



HOOKER & HOLCOMBE, INC.

65 LaSalle Road  
West Hartford, CT 06107-2397  
860-521-8400 tel  
860-521-3742 fax  
www.hhconsultants.com

**City of Hartford  
Municipal  
Employee's  
Retirement Fund  
(MERF)**

Actuarial Survey

July 1, 2004

William W. Bush, III, F.S.A.,  
M.A.A.A., Enrolled Actuary  
Consulting Actuary

Elizabeth J. Williard, F.S.A.  
Consulting Actuary

Scott B. Moss, A.S.A.  
Pension Analyst

Angela Corea  
Pension Analyst

May 13, 2005

## Table of Contents

Section		Page
I	Valuation Report	
	A. Purposes of the Valuation	1
	B. Contribution for 2005-2006 Fiscal Year	1
	C. Funded Status	1
	D. Plan Experience During Period Under Review	2
	E. Changes Since the Last Valuation	2
	F. Certification	3
II	Supporting Exhibits	
	A. Normal Cost	4
	B. Cash Contribution	5
	C. Actuarial Balance Sheet	6
	D. Development of Asset Values	7
	E. Accounting Information	10
	F. Membership Data	11
	G. IRC Section 415(m) Valuation	22
III	Actuarial Cost Methods and Assumptions	
	A. Actuarial Cost Methods	23
	B. Actuarial Assumptions	25
IV	Summary of Principal Pension Plan Provisions	29

# Section I

## Valuation Report

### A. Purposes of the Valuation

The purpose of the valuation is to determine the funded status of the plan as well as the recommended cash contribution for the plan year. The information found in Section II of the report has been developed for this purpose.

The ultimate cost of a pension plan is based primarily on the level of benefits promised by the plan. The pension fund's investment earnings service to reduce the cost of plan benefits and expenses. Thus,

<i>City's ultimate cost</i>	=	<i>benefits paid</i>	+	<i>expenses incurred</i>	-	<i>investment return</i>	-	<i>employee contributions</i>
---------------------------------	---	--------------------------	---	------------------------------	---	------------------------------	---	-----------------------------------

### B. Contribution for 2005-2006 Fiscal Year

The City's contribution rates for the 2005-2006 fiscal year, determined from the July 1, 2004 actuarial valuation are shown below. Last year's results are shown for comparison purposes.

	2005-2006 Fiscal Year July 1, 2004 Valuation	2004-2005 Fiscal Year July 1, 2003 Valuation
Police	8.73%	2.60%
Firefighters	3.03%	(3.18%)
Board of Education	15.89%	13.86%
General Government	28.89%	25.02%

Please see Section II, Exhibit A for the development of these figures.

### C. Funded Status

The MERF fund was in sound financial condition on July 1, 2004. The MERF adjusted value of plan assets of \$966,044,000 (including \$3 million receivable from CMERS) was equal to 99.9% of the "pension benefit obligation" of \$967,393,000 as of July 1, 2004. The "pension benefit obligation" is the actuarial present value of credited projected benefits for prior years' service. For active members, the credited projected benefits are based on future salary increases and the ratio of actual service to total service projected at retirement.

**Section I**  
**Valuation Report**  
(continued)

**D. Plan Experience During Period Under Review**

Contribution rates have increased for all groups as compared to last year. Reasons for these increases include benefit enhancements, and a return on the actuarial value of assets that was less than expected.

The actuarial value of assets earned a return of about 5.5% during the 2003-2004 fiscal year, compared to an expected rate of return of 8.0%. The market value of assets returned 14.6% over the same period.

The active membership of MERF as of July 1, 2004, was 2,309, a decrease of 18 from the total of 2,327 last year. Police active membership decreased by 4, Firefighters decreased by 17, Board of Education increased by 42, and General Government decreased by 39.

**E. Changes Since The Last Valuation**

The July 1, 2004 actuarial valuation includes changes in Plan Provisions for several of the groups of members. Such changes included changes in vesting, sick exchange, employee contribution, and benefit formula provisions. These changes resulted in a 0.84% increase in the City contribution rate.

**Section I**  
**Valuation Report**  
(continued)

**F. Certification**

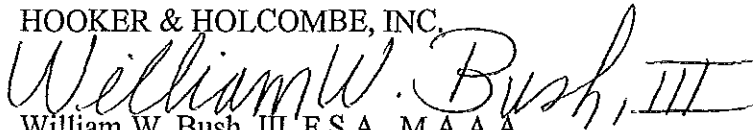
The results of this valuation are based on financial, personnel and payroll data furnished to us by the City and unaudited by us as of July 1, 2004.

In my opinion, and to the best of my knowledge, this Report presents fairly the financial and actuarial position of the City of Hartford Municipal Employees' Retirement Fund (MERF) as of July 1, 2004. The actuarial present values shown have been estimated on the basis of actuarial assumptions which, in my opinion, are appropriate for the purposes of the Report, are reasonable in the aggregate (taking into account the experience of the Plan and reasonable expectations), and, when applied in combination, represent my best estimate of the measure of anticipated experience under the Plan.

I believe that this Report meets the requirements of Public Act No. 77-468, An Act Requiring Periodic Actuarial Evaluation of Municipal Pension Plans.

I am a member of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

HOOKER & HOLCOMBE, INC.



William W. Bush, III, F.S.A., M.A.A.A.

Enrolled Actuary

May 13, 2005

**Section II**  
**Supporting Exhibits**  
**A. Normal Cost**

	July 1, 2004 Valuation				
	Police	Firefighters	Board of Education	General Government	Total Membership
<b>Active Membership</b>					
Number of Employees	428	354	1,022	505	2,309
Annual Payroll (000)	\$ 26,655	\$ 21,679	\$ 35,418	\$ 24,056	\$107,808
<b>Normal Actuarial Costs</b>					
<b>A. Actuarial Present Value of Future Benefits (000)</b>					
Active Members	\$133,235	\$122,451	\$104,450	\$ 98,317	\$ 458,453
Terminated Non-Vested Members	314	288	246	232	1,080
Terminated Vested Members	1,628	533	2,086	4,585	8,832
Retired Members	203,197	168,101	90,541	231,273	693,112
Old Plans COLA	<u>1,404</u>	<u>1,289</u>	<u>1,455</u>	<u>257</u>	<u>4,405</u>
Total	\$339,778	\$292,662	\$198,778	\$334,664	\$1,165,882
<b>B. Valuation Assets (Adjusted Value) (000)*</b>	\$308,830	\$276,918	\$119,823	\$260,473	\$ 966,044
<b>C. Actuarial Present Value of Future Employee Contributions (000)</b>	\$ 17,185	\$ 15,681	\$ 19,506	\$ 12,284	\$ 64,656
<b>D. Actuarial Present Value of Future Normal Costs (A) - (B) - (C) (000)</b>	\$ 13,763	\$ 63	\$ 59,449	\$ 61,907	\$ 135,182
<b>E. Actuarial Present Value of Future Salaries (000)</b>	\$240,018	\$204,675	\$399,235	\$221,992	\$1,065,920
<b>F. Normal Actuarial Costs as Percentage of Payroll</b>					
Service Pension (D)/(E)**	5.73%	0.03%	14.89%	27.89%	
Disability Pension***	<u>3.00%</u>	<u>3.00%</u>	<u>1.00%</u>	<u>1.00%</u>	
<b>Total Normal Cost Percent Payable by City</b>	<b>8.73%</b>	<b>3.03%</b>	<b>15.89%</b>	<b>28.89%</b>	

\* Includes \$3.0 million receivable from CMERS.

\*\* Normal actuarial costs as level percentage of future payrolls (including overtime) for funding actuarial present values for all future service pensions, survivor's benefits thereon, and refunds on terminations.

† Annual term normal costs for new disability pensions & survivor benefits thereon.

## Section II

### Supporting Exhibits (continued)

#### B. Cash Contribution

	July 1, 2005 - June 30, 2006 Fiscal Year Contribution				
	Police	Firefighters	Board of Education	General Government	Total
(1) Annual Adjusted Payroll, July 1, 2004	\$26,655,414	\$21,678,826	\$35,418,067	\$24,056,036	\$107,808,343
(2) Total Normal Cost Percent Payable by City	8.73%	3.03%	15.89%	28.89%	
(3) Gross City Contribution: (1) x (2)	2,327,018	656,868	5,627,931	6,949,789	15,561,606
(4) July 1, 2004 Payment for Local 566	0	0	303,918	0	303,918
(5) July 1, 2004 Payment for Local 1716	0	0	0	509,126	509,126
(6) Old Plans COLA Annual Payment	199,000	223,000	313,000	55,000	790,000
(7) Payment from 415(m) Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>36,422</u>	<u>36,422</u>
(8) Net City Contribution Estimate: (3)-(4)-(5)-(6)-(7)	<b>\$2,128,018</b>	<b>\$433,868</b>	<b>\$5,011,013</b>	<b>\$6,349,241</b>	<b>\$13,922,140</b>

## Section II

### Supporting Exhibits (continued)

#### C. Actuarial Balance Sheet

	July 1, 2004	July 1, 2003
<b>Actuarial Liabilities</b>		
Present Value of Future Benefits for:		
Active Employees	\$ 458,453,000	\$ 441,471,000
Inactive Members		
• Regular Retirees	604,667,000	562,905,000
• Disability Retirees	61,017,000	63,065,000
• Survivors	27,428,000	23,485,000
• Terminated Non-Vesteds	1,080,000	1,320,000
• Terminated Vesteds	8,832,000	6,273,000
• Old Plans COLA	<u>4,405,000</u>	<u>5,128,000</u>
<b>TOTAL</b>	<b>\$1,165,882,000</b>	<b>\$1,103,647,000</b>
<b>Source of Funds</b>		
1. Plan Assets	\$ 966,044,000	\$ 968,389,000
2. Present Value of Future Employee Contributions	64,656,000	56,729,000
3. Present Value of Future City Normal Cost Contributions	<u>135,182,000</u>	<u>78,529,000</u>
4. TOTAL = (1) + (2) + (3)	<u>\$1,165,882,000</u>	<u>\$1,103,647,000</u>



## Section II

### Supporting Exhibits (continued)

#### D. Development of Asset Values

The Adjusted Value of assets is used in the determination of plan contributions. It phases in recognition of asset gains and losses. A method of smoothing is used because the Market Value can swing widely from one year to the next, resulting in undesirable fluctuations in pension contributions. The smoothing is accomplished by recognizing asset gains and losses over a four-year period at 25% per year.

Relationship of Adjusted Value to Market Value	
1. Market value 7/1/2004 (without CMERS receivable)	\$977,022,227
2. Gains (losses) not recognized in actuarial value 7/1/2004	13,977,909
3. Preliminary adjusted value 7/1/2004: (1)-(2)	963,044,318
4. Preliminary adjusted value as a percentage of market value: (3)+(1)	98.6%
5. CMERS receivable	3,000,000
6. Adjusted value 7/1/2004: (3) + (5)	966,044,318

Recognized Gains and Losses in Adjusted Value					
	2000-2001	2001-2002	2002-2003	2003-2004	Total
1. Gains (losses)	\$(46,129,584)	\$(49,416,908)	\$(34,119,614)	\$57,855,924	\$(71,810,182)
2. Recognized as of 7/1/2003	(34,597,188)	(24,708,454)	(8,529,903)	0	
3. Recognized in current year: 25% of (1)	(11,532,396)	(12,354,227)	(8,529,904)	14,463,981	\$(17,952,546)
4. Total recognized as of 7/1/2004: (2)+(3)	(46,129,584)	(37,062,681)	(17,059,807)	14,463,981	
5. Gains (losses) not recognized in actuarial value 7/1/2004: (1)-(4)	0	(12,354,227)	(17,059,807)	43,391,943	13,977,909

Development of Asset Gain/Loss for 2003-2004 Year	
1. Market value 7/1/2003 (without CMERS receivable)	\$901,881,000
a. Contributions	15,023,292
b. Benefit payments	65,552,816
c. Expenses	2,270,083
d. Expected interest at 8%	70,084,910
2. Expected value 7/1/2004: (1)+(a)-(b)-(c)+(d)	919,166,303
3. Market value 7/1/2004 (without CMERS receivable)	977,022,227
4. Asset gain/(loss): (3)-(2)	57,855,924

## Section II

### Supporting Exhibits (continued)

#### D. Development of Asset Values

Summary of Fund Activity		
	Market Value	Adjusted Value
1. Beginning Value 7/1/2003		
a. Trust Assets	\$ 901,881,000	\$ 963,711,560
b. CMERS Receivable	<u>3,000,000</u>	<u>3,000,000</u>
c. Total	904,881,000	966,711,560
2. Contributions		
	15,023,292	15,023,292
3. Disbursements		
a. Benefit Payments	65,552,816	65,552,816
b. Expenses	<u>2,270,083</u>	<u>2,270,083</u>
c. Total	67,822,899	67,822,899
4. Net Investment Income		
a. Net Income	127,940,834	N/A
b. Expected Return	N/A	70,084,910
c. Recognized Gain (Loss)	<u>N/A</u>	<u>(17,952,546)</u>
d. Total	127,940,834	52,132,364
5. Ending Value 7/1/2004		
a. Trust Assets: (1a)+(2)-(3)+(4)	\$ 977,022,227	\$ 963,044,317
b. CMERS Receivable	<u>3,000,000</u>	<u>3,000,000</u>
c. Total	980,022,227	966,044,317
6. Approximate rate of return 2003-2004		
	14.6%	5.5%

## Section II

### Supporting Exhibits (continued)

#### D. Development of Asset Values

Summary of Assets by Investment Manager		
	Cost Basis	Market Value
Treasurer's Account (includes Cash and Accounts Payable)	\$ 43,389,000	\$ 42,643,000
Citibank - Advisory Accounts	791,823,000	928,891,000
Insurance Carrier (Aetna Life)	<u>6,660,000</u>	<u>5,488,000</u>
<b>Total</b>	\$841,872,000	\$977,022,000
Receivable from CMERS	<u>3,000,000</u>	<u>3,000,000</u>
<b>Grand Total</b>	\$844,872,000	\$980,022,000

Rate of Return on Market Value of Assets*				
Period Ending June 30th	Average Annual Effective Rate of Return			
	1 Year	3 Years	5 Years	10 Years
1995	15.1%			
1996	14.9%			
1997	20.7%	16.9%		
1998	18.0%	17.8%		
1999	10.4%	16.3%	15.8%	
2000	8.8%	12.3%	14.5%	
2001	-2.1%	5.6%	10.9%	
2002	-3.1%	1.1%	6.1%	
2003	4.6%	-0.3%	3.6%	
2004	14.6%	5.1%	4.3%	9.9%

*\*Per SEI (pre 10/1/1996), State Street (10/1/1996-1/1/2001), and Russell/Mellon (1/1/2001+)*

## Section II

### Supporting Exhibits

#### E. Accounting Information

##### GASB Statements No. 25 and 27

The following information is based on the Governmental Accounting Standards Board (GASB) Statement No. 25 on "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and Statement No. 27 on "Accounting for Pensions by State and Local Governmental Employers".

##### Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Net		Net Percentage Contributed
			Annual Required Contribution *	Miscellaneous **	
1998	\$9,019,116	100%	\$8,563,860	\$455,256	100%
1999	8,984,312	100%	8,576,940	407,372	100%
2000	7,301,471	100%	7,036,870	264,601	100%
2001	759,283	100%	470,000	289,283	100%
2002	332,806	100%	0	332,806	100%
2003	2,463,804	100%	2,196,698	267,106	100%
2004	6,536,149	100%	6,296,790	239,359	100%

\* City's cash contribution to MERF.

\*\* Funds transferred from State of Connecticut's Connecticut Municipal Employees' Retirement System (CMERS) and Aetna annuity payments.

##### Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets *	Actuarial Accrued Liability (AAL) **	Unfunded AAL (UAAL)	Funded Ratio (a+b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)÷c)
	(a)	(b)	(b-a)			
7/1/1999	\$858,805,000	\$753,379,000	\$(105,426,000)	114.0%	\$110,398,000	-95.5%
7/1/2000	944,652,000	805,453,000	(139,199,000)	117.3%	112,921,000	-123.3%
7/1/2001	978,884,000	865,570,000	(113,314,000)	113.1%	119,609,000	-94.7%
7/1/2002	957,390,000	880,444,000	(76,946,000)	108.7%	117,498,000	-65.5%
7/1/2003	965,389,000	922,258,000	(43,131,000)	104.7%	110,339,000	-39.1%
7/1/2004	963,044,000	967,393,000	4,349,000	99.6%	107,808,000	4.0%

\* Excludes receivable from CMERS.

\*\* Liability shown on a PBO basis.

The information required for completion of GASB No. 25 and No. 27 for the fiscal year ending June 30, 2004 was prepared based upon the previous year's actuarial valuation (2003 Actuarial Survey) and additional information for fiscal year 2003-2004. It was contained in a separate report which was sent to the City's auditors, Scully & Wolf, LLP on December 6, 2004.

The information required for completion of GASB No. 25 and No. 27 for the fiscal year ending June 30, 2005 will be prepared based upon the current year's actuarial valuation (2004 Actuarial Survey) and additional information for fiscal year 2004-2005. It will be contained in a separate report and submitted to the City's auditors.

## Section II

### Supporting Exhibits (continued)

#### F. Membership Data

##### Summary – Active Members as of July 1, 2004

	Number	Payroll*	Average Annual Pay*
Police	428	\$26,655,000	\$62,278
Firefighters	354	21,679,000	61,240
Board of Education	1,022	35,418,000	34,656
General Government	505	24,056,000	47,636
<b>Total</b>	<b>2,309</b>	<b>\$107,808,000</b>	<b>\$46,690</b>

\* Basic salary, plus overtime, plus Fire private duty pay.

##### Summary – Terminated Non-Vested Members as of July 1, 2004

Number: 927  
 Total Monthly Annuities: N/A (all Non-Vested, return of employee contributions pending)

##### Summary – Pensioners as of July 1, 2004

	Service Pensions**		Disability Pensions		Survivor Benefits**		Total	
	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities
Police	411	\$1,346,636	64	\$128,719	53	\$44,273	528	\$1,519,628
Firefighters	291	954,019	131	318,460	95	87,811	517	1,360,290
Board of Ed.	648	739,307	23	11,967	73	22,470	744	773,744
General Gov't	734	1,738,229	24	16,564	159	108,081	917	1,862,874
Vested Deferred	89	98,558	--	--	--	--	89	98,558
<b>TOTAL***</b>	<b>2,173</b>	<b>\$4,876,749</b>	<b>242</b>	<b>\$475,710</b>	<b>380</b>	<b>\$262,635</b>	<b>2,795</b>	<b>\$5,615,094</b>

\*\* Fourteen pensioners receiving benefits as retirees and as survivors are included in both groups.

\*\*\* An additional monthly benefit for the July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999, and July 1, 2001, COLA's for the unfunded plans (PBF, FRF, and RAF) is also included in the total liabilities for MERF.

## Section II

### Supporting Exhibits (continued)

#### F. Membership Data

##### Data Reconciliation – Police

Participant Data				
	Active	Terminated Vested	Pensioners	Total
<b>Total Participants 7/1/2003</b>	432	4	497	933
Adjustments	0	0	0	0
Retirements	-31	-1	+32	0
Disabilities	0	0	0	0
Terminations				
Vested	-3	+3	N/A	0
Non-vested	-13	N/A	N/A	-13
Deaths	0	0	-5	-5
New beneficiaries	N/A	0	+4	+4
Transfer group	+5	0	0	+5
Rehires	0	0	0	0
New entrants	<u>+38</u>	<u>N/A</u>	<u>N/A</u>	<u>+38</u>
<b>Total Participants 7/1/2004</b>	428	6	528	962
<b>Payroll*</b>				
7/1/2003	\$29,299,600			
7/1/2004	26,655,414			
<b>Total monthly benefits</b>				
7/1/2003		\$ 4,870	\$1,398,299	
7/1/2004		13,676	1,519,628	

\*Basic salary plus overtime and private duty pay.

## Section II

### Supporting Exhibits (continued)

#### F. Membership Data

##### Data Reconciliation – Firefighters

Participant Data				
	Active	Terminated Vested	Pensioners	Total
<b>Total Participants 7/1/2003</b>	371	2	505	878
Adjustments	0	+1	0	+1
Retirements	-15	-1	+16	0
Disabilities	0	0	0	0
Terminations				
Vested	-1	+1	N/A	0
Non-vested	-4	N/A	N/A	-4
Deaths	0	0	-8	-8
New beneficiaries	N/A	0	+4	+4
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	<u>+3</u>	<u>N/A</u>	<u>N/A</u>	<u>+3</u>
<b>Total Participants 7/1/2004</b>	<b>354</b>	<b>3</b>	<b>517</b>	<b>874</b>
<b>Payroll*</b>				
7/1/2003	\$22,583,500			
7/1/2004	21,678,826			
<b>Total monthly benefits</b>				
7/1/2003		\$1,986	\$1,304,640	
7/1/2004		3,760	1,360,290	

*\*Basic salary plus overtime and private duty pay.*

## Section II

### Supporting Exhibits (continued)

#### F. Membership Data

##### Data Reconciliation – Board of Education

Participant Data				
	Active	Terminated Vested	Pensioners	Total
<b>Total Participants 7/1/2003</b>	980	22	752	1,754
Adjustments	0	+1	0	+1
Retirements	-20	0	+20	0
Disabilities	0	0	0	0
Terminations				
Vested	-2	+2	N/A	0
Non-vested	-59	N/A	N/A	-59
Lump Sum	0	-2	N/A	-2
Deaths	0	0	-31	-31
New beneficiaries	N/A	0	+3	+3
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	<u>+123</u>	<u>N/A</u>	<u>N/A</u>	<u>+123</u>
<b>Total Participants 7/1/2004</b>	<b>1,022</b>	<b>23</b>	<b>744</b>	<b>1,789</b>
<b>Payroll*</b>				
7/1/2003	\$33,635,800			
7/1/2004	35,418,067			
<b>Total monthly benefits</b>				
7/1/2003		\$20,222	\$734,480	
7/1/2004		22,816	773,744	

\*Basic salary plus overtime and private duty pay.



## Section II

### Supporting Exhibits (continued)

#### F. Membership Data

##### Data Reconciliation – General Government

Participant Data				
	Active	Terminated Vested	Pensioners	Total
<b>Total Participants 7/1/2003</b>	<b>544</b>	<b>53</b>	<b>890</b>	<b>1,487</b>
Adjustments	0	+6	0	+6
Retirements	-48	-4	+52	0
Disabilities	0	0	0	0
Terminations				
Vested	-4	+4	N/A	0
Non-vested	-45	N/A	N/A	-45
Deaths	0	0	-31	-31
New beneficiaries	N/A	0	+6	+6
Transfer group	-5	0	0	-5
Rehires	+2	-2	0	0
New entrants	<u>+61</u>	<u>N/A</u>	<u>N/A</u>	<u>+61</u>
<b>Total Participants 7/1/2004</b>	<b>505</b>	<b>57</b>	<b>917</b>	<b>1,479</b>
<b>Payroll*</b>				
7/1/2003	\$24,819,200			
7/1/2004	24,056,036			
<b>Total monthly benefits</b>				
7/1/2003		\$55,349	\$1,734,398	
7/1/2004		58,306	1,862,874	

*\*Basic salary plus overtime and private duty pay.*

## Section II

### Supporting Exhibits (continued)

#### F. Membership Data

##### Data Reconciliation – Total

Participant Data				
	Active	Terminated Vested	Pensioners	Total
<b>Total Participants 7/1/2003</b>	<b>2,327</b>	<b>81</b>	<b>2,644</b>	<b>5,052</b>
Adjustments	0	+8	0	+8
Retirements	-114	-6	+120	0
Disabilities	0	0	0	0
Terminations				
Vested	-10	+10	N/A	0
Non-vested	-121	N/A	N/A	-121
Lump Sum	0	-2	0	-2
Deaths	0	0	-75	-75
New beneficiaries	N/A	0	+17	+17
Transfer group	0	0	0	0
Rehires	+2	-2	0	0
New entrants	<u>+225</u>	<u>N/A</u>	<u>N/A</u>	<u>+225</u>
<b>Total Participants 7/1/2004</b>	<b>2,309</b>	<b>89</b>	<b>2,706</b>	<b>5,104</b>
<b>Payroll*</b>				
7/1/2003	\$110,338,100			
7/1/2004	107,808,343			
<b>Total monthly benefits</b>				
7/1/2003		\$82,427	\$5,171,817	
7/1/2004		98,558	5,516,536	

*\*Basic salary plus overtime and private duty pay.*

City of Hartford MERF - Police

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2004

Attained Age	Completed Years of Credited 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 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	9	38,645	12	44,011																	21	41,711
25 to 29	10	38,565	30	45,577	7	62,434															47	46,596
30 to 34	8	37,618	21	43,901	39	67,208	17	71,514													85	59,526
35 to 39	5	37,447	18	44,799	42	67,813	37	73,586	26	68,180											128	65,134
40 to 44	2	37,066	2	41,466	13	67,471	11	68,250	28	68,932	13	71,921									69	67,392
45 to 49	4	36,376	2	60,860	2	74,854	5	59,451	14	70,666	25	77,220	1	82,485							53	70,123
50 to 54					3	67,473	1	76,532	1	98,489	11	74,542	1	60,295							17	73,982
55 to 59					1	29,081			1	106,828	3	60,286									5	63,353
60 to 64									1	46,284	1	72,184									2	59,234
65 to 69																		1	63,749		1	63,749
70 & over																						
All ages	38	37,928	85	45,040	107	66,959	71	71,309	71	69,629	53	74,311	2	71,390				1	63,749		428	

City of Hartford MERF - Firefighters

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2004

Attained Age	Completed Years of Credited Service																				All years								
	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 and over										
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.							
Under 25			5	42,809	1	42,014																6	42,676						
25 to 29			20	45,783	6	55,904	3	54,456															29	48,774					
30 to 34			13	47,744	21	58,771	11	62,811																45	56,573				
35 to 39			14	49,772	25	59,296	15	61,895	4	66,089															58	58,138			
40 to 44			4	45,415	26	60,264	14	62,296	31	65,353	23	67,926														98	63,356		
45 to 49			2	53,728	7	59,494	5	63,379	17	61,983	42	66,315															73	64,106	
50 to 54					1	58,682	3	62,386	2	62,461	21	63,784	1	58,682	2	59,893												30	66,457
55 to 59									3	62,918	5	60,135	1	58,682	4	73,174												13	64,678
60 to 64							1	68,717									1	85,217										2	76,967
65 to 69																													
70 & over																													
All ages			58	47,178	87	59,035	52	62,070	57	64,170	91	66,952	2	58,682	6	68,747	1	85,217											354

City of Hartford MERF - Board of Education

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2004

Attained Age	Completed Years of Credited 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 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	9	23,953	12	27,680	1	30,909															22	26,302
25 to 29	13	32,465	42	30,548	19	27,961	1	25,454													75	30,157
30 to 34	3	35,966	51	35,914	49	33,632	6	36,599													109	34,927
35 to 39	5	31,074	58	33,202	67	36,277	18	41,867	8	31,224											156	35,353
40 to 44	8	38,617	42	37,225	75	32,312	25	36,695	14	41,277	1	71,979									165	35,534
45 to 49	4	44,110	37	39,288	69	33,444	22	33,133	20	38,398	10	49,448	2	58,084							164	36,861
50 to 54	6	28,639	36	40,218	54	33,294	30	37,282	25	42,367	8	38,666	7	37,707	3	32,192					169	37,071
55 to 59	1	17,104	19	47,941	23	39,103	13	39,510	22	42,730	14	43,098	6	51,266	9	37,639					107	42,344
60 to 64	1	22,059	14	38,978	9	39,151	5	45,490	5	44,340	2	42,171	3	38,290	1	30,805					40	39,982
65 to 69	1	38,350	4	39,969	3	51,672	1	60,092	1	33,399											10	44,673
70 & over			3	31,238	1	26,883			1	29,775											5	30,074
All ages	51	32,071	318	36,313	370	34,063	121	37,724	96	40,414	35	44,671	18	44,538	13	35,856					1,022	

City of Hartford MERF - General Government

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2004

Attained Age	Completed Years of Credited 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 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	3	34,019	5	27,398																	8	29,881
25 to 29	3	33,488	11	42,175	4	37,332															18	39,651
30 to 34	8	42,654	15	46,713	8	50,053	2	67,206	2	39,067											35	47,283
35 to 39	7	52,584	18	40,996	6	41,351	10	47,168	16	49,194	1	54,718									58	45,994
40 to 44	11	50,464	23	38,548	12	26,404	15	54,088	22	51,833	11	48,522									94	45,148
45 to 49	8	58,950	18	49,766	11	50,181	9	62,374	16	57,428	11	62,065									73	55,922
50 to 54	12	76,974	20	39,352	16	56,198	19	43,650	18	60,620	12	52,540	2	57,715							99	53,296
55 to 59	4	64,987	11	60,712	17	63,870	10	50,418	10	63,353	7	65,736	3	55,665	2	34,020					64	60,101
60 to 64	5	104,638	4	30,960	12	40,867	4	50,573	4	57,059			3	64,641	1	12,316					33	53,764
65 to 69			2	11,753	3	12,316	1	12,316	4	21,687	1	77,405			1	12,316					12	20,770
70 & over			1	12,316	3	21,635	3	58,596	1	12,316	2	43,945						1	12,316		11	33,230
All ages	61	59,760	128	42,472	92	46,129	73	50,722	93	53,510	45	56,158	8	59,544	4	23,168			1	12,316	505	

City of Hartford MERF - All Groups

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2004

Attained Age	Completed Years of Credited Service																				All years			
	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 and over					
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.		
Under 25	21	31,688	34	35,627	2	36,461																57	34,205	
25 to 29	26	34,929	103	39,125	36	40,362	4	47,205															169	38,934
30 to 34	19	39,478	100	40,749	117	50,459	36	62,796	2	39,067													274	47,692
35 to 39	17	41,805	108	38,582	140	50,066	80	60,955	54	56,925	1	54,718											400	49,730
40 to 44	21	44,674	71	38,234	126	41,145	65	51,563	95	59,729	48	64,646											426	49,216
45 to 49	16	49,597	59	43,706	89	38,492	41	46,450	67	55,669	88	66,965	3	66,218									363	51,030
50 to 54	18	60,862	56	39,909	74	39,975	53	41,726	46	51,603	52	61,620	11	45,305	5	43,272							315	46,961
55 to 59	5	55,410	30	52,624	41	49,128	23	44,253	36	51,921	29	53,278	10	53,328	15	46,633							189	50,449
60 to 64	6	90,875	18	37,196	21	40,132	10	49,846	10	49,622	3	52,175	6	51,465	2	21,560	1	85,217					77	47,349
65 to 69	1	38,350	6	30,564	6	31,994	2	36,204	5	24,029	1	77,405			1	12,316			1	63,749			23	33,031
70 & over			4	26,507	4	22,947	3	58,596	2	21,046	2	43,945							1	12,316			16	32,244
All ages	150	44,815	589	39,981	656	44,433	317	52,233	317	55,071	224	63,043	30	51,303	23	42,230	1	85,217	2	38,032			2,309	

## Section II

### Supporting Exhibits (continued)

#### G. IRC Section 415(m) Valuation

The IRC Section 415(m) Fund\* is an unfunded "excess benefit plan" to provide that portion of certain retirees' pension benefits that exceed the limits permitted under Section 415 of the Federal Internal Revenue Code (IRC).

	<u>July 1, 2004</u>	<u>July 1, 2003</u>
1. Number of retirees and beneficiaries receiving benefits	6	5
2. Annual benefits payable	\$ 36,000	\$ 18,000
3. Present value of benefits	\$141,000	\$ 46,000

The "actives" are funded through MERF. The City provides contributions for the retirees' benefits payable each year, as determined by the Pension Commission.

#### Actuarial Assumptions

The actuarial assumptions used in the 2004 Section 415(m) Fund valuation are as follows:

Mortality Basis:	UP-94 Projected by Scale AA to Year of valuation plus 10 years (2014 for July 1, 2004 valuation), with separate male and female tables.
Termination:	N/A.
Salary Scale:	N/A.
Investment Return:	8.00% per year, net of investment expenses.
Assumed Retirement age:	Immediate as all are retired.
Increases in dollar limit on benefits under IRC Section 415:	3% per year.

#### Benefits

Retiree pension amounts in excess of IRC Section 415 limits. Benefits which do not exceed such amounts are payable from the City's MERF Plan. IRC Section 415 limits are assumed to increase annually and thus decrease the benefits payable from this Plan and increase the portion of the benefits payable from the City's MERF Plan.

*\*Section 415(m) Fund adopted by the Court of Common Council on March 24, 1997.*



## Section III

### Actuarial Cost Methods and Assumptions

#### A. Actuarial Cost Methods

##### Asset Valuation Method – Adjusted Value of Assets

In order to smooth the year-to-year fluctuations in asset values, the asset values are adjusted by phasing in recognition of gains and losses over a four-year period. (Phase-in started July 1, 2003.) Gains and losses are defined as the difference between the actual and the expected return on assets.

The assets held by the insurance companies include the funds on deposit for future purchase of annuities, as well as the reserves and contingency reserves for annuities already purchased which are subject to experience rating.

The adjusted value of assets includes \$3 million in funds assumed owed the MERF from the State of Connecticut Municipal Employees' Retirement System (CMERS). The \$3 million is the estimated value of assets expected to be transferred from CMERS to this plan for members whose pension benefits were transferred prior to July 1, 2004.

##### Actuarial Funding Method

The "Aggregate Actuarial Cost Method" (first adopted for the 1969 valuation) is used for determining the future rates of contributions needed for funding service retirements. This method is designed to produce stable "percentage-of-payroll" Normal Actuarial Costs over a period of years and this aim will be achieved so long as the emerging experience conforms with the actuarial assumptions.

Using this method, an actuarial valuation was made of the actuarial present value of all future normal retirement pensions for active members (including survivor benefits and refunds of employee contributions). The actuarial present value, needed for future payments to present pensioners and deferred vested pensioners and survivors was subtracted from the Valuation Assets (Adjusted Value) to determine the current Valuation Assets (Adjusted Value) available for future benefits for active members. The latter figure was subtracted from the actuarial present value of future benefits for active members in order to determine the remaining actuarial present value to be funded by future contributions. Finally, the net remainder was divided by the actuarial present value of all future salaries, and the total

### **Section III**

#### **Actuarial Cost Methods and Assumptions** (continued)

Normal Actuarial Costs for future contributions was determined as a level percentage of future annual payrolls.

Since the MERF fund includes several classifications of members who have different provisions for benefits and contributions, it was necessary to apply this method by separate actuarial valuations for Police, Firefighters, Board of Education, and General Government.

A provision is included for the Normal Actuarial Costs for disability pensions. On this basis the additional actuarial liabilities for such annuities will be set up from year to year as the benefits are approved, without advance funding of such actuarial costs. The "percentage-of-payroll" Normal Actuarial Costs for these benefits were based on a study of the actual past experience as explained in the actuarial assumptions. In view of the differing benefit provisions these estimates were made separately for Police Officers and Firefighters and for all other classifications combined.

### Section III

#### Actuarial Cost Methods and Assumptions (continued)

##### B. Actuarial Assumptions

The actuarial assumptions used in the 2004 MERF valuation are as follows:

Mortality Basis: UP-94 Projected by Scale AA to Year of valuation plus 10 years (2014 for July 1, 2004 valuation), with separate male and female tables.

Termination: Yearly Rates of Employee Termination

<u>Age</u>	<u>Non-Uniformed</u>	<u>Uniformed</u>
20	10.0%	5.0%
25	7.0%	2.0%
30	5.0%	2.0%
35	4.0%	2.0%
40+	0.0%	0.0%

Salary Scale: 3% for salary increases plus a percentage for promotion or merit increases. For Police under age 45, overtime limited to less than or equal to 20% of base pay.

Yearly Rates of Increases for Promotion or Merit

<u>Age</u>	<u>Police</u>	<u>Firefighters</u>	<u>Non-Uniformed</u>
25 and under	6.0%	5.0%	4.0%
30	3.5%	2.5%	4.0%
35	2.2%	1.6%	2.1%
40	1.2%	1.1%	1.0%
Over 40	1.0%	1.0%	1.0%

Salaries are adjusted for groups in negotiations by 3% per year for the period of each open contract, and non-bargaining groups by 3% per year for one full fiscal year from the measurement date. Any wage increases negotiated beyond the valuation date have been reflected in our projections.\*

\* *The following salary increases have been negotiated for Firefighters as of this valuation:*

<u>Year</u>	<u>Negotiated Increase</u>
2003	1.0000%
2004	2.2625%
2005	2.5156%
2006	3.2750%

### Section III

#### Actuarial Cost Methods and Assumptions (continued)

Investment Return:	8.00% per year, net of investment expenses.
Assumed Retirement Age:	<u>Board of Education</u> : Age 61. <u>General Government</u> : Earlier of age 53 with 25 years service and age 62 with 10 years service. <u>All Police</u> : Age 48 with 20 years service. Maximum retirement age of 65. <u>Firefighters</u> : Age 53 with 25 years service. Maximum retirement age of 65. For both Uniformed and Non-Uniformed who have reached Assumed Retirement Age, retirement after one year.
Early Retirement:	Costed explicitly.
Social Security:	Future tax wage bases are developed by projecting the 2004 base of \$87,900 forward at 4% per year.
Marital Status at Retirement:	Non-Uniformed: Males - 82% married, spouse 3 years younger. Females - 40% married, spouse same age. Uniformed: All - 90% married, spouse 2 years younger.
Normal Actuarial Costs for Disability:	Based on study of actual experience. The amount considered is the cost of establishing a reserve for the temporary annuity payable until normal retirement date.
Refund of Employee Contribution:	Costed explicitly.

## Section III

### Actuarial Cost Methods and Assumptions

(continued)

Expenses other than  
Investment Expenses:

All actuarial present values of future benefits have been increased by 2.50% to cover expenses other than investment expenses.

Sick Exchange:

If provision available, four years (six years for Firefighters hired prior to July 1, 2003) are purchased by all actives.

Military and Prior Service  
Buy-backs:

When buy-back occurs, date of hire is adjusted accordingly.

Additional Liabilities:

#### COLAs:

Included in this valuation is the liability for the Cost of Living Adjustments (COLAs) effective July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999, and July 1, 2001 for both the MERF and the unfunded "Old Plans" (PBF, FRF, and RAF).

#### Local 1716:

Included in this valuation is the obligation for Local 1716 members who transferred to State MERF B on July 1, 1987.

29-year amortization payments (split between the City administration and the pension fund) commenced July 1, 1987 for this obligation. As of July 1, 2005, the City payment will be \$509,126 (\$4,250,000 on a present value basis) and the pension fund payment will be \$462,336 (\$3,859,000 on a present value basis).

### Section III

#### Actuarial Cost Methods and Assumptions

(continued)

Additional Liabilities:  
(continued)

#### Local 566:

Included in this valuation is the obligation for Local 566 (included merged Local 1303) members who transferred to State MERF B on August 1, 1988.

30-year amortization payments (split between the City administration and the pension fund) commenced August 1, 1988 for this obligation. As of July 1, 2004, the City payment will be \$303,918 (\$2,882,000 on a present value basis) and the pension fund payment will be \$276,288 (\$2,619,000 on a present value basis).

## Section IV

### Hartford MERF - Summary of Principal Provisions of Pension Plan July 1, 2004

#### PROVISIONS FOR:

#### Retirement Pensions:

#### POLICE OFFICERS AND FIREFIGHTERS

Firefighters hired before July 1, 2003: 2.80% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 25 plus 2.0% for years over 25.

Firefighters hired after June 30, 2003: 2.5% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20.

Sworn Police Officers hired before July 2, 1999: 2.65% of Final Average Pay for highest 3 of last 5 years multiplied by years of service up to 20 plus a decreasing percentage for years over 20. Final Average Pay includes a provision for over-time and private duty pay.

Sworn Police Officers hired after July 1, 1999: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service up to 20 plus 2% for years of service over 20.

#### BOARD OF EDUCATION MEMBERS

2% (2.5% for HSSSA and HESP) of Final Average Pay for highest 5 of last 10 years times years of service, with maximum benefit of 70% of Final Average Pay. Final Average pay for HFSHP, HESP, HSSSA, and Local 2221, Hartford Federation of Paraprofessionals are based on highest 3 out of last 5 years. Benefit for Local 2221 is 2.5% of Final Average Pay multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20 (maximum of 10 years).

#### GENERAL GOVERNMENT MEMBERS

2% of Final Average Pay for highest 2 of last 5 years times years of service with maximum benefit of 70% of Final Average Pay. Benefit for CHPEA\*, Non-bargaining (excluding Library) and MLA members is 2.5% of Final Average Pay. Benefit for HMEA members hired before July 1, 2003 is 2.75% of Final Average Pay. Non-bargaining (excluding Library) have a maximum benefit of 80% of Final Average Pay. CHPEA\*, HMEA, and MLA members have a maximum benefit of 70% of Final Average Pay (highest 2 of last 5 years). For CHPEA\* members increase maximum benefit to 80% of Final Average Pay with sick exchange provision. Benefits for Non-bargaining who have 5-year option are based on highest 5 out of last 10 years. SCG members Final Average Pay based on highest 5 out of last 10 years. SCG members have benefit reduced by 1% of average Social Security covered earnings for all years included in computation of Social Security primary benefit.

*\*Applies to October 1, 1997 active employees only who remain in the unit and retire therefrom.*

**PROVISIONS FOR:**

**POLICE OFFICERS AND  
FIREFIGHTERS**

**BOARD OF EDUCATION MEMBERS**

**GENERAL GOVERNMENT  
MEMBERS**

**Retirement Pensions:**

Non-Sworn Police Officers: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service, with maximum benefit of 80% of Final Average Pay.

Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.

Firefighters, Sworn Police Officers who are hired before July 2, 1999 and Non-Sworn Police Officers have a sick exchange provision which allows them to buy up to 4 years of pension credit of 2.5% of Final Average Pay per year purchased (6 years for Firefighters hired prior to July 1, 2003).

Sworn Police Officers have a maximum benefit of 70% of Final Average Pay. For Sworn Police Officers hired before July 2, 1999 increase maximum benefit to 80% of Final Average Pay with sick exchange provision. Firefighters have a maximum benefit of 80% of Final Average Pay.

**Normal Form of Benefit:**

For unmarried members: life annuity.  
For married members: surviving spouse benefit of 25% of member's final year's earnings, if non-service connected death, and surviving spouse benefit of 50% of member's final year's earnings, if service connected death.  
For married Non-Sworn Police Officers: life annuity with 50% to survivor.

For unmarried members: life annuity.  
For married members: life annuity with 50% to survivor.

For unmarried members: life annuity.  
For married members: life annuity with 50% to survivor.



**PROVISIONS FOR:**

**POLICE OFFICERS AND  
FIREFIGHTERS**

**BOARD OF EDUCATION MEMBERS**

**GENERAL GOVERNMENT MEMBERS**

**Normal Retirement Age  
and Service Requirement:**

Firefighters hired before July 1, 2003 and Sworn Police Officers hired before July 2, 1999: Full benefits after 20 years of continuous service. Sworn Police Officers hired after July 1, 1999: Full benefits after 25 years of service. Firefighters hired after June 30, 2003: 25 years of continuous service. Non-Sworn Police Officers: Full benefits after 20 years of service, or age 60 plus 10 years of continuous service, or after 15 years of continuous service, if contributions are left in the MERF for 5 more years before retirement.

Age 60 plus 10 years of service. Members are also eligible at age 55 with 25 years of service.

Age 60 plus 5 years of continuous service for CHPEA, HMEA, Library, Non-Union and Unclassified; age 60 plus 10 years of continuous service for SCG and MLA members. SCG members are also eligible at age 55 with 25 years of continuous service. HMEA, CHPEA, and library members are eligible after 25 years of service with no minimum age. October 1, 1997 active CHPEA members who remain in the unit and retire therefrom, July 1, 2003 active HMEA members who remain in the unit and retire therefrom, and MLA members are eligible after 20 years of continuous service with no minimum age. Non-bargaining (excluding Library) members are eligible after 20 years or after 15 years of service, if contributions are left in the MERF for 5 more years before retirement.

**Optional Early Retirement:**

Firefighters and Sworn Police Officers: Age 50 with 10 years (5 years for Firefighters) of continuous service, actuarially reduced or reduced at 2% per whole year and fractional year prior to Normal Retirement Age. Non-Sworn Police Officers: Age 55 with 5 years of service, reduced at 4% per whole year prior to age 60.

At age 55 with 10 years of service, reduced at 4% per whole year prior to age 60.

At age 55 with 10 years of continuous service (5 years for CHPEA, HMEA, Library, Non-Union and Unclassified), reduced at 4% per whole year prior to age 60. For SCG members, at age 55 with 10 years of continuous service, reduced at 2% per whole year and fraction year prior to age 60.

**PROVISIONS FOR:**

**POLICE OFFICERS AND  
FIREFIGHTERS**

**BOARD OF EDUCATION MEMBERS**

**GENERAL GOVERNMENT  
MEMBERS**

**Vesting of Earned Deferred  
Pension:**

Sworn Police Officers: After 10 years of continuous service.

After 10 years of continuous service. Payments begin no earlier than age 55.

After 10 years of continuous service. Payments begin no earlier than age 55. For SCG members, 10 years of continuous service. For CHPEA, HMEA, Library, Non-Union and Unclassified, 5 years of continuous service.

Non-Sworn Police Officers: After 5 years of continuous service.

Firefighters: After 5 years of continuous service.

**Benefits to Survivors:  
(Death of Active Member  
Prior to Retirement)**

Surviving Spouse: 25% of final year's earnings (50% if service connected death), payable until death or remarriage. Surviving Child: \$100 per month for first child, \$50 for each additional child (10% of final year's earnings if service connected death, or 15% if no surviving spouse). Total benefit, including Worker's Compensation, cannot exceed 100% of current pay rate for Member's rank. Non-Sworn Police Officers: Same as General Government members.

Member must meet qualifications for vesting. Surviving Spouse: 50% of pension which Member is receiving or would be entitled to when retired, payments beginning no earlier than date of Member's 55th birthday. Surviving Spouse benefits are payable until death or remarriage.

**Refund of Contributions  
upon Discontinuance of  
Employment or at Death  
(Non-Vested Members):  
(May be taken in lieu of  
earned deferred pension  
by vested members)**

Refund of total contributions, without interest. Non-Sworn Police Officers: Same as General Government members.

Termination: Refund of total contributions, with 3% interest compounded annually.  
Death: Refund of total contributions without interest.

**Pensions for Permanent,  
Total Disability - Service  
Requirements:**

5 years of continuous service, but no requirement if disability is service connected as defined in Worker's Compensation Act.

10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act.

Non-Sworn Police Officers: Same as General Government members.

**PROVISIONS FOR:**

**POLICE OFFICERS AND  
FIREFIGHTERS**

**BOARD OF EDUCATION MEMBERS**

**GENERAL GOVERNMENT  
MEMBERS**

**Amount of Total Disability  
Pension:**  
(Payable so long as total  
disability continues.)

Retirement Pension with minimum of 25% of "final average pay." If disability is service connected, the pension equals 100% of the Member's final annual pay less Worker's Compensation benefits.  
Non-Sworn Police Officers: Same as General Government members.

Retirement Pension using Final Average Pay for last 10 years. If disability is service connected, amount not less than 50% of Member's final annual pay at time of disability, less Worker's Compensation Benefits.

**Pensions for Permanent  
Partial Disability:**  
(Where earnings capacity is  
reduced by at least 10%.)

Ten years of continuous service, but no service requirement if disability is service connected. Same as disability pension with reduction for less than 15 years of service. If service connected, pension equals 50% of final annual pay if 15 years of service, with reductions for less than 15 years of service. If at least 20 years of service, pension equals retirement pension.  
Non-Sworn Police Officers: Same as General Government members.

Retirement Pension using Final Average Pay for last 10 years. Subject to a minimum pension of \$10 monthly, and maximum 1-2/3% of the reduction in income times years of service. If the disability is service connected, the minimum benefit is not to be less than 50% of the reduction in earnings.

**Member's Contribution  
Rate of Total Earnings:**  
(City pays full balance of  
costs to fund MERF  
benefits; also Members and  
City pay taxes for those  
covered by Social Security.)

Firefighters and Sworn Police Officers hired before July 2, 1999: 8%.  
Sworn Police Officers hired after July 1, 1999: 6.5%.  
Non-Sworn Police Officers: 4% on earnings taxed for Social Security and 7% on excess.

4% on earnings taxed for Social Security and 7% on excess.

4% on earnings taxed for Social Security and 7% on excess. SCG members contribute 3% and 6%. For HESP (Local 82) 8.41% on earnings taxed for Social Security and 11.41% on excess. For HSSSA (Local 78) 8.75% on earnings taxed on Social Security and 11.75% on excess. Non-bargaining members electing 2-year option contribute 5% and 8%. CHPEA members hired before October 1, 1997 contribute 6.5% and 9.5%. HMEA members hired before July 1, 2003 contribute 6% and 9%; 7.8% effective January 1, 2004. CHPEA members hired after September 30, 1997, HMEA members hired after July 1, 2003, and MLA members contribute 5% and 8%.

Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.

**Note 1** Any Member (other than a Police Officer or Firefighter) who was a Member before January 1, 1958 is guaranteed a minimum total benefit, including Social Security based on earnings from the City, equal to the pension the Member would have received under the terms of the MERF plan in existence prior to the enactment of the 1957 Special Act No. 347. Also, several active Members who transferred to MERF on or after July 1, 1968 from the City's Retirement Allowance Fund are entitled to a pension determined by the RAF provisions if it is greater than that based on the MERF provisions.

**Note 2** Section 2-166 of the Municipal Code provides a minimum benefit of \$155 monthly for all pensions granted by reason of service or for service-connected disability, and for joint annuitants under elected options, except members for whom Social Security taxes have been paid and anyone for whom more than half of the total pension is paid by the Metropolitan District.

**Note 3** All members (other than SCG) may purchase up to 4 years of pension credit for military service. Pension credit is at the following rates of Final Average Pay per year purchased:

HMEA members hired before July 1, 2003	2.75%
Sworn Police Officers, Firefighters, CHPEA members hired before October 1, 1997, HSSSA, HESP, Non-bargaining (including Assistant Police Chief, Police Chief, Assistant Fire Chief, and Fire Chief), Non-Sworn Police Officers, and MLA	2.50%
Other (including CHPEA members hired after September 30, 1997, HMEA members hired after July 1, 2003)	2.00%

**Note 4** All members (other than Sworn Police Officers hired after July 1, 1999, all Board of Education members, CHPEA, HMEA, Library, and SCG) may exchange accumulated sick leave upon retirement for up to 4 years (6 years for Firefighters hired prior to July 1, 2003) of pension service time. October 1, 1997 active CHPEA members who remain in the unit and retire therefrom by July 1, 2001, may exchange accumulated sick leave upon retirement for up to 4 years of pension service time. December 1, 1998 active HMEA members who remain in the unit and retire therefrom may exchange accumulated sick leave upon retirement for up to 4 years of pension service time. Additional pension service time may be purchased from accumulated sick leave at the rate of twenty days of accumulated sick leave for each year of pension service time.