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May 14, 2009

Mr. Charles M. Laird, Director
Anchorage Police and Fire Retirement System
3600 Dr. MLK Jr. Ave., Suite 207
Anchorage, Alaska 99507

Re: 2009 Actuary's Report

Dear Chuck:

Enclosed are thirty copies of the 2009 Actuary's Report for the Anchorage Police and Fire Retirement System. Please distribute copies of the report to the members of the Board and other interested parties.

If you have any questions, please let me know.

Sincerely,

Mark O. Johnson, FSA, MAAA
Consulting Actuary

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ANCHORAGE POLICE AND FIRE
RETIREMENT SYSTEM

ACTUARY'S REPORT
(As of January 1, 2009)

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May 14, 2009

Retirement Board
Anchorage Police and Fire Retirement System
3600 Dr. MLK Jr. Ave., Suite 207
Anchorage, Alaska 99507

Dear Members of the Board:

At your request, we have completed an actuarial valuation of the Anchorage Police and Fire Retirement System as of January 1, 2009. Our findings are discussed in Section 1.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the System's staff. This information includes, but is not limited to, statutory provisions, and employee data. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. We also relied on the financial statements supplied by the BNY Mellon which have not yet been audited. The asset information appears to be reasonable for the purpose of this report. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Actuarial Standards of Practice promulgated by the Actuarial Standards Board and the applicable Guides to Professional Conduct, amplifying Opinions, and supporting Recommendations of the American Academy of Actuaries.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the System. The calculations in the enclosed report have been made on a basis consistent with our understanding of the System's funding requirements and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

All assumptions have been selected by the Board and should represent a best estimate of anticipated experience under the Plan. A thorough examination of all of the methods and assumptions was last performed for the 2007 Experience Analysis. For the 2009 valuation, we have used all of the actuarial assumptions recommended in the 2007 Experience Analysis. Although we believe these assumptions to be reasonable, the emerging costs will vary from those presented in this report to the extent that actual experience differs from that projected by the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Milliman's work product was prepared exclusively for the Anchorage Police and Fire Retirement System for a specific and limited purpose. It is a complex, technical analysis that assumes a high level of knowledge concerning the System's operations, and uses the System's data, which Milliman has not audited. It is not for the use or benefit of any third party for any purpose. Any third party recipient of Milliman's work product who desires professional guidance should not rely upon Milliman's work product, but should engage qualified professionals for advice appropriate to its own specific needs.

Any distribution of the enclosed report must be in its entirety including this cover letter, unless prior written consent is obtained from Milliman.

We respectfully submit the following report, and we look forward to discussing it with you. We are consulting actuaries for Milliman, Inc. We are members of the American Academy of Actuaries. The actuaries who completed this valuation meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

Mark O. Johnson, FSA, MAAA	Peter R. Sturdivan, FSA, EA, MAAA
Consulting Actuary	Principal and Consulting Actuary

MOJ/PRS:wp

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SECTION 1
DISCUSSION OF THE FINDINGS

SCOPE OF THE REPORT

This report presents the results of the Actuarial Valuation of the Anchorage Police and Fire Retirement System as of January 1, 2009. The last Actuarial Valuation of the System was performed as of January 1, 2008.

The purpose of this actuarial valuation is to analyze the resources needed to meet the current and future obligations of the three Plans.

A summary of the findings and an analysis of the funding level are presented in this Section. Tables 1 though 6 of Section 2 document the calculations that led to our findings.

All of the calculations were carried out using certain assumptions as to the future experience in matters affecting the actuarial cost. Section 3 summarizes these assumptions and describes the actuarial methods used to calculate costs.

Section 4 outlines the provisions of each Plan that were used in this report. The membership data included in this valuation is summarized in Section 5.

Section 6 shows the allocation of the various Reserves as of December 31, 2008.

We have utilized the Pension Administration System database to generate the census for this valuation. We performed a significant amount of review to ensure the accuracy of the data, including tests for reasonableness and consistency. We believe the data was sufficient and reliable for the purposes of our calculations.

The tables on this and the next few pages summarize the census data. The first table is a reconciliation of the members' change in status for the year.

	Plan I	Plan II	Plan III	System
Total on January 1, 2008	**212**	**124**	**437**	**773**
Active Members				
Total on January 1, 2008	3	9	93	105
Reinstatements	-	-	-	-
Vested Terminations	-	-	-	-
Service Retirements	-	(4)	(18)	(22)
Disability Retirements	-	-	-	-
Deaths with Survivor	-	-	-	-
Deaths w/o Survivor	-	-	-	-
Total on January 1, 2009	3	5	75	83
Police Officers	*1*	*4*	*45*	*50*
Firefighters	*2*	*1*	*30*	*33*
Terminated Members				
Total on January 1, 2008	-	1	10	11
Reinstatements	-	-	-	-
New Terminations	-	-	-	-
Retirements	-	-	-	-
Total on January 1, 2009	-	1	10	11
Service Retirees				
Total on January 1, 2008	103	73	278	454
Adjustment to Count	-	-	-	-
Service Retirements	-	4	18	22
Occ. Disability Conversions	(2)	-	-	(2)
Deaths with Survivor	-	-	(1)	(1)
Deaths w/o Survivor	-	-	(1)	(1)
Total on January 1, 2009	101	77	294	472
Non-Occupational Disability Retirees				
Total on January 1, 2008	13	8	8	29
Adjustment to Count	-	-	-	-
Non-Occ. Disability Retirements	-	-	-	-
Occ. Disability Conversions	-	-	-	-
Deaths with Survivor	-	-	(1)	(1)
Deaths w/o Survivor	-	-	-	-
Total on January 1, 2009	13	8	7	28

Occupational Disability Retirees				
Total on January 1, 2008	55	24	22	101
Adjustment to Count	-	-	-	-
Occ. Disability Retirements	-	-	-	-
Occ. Disability Conversions	2	-	-	2
Deaths with Survivor	(1)	-	(1)	(2)
Deaths w/o Survivor	-	-	-	-
Total on January 1, 2009	56	24	21	101
Survivors				
Total on January 1, 2008	38	9	12	59
Adjustment to Count	-	-	-	-
Deaths with Survivor	1	-	3	4
Deaths w/o Survivor	(1)	(1)	-	(2)
Total on January 1, 2009	38	8	15	61
Children's Benefits				
Total on January 1, 2008	-	-	14	14
Adjustment to Count	-	-	-	-
Benefits Started	-	-	-	-
Benefits Ended	-	-	(2)	(2)
Total on January 1, 2009	-	-	12	12
Total on January 1, 2009	**211**	**123**	**434**	**768**

The next tables show the number of Alternate Payees and Installment Option Annuitants currently being paid. Note we have not included them in the previous table.

	Plan I	Plan II	Plan III	System
Alternate Payees (not included above)				
Total on January 1, 2008	19	3	34	56
QDROs Established	2	1	-	3
QDROs Terminated	-	-	(2)	(2)
Total on January 1, 2009	21	4	32	57

	Plan I	Plan II	Plan III	System
Installment Option Annuitants (not included above)				
Total on January 1, 2008	-	2	-	2
Adjustment to Count	-	-	-	-
Deaths	-	(1)	-	(1)
Total on January 1, 2009	-	1	-	1

The key demographic characteristics of the active members are shown in the next table.

	Plan I	Plan II	Plan III
January 1, 2008			
Average Salary	$110,261	$115,219	$86,902
Average Age	58.3	51.6	46.6
Average Years Employed	35.0	25.0	17.5
January 1, 2009			
Average Salary	$115,462	$120,649	$90,267
Average Age	59.3	51.8	47.6
Average Years Employed	36.0	24.8	18.4
Changes for the Year			
Average Salary	4.7%	4.7%	3.9%
Average Salary increase for Members active in both valuations	4.7%	(3.3)%	3.9%
Average Age	1.0 yr.	0.2 yr.	1.0 yr.
Average Years Employed	1.0 yr.	(0.2) yr.	0.9 yr.

The following table shows the distribution of active members by age and years of service.

Age Group	Years of Service by Age						Total
	< 10	10-14	15-19	20-24	25-29	30 +	
Plan I							
30-34							0
35-39							0
40-44							0
45-49							0
50-54							0
55-59						2	2
60 & up						1	1
Total	**0**	**0**	**0**	**0**	**0**	**3**	**3**
Plan II							
30-34							0
35-39							0
40-44							0
45-49					1		1
50-54			1		2		3
55-59					1		1
60 & up							0
Total	**0**	**0**	**1**	**0**	**4**	**0**	**5**
Plan III							
30-34							0
35-39			2				2
40-44			20				20
45-49			29	3			32
50-54			9	1	1		11
55-59			1	2	3		6
60 & up			2		1		3
Total	**0**	**0**	**63**	**6**	**5**	**0**	**74***

** Excludes one member on leave without pay.*

ACTUARIAL METHODS AND ASSUMPTIONS

The actuarial methods and assumptions have been chosen on the basis of experience of the Plans and on current expectations as to future economic conditions. The assumptions are intended to estimate the future experience of the members of the Plans and of the Plans themselves in areas that impact projected benefits and anticipated investment earnings. Variations in future experience from that expected by the assumptions may result in corresponding changes in the estimated liabilities for future benefits, or the expected assets available to fund them.

A thorough examination of all of the methods and assumptions was last performed for the 2007 Experience Analysis. For the 2009 valuation, Milliman has used all assumptions and methods as stated in the 2007 Experience Analysis.

ACTUARIAL METHODS

Actuarial Cost Method: Modified Aggregate Actuarial Cost Method

Valuation Assets: Fair Market Value of Assets

ACTUARIAL ASSUMPTIONS

Economic Assumptions:

Investment Return: 8% per year, net of all investment and administrative expenses

Interest on Member Accounts Balances: 4% per year

Inflation: 3.0% per year, so that Plan III retirement allowances will increase at the rate of 0.75% per year after the 20th anniversary of hire, and 1.50% after the 25th anniversary.

Future Salary Growth: 3.5% per year

Demographic Assumptions:

The following assumptions were developed to reflect the emerging experience of each Plan:

- **Mortality** (before and after retirement)
- **Service Retirement**
- **Disablement** (Occupational and Non-Occupational)
- **Other Terminations of Membership**
- **Cause of Death**

DETERMINATION OF THE PROJECTED LIABILITY

All future benefit payments from the System are projected for current members and beneficiaries. The level of benefits currently being paid is known, but assumptions are needed to estimate how long they will be paid, and the amount and timing of the payment of future benefits for active and inactive members who are not currently receiving payments. The summation of the discounted values to the valuation date, at the valuation interest rate, of the projected benefit payments for all current members and benefit recipients is called the Projected Liability.

($000)	Plan I	Plan II	Plan III	System
January 1, 2008				
Active Members				
Retirement Benefits	$ 3,247	$ 6,493	$ 45,591	$ 55,330
Disability Benefits	0	936	2,735	3,671
Death Benefits	0	66	598	664
Termination Benefits	0	12	21	33
Active Members	$ 3,247	$ 7,507	$ 48,945	$ 59,698
Inactive Members				
Service Retirees	$ 54,462	$ 41,559	$ 143,331	$ 239,352
Disabled Members	24,647	14,226	11,760	50,633
Surviving Beneficiaries	11,729	4,569	9,484	25,782
Terminated Members	0	236	1,974	2,210
Inactive Members	$ 90,838	$ 60,590	$ 166,549	$ 317,977
Total Projected Liability	**$ 94,085**	**$ 68,097**	**$ 215,494**	**$ 377,675**
January 1, 2009				
Active Members				
Retirement Benefits	$ 3,420	$ 3,950	$ 39,995	$ 47,365
Disability Benefits	0	475	1,984	2,459
Death Benefits	0	30	509	539
Termination Benefits	0	9	0	9
Active Members	$ 3,420	$ 4,464	$ 42,488	$ 50,372
Inactive Members				
Service Retirees	$ 52,858	$ 44,601	$ 152,795	$ 250,254
Disabled Members	24,522	14,064	11,039	49,625
Surviving Beneficiaries	12,318	4,266	10,109	26,693
Terminated Members	0	255	2,136	2,391
Inactive Members	$ 89,698	$ 63,186	$ 176,079	$ 328,963
Total Projected Liability	**$ 93,118**	**$ 67,650**	**$ 218,567**	**$ 379,335**

DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS

The next step in the actuarial process is to calculate the Actuarial Value of Assets that will be used to determine the Funding Status of each Plan. The table below shows the Fair Market Value of Assets for each Plan as reported to us by the System's staff from reports generated from the BNY Mellon database. Although not final audited figures, we believe this information is sufficient for purposes of this report.

2008 Activity ($000)	Plan I	Plan II	Plan III	System
Actual Earnings				
Beginning Balance at BNY Mellon	$ 106,988	$ 74,765	$ 232,051	$ 413,804
Net Investment Income	(27,934)	(19,630)	(61,685)	(109,249)
Contributions – Municipality	0	0	0	0
Contributions – Members	0	0	0	0
Regular Benefit Payments	(8,469)	(5,486)	(13,015)	(26,970)
Ending Balance at BNY Mellon	**$ 70,585**	**$ 49,649**	**$ 157,351**	**$ 277,585**
Estimated Rate of Return (net of all expenses)	***(27.19)%***	***(27.26)%***	***(27.35)%***	***(27.29)%***
Expected Earnings				
Beginning Balance at BNY Mellon	$ 106,988	$ 74,765	$ 232,051	$ 413,804
Net Investment Income 8%	8,220	5,762	18,044	32,026
Contributions – Municipality	0	0	0	0
Contributions – Members	0	0	0	0
Regular Benefit Payments	(8,469)	(5,486)	(13,015)	(26,970)
Ending Balance at BNY Mellon	**$ 106,739**	**$ 75,041**	**$ 237,080**	**$ 418,860**
Investment Gain (Loss)	**$ (36,154)**	**$ (25,392)**	**$ (79,729)**	**$ (141,275)**

Surplus Benefit Accounts: We have excluded the Trust assets held in the Surplus Benefit Accounts from this valuation unless an installment option payout was elected by the member.

Estimated Rate of Return: The estimated return of -27% was calculated assuming uniform cash flows throughout the year. In addition, these returns represent earnings after all investment and administrative expenses. The System's investment advisor generally presents gross rates of return before expenses.

FUNDED STATUS

The Funded Status is the difference between the Projected Liability and the Actuarial Value of Assets. The Funded Ratio is equal to the Value of Assets divided by the Projected Liability. The following chart shows the Funded Status of the System as of January 1, 2008, and 2009. As previously noted, the assets and liabilities exclude the individual supplemental accounts unless being paid under an installment option.

($000)	Plan I	Plan II	Plan III	System
January 1, 2008				
Projected Liability	$ 94,085	$ 68,097	$ 215,494	$ 377,675
Actuarial Value of Assets	106,988	74,765	232,051	413,804
Funded Status	$ (12,903)	$ (6,668)	$ (16,557)	$ (36,128)
Funded Ratio	***114%***	***110%***	***108%***	***110%***
January 1, 2009				
Projected Liability	$ 93,118	$ 67,650	$ 218,567	$ 379,335
Actuarial Value of Assets	70,585	49,649	157,351	277,585
Funded Status	$ 22,533	$ 18,001	$ 61,216	$ 101,750
Funded Ratio	***76%***	***73%***	***72%***	***73%***

As of January 1, 2008, Plans I, II, and III each had an Actuarial Surplus. As of January 1, 2009, each of the three Plans had a significant Unfunded Projected Liability, due solely to the unprecedented unfavorable investment performance over the last year. The recent history of the Funded Ratio for all three plans is shown below.

Funded Ratio	Plan I	Plan II	Plan III
January 1, 1999	180%	164%	127%
January 1, 2000	193%	174%	135%
January 1, 2001	126%	122%	116%
January 1, 2002	110%	109%	103%
January 1, 2003	93%	92%	86%
January 1, 2004	108%	103%	98%
January 1, 2005	112%	107%	104%
January 1, 2006	112%	108%	103%
January 1, 2007 *	116%	112%	110%
January 1, 2008	114%	110%	108%
January 1, 2009	76%	73%	72%

ACTUARIAL GAINS AND LOSSES

Actuarial gains are produced from experience that emerged more favorably than we assumed in the previous valuation. On the other hand, actuarial losses are produced from experience that emerged less favorably than we assumed. The most important of these gains and losses are shown below and described in the paragraphs that follow.

($000)	Plan I	Plan II	Plan III	System
Actuarial (Gains) and Losses				
Funded Status January, 2008	$ (12,903)	$ (6,668)	$ (16,557)	$ (36,128)
Expected Funded Status January, 2009	$ (13,934)	$ (7,201)	$ (17,882)	$ (39,017)
Actual Funded Status January, 2009	$ 22,533	$ 18,001	$ 61,216	$ 101,750
Actuarial (Gains) and Losses	$ 36,467	$ 25,202	$ 79,098	$ 140,767
(Gains) and Losses by Source				
All Liability Experience (Gain) or Loss	$ 313	$ (190)	$ (631)	$ (508)
As a percent of 2009 Liabilities	*0.3%*	*(0.3)%*	*(0.3)%*	*(0.1)%*
Investment Return (Gain) or Loss	$ 36,154	$ 25,392	$ 79,729	$ 141,275
As a percent of 2009 Assets	*51.2%*	*51.1%*	*50.7%*	*50.9%*
Total Actuarial (Gains) and Losses	$ 36,467	$ 25,202	$ 79,098	$ 140,767

- **Investment Return:** The actual investment return for 2008 was about -27% as calculated from the BNY Mellon financial statements. These were unprecedented losses due to investment performance. We estimated the dollar amount of the losses based on a uniform timing of the cash flow, and have historically shown the loss as a percentage of the end of year assets. The investment loss as a percentage of the beginning of the year assets was -34%, which is approximately the difference between the return of -27% and the expected return of +8%.

- **Demographic & Economic Experience:** The gains and losses due to all non-investment experience during 2008 were relatively minor as a percentage of the expected Projected Liability. This is an indication that the actuarial assumptions are reasonable in the aggregate.

CALCULATION OF RECOMMENDED CONTRIBUTIONS

The Retirement Board has adopted an actuarial method that allows for the amortization of gains and losses past the expected working life of the active members. The Governmental Accounting Standards Board recognizes this situation for mature closed groups and allows an amortization of gains and losses over a fixed period of years.

The Retirement Board adopted a Modified Aggregate Actuarial Cost Method designed to produce stable contribution patterns. The Unfunded Projected Liability, if any, and future actuarial gains and losses will be amortized as a level dollar amount over a fixed 15-year period beginning one year after the valuation date.

The Projected Liabilities for all three Plans exceeded the Actuarial Value of Assets on January 1, 2009. Therefore, member and Municipality contributions are due for 2010. The following table summarizes the calculations if this method adopted in 2003 for the 2004 contributions is used in the future.

The Board has the authority to change this method at its discretion.

	($000)	Plan I	Plan II	Plan III
(1)	Projected Liability	$ 93,118	$ 67,650	$ 218,567
(2)	Actuarial Value of Assets	70,585	49,649	157,351
(3)	Unfunded Projected Liability (2) – (1)	$ 22,533	$ 18,001	$ 61,216
(4)	Expected 2009 Contribution discounted to 1/1/2009 at 8.00% interest	0	0	0
(5)	Remaining Unfunded Projected Liability (3) – (4), but not less than zero	$ 22,533	$ 18,001	$ 61,216
(6)	Amortization Period	15 years	15 years	15 years
(7)	**Amortization Payment for 2010**	**$ 2,735**	**$ 2,185**	**$ 7,431**

Member contributions, if needed, are calculated to be 40% of the Municipality contributions (ratio of 2.5:1) subject to a maximum level of 6% of salary.

The following chart shows the determination of the expected member portion of the 2010 contribution. The remainder is payable by the Municipality of Anchorage.

	($000)	Plan I	Plan II	Plan III	Total
	Determination of Expected Member Share of 2010 Contributions				
(8)	Projected Payroll in 2010 *(based on current actuarial assumptions)*	$ 0	$ 382	$ 5,586	
(9)	Member Share (7) ÷ 3.5	$ 0	$ 624	$ 2,123	
(10)	Calculated Member Rate (9) ÷ (8)	n/a	163.13%	38.01%	
(11)	**Actual Member Rate** (subject to maximum; rounded down)	**n/a**	**6.00%**	**6.00%**	
(12)	Expected Member Share (8) x (11)	$ 0	$ 23	$ 335	
	Determination of Municipality Share of 2010 Contributions				
(13)	Total Contribution in 2010	$ 2,735	$ 2,185	$ 7,431	$ 12,351
(14)	Expected Member Share (12)	0	23	335	358
(15)	**Municipality Share** (13) – (14)	**$ 2,735**	**$ 2,162**	**$ 7,096**	**$ 11,993**

ALLOCATION OF RESERVES

The Retirement Board has established a procedure to allocate Actuarial Gains and Losses between the Benefit Enhancement Reserve and the Additional Contingency Reserve. The following is a description of each step used to determine the amount of the reserves as of the valuation date. This description, based on our current understanding of the procedures to calculate the allocation of reserves, represents a change in calculation method from our prior actuarial report.

1. Each Plan maintains a Contingency Reserve equal to 16% of the Projected Liability. Regardless of the experience that emerged during the previous year, the Contingency Reserve has first priority and will be funded each year at the 16% level.

2. The Surplus Assets are determined. Surplus Assets are equal to Plan Assets less the sum of the Projected Liability and the Contingency Reserve.

3. The Surplus Assets are allocated to the Additional Contingency Reserve (25%) and the Benefit Enhancement Reserve (75%).

The ending balances, including the distribution of the Surplus Assets to the Additional Contingency Reserve and the Benefit Enhancement Reserve, are summarized below.

($000)	Plan I	Plan II	Plan III	System Total
January 1, 2008				
Projected Liability	$ 94,085	$ 68,097	$ 215,494	$ 377,675
Actuarial Value of Assets	106,988	74,765	232,051	413,804
Unfunded Projected Liability	$ (12,903)	$ (6,668)	$ (16,557)	$ (36,128)
Contingency Reserve	$ 15,054	$ 10,896	$ 34,478	$ 60,428
Additional Contingency Reserve	(538)	(1,057)	(4,480)	(6,075)
Benefit Enhancement Reserve	(1,613)	(3,171)	(13,441)	(18,225)
Total Reserves	$ 12,903	$ 6,668	$ 16,557	$ 36,128
January 1, 2009				
Projected Liability	$ 93,118	$ 67,650	$ 218,567	$ 379,335
Actuarial Value of Assets	70,585	49,649	157,351	277,585
Unfunded Projected Liability	$ 22,533	$ 18,001	$ 61,216	$ 101,750
Contingency Reserve	$ 14,899	$ 10,824	$ 34,971	$ 60,694
Additional Contingency Reserve	(9,358)	(7,206)	(24,047)	(40,611)
Benefit Enhancement Reserve	(28,074)	(21,619)	(72,140)	(121,833)
Total Reserves	$ (22,533)	$ (18,001)	$ (61,216)	$ (101,750)

SECTION 2
ACTUARIAL VALUATION RESULTS

The following tables document the findings of the actuarial valuation.

TABLE 1	Actuarial Present Value of Projected Benefits
TABLE 2	Actuarial Value of Assets
TABLE 3	Actuarial Balance Sheet
TABLE 4	Determination of Contribution Rates
TABLE 5	Disclosure Information - GASB Statement No. 25
TABLE 6	Disclosure Information - GASB Statement No. 50

TABLE 1
ACTUARIAL PRESENT VALUE OF PROJECTED BENEFITS

		Plan I	Plan II	Plan III
Active Members				
(1)	Retirement Benefits	$ 3,420,359	$ 3,949,794	$ 39,995,047
(2)	Termination Benefits	0	9,271	0
(3)	Occupational Disability Benefits	0	417,954	1,731,083
(4)	Non-Occupational Disability Benefits	0	56,707	199,978
(5)	Occupational Death Benefits	0	25,491	391,730
(6)	Non-Occupational Death Benefits	0	4,780	95,706
(7)	Children's Benefit	0	0	74,299
(8)	Subtotal Present Value of Benefits	$ 3,420,359	$ 4,463,997	$ 42,487,843
Inactive Members				
(9)	Service Retirees	$ 52,857,937	$ 44,600,903	$ 152,795,391
(10)	Disabilities	24,522,224	14,064,112	11,038,393
(11)	Surviving Beneficiaries	12,317,250	4,265,634	10,109,227
(12)	Vested Terminations	0	255,292	2,135,854
(13)	Subtotal Present Value of Benefits	$ 89,697,411	$ 63,185,941	$ 176,078,865
(14)	**Total Present Value of Benefits (8) + (13)**	**$ 93,117,770**	**$ 67,649,938**	**$ 218,566,708**

TABLE 2
ACTUARIAL VALUE OF ASSETS

		Plan I	Plan II	Plan III
(1)	As Reported in Prior Valuation	$ 106,987,684	$ 74,765,422	$ 232,051,290
(2)	Net Investment Income	(27,934,132)	(19,629,693)	(61,685,414)
(3)	Contributions – Municipality	0	0	0
(4)	Contributions – Member	0	0	0
(5)	Benefit Distributions	(8,468,540)	(5,486,804)	(13,014,742)
(6)	**Ending Balance at BNY Mellon included in this Valuation**	**$ 70,585,012**	**$ 49,648,925**	**$ 157,351,134**

The table above shows the Fair Market Value of Assets for each Plan based on financial statements supplied by the BNY Mellon. Although not final audited figures, we believe this information is sufficient for purposes of this report.

TABLE 3
ACTUARIAL BALANCE SHEET

RESOURCES

		Plan I	Plan II	Plan III
(1)	Actuarial Value of Assets	$ 70,585,012	$ 49,648,925	$ 157,351,134
(2)	Actuarial Present Value of Future Contributions	22,532,758	18,001,013	61,215,574
(3)	**Total Resources**	**$ 93,117,770**	**$ 67,649,938**	**$ 218,566,708**

REQUIREMENTS

		Plan I	Plan II	Plan III
(4)	Actuarial Present Value of Projected Benefits			
	(a) Retired or Disabled Members and Beneficiaries	$ 89,697,411	$ 62,930,649	$ 173,943,011
	(b) Vested Terminated and Inactive Members	0	255,292	2,135,854
	(c) Active Members' Municipality-Provided Pension	3,028,691	3,976,507	40,134,865
	(d) Active Members' Contributions	391,668	487,490	2,352,978
(5)	**Total Requirements**	**$ 93,117,770**	**$ 67,649,938**	**$ 218,566,708**

TABLE 4
DETERMINATION OF CONTRIBUTION RATES

BASED ON 15-YEAR AMORTIZATION PERIOD

		Plan I	Plan II	Plan III
(1)	Actuarial Present Value of Benefits	$ 93,117,770	$ 67,649,938	$ 218,566,708
(2)	Actuarial Value of Assets	$ 70,585,012	$ 49,648,925	$ 157,351,134
(3)	Unfunded Projected Liability (1) – (2)	22,532,758	18,001,013	61,215,574
(4)	Expected 2009 Contributions, discounted to 1/1/2009 at 8% interest	$ 0	$ 0	$ 0
(5)	Remaining Unfunded Projected Liability (3) – (4)	22,532,758	18,001,013	61,215,574
(6)	Amortization Period	15 years	15 years	15 years
	One-Year Deferred Amortization Factor at 8% Interest *(present value of $1 per year for period)*	8.23840	8.23840	8.23840
(7)	**Total Annual Contribution for 2010** ((5) ÷ (6)) , but not less than zero	**$ 2,735,091**	**$ 2,185,015**	**$ 7,430,522**
	Determination of Member Portion			
(8)	Projected Payroll in 2010 *(based on current actuarial assumptions)*	0	382,699	5,585,916
(9)	Member Share (7) ÷ 3.5	0	624,290	2,123,006
(10)	Calculated Member Rate (9) ÷ (8)	N/A	163.13%	38.01%
(11)	**Actual Member Rate** *(subject to 6% maximum; rounded down)*	**N/A**	**6.00%**	**6.00%**
(12)	Expected Member Share (8) x (11)	$ 0	$ 22,962	$ 335,155
	Determination of Municipality Portion			
(13)	Total Contribution in 2010 (7)	2,735,091	2,185,015	7,430,522
(14)	Expected Member Share (12)	0	22,962	335,155
(15)	Municipality Share (13) – (14)	**$ 2,735,091**	**$ 2,162,053**	**$ 7,095,367**

TABLE 5
DISCLOSURE INFORMATION - GASB STATEMENT NO. 25

Plan I

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Dollar Amounts in Thousands)

Year Ending	Annual Required Contribution	Amount Contributed	Percentage Contributed
December 31, 1992	$ 0	$ 0	100%
December 31, 1993	0	0	100%
December 31, 1994	0	0	100%
December 31, 1995	0	0	100%
December 31, 1996	0	0	100%
December 31, 1997	0	0	100%
December 31, 1998	0	0	100%
December 31, 1999	0	0	100%
December 31, 2000	0	0	100%
December 31, 2001	0	0	100%
December 31, 2002	0	0	100%
December 31, 2003	0	0	100%
December 31, 2004	752	752	100%
December 31, 2005	0	0	100%
December 31, 2006	0	0	100%
December 31, 2007	0	0	100%
December 31, 2008	0	0	100%

The Municipality's contribution has been calculated in conformance with the provisions of GASB No. 27. Therefore, the contributions transmitted to the System in the year following the Actuarial Valuation are equal to the Annual Required Contribution (ARC), and there is no Net Pension Obligation (NPO) necessary to amortize any unmade contributions.

TABLE 5
DISCLOSURE INFORMATION - GASB STATEMENT NO. 25
(CONTINUED)

Plan II

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Dollar Amounts in Thousands)

Year Ending	Annual Required Contribution	Amount Contributed	Percentage Contributed
December 31, 1992	$ 698	$ 698	100%
December 31, 1993	237	237	100%
December 31, 1994	0	0	100%
December 31, 1995	0	0	100%
December 31, 1996	0	0	100%
December 31, 1997	0	0	100%
December 31, 1998	0	0	100%
December 31, 1999	0	0	100%
December 31, 2000	0	0	100%
December 31, 2001	0	0	100%
December 31, 2002	0	0	100%
December 31, 2003	0	0	100%
December 31, 2004	547	547	100%
December 31, 2005	0	0	100%
December 31, 2006	0	0	100%
December 31, 2007	0	0	100%
December 31, 2008	0	0	100%

The Municipality's contribution has been calculated in conformance with the provisions of GASB No. 27. Therefore, the contributions transmitted to the System in the year following the Actuarial Valuation are equal to the Annual Required Contribution (ARC), and there is no Net Pension Obligation (NPO) necessary to amortize any unmade contributions.

TABLE 5
DISCLOSURE INFORMATION - GASB STATEMENT NO. 25
(CONTINUED)

Plan III

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Dollar Amounts in Thousands)

Year Ending	Annual Required Contribution	Amount Contributed	Percentage Contributed
December 31, 1992	$ 2,387	$ 2,387	100%
December 31, 1993	2,390	2,390	100%
December 31, 1994	2,236	1,204	54%
December 31, 1995	1,947	0	0%
December 31, 1996	2,340	0	0%
December 31, 1997	750	0	0%
December 31, 1998	0	0	100%
December 31, 1999	0	0	100%
December 31, 2000	0	0	100%
December 31, 2001	0	0	100%
December 31, 2002	0	0	100%
December 31, 2003	0	0	100%
December 31, 2004	2,519	2,519	100%
December 31, 2005	11	11	100%
December 31, 2006	0	0	100%
December 31, 2007	0	0	100%
December 31, 2008	0	0	100%

The Municipality's contribution has been calculated in conformance with the provisions of GASB No. 27. Therefore, the contributions transmitted to the System in the year following the Actuarial Valuation are equal to the Annual Required Contribution (ARC). However, Ordinance AO 94-95 ceased contributions to Plan III on July 24, 1994.

TABLE 6
DISCLOSURE INFORMATION - GASB STATEMENT NO. 50

Plan I

SCHEDULE OF FUNDING PROGRESS
(Dollar Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a ÷ b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b – a) ÷ c)
January 1, 2008	$106,988	$94,085	$(12,903)	113.7%	$336	-3,834.8%
January 1, 2009	$70,585	$93,118	$22,533	75.8%	$352	6,395.1%

This schedule is Required Supplementary Information under paragraph 6 of GASB 50. Plans that use the aggregate method for funding are required to present this schedule using the Entry Age actuarial cost method as a surrogate for the funding progress of the plan.

TABLE 6
DISCLOSURE INFORMATION - GASB STATEMENT NO. 50
(CONTINUED)

Plan II

SCHEDULE OF FUNDING PROGRESS
(Dollar Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a ÷ b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b – a) ÷ c)
January 1, 2008	$74,765	$67,463	$ (7,302)	110.8%	$1,055	-692.3%
January 1, 2009	$49,649	$67,290	$17,641	73.8%	$ 614	2,874.9%

This schedule is Required Supplementary Information under paragraph 6 of GASB 50. Plans that use the aggregate method for funding are required to present this schedule using the Entry Age actuarial cost method as a surrogate for the funding progress of the plan.

TABLE 6
DISCLOSURE INFORMATION - GASB STATEMENT NO. 50
(CONTINUED)

Plan III

SCHEDULE OF FUNDING PROGRESS
(Dollar Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a ÷ b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b – a) ÷ c)
January 1, 2008	$232,051	$207,442	$(24,609)	111.9%	$8,132	-302.6%
January 1, 2009	$157,351	$212,132	$ 54,781	74.2%	$6,795	806.2%

This schedule is Required Supplementary Information under paragraph 6 of GASB 50. Plans that use the aggregate method for funding are required to present this schedule using the Entry Age actuarial cost method as a surrogate for the funding progress of the plan.

SECTION 3
ACTUARIAL METHODS AND ASSUMPTIONS

This section of the report describes the actuarial methods and assumptions used in this valuation. The actuarial methods and assumptions have been chosen on the basis of recent experience of the Plans and on current expectations as to future economic conditions. The assumptions are intended to estimate the future experience of the members of the Plans and of the Plans themselves in areas that affect the projected benefits and anticipated investment earnings. Any variations in future experience from that expected from the assumptions will result in corresponding changes in the estimated liabilities for future benefits.

A thorough examination of all of the methods and assumptions was last performed for the 2007 Experience Analysis. For the 2009 valuation, Milliman has used all assumptions and methods as stated in the 2007 Experience Analysis valuation report. For a detailed description of the development of the assumptions refer to our 2007 Experience Analysis report dated October 4, 2007.

STANDARDS OF PRACTICE

- ♦ The economic assumptions have been developed in accordance with Actuarial Standard of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*.
- ♦ The demographic assumptions have been developed in accordance with Actuarial Standard of Practice No. 35, *Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations*.
- ♦ We relied on the membership data furnished by the System. Although we did not audit this data, we compared the data for this and prior reports and tested for reasonableness. Based on these tests, we believe the data to be sufficiently accurate for the purposes of our calculations. Our review of the data was performed in accordance with the Actuarial Standard of Practice No. 23, *Data Quality*.
- ♦ Methods and assumptions have been developed in conformance with the Actuarial Standard of Practice No. 4, *Recommendations for Measuring Pension Obligations.*

RECORDS AND DATA

The data used in the valuation consist of financial information and records of age, service and income of contributing members, former contributing members and their survivors. All of the data were supplied by the Municipality and are accepted for valuation purposes without audit.

ACTUARIAL COST METHOD

The accruing costs of all benefits under each Plan are measured by a Modified Aggregate Actuarial Cost Method.

The difference between the Actuarial Present Value of Projected Benefits and the Actuarial Value of Assets is called the Unfunded Projected Liability. Under an Unmodified Aggregate Actuarial Cost Method, the Unfunded Projected Liability is allocated on a level basis over the future earnings or service of the active population. At the request of the Board, we have employed a Modified Aggregate Actuarial Cost Method in which the Unfunded Projected Liability is amortized over a fixed amortization period (15 years for Plans I, II, and III).

VALUATION ASSETS

Asset values were supplied by the Anchorage Police and Fire System and were accepted without audit. The Actuarial Value of Assets is equal to the Fair Market Value.

INVESTMENT EARNINGS

The future investment earnings of the assets of the plan are assumed to accrue at an annual rate of 8%, compounded annually, net of investment and administrative expenses.

INTEREST ON MEMBER CONTRIBUTIONS

Interest on member contributions is assumed to accrue at a net annual rate of 4%, compounded annually through December 31, 1993, and compounded bi-weekly thereafter.

POST-RETIREMENT BENEFIT INCREASES

It is assumed that the Consumer Price Index will increase at a rate of 3.0% per year, so that Plan III retirement allowances will increase at the rate of 0.75% per year for present retirees and after retirement for current active members and their beneficiaries for payments after their 20th anniversary of hire, and 1.50% after their 25th anniversary of hire. The cost-of-living adjustments are assumed to begin immediately for disabled participants and beneficiaries.

FUTURE SALARIES

The total annual rate of salary increase was assumed to be 3.5% per annum.

SERVICE RETIREMENT

The rates of retirement used in this valuation are shown below.

Plans I and II

Service	Rates
20	27.5%
21 – 22	12.5%
23+	20.0%
Age 57 & 5 Years of Service	100.0%

Plan III

Service	Rates
15	17.5%
16 – 18	7.5%
19	7.5%
20	15.0%
21 – 22	15.0%
23 – 24	15.0%
25 & Up	15.0%
Age 60 & 5 Years of Service	100.0%

DISABLEMENT

The rates of disablement used in this valuation are shown below. However, the service retirement benefit is assumed payable if it is projected to be greater than the disability benefit.

Age	Occupational Disability	Non-Occupational Disability
Plans I and II		
20 to 29	0.1%	0.1%
30 to 34	1.6%	0.1%
35 to 39	1.6%	0.1%
40 to 44	1.6%	0.4%
45 to 49	2.0%	1.0%
50 to 54	6.0%	2.0%
55+	10.0%	5.0%

Age	Occupational Disability	Non-Occupational Disability
Plan III		
20 to 29	0.2%	0.1%
30 to 39	0.2%	0.2%
40 to 44	0.5%	0.3%
45 to 49	1.5%	0.4%
50 to 54	5.0%	0.0%
55+	6.0%	0.0%

MORTALITY

The probabilities of mortality for healthy lives are based on the UP-1994 Table, set back one year for males and females. Disabled mortality was assumed to follow the UP-1984 Table set forward two years.

CAUSE OF DEATH

When a Heart/Lung presumption is in effect, 80% of deaths are assumed to be Occupational and when a Heart/Lung presumption is not in effect, 20% of deaths are assumed to be Occupational. An Occupational death is a death that results in an Occupational Death Benefit being payable to the survivor of the deceased member under the terms of Plan I, Plan II, or Plan III.

OTHER TERMINATIONS OF EMPLOYMENT

The rates of assumed future withdrawal from active service for reasons other than death, disability or retirement are shown below. All members terminating before retirement, death, or disability are assumed to receive a distribution of their account balance in lieu of a deferred pension.

Member's Service	Rate of Termination
1st Year	8%
2nd –3rd Years	3%
4th – 7th Years	2%
8th or Later Years	1%

FAMILY COMPOSITION

Reported marital status and the reported number of dependents are assumed to remain unchanged in the future. Wives are assumed to be four years younger than their husbands. Dependent children were assumed to have the following years left until their 18th birthday:

Member's Age	Years Until Age 18
20-39	18
40-44	9
45-49	5
50+	0

SECTION 4
SUMMARY OF PLAN PROVISIONS

Plan I

EFFECTIVE DATE

Plan I became effective as of July 1, 1968.

MEMBERSHIP

Enrollment in the Plans is closed for all new police officers and firefighters. In the Spring of 1984, an open enrollment allowed Plan I Members to switch into Plan III.

CREDITED SERVICE

Credited Service is the total period of regular full-time employment with the Municipality as a police officer or firefighter.

BREAK IN SERVICE

If a Member terminates employment prior to becoming eligible for a retirement benefit and subsequently is reemployed, all Credited Service accumulated prior to the date of termination will be reinstated once the Member makes a contribution to the Plan equal to the amount of the refund paid upon the earlier termination, including interest until the date of repayment. However, the contribution must be made within two years after reemployment. Membership will resume in the same plan the Member participated in at the time of termination, or the Member may elect to participate in the plan being offered to new Members, unless the Member previously elected not to participate. Benefit levels and entitlements are those in effect upon the date of reemployment.

AVERAGE MONTHLY COMPENSATION

Total compensation during three consecutive calendar years of Credited Service which yield the highest average monthly compensation (total compensation during period divided by number of months included). Compensation means that remuneration paid by the Municipality of Anchorage for personal services rendered during the period considered as credited service. This includes compensation reported on federal W-2 forms, temporary disability benefits and excludes meal and clothing allowances and annual leave cash-in.

MEMBER CONTRIBUTIONS

Plan I Members will make contributions not to exceed 6% compensation. If the plan is determined to be in a significant actuarial surplus position, no Member contributions will be required.

VOLUNTARY RETIREMENT BENEFIT

Eligibility: The earlier of the completion of 20 years of total Credited Service, or the attainment of age 55 with a minimum of 5 years of Credited Service.

Benefit: 2.5% of Average Monthly Compensation times the number of years of Credited Service

TERMINATION BENEFIT

A Member who terminates employment before completing five years of Credited Service will receive all of the Member's contributions to the Plan plus interest at the nominal annual rate of 4% compounded bi-weekly. Payment is made upon application or age 62.

A vested Member who terminates employment prior to being eligible for the voluntary retirement benefit may elect one of the following two benefits:

(a) Withdrawal of all the Member's contributions to the Plan plus interest at the nominal annual rate of 4% compounded bi-weekly.

(b) A lifetime benefit beginning at age 55 equaling 2.5% of Average Monthly Compensation times the number of years of total Credited Service.

OCCUPATIONAL DISABILITY

Definition:

(a) Any injury received while performing official duties for the Municipality of Anchorage, or

(b) Any heart, lung, or respiratory system illnesses occurring before or after retirement, or which renders a Member incapable of performing normal assigned duties. Heart, lung or respiratory system illness or injury shall be construed as an illness contracted or injury received in the performance of official duty.

Benefit: A monthly pension of 66-2/3% of the Member's gross monthly compensation at the time of disability, payable for life or until the Member is capable of resuming similar duty with any police or fire department.

NON-OCCUPATIONAL DISABILITY

Eligibility: Five years of Credited Service prior to the date of disability.

Definition: Any non-occupational disability which renders a Member incapable of performing the Member's assigned duties. This definition excludes elective surgery not required for the preservation of the Member's health.

Benefit: A monthly pension of 50% of gross compensation at the time of disability, payable for life or until the Member is capable of resuming similar duties with any police or fire department.

OCCUPATIONAL DEATH BENEFIT

Definition: The death of an active Member or retired Member caused by an accident occurring during the performance of official duties for the Municipality of Anchorage, or by any heart, lung, or respiratory system illness.

Benefit: A monthly pension of 66-2/3% of the Member's monthly compensation, payable as designated by the Member to the surviving spouse or the surviving children until the surviving children reach the age of 18. The Member may designate the portion of the benefit paid to the surviving spouse and the portion paid to surviving children. The surviving spouse is entitled to receive at least 50% of the retirement benefits the Member was entitled to receive at death. In the event the participant makes no designation, then the surviving beneficiaries will receive the benefit in the following priority:

(a) surviving spouse,
(b) surviving children under the age of 18,
(c) disabled children, regardless of age,
(d) dependent parents,
(e) dependent siblings under the age of 18.

NON-OCCUPATIONAL DEATH BENEFIT

Benefit: A monthly pension of 50% of the Member's monthly compensation payable in the same manner as the occupational death benefit described above. However, in the event of the death of a retired member, the amount of the monthly non-occupational death benefit may not exceed the amount of the monthly retirement benefit the retiree was receiving while alive.

OPTIONAL FORM OF BENEFIT

Members of Plan I may elect to participate in the Actuarial DROP program when they would otherwise be eligible for normal or early retirement. The DROP period must be between two and five years. DROP participation periods must be in full year increments. For every year served in the DROP, the member may elect to receive five percent (5%) of the monthly pension benefit calculated at the time of retirement in a lump sum form. The lump sum is computed to be actuarially equivalent to the DROP percentage of the member's monthly pension.

SUMMARY OF PLAN PROVISIONS

Plan II

EFFECTIVE DATE

Plan II became effective as of July 1, 1977.

MEMBERSHIP

Enrollment in the Plan is closed for all new police officers and firefighters. In the Spring of 1984, an open enrollment allowed Plan II Members to switch into Plan III.

CREDITED SERVICE

Credited Service is the total period of regular full-time employment with the Municipality as a police officer or firefighter.

BREAK IN SERVICE

If a Member terminates employment prior to becoming eligible for a retirement benefit and subsequently is reemployed, all Credited Service accumulated prior to the date of termination will be reinstated once the Member makes a contribution to the Plan equal to the amount of the refund paid upon the earlier termination, including interest until the date of repayment. However, the contribution must be made within two years after reemployment. Membership will resume in the same plan the Member participated in at the time of termination, or the Member may elect to participate in the plan being offered to new Members, unless the Member previously elected not to participate. Benefit levels and entitlements are those in effect upon the date of reemployment.

AVERAGE MONTHLY COMPENSATION

Total compensation during three consecutive calendar years of Credited Service which yield the highest average monthly compensation (total compensation during period divided by number of months included). Compensation means that remuneration paid by the Municipality of Anchorage for personal services rendered during the period considered as credited service. This includes compensation reported on federal W-2 forms, temporary disability benefits and excludes meal and clothing allowances and annual leave cash-in.

MEMBER CONTRIBUTIONS

Plan II Members will make contributions not to exceed 6% compensation. If the plan is determined to be in a significant actuarial surplus position, no Member contributions will be required.

VOLUNTARY RETIREMENT BENEFIT

Eligibility: The earlier of the completion of 20 years of total Credited Service, or the attainment of age 55 with a minimum of 5 years of Credited Service.

Benefit: 2.5% of Average Monthly Compensation times the number of years of Credited Service.

TERMINATION BENEFIT

A Member who terminates employment before completing five years of Credited Service will receive all of the Member's contributions to the Plan plus interest at the nominal annual rate of 4% compounded bi-weekly. Payment is made upon application or age 62.

A vested Member who terminates employment prior to being eligible for the voluntary retirement benefit may elect one of the following two benefits:

(a) Withdrawal of all the Member's contributions to the Plan plus interest at the nominal annual rate of 4% compounded bi-weekly.

(b) A lifetime benefit beginning at age 55 equaling 2.5% of Average Monthly Compensation times the number of years of total Credited Service.

OCCUPATIONAL DISABILITY

Definition:

(a) Any injury received while performing official duties for the Municipality of Anchorage, or

(b) Any heart, lung, or respiratory system illnesses occurring before or after retirement, or which renders a Member incapable of performing normal assigned duties. Plan II Members who retired under Voluntary Retirement or are receiving a Non-Occupational Disability Benefit are not eligible for conversion to occupational disability benefits after the seventh anniversary of retirement. Heart, lung or respiratory system illness or injury shall be construed as an illness contracted or injury received in the performance of official duty.

Benefit: A monthly pension of 66-2/3% of the Member's gross monthly compensation at the time of disability, payable for life or until the Member is capable of resuming similar duty with any police or fire department.

NON-OCCUPATIONAL DISABILITY

Eligibility: Five years of Credited Service prior to the date of disability.

Definition: Any non-occupational disability which renders a Member incapable of performing the Member's assigned duties. This definition excludes elective surgery not required for the preservation of the Member's health.

Benefit: A monthly pension of 50% of gross compensation at the time of disability, payable for life or until the Member is capable of resuming similar duties with any police or fire department.

OCCUPATIONAL DEATH BENEFIT

Definition: The death of an active Member or retired Member caused by an accident occurring during the performance of official duties for the Municipality of Anchorage, or by any heart, lung, or respiratory system illness. Plan II Members who retired under Voluntary Retirement or are receiving a Non-Occupational Disability Benefit are not eligible for conversion to occupational death benefits after the seventh anniversary of retirement.

Benefit: A monthly pension of 66-2/3% of the Member's monthly compensation, payable as designated by the Member to the surviving spouse or the surviving children until the surviving children reach the age of 18. The Member may designate the portion of the benefit paid to the surviving spouse and the portion paid to surviving children. The surviving spouse is entitled to receive at least 50% of the retirement benefits the Member was entitled to receive at death. In the event the participant makes no designation, then the surviving beneficiaries will receive the benefit in the following priority:

(a) surviving spouse,
(b) surviving children under the age of 18,
(c) disabled children, regardless of age,
(d) dependent parents,
(e) dependent siblings under the age of 18.

NON-OCCUPATIONAL DEATH BENEFIT

Benefit: A monthly pension of 50% of the Member's monthly compensation payable in the same manner as the occupational death benefit described above. However, in the event of the death of a retired member, the amount of the monthly non-occupational death benefit may not exceed the amount of the monthly retirement benefit the retiree was receiving while alive.

OPTIONAL FORM OF BENEFIT

Members of Plan II may elect to participate in the Actuarial DROP program when they would otherwise be eligible for normal or early retirement. The DROP period must be between two and five years. DROP participation periods must be in full year increments. For every year served in the DROP, the member may elect to receive five percent (5%) of the monthly pension benefit calculated at the time of retirement in a lump sum form. The lump sum is computed to be actuarially equivalent to the DROP percentage of the member's monthly pension.

SUMMARY OF PLAN PROVISIONS

Plan III

EFFECTIVE DATE

Plan III became effective April 17, 1984.

MEMBERSHIP

Enrollment in the Plan is closed to all new police officers and firefighters. In the Spring of 1984, an open enrollment allowed Plan I and II Members to switch into Plan III.

CREDITED SERVICE

Credited Service is the total period of regular full-time employment with the Municipality as a police officer or firefighter.

BREAK IN SERVICE

If a Member terminates employment prior to becoming eligible for a retirement benefit and subsequently is reemployed, all Credited Service accumulated prior to the date of termination will be reinstated after the Member makes a contribution to the Plan equal to the amount of the refund paid upon the earlier termination, including interest until the date of repayment. However, the contribution must be made within two years after reemployment.

FINAL AVERAGE COMPENSATION

Average compensation during the last 52 biweekly pay periods, or any two consecutive tax years, whichever is higher. Compensation means the sum of the basic hourly wage, longevity, holiday pay, shift differential and educational pay received by a Member from Anchorage.

MEMBER CONTRIBUTIONS

Plan III Members will make contributions not to exceed 6% compensation. If the plan is determined to be in a significant actuarial surplus position, no Member contributions will be required.

NORMAL SERVICE RETIREMENT

Eligibility: 20 years of Credited Service.

Benefit: 2.5% of Final Average Compensation times the number of years of Credited Service.

EARLY SERVICE RETIREMENT

Eligibility: 15 years of Credited Service.

Benefit: 2.5% of Final Average Compensation times the number of years of Credited Service, payable for life. The cost-of-living adjustment is not available until 20 years total service would have been obtained.

TERMINATION BENEFIT

A Member who terminates employment before completing five years of Credited Service will receive all of the Member's contributions to the Plan plus interest at the nominal annual rate of 4% compounded bi-weekly upon request or at age 62.

A vested Member who terminates employment prior to being eligible for service retirement may elect one of the following:

(a) Withdrawal of all the Member's contributions to the Plan plus interest at the nominal annual rate of 4% compounded bi-weekly.

(b) The accrued Service Retirement Benefit beginning at the earlier of age 55 or when the Member would have completed 20 years of service.

OCCUPATIONAL DISABILITY

Definition: Any injury received while performing official duties for the Municipality of Anchorage, or any heart, lung, or respiratory system illness are rebuttably presumed to be an occupational disability. Disability must occur prior to termination.

Benefit: A monthly pension of 50% of the Member's final average compensation at the time of disability. The benefit is payable for life or until the Member is capable of resuming assigned duties similar to their pre-disability assigned duties, with any police or fire department, and is offset by any other wage continuation benefits attributable to the Municipality.

NON-OCCUPATIONAL DISABILITY

Eligibility: Five years of Credited Service prior to the date of disability.

Definition: Any non-occupational disability which renders a Member incapable of performing assigned duties similar to their pre-disability assigned duties. This definition excludes elective surgery not required for the preservation of the Member's health.

Benefit: A monthly pension of 25% of final average compensation if the Member retires after more than 5 years but less than 10 years of credited service. For every additional year of credited service more than 10 years up to 20 years, the benefit is increased by 2.5% of final average compensation. The benefit is payable for life or until the Member is capable of resuming duties with any police or fire department.

OCCUPATIONAL DEATH BENEFIT

The benefit is the greater of the following:

(a) 100% of the occupational disability benefit to which the Member would have been entitled had the Member survived with a disability. For a retired member, this amount is computed as of retirement date and increased by the COLA accrued since retirement on the benefit actually received by the retired member while alive, or,

(b) For an active member, 75% of the service retirement benefit to which the Member would have been entitled had the Member survived. For a retired member, 75% of the service retirement benefit, occupational disability benefit, or non-occupational disability benefit the member was receiving at the time of death, including the COLA accrued on the retired member's benefit at the time of death.

Where a Heart/Lung/Respiratory occupational presumption is not available, the survivor must prove that the member's death was due to an occupational cause in order to qualify for this benefit. There is no occupational presumption available subsequent to termination of employment as an active Plan III member.

NON-OCCUPATIONAL DEATH BENEFIT

The benefit is the greater of the following:

(a) 100% of the non-occupational disability benefit to which the Member would have been entitled had the Member survived with a disability. For a retired member, this amount is computed as of retirement date and increased by the COLA accrued since retirement on the benefit actually received by the retired member while alive, or,

(b) For an active member, 75% of the service retirement benefit to which the Member would have been entitled had the Member survived. For a retired member, 75% of the service retirement benefit, occupational disability benefit, or non-occupational disability benefit the member was receiving at the time of death, including the COLA accrued on the retired member's benefit at the time of death.

The Occupational and Non-Occupational death benefits are payable as designated by the Member to the surviving spouse or the surviving children until the surviving children reach the age of 18. The Member may designate the portion of the benefit paid to the surviving spouse and the portion paid to surviving children. The surviving spouse is entitled to receive at least 50% of the retirement benefits the Member was entitled to receive at death. In the event the participant makes no designation, then the surviving beneficiaries will receive the benefit in the following priority:

(a) surviving spouse,
(b) surviving children under the age of 18,
(c) disabled children, regardless of age,
(d) dependent parents,
(e) dependent siblings under the age of 18.

CHILDREN'S BENEFIT

5% of final average compensation for each dependent child, up to 10%, is payable monthly with disability benefits and to surviving spouse's with dependent children until age 18.

COST-OF-LIVING ADJUSTMENT

All service retirees after 20 years from date of entry, disability, and survivor's and children's benefits are subject to an annual cost-of-living adjustment equal to the lesser of 3% or 25% of the CPI. Starting 25 years from date of hire, annual COLA is limited to 6% or 50% of the CPI. The CPI shall be the Anchorage CPI Urban Consumers Index or such other inflation index if the Anchorage CPI Urban Consumers Index ceases to exist. This adjustment is generally effective each July 1.

OPTIONAL FORM OF BENEFIT

Members of Plan III may elect to participate in the Actuarial DROP program when they would otherwise be eligible for normal or early retirement. The DROP period must be between two and five years. DROP participation periods must be in full year increments. For every year served in the DROP, the member may elect to receive five percent (5%) of the monthly pension benefit calculated at the time of retirement in a lump sum form. The lump sum is computed to be actuarially equivalent to the DROP percentage of the member's monthly pension, without the value of future Cost-of-Living adjustments. The COLA on the portion of the member's monthly pension will be calculated based on the full monthly benefit without reduction for the DROP lump sum.

SECTION 5
SUMMARY OF MEMBERSHIP DATA

The collection and analysis of the membership data was performed in the same manner as last year. There were no unusual changes in the number of members during 2008. The number of active members continues to decline because all Plans are closed to new members.

The following tables depict the membership data that was used in the valuation.

Table 7 is a five-year history of membership characteristics for each Plan.

Table 8 displays the data included in this valuation for the vested terminated members.

Table 9 is a distribution of the active members by age, service and salary.

Table 10 displays the number of retirees and beneficiaries by Plan in 5-year age groups and the total monthly benefit on record for each group.

TABLE 7
HISTORICAL MEMBERSHIP SUMMARY - PLAN I

		1-1-05	1-1-06	1-1-07	1-1-08	1-1-09
Active Members						
(1)	Number	7	6	5	3	3
(2)	Average Current Age	54.0	55.3	56.4	58.3	59.3
(3)	Average Service to Date	29.7	31.1	32.6	35.0	36.0
(4)	Average Salary	$103,160	$107,848	$104,416	$110,261	$115,462
Terminated Members						
(5)	Number	--	--	--	--	--
(6)	Average Age	--	--	--	--	--
(7)	Average Monthly Benefit	--	--	--	--	--
Retirees, Beneficiaries, and Alternative Payees (QDROs)						
(8)	Number	231	228	227	228	229
(9)	Average Age	62.2	62.9	63.6	64.5	65.3
(10)	Average Monthly Benefit	$2,973	$3,003	$3,033	$3,074	$3,065

TABLE 7
HISTORICAL MEMBERSHIP SUMMARY - PLAN II

		1-1-05	1-1-06	1-1-07	1-1-08	1-1-09
Active Members						
(1)	Number	16	14	11	9	5
(2)	Average Current Age	49.3	50.4	51.4	51.6	51.8
(3)	Average Service to Date	22.4	23.5	24.5	25.0	24.8
(4)	Average Salary	$95,935	$105,690	$106,690	$115,219	$120,649
Terminated Members						
(5)	Number	4	3	2	1	1
(6)	Average Age	52.3	52.3	52.5	51.0	52.0
(7)	Average Monthly Benefit	$2,081	$2,069	$2,227	$2,182	$2,182
Retirees, Beneficiaries, and Alternative Payees (QDROs)						
(8)	Number	109	111	114	117	121
(9)	Average Age	53.8	55.0	55.8	56.8	57.7
(10)	Average Monthly Benefit	$3,716	$3,691	$3,742	$3,762	$3,824

TABLE 7
HISTORICAL MEMBERSHIP SUMMARY - PLAN III

		1-1-05	1-1-06	1-1-07	1-1-08	1-1-09
Active Members						
(1)	Number	151	124	104	92[1]	74[1]
(2)	Average Current Age	45.4	45.6	46.1	46.6	47.6
(3)	Average Service to Date	16.4	16.5	16.9	17.5	18.4
(4)	Average Salary	$76,842	$81,730	$83,288	$86,902	$90,267
Terminated Members						
(5)	Number	9	10	10	10	10
(6)	Average Age	40.6	41.7	42.7	43.7	44.7
(7)	Average Monthly Benefit	$1,317	$1,366	$1,366	$1,366	$1,366
Retirees, Beneficiaries[2], and Alternative Payees (QDROs)						
(8)	Number	314	322	343	354	369
(9)	Average Age	53.4	56.6	57.0	57.6	58.1
(10)	Average Monthly Benefit	$2,618	$2,850	$2,918	$2,965	$3,027

[1] Excludes one active member on unpaid leave.

[2] Excludes Child Beneficiaries with benefit payments scheduled to stop at age 18.

TABLE 8
SUMMARY OF TERMINATED MEMBERS

Name	Monthly Benefit (for valuation purposes only)	Date of Birth	Assumed Retirement Date
PLAN I			
None			
PLAN II			
	$ 2,181.50		July 1, 2012
PLAN III			
	$ 1,493.10		August 1, 2010
	807.74		January 1, 2011
	872.73		November 1, 2013
	1,760.71		March 1, 2012
	1,803.92		September 1, 2013
	1,559.73		January 1, 2011
	1,471.94		September 1, 2013
	1,264.92		September 1, 2013
	1,356.46		September 1, 2013
	1,267.30		August 1, 2010

TABLE 9
ACTIVE MEMBER AGE AND SERVICE DISTRIBUTIONS - PLAN I

ANNUAL EARNINGS BY AGE

Age Group	Count	Total Earnings	Average Earnings
25-29			
30-34			
35-39			
40-44			
45-49			
50-54			
55-59	2	$ 215,203	$ 107,602
60-64	1	$ 131,182	$ 131,182
65-69			
Total	3	$ 346,385	$ 115,462

ANNUAL EARNINGS BY SERVICE

Service Group	Count	Total Earnings	Average Earnings
0-4			
5-9			
10-14			
15-19			
20-24			
25-29			
30 & up	3	$ 346,385	$ 115,462
Total	3	$ 346,385	$ 115,462

YEARS OF SERVICE BY AGE

Age Group	0-4	5-9	10-14	15-19	20-24	25-29	30&up	Total
25-29								
30-34								
35-39								
40-44								
45-49								
50-54								
55-59							2	2
60-64							1	1
65-69								
Total							3	3

TABLE 9
ACTIVE MEMBER AGE AND SERVICE DISTRIBUTIONS - PLAN II

ANNUAL EARNINGS BY AGE

Age Group	Count	Total Earnings	Average Earnings
25-29			
30-34			
35-39			
40-44			
45-49	1	$ 130,233	$ 130,233
50-54	3	370,814	123,605
55-59	1	102,198	102,198
60-64			
Total	5	$ 603,245	$ 120,649

ANNUAL EARNINGS BY SERVICE

Service Group	Count	Total Earnings	Average Earnings
0-4			
5-9			
10-14			
15-19	1	$ 100,149	$ 100,149
20-24			
25-29	4	503,096	125,774
30 & up			
Total	5	$ 603,245	$ 120,649

YEARS OF SERVICE BY AGE

Age Group	0-4	5-9	10-14	15-19	20-24	25-29	30&up	Total
25-29								
30-34								
35-39								
40-44								
45-49						1		1
50-54				1		2		3
55-59						1		1
60-64								
65-69								
Total				1		4		5

TABLE 9
ACTIVE MEMBER AGE AND SERVICE DISTRIBUTIONS - PLAN III

ANNUAL EARNINGS BY AGE

Age Group	Count	Total Earnings	Average Earnings
25-29			
30-34			
35-39	2	$ 192,007	$ 96,004
40-44	20	1,752,507	87,625
45-49	32	2,800,062	87,502
50-54	11	1,080,868	98,261
55-59	6	555,127	92,521
60-64	2	180,845	90,423
65-69	1	118,325	118,325
Total	74*	$ 6,679,741	$ 90,267

ANNUAL EARNINGS BY SERVICE

Service Group	Count	Total Earnings	Average Earnings
0-4			
5-9			
10-14			
15-19	63	$ 5,603,950	$ 88,952
20-24	6	560,001	93,334
25-29	5	515,790	103,158
30 & Up			
Total	74*	$ 6,679,741	$ 90,267

* Excludes one active member on unpaid leave.

YEARS OF SERVICE BY AGE

Age Group	0-4	5-9	10-14	15-19	20-24	25-29	30 & Up	Total
25-29								
30-34								
35-39				2				2
40-44				20				20
45-49				29	3			32
50-54				9	1	1		11
55-59				1	2	3		6
60-64				2				2
65-69						1		1
Total				63	6	5		74

TABLE 10
RETIREE AND BENEFICIARY DISTRIBUTIONS

PLAN 1

Distribution of Service Retirees
January 1, 2009

Age	Number	Total Monthly Pension	Average Monthly Pension
Under 50	0	$ 0	$ 0
50 – 54	3	13,322	4,441
55 – 59	37	163,176	4,410
60 – 64	30	118,189	3,940
65 – 69	12	44,974	3,748
70 – 74	7	27,656	3,951
75 – 79	5	11,525	2,305
80 – 84	6	10,149	1,692
85+	1	458	458
Totals	101	$ 389,449	$ 3,856

PLAN 1

Distribution of Occupational Disability Retirees
January 1, 2009

Age	Number	Total Monthly Pension	Average Monthly Pension
Under 55	0	$ 0	$ 0
55 – 59	12	42,278	3,523
60 – 64	12	44,389	3,699
65 – 69	9	29,363	3,263
70 – 74	14	40,297	2,878
75 – 79	4	11,003	2,751
80 – 84	4	8,300	2,075
85+	1	985	985
Totals	56	$ 176,615	$ 3,154

PLAN 1

Distribution of Non-Occupational Disability Retirees
January 1, 2009

Age	Number	Total Monthly Pension	Average Monthly Pension
Under 55	0	$ 0	$ 0
55 – 59	1	1,883	1,883
60 – 64	8	14,716	1,840
65 – 69	2	3,657	1,829
70 – 74	2	4,503	2,252
75+	0	0	0
Totals	13	$ 24,759	$ 1,905

PLAN 1

Distribution of Survivors
January 1, 2009

Age	Number	Total Monthly Pension	Average Monthly Pension
Under 50	0	$ 0	$ 0
50 – 54	4	14,884	3,721
55 – 59	2	6,018	3,009
60 – 64	5	13,860	2,772
65 – 69	7	16,692	2,385
70 – 74	5	9,867	1,973
75 – 79	8	15,151	1,894
80 – 84	3	5,395	1,798
85+	4	3,213	803
Totals	38	$ 85,080	$ 2,239

PLAN 1

Distribution of Alternate Payees *
January 1, 2009

Age	Number	Total Monthly Pension	Average Monthly Pension
Under 55	0	$ 0	$ 0
55 – 59	8	9,823	1,228
60 – 64	9	11,441	1,271
65 – 69	3	4,028	1,343
70+	1	722	722
Totals	21	$ 26,014	$ 1,239

* Ages shown are ages of the corresponding retirees. Benefits generally are payable to alternate payees for the life of the corresponding retiree.

PLAN 2

Distribution of Service Retirees
January 1, 2009

Age	Number	Total Monthly Pension	Average Monthly Pension
Under 45	0	$ 0	$ 0
45 – 49	4	17,771	4,443
50 – 54	19	85,665	4,509
55 – 59	31	133,562	4,308
60 – 64	15	59,294	3,953
65 – 69	5	18,990	3,798
70+	3	7,077	2,359
Totals	77	$ 322,359	$ 4,186

PLAN 2

Distribution of Occupational Disability Retirees
January 1, 2009

Age	Number	Total Monthly Pension	Average Monthly Pension
Under 45	0	$ 0	$ 0
45 – 49	1	4,276	4,276
50 – 54	5	18,789	3,758
55 – 59	8	25,666	3,208
60 – 64	5	21,097	4,219
65 – 69	3	10,114	3,371
70 – 74	1	3,509	3,509
75+	1	3,391	3,391
Totals	24	$ 86,842	$ 3,618

PLAN 2

Distribution of Non-Occupational Disability Retirees
January 1, 2009

Age	Number	Total Monthly Pension	Average Monthly Pension
Under 50	0	$ 0	$ 0
50 – 54	1	2,482	2,482
55 – 59	2	5,893	2,947
60 – 64	2	5,432	2,716
65 – 69	2	5,475	2,738
70+	1	2,546	2,546
Totals	8	$ 21,828	$ 2,729

PLAN 2

Distribution of Survivors*
January 1, 2009

Age	Number	Total Monthly Pension	Average Monthly Pension
Under 40	2	$ 6,632	$ 3,316
40 – 44	0	0	0
45 – 49	1	6,347	6,347
50 – 54	1	3,232	3,232
55 – 59	2	6,499	3,250
60 – 64	0	0	0
65+	2	6,289	3,145
Totals	8	$ 28,999	$ 3,625

* Excludes one Annuity of $899 per month being paid under an installment option.

PLAN 2

Distribution of Alternate Payees *
January 1, 2009

Age	Number	Total Monthly Pension	Average Monthly Pension
Under 45	0	$ 0	$ 0
45 – 49	1	313	313
50 – 54	1	737	737
55 – 59	1	864	864
60 – 64	1	761	761
65+	0	0	0
Totals	4	$ 2,675	$ 669

* Ages shown are ages of the corresponding retirees. Benefits generally are payable to alternate payees for the life of the corresponding retiree.

PLAN 3

Distribution of Service Retirees
January 1, 2009

Age	Number	Total Monthly Pension	Average Monthly Pension
Under 40	1	$ 2,463	$ 2,463
40 – 44	12	33,345	2,779
45 – 49	34	103,472	3,043
50 – 54	52	164,230	3,158
55 – 59	63	235,189	3,733
60 – 64	64	208,742	3,262
65 – 69	53	174,788	3,298
70 – 74	11	36,184	3,289
75 – 79	2	7,113	3,557
80+	2	8,336	4,168
Totals	294	$ 973,862	$ 3,312

PLAN 3

Distribution of Occupational Disability Retirees
January 1, 2009

Age	Number	Total Monthly Pension	Average Monthly Pension
Under 40	0	$ 0	$ 0
40 – 44	1	2,376	2,376
45 – 49	1	1,727	1,727
50 – 54	8	21,513	2,689
55 – 59	6	19,044	3,174
60 – 64	2	5,955	2,978
65 – 69	1	2,808	2,808
70 – 74	2	5,950	2,975
75+	0	0	0
Totals	21	$ 59,373	$ 2,827

PLAN 3

Distribution of Non-Occupational Disability Retirees
January 1, 2009

Age	Number	Total Monthly Pension	Average Monthly Pension
Under 40	0	$ 0	$ 0
40 – 44	1	2,309	2,309
45 – 49	0	0	0
50 – 54	2	4,789	2,395
55 – 59	2	3,151	1,576
60 – 64	0	0	0
65 – 69	0	0	0
70 – 74	2	3,236	1,618
75+	0	0	0
Totals	7	$ 13,485	$ 1,926

PLAN 3

Distribution of Survivors*
January 1, 2009

Age	Number	Total Monthly Pension	Average Monthly Pension
Under 40	0	$ 0	$ 0
40 – 44	0	0	0
45 – 49	3	9,087	3,029
50 – 54	2	5,587	2,794
55 – 59	0	0	0
60 – 64	2	6,119	3,060
65 – 69	6	15,779	2,630
70 – 74	2	4,166	2,083
75+	0	0	0
Totals	15	$ 40,738	$ 2,716

*Excludes Child Beneficiaries with benefit payments scheduled to stop at age 18.

PLAN 3

Distribution of Child Beneficiaries
January 1, 2009

Age	Number	Total Monthly Pension	Average Monthly Pension
Under 18	12	$ 2,970	$ 248

PLAN 3

Distribution of Alternate Payees *
January 1, 2009

Age	Number	Total Monthly Pension	Average Monthly Pension
Under 45	0	$ 0	$ 0
45 – 49	2	812	406
50 – 54	9	10,829	1,203
55 – 59	5	4,735	947
60 – 64	11	8,250	750
65 – 69	4	3,972	993
70+	1	1,000	1,000
Totals	32	$ 29,598	$ 925

* Ages shown are ages of the corresponding retirees. Benefits generally are payable to alternate payees for the life of the corresponding retiree.

SECTION 6
ALLOCATION OF RESERVES

The Retirement Board has established a procedure to allocate Actuarial Gains and Losses between the Benefit Enhancement Reserve and the Additional Contingency Reserve. The following is a description of each step used to determine the amount of the reserves as of the valuation date. This description, based on our current understanding of the procedures to calculate the allocation of reserves, represents a change in calculation method from our prior actuarial report.

1. Each Plan maintains a Contingency Reserve equal to 16% of the Projected Liability. Regardless of the experience that emerged during the previous year, the Contingency Reserve has first priority and will be funded each year at the 16% level.

2. The Surplus Assets are determined. Surplus Assets are equal to Plan Assets less the sum of the Projected Liability and the Contingency Reserve.

3. The Surplus Assets are allocated to the Additional Contingency Reserve (25%) and the Benefit Enhancement Reserve (75%).

The ending balances, including the distribution of the Surplus Assets to the Additional Contingency Reserve and the Benefit Enhancement Reserve, are summarized below.

($000)	Plan I	Plan II	Plan III	System Total
Projected Liability	$ 93,118	$ 67,650	$ 218,567	$ 379,335
Actuarial Value of Assets	70,585	49,649	157,351	277,585
Unfunded Projected Liability	$ 22,533	$ 18,001	$ 61,216	$ 101,750
Contingency Reserve	$ 14,899	$ 10,824	$ 34,971	$ 60,694
Additional Contingency Reserve	(9,358)	(7,206)	(24,047)	(40,611)
Benefit Enhancement Reserve	(28,074)	(21,619)	(72,140)	(121,833)
Total Reserves	$ (22,533)	$ (18,001)	$ (61,216)	$ (101,750)

TABLE 11
ALLOCATION OF RESERVES

	Plan I	Plan II	Plan III
January 1, 2008 Actuarial Valuation			
Projected Liability	94,084,857	68,097,236	215,493,831
Contingency Reserve at 16%	15,053,577	10,895,558	34,479,013
Subtotal	109,138,434	78,992,794	249,972,844
Available Assets at Fair Value	106,987,684	74,765,422	232,051,290
Surplus Assets	(2,150,750)	(4,227,372)	(17,921,554)
Additional Contingency Reserves (25% of Surplus Assets)	(537,688)	(1,056,843)	(4,480,388)
Benefit Enhancement Reserves (75% of Surplus Assets)	(1,613,062)	(3,170,529)	(13,441,166)
January 1, 2009 Actuarial Valuation			
Projected Liability	93,117,770	67,649,938	218,566,708
Contingency Reserve at 16%	14,898,843	10,823,990	34,970,673
Subtotal	108,016,613	78,473,928	253,537,381
Available Assets at Fair Value	70,585,012	49,648,925	157,351,134
Surplus Assets	(37,431,601)	(28,825,003)	(96,186,247)
Additional Contingency Reserves (25% of Surplus Assets)	(9,357,900)	(7,206,251)	(24,046,562)
Benefit Enhancement Reserves (75% of Surplus Assets)	(28,073,701)	(21,618,752)	(72,139,685)