	**2,501**



Date	Average Service Earned	Average Attained Age	Date	Average Service Earned	Average Attained Age
1/1/2000	11.9	38.0	1/1/2003	11.7	38.1
1/1/2002	12.4	38.7	1/1/2004	12.0	38.5



Date	Average Salary Rate	Increase from Prior Year	Date	Average Salary Rate	Increase from Prior Year
1/1/2000	$39,478		1/1/2003	$43,203	-1.20%
1/1/2002	$43,729	10.77%	1/1/2004	$43,394	0.44%



Note: Results are based on retiree data as of January 1, 2004.

Average benefit being paid to members on service retirement is $2,438.77 per month.
Average benefit being paid to members on disability retirement is $2,124.79 per month.
Average benefit being paid to beneficiaries is $1,065.59 per month.

AGE-SERVICE-SALARY TABLE

Attained Age	Completed Years of Service										
	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	Total
Under 25	**18**	**52**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**71**
Avg.Pay	29,167	31,888	33,666	0	0	0	0	0	0	0	31,223
25 to 29	**14**	**136**	**41**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**191**
Avg.Pay	29,991	33,573	37,272	0	0	0	0	0	0	0	34,104
30 to 34	**5**	**88**	**136**	**53**	**0**	**0**	**0**	**0**	**0**	**0**	**282**
Avg.Pay	29,201	33,976	39,431	44,162	0	0	0	0	0	0	38,437
35 to 39	**9**	**30**	**61**	**155**	**75**	**0**	**0**	**0**	**0**	**0**	**330**
Avg.Pay	28,147	35,560	38,705	45,763	50,047	0	0	0	0	0	44,024
40 to 44	**1**	**14**	**19**	**69**	**105**	**43**	**1**	**0**	**0**	**0**	**252**
Avg.Pay	29,033	34,049	37,200	45,768	49,694	54,098	48,910	0	0	0	47,474
45 to 49	**0**	**3**	**11**	**26**	**34**	**98**	**19**	**0**	**0**	**0**	**191**
Avg.Pay	0	35,367	41,310	46,784	50,046	52,310	50,882	0	0	0	50,113
50 to 54	**0**	**2**	**3**	**16**	**12**	**51**	**32**	**26**	**0**	**0**	**142**
Avg.Pay	0	71,880	44,558	45,276	48,094	49,249	53,273	56,687	0	0	51,192
55 to 59	**0**	**1**	**0**	**3**	**5**	**8**	**2**	**7**	**0**	**0**	**26**
Avg.Pay	0	157,023	0	48,585	52,081	50,335	62,555	61,248	0	0	58,450
60 to 64	**0**	**0**	**0**	**0**	**2**	**1**	**0**	**0**	**0**	**0**	**3**
Avg.Pay	0	0	0	0	51,780	44,262	0	0	0	0	49,274
65 to 69	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
70 & 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	**47**	**326**	**272**	**322**	**233**	**201**	**54**	**33**	**0**	**0**	**1,488**
Avg.Pay	29,218	34,247	38,898	45,585	49,846	51,797	52,695	57,654	0	0	43,394

1. **Actuarial Cost Method**

Individual Entry Age Normal Cost Method

2. **Decrements**

- **Mortality**
  Sex-distinct mortality rates set forth in the 1983 Group Annuity Mortality Table

- **Disability**
  50% of the sex-distinct disability rates derived from the 1974 study of disability experience under the Social Security system; 75% of disabilities are assumed to be service-connected. A sample of disability rates is set forth in the following tables:

Male Rates

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.0600%	30	0.095%	40	0.198%	50	0.522%
25	0.0745%	35	0.132%	45	0.308%	55	0.909%

Female Rates

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.0300%	30	0.077%	40	0.191%	50	0.457%
25	0.0445%	35	0.131%	45	0.290%	55	0.766%

- **Permanent Withdrawal from Active Status**
  Withdrawal rates were derived from a study of actual plan experience covering the period 1982 through 1986. A sample of withdrawal rates is set forth in the following table:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	15.0%	30	7.8%	40	2.30%	50	0.956%
25	11.4%	35	4.9%	45	1.35%	55	0.000%

- **Retirement**
  Retirement is assumed to occur in accordance with the rates set forth in the following table:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
45	2%	49	2%	53	10%	57	20%
46	2%	50	2%	54	15%	58	20%
47	2%	51	5%	55	50%	59	20%
48	2%	52	5%	56	50%	60	100%

3. **Interest Rate**

- **Used for Calculating All Liabilities (including GASB 25/27 liabilities)**
  8.00% per annum

4. **Cost-of-Living Adjustment for Retirement Benefits**

For purposes of determining the annual cost-of-living adjustment for retirees, the Consumer Price Index is assumed to increase at the rate of 2.50% per year.

5. **Salary Increases**

Individual salaries have been assumed to increase at the rate of 4.50% compounded annually.

6. **Payroll Increase**

Total payroll has been assumed to grow at the rate of 4.50% per year for purposes of amortizing the unfunded actuarial accrued liability as a level percentage of payroll.

7. **Surviving Beneficiaries**

Those active participants who are making the additional 1% employee contribution to provide a survivor benefit to their eligible beneficiaries are assumed to have only one surviving beneficiary of the opposite sex of the employee. Males are assumed to be three years older than females for this purpose.

8. **Expenses**

All costs and liabilities have been loaded by 1.00% to cover anticipated administrative expenses. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.

9. **Assets**

The actuarial value of assets is equal to the market value of assets adjusted to reflect a five-year phase-in of the net investment appreciation (or depreciation).

1. **Monthly Accrued Benefit**

3% of Average Monthly Earnings multiplied by up to 26⅔ years of Creditable Service

2. **Normal Retirement Age and Benefit**

- **Age**
  Age 55 with at least 15 years of Creditable Service
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Life annuity (for those participants without a beneficiary); or
  75% joint and contingent annuity (for those participants with a beneficiary)

  Note: All annuity forms of payment include an automatic cost-of-living adjustment effective each January 1 based on the increase in the Consumer Price Index as of the preceding November 1 and limited to 3%, and include a minimum payout equal to the employee's accumulated contributions.

3. **Early Retirement Age and Benefit**

- **Age**
  At least 15 years of Creditable Service
- **Amount**
  Monthly Accrued Benefit (payable at age 55); or
  Monthly Accrued Benefit reduced by ½% for each of the first 60 months and by ¼% for each additional month by which the participant's Early Retirement Age precedes age 55 (payable at Early Retirement Age)
- **Form of Payment**
  Same as for Normal Retirement

4. **Delayed Retirement Age and Benefit**

- **Age**
  After Normal Retirement Age
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Same as for Normal Retirement

5. **Disability Retirement Eligibility and Benefit**

- **Eligibility**
  All active participants are eligible if the disability is service-connected;
  At least five years of Creditable Service is required otherwise.
- **Condition**
  The participant must become "totally and permanently disabled" and must remain so disabled until age 55. "Totally and permanently disabled" means the participant is in a continuous state of incapacity due to illness or injury, is prevented from performing his regular assigned or comparable duties during the first months of his disability, and is thereafter prevented from engaging in any occupation for which he is or becomes reasonably qualified by education, training, or experience.
- **Amount**
  Greater of 50% of Average Monthly Earnings at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 75% of the participant's salary at the time of disability (payable until the earlier of recovery from disability or age 55); and
  Monthly Accrued Benefit based on Average Monthly Earnings at the time of disability and Creditable Service including the period during which the participant was disabled (payable at age 55)
- **Form of Payment**
  Same as for Normal Retirement

6. **Deferred Vested Benefit**

- **Age**
  Any age with at least five years of Creditable Service
- **Amount**
  Monthly Accrued Benefit multiplied by the participant's Vested Percentage and payable at age 60
- **Form of Payment**
  Same as for Normal Retirement

7. **Pre-Retirement Death Benefit**

In the case of the death of an active or deferred vested participant (or disabled participant prior to age 55), his beneficiary(ies) will receive 75% of the monthly benefit to which the participant would have been entitled had he retired on the day before his death (or 75% of the amount the disabled participant was receiving at the time of his death). The death benefit is payable for the remaining lifetime of the participant's eligible spouse (or to his minor children until age 18 or age 23 if unmarried and a full-time student). In the case of a disabled participant, the death benefit is limited to 60% of the participant's salary at the time of disability.

8. Vested Percentage

Retirement benefits become vested in accordance with the following schedule:

Years of Creditable Service	Vested Percentage
Less than five	0%
At least five, but less than six	25%
At least six, but less than seven	30%
At least seven, but less than eight	35%
At least eight, but less than nine	40%
At least nine, but less than 10	45%
At least 10, but less than 11	50%
At least 11, but less than 12	60%
At least 12, but less than 13	70%
At least 13, but less than 14	80%
At least 14, but less than 15	90%
At least 15	100%

9. Average Monthly Earnings

Average of the participant's monthly Salary for the highest three consecutive years during his period of Creditable Service

10. Salary

The employee's basic salary excluding overtime pay, but including accumulated vacation pay, sick leave bonus pay, and other similar compensation; pursuant to IRC section 401(a)(17), annual Salary is limited to $200,000 as indexed.

11. Employee Contribution

All participating employees must make the required contribution to the plan. The required contribution is 7% of basic salary for those participants who have an eligible beneficiary for death benefits and 6% of basic salary for all other participants.

12. Creditable Service

Participants receive Creditable Service for all periods of employment with the City of Atlanta provided that the employee has made the required contribution for such period of service.

13. Participation Requirement

All full-time, sworn police officers employed by the City of Atlanta are eligible to participate in the plan.

14. Plan Effective Date

April 1, 1978