City of Birmingham Retirement and Relief System

Actuarial Valuation and Review as of July 1, 2010

SEGAL

SEGAL

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June 30, 2011

Board of Managers
City of Birmingham Retirement and Relief System
710 North 20th Street, GA 100 City Hall
Birmingham, Alabama 35203-2216

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of July 1, 2010. It summarizes the actuarial data used in the valuation, establishes the funding requirements for the 2010-2011 fiscal year and analyzes the preceding year's experience.

The census information on which our calculations were based was prepared by the City and the financial information was provided by the City's Finance Department. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of Deborah K. Brigham, FCA, ASA, MAAA, Enrolled Actuary. Ms. Brigham meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board of Managers are reasonably related to the experience of and the expectations for the Plan.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

THE SEGAL COMPANY

By:

Leon F. (Rocky) Joyner, Jr., FCA, ASA, MAAA, EA
Vice President and Consulting Actuary

Deborah K. Brigham

Deborah K. Brigham, FCA, ASA, MAAA, EA
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SECTION 1

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SECTION 2

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Purpose

This report has been prepared by The Segal Company to present a valuation of the City of Birmingham Retirement and Relief System as of July 1, 2010. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

The benefit provisions of the Pension Plan, as administered by the Board of Managers;

The characteristics of covered active participants, inactive vested participants, and retired participants and beneficiaries as of July 1, 2010, provided by the City;

The assets of the Plan as of June 30, 2010, provided by the City's Finance Department;

Economic assumptions regarding future salary increases and investment earnings; and

Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Significant Issues in Valuation Year

1. The recommended contribution for the upcoming year is $36,295,581, or 18.78% of payroll. This is a decrease of 3.86% of pay from the 22.64% recommended amount last year. The decrease is primarily due to: (1) modifications to the Extraordinary disability benefit provision and (2) changes in actuarial assumptions and methods. The normal cost, for benefits allocated to the current year, declined from 14.87% of pay last year to 12.42% in this valuation, which is now slightly less than the contribution rate.
2. The City is expected to continue to contribute 6.50% of pay, and members are expected to contribute 6.50%. **City and employee contributions combined are thus 13.00% of payroll, producing an expected deficit of 5.78% when compared to the recommended contribution of 18.78%.** It is presumed throughout this report that the employees are responsible for an equal share of the cost of the Plan. However, the City is ultimately responsible for Plan funding if employee contributions remain at their current level.
3. The calculated rate of 18.78% is based on a 30-year level percent-of-pay amortization of the unfunded actuarial accrued liability. Since the statutory contributions are significantly less than the recommended amount, the unfunded liability is not being amortized. To be in compliance with GASB standards, contributions should be at a level sufficient to amortize the unfunded liability in 30 years or less.
4. Twenty-year projections have been provided to the Board separately. These projections indicate that, if the actual contributions to the System remain at 13.00% and all assumptions are met in the aggregate, actuarially recommended

contributions will steadily increase, and the GASB funded percentage will decrease. Assets are expected to increase during the projection period, indicating that the System is expected to be able to meet its benefit obligations.

5. The following assumptions and methods were recommended in the five-year experience study for the period ended June 30, 2010, and were adopted by the Board earlier this year:

   - The method used to amortize the unfunded actuarial accrued liability was changed from a level dollar amortization to a level percentage-of-payroll amount, assuming a payroll growth rate of 3.00%.
   - The inflation component of the salary scale was lowered from 3.50% per year to 3.00% per year.
   - The salary scale assumption for General Employees was modified slightly, with lower rates beginning at age 46 and leveling off at 3.00% at age 60. (No changes were made to the salary scale for Public Safety employees.)
   - The administrative expense assumption was increased from $200,000 to $250,000.
   - The mortality table for non-disabled participants was changed from the 1983 Group Annuity Mortality Table to the RP-2000 combined Healthy Mortality Table, with ages set forward two years for both males and females.
   - The mortality table for disabled lives was changed from the 1983 Group Annuity Mortality Table with a 10-year set-forward to the RP-2000 Disabled Retiree Mortality Table, with rates multiplied by 70%.
   - Turnover rates for General Employees were increased for the first five years of employment, while the age-based rates for periods of service greater than five years were lowered. Turnover rates for Public Safety personnel were decreased for the first five years of employment, while the age-based rates for periods of service greater than five years were increased.
   - The assumed disability rates for General Employees were lowered from 150% to 130% of the OASDI table. The assumed disability rates were decreased by one-third for Firefighters and by two-thirds for Police Officers.
   - Retirement rates were modified to more accurately reflect observed retirement patterns for all groups.
   - The percentage married assumption was changed from the 1972 Social Security Awards table to a flat 80%.

6. The following changes to the Extraordinary (on-the-job) disability benefit were included for the first time with this valuation:

   - The Plan's disability benefit is now offset by the maximum Worker's Compensation benefit.
   - The minimum monthly benefit of $400 has been removed.

   In conjunction with these plan changes, the on-the-job disability assumption was changed from 30% to 50% of all disabilities for General Employees, and from 90% to 100% of all disabilities for Public Safety Employees.

7. As shown in Exhibit V of Section 4, the Net Pension Obligation is $5,006,770 as of June 30, 2010. This is the first year the System has had a Net Pension Obligation rather than a Net Pension Asset. The Net Pension Asset was $2,902,759 in the prior valuation. The balance decreased by $7,909,529 due to employer contributions less than the recommended contribution.

8. The investment rate of return on an actuarial basis for the year ended June 30, 2010 was 4.12%. Since the rate of return was less than the assumed rate of 7.00% per year, there was an actuarial investment loss amounting to $25,766,940. The return on market value basis was 11.68%.

9. As indicated in Section 2, Subsection B of this report, the total unrecognized investment loss as of June 30, 2010 is $101,879,685. This investment loss will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years, to the extent it is not offset by recognition of investment gains derived from future experience. This implies that earning the assumed rate of investment return of 7.00% per year (net of expenses) on a **market value** basis will result in investment losses on the actuarial value of assets in the next few years. Therefore, if the actual market return is equal to the assumed 7.00% rate and all other actuarial assumptions are met, the contribution requirements will still increase in each of the next few years. To illustrate the effect of the net unrecognized investment losses, if the current year's actuarial value were equal to the current market value of assets, the plan's recommended contribution would increase from $36,295,581 (18.78% of pay) to $42,094,712 (21.78% of pay).

10. The GASB Schedule of Funding Progress, provided in Exhibit III of Section 4, shows that the funded ratio has declined from 84.08% as of July 1, 2009 to 82.01% as of July 1, 2010. If the actuarial value of assets were equal to market value, the funded ratio would decrease from 82.01% to 72.86%.

11. The actuarial valuation report as of July 1, 2010 is based on financial information as of that date. Changes in the value of assets subsequent to that date are not reflected.

12. The audited financial information received states all results rounded to the nearest thousand. The results in this valuation are shown to the dollar. Therefore, occasionally rounded numbers are combined with unrounded ones.

13. The City provided an early retirement incentive, or window, in the Fall of 2010 that is not reflected in this actuarial valuation report. The impact of the window on the Retirement and Relief System will be included in the July 2011 valuation.

Summary of Key Valuation Results

	2010	2009
Contributions for plan year beginning July 1:		
Recommended contribution	$36,295,581	$42,237,820
Recommended contribution as a percentage of payroll	18.78%	22.64%
Actual contributions (employer and employee)	- -	25,121,647
Funding elements for plan year beginning July 1:		
Normal cost, including administrative expenses	$23,999,465	$27,734,855
Market value of assets	811,198,139	758,974,327
Actuarial value of assets	913,077,824	910,769,192
Actuarial accrued liability	1,113,441,433	1,083,256,135
Unfunded actuarial accrued liability	200,363,609	172,486,943
GASB 25/27 for plan year beginning July 1:		
Annual required employer contributions (ARC)*	$18,147,791	$21,118,910
Actual employer contributions	- -	13,224,808
Percentage of ARC contributed	- -	62.62%
Funded ratio	82.01%	84.08%
Covered payroll	$193,229,880	$186,523,480
Demographic data for plan year beginning July 1:		
Number of retired participants and beneficiaries	2,555	2,516
Number of vested former participants**	232	211
Number of active participants	4,073	4,017
Total payroll	$193,229,880	$186,523,480
Average payroll	47,442	46,434

* *Presumes that the employees are responsible for an equal share of the cost of the Plan. If employee contribution rates are not increased, the City is ultimately responsible for the funding of the Plan.*

** *Includes future pensioners currently receiving benefits from the Supplemental System.*

A. PARTICIPANT DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered participants, including active participants, vested terminated participants, retired participants and beneficiaries.

This section presents a summary of significant statistical data on these participant groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the participant population has changed over the past ten valuations can be seen in this chart.

CHART 1

Participant Population: June 30, 2001 – June 30, 2010

Year Ended June 30	Active Participants	Vested Terminated Participants*	Retired Participants and Beneficiaries	Ratio of Non-Actives to Actives
2001	4,081	244	1,906	0.53
2002	3,878	212	2,017	0.57
2003	3,867	196	2,095	0.59
2004	3,915	177	2,158	0.60
2005	3,802	231	2,239	0.65
2006	3,782	204	2,255	0.65
2007	3,760	211	2,352	0.68
2008	3,782	205	2,464	0.71
2009	4,017	211	2,516	0.68
2010	4,073	232	2,555	0.68

**Includes future pensioners currently receiving benefits from the Supplemental System.*

Active Participants

Plan costs are affected by the age, years of service and payroll of active participants. In this year's valuation, there were 4,073 active participants with an average age of 44.7, average years of service of 11.9 years and average payroll of $47,442. The 4,017 active participants in the prior valuation had an average age of 44.5, average service of 11.6 years and average payroll of $46,434.

Inactive Participants

In this year's valuation, there were 232 participants with a vested right to a deferred or immediate vested benefit. This includes 203 individuals currently receiving benefits from the Firemen's and Policemen's Supplemental Pension System.

These graphs show a distribution of active participants by age and by years of service.

CHART 2

Distribution of Active Participants by Age as of June 30, 2010

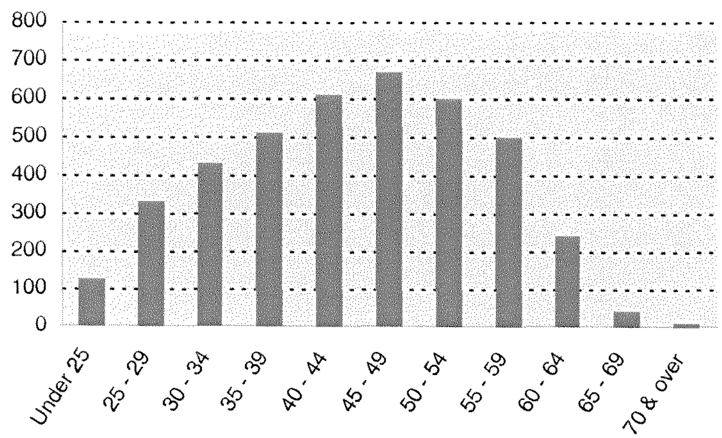
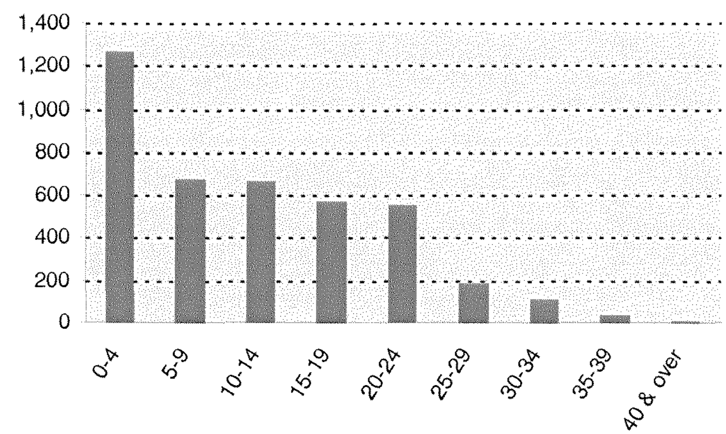


CHART 3

Distribution of Active Participants by Years of Service as of June 30, 2010



Retired Participants and Beneficiaries

As of June 30, 2010, 2,071 retired participants and 484 beneficiaries were receiving total monthly benefits of $4,669,598. For comparison, in the previous valuation, there were 2,040 retired participants and 476 beneficiaries receiving monthly benefits of $4,519,036.

These graphs show a distribution of the current retired participants and beneficiaries based on their monthly amount and age, by type of pension.

Minor
Spouse
Extraordinary Disability
Disability
Normal/Early

CHART 4

Distribution of Retired Participants and Beneficiaries by Type and by Monthly Amount as of June 30, 2010

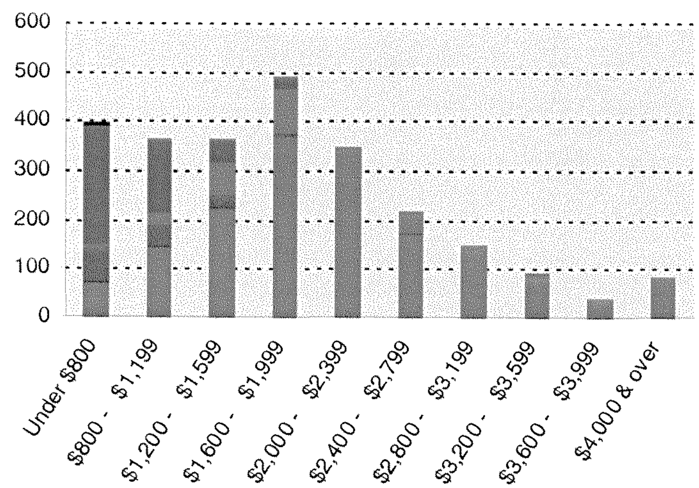
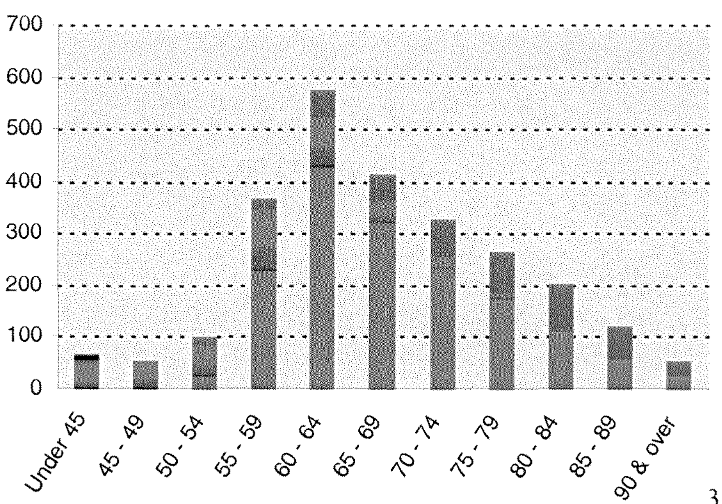


CHART 5

Distribution of Retired Participants and Beneficiaries by Type and by Age as of June 30, 2010



B. FINANCIAL INFORMATION

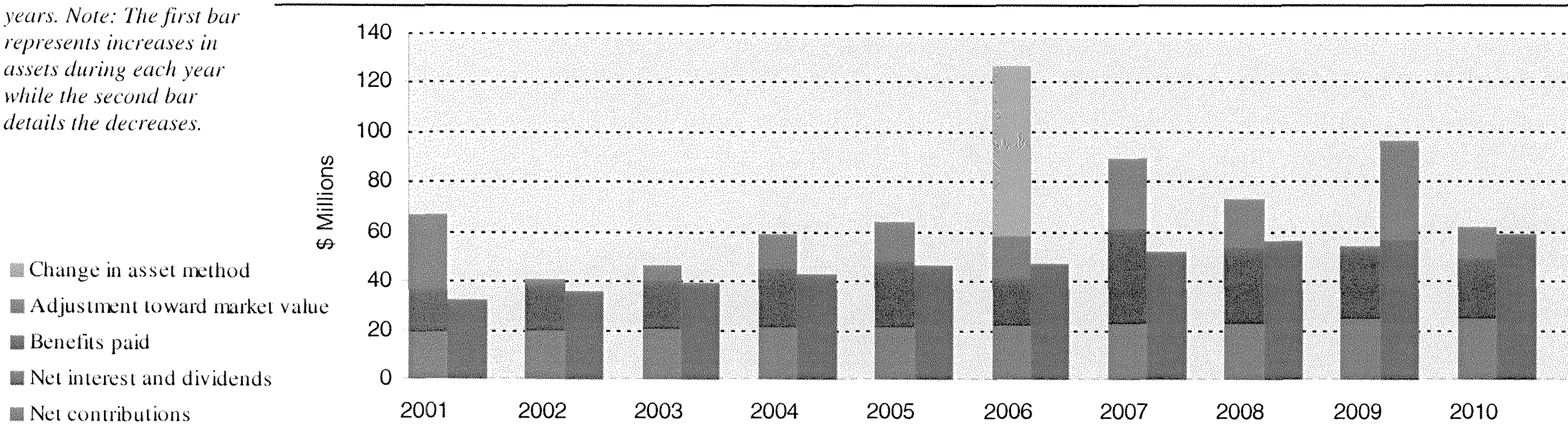
Retirement plan funding anticipates that, over the long term, both net contributions (less administrative expenses) and net investment earnings (less investment fees) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D, E and F.

The chart depicts the components of changes in the actuarial value of assets over the last ten years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2001 – 2010



It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Managers has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The chart shows the determination of the actuarial value of assets as of the valuation date.

CHART 7

Determination of Actuarial Value of Assets for Year Ended June 30, 2010

1. Market value of assets, June 30, 2010			$811,198,139
	Original	Unrecognized	
2. Calculation of unrecognized return	Amount*	Return**	
(a) Year ended June 30, 2010	$34,773,881	$27,819,105	
(b) Year ended June 30, 2009	-158,009,276	-94,805,566	
(c) Year ended June 30, 2008	-99,455,194	-39,782,078	
(d) Year ended June 30, 2007	24,444,268	4,888,854	
(e) Total unrecognized return			-101,879,685
3. Preliminary actuarial value: (1) - (2e)			913,077,824
4. Adjustment to be within 20% corridor			0
5. Final actuarial value of assets as of June 30, 2010: (3) + (4)			$913,077,824
6. Actuarial value as a percentage of market value: (5) ÷ (1)			112.6%
7. Amount deferred for future recognition: (1) – (5)			-101,879,685

* *Total return minus expected return on a market value basis*

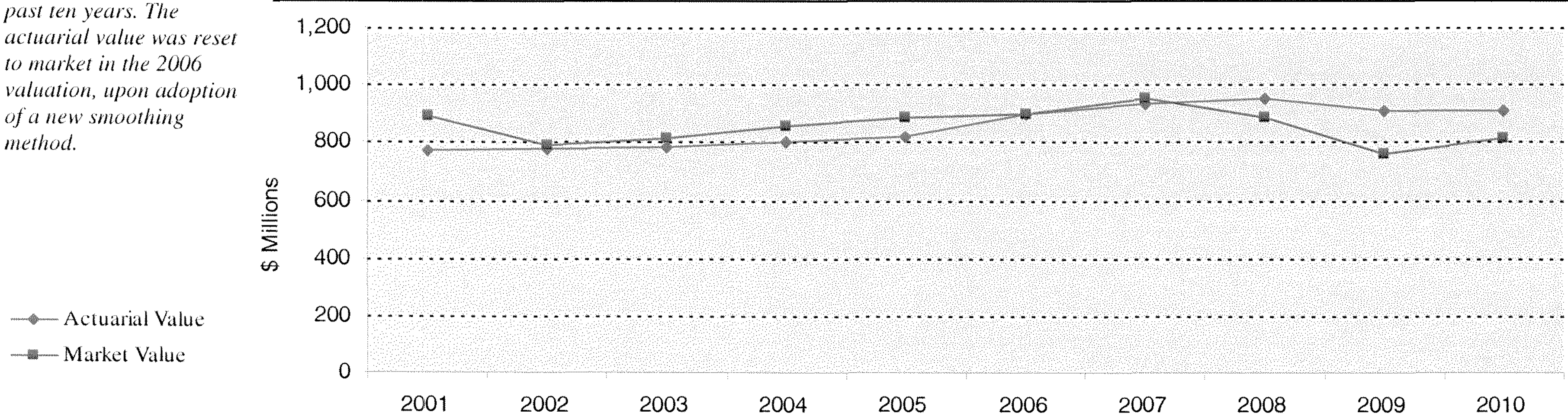
** *Recognition at 20% per year over five years*

Both the actuarial value and market value of assets are representations of the System's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the System's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in the actuarial value of assets versus the market value over the past ten years. The actuarial value was reset to market in the 2006 valuation, upon adoption of a new smoothing method.

CHART 8

Actuarial Value of Assets vs. Market Value of Assets as of June 30, 2001 – 2010



C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total loss is $34,247,486, including a loss of $25,766,940 from investments and a loss of $8,480,546 from all other sources. The net experience variation from individual sources other than investments was 0.7% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 9

Actuarial Experience for Year Ended June 30, 2010

1.	Net loss from investments*	-$25,766,940
2.	Net loss from administrative expenses	-65,254
3.	Net loss from other experience	-8,415,292
4.	Net experience loss: (1) + (2) + (3)	-$34,247,486

** Details in Chart 10*

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the System's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 7.00%. The actual rate of return on an actuarial basis for the 2009-2010 plan year was 4.12%.

Since the actual return for the year was less than the assumed return, the System experienced an actuarial loss during the year ended June 30, 2010 with regard to its investments.

This chart shows the calculation of the loss due to investment experience.

CHART 10

Actuarial Value Investment Experience for Year Ended June 30, 2010

1.	Actual return	$36,877,809
2.	Average value of assets	894,924,986
3.	Actual rate of return: (1) ÷ (2)	4.12%
4.	Assumed rate of return	7.00%
5.	Expected return: (2) x (4)	$62,644,749
6.	Actuarial loss: (1) – (5)	-$25,766,940

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last ten years, including five-year and ten-year averages.

We have maintained the assumed rate of return of 7.00%. However, the investment allocation has recently been changed to provide greater diversification of assets, and we will monitor the Plan's experience to determine if a higher assumed rate of return is warranted.

CHART 11

Investment Return – Actuarial Value vs. Market Value: 2001 - 2010

	Net Interest and Dividend Income		Recognition of Capital Appreciation		Change in Asset Method		Actuarial Value Investment Return		Market Value Investment Return	
Year Ended June 30	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
2001	$17,874,740	2.44%	$29,849,535	4.07%	- -	- -	$47,724,275	6.51%	-$17,602,046	-1.92%
2002	18,574,794	2.42	2,263,863	0.30	- -	- -	20,838,657	2.72	-89,504,028	-10.11
2003	19,852,229	2.58	6,370,511	0.83	- -	- -	26,222,740	3.41	42,649,330	5.48
2004	23,403,588	3.02	14,220,308	1.83	- -	- -	37,623,896	4.85	69,023,086	8.61
2005	27,114,712	3.43	16,148,066	2.04	- -	- -	43,262,778	5.48	50,973,808	6.02
2006	19,901,991	2.46	17,031,771	2.11	$68,127,085	8.44%	105,060,847	13.01	40,468,583	4.64
2007	38,017,026	4.34	28,826,146	3.25	- -	- -	66,843,172	7.55	86,398,586	9.76
2008	30,863,174	3.35	19,934,937	2.17	- -	- -	50,798,111	5.52	-33,654,898	-3.58
2009	29,426,568	3.14	-39,403,205	-4.20	- -	- -	-9,976,637	-1.06	-96,873,908	-11.09
2010	24,452,410	2.73	12,425,399	1.39	- -	- -	36,877,809	4.12	86,792,989	11.68
Total	$249,481,232		$107,667,331		$68,127,085		$425,275,648		$138,671,502	
							Five-year average return	5.61%		1.93%
							Ten-year average return	5.14%		1.62%

Note: Each year's yield is weighted by the average asset value in that year.

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

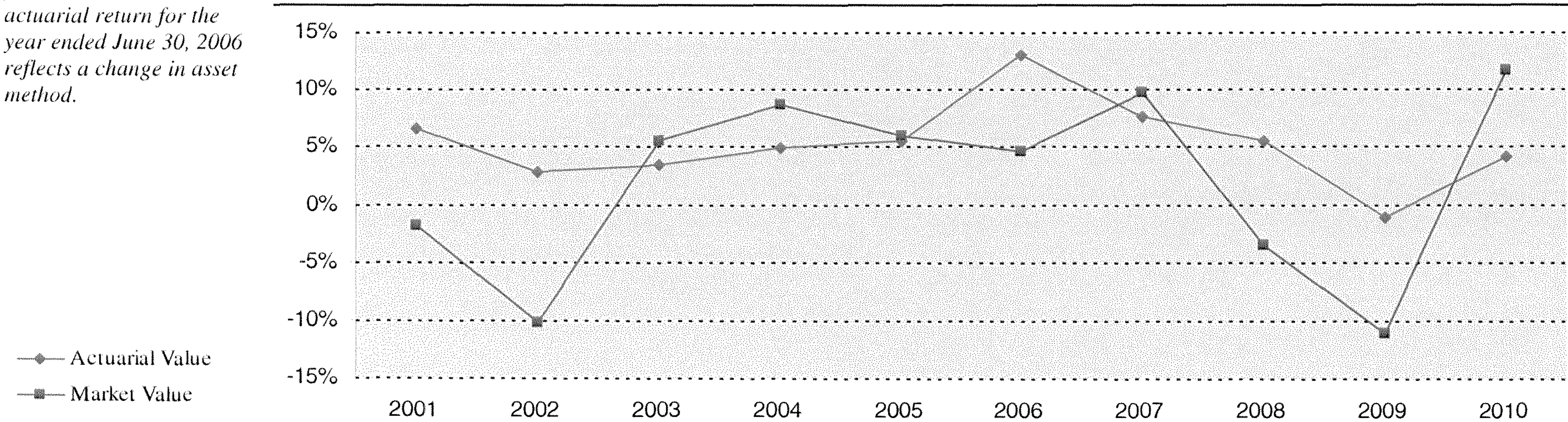
Administrative Expenses

Administrative expenses for the year. ended June 30, 2010 totaled $263,250 compared to the assumption of $200,000. This resulted in a loss of $65,254 for the year. We have changed the assumption from $200,000 to $250,000 for the current year.

This chart illustrates how this leveling effect has actually worked over the years 2001 - 2010. The actuarial return for the year ended June 30, 2006 reflects a change in asset method.

CHART 12

Market and Actuarial Rates of Return for Years Ended June 30, 2001 - 2010



Other Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net loss from this other experience for the year ended June 30, 2010 amounted to $8,415,291, which is 0.7% of the actuarial accrued liability. When compared to the actuarial accrued liability of $1,135,635,000 prior to assumption and plan changes, this experience variation was not significant.

Assumption Changes

Following a comprehensive experience study completed in 2011 for the five-year period ending June 30, 2010, changes were made in the mortality, disability, turnover, retirement, salary, expense, inflation and percent married assumptions. These changes are outlined in Section 1, and in Exhibit VI of Section 4.

D. RECOMMENDED CONTRIBUTION

The amount of annual contribution required to fund the System is comprised of a normal cost payment and a payment on the unfunded actuarial accrued liability. This total amount is then divided by the total payroll for active members to determine the funding rate of 18.78% of payroll.

The recommended contribution is based on a rolling 30-year amortization of the unfunded actuarial accrued liability as a level percent of pay, assuming a payroll growth of 3.00%. (The 2009 contribution was based on level dollar amortization.) Expected contributions for the year are $25,119,884, or 13.00% of payroll, which leaves a deficit of 5.78% of payroll. A higher contribution will be required to fund this System on an ongoing basis.

The chart compares this valuation's recommended contribution with the prior valuation.

CHART 13

Recommended Contribution

	Year Beginning July 1			
	2010		2009	
	Amount	% of Payroll	Amount	% of Payroll
1. Normal cost*	$23,758,416	12.30%	$27,542,015	14.77%
2. Administrative expenses	241,049	0.12%	192,840	0.10%
3. Employer normal cost: (1) + (2)	$23,999,465	12.42%	$27,734,855	14.87%
4. Actuarial accrued liability	1,113,441,433		1,083,256,135	
5. Actuarial value of assets	913,077,824		910,769,192	
6. Unfunded actuarial accrued liability: (4) - (5)	$200,363,609		$172,486,943	
7. Payment on unfunded actuarial accrued liability	10,996,646	5.69%	12,990,750	6.96%
8. Total recommended contribution: (3) + (7), adjusted for timing**	$36,295,581	18.78%	$42,237,820	22.64%
9. Total payroll	$193,229,880		$186,523,480	

* *Including net obligations from the Supplemental System of -$1,602,882 for July 1, 2010 and -$1,613,894 for July 1, 2009 (-$1,662,400 and -$1,673,800 adjusted for timing).*

** *Recommended contributions are assumed to be paid at the beginning of every month.*

The recommended contribution as of July 1, 2010 is based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Contribution

The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation.

The chart reconciles the contribution from the prior valuation to the amount determined in this valuation.

CHART 14

Reconciliation of Recommended Contribution from July 1, 2009 to July 1, 2010

Recommended Contribution as of July 1, 2009	$42,237,820
Effect of plan amendment	-7,875,661
Effect of change in amortization methodology, from level dollar to level percent-of-pay	-4,245,619
Effect of investment loss	2,034,215
Effect of other gains and losses on accrued liability	669,511
Effect of contributions less than recommended contribution	1,393,312
Effect of maintaining a 30-year rolling amortization period	-186,006
Effect of change in administrative expense assumption	50,000
Effect of changes in other actuarial assumptions	1,200,950
Net effect of other changes	1,017,059
Total change	-$5,942,239
Recommended Contribution as of July 1, 2010	$36,295,581

E. INFORMATION REQUIRED BY THE GASB

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to the GASB is the historical comparison of the GASB required contribution to the actual contributions. This comparison demonstrates whether a plan is being funded within the range of GASB reporting requirements. Chart 15 below presents a graphical representation of this information for the Plan.

The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the plan as calculated under GASB standards. High ratios indicate a well-funded plan with assets sufficient to pay most benefits. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors.

Although the GASB requires that the actuarial value of assets be used to determine the funded ratio, Chart 16 shows the funded ratio calculated using both the actuarial value of assets and the market value of assets.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits II, III, and IV.

These graphs show key GASB factors.

CHART 15

Required Versus Actual Contributions

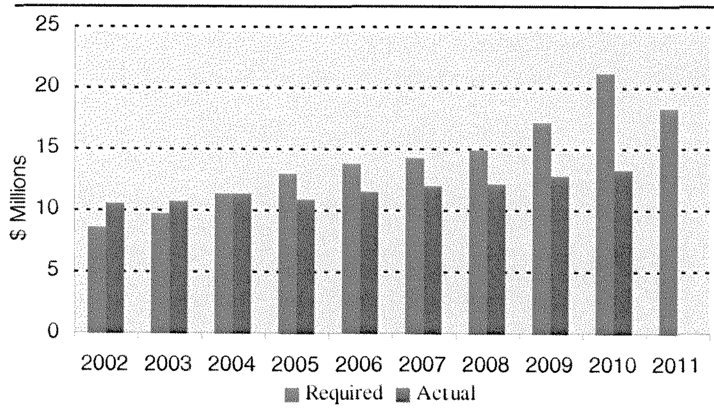


CHART 16

Funded Ratio

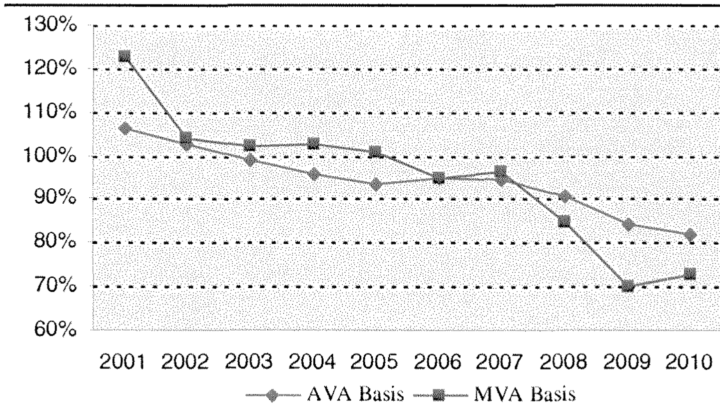


EXHIBIT A

Table of Plan Coverage

Category	Year Ended June 30: 2010	Year Ended June 30: 2009	Change From Prior Year
Active participants in valuation:			
Number	4,073	4,017	1.4%
Average age	44.7	44.5	N/A
Average years of service	11.9	11.6	N/A
Total payroll	$193,229,880	$186,523,480	3.6%
Average payroll	47,442	46,434	2.2%
Account balances	113,595,709	107,677,762	5.5%
Total active vested participants	2,809	2,804	0.2%
Vested terminated participants*	232	211	10.0%
Retired participants:			
Number in pay status	1,596	1,573	1.5%
Average age	68.5	68.0	N/A
Average monthly benefit	$2,183	$2,147	1.7%
Disabled participants:			
Number in pay status	475	467	1.7%
Average age	58.2	57.8	N/A
Average monthly benefit	$1,603	$1,565	2.4%
Beneficiaries in pay status			
Number in pay status	484	476	1.7%
Average age	75.0	74.8	N/A
Average monthly benefit	$877	$861	1.9%

* *Includes future pensioners currently receiving benefits from the Supplemental System.*

EXHIBIT B

Participants in Active Service as of June 30, 2010
By Age, Years of Service, and Average Payroll

		Years of Service								
Age	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	125	125	- -	- -	- -	- -	- -	- -	- -	- -
	$33,118	$33,118	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	331	277	54	- -	- -	- -	- -	- -	- -	- -
	36,440	35,416	$41,697	- -	- -	- -	- -	- -	- -	- -
30 - 34	430	243	135	49	3	- -	- -	- -	- -	- -
	39,301	35,601	42,590	$49,058	$31,620	- -	- -	- -	- -	- -
35 - 39	508	174	139	148	46	1	- -	- -	- -	- -
	46,303	37,348	46,155	54,312	54,992	$40,191	- -	- -	- -	- -
40 - 44	611	137	104	155	172	43	- -	- -	- -	- -
	49,003	36,448	44,938	51,540	56,944	57,927	- -	- -	- -	- -
45 - 49	669	123	80	118	148	175	24	1	- -	- -
	50,322	38,788	43,791	49,184	54,151	58,293	$55,462	$40,491	- -	- -
50 - 54	599	86	79	86	115	135	72	26	- -	- -
	50,504	37,541	42,847	46,955	52,346	54,068	66,586	57,192	- -	- -
55 - 59	502	66	54	69	62	122	61	54	14	- -
	51,802	36,490	45,832	47,840	50,850	54,177	62,816	63,258	$57,896	- -
60 - 64	241	21	27	30	23	63	28	28	19	2
	57,746	48,592	48,595	45,855	49,693	53,740	65,908	65,847	98,226	$62,363
65 - 69	44	11	6	8	4	7	5	1	- -	2
	49,052	32,872	49,547	49,779	64,487	57,105	41,789	82,694	- -	75,935
70 & over	13	1	1	3	- -	4	1	1	- -	2
	51,495	25,355	27,174	57,735	- -	52,579	40,491	35,062	- -	78,919
Total	4,073	1,264	679	666	573	550	191	111	33	6
	$47,442	$36,320	$44,315	$50,331	$54,113	$55,703	$63,099	$62,206	$81,116	$72,405

EXHIBIT C

Reconciliation of Participant Data

	Active Participants	Vested Former Participants	Fire and Police Retirees	Disableds	Retired Participants	Beneficiaries	Total
Number as of July 1, 2009	4,017	28	183	467	1,573	476	6,744
New participants	275	N/A	0	N/A	N/A	N/A	275
Terminations with vested rights	-6	6	0	0	0	0	0
Lump sum payoffs	-105	0	0	0	0	0	-105
Retirements	-85	-5	21	N/A	69	N/A	0
New disabilities	-19	0	0	20	-1	N/A	0
Deaths	-5	0	0	-12	-48	-27	-92
New beneficiaries	0	0	0	0	0	36	36
Certain period expired	N/A	N/A	0	0	0	-1	-1
Data adjustments	1	0	0	0	2	0	3
Retirees transferring from supplemental plan	0	0	-1	0	1	0	0
Number as of July 1, 2010	4,073	29	203	475	1,596	484	6,860

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2010		Year Ended June 30, 2009	
Contribution income:				
Employer contributions	$13,224,808		$12,770,110	
Employee contributions	11,896,839		12,433,019	
Less administrative expenses	-263,250		-245,261	
Net contribution income		$24,858,397		$24,957,868
Other income		17,000		11,000
Investment income:				
Interest, dividends and securities lending	$27,245,853		$31,635,827	
Recognition of capital appreciation	12,425,399		-39,403,205	
Less investment fees	-2,793,443		-2,209,259	
Net investment income		36,877,809		-9,976,637
Total income available for benefits		$61,753,206		$14,992,231
Less benefit payments:				
Benefits	-$58,536,098		-$56,716,794	
Refunds	-908,476		-585,915	
Net benefit payments		-$59,444,574		-$57,302,709
Change in reserve for future benefits		$2,308,632		-$42,310,478

Note: A portion of the Retirement and Relief System's assets is allocated to the Health Department. The above summary excludes the Health Department portion.

EXHIBIT E

Table of Financial Information

	Year Ended June 30, 2010		Year Ended June 30, 2009	
Cash equivalents		$29,933,398		-$26,502,132
Accounts receivable:				
Employee loans	$10,929,645		$10,528,959	
Accrued interest and dividends	5,149,620		4,472,173	
Employee contributions	$0		$34,470	
Total accounts receivable		16,079,265		15,035,602
Investments:				
Debt securities	$383,056,676		$392,507,283	
Corporate stock	383,073,422		378,409,253	
Total investments at market value		766,130,098		770,916,536
Total assets		$812,142,761		$759,450,006
Less accounts payable		-$944,622		-$475,679
Net assets at market value		$811,198,139		$758,974,327
Net assets at actuarial value		$913,077,824		$910,769,192

EXHIBIT F

Development of the Fund Through June 30, 2010

Year Ended June 30	Employer Contributions	Employee Contributions	Other Income	Net Investment Return*	Administrative Expenses	Benefit Payments	Actuarial Value of Assets at End of Year
2001	$10,151,206	$8,999,970	$26,000	$47,724,275	$102,900	$32,242,930	$773,453,461
2002	10,537,461	9,521,128	31,000	20,838,657	92,000	35,684,461	778,605,246
2003	10,697,621	9,845,626	59,000	26,222,740	105,000	39,678,777	785,646,456
2004	11,347,715	10,373,268	24,000	37,623,896	292,000	43,111,069	801,612,266
2005	10,881,632	10,210,996	79,000	43,262,778	211,000	46,668,936	819,166,736
2006	11,398,732	10,522,586	36,000	105,060,847**	160,000	47,353,888	898,671,013
2007	12,006,508	10,707,106	16,000	66,843,172	180,000	52,242,705	935,821,094
2008	12,061,584	10,604,722	1,000	50,798,110	183,375	56,023,465	953,079,670
2009	12,770,110	12,433,019	11,000	-9,976,637	245,261	57,302,709	910,769,192
2010	13,224,808	11,896,839	17,000	36,877,809	263,250	59,444,574	913,077,824

* *Net of investment fees*
** *Includes effect of change in asset method.*

EXHIBIT G

Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2010

1. Unfunded actuarial accrued liability at beginning of year		$172,486,943
2. Normal cost at beginning of year		27,734,855
3. Total contributions		-25,121,647
4. Interest		
(a) For whole year on (1) + (2)	$14,015,526	
(b) Monthly on (3)	-805,987	
(c) Total interest		13,209,539
5. Expected unfunded actuarial accrued liability		$188,309,690
6. Changes due to:		
(a) Experience loss	$34,247,486	
(b) Assumptions	3,633,217	
(c) Plan provisions	-25,826,784	
(d) Total changes		12,053,919
7. Unfunded actuarial accrued liability at end of year		$200,363,609

EXHIBIT H
Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions: The estimates on which the cost of the Plan is calculated including:

(a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;

(b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;

(c) Retirement rates — the rate or probability of retirement at a given age;

(d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost: The amount of contributions required to fund the benefit allocated to the current year of service.

Actuarial Accrued Liability For Actives: The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial Accrued Liability For Pensioners: The single-sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded Actuarial Accrued Liability: The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

Amortization of the Unfunded Actuarial Accrued Liability: Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.

Investment Return: The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

EXHIBIT I

Comparative Summary of Principal Valuation Results

	Year Ended June 30, 2010			
	New Plan New Assumptions	New Plan Old Assumptions	Old Plan Old Assumptions	Year Ended June 30, 2009
Participant data				
Active members	4,073	4,073	4,073	4,017
Total annual payroll	$193,229,880	$193,229,880	$193,229,880	$186,523,480
Retired members and beneficiaries	2,555	2,555	2,555	2,516
Total annualized benefit	$56,035,176	$56,035,176	$56,035,176	$54,228,439
Terminated vested members	29	29	29	28
Total annualized benefit	$427,743	$427,743	$427,743	$458,665
Future pensioners current receiving benefits from Supplemental System	203	203	203	183
Total annualized benefit	$7,535,565	$7,535,565	$7,535,565	$6,698,832
Actuarial value of assets	$913,077,824	$913,077,824	$913,077,824	$910,769,192
Actuarial accrued liability:				
Active members:	$511,642,018	$492,503,476	$518,330,260	$486,565,781
Terminated vested members	3,745,098	3,836,969	3,836,969	4,115,575
Retired members and beneficiaries	537,831,207	552,276,563	552,276,563	540,061,825
Future pensioners current receiving benefits from Supplemental System	60,223,110	61,191,208	61,191,208	52,513,014
Total	$1,113,441,433	$1,109,808,216	$1,135,635,000	$1,083,256,135
Unfunded actuarial accrued liability	$200,363,609	$196,730,392	$222,557,176	$172,486,943

EXHIBIT I

Summary of Actuarial Valuation Results as of July 1, 2010

The valuation was made with respect to the following data supplied to us:		
1. Retired participants as of the valuation date (including 484 beneficiaries in pay status)		2,555
2. Participants inactive during year ended June 30, 2010 with vested rights (including 203 future pensioners currently receiving benefits from the Supplemental System)		232
3. Participants active during the year ended June 30, 2010		4,073
Fully vested	2,809	
Not vested	1,264	
The actuarial factors as of the valuation date are as follows:		
1. Normal cost, including administrative expenses		$23,999,465
2. Actuarial accrued liability		1,113,441,433
Retired participants and beneficiaries	$537,831,207	
Inactive participants with vested rights	63,968,208	
Active participants	511,642,018	
3. Actuarial value of assets ($811,198,139 at market value as reported by the City)		913,077,824
4. Unfunded actuarial accrued liability		$200,363,609
The determination of the recommended contribution is as follows:		
1. Normal cost		$23,758,416
2. Administrative expenses		241,049
3. Total normal cost: (1) + (2)		23,999,465
4. Payment on unfunded actuarial accrued liability		10,996,646
5. Total recommended contribution: (3) + (4), adjusted for timing		$36,295,581
6. Total payroll		$193,229,880
7. Total recommended contribution as a percentage of total payroll: (5) ÷ (6)		18.78%

EXHIBIT II

Supplementary Information Required by the GASB – Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2005	$12,875,198	$10,881,632	84.5%
2006	13,742,543	11,398,732	82.9%
2007	14,173,353	12,006,508	84.7%
2008	14,818,900	12,061,584	81.4%
2009	17,050,689	12,770,110	74.9%
2010	21,118,910	13,224,808	62.6%
2011	18,147,791	--	--

EXHIBIT III

Supplementary Information Required by the GASB – 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 Percentage of Covered Payroll* [(b) - (a)] / (c)
07/01/2005	$819,166,736	$875,792,038	$56,625,302	93.53%	$158,898,488	35.64%
07/01/2006	898,671,013	946,584,547	47,913,534	94.94%	162,849,137	29.42%
07/01/2007	935,821,094	992,864,448	57,043,354	94.25%	167,807,596	33.99%
07/01/2008	953,079,670	1,050,785,799	97,706,129	90.70%	174,113,556	56.12%
07/01/2009	910,769,192	1,083,256,135	172,486,943	84.08%	186,523,480	92.47%
07/01/2010	913,077,824	1,113,441,433	200,363,609	82.01%	193,229,880	103.69%

* *Not less than zero*

EXHIBIT IV

Supplementary Information Required by the GASB

Valuation date	July 1, 2010
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll, assuming 3.00% per year increase
Remaining amortization period	Rolling 30 years
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases:	
Inflation	3.00%
Merit, longevity, etc.	Varies from 0.00% to 4.50% for General Employees Varies from 0.50% to 6.50% for Public Safety
Plan membership:	
Retired participants and beneficiaries receiving benefits	2,555
Terminated participants entitled to, but not yet receiving benefits*	232
Active participants	4,073
Total	6,860

* *Includes 203 future pensioners currently receiving benefits from the Supplemental System.*

EXHIBIT V

Development of the Net Pension Obligation (NPO) and the Annual Pension Cost Pursuant to GASB 27

Plan Year Ended June 30	Employer Annual Required Contribution (a)	Employer Amount Contributed (b)	Interest on NPO* (h) x 7.00% (c)	ARC Adjustment (h)/(e) (d)	Amortization Factor (e)	Pension Cost (a) + (c) – (d) (f)	Change in NPO (f) – (b) (g)	NPO Balance NPO + (g) (h)
2005	$12,875,198	$10,881,632	-$1,299,835	-$2,035,605	8.5140	$13,610,968	$2,729,336	-$14,601,802
2006	13,742,543	11,398,732	-1,095,135	-1,150,095	12.6962	13,797,503	2,398,771	-12,203,031
2007	14,173,353	12,006,508	-915,227	-919,064	13.2777	14,177,190	2,170,682	-10,032,349
2008	14,818,900	12,061,584	-702,264	-755,580	13.2777	14,872,216	2,810,632	-7,221,717
2009	17,050,689	12,770,110	-505,520	-543,899	13.2777	17,089,068	4,318,958	-2,902,759
2010	21,118,910	13,224,808	-203,193	-218,620	13.2777	21,134,337	7,909,529	5,006,770

* *Interest was 7.50% prior to the year ended June 30, 2007.*

EXHIBIT VI

Actuarial Assumptions and Actuarial Cost Method

Mortality Rates:

Healthy: RP-2000 Combined Healthy Mortality Table, set forward 2 years for both males and females

Disabled: RP-2000 Disabled Retiree Mortality Table, multiplied by 70%

Termination Rates Before Retirement:

	Rate (%)							
	Mortality		Disability			Withdrawal		
Age	Male	Female	General	Fire	Police	General*	Fire**	Police***
20	0.04	0.02	0.08	0.12	0.06	4.89	3.79	6.65
25	0.04	0.02	0.11	0.17	0.09	4.76	2.69	4.73
30	0.06	0.04	0.14	0.22	0.11	4.56	2.07	3.63
35	0.09	0.06	0.19	0.29	0.15	4.23	1.59	2.80
40	0.12	0.09	0.29	0.44	0.22	3.77	1.20	2.11
45	0.17	0.13	0.47	0.72	0.36	3.18	0.82	1.43
50	0.27	0.20	0.79	1.21	0.61	2.23	0.40	0.70
55	0.47	0.35	1.31	2.02	1.01	0.85	0.00	0.00
60	0.88	0.67	2.12	3.25	1.63	0.08	0.00	0.00

* *Withdrawal rates shown for General Employees are multiplied by 2.50 during the first five years of employment.*

** *Withdrawal rates shown for Firefighters are multiplied by 1.75 during the first five years of employment.*

*** *Withdrawal rates shown for Police Officers are multiplied by 1.70 during the first five years of employment.*

Retirement Rates:

Fire and Police employees are assumed to retire on a Retirement and Relief pension in accordance with the following rates:

Fire		Police	
Years of Service	Rate	Years of Service	Rate
20	10%	20	45%
21-25	5	21	20
26	25	22-25	5
27-28	8	26	15
29	60	27	20
30	10	28	15
31-32	0	29	50
33	40	30	30
34	20	31-32	0
35	100	33	45
		34	25
		35	100

General employees are assumed to retire, after meeting the service requirements, in accordance with the following rates:

Age	Rate*
Under 50	0%
50-54	15
55-59	8
60	15
61	20
62	40
63-64	20
65	40
66-74	25
Over 74	100

* *General Employee rates are decreased by 75% when employee has 31-32 years of service. The rate is increased to 150% of the rate shown when employee reaches 33 years of service.*

Retirement Age for Inactive Vested Participants:	60
Unknown Data for Participants:	Same as those exhibited by Participants with similar known characteristics. If not specified, Participants are assumed to be male.
Percent Married:	80%
Age of Spouse:	Females 3 years younger than males
On the Job Disability:	
General	50%
Fire and Police	100%
On the Job Death:	
General	5%
Fire and Police	15%
Net Investment Return:	7.00%
Salary Scale:	

	Annual Increase Rate (%)	
Age	General	Fire and Police
20	7.50	9.50
25	6.75	7.60
30	6.00	6.20
35	5.50	5.10
40	5.00	4.50
45	4.50	4.00
50	4.00	4.00
55	3.50	4.00
60	3.00	4.00

Includes allowance for inflation of 3.00% per year.

Administrative Expenses:	$250,000, payable monthly, equivalent to $241,049 at the beginning of the year.
Actuarial Value of Assets:	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Actuarial Cost Method:	Entry Age Normal Actuarial Cost Method. Entry Age is the age at the time the participant would have commenced employment if the plan had always been in existence. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by service, with Normal Cost determined as if the current benefit accrual rate had always been in effect. Actuarial Liability is allocated by salary.
Change in Assumptions:	As recommended in the July 1, 2005 – June 30, 2010 experience study, and subsequently adopted by the Board, the following assumptions have changed: ➢ The inflation component of the salary scale was lowered from 3.50% per year to 3.00% per year. ➢ The salary scale assumption for General Employees was modified slightly, with lower rates beginning at age 46 and leveling off at 3.00% at age 60. (No changes were made to the salary scale for Public Safety employees.) ➢ The administrative expense assumption was increased from $200,000 to $250,000. ➢ The mortality table for non-disabled participants was changed from the 1983 Group Annuity Mortality Table to the RP-2000 combined Healthy Mortality Table, with ages set forward two years for both males and females. ➢ The mortality table for disabled lives was changed from the 1983 Group Annuity Mortality Table with a 10-year set-forward to the RP-2000 Disabled Retiree Mortality Table, with rates multiplied by 70%. ➢ Turnover rates for General Employees were increased for the first five years of employment, while the age-based rates for periods of service greater than five years were lowered. Turnover rates for Public Safety personnel were decreased

for the first five years of employment, while the age-based rates for periods of service greater than five years were increased.

- The assumed disability rates for General Employees were lowered from 150% to 130% of the OASDI table. The assumed disability rates were decreased by one-third for Firefighters and by two-thirds for Police Officers.
- Retirement rates were modified to more accurately reflect observed retirement patterns for all groups.
- The percentage married assumption was changed from the 1972 Social Security Awards table to a flat 80%.

In conjunction with the change in the Extraordinary disability benefit, the following assumption was changed:

- The on-the-job disability assumption was changed from 30% to 50% of all disabilities for General Employees, and from 90% to 100% of all disabilities for Public Safety Employees.

Change in Method: The following change in methodology was implemented in this valuation:

- The method used to amortize the unfunded actuarial accrued liability was changed from a level dollar amortization to a level percentage-of-payroll amount, assuming a payroll growth rate of 3.00%.

EXHIBIT VII
Summary of Plan Provisions

This exhibit summarizes the major provisions of the System included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year:	July 1 through June 30
Normal Pension:	
Eligibility	A participant may retire at (a) age 60 if he has completed 5 years of credited service, or (b) any age if he has completed 30 years of credited service.
Amount:	2.50% of final average salary for each year of credited service. This amount cannot be greater than 75.0% of the final average salary nor less than $400 per month. Service credit used to determine the benefit amount may be increased by credit granted for unused sick leave (on a percent of possible total basis). Final average salary is defined as the highest average compensation over any 36-month period of the employee's last ten years of participation.
Early Retirement Pension:	
Eligibility	A City participant may retire at age 55 if he has completed 25 years of credited service.
Amount	1.85% of final average salary for each year of credited service.

Disability:

Ordinary

Service Requirement	5 years credited service.
Amount	2.00% of final average salary at disability for each year of credited service, payable immediately. This amount cannot be greater than 60% of final average salary nor less than $400.

Extraordinary

Service Requirement	None
Amount	70% of final monthly salary at disability, offset by the maximum Worker's Compensation benefit, payable immediately.

Termination:

To a participant terminating before becoming eligible for a vested deferred pension from the plan, a lump sum of his or her own contributions without interest is payable.

Participants terminating after 5 years of actual service who leave their contributions in the System Fund have a non-forfeitable right to a monthly pension beginning at age 60. The form and amount of the pension are the same as the normal pension.

Death Benefits:

If a participant dies prior to his or her attainment of eligibility for retirement, a lump sum of his or her own contributions without interest is payable to his or her beneficiary.

If an active participant who is eligible to retire or a retired participant dies, 60% of the accrued pension benefit is payable to the surviving spouse, if any, during his or her remaining lifetime. If an active participant (other than a participant of the Firemen and Policemen Supplemental System) who is not eligible to retire, but who has completed 5 years of service dies, a portion of 60% of the accrued pension benefit is payable to the spouse during her remaining lifetime. This portion is defined as follows:

Number of Years of Service	Portion of Entitled Benefit
5	50%
6	60
7	70
8	80
9	90
10 or more	100

This benefit is payable at the earlier of (a) the date that the deceased participant would have attained age 60 or (b) the date the deceased participant would have completed 20 years of service. In lieu of the above, for all participants, an annuity of 60% of salary is payable to the surviving spouse and 10% is payable to a minor child if death is service connected; the maximum for spouse and children is 75% and the maximum for children if no spouse is 60%. The minimum spouse benefit is $320 per month.

Back-DROP: An employee with 33 years of service or who is at least age 63 with 23 years of service may elect up to a 36-month Back-DROP. The employee's monthly benefit will be calculated using service and final average salary as of the Back-DROP date and the employee will receive a lump sum equal to the number of months dropped back times the retirement benefit, accumulated with interest.

Participation: All qualified employees of the Retirement and Relief System are required to participate.

Contributions: The City and the City employees each contribute 6.50% of compensation for the year.

Changes in Plan Provisions:

The following changes to the Extraordinary (on-the-job) disability benefit were included for the first time with this valuation:

- The Plan's disability benefit is now offset by the maximum Worker's Compensation benefit.
- The minimum monthly benefit of $400 has been removed.

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