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Confidential

April 6, 2009

Ms. Kathleen E. Palm Devine, Secretary
City of Hartford Pension Commission
Office of the Treasurer
550 Main Street
Hartford, CT 06103

Ronald O. Schlee, F.S.A.
Arthur L. Gaiher
Richard S. Sych, F.S.A.
Stuart H. Herskowitz, CRC
Shirley F. Assantes, F.C.A.
Arthur J. Assantes, F.S.A.
Elizabeth J. Churney, F.S.A.
Rodger K. Metzger, CFA
Timothy Ryor, FCA, FSPA
Evan W. Woolfcott, Jr., F.C.A.

Russell O. Hooker, F.S.A.
1956-1978
Shepherd M. Holcombe, F.S.A.
1969-1989

Re: 2008 MERF Actuarial Survey

Dear Kathleen:

We are pleased to present the Annual Valuation of the City of Hartford Municipal Employees' Retirement Fund for 2008. Eleven additional copies are included for distribution.

Recommended contribution rates are as follows:

	Recommended Fiscal Year 2009-2010 Contribution (2008 MERF Actuarial Survey)	Recommended Fiscal Year 2008-2009 Contribution (2007 MERF Actuarial Survey)
Police	3.35%	3.65%
Firefighters	-4.88%	-5.77%
Board of Education	10.64%	11.03%
Municipal Services	22.00%	25.19%
Library	16.08%	16.98%


The primary reasons for the change in contribution rates are:

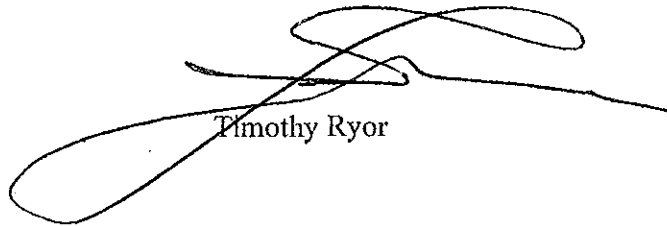
- Salary increases that were lower than we assumed in our last valuation.
- Higher than expected retiree deaths reported.

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April 6, 2009
Ms. Kathleen E. Palm Devine
City of Hartford Pension Commission
Re: 2008 MERF Actuarial Survey

As always, I am available to answer any questions you or the Pension Commission may have.

Sincerely,


Arthur J. Assantes


Timothy Ryor

/aps
Enclosure

Copy with enclosure: Donna P. Parker

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

Actuarial Survey

July 1, 2008

Arthur J. Assantes, FSA,
MAAA
Consulting Actuary

Timothy Ryor, FSPA, FCA,
MAAA, EA
Pension Analyst

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

April 6, 2009

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Section I

Valuation Report

A. Purpose 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 serve 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>
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B. Contribution for 2009-2010 Fiscal Year

The City's contribution rates for the 2009-2010 fiscal year, determined from the July 1, 2008 actuarial valuation, are shown below. Last year's results are shown for comparison purposes.

	Recommended 2009-2010 Fiscal Year Contribution (July 1, 2008 Valuation)	Recommended 2008-2009 Fiscal Year Contribution (July 1, 2007 Valuation)
Police	3.35%	3.65%
Firefighters	-4.88%	-5.77%
Board of Education	10.64%	11.03%
Municipal Services	22.00%	25.19%
Library	16.08%	16.98%

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

C. Funded Status

The MERF's funded status as of July 1, 2008 is summarized below. The actuarial accrued liability is the actuarial present value of projected benefits credited for prior years' service.

	July 1, 2008
Actuarial Accrued Liability	\$1,099,441,000
Actuarial Value of Assets	<u>1,123,379,000</u>
Funded Status	23,938,000
Funded Percentage	102.2%

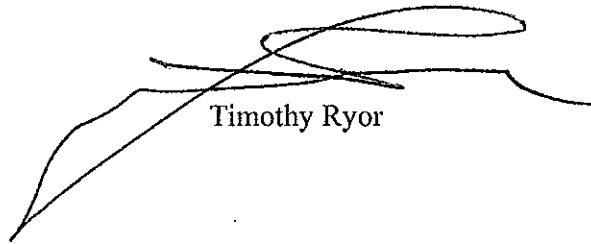
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April 6, 2009
Ms. Kathleen E. Palm Devine
City of Hartford Pension Commission
Re: 2008 MERF Actuarial Survey

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Sincerely,



Arthur J. Assantes



Timothy Ryor

/aps
Enclosure

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Section I

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<i>City's ultimate cost</i>	=	<i>benefits paid</i>	+	<i>expenses incurred</i>	-	<i>investment return</i>	-	<i>employee contributions</i>
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Funded Percentage	102.2%

Section I
Valuation Report
(continued)

D. Plan Experience During Period Under Review

The recommended City contribution rate for the 2009-2010 fiscal year has decreased from last year for all groups except Fire and Board of Education.

The actuarial value of assets earned a return of about 8.1% during the 2007-2008 fiscal year, compared to an expected rate of return of 8.0%. The market value of assets returned (1.9%) over the same period.

Changes in the covered population from last year to this year also impacted the plan's contribution requirements. The active membership of the MERF as of July 1, 2008 was 2,671, an increase of 100 from 2,571 last year. The average age of the active population decreased from 44.0 to 43.9 during this same period. The total covered payroll increased by approximately 4% from \$133,280,000 to \$139,243,000.

E. Changes Since The Last Valuation

The valuation reflects changes in vesting and employee contribution rates from last year for HESP. See the Summary of Principal Pension Plan Provisions for additional information. These changes had a minimal impact on plan costs.

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, 2008.


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, 2008. 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.


Arthur J. Assantes, FSA, MAAA
Enrolled Actuary


Timothy Ryor, FSPA, FCA, MAAA
Enrolled Actuary

April 6, 2009

Section II
Supporting Exhibits

A. Normal Cost

	July 1, 2008 Valuation					
	Police	Fire	Board of Ed.	Municipal Services	Library	Total Membership
Active Membership						
Number of Employees	451	379	1,211	554	76	2,671
Annual Payroll (000)	\$31,841	\$29,817	\$43,206	\$30,227	\$4,151	\$139,243
Normal Actuarial Costs						
A. Actuarial Present Value of Future Benefits (000)						
Active Members	\$131,980	\$139,973	\$122,214	\$126,209	\$13,658	\$534,033
Terminated Non-Vested Members	137	145	127	131	14	553
Terminated Vested Members	1,325	955	5,081	6,080	99	13,540
Retired Members	246,696	179,676	92,397	223,551	12,023	754,343
Old Plans COLA	<u>523</u>	<u>416</u>	<u>422</u>	<u>0</u>	<u>0</u>	<u>1,361</u>
Total	\$380,660	\$321,165	\$220,241	\$355,971	\$25,794	\$1,303,831
B. Valuation Assets (Adjusted Value) (000)	\$353,736	\$316,737	\$151,210	\$283,801	\$17,895	\$1,123,379
C. Actuarial Present Value of Future Employee Contributions (000)	\$22,241	\$22,161	\$24,136	\$14,893	\$1,741	\$85,172
D. Actuarial Present Value of Future Normal Costs (A) - (B) - (C) (000)	\$4,684	(\$17,734)	\$44,896	\$57,277	\$6,158	\$95,281
E. Actuarial Present Value of Future Salaries (000)	\$342,828	\$266,371	\$458,330	\$285,645	\$40,907	\$1,394,081
F. Normal Actuarial Costs as Percentage of Payroll						
Pension Benefits (D)/(E)*	1.37%	-6.66%	9.80%	20.05%	15.05%	6.83%
G. Expenses (other than Investment Expenses)	<u>1.98%</u>	<u>1.78%</u>	<u>0.84%</u>	<u>1.95%</u>	<u>1.03%</u>	<u>1.55%</u>
Total Normal Cost Percent Payable by City	3.35%	-4.88%	10.64%	22.00%	16.08%	8.38%

* Based on \$2,159,000 estimate of expenses (other than investment expenses) allocated by present value of future benefits.

Section II
Supporting Exhibits
(continued)

B. Estimated Cash Contribution

The cash contribution for fiscal year 2009-2010 detailed below is estimated based upon payroll data collected for the July 1, 2008 Actuarial Valuation, projected to fiscal year 2009-2010 using the salary increase assumption in the valuation. See the Summary of Actuarial Assumptions section for details. The actual contribution will be based upon actual payroll figures for fiscal year 2009-2010. To illustrate the sensitivity of the cash contribution to changes in payroll, the second table below details the estimated fiscal year 2009-2010 contribution assuming payroll is either 5% higher or 5% lower than this estimate.

	Estimated July 1, 2009 - June 30, 2010 Fiscal Year Contribution					
	Police	Fire	Board of Ed	Municipal Services	Library	Total
(1) Estimated Annual Adjusted Payroll for 2009-2010 Fiscal Year	\$35,351,045	\$32,424,228	\$47,185,974	\$33,449,196	\$4,622,319	\$153,032,762
(2) Total Normal Cost Percent Payable by City	3.35%	-4.88%	10.64%	22.00%	16.08%	
(3) Gross City Contribution: (1) x (2)	1,184,260	(1,582,302)	5,020,588	7,358,823	743,269	12,724,638
(4) July 1, 2008 Payment for Local 566	0	0	303,918	0	0	303,918
(5) July 1, 2008 Payment for Local 1716	0	0	0	509,126	0	509,126
(6) Old Plans COLA Annual Payment	116,960	95,970	110,878	0	0	323,808
(7) Net City Contribution Estimate: (3)-(4)-(5)-(6)	\$1,067,300	(\$1,678,272)	\$4,605,792	\$6,849,697	\$743,269	\$11,587,786

	2009 - 2010 Contribution Sensitivity					
	Police	Fire	Board of Ed	Municipal Services	Library	Total
Estimated 2009-2010 Fiscal Year Payroll +5%	\$37,118,597	\$34,045,439	\$49,545,273	\$35,121,656	\$4,853,435	\$160,684,400
Net City Contribution Estimate for 2009-2010	1,126,513	(1,757,387)	4,856,821	7,217,638	780,432	12,224,018
Estimated 2009-2010 Fiscal Year Payroll -5%	33,583,493	30,803,017	44,826,675	31,776,736	4,391,203	145,381,124
Net City Contribution Estimate for 2009-2010	1,008,087	(1,599,157)	4,354,763	6,481,756	706,106	10,951,554

Section II

Supporting Exhibits (continued)

C. Actuarial Balance Sheet

	July 1, 2008	July 1, 2007
Actuarial Liabilities		
Present Value of Future Benefits for:		
Active Employees	\$ 534,033,298	\$ 526,156,210
Inactive Members		
• Regular Retirees	670,119,179	650,628,312
• Disability Retirees	58,085,699	59,721,631
• Survivors	26,138,551	28,890,929
• Terminated Non-Vesteds	553,450	553,450
• Terminated Vesteds	13,540,217	11,878,972
• Old Plans COLA	<u>1,361,086</u>	<u>1,881,941</u>
 TOTAL	 \$1,303,831,480	 \$1,279,711,445
 Source of Funds		
1. Actuarial Value of Assets	\$1,123,378,687	\$1,097,591,809*
2. Present Value of Future Employee Contributions	85,172,126	79,463,974
3. Present Value of Future City Normal Cost Contributions	<u>95,280,667</u>	<u>102,655,062</u>
4. TOTAL = (1) + (2) + (3)	\$1,303,831,480	\$1,279,711,445

**Includes receivables of \$5,463,745 as of July 1, 2007. These receivable amounts were fully paid by the City as of July 1, 2008.*

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 Actuarial Value to Market Value		
1. Market value 7/1/2008	\$	1,080,235,594
2. Gain / (loss) not recognized in actuarial value 7/1/2008		(43,143,093)
3. Preliminary actuarial value 7/1/2008: (1)-(2)		1,123,378,687
4. Preliminary actuarial value as a percentage of market value: (3)+(1)		104.0%
5. Gain / (loss) recognized for corridor min/max		N/A
6. Actuarial value 7/1/2008 after corridor min/max: (3)+(5)		1,123,378,687
7. Actuarial value as a percentage of market value: (6)+(1)		104.0%

Development of Asset Gain / (Loss) for 2007-2008 Plan Year		
1. Market value 7/1/2007	\$	1,156,369,970
2. Contributions		27,525,259
3. Benefit payments		80,149,134
4. Administrative expenses		2,372,404
5. Expected return at 8.00%		90,358,092
6. Expected value 7/1/2008: (1)+(2)-(3)-(4)+(5)		1,191,731,783
7. Market value 7/1/2008		1,080,235,594
8. Asset gain / (loss) for -1 Plan Year: (7)-(6)		(111,496,189)

Recognition of Gain / (Loss) in Actuarial Value					
Year	(a) Gain / (loss)	(b) Recognized as of 7/1/2007	(c) Recognized in current year: 25% of (a)	(d) Total recognized as of 7/1/2008: (b)+(c)	(e) Not recognized as of 7/1/2008: (a)-(d)
2004-2005	\$ 10,701,876	\$ 8,026,407	\$ 2,675,469	\$ 10,701,876	\$ 0
2005-2006	6,782,904	3,391,452	1,695,726	5,087,178	1,695,726
2006-2007	77,566,647	19,391,662	19,391,662	38,783,324	38,783,323
2007-2008	(111,496,189)	0	<u>(27,874,047)</u>	(27,874,047)	<u>(83,622,142)</u>
Total			(4,111,190)		(43,143,093)

Section II

Supporting Exhibits (continued)

D. Development of Asset Values

Summary of Fund Activity		
	Market Value	Actuarial Value
1. Beginning Value 7/1/2007		
a. Trust Assets	\$1,156,369,970	\$1,092,128,064
b. Receivable	5,463,745	5,463,745
c. Adjustment to beginning values	<u>(4,544,080)</u>	<u>(4,544,080)</u>
d. Total	1,157,289,635	1,093,047,729
2. Contributions made during 2007-2008 fiscal year	27,525,259	27,525,259
3. Disbursements		
a. Benefit Payments	80,149,134	80,149,134
b. Expenses	<u>2,372,404</u>	<u>2,372,404</u>
c. Total	82,521,538	82,521,538
4. Net Investment Income		
a. Net Income	(21,138,097)	N/A
b. Expected Return	N/A	90,358,092
c. Recognized Gain (Loss)	<u>N/A</u>	<u>(4,111,190)</u>
d. Total	(21,138,097)	86,246,902
5. Ending Value 7/1/2008		
a. Trust Assets: (1a)+(2)-(3)+(4)	1,080,235,594	1,123,378,687
b. Receivable	<u>0</u>	<u>0</u>
c. Total	1,080,235,594	1,123,378,687
6. Approximate rate of return 2007-2008	-1.9%	8.1%

Section II

Supporting Exhibits (continued)

D. Development of Asset Values

Rate of Return on Market Value of Assets				
Period Ending June 30	Average Annual Effective Rate of Return			
	1 Year	3 Years	5 Years	10 Years
1999	10.4%	N/A	N/A	N/A
2000	8.8%	N/A	N/A	N/A
2001	-2.1%	5.6%	N/A	N/A
2002	-3.1%	1.1%	N/A	N/A
2003	4.6%	-0.3%	3.6%	N/A
2004	14.6%	5.1%	4.3%	N/A
2005	9.1%	9.4%	4.4%	N/A
2006	8.7%	10.8%	6.6%	N/A
2007	15.6%	11.1%	10.4%	N/A
2008	-1.9%	7.2%	9.0%	6.3%

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". It represents a summary of information detailed further within the MERF's annual GASB report. The exhibits are provided for information purposes only here.

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Actual Contribution Received by MERF	Miscellaneous *	Net Percentage Contributed
2002	\$ 332,806	100%	\$ 0	\$ 332,806	100%
2003	2,463,804	100%	2,196,698	267,106	100%
2004**	6,717,025	97%	6,296,790	239,359	94%
2005**	9,336,898	99%	9,000,000	206,742	96%
2006**	17,033,102	70%	11,765,350	183,037	69%
2007	14,328,866	115%	16,317,266***	163,749	114%
2008	13,352,745	125%	16,454,745	129,258	123%

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

** Revised.

*** 2006-2007 fiscal year contribution includes contributions paid for prior fiscal years during the 2006-2007 fiscal year as follows: FY 00-01 \$117,500, FY 02-03 \$2,198, FY 03-04 \$180,876, FY 04-05 \$130,156, FY 05-06 \$5,084,715. After the June 30, 2006 GASB reporting period closed, two contributions of \$1,572,500 and \$1,490,242 were made to the Plan for the 2006-2007 fiscal year. These amounts are not included in the \$16,317,266 fiscal year 2006-2007 contribution listed above. They will be included in the 2007-2008 fiscal year contributions listed in the June 30, 2008 GASB report.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets * (a)	Actuarial Accrued Liability (AAL) ** (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)÷c)
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%
7/1/2005	986,405,000	970,286,000	(16,119,000)	101.7%	117,261,000	-13.7%
7/1/2006	1,021,491,000***	1,002,848,000	(18,643,000)	101.9%	124,837,000	-14.9%
7/1/2007	1,092,128,000***	1,090,715,000	(1,413,000)	100.1%	133,280,000	-1.1%
7/1/2008	1,123,379,000	1,099,441,000	(23,938,000)	102.2%	139,243,000	-17.2%

* Excludes receivable from CMERS (applicable for 7/1/2002-7/1/2005 only; no longer applicable 7/1/2006+).

** Liability shown determined using the projected unit credit cost method 7/1/2002-7/1/2006 and the entry age normal cost method as of 7/1/2007.

*** Excludes estimated City contribution receivable of \$5,463,745 as of July 1, 2007 and \$7,022,224 as of July 1, 2006. These receivable amounts were fully paid by the City as of July 1, 2008.

Section II

Supporting Exhibits (continued)

F. Membership Data

Summary – Active Members as of July 1, 2008

	Number	Payroll*	Average Annual Pay*
Police	451	\$ 31,841,226	\$70,601
Firefighters	379	29,817,424	78,674
Board of Education	1,211	43,206,401	35,678
Municipal Services	554	30,226,828	54,561
Library	76	4,151,449	54,624
Total	2,671	\$139,243,328	\$52,132

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

Summary – Pensioners as of July 1, 2008

	Service Pensions*		Disability Pensions		Survivor Benefits*		Total	
	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities
Police	459	\$1,767,749	63	\$142,264	52	\$52,435	574	\$1,962,448
Firefighters	309	1,145,494	121	327,490	101	106,881	531	1,579,865
Board of Ed.	601	811,916	20	11,834	70	29,808	691	853,558
Municipal Svcs.	689	1,824,775	14	11,482	113	88,099	816	1,924,356
Library	51	109,709	0	0	1	185	52	109,894
Vested Deferred	136	178,472	--	--	--	--	136	178,472
TOTAL**	2,245	\$5,838,115	218	\$493,070	337	\$277,408	2,800	\$6,608,593

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

** Additional monthly benefits for the July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999, July 1, 2001, July 1, 2005, and July 1, 2007 COLA's for the unfunded plans (PBF, FRF, and RAF) are also included in the total liabilities for MERF. Such participants are not included in the counts shown here.

Section II
Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Police

Participant Data				
	Active	Terminated Vested	Pensioners*	Total
Total Participants 7/1/2007	444	6	570	1,020
Adjustments	0	0	0	0
Retirements	-25	-2	+27	0
Disabilities	0	0	0	0
Terminations				
Vested	-2	+2	N/A	0
Non-vested	-10	N/A	N/A	-10
Deaths	0	0	-28	-28
New beneficiaries	N/A	0	+5	+5
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+44	N/A	N/A	+44
Total Participants 7/1/2008	451	6	574	1,031
Average Age				
7/1/2007	37.5			
7/1/2008	37.2			
Average Service				
7/1/2007	9.9			
7/1/2008	9.0			
Payroll**				
7/1/2007	\$30,753,128			
7/1/2008	31,841,226			
Total monthly benefits*				
7/1/2007		\$18,297	\$1,865,970	
7/1/2008		18,004	1,962,448	

* Excludes old plan COLA participants.

** 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
Total Participants 7/1/2007	330	3	527	860
Adjustments	0	+1	0	+1
Retirements	-16	0	+16	0
Disabilities	0	0	0	0
Terminations				
Vested	-3	+3	N/A	0
Non-vested	-2	N/A	N/A	-2
Deaths	0	0	-23	-23
New beneficiaries	N/A	0	+11	+11
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	<u>+70</u>	<u>N/A</u>	<u>N/A</u>	<u>+70</u>
Total Participants 7/1/2008	379	7	531	917
Average Age				
7/1/2007	43.1			
7/1/2008	40.7			
Average Service				
7/1/2007	15.9			
7/1/2008	13.4			
Payroll**				
7/1/2007	\$26,914,748			
7/1/2008	29,817,424			
Total monthly benefits*				
7/1/2007		\$ 2,291	\$1,519,543	
7/1/2008		19,171	1,579,865	

* Excludes old plan COLA participants.

** 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
Total Participants 7/1/2007	1,167	37	710	1,914
Adjustments	0	+4	0	+4
Retirements	-11	-2	+13	0
Disabilities	0	0	0	0
Terminations				
Vested	-19	+19	N/A	0
Non-vested	-81	N/A	N/A	-81
Lump Sum	0	0	N/A	0
Deaths	-1	0	-48	-49
New beneficiaries	N/A	0	+18	+18
Transfer group	0	0	0	0
Rehires	+2	0	-2	0
New entrants	<u>+154</u>	<u>N/A</u>	<u>N/A</u>	<u>+154</u>
Total Participants 7/1/2008	1,211	58	691	1,960
Average Age				
7/1/2007	44.7			
7/1/2008	45.0			
Average Service				
7/1/2007	9.1			
7/1/2008	9.0			
Payroll**				
7/1/2007	\$42,023,727			
7/1/2008	43,206,401			
Total monthly benefits*				
7/1/2007		\$34,596	\$825,010	
7/1/2008		69,236	853,558	

* Excludes old plan COLA participants.

** Basic salary plus overtime and private duty pay.

Section II

Supporting Exhibits (continued)

F. Membership Data

Data Reconciliation – Municipal Services

Participant Data				
	Active	Terminated Vested	Pensioners*	Total
Total Participants 7/1/2007	555	60	848	1,463
Adjustments	0	-1	-5	-6
Retirements	-13	-4	+17	0
Disabilities	0	0	0	0
Terminations				
Vested	-7	+7	N/A	0
Non-vested	-18	N/A	N/A	-18
Deaths	0	0	-43	-43
New beneficiaries	N/A	0	0	0
Transfer group	0	0	0	0
Rehires	+1	0	-1	0
New entrants	<u>+36</u>	<u>N/A</u>	<u>N/A</u>	<u>+36</u>
Total Participants 7/1/2008	554	62	816	1,432
Average Age				
7/1/2007	48.3			
7/1/2008	48.9			
Average Service				
7/1/2007	10.1			
7/1/2008	10.2			
Payroll**				
7/1/2007	\$29,557,984			
7/1/2008	30,226,828			
Total monthly benefits*				
7/1/2007		\$59,856	\$1,956,904	
7/1/2008		70,351	1,924,856	

* Excludes old plan COLA participants.

** Basic salary plus overtime and private duty pay.

Section II
Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Library

Participant Data				
	Active	Terminated Vested	Pensioners*	Total
Total Participants 7/1/2007	75	2	54	131
Adjustments	0	0	0	0
Retirements	-1	0	+1	0
Disabilities	0	0	0	0
Terminations				
Vested	-1	+1	N/A	0
Non-vested	-3	N/A	N/A	-3
Deaths	0	0	-2	-2
New beneficiaries	N/A	0	0	0
Transfer group	0	0	0	0
Rehires	+1	0	-1	0
New entrants	<u>+5</u>	<u>N/A</u>	<u>N/A</u>	<u>+5</u>
Total Participants 7/1/2008	76	3	52	131
Average Age				
7/1/2007	45.0			
7/1/2008	44.8			
Average Service				
7/1/2007	11.3			
7/1/2008	11.7			
Payroll**				
7/1/2007	\$4,030,640			
7/1/2008	4,151,449			
Total monthly benefits*				
7/1/2007		\$1,247	\$109,967	
7/1/2008		1,710	109,894	

*Excludes old Plan COLA participants.

**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
Total Participants 7/1/2007	2,571	108	2,709	5,388
Adjustments	0	+4	-5	-1
Retirements	-66	-8	+74	0
Disabilities	0	0	0	0
Terminations				
Vested	-32	+32	N/A	0
Non-vested	-114	N/A	N/A	-114
Lump Sum	0	0	0	0
Deaths	-1	0	-144	-145
New beneficiaries	N/A	0	+34	+34
Transfer group	0	0	0	0
Rehires	4	0	-4	0
New entrants	<u>+309</u>	<u>N/A</u>	<u>N/A</u>	<u>+309</u>
Total Participants 7/1/2008	2,671	136	2,664	5,471
Payroll**				
7/1/2007	\$133,280,227			
7/1/2008	139,243,328			
Total monthly benefits				
7/1/2007		\$ 116,287	\$6,277,394	
7/1/2008		178,472	6,430,121	

**Excludes old Plan COLA participants.*

***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, 2008

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	15	41,576	7	51,468	3	53,786															25	45,811
25 to 29	13	41,368	43	55,423	15	72,035	1	78,188													72	56,662
30 to 34	6	39,081	32	58,846	23	69,386	16	76,929													77	64,212
35 to 39	2	40,197	22	56,089	21	74,009	57	82,939	12	83,627	1	71,797									115	75,403
40 to 44	2	59,108	9	54,762	14	68,166	40	79,954	22	88,980	10	75,765									97	77,103
45 to 49	5	38,350	5	59,939	2	73,124	6	85,097	12	84,742	8	88,602	2	109,488							40	77,325
50 to 54	1	61,352	2	52,438			3	79,164	2	68,599	6	81,163	3	94,009							17	77,054
55 to 59							1	117,264			1	97,277	3	63,074							5	80,753
60 to 64					1	34,326							1	63,604							2	48,965
65 to 69													1	80,612							1	80,612
70 & over																						
All ages	44	41,991	120	56,316	79	69,960	124	81,452	48	85,738	26	81,636	10	83,444							451	

City of Hartford MERF - Firefighters

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

July 1, 2008

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	25	49,274																					25	49,274
25 to 29	22	48,433			9	70,869	1	69,730															32	55,408
30 to 34	13	47,400	1	48,986	22	69,804	13	73,113	2	72,867													51	64,649
35 to 39	4	47,790	3	75,691	13	70,348	31	73,307	5	78,266													56	71,368
40 to 44	3	46,286			12	71,148	25	76,570	11	75,993	13	75,439	3	75,543	1	74,512							68	73,892
45 to 49	1	46,286	1	72,091	5	69,274	23	74,287	8	76,568	30	80,626	18	80,011									86	77,266
50 to 54							5	71,231			18	77,266	20	83,385					1	72,062			44	79,243
55 to 59								1	68,709	1	71,556	4	76,026	7	79,681			2	76,799				15	77,049
60 to 64												1	68,709					1	70,130				2	69,419
65 to 69																								
70 & over																								
All ages	68	48,381	5	69,630	61	70,298	99	74,146	27	76,189	66	78,228	48	81,089	1	74,512	3	74,576	1	72,062			379	

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, 2008

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.	No.	Avg. Comp.		
Under 25	18	25,594	10	26,575	3	30,680																	31	26,403
25 to 29	36	30,188	62	30,613	15	34,516	1	28,030															1143	0,970
30 to 34	24	37,069	45	37,770	27	37,403	18	35,067															1143	7,109
35 to 39	17	44,764	37	31,847	46	41,267	37	38,590	13	41,306	1	26,766	1	58,305									1523	8,734
40 to 44	12	26,928	43	30,296	62	37,263	46	42,685	12	36,780	6	41,034	1	55,416									1823	6,498
45 to 49	23	46,976	31	39,630	35	33,112	64	33,389	19	32,228	8	37,703			1	86,871							1813	6,495
50 to 54	13	28,315	30	33,741	42	43,823	44	31,695	24	33,358	15	42,454	9	51,875	3	59,158	1	84,783	1	64,575			1823	7,618
55 to 59	12	44,357	19	34,641	29	39,131	31	37,047	21	43,783	21	44,581	10	38,793	4	41,902	4	46,137	1	33,260			1524	0,149
60 to 64	3	61,268	10	29,745	19	50,843	19	43,464	9	43,584	9	43,440	7	38,340	3	32,405	2	40,904					81	43,256
65 to 69			5	29,405	5	39,497	2	46,088	2	29,729					2	38,719							16	35,849
70 & over					4	42,781	1	106,079				1	28,962										6	51,028
All ages	158	35,986	29233	31,178	2873	39,363	263	37,090	100	37,624	61	42,091	28	44,175	13	46,662	7	50,163	2	48,917			1,211	

City of Hartford MERF - Municipal Services

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

July 1, 2008

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	24,143	12	38,853																	21	32,549
25 to 29	2	46,592	8	48,446	6	46,864	1	51,957													17	47,876
30 to 34	1	70,798	20	53,018	6	46,045	5	54,527	3	47,884											35	52,106
35 to 39	1	49,848	16	57,312	12	63,598	4	78,914	5	83,041			1	51,678							39	64,425
40 to 44	2	85,992	19	56,381	18	58,104	7	61,205	11	53,424	6	52,123	2	62,000	3	51,296	2	52,371	2	54,044	72	57,065
45 to 49	4	42,167	28	74,351	17	46,864	12	43,179	5	45,187	10	63,541	9	78,261	4	55,075	3	54,774	3	62,316	95	60,027
50 to 54	5	65,658	28	59,232	23	49,923	13	68,818	12	53,804	13	63,149	5	74,364			5	60,932	5	60,024	109	59,384
55 to 59	4	80,147	14	77,780	11	64,514	17	64,326	8	49,184	7	72,602	5	62,141	3	35,511	3	60,551	4	59,405	76	65,143
60 to 64	3	54,308	10	55,929	10	68,236	13	73,380	7	45,212	6	69,494	4	69,652			1	58,017	2	56,511	56	63,243
65 to 69			3	94,214	7	50,915	5	11,665	1	75,446	2	34,072			1	11,676	1	11,676			20	43,216
70 & over	1	27,010	3	11,674	1	11,676	3	22,121	1	11,676	3	11,676	2	83,246							14	25,233
All ages	32	50,331	161	59,681	111	54,698	80	58,171	53	53,117	47	59,520	28	71,702	11	44,763	15	55,005	16	59,112	554	

City of Hartford MERF - Library

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

July 1, 2008

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	2	37,892	3	46,139	1	43,707															6	42,985	
25 to 29			3	50,569	2	43,501																5	47,742
30 to 34			2	59,017			1	45,419	1	42,759												4	51,553
35 to 39	1	47,016	5	50,265	1	44,510	2	42,408	1	52,884	1	44,353										11	47,719
40 to 44	1	28,513			1	45,602	2	64,677	3	43,194	4	44,588										11	46,491
45 to 49	1	40,697	3	54,599	4	63,091			2	44,610	2	65,008	1	42,058								13	55,242
50 to 54			2	72,414	5	81,188			1	42,058	2	73,839										10	74,050
55 to 59			1	67,014	2	42,827	1	95,129	1	79,965	2	72,629	3	50,039								10	62,314
60 to 64							2	90,264			2	68,594										4	79,429
65 to 69													1	79,965								1	79,965
70 & over							1	168,307														1	168,307
All ages	5	38,402	19	54,480	16	60,299	9	78,173	9	48,496	13	60,219	5	54,428								76	

City of Hartford MERF - All Groups

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

July 1, 2008

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.	No.	Avg. Comp.		
Under 25	69	37,815	32	38,459	7	42,444																	108	38,306
25 to 29	73	38,127	116	41,556	47	55,410	4	56,976															240	43,483
30 to 34	44	41,162	100	48,101	78	56,637	53	59,068	6	55,357													281	51,607
35 to 39	25	45,176	83	45,876	93	55,642	131	67,392	36	66,665	3	47,639	2	54,992									373	57,890
40 to 44	20	39,035	71	40,378	107	48,690	120	63,614	59	66,988	39	63,478	6	67,674	4	57,100	2	52,371	2	54,044			430	55,271
45 to 49	34	44,937	68	56,558	63	42,866	105	46,421	46	55,586	58	72,321	30	80,186	5	61,434	3	54,774	3	62,316			415	54,853
50 to 54	19	39,881	62	47,104	70	48,496	65	44,352	39	41,679	54	64,503	37	75,362	3	59,158	6	64,907	7	62,394			362	52,090
55 to 59	16	53,305	34	53,356	42	45,955	51	49,472	31	47,240	35	56,888	28	56,990	7	39,163	9	57,755	5	54,176			258	51,303
60 to 64	6	57,788	20	42,837	30	56,090	34	57,655	16	44,296	18	56,323	12	50,883	3	32,405	4	52,488	2	56,511			145	52,413
65 to 69			8	53,709	12	46,158	7	21,500	3	44,968	2	34,072	2	80,288	3	29,704	1	11,676					38	42,065
70 & over	1	27,010	3	11,674	5	36,560	5	68,150	1	11,676	4	15,997	2	83,246									21	39,416
All ages	307	41,127	597	45,959	554	50,810	575	56,613	237	55,640	213	63,068	119	69,272	25	46,941	25	55,997	19	58,721			2,671	

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, 2008</u>	<u>July 1, 2007</u>
1. Number of retirees and beneficiaries receiving benefits	5	6
2. Annual benefits payable	\$ 56,000	\$ 67,000
3. Present value of benefits	\$213,000	\$260,000

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 2008 Section 415(m) Fund valuation are as follows:

Mortality Basis:	RP-2000 Healthy Annuitants Table projected by Scale AA to year of valuation plus 8 years (2016 for July 1, 2008 valuation), with no adjustment and separate male and female rates.
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.

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. 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 pension benefits for active members (including survivor benefits, disability 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 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, Municipal Services, and Library participants.

Section III

Actuarial Cost Methods and Assumptions (continued)

B. Actuarial Assumptions

The actuarial assumptions used in the 2008 MERF valuation are as follows:

Mortality Basis:

For Police, Fire, Board of Education Corridor Supervisors and Building and Grounds Supervisors:

- Pre-retirement: RP2000 Employees Table – male and female rates, projected by Scale AA to valuation date plus 17 years with occupational (i.e., non-office worker, blue collar) adjustment.
- Post-retirement: RP2000 Healthy Annuitants Table – male and female rates, projected by Scale AA to valuation date plus 8 years with occupational (i.e., non-office worker, blue collar) adjustment. No adjustment reflected for assumed future beneficiaries.
- Disability: RP2000 Disabled Table – male and female rates.

For All Other Groups:

- Pre-retirement: RP2000 Employees Table – male and female rates, projected by Scale AA to valuation date plus 17 years with no adjustment.
- Post-retirement: RP2000 Healthy Annuitants Table – male and female rates, projected by Scale AA to valuation date plus 8 years with no adjustment.
- Disability: RP2000 Disabled Table – male and female rates.

Section III

Actuarial Cost Methods and Assumptions (continued)

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 inflationary 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>Fire</u>	<u>Bd of Ed</u>	<u>Munic. Svc. & Lib.</u>
25	4.0%	2.5%	4.0%	6.0%
30	3.5%	2.5%	4.0%	4.7%
35	2.2%	1.6%	2.1%	3.1%
40	1.2%	1.1%	1.0%	2.0%
Over 40	1.0%	1.0%	1.0%	2.0%

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 groups have future salary increases that have been negotiated and are reflected in this valuation:*

CHPEA
Police
MLA

Investment Return:

8.00% per year, net of investment expenses.

Section III
Actuarial Cost Methods and Assumptions
(continued)

Assumed Retirement Age:

Retirement Rates:

	<u>Service</u>	<u>Police</u>	<u>Fire</u>	<u>Mun. Svc. & Lib.</u>
20		20%	5%	10%
21		15%	1%	5%
22		5%	1%	5%
23		5%	1%	10%
24		20%	10%	15%
25		30%	30%	15%
26-27		5%	5%	10%
28		10%	5%	15%
29		25%	20%	15%
30		100%	20%	100%
31-34		n/a	5%	n/a
35		n/a	100%	n/a

(maximum of age 65)

<u>Age</u>	<u>Bd of Ed</u>
55	15%
56	10%
57-59	5%
60	30%
61	5%
62	20%
63-64	10%
65	100%

For both Uniformed and Non-Uniformed who have reached Assumed Retirement Age, retirement after one year.

Social Security:

Future tax wage bases are developed by projecting the 2008 base of \$102,000 forward at 4% per year.

Section III
Actuarial Cost Methods and Assumptions
(continued)

Marital Status at Retirement:

Non-Uniformed:

Males - 80% married, spouse 3 years younger.
Females - 60% married, spouse same age.

Uniformed:

All - 80% married, spouse 2 years younger.

Disability:

Disability benefits were explicitly valued using the DP85 Class 1 Male and Female Disability Incidence Rate Table increased three times for the Police and Firefighter groups, two times for the Board of Education groups and with no increase for the Municipal Services and Library groups.

*DP85 Class 1 Disability Incidence Table:
Sample male and female rates*

<u>Age</u>	<u>Male</u>	<u>Female</u>
15	0.021%	0.023%
20	0.029%	0.030%
25	0.038%	0.047%
30	0.048%	0.080%
35	0.069%	0.136%
40	0.117%	0.211%
45	0.202%	0.323%
50	0.358%	0.533%
55	0.722%	0.952%
60	1.256%	1.159%
65	1.753%	1.358%

Expenses other than
Investment Expenses:

An explicit dollar amount was included in the development of the normal cost percentage equal to an estimate of expenses (other than investment expenses) for the upcoming year. The estimate was developed based on an average of actual expenses over the last four years. For the 2008 valuation, \$2,159,129 was used. Estimated expenses were then allocated to the various groups by the present value of future benefits and expressed as a percentage of payroll.

Section III

Actuarial Cost Methods and Assumptions

(continued)

Sick Exchange: Four years are exchanged by all actives if provision available. For Firefighters hired prior to July 1, 2003, six years are exchanged.

Military and Prior Service Buy-backs: When a decision to buy-back service 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, July 1, 2001, July 1, 2005, and July 1, 2007 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, 2008, the City payment will be \$509,126 (\$3,160,000 on a present value basis) and the pension fund payment will be \$462,336 (\$2,869,000 on a present value basis).

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, 2008, the City payment will be \$303,918 (\$2,343,000 on a present value basis) and the pension fund payment will be \$276,288 (\$2,130,000 on a present value basis).

Section IV

Hartford MERF - Summary of Principal Provisions of Pension Plan July 1, 2008

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 1, 1999: 2.65% of Final Average Pay for highest 3 of last 5 years multiplied by years of service up to 20 plus 3% for year 21 plus a decreasing percentage for years over 21. Final Average Pay includes a provision for over-time and private duty pay.

Sworn Police Officers hired after June 30, 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 HFSHP, 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).

Effective July 1, 2008 for Local 818, employees hired prior to March 1, 2007 will get 2.5% of Final Average Pay (for each year of service) and employees hired after March 1, 2007 will get 2.0%. Final Average Pay is the highest 3 of the 7 years. Maximum benefit is 70% of pay.

MUNICIPAL SERVICES & LIBRARY MEMBERS

For Library and MLA hired on or after July 1, 2006, HMEA hired after July 1, 2003, CHPEA hired after June 23, 2003, 2% of Final Average Pay for highest 2 of last 5 years times years of service with a maximum benefit of 70% of Final Average Pay. For Library with 5-year option, Final Average Pay is highest 5 of last 10 years.

For CHPEA hired on or before June 23, 2003, MLA hired before July 1, 2006, and Nonbargaining, 2.5% of Final Average Pay for highest 2 of last 5 years times years of service. Maximum benefit of 70% of Final Average Pay for CHPEA, 80% for Nonbargaining and MLA. For Nonbargaining with 5-year option, Final Average Pay is highest 5 of last 10 years.

For HMEA hired before July 1, 2003, 2.75% of Final Average Pay for highest 2 of last 5 years times years of service with a maximum benefit of 70% of Final Average Pay.

For SCGA, 2% of Final Average Pay for highest 5 of last 10 years reduced by 1% of average Social Security covered earnings for all years included in computation of Social Security primary benefits. Maximum benefit of 100% of Final Average Pay.

PROVISIONS FOR:

POLICE OFFICERS AND FIREFIGHTERS

BOARD OF EDUCATION MEMBERS

MUNICIPAL SERVICES & LIBRARY 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.

Sworn Police Officers have a maximum benefit of 70% of Final Average Pay. For Sworn Police Officers hired before July 1, 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 (85% with sick exchange if hired prior to July 1, 2003).

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

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 50% of member's final year's earnings, if service connected death. Minimum of 50% of pension benefit for firefighters for non-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:

Normal Retirement Age and Service Requirement:

POLICE OFFICERS AND FIREFIGHTERS

Firefighters and Sworn Police Officers hired before July 1, 1999: Full benefits after 20 years of continuous service.

Sworn Police Officers hired after June 30, 1999: Full benefits after 25 years of continuous service.

Non-Sworn Police Officers: Full benefits after 20 years of service, or age 60 plus 5 years of continuous service, or after 15 years of service, if contributions are left in the MERF until would have had 20 years of service.

BOARD OF EDUCATION MEMBERS

Age 60 plus 10 years of service (continuous service for Local 2221). Members are also eligible at age 55 with 25 years of service. Local 818 employees hired prior to March 1, 2007 may retire after 20 years of service, regardless of age.

MUNICIPAL SERVICES & LIBRARY MEMBERS

For SCGA and MLA hired on or after July 1, 2006, earlier of (1) age 60 plus 5 years of continuous service or (2) age 55 with 25 years of continuous service.

For Nonbargaining and MLA hired prior to July 1, 2006, earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of service, or (3) after 20 years of service if participant leaves after 15 years of service and contributions are left in the MERF until would have had 20 years of service.

For CHPEA, earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of aggregate service if hired on or before June 23, 2003, age 55 with 25 years of aggregate service if hired after June 23, 2003.

For HMEA earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of continuous service if hired before July 1, 2003, age 55 with 25 years of continuous service if hired after July 1, 2003.

For Library non union, earlier of (1) age 60 plus 5 years of continuous service or (2) 25 years of continuous service.

For Library union, (1) age 60 plus 10 years of continuous service or (2) 25 years of continuous service.

PROVISIONS FOR:

POLICE OFFICERS AND FIREFIGHTERS

BOARD OF EDUCATION MEMBERS

MUNICIPAL SERVICES & LIBRARY MEMBERS

Optional Early Retirement:

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

At age 55 with 10 years (5 years for HESP) of service (continuous service for Local 2221), reduced at 4% per whole year prior to age 60. For Local 818, reduction is adjusted for partial years.

For Library union, age 55 with 10 years of continuous service. For all others, age 55 with 5 years of continuous service. Benefit reduced at 4% per whole year prior to age 60 (prorate for partial years for HMEA and CHPEA). For SCG members, reduction is 2% per whole year and fraction of a year prior to age 60.

Firefighters: Age 50 with 5 years of continuous service, actuarially reduced or reduced at 2% per year (prorated for fractional years) prior to Normal Retirement Age.

Vesting of Earned Deferred Pension:

Sworn Police Officers: After 10 years of continuous service.

After 10 years (5 years for HESP) of continuous service. Payments begin no earlier than age 55.

For Library union, 10 years of continuous service. For all others, 5 years of continuous service. Payments begin no earlier than age 55.

Firefighters and Non-Sworn Police Officers: 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. Minimum of 50% of pension benefit for Firefighters for non-service connected death. 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.

MUNICIPAL SERVICES & LIBRARY
MEMBERS

PROVISIONS FOR:

POLICE OFFICERS AND FIREFIGHTERS

BOARD OF EDUCATION MEMBERS

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.

Termination: Refund of total contributions, with 3% interest compounded annually.

Death: Refund of total contributions with interest preretirement and without interest postretirement.

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.

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.

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. Maximum benefit of 2/3 of 10-year Final Average Pay less Social Security benefit. Minimum benefit of \$30 per month. All service connected disability benefits are offset by benefits payable by Worker's Compensation (exception: no offset for \$30 minimum).

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

If non service connected, same as above, but no 50% Final Average Pay minimum and minimum benefit equals \$10 per month instead of \$30 per month.

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 retirement pension with reduction for less than 15 years of service. If non-service connected, retirement pension, subject to a minimum equal to 25% of Final Average Pay. This minimum is reduced by earnings if less than 15 years of service at time of disability. If service connected, pension equals 50% of final annual pay (regular 20 year pension for Firefighters) if 15 years of service, with reductions for earnings if less than 15 years of service. If at least 20 years of service, pension equals retirement pension.

10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act. Retirement Pension using Final Average Pay for last 10 years (with offset for Worker's Compensation benefits if service-related disability), subject to a minimum pension of \$10 monthly (non-service connected), or \$30 (service connected). If the disability is service connected, benefit not less than 50% of the reduction in earnings with offset for Worker's Compensation benefits. For service connected disability, the maximum benefit is 2/3 of 10 year final average pay less Worker's Compensation and Social Security benefits. For non-service connected disability, the maximum is 2/3 of 10 year final average pay less Social Security benefits, or 1-2/3% of the reduction in income times years of service.

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

PROVISIONS FOR:

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.)

POLICE OFFICERS AND FIREFIGHTERS

Firefighters and Sworn Police Officers hired before July 1, 1999: 8%.
Sworn Police Officers hired after June 30, 1999: 6.5%.
Non-Sworn Police Officers: 4% on earnings taxed for Social Security and 7% on excess.
Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.

BOARD OF EDUCATION MEMBERS

4% on earnings taxed for Social Security and 7% on excess. For HESP, 9% and 12% (was 8.41% and 11.41%), respectively. For HSSSA, 8.75% and 11.75%, respectively. For HFSHP 10.14% and 13.14%, respectively.
For Local 818, 5.2% up to Social Security Wage Base and 8.2% of the excess. If hired on or after March 1, 2007, 7.1% and 10.1%, respectively.

MUNICIPAL SERVICES & LIBRARY MEMBERS

For Library and Nonbargaining, 4% on earnings taxed by Social Security and 7% on excess if 5 year Final Average Pay option elected. With 2 year option, 5% and 8%, respectively.
For MLA, HMEA hired after July 1, 2003, and CHPEA hired after June 30, 2003, 5% on earnings taxed by Social Security and 8% on excess. For CHPEA hired on or before June 30, 2003, 6.5% and 9.5%, respectively. For HMEA hired before July 1, 2003, 7.8% on all earnings.
For SCGA, 3% on earnings taxed by Social Security and 6% on excess.

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 on or before June 23, 2003, HFSHP, Local 818 hired prior to March 1, 2007, HSSSA, HESP, Non-bargaining (including Assistant Police Chief, Police Chief, Assistant Fire Chief, and Fire Chief), Non-Sworn Police Officers, and MLA hired prior to July 1, 2006	2.50%
Other (including CHPEA members hired after June 23, 2003, HMEA members hired prior to July 1, 2003, MLA hired on or after July 1, 2006, and Local 818 hired on or after March 1, 2007)	2.00%

Note 4 All members (other than Sworn Police Officers hired after July 1, 1999, all Board of Education members, CHPEA hired after June 23, 2003, HMEA hired on or after July 1, 2003, Library, SCG and MLA hired on or after July 1, 2006) 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. 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.