

ARKANSAS LOCAL POLICE AND FIRE RETIREMENT SYSTEM
COMPILED ANNUAL ACTUARIAL VALUATIONS REPORT
AS OF DECEMBER 31, 2014

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Report of Compiled Actuarial Valuations of LOPFI

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June 19, 2015

The Board of Trustees
Local Police and Fire Retirement System
Little Rock, Arkansas

Submitted in this report are the compiled results of the **annual actuarial valuations** for the Arkansas Local Police and Fire Retirement System (LOPFI). **The date of the valuation** was December 31, 2014. The purpose of the valuation is to measure funding progress in relation to the actuarial cost method and to determine employer contribution rates.

Calculations required for compliance with the Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68 has been issued in a separate report.

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the System only in its entirety and only with the permission of the Board. This report should not be relied on for any purpose other than the purpose described.

Results of the 2014 actuarial valuations indicate that aggregate actuarial accrued liabilities are 70% covered by assets. This result includes the 178 local police and fire pension and relief funds which are closed to new hires and for which LOPFI also serves as administrative agent. Continued receipt of computed employer and member contributions will improve this financial condition and allow LOPFI to continue to operate in sound condition in accordance with the actuarial principles of level cost financing.

LOPFI also administers a number of the relief and pensions funds which were closed to employees hired after December 31, 1982. A summary of the results of valuations for those groups are shown in Section C of this report.

The valuations were based upon data furnished to us concerning active and retired members and System assets as of December 31, 2014. The cooperation of the Executive Director and the LOPFI staff in furnishing the materials required for these valuations is acknowledged with appreciation. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the data provided by LOPFI staff.

The actuarial methods and assumptions used in making the valuations are shown in Section D of the annual valuation report for LOPFI. The assumptions are established by the Board after consulting with the actuary as outlined in A.C.A. 24-10-205(a)(1). The valuation results summarized in this report involve actuarial calculations that require assumptions about future events. We believe that the assumptions and methods used in this report are reasonable and appropriate for the purpose for which they have been used. However, other assumptions and methods could also be reasonable and could result in materially different results. In addition, because it is not possible or practical to consider every possible contingency, we may use summary information, estimates or simplifications of calculations to facilitate the modeling of future events. We may also exclude factors or data that are deemed to be immaterial.


Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as: plan experience differing from that anticipated by the economic and 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 the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge, this report is complete and accurate and was made in accordance with standards of practice promulgated by the Actuarial Standards Board and in conformance with Title 24 of the Arkansas Code. The actuarial assumptions used for the valuation produce results which, individually and in the aggregate, are reasonable.

The actuaries submitting this report are independent of the plan sponsor.

Heidi Barry is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,



David L. Hoffman



Heidi G. Barry, ASA, MAAA

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SECTION A
FINANCIAL PRINCIPLES

Financial Principles and Operational Techniques of LOPFI

Local Police and Fire Retirement System

Promises Made, and To Be Paid For. As each year is completed, the System in effect hands an "IOU" to each member then acquiring a year of service credit -- the "IOU" says: "The Arkansas Local Police and Fire Retirement System owes you one year's worth of retirement benefits, payments in cash commencing when you qualify for retirement."

The related ***key financial questions*** are:

Which generation of taxpayers contributes the money to cover the IOU?

The present taxpayers, who receive the benefit of the member's present year of service?

Or the future taxpayers, who happen to be in Arkansas at the time the IOU becomes a cash demand?

LOPFI intends that this year's taxpayers contribute the money to cover the IOUs being handed out this year. By following this principle, ***the employer contribution rate will remain approximately level from generation to generation*** -- our children and our grandchildren will contribute the same percents of pay we contribute now.

(There are systems which have a design for deferring contributions to future taxpayers lured by a lower contribution rate now and putting aside the fact that the contribution rate must relentlessly grow much greater over decades of time -- consume now, and let your children face your financial pollution after you've retired).

An inevitable by-product of the level-cost design is the accumulation of reserve assets, for decades, and the income produced when the assets are invested. ***Invested assets are a by-product and not the objective.*** ***Investment income*** becomes in effect ***the third contributor*** for benefits to employees, and is interlocked with the contribution amounts required from employees and employers.

Translated to actuarial terminology, this level-cost objective means that the contribution rates must total at least the following:

Normal Cost (the cost of members' service being rendered this year)

... plus ...

Interest on Unfunded Actuarial Accrued Liabilities (unfunded actuarial accrued liabilities are the difference between: liabilities for members' service already rendered; and the accrued assets of the governmental unit in the plan).

Computing Contributions To Support System Benefits. From a given schedule of benefits and from the employee data and asset data furnished, the actuary determines the contribution rates to support the benefits, by means of ***an actuarial valuation and a funding method.***

An actuarial valuation has a number of ingredients such as: the rate of investment return which plan assets will earn; the rates of withdrawal of active members who leave covered employment before qualifying for any monthly benefit; the rates of mortality; the rates of disability; the rates of pay increases; and the assumed age or ages at actual retirement.

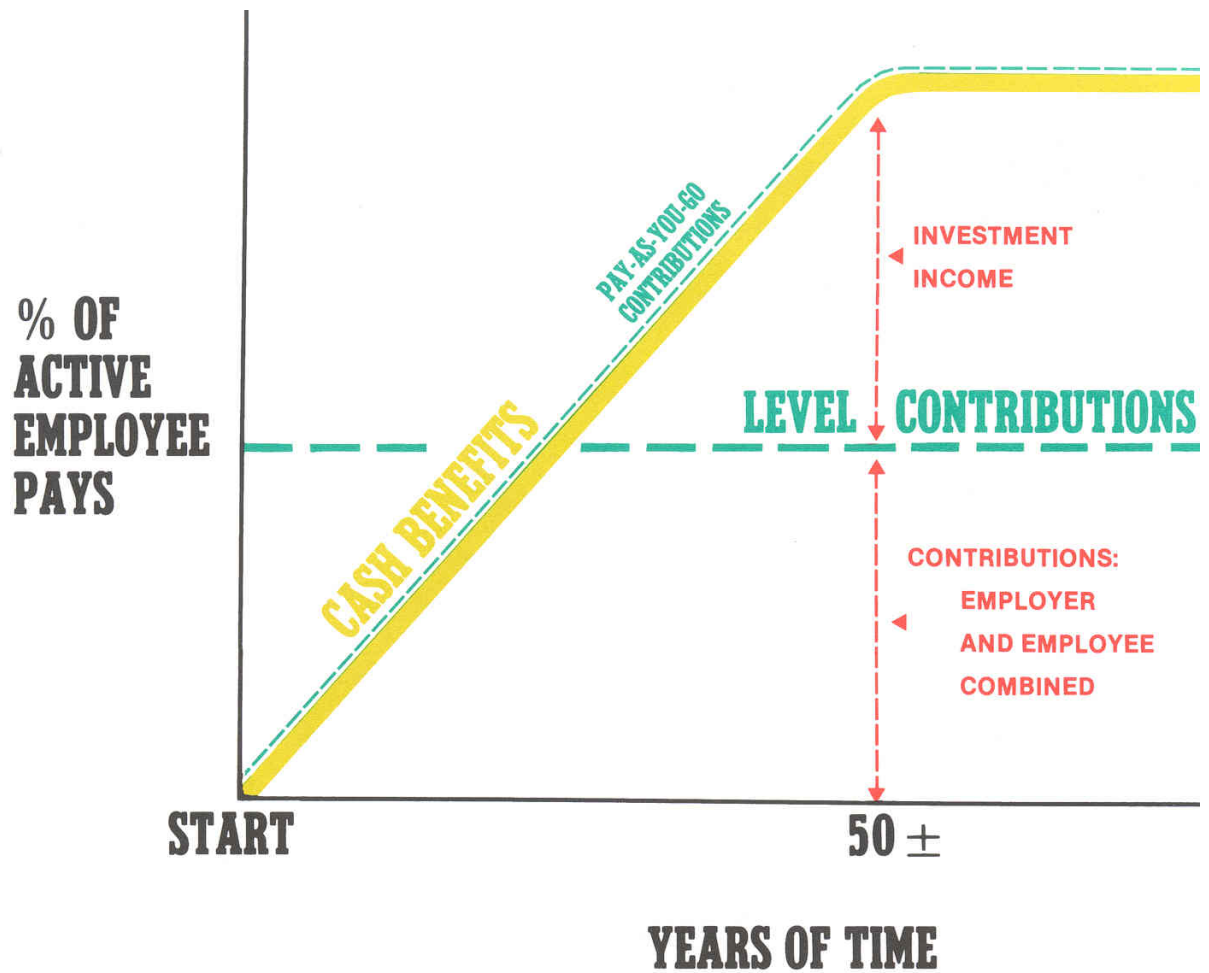
In making an actuarial valuation, the system must assume what the above experience will be for the next year and for decades in the future. Only the subsequent actual experience of the System can indicate the degree of accuracy of the assumptions.

Reconciling Differences Between Assumed Experience and Actual Experience. Once actual experience has occurred and been observed, it will not coincide exactly with assumed experience, regardless of the wisdom of the assumptions and regardless of the skill of the actuary and the calculations made. The future can be predicted with considerable but not complete precision, except that inflation seems to defy reliable prediction.

LOPFI copes with these continually changing differences by having ***annual actuarial valuations,*** separately for each participating paid employer group and in aggregate for participating volunteer employer groups. Each annual actuarial valuation is a complete recalculation of assumed future experience, taking into account all past differences between assumed and actual experience. The result is continually changing employer contribution rates.

The size of an annual change in a paid plan employer contribution rate is usually less than one percent of payroll (up or down), particularly for the larger groups, where happenings to one or two employees have little effect on the group's status.

To avoid causing employer budget problems, LOPFI provides a maximum annual increase of one percent of payroll for any one participating employer (not including the effect of any benefit changes throughout the year).



CASH BENEFITS LINE. This relentlessly increasing line is the fundamental reality of retirement plan financing. It happens each time a new benefit is added for future retirements (and happens regardless of the design for contributing for benefits).

LEVEL CONTRIBUTION LINE. Determining the level contribution line requires detailed assumptions concerning a variety of experiences in future decades, including:

Economic Risk Areas

- Rates of investment return
- Rates of pay increase
- Changes in active member group size

Non-Economic Risk Areas

- Ages at actual retirement
- Rates of mortality
- Rates of withdrawal of active members (turnover)
- Rates of disability

The Actuarial Valuation Process

The *actuarial valuation* is the mathematical process by which the contribution rate is determined, and the flow of activity constituting the valuation may be summarized as follows:

- A. ***Covered people data***, furnished by plan administrator, including:
 - Retired lives now receiving benefits
 - Former employees with vested benefits not yet payable
 - Active employees
- + B. ***Asset data*** (cash & investments), furnished by plan administrator
- + C. ***Assumptions concerning future financial experiences in various risk areas***, which assumptions are established by the Board of Trustees after consulting with the actuary
- + D. ***The funding method*** for determining employer contributions (the long-term, planned pattern for employer contributions)
- + E. ***Mathematically combining the assumptions, the funding method, and the data***
- = F. Determination of:
 - Plan financial position***
 - and/or ***New Employer Contribution Rate***

SECTION B

BENEFIT PROVISIONS AND VALUATION DATA

Arkansas Local Police and Fire Retirement System
Brief Summary as of December 31, 2014 of LOPFI Coverage for
BENEFIT PROGRAM 1 PAID SERVICE
Benefits and Conditions Evaluated and/or Considered
(Section references are to Arkansas Code of 1987, including
amendments from 2013 General Assembly Session)

Voluntary Retirement. Section 24-10-604. A member may retire with an age & service annuity after both (i) completing 5 years (10 years for members hired on or after July 1, 2013) of credited service, and (ii) attaining his normal retirement age. The normal retirement age is age 60 for a member with less than 20 years credited service, age 55 for a member with at least 20 years credited service or any age for a member with 28 or more years of credited service.

Compulsory Retirement. Section 24-10-605. Established by each employer.

Paid Service. Section 24-10-102(13). Covered employment which is half-time employment or more, and for which a minimum dollar amount is paid. For each calendar month in 1981, the minimum is \$500 for the month. For each later calendar year, the \$500 is indexed for inflation (Consumer Price Index). Accordingly, the monthly minimum during 2014 was \$1,347.

Volunteer Service. Section 24-10-102(14). Covered employment which cannot be classified as Paid Service.

Final Average Pay. Section 24-10-102(16)(A). The average of a member's monthly pay during the period of 36 consecutive months of credited Paid Service producing the highest monthly average, which period is contained within the 120 consecutive months of credited Paid Service immediately preceding retirement. Not applicable to Volunteer Service.

Age & Service Annuity. Section 24-10-602. The annuity, payable monthly for life, equals a specified amount multiplied by the member's number of years of credited service. The amount depends upon the conditions related to covered employment:

A. ***Paid Service Not Covered by Social Security.*** For each year of such service, 2.94% of the member's final average pay.

B. ***Paid Service Also Covered by Social Security.*** For each year of such service, 1.94% of the member's final average pay. In addition, there is a temporary annuity equal to 1.0% of the member's final average pay for each year of service, payable to normal Social Security retirement age.

C. At time of retirement, the total of A plus B cannot exceed 100% of final average pay.

Early Annuity. Section 24-10-606. A member may retire with an early annuity after both (i) completing 20 years of credited service, and (ii) attaining age 50 or (iii) after completing 25 years of credited paid service. The early annuity amount, payable monthly for life, is computed in the same manner as an age & service annuity, based upon his service and pay record to time of early retirement, but reduced to reflect the fact that his age when payments begin is younger than his normal retirement age. The amount of the reduction is 1/2 of 1% (.005) for each month his age at early retirement is younger than his normal retirement age (age 55 for members with 25 years of credited paid service).

Vested Termination Annuity. Section 24-10-611. If a member leaves LOPFI-covered employment (i) before attaining his early retirement age, and (ii) after completing 5 years (10 years for members hired on or after July 1, 2013) of credited service, he becomes eligible for a vested termination annuity; provided he lives to his normal retirement age and does not withdraw his accumulated contributions. The vested annuity amount, payable monthly for life from his normal retirement age, is computed in the same manner as an age & service annuity, based upon his service and pay record to time of leaving LOPFI coverage. However, final average pay is increased by one-half of any increase in the inflation index for the period from termination of employment to beginning of annuity payments.

Non-Duty Disability Annuity. Section 24-10-607(a)(1)(A). A member with 5 or more years (10 or more years for members hired on or after July 1, 2013) of credited service who becomes totally and permanently disabled from other than duty-connected causes receives a non-duty disability annuity computed in the same manner as an age & service annuity, based upon his service and pay record to time of disability.

Duty Disability Annuity. Section 24-10-607(c)(1)(A). A member who becomes totally and permanently disabled from duty-connected causes receives a duty disability annuity computed in the same manner as an age & service annuity, based upon his service and pay record to time of disability. The minimum annuity payable is 65% of the member's final average pay.

Non-Duty Death-in-Service. Paid Member. Section 24-10-608(a)(1). Upon the death, from other than duty-connected causes, of a Paid Service member who had completed 5 years (10 years for members hired on or after July 1, 2013) of paid service, his eligible surviving dependents receive the following benefits:

(a) The surviving spouse receives an annuity equal to the Option B50 annuity (joint and 50% survivor benefit) computed based upon the deceased member's service (and pay) record to time of death. Minimum of 20% of member's final average pay, or \$125 monthly if greater.

(b) While a spouse benefit is payable, each dependent child under age 18 (age 23 if full time student) receives 10% of member's final average pay, or \$25 monthly if greater. The totals for 4 or more children cannot exceed 30% of final average pay, or \$125 monthly if greater.

(c) While no spouse benefit is payable, each dependent child under age 18 (age 23 if full time student) receives 20% of member's final average pay, or \$25 monthly if greater. The total for 3 or more children cannot exceed 50% of final average pay, or \$125 monthly if greater.

(d) If there is neither spouse nor child at time of member's death, each dependent parent receives 20% of final average pay.

Duty Death-in-Service. Section 24-10-608(b)(1). Upon the death of a Paid Service member from duty-connected causes, regardless of length of service, his eligible surviving dependents receive the same benefits as for Non-Duty Death, except that if credited service at time of death is less than 25 years, credited service is increased to 25 years.

Benefit Changes After Retirement. Section 24-10-612. There is an annual redetermination of monthly benefit amount, beginning the July first following 12 months of retirement. The redetermined amount is 3.0% of the monthly benefit from the preceding July.

Member Contributions. Sections 24-10-404 and 24-10-613. Each member contributes 8.5% of his covered pay if his covered employment is resulting in Paid Service credit and is not covered by Social Security. For other covered employment conditions, each member contributes 2.5% of his covered pay. Individual member deposit accounts do not receive interest credit. If a member leaves LOPFI-covered employment before an annuity is payable on his behalf, the member may choose to have his accumulated contributions refunded to him. If he dies, his accumulated contributions are refunded to his designated beneficiary.

Employer Contributions. Section 24-10-405. Each employer contributes the remainder amounts necessary to finance its employees' participation in LOPFI. Contributions to LOPFI are determined based upon level-rate principles, so that contribution rates do not have to increase over decades of time.

DROP (Deferred Retirement Option Plan). Sections 24-10-701 through 24-10-708. Paid service members who have attained age 55 with at least 20 years of service or members with at least 28 years of service may participate. A participant with 28 years of service will receive 75% of his accrued benefit at time of DROP election while in the DROP, payable into the participant's DROP account (which will be credited with 6% interest annually). A participant with less than 28 years of service will receive 72% of his accrued benefit at time of DROP election while in the DROP, payable into the participant's DROP account (which will be credited with 6% interest annually). The duration of participation in the DROP shall not exceed 7 years. When a member has reached year 6 of participation in the DROP, the amount of the accrued benefit at the time of DROP election shall be redetermined. The redetermined amount shall be the amount of the benefit as of the immediately preceding July 1 increased by 3%. The redetermined amount shall be payable only when the member elects to cease employment and receive a service retirement and shall not be added to the plan account. Employer and employee contributions continue and are used to finance System benefits (i.e., they are not deposited to the participant's DROP account). For additional details please refer to Arkansas Code, Title 24, Chapter 10, Subchapter 7.

LOPFI
Illustrations of Normal Benefit Amounts
for Sample Combinations of Service & Pay

Illustration 1
FOR PAID SERVICE WHICH IS NOT COVERED BY
SOCIAL SECURITY

**(The Applicable Benefit Program is Years of Paid Service
times 2.94% of FAP ⁽¹⁾)**

Final Average Pay (FAP) ⁽¹⁾	LOPFI BENEFIT ⁽²⁾	
	\$	% of FAP
<u>32 Years of Service ⁽³⁾</u>		
\$ 1,800	\$ 1,693	94 %
2,200	2,070	94
2,600	2,446	94
3,000	2,822	94
3,400	3,199	94
<u>28 Years of Service ⁽³⁾</u>		
\$ 1,800	\$ 1,482	82 %
2,200	1,811	82
2,600	2,140	82
3,000	2,470	82
3,400	2,799	82
<u>20 Years of Service ⁽³⁾</u>		
\$ 1,800	\$ 1,058	59 %
2,200	1,294	59
2,600	1,529	59
3,000	1,764	59
3,400	1,999	59

(1) "Final Average Pay" means the monthly average of an employee's pays during the period of 36 consecutive months when they were highest, contained within his last 120 months of paid service.

(2) Amounts shown are rounded to the nearest dollar; actual amounts will be calculated to the nearest cent.

(3) With 28 or more years of service the employee is eligible for normal retirement. With 20 or more years of service the employee is eligible for normal retirement at age 55. With fewer than 20 years, the eligibility age is 60.

LOPFI
Illustrations of Normal Benefit Amounts
for Sample Combinations of Service & Pay

Illustration 2

FOR PAID SERVICE WHICH IS COVERED BY SOCIAL SECURITY

(The Applicable Benefit Program is Years of Paid Service times: 1.94% of FAP ⁽¹⁾ for life, plus 1.0% of FAP ⁽¹⁾ temporary to full Social Security retirement age)

Final Average Pay (FAP) ⁽¹⁾	LOPFI Benefit ⁽³⁾		Estimated Social Security ⁽²⁾	Estimated Monthly Total		Percent of FAP	
	To SSRA	At SSRA		To SSRA	At SSRA	To SSRA	At SSRA
32 Years of Service ⁽⁴⁾							
\$1,800	\$ 1,693	\$ 1,117	\$ 971	\$ 1,693	\$ 2,088	94 %	116 %
2,200	2,070	1,366	1,082	2,070	2,448	94	111
2,600	2,446	1,614	1,194	2,446	2,808	94	108
3,000	2,822	1,862	1,303	2,822	3,165	94	106
3,400	3,199	2,111	1,416	3,199	3,527	94	104
28 Years of Service ⁽⁴⁾							
\$1,800	\$ 1,482	\$ 978	\$ 971	\$ 1,482	\$ 1,949	82 %	108 %
2,200	1,811	1,195	1,082	1,811	2,277	82	104
2,600	2,140	1,412	1,194	2,140	2,606	82	100
3,000	2,470	1,630	1,303	2,470	2,933	82	98
3,400	2,799	1,847	1,416	2,799	3,263	82	96
20 Years of Service ⁽⁴⁾							
\$1,800	\$ 1,058	\$ 698	\$ 971	\$ 1,058	\$ 1,669	59 %	93 %
2,200	1,294	854	1,082	1,294	1,936	59	88
2,600	1,529	1,009	1,194	1,529	2,203	59	85
3,000	1,764	1,164	1,303	1,764	2,467	59	82
3,400	1,999	1,319	1,416	1,999	2,735	59	80

- (1) "Final Average Pay" means the monthly average of an employee's pays during the period of 36 consecutive months when they were highest, contained within his last 120 months of paid service.
- (2) "Estimated Social Security" means, for an employee covered by Social Security, an employee's estimated OASDI retirement benefit is based upon an estimated "average indexed monthly earnings" for an employee retiring at normal Social Security retirement age (SSRA). It does not include any amounts which might be payable to an eligible spouse or children. Final average pay is assumed to be equal to Average Indexed Monthly Earnings. The results assume no Social Security covered earnings after retirement. Note that a member may draw a reduced Social Security benefit as early as age 62. This is an estimate. Individuals can receive an estimate from the Social Security Administration based on their actual earnings history.
- (3) Amounts shown are rounded to the nearest dollar; actual amounts will be calculated to the nearest cent.
- (4) With 28 or more years of service the employee is eligible for normal retirement. With 20 or more years of service the employee is eligible for normal retirement at age 55. With fewer than 20 years, the eligibility age is 60.
- (5) This illustration shows 2015 Social Security estimates for a participant who retired in 2006 at age 56.

LOPFI
Illustrations of Normal Benefit Amounts
for Sample Combinations of Service & Pay

Illustration 3

FOR PAID SERVICE WHICH IS COVERED BY SOCIAL SECURITY

(The Applicable Benefit Program is Years of Paid Service times: 1.94% of FAP ⁽¹⁾ for life, plus 1.0% of FAP ⁽¹⁾ temporary to full Social Security retirement age)

Final Average Pay (FAP) ⁽¹⁾	LOPFI Benefit ⁽³⁾		Estimated Social Security ⁽²⁾	Estimated Monthly Total		Percent of FAP	
	To SSRA	At SSRA		To SSRA	At SSRA	To SSRA	At SSRA
<u>32 Years of Service ⁽⁴⁾</u>							
\$2,400	\$ 2,258	\$ 1,779	\$ 1,498	\$ 2,258	\$ 3,277	94 %	114 %
3,000	2,822	2,223	1,700	2,822	3,923	94	110
3,600	3,387	2,669	1,899	3,387	4,568	94	106
4,200	3,951	3,113	2,100	3,951	5,213	94	104
4,800	4,516	3,558	2,300	4,516	5,858	94	102
<u>28 Years of Service ⁽⁴⁾</u>							
\$2,400	\$ 1,976	\$ 1,557	\$ 1,498	\$ 1,976	\$ 3,055	82 %	107 %
3,000	2,470	1,946	1,700	2,470	3,646	82	102
3,600	2,964	2,336	1,899	2,964	4,235	82	99
4,200	3,457	2,724	2,100	3,457	4,824	82	96
4,800	3,951	3,113	2,300	3,951	5,413	82	94
<u>20 Years of Service ⁽⁴⁾</u>							
\$2,400	\$ 1,411	\$ 1,112	\$ 1,498	\$ 1,411	\$ 2,610	59 %	91 %
3,000	1,764	1,390	1,700	1,764	3,090	59	86
3,600	2,117	1,668	1,899	2,117	3,567	59	83
4,200	2,470	1,946	2,100	2,470	4,046	59	81
4,800	2,822	2,223	2,300	2,822	4,523	59	79

- (1) "Final Average Pay" means the monthly average of an employee's pays during the period of 36 consecutive months when they were highest, contained within his last 120 months of paid service.
- (2) "Estimated Social Security" means, for an employee covered by Social Security, an employee's estimated OASDI retirement benefit is based upon an estimated "average indexed monthly earnings" for an employee retiring at normal Social Security retirement age (SSRA). It does not include any amounts which might be payable to an eligible spouse or children. Final average pay is assumed to be equal to Average Indexed Monthly Earnings. The results assume no Social Security covered earnings after retirement. Note that a member may draw a reduced Social Security benefit as early as age 62. This is an estimate. Individuals can receive an estimate from the Social Security Administration based on their actual earnings history.
- (3) Amounts shown are rounded to the nearest dollar; actual amounts will be calculated to the nearest cent.
- (4) With 28 or more years of service the employee is eligible for normal retirement. With 20 or more years of service the employee is eligible for normal retirement at age 55. With fewer than 20 years, the eligibility age is 60.
- (5) This illustration shows 2021 Social Security estimates for a participant who retires in 2015 at age 56. All future benefits are in future dollars.

Arkansas Local Police and Fire Retirement System
Brief Summary as of December 31, 2014 of LOPFI Coverage for
BENEFIT PROGRAM 2 PAID SERVICE
Benefits and Conditions Evaluated and/or Considered
(Section references are to Arkansas Code of 1987, including
amendments from 2013 General Assembly Session)

The provisions for Benefit Program 2 employers are the same as those for Benefit Program 1 employers with the following exception:

Age & Service Annuity. Section 24-10-602. The annuity, payable monthly for life, equals a specified amount multiplied by the member's number of years of credited service. The amount depends upon the conditions related to covered employment:

A. Paid Service Not Covered by Social Security.

- **Paid Service Before Adoption of Benefit Program 2.** For each year of such service, 2.94% of the member's final average pay.
- **Paid Service After Adoption of Benefit Program 2.** For each year of such service, 3.28% of the member's final average pay.
- At time of retirement, the total cannot exceed 100% of final average pay.

B. Paid Service Also Covered by Social Security.

- **Paid Service Before Adoption of Benefit Program 2.** For each year of such service, 1.94% of the member's final average pay, plus a temporary annuity equal to 1.0% of the member's final average pay for each year of service, payable to normal Social Security retirement age.
- **Paid Service After Adoption of Benefit Program 2.** For each year of such service, 2.94% of the member's final average pay.
- At time of retirement, the total cannot exceed 100% of final average pay.

**Arkansas LOcal Police and Fire Retirement System
Brief Summary as of December 31, 2014 of LOPFI Coverage for
*VOLUNTEER SERVICE***

**Benefits and Conditions Evaluated and/or Considered
(Section references are to Arkansas Code of 1987, including
amendments from 2013 General Assembly Session)**

Voluntary Retirement. Section 24-10-604. A member may retire with an age & service annuity after both (i) completing 5 years (10 years for members hired on or after July 1, 2013) of credited service, and (ii) attaining his normal retirement age. The normal retirement age is age 60 for a member with less than 20 years credited service, age 55 for a member with at least 20 years credited service or any age for a member with 28 or more years of credited service.

Compulsory Retirement. Section 24-10-605. Established by each employer.

Paid Service. Section 24-10-102(13). Covered employment which is half-time employment or more, and for which a minimum dollar amount is paid. For each calendar month in 1981, the minimum is \$500 for the month. For each later calendar year, the \$500 is indexed for inflation (Consumer Price Index). Accordingly, the monthly minimum during 2014 was \$1,347.

Volunteer Service. Section 24-10-102(14). Covered employment which cannot be classified as Paid Service.

Age & Service Annuity. Section 24-10-102(16)(A). The annuity, payable monthly for life, equals a specified amount multiplied by the member's number of years of credited service. The amount depends upon the conditions related to covered employment:

Volunteer Service. For each year of Benefit Program 3 Volunteer Service, \$5.00 monthly, to a maximum of \$200 monthly for all volunteer service. Beginning in 2003, each July 1 these amounts are indexed for inflation by any percentage increase in the inflation index for the period from December 2003 to the December immediately preceding July 1, for members retiring in the next 12 months. Accordingly, the basic benefit factor reflected in the December 31, 2014 valuations was \$6.39 monthly.

For each year of Benefit Program 4 Volunteer Service, \$10.00 monthly, to a maximum benefit of \$400 monthly for all volunteer service. Beginning in 2013, each July 1 these amounts are indexed for inflation by any percentage increase in the inflation index for the period from December 2011 to the December immediately preceding July 1, for members retiring in the next 12 months. Accordingly, the basic benefit factor reflected in the December 31, 2014 valuations was \$10.35 monthly.

Early Annuity. Section 24-10-606. A member may retire with an early annuity after both (i) completing 20 years of credited service, and (ii) attaining age 50. The early annuity amount, payable monthly for life, is computed in the same manner as an age & service annuity, based upon his service record to time of early retirement, but reduced to reflect the fact that his age when payments begin is younger than his normal retirement age. The amount of the reduction is 1/2 of 1% (.005) for each month his age at early retirement is younger than his normal retirement age.

Vested Termination Annuity. Section 24-10-611. If a member leaves LOPFI-covered employment (i) before attaining his early retirement age, and (ii) after completing 5 years (10 years for members hired on or after July 1, 2013) of credited service, he becomes eligible for a vested termination annuity; provided he lives to his normal retirement age (and does not withdraw any accumulated contributions). The vested annuity amount, payable monthly for life from his normal retirement age, is computed in the same manner as an age & service annuity, based upon his service record to time of leaving LOPFI coverage.

Non-Duty Disability Annuity. Section 24-10-607(a)(1)(A). A member with 5 or more years (10 or more years for members hired on or after July 1, 2013) of credited service who becomes totally and permanently disabled from other than duty-connected causes receives a non-duty disability annuity computed in the same manner as an age & service annuity, based upon his service record to time of disability.

Duty Disability Annuity. Section 24-10-607(c)(1)(A). A member who becomes totally and permanently disabled from duty-connected causes receives a duty disability annuity computed in the same manner as an age & service annuity, based upon his service and pay record to time of disability. If the member had less than 25 years of service at time of disability, credited service is increased to 25 years.

Non-Duty Death-in-Service. Volunteer Member. Section 24-10-609. Upon the death, from other than duty-connected causes, of a Volunteer member who had completed 5 years (10 years for members hired on or after July 1, 2013) of volunteer service, or who was eligible for normal retirement, his eligible surviving dependents receive the following benefits:

(a) The surviving spouse receives an annuity equal to the Option B50 annuity (joint and 50% survivor benefit) computed based upon the deceased member's service record to time of death.

(b) Each dependent child under age 18 (age 23 if full time student) receives \$15 monthly. The totals for 3 or more children cannot exceed \$40 monthly.

Duty Death-in-Service. Section 24-10-608(b)(1). Upon the death of a Paid Service member from duty-connected causes, regardless of length of service, his eligible surviving dependents receive the same benefits as for Non-Duty Death, except that if credited service at the time of death is less than 25 years, credited service is increased to 25 years.

Benefit Changes After Retirement. Section 24-10-612. There is an annual redetermination of monthly benefit amount, beginning the July first following 12 months of retirement. The redetermined amount is 3.0% of the monthly benefit from the preceding July.

Member Contributions. For Volunteer Service credit, members do not contribute.

Employer Contributions. Section 24-10-405. Each employer contributes the amounts necessary to finance all employees participation in LOPFI. Contributions to LOPFI are determined based upon level-rate principles, so that contribution rates do not have to increase over decades of time.

LOPFI Covered Groups and Covered Persons (Excluding Local Funds)

LOPFI Staff	Valuation Groups	Active Members*				Inflation Increase % (CPI)
		Number	Annual Payroll	Average Pay	% Increase	
12/31/2007	1	8	\$ 415,984	\$51,998	N/A	4.1 %
12/31/2008	1	8	459,432	57,429	10.4 %	0.1
12/31/2009	1	8	487,527	60,941	6.1	2.7
12/31/2010	1	8	514,466	64,308	5.5	1.5
12/31/2011	1	8	543,380	67,923	5.6	3.0
12/31/2012	1	8	574,418	71,802	5.7	1.7
12/31/2013	1	8	600,538	75,067	4.5	1.5
12/31/2014	1	9	640,208	71,134	(5.2)	0.8

* Includes DROP participants, if any.

LOPFI Covered Groups and Covered Persons (Excluding Local Funds)

Paid Police Covered by Social Security	Valuation Groups	Active Members*				Inflation Increase % (CPI)
		Number	Annual Payroll	Average Pay	% Increase	
12/31/1995	110	1,053	\$ 23,212,618	\$22,044	4.2 %	2.5 %
12/31/1996	117	1,145	26,154,080	22,842	3.6	3.3
12/31/1997	128	1,211	28,971,065	23,923	4.7	1.7
12/31/1998	134	1,346	33,301,863	24,741	3.4	1.6
12/31/1999	141	1,480	38,187,948	25,803	4.3	2.7
12/31/2000	150	1,493	39,080,134	26,176	1.4	3.4
12/31/2001	152	1,497	42,193,903	28,186	7.7	1.6
12/31/2002	158	1,556	46,480,114	29,872	6.0	2.4
12/31/2003	154	1,583	49,757,738	31,433	5.2	1.9
12/31/2004	154	1,583	51,235,812	32,366	3.0	3.3
12/31/2005	154	1,614	53,061,186	32,876	1.6	3.4
12/31/2006	161	1,680	57,466,068	34,206	4.0	2.5
12/31/2007	166	1,787	62,170,244	34,790	1.7	4.1
12/31/2008	163	1,838	66,243,983	36,041	3.6	0.1
12/31/2009	172	1,905	71,687,015	37,631	4.4	2.7
12/31/2010	175	1,906	72,900,413	38,248	1.6	1.5
12/31/2011	176	1,931	74,098,384	38,373	0.3	3.0
12/31/2012	175	1,948	75,476,200	38,745	1.0	1.7
12/31/2013	172	1,986	79,718,641	40,140	3.6	1.5
12/31/2014	176	2,020	83,100,711	41,139	2.5	0.8

* Includes DROP participants, if any.

**LOPFI Covered Groups and Covered Persons
(Excluding Local Funds)
(Continued)**

Paid Police Not Covered by Social Security	Valuation Groups	Active Members*				Inflation Increase % (CPI)
		Number	Annual Payroll	Average Pay	% Increase	
12/31/1995	14	1,002	\$ 27,042,274	\$26,988	1.8 %	2.5 %
12/31/1996	14	1,087	31,394,960	28,882	7.0	3.3
12/31/1997	14	1,154	35,468,514	30,735	6.4	1.7
12/31/1998	14	1,220	39,052,564	32,010	4.1	1.6
12/31/1999	14	1,257	42,319,350	33,667	5.2	2.7
12/31/2000	15	1,300	45,395,466	34,920	3.7	3.4
12/31/2001	15	1,310	47,997,431	36,639	4.9	1.6
12/31/2002	14	1,309	51,013,420	38,971	6.4	2.4
12/31/2003	14	1,344	54,363,935	40,449	3.8	1.9
12/31/2004	15	1,369	57,397,946	41,927	3.7	3.3
12/31/2005	15	1,410	60,652,180	43,016	2.6	3.4
12/31/2006	14	1,455	64,982,903	44,662	3.8	2.5
12/31/2007	14	1,479	68,484,220	46,304	3.7	4.1
12/31/2008	14	1,507	72,880,723	48,361	4.4	0.1
12/31/2009	14	1,544	77,374,468	50,113	3.6	2.7
12/31/2010	14	1,562	76,993,476	49,292	(1.6)	1.5
12/31/2011	14	1,558	79,332,711	50,920	3.3	3.0
12/31/2012	14	1,604	83,272,934	51,916	2.0	1.7
12/31/2013	14	1,635	87,087,216	53,264	2.6	1.5
12/31/2014	14	1,632	89,441,845	54,805	2.9	0.8

* Includes DROP participants, if any.

**LOPFI Covered Groups and Covered Persons
(Excluding Local Funds)
(Continued)**

Paid Fire Covered by Social Security	Valuation Groups	Active Members*				Inflation Increase % (CPI)
		Number	Annual Payroll	Average Pay	% Increase	
12/31/1995	2	24	\$ 642,998	\$26,792	8.2 %	2.5 %
12/31/1996	2	24	658,401	27,433	2.4	3.3
12/31/1997	2	16	413,344	25,834	(5.8)	1.7
12/31/1998	2	15	427,149	28,477	10.2	1.6
12/31/1999	2	15	443,877	29,592	3.9	2.7
12/31/2000	3	20	550,930	27,547	(6.9)	3.4
12/31/2001	4	34	1,091,894	32,115	16.6	1.6
12/31/2002	5	34	1,236,009	36,353	13.2	2.4
12/31/2003	6	34	1,297,597	38,165	5.0	1.9
12/31/2004	7	58	1,881,084	32,432	(15.0)	3.3
12/31/2005	10	62	2,137,350	34,473	6.3	3.4
12/31/2006	13	71	2,459,152	34,636	0.5	2.5
12/31/2007	19	84	3,224,208	38,383	10.8	4.1
12/31/2008	20	85	3,310,078	38,942	1.5	0.1
12/31/2009	21	90	3,794,410	42,160	8.3	2.7
12/31/2010	23	99	4,092,787	41,341	(1.9)	1.5
12/31/2011	23	104	4,155,015	39,952	(3.4)	3.0
12/31/2012	22	101	4,221,364	41,796	4.6	1.7
12/31/2013	25	102	4,331,413	42,465	1.6	1.5
12/31/2014	25	114	4,689,955	41,140	(3.1)	0.8

* Includes DROP participants, if any.

**LOPFI Covered Groups and Covered Persons
(Excluding Local Funds)
(Continued)**

Paid Fire Not Covered by Social Security	Valuation Groups	Active Members*				Inflation Increase % (CPI)
		Number	Annual Payroll	Average Pay	% Increase	
12/31/1995	55	1,115	\$ 28,317,948	\$25,397	4.3 %	2.5 %
12/31/1996	55	1,216	32,183,785	26,467	4.2	3.3
12/31/1997	58	1,334	37,011,225	27,745	4.8	1.7
12/31/1998	58	1,417	41,048,974	28,969	4.4	1.6
12/31/1999	58	1,549	47,249,417	30,503	5.3	2.7
12/31/2000	60	1,680	52,268,378	31,112	2.0	3.4
12/31/2001	59	1,732	57,430,283	33,158	6.6	1.6
12/31/2002	59	1,821	64,691,073	35,525	7.1	2.4
12/31/2003	59	1,888	70,635,697	37,413	5.3	1.9
12/31/2004	60	1,956	76,826,671	39,277	5.0	3.3
12/31/2005	57	2,029	81,650,944	40,242	2.5	3.4
12/31/2006	59	2,122	88,041,571	41,490	3.1	2.5
12/31/2007	61	2,245	95,882,874	42,710	2.9	4.1
12/31/2008	60	2,202	98,780,987	44,860	5.0	0.1
12/31/2009	61	2,360	108,383,023	45,925	2.4	2.7
12/31/2010	61	2,374	110,404,238	46,506	1.3	1.5
12/31/2011	61	2,415	114,640,275	47,470	2.1	3.0
12/31/2012	60	2,478	118,625,189	47,871	0.8	1.7
12/31/2013	60	2,514	124,879,563	49,674	3.8	1.5
12/31/2014	60	2,548	129,532,480	50,837	2.3	0.8

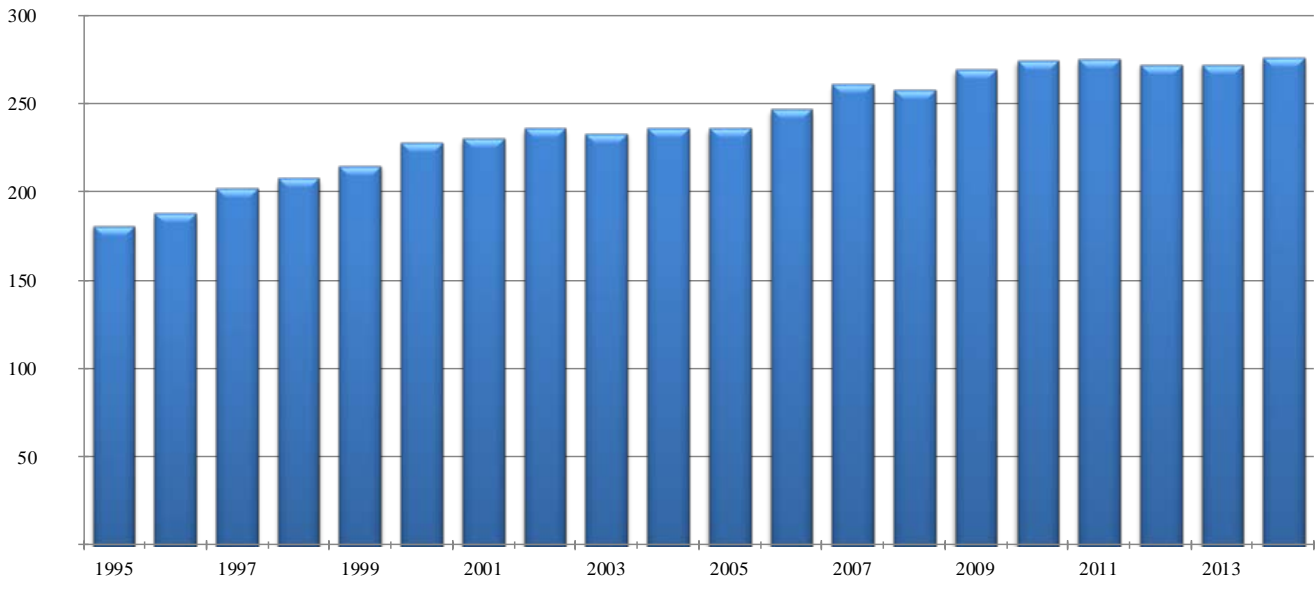
* Includes DROP participants, if any.

**LOPFI Covered Groups and Covered Persons
(Excluding Local Funds)
(Continued)**

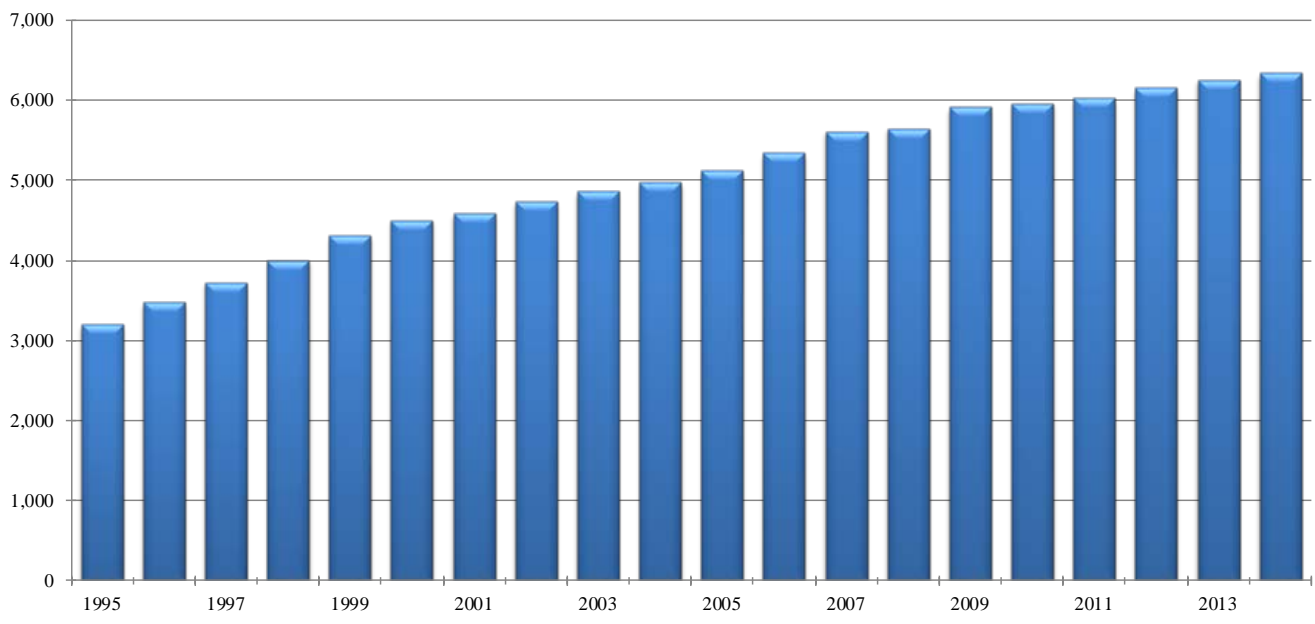
Total Paid	Valuation Groups	Active Members*				Inflation Increase % (CPI)
		Number	Annual Payroll	Average Pay	% Increase	
12/31/1995	181	3,194	\$ 79,215,838	\$24,801	3.4 %	2.5 %
12/31/1996	188	3,472	90,391,226	26,034	5.0	3.3
12/31/1997	202	3,715	101,864,148	27,420	5.3	1.7
12/31/1998	208	3,998	113,830,550	28,472	3.8	1.6
12/31/1999	215	4,301	128,200,592	29,807	4.7	2.7
12/31/2000	228	4,493	137,294,908	30,558	2.5	3.4
12/31/2001	230	4,573	148,713,511	32,520	6.4	1.6
12/31/2002	236	4,720	163,420,616	34,623	6.5	2.4
12/31/2003	233	4,849	176,054,967	36,307	4.9	1.9
12/31/2004	236	4,966	187,341,513	37,725	3.9	3.3
12/31/2005	236	5,115	197,501,660	38,612	2.4	3.4
12/31/2006	247	5,328	212,949,694	39,968	3.5	2.5
12/31/2007	261	5,603	230,177,530	41,081	2.7	4.1
12/31/2008	258	5,640	241,675,203	42,850	4.3	0.1
12/31/2009	269	5,907	261,726,443	44,308	3.4	2.7
12/31/2010	274	5,949	264,905,380	44,529	0.5	1.5
12/31/2011	275	6,016	272,769,765	45,341	1.8	3.0
12/31/2012	272	6,139	282,170,105	45,964	1.4	1.7
12/31/2013	272	6,245	296,617,371	47,497	3.3	1.5
12/31/2014	276	6,323	307,405,199	48,617	2.4	0.8

* Includes DROP participants, if any.

LOPFI Covered Groups - Paid Service



LOPFI Active Member Count - Paid Service



**LOPFI Covered Groups and Covered Persons
(Excluding Local Funds)
(Continued)**

Volunteer Police	Valuation Groups	Active Members				Inflation Increase % (CPI)
		Number	Annual Payroll	Average Pay	% Increase	
12/31/1995	8	9				2.5%
12/31/1996	9	10				3.3
12/31/1997	10	14				1.7
12/31/1998	7	8				1.6
12/31/1999	8	10				2.7
12/31/2000	8	9				3.4
12/31/2001	10	16				1.6
12/31/2002	19	49				2.4
12/31/2003	24	55				1.9
12/31/2004	24	55				3.3
12/31/2005	32	70				3.4
12/31/2006	38	91				2.5
12/31/2007	51	118				4.1
12/31/2008	42	123				0.1
12/31/2009	44	139				2.7
12/31/2010	58	174				1.5
12/31/2011	72	230				3.0
12/31/2012	69	224				1.7
12/31/2013	85	293				1.5
12/31/2014	98	335				0.8

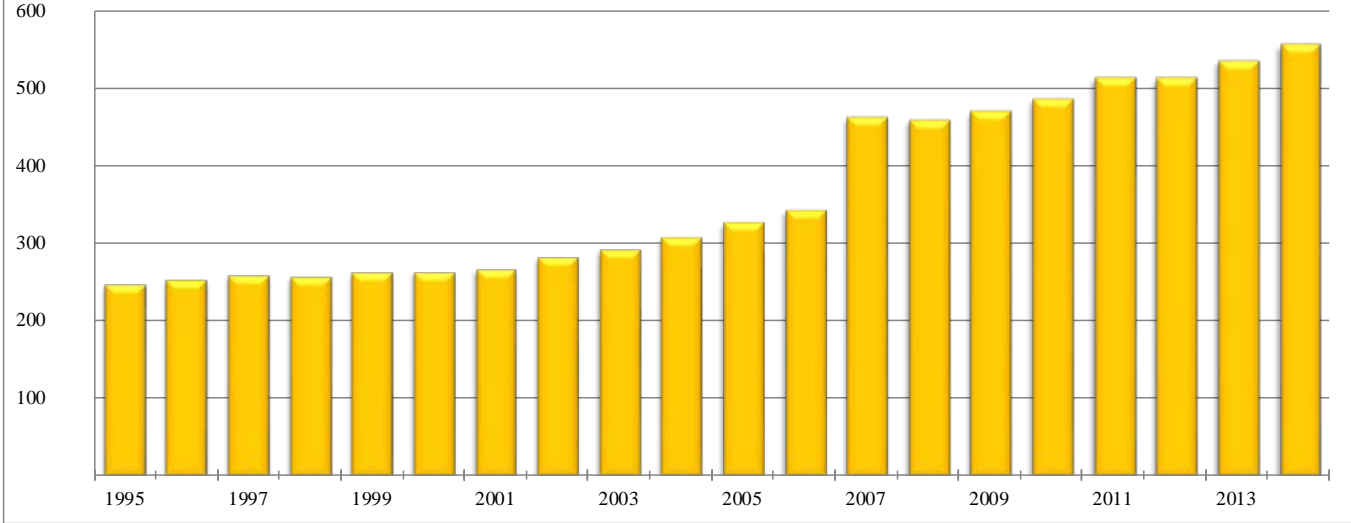
**LOPFI Covered Groups and Covered Persons
(Excluding Local Funds)
(Continued)**

Volunteer Fire	Valuation Groups	Active Members			Inflation
		Number	Annual Payroll	Average Pay	Increase % (CPI)
12/31/1995	238	2,684			2.5%
12/31/1996	243	2,895			3.3
12/31/1997	248	3,063			1.7
12/31/1998	249	3,175			1.6
12/31/1999	253	3,397			2.7
12/31/2000	254	3,481			3.4
12/31/2001	255	3,585			1.6
12/31/2002	261	3,809			2.4
12/31/2003	266	4,033			1.9
12/31/2004	282	4,351			3.3
12/31/2005	293	4,580			3.4
12/31/2006	303	4,814			2.5
12/31/2007	410	6,502			4.1
12/31/2008	415	6,480			0.1
12/31/2009	424	6,412			2.7
12/31/2010	427	6,560			1.5
12/31/2011	440	6,804			3.0
12/31/2012	442	6,805			1.7
12/31/2013	449	6,847			1.5
12/31/2014	456	7,012			0.8

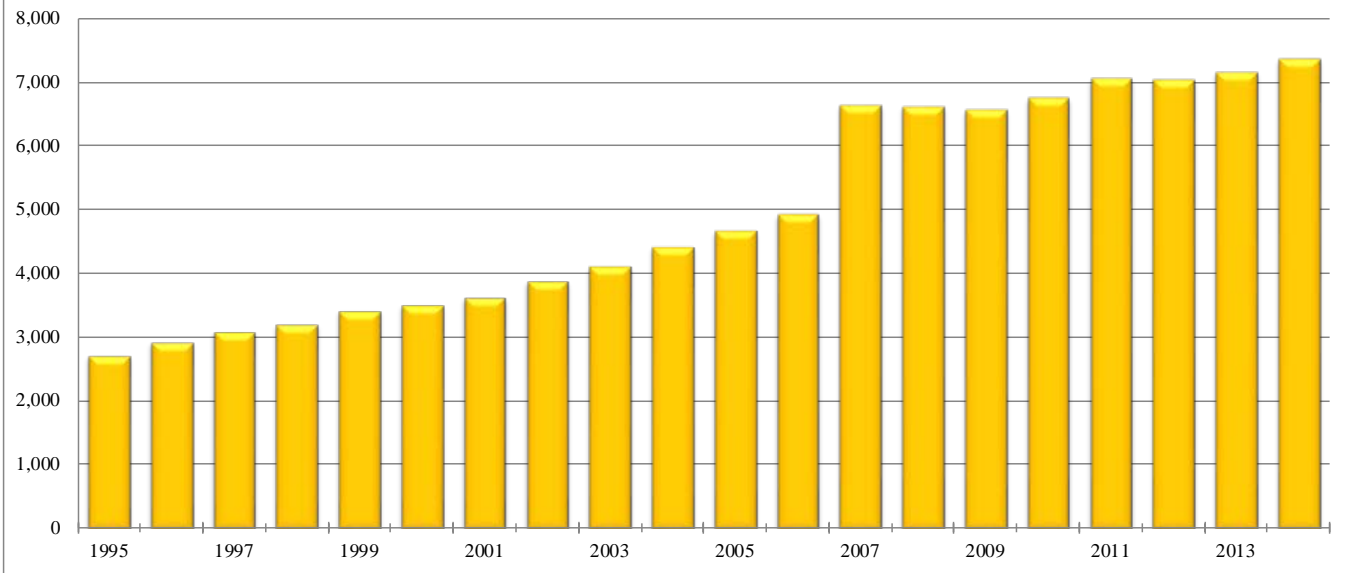
**LOPFI Covered Groups and Covered Persons
(Excluding Local Funds)
(Concluded)**

Total Volunteer Police and Fire	Valuation Groups	Active Members			Inflation Increase % (CPI)
		Number	Annual Payroll	Average Pay	
12/31/1995	246	2,693			2.5%
12/31/1996	252	2,905			3.3
12/31/1997	258	3,077			1.7
12/31/1998	256	3,183			1.6
12/31/1999	261	3,407			2.7
12/31/2000	262	3,490			3.4
12/31/2001	265	3,601			1.6
12/31/2002	280	3,858			2.4
12/31/2003	290	4,088			1.9
12/31/2004	306	4,406			3.3
12/31/2005	325	4,650			3.4
12/31/2006	341	4,905			2.5
12/31/2007	461	6,620			4.1
12/31/2008	457	6,603			0.1
12/31/2009	468	6,551			2.7
12/31/2010	485	6,734			1.5
12/31/2011	512	7,034			3.0
12/31/2012	511	7,029			1.7
12/31/2013	534	7,140			1.5
12/31/2014	554	7,347			0.8

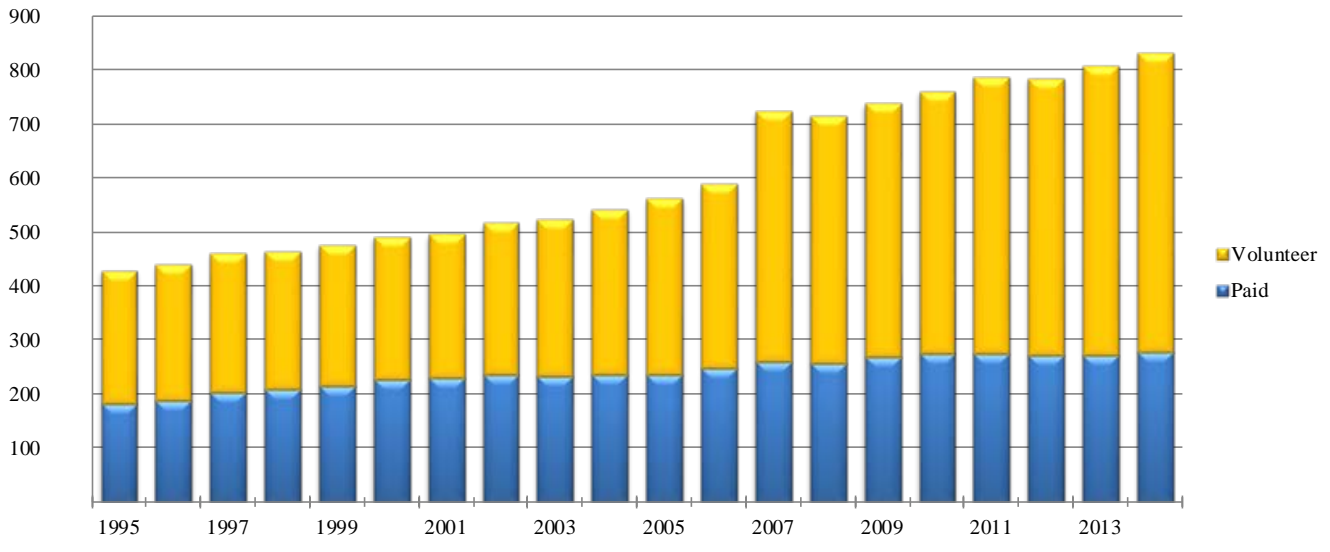
LOPFI Covered Groups - Volunteer Service



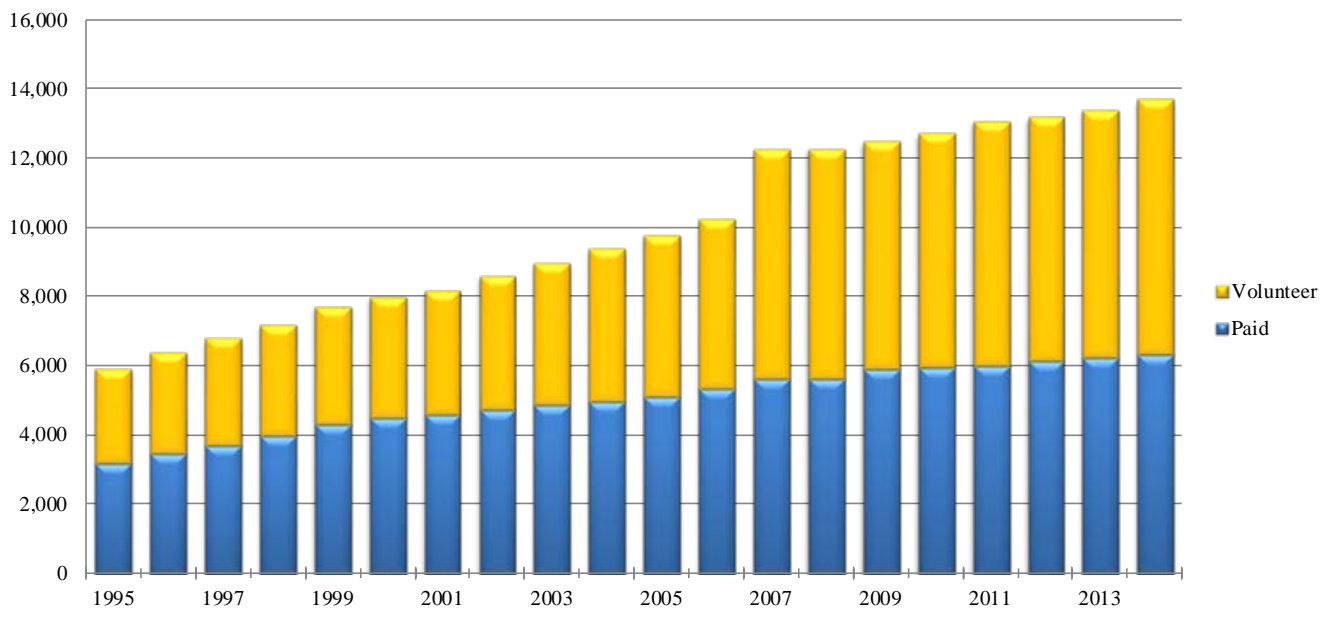
LOPFI Active Member Count - Volunteer Service



LOPFI Covered Groups - Paid and Volunteer Combined



LOPFI Active Member Count - Paid and Volunteer Combined



**LOPFI (Excluding Local Funds)
Paid Service Active Members – December 31, 2014
Attained Age and Years of Service**

Attained Age	Years of Service at Valuation Date							Totals*	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Annual Payroll
Under 20	1							1	\$ 23,292
20-24	285	19						304	\$ 10,204,830
25-29	616	206	42					864	32,454,079
30-34	366	440	183	67				1,056	45,756,765
35-39	191	275	317	188	68			1,039	49,865,744
40-44	111	128	264	351	198	50		1,102	58,527,939
45-49	53	74	106	223	269	153	28	906	52,156,941
50-54	22	36	45	98	182	202	56	641	36,989,214
55-59	21	32	26	48	49	89	25	290	15,623,068
60-64	10	12	22	19	12	24	3	102	5,108,406
65-69	1		3	4	1	1	2	12	482,918
70+	1		1	2		1	1	6	212,003
Totals	1,678	1,222	1,009	1,000	779	520	115	6,323	\$ 307,405,199

* Includes DROP Participants.

Average Age: 39.2 years

Average Service: 12.4 years

Average Pay: \$48,617

As a comparison, 6,245 paid service members participated in LOPFI on December 31, 2013.

LOPFI Staff is included in the table above.

**LOPFI (Excluding Local Funds)
Volunteer Service Active Members – December 31, 2014
Attained Age and Years of Service**

Attained Age	Years of Service at Valuation Date							Total Number
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	
Under 20	86							86
20-24	619	48						667
25-29	475	285	58					818
30-34	394	290	237	60				981
35-39	313	212	187	157	61			930
40-44	283	192	155	177	133	45		985
45-49	212	164	147	141	127	109	32	932
50-54	130	140	143	137	114	89	46	799
55-59	87	88	83	113	64	60	52	547
60-64	63	61	50	58	36	32	22	322
65-69	47	35	20	18	15	12	10	157
70+	37	38	24	16	2		6	123
Totals	2,746	1,553	1,104	877	552	347	168	7,347

Average Age: 41.1 years

Average Service: 10.1 years

As a comparison, 7,140 volunteer service members participated in LOPFI on December 31, 2013.

**Benefit Program 2 Employers
December 31, 2014
(Included in Paid Service Schedules)**

Employer	Number of Active Members*	Payroll
Bella Vista Paid Police	28	\$ 1,246,940
Bella Vista Paid Fire	39	2,043,598
Fayetteville Paid Police	120	6,525,049
Fayetteville Paid Fire	108	6,152,719
Fort Smith Paid Police	164	8,005,545
Fort Smith Paid Fire	161	8,187,498
Hot Springs Paid Police	101	5,198,185
Hot Springs Paid Fire	86	4,150,078
Marion Paid Police	27	988,379
Total BP2	834	\$ 42,497,991

** Includes DROP participants, if any.*

Retirants and Beneficiaries* Added to and Removed From Rolls Comparative Statement

LOPFI Paid Service

		Added		Removed		End of Year		% Increase in Annual Allowance	Average	
		No.	Annual Allowance	No.	Annual Allowance	No.	Annual Allowance		Annual Allowance	% Increase in Allowance
December 31, 2009	Retirement	106	\$2,288,426	13	\$ 136,647	711	\$ 11,343,685	23.41	\$15,955	7.27 %
	Survivor of active	14	106,529	3	13,914	86	504,413	22.49	5,865	6.81
	Survivor of retired	3	26,940	1	4,677	23	155,814	16.67	6,775	6.53
December 31, 2010	Retirement	138	2,819,765	11	144,330	838	14,019,120	23.59	16,729	4.85
	Survivor of active	10	100,894	8	62,685	88	542,622	7.58	6,166	5.13
	Survivor of retired	25	191,680	19	144,024	29	203,470	30.59	7,016	3.56
December 31, 2011	Retirement	193	4,940,414	12	88,382	1,019	18,871,152	34.61	18,519	10.70
	Survivor of active	11	63,152	4	28,540	95	577,234	6.38	6,076	(1.46)
	Survivor of retired	7	66,463	1	6,838	35	263,095	29.30	7,517	7.14
December 31, 2012	Retirement	244	4,714,486	14	140,145	1,249	23,445,493	24.24	18,771	1.36
	Survivor of active	6	60,138	9	30,482	92	606,890	5.14	6,597	8.57
	Survivor of retired	9	107,013	3	44,081	41	326,027	23.92	7,952	5.79
December 31, 2013	Retirement	266	6,777,411	14	186,507	1,501	30,036,397	28.11	20,011	6.61
	Survivor of active	8	67,790	1	4,286	99	670,394	10.46	6,772	2.65
	Survivor of retired	8	71,254	2	48,476	47	348,805	6.99	7,421	(6.68)
December 31, 2014	Retirement	282	7,947,806	28	409,987	1,755	37,574,216	25.10	21,410	6.99
	Survivor of active	6	59,054	5	23,887	100	705,561	5.25	7,056	4.19
	Survivor of retired	12	223,965	1	2,251	58	570,519	63.56	9,837	32.56

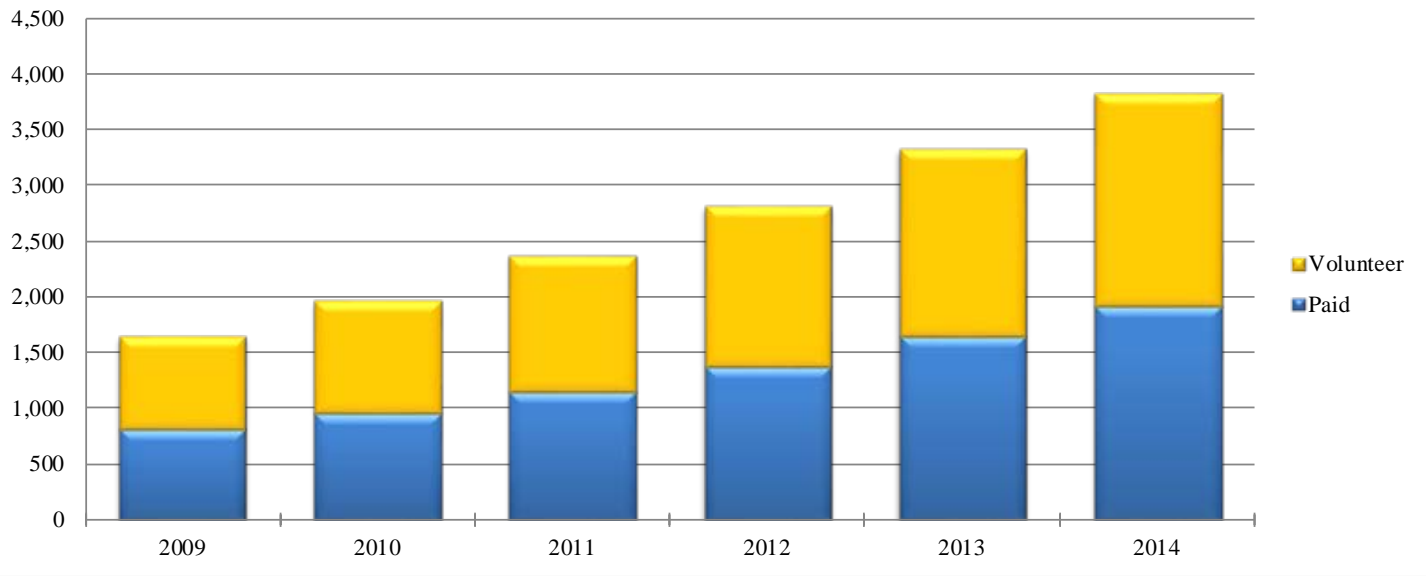
* Includes DROP members.

**Retirants and Beneficiaries Added to and Removed From Rolls
Comparative Statement
(Continued)**

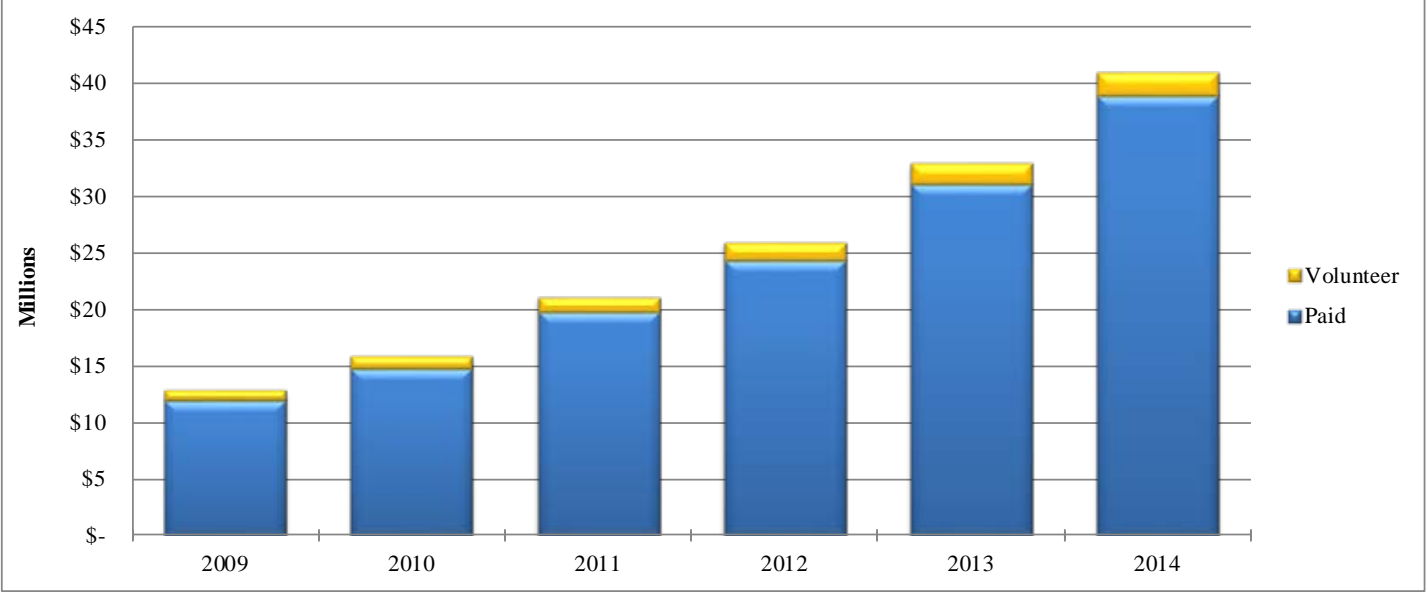
LOPFI Volunteer Service

		Added		Removed		End of Year		% Increase in Annual Allowance	Average	
		No.	Annual Allowance	No.	Annual Allowance	No.	Annual Allowance		Annual Allowance	% Increase in Allowance
December 31, 2009	Retirement	272	\$359,520	14	\$ 10,099	721	\$ 827,557	73.08	\$1,148	11.13 %
	Survivor of active	14	4,482	2	873	66	22,507	19.10	341	(2.57)
	Survivor of retired	13	12,309	4	1,227	33	27,376	68.01	830	22.24
December 31, 2010	Retirement	182	213,270	16	15,511	887	1,025,316	23.90	1,156	0.70
	Survivor of active	12	5,150	3	1,464	75	26,193	16.38	349	2.35
	Survivor of retired	29	25,603	20	15,326	42	37,653	37.54	897	8.07
December 31, 2011	Retirement	195	232,470	18	17,746	1,064	1,240,040	20.94	1,165	0.78
	Survivor of active	21	9,896	-	-	96	36,089	37.78	376	7.74
	Survivor of retired	18	16,523	2	771	58	53,405	41.83	921	2.68
December 31, 2012	Retirement	215	229,048	24	25,481	1,255	1,443,607	16.42	1,150	(1.29)
	Survivor of active	15	3,735	3	868	108	38,956	7.94	361	(3.99)
	Survivor of retired	14	15,241	4	3,162	68	65,484	22.62	963	4.56
December 31, 2013	Retirement	234	274,185	27	30,879	1,462	1,686,913	16.85	1,154	0.35
	Survivor of active	21	7,185	7	2,099	122	44,042	13.06	361	0.00
	Survivor of retired	26	29,008	3	1,758	91	92,734	41.61	1,019	5.82
December 31, 2014	Retirement	241	276,068	22	24,459	1,681	1,938,522	14.92	1,153	(0.09)
	Survivor of active	16	4,151	6	2,208	132	45,985	4.41	348	(3.60)
	Survivor of retired	18	18,571	10	13,075	99	98,230	5.93	992	(2.65)

LOPFI Retirants and Beneficiaries - Member Count



LOPFI Retirants and Beneficiaries - Total Annual Benefits



**Retirants and Beneficiaries* Added to and Removed From Rolls
Comparative Statement
(Continued)**

Local Paid Service

		Added		Removed		End of Year		% Increase in Annual Allowance	Average	
		No.	Annual Allowance	No.	Annual Allowance	No.	Annual Allowance		Annual Allowance	% Increase in Allowance
December 31, 2009	Retirement	10	\$438,424	22	\$ 292,992	798	\$16,557,769	0.89	\$20,749	2.40 %
	Survivor of active	17	227,302	1	1,500	23	350,565	180.98	15,242	(14.48)
	Survivor of retired	20	286,266	29	327,986	207	2,845,382	(1.45)	13,746	2.84
December 31, 2010**	Retirement	118	2,666,918	28	406,946	888	18,817,741	13.65	21,191	2.13
	Survivor of active	-	1,890	-	6,122	23	346,333	(1.21)	15,058	(1.21)
	Survivor of retired	187	2,875,614	154	2,286,964	240	3,434,032	20.69	14,308	4.09
December 31, 2011	Retirement	34	991,101	21	321,147	901	19,487,695	3.56	21,629	2.07
	Survivor of active	3	24,618	2	25,746	24	345,205	(0.33)	14,384	(4.48)
	Survivor of retired	15	287,361	12	139,014	243	3,582,379	4.32	14,742	3.03
December 31, 2012	Retirement	35	1,122,749	25	431,333	911	20,179,111	3.55	22,151	2.41
	Survivor of active	-	2,005	1	4,214	23	342,996	(0.64)	14,913	3.68
	Survivor of retired	28	631,844	19	210,681	252	4,003,542	11.76	15,887	7.77
December 31, 2013	Retirement	300	8,003,688	22	403,589	1,189	27,779,210	37.66	23,364	5.48
	Survivor of active	3	70,252	4	51,330	22	361,918	5.52	16,451	10.31
	Survivor of retired	102	2,151,973	7	76,301	347	6,079,214	51.85	17,519	10.27
December 31, 2014	Retirement	34	1,037,839	41	795,906	1,182	28,021,143	0.87	23,707	1.47
	Survivor of active	-	3,226	-	-	22	365,144	0.89	16,597	0.89
	Survivor of retired	27	612,017	18	273,656	356	6,417,575	5.57	18,027	2.90

* Includes DROP members.

** Data corrections in 2010.

**Retirants and Beneficiaries Added to and Removed From Rolls
Comparative Statement
(Concluded)**

Local Volunteer Service

		Added		Removed		End of Year		% Increase in Annual Allowance	Average	
		No.	Annual Allowance	No.	Annual Allowance	No.	Annual Allowance		Annual Allowance	% Increase in Allowance
December 31, 2009	Retirement	128	\$196,439	20	\$ 30,294	634	\$ 1,031,419	19.20	\$1,627	(1.09) %
	Survivor of active	9	12,556	-	-	14	21,257	144.31	1,518	(12.76)
	Survivor of retired	43	59,514	17	23,031	182	242,424	17.72	1,332	0.91
December 31, 2010*	Retirement	48	87,376	23	34,348	659	1,084,447	5.14	1,646	1.17
	Survivor of active	-	211	-	-	14	21,468	0.99	1,533	0.99
	Survivor of retired	131	181,383	113	151,528	200	272,279	12.32	1,361	2.18
December 31, 2011	Retirement	21	37,674	25	35,673	655	1,086,448	0.18	1,659	0.79
	Survivor of active	-	217	-	-	14	21,685	1.01	1,549	1.04
	Survivor of retired	25	35,876	15	18,322	210	289,833	6.45	1,380	1.40
December 31, 2012	Retirement	9	24,510	24	38,642	640	1,072,316	(1.30)	1,675	0.96
	Survivor of active	-	185	2	2,511	12	19,359	(10.73)	1,613	4.13
	Survivor of retired	14	24,689	22	30,267	202	284,255	(1.92)	1,407	1.96
December 31, 2013	Retirement	49	93,001	20	31,531	669	1,133,786	5.73	1,695	1.19
	Survivor of active	3	3,730	1	1,800	14	21,289	9.97	1,521	(5.70)
	Survivor of retired	33	57,346	18	27,045	217	314,556	10.66	1,450	3.06
December 31, 2014	Retirement	47	88,609	22	32,882	694	1,189,513	4.92	1,714	1.12
	Survivor of active	-	232	-	-	14	21,521	1.09	1,537	1.05
	Survivor of retired	32	56,045	11	14,792	238	355,809	13.11	1,495	3.10

* Data corrections in 2010.

**LOPFI (Excluding Local Funds)
Paid Service Retirants and Beneficiaries* – December 31, 2014
Tabulated by Attained Ages**

Attained Ages	Age & Service Retirants		Disability Retirants		Survivor Beneficiaries	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 10					5	\$ 29,326
10-14					19	81,579
15-19					12	56,631
20-24					6	78,185
25-29			5	\$ 116,055		
30-34			6	150,971	5	54,018
35-39	11	\$ 85,428	39	760,291	8	83,783
40-44	29	376,536	82	1,993,469	10	69,132
45-49	77	2,121,487	78	1,967,381	18	134,732
50-54	249	7,212,418	114	2,786,656	19	227,906
55-59	348	8,487,563	76	1,897,487	10	97,094
60-64	282	4,923,098	29	595,297	17	154,828
65-69	169	2,055,544	27	635,270	22	112,361
70-74	86	837,978	9	183,602	5	81,350
75-79	29	278,349	1	20,264	1	7,623
80-84	7	38,156	2	50,916	1	7,532
85-89						
90 & Over						
Totals	1,287	\$26,416,557	468	\$11,157,659	158	\$1,276,080

* Includes DROP members.

LOPFI (Excluding Local Funds)
Volunteer Service Retirants and Beneficiaries – December 31, 2014
Tabulated by Attained Ages

Attained Ages	Age & Service Retirants		Disability Retirants		Survivor Beneficiaries	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 10					8	\$ 1,263
10-14					21	2,993
15-19					18	2,733
20-24					1	203
25-29						
30-34			4	\$ 348	6	4,031
35-39	6	\$ 2,180	10	5,610	11	5,394
40-44	23	13,986	25	12,161	11	3,815
45-49	63	52,530	13	5,159	17	12,313
50-54	134	144,110	20	12,706	17	9,542
55-59	211	290,275	17	12,076	18	13,673
60-64	388	448,590	11	11,310	27	19,183
65-69	323	381,460	5	4,685	32	22,600
70-74	221	284,743			19	20,622
75-79	127	151,111	1	1,054	14	13,477
80-84	62	82,774			9	10,128
85-89	17	21,654			1	790
90 & Over					1	1,455
Totals	1,575	\$1,873,413	106	\$65,109	231	\$144,215

**LOPFI (Closed Plan Members)
Paid Service Retirants and Beneficiaries* – December 31, 2014
Tabulated by Attained Ages**

Attained Ages	Age & Service Retirants		Disability Retirants		Survivor Beneficiaries	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 10						
10-14						
15-19					3	\$ 17,730
20-24						
25-29						
30-34						
35-39						
40-44					1	7,379
45-49	2	\$ 12,975			2	65,704
50-54	40	943,218	3	\$ 91,154	2	59,600
55-59	169	4,450,892	10	249,783	20	485,108
60-64	232	6,124,049	17	445,031	37	837,756
65-69	248	5,956,293	34	765,310	52	1,055,445
70-74	178	4,100,114	13	239,640	58	1,200,128
75-79	108	2,288,154	12	243,549	63	975,164
80-84	67	1,307,437	11	196,286	79	1,200,945
85-89	25	408,160	2	27,231	43	648,104
90 & Over	9	148,287	2	23,580	18	229,656
Totals	1,078	\$25,739,579	104	\$2,281,564	378	\$6,782,719

* Includes DROP members.

**LOPFI (Closed Plan Members)
 Volunteer Service Retirants and Beneficiaries – December 31, 2014
 Tabulated by Attained Ages**

Attained Ages	Age & Service Retirants		Disability Retirants		Survivor Beneficiaries	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 10						
10-14						
15-19					2	\$ 1,800
20-24						
25-29						
30-34						
35-39	1	\$ 2,349				
40-44						
45-49						
50-54	15	26,274			1	3,300
55-59	77	137,040	1	\$ 1,200	2	2,880
60-64	100	173,363	5	6,582	8	12,344
65-69	132	231,072	4	4,800	38	56,038
70-74	121	200,192	2	2,400	36	53,779
75-79	93	166,475	1	1,200	33	49,733
80-84	68	116,912	2	3,000	48	73,587
85-89	49	79,232			55	80,075
90 & Over	23	37,422			29	43,794
Totals	679	\$1,170,331	15	\$19,182	252	\$377,330

LOPFI Participating Group By Type
December 31, 2014

<u>Political Subdivision</u>	<u>POLICE</u>			<u>FIRE</u>			<u>OTHER</u>
	<u>Paid With SS</u>	<u>Paid W/O SS</u>	<u>Volunteer Service</u>	<u>Paid With SS</u>	<u>Paid W/O SS</u>	<u>Volunteer Service</u>	
Alma						X	
Altheimer						X	
Altus	X					X	
Amity	X		X			X	
Antioch						X	
Appleton Rural						X	
Arch Street FPD #16						X	
Arkadelphia					X	X	
Arkansas City						X	
Ash Flat	X		X		X	X	
Ashdown	X		X			X	
Atkins	X					X	
Augusta	X					X	
Austin	X					X	
Avoca						X	
Bald Knob	X		X			X	
Barling	X		X	X		X	
Barton-Lexa Fire Department, Inc.						X	
Batesville					X	X	
Bauxite	X						
Bay	X		X			X	
Bay Village						X	
BDR FD#1						X	
Bearden						X	
Beaver Lake						X	
Beaverfork						X	
Beebe				X		X	
Bella Vista	X			X		X	
Belleville						X	
Benton	X		X		X		
Bentonville	X				X	X	
Bergman						X	
Berryville	X		X			X	
Bethel Heights	X		X		X	X	
Big Creek						X	
Bigelow						X	
Bigger-Reyno						X	
Biscoe						X	
Bismarck Fire Pro Association						X	
Black Rock	X		X				
Blytheville	X		X		X		
Bono	X		X				
Bono FID						X	
Booneville						X	
Boston Mountain						X	
Bradford	X					X	
Bradley	X					X	
Brinkley		X	X		X	X	
Brookland						X	

LOPFI Participating Group By Type
December 31, 2014 (Continued)

<u>Political Subdivision</u>	<u>POLICE</u>			<u>FIRE</u>			<u>OTHER</u>
	<u>Paid</u>	<u>Paid</u>	<u>Volunteer</u>	<u>Paid</u>	<u>Paid</u>	<u>Volunteer</u>	
	<u>With SS</u>	<u>W/O SS</u>	<u>Service</u>	<u>With SS</u>	<u>W/O SS</u>	<u>Service</u>	
Bruno Fire Protection District						X	
Bryant	X		X		X	X	
Buena Vista						X	
Buford						X	
Bull Shoals	X		X	X		X	
Burnt Ridge						X	
Butterfield						X	
Cabot	X				X	X	
Caddo Valley	X		X			X	
Cairo						X	
Caldwell						X	
Calico Rock						X	
Calion						X	
Calvert Township						X	
Camden		X			X	X	
Cammack Village	X		X				
Camp						X	
Cane Creek						X	
Capps-Batavia						X	
Caraway	X					X	
Carlisle	X					X	
Carthage						X	
Cash						X	
Cave City	X					X	
Cave Springs	X		X			X	
Center						X	
Center Grove						X	
Centerton	X					X	
Central City	X					X	
Chambersville						X	
Charleston						X	
Charlotte						X	
Cherokee Village	X		X	X			
Cherry Hill						X	
Cherry Valley	X		X			X	
Chidester						X	
Chimes						X	
Choctaw						X	
Cincinnati						X	
Clarendon	X					X	
Clarksville	X					X	
Clinton	X			X		X	
Coal Hill	X					X	
Colt						X	
Compton						X	
Concord	X						
Conway	X				X		
Conway County						X	

**LOPFI Participating Group By Type
December 31, 2014 (Continued)**

<u>Political Subdivision</u>	<u>POLICE</u>			<u>FIRE</u>			<u>OTHER</u>
	<u>Paid</u>	<u>Paid</u>	<u>Volunteer</u>	<u>Paid</u>	<u>Paid</u>	<u>Volunteer</u>	
	<u>With SS</u>	<u>W/O SS</u>	<u>Service</u>	<u>With SS</u>	<u>W/O SS</u>	<u>Service</u>	
Cooterneck						X	
Cord						X	
Coming	X					X	
Cotter	X		X			X	
Cotter/Gassville Rural						X	
Cotton Plant	X		X			X	
Cottonwood Rural Fire Assoc						X	
County Line						X	
Cove Rural						X	
Crawfordsville						X	
Crossett	X		X		X	X	
Crow Mountain Fire Protection District						X	
Crystal Fire Protection District						X	
Curtis Rural						X	
Dalton						X	
Damascus						X	
Danville						X	
Dardanelle						X	
De Queen	X				X	X	
Deann						X	
Decatur	X					X	
Deer						X	
Dermott	X					X	
Des Arc	X					X	
Desha						X	
Devalls Bluff	X					X	
DeWitt	X					X	
Diaz	X		X			X	
Dierks	X		X				
District 7 Crawford Co.						X	
Dodd Mountain						X	
Dover	X		X			X	
Dumas						X	
Dyess						X	
Earle						X	
East Camden	X					X	
East End Fire Protection District						X	
El Dorado		X	X		X		
Elaine						X	
Elkins	X		X	X		X	
Elm Springs	X		X				
Enmet						X	
EMP Rural Fire Association						X	
England						X	
Etowah						X	
Eudora						X	
Eureka Springs	X		X		X	X	
Evansville						X	

LOPFI Participating Group By Type
December 31, 2014 (Continued)

<u>Political Subdivision</u>	<u>POLICE</u>			<u>FIRE</u>			<u>OTHER</u>
	<u>Paid</u> <u>With SS</u>	<u>Paid</u> <u>W/O SS</u>	<u>Volunteer</u> <u>Service</u>	<u>Paid</u> <u>With SS</u>	<u>Paid</u> <u>W/O SS</u>	<u>Volunteer</u> <u>Service</u>	
Evening Shade						X	
Faircrest						X	
Fairfield Bay	X					X	
Fairview Fire Protection District						X	
Fairview Rural Fire District						X	
Farmington	X			X		X	
Fayetteville		X			X		
Fire District #6 Crawford Co						X	
Fisher						X	
Flippin	X		X			X	
Floral						X	
Fordyce						X	
Foreman	X					X	
Forrest City	X		X		X	X	
Fort Smith		X	X		X		
Fox						X	
Frenchport						X	
Gallatin						X	
Garland						X	
Gassville	X		X	X		X	
Gentry	X		X			X	
Gillett	X					X	
Glenwood	X		X			X	
Goshen	X		X				
Goshen Fire Dist Assoc						X	
Gosnell						X	
Gould						X	
Grady						X	
Gravel Ridge					X	X	
Gravette	X			X		X	
Grayson Fire Assoc						X	
Green Forest	X		X			X	
Greenbrier						X	
Greenland	X		X				
Greenwood	X		X		X	X	
Greenwood Rural						X	
Greers Ferry	X					X	
Grover Township						X	
Grubbs						X	
Gum Springs						X	
Gurdon						X	
Guy Community						X	
Hackett	X		X			X	
Hagarville RFD #3						X	
Halley						X	
Hamburg						X	
Hampton	X					X	
Hand Cove Fire Prot Dist						X	

LOPFI Participating Group By Type
December 31, 2014 (Continued)

<u>Political Subdivision</u>	<u>POLICE</u>			<u>FIRE</u>			<u>OTHER</u>
	<u>Paid With SS</u>	<u>Paid W/O SS</u>	<u>Volunteer Service</u>	<u>Paid With SS</u>	<u>Paid W/O SS</u>	<u>Volunteer Service</u>	
Hardin						X	
Hardy	X					X	
Harmon						X	
Harrell						X	
Harrisburg	X		X			X	
Harrison	X		X		X	X	
Hartford						X	
Haskell	X			X		X	
Hatfield						X	
Hazen						X	
Heber Springs	X				X	X	
Hector			X				
Helena-West Helena		X	X		X		
Hensley						X	
Hermitage	X					X	
Hickory Creek						X	
Hickory Ridge						X	
Higginson			X			X	
Highfill	X		X			X	
Highway 15 South						X	
Highway 286 East						X	
Highway 70 West FPA						X	
Hilltop						X	
Hilltop Fire District# 51						X	
Holiday Island					X	X	
Holland						X	
Hollis						X	
Holly Grove	X		X			X	
Hon						X	
Hope					X	X	
Hopewell Fire District						X	
Horatio						X	
Hot Springs		X			X		
Hot Springs Village	X			X		X	
Hoxie	X		X			X	
Hughes	X		X			X	
Humphrey	X					X	
Huntington						X	
Huntsville	X		X			X	
Huttig	X					X	
Imboden						X	
Inspiration Point Rural Fire Protection						X	
Ione Community Fire						X	
Jacksonville	X				X		
Jasper	X					X	
Johnson	X						
Johnson Area				X		X	
Johnson County Rfd #1						X	

LOPFI Participating Group By Type
December 31, 2014 (Continued)

	<u>POLICE</u>			<u>FIRE</u>			<u>OTHER</u>
	<u>Paid</u> <u>With SS</u>	<u>Paid</u> <u>W/O SS</u>	<u>Volunteer</u> <u>Service</u>	<u>Paid</u> <u>With SS</u>	<u>Paid</u> <u>W/O SS</u>	<u>Volunteer</u> <u>Service</u>	
<u>Political Subdivision</u>							
Johnson County Rfd #2						X	
Johnson County Rfd #4						X	
Johnson County Rfd #5						X	
Johnson County Rfd #7						X	
Johnson County Rfd #8						X	
Joiner						X	
Jonesboro		X			X		
Joplin						X	
Judsonia	X					X	
Junction City						X	
Keiser						X	
Kensett	X		X			X	
Keo						X	
Kibler	X						
Knoxville						X	
Krooked Kreek						X	
Lake City	X					X	
Lake Hamilton				X		X	
Lake Maumelle Area RFD						X	
Lake Village	X					X	
Lakeview		X	X				
Lamar	X					X	
Landis						X	
Lavaca	X		X			X	
Lawson-Urbana						X	
Lazy Acres						X	
Leachville	X					X	
Lead Hill						X	
Lepanto	X					X	
Leslie						X	
Lewisville	X					X	
Liberty						X	
Lincoln	X			X		X	
Linwood-Moscow						X	
Little Flock	X		X			X	
Little Rock		X			X		
Lockesburg						X	
London Rural						X	
Lone Rock						X	
Lonoke	X					X	
LOPFI Staff							X
Louann						X	
Lowell	X		X		X	X	
Luxora	X					X	
Lynne						X	
Magazine						X	
Magnolia	X		X		X	X	
Malvern	X				X	X	

LOPFI Participating Group By Type
December 31, 2014 (Continued)

<u>Political Subdivision</u>	<u>POLICE</u>			<u>FIRE</u>			<u>OTHER</u>
	<u>Paid</u> <u>With SS</u>	<u>Paid</u> <u>W/O SS</u>	<u>Volunteer</u> <u>Service</u>	<u>Paid</u> <u>With SS</u>	<u>Paid</u> <u>W/O SS</u>	<u>Volunteer</u> <u>Service</u>	
Mammoth Spring						X	
Manila	X		X			X	
Mansfield	X					X	
Marble						X	
Marianna	X		X	X		X	
Marion	X		X	X		X	
Marked Tree	X					X	
Marmaduke	X					X	
Marshall	X					X	
Marvell	X		X			X	
Maumelle		X			X	X	
Mayflower	X		X	X		X	
Maynard						X	
McCroy	X		X			X	
McGehee	X		X		X	X	
McNeil						X	
McRae	X		X			X	
Melbourne						X	
Melrose						X	
Mena					X	X	
Midland						X	
Mineral Springs	X					X	
Monette	X					X	
Monticello					X	X	
Montrose						X	
Morning Star						X	
Morning Star FPA				X		X	
Moro						X	
Morrilton						X	
Morrow						X	
Mount Holly						X	
Mount Ida						X	
Mountain Home	X		X		X	X	
Mountain Pine	X						
Mountain View	X		X			X	
Mountainburg						X	
Mt Judea Area						X	
Mulberry	X					X	
Murfreesboro	X					X	
Nashville					X	X	
Natural Dam						X	
New Blaine Rural						X	
Newark						X	
Newport	X		X		X	X	
Nob Hill					X	X	
Norman						X	
Norphlet			X			X	
North Crossett						X	

**LOPFI Participating Group By Type
December 31, 2014 (Continued)**

<u>Political Subdivision</u>	<u>POLICE</u>			<u>FIRE</u>			<u>OTHER</u>
	<u>Paid With SS</u>	<u>Paid W/O SS</u>	<u>Volunteer Service</u>	<u>Paid With SS</u>	<u>Paid W/O SS</u>	<u>Volunteer Service</u>	
North Little Rock		X			X		
North Pulaski FPD						X	
Northeast Benton Co.						X	
Northeast Greene County Fire District						X	
Northeast Lakeside						X	
Northeast Saline County Fire						X	
Northside						X	
Northside						X	
Oak Grove						X	
Oil Trough						X	
Ola	X		X			X	
Oppelo	X					X	
Osceola	X		X		X	X	
Ouachita Co FD #1						X	
Oxley						X	
Ozark	X		X	X		X	
Pangburn	X					X	
Paragould	X		X		X	X	
Paris						X	
Parkin						X	
Parks						X	
Parthenon						X	
Patterson	X		X			X	
Pea Ridge	X					X	
Peel						X	
Perla			X				
Perryville	X					X	
Philadelphia						X	
Piggott						X	
Pine Bluff		X	X		X		
Pine Ridge						X	
Pine Village						X	
Pineville						X	
Plainview	X					X	
Pleasant Plains	X						
Pleasant Plains						X	
Plumerville						X	
Pocahontas	X		X		X	X	
Ponca						X	
Portland						X	
Pottsville	X		X			X	
Prairie Grove	X		X	X		X	
Prescott						X	
Pulaski Co					X	X	
Pyatt Rural Fire & Def Assoc						X	
Ravenden	X					X	
Rector	X		X			X	
Redfield	X		X			X	
Richwood						X	

LOPFI Participating Group By Type
December 31, 2014 (Continued)

<u>Political Subdivision</u>	<u>POLICE</u>			<u>FIRE</u>			<u>OTHER</u>
	<u>Paid With SS</u>	<u>Paid W/O SS</u>	<u>Volunteer Service</u>	<u>Paid With SS</u>	<u>Paid W/O SS</u>	<u>Volunteer Service</u>	
Rison	X					X	
Riverdale						X	
Rockport	X						
Rockport						X	
Rogers	X				X		
Rondo						X	
Rose Bud						X	
Ross Van Ness - Wellford						X	
Round Mountain						X	
Ruddell Hill						X	
Rudd's Crossing						X	
Russell						X	
Russellville	X				X		
Salem	X					X	
Salem-Saline County						X	
Saratoga						X	
Sardis Fire Protection Distric						X	
Scott						X	
Scranton Rural						X	
SE Jefferson Co						X	
Searcy	X		X		X	X	
Sedgwick Fire Improvement Dist						X	
Shady Grove Fire & Rescue						X	
Shannon Hills	X		X				
Shannon Hills						X	
Shaw						X	
Sheridan						X	
Sherwood	X						
Siloam Springs	X				X	X	
Sixth District						X	
Smackover	X					X	
Smyrna						X	
Snowball						X	
South Carroll Co Fire Assoc						X	
South Greene County						X	
South Mountain						X	
Southbend						X	
Southside						X	
Sparkman			X			X	
Springdale	X				X		
St. Francis						X	
Stamps	X					X	
Star City	X		X			X	
Stephens						X	
Strawberry						X	
Strickler						X	
Strong						X	
Stuttgart	X				X	X	
Sulphur	X		X			X	

**LOPFI Participating Group By Type
December 31, 2014 (Continued)**

<u>Political Subdivision</u>	<u>POLICE</u>			<u>FIRE</u>			<u>OTHER</u>
	<u>Paid With SS</u>	<u>Paid W/O SS</u>	<u>Volunteer Service</u>	<u>Paid With SS</u>	<u>Paid W/O SS</u>	<u>Volunteer Service</u>	
Summit						X	
Sunnyland Rural						X	
Sunset Rural						X	
Swifton	X					X	
Taylor						X	
Texarkana		X			X		
Thornton						X	
Tillar						X	
Timbo						X	
Tinsman						X	
Tontitown	X		X	X		X	
Tontitown Area						X	
Tracy Area						X	
Trumann	X		X		X	X	
Tuckerman	X		X			X	
Tull Fire & Rescue						X	
Turrell						X	
Tyronza	X		X			X	
Umpire						X	
Valley Springs						X	
Van Buren	X		X		X		
Vandervoort Rural						X	
Velvet Ridge Fire Protection District						X	
Vilonia	X		X	X		X	
Viola						X	
Wabbaseka						X	
Waldo	X		X			X	
Waldron	X					X	
Walnut Ridge	X		X		X	X	
Ward	X		X	X		X	
Warren					X	X	
Washington						X	
Water Valley						X	
Watson Chapel						X	
Wedington						X	
Weiner						X	
Wescon						X	
Wesley						X	
West Fork	X		X	X		X	
West Memphis	X		X		X		
West Point						X	
West Pulaski						X	
Western Greene Co Fire						X	
Western Grove						X	
Wheatley	X		X			X	
Wheeler						X	
White Bluff-Rye Hill						X	
White Hall	X					X	
Whitehouse						X	

LOPFI Participating Group By Type
December 31, 2014 (Concluded)

	<u>POLICE</u>			<u>FIRE</u>			<u>OTHER</u>
	<u>Paid With SS</u>	<u>Paid W/O SS</u>	<u>Volunteer Service</u>	<u>Paid With SS</u>	<u>Paid W/O SS</u>	<u>Volunteer Service</u>	
<u>Political Subdivision</u>							
Wickes RVFD #2						X	
Williams Junction						X	
Wilmar						X	
Wilmot						X	
Wilson						X	
Wilton						X	
Woodlawn						X	
Wright-Pastoria						X	
Wynne	X				X	X	
Y-City						X	
Yellville						X	
Zinc						X	

SECTION C
VALUATION RESULTS

LOPFI
Average Computed Employer Contribution Rate
For Paid Service Members

Computed December 31, 2014
For Plan Year Beginning January 1, 2016

Contributions	% of Active Payroll #
Normal Cost of Benefits:	
Age and Service	13.40%
Casualty	2.30%
Refunds	<u>0.72%</u>
Total	16.42%
Unfunded Accrued Liabilities *	<u>10.44%</u>
Total Contribution Requirement	26.86%
Member Portion @	6.74%
Employer Portion before Application of 24-10-405(h)(1) 1% Limit	20.12%
Employer Portion after Application of 24-10-405(h)(1) 1% Limit	20.12%

Includes DROP participant payroll.

* Unfunded actuarial accrued liabilities are amortized over a 16.3-year period.

@ Weighted average, Social Security covered members contribute 2.50% of pay while members not covered by Social Security contribute 8.50% of pay.

LOPFI
Computed Employer Contributions
For Paid Service Members by Valuation Groups
December 31, 2014@

Group	Number of Active Members	Number of Valuation Groups with Indicated Computed Employer Contributions Expressed as Percents of Active Member Payroll									Totals
		Under 9.00%	9.00% -9.99%	10.00% -10.99%	11.00% -11.99%	12.00% -12.99%	13.00% -13.99%	14.00% -14.99%	15.00% -15.99%	16.00% & Above	
LOPFI Staff	9									1	1
Paid Police:											
W/SS	2,020	1	-	1	2	1	2	2	9	158	176
W/O SS	1,632	-	-	-	-	2	1	1	1	9	14
Paid Fire:											
W/SS	114	-	-	-	-	-	-	-	-	25	25
W/O SS	2,548	-	-	-	-	-	2	3	1	54	60
December 31, 2014	6,323	1	-	1	2	3	5	6	11	247	276
December 31, 2013	6,245	1	-	2	3	5	6	11	6	238	272
December 31, 2012 *#	6,139	1	2	3	6	6	11	7	16	220	272
December 31, 2011	6,016	3	3	6	6	12	6	17	19	203	275
December 31, 2010	5,949	7	6	6	13	6	17	18	27	174	274
December 31, 2009	5,907	8	8	8	5	11	20	17	33	159	269
December 31, 2008 *#	5,640	13	7	4	12	17	17	27	26	135	258
December 31, 2007	5,603	16	7	3	12	16	17	31	23	136	261
December 31, 2006	5,328	13	6	6	7	23	17	30	21	124	247
December 31, 2005	5,115	10	9	6	15	19	14	26	22	115	236
December 31, 2004 #	4,966	13	5	11	14	15	19	22	29	108	236

* After changes in actuarial valuation assumptions.

After legislated benefit increases.

@ Rules established by Board policy to implement uniform paid service rule applied on and after December 31, 2011. All paid service employer rates increased by the maximum allowed under law.

LOPFI
Computed Employer Contribution Rate
For Volunteer Service Members

Computed December 31, 2014
For Plan Year Beginning January 1, 2016

Contributions	\$ Per Member Per Month
Normal Cost of Benefits:	
Age and Service	\$ 22.22
Casualty	1.60
Refunds	-
Total	<u>23.83</u>
Unfunded Accrued Liabilities *	<u>28.85</u>
Total Contribution Requirement	52.68
Member Portion	-
Employer Portion	\$ 52.68

* *Unfunded actuarial accrued liabilities were amortized over a 20.7-year period.*

LOPFI
Computed Employer Contributions
For Volunteer Service Members by Valuation Groups
December 31, 2014

Group	Number of Active Members	Number of Valuation Groups with Indicated Computed Employer Contributions Expressed as Dollars Per Month Per Active Member												Totals
		Under \$10	From \$10 to \$15	From \$15 to \$20	From \$20 to \$25	From \$25 to \$30	From \$30 to \$35	From \$35 to \$40	From \$40 to \$45	From \$45 to \$50	From \$50 to \$55	From \$55 to \$60	\$60 and Over	
Volunteer Police	335	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	98
Volunteer Fire	7,012	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	456
December 31, 2014	7,347	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	554
December 31, 2013	7,140	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	534
December 31, 2012 *	7,029	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	511
December 31, 2011	7,034	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	512
December 31, 2010	6,734	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	485
December 31, 2009	6,551	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	468
December 31, 2008 *	6,603	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	457
December 31, 2007	6,620	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	461
December 31, 2006	4,905	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	341
December 31, 2005	4,650	1	2	13	49	96	65	32	23	23	8	3	10	325
December 31, 2004	4,406	1	1	13	49	109	62	27	15	14	3	2	10	306

* After changes in actuarial valuation assumptions.

LOPFI
Reported Accrued Assets Available for Benefits
December 31, 2014

Group Type	No. #	Employer Accumulation Account	Members' Deposit Account	Retirement Reserve Account &	Totals @
LOPFI Staff	1	\$ 522,384	\$ 76,606	\$ -	\$ 598,990
Paid Police W/SS	176	129,295,494	11,176,624		140,472,118
Paid Police W/O SS	14	250,832,923	79,226,914	-	330,059,837
Paid Fire W/SS	25	7,527,391	1,604,004	-	9,131,395
Paid Fire W/O SS	<u>60</u>	<u>357,965,928</u>	<u>109,952,594</u>	-	<u>467,918,522</u>
Subtotal	275	745,621,736	201,960,136	-	947,581,872
Volunteer Police and Fire	554	34,703,914	-	-	34,703,914
Retirants and Beneficiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>460,283,502</u>	<u>460,283,502</u>
Totals	830	\$ 780,848,034	\$ 202,036,742	\$ 460,283,502	\$ 1,443,168,278

The Employer Accumulation Account represents employer contributions accumulated for the payment of annuities.

The Members' Deposit Account represents employee contributions for (1) monthly annuities upon future retirements and (2) refunds upon termination if a monthly annuity is not payable.

The Retirement Reserve Account represents employer and employee contributions accumulated for monthly annuities being paid to present retired lives.

Number of employers with active participants as of December 31, 2014. Totals include accounts for employers with no active participants as of December 31, 2014.

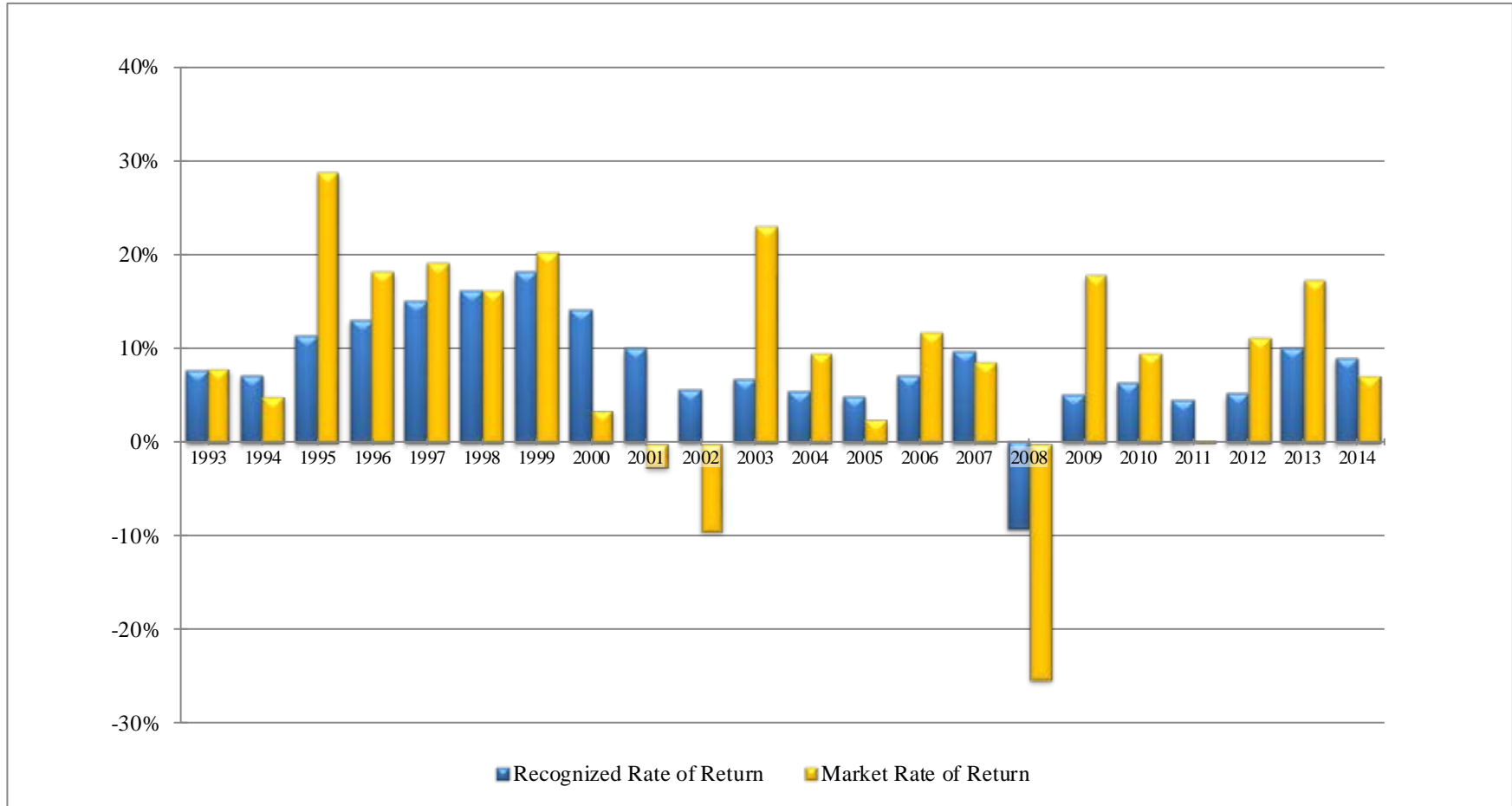
& Includes DROP Reserve Account.

@ Does not include assets of \$166,923,421 invested by LOPFI on behalf of Relief and Pension Funds under LOPFI administration.

LOPFI
Development of Funding Value of Retirement System Assets
(Including Assets of Pension and Relief Fund Plans Under LOPFI Administration)

Year Ended December 31:	2010	2011	2012	2013	2014
A. Funding Value Beginning of Year	\$ 878,958,364	\$ 982,154,992	\$1,070,685,918	\$1,169,357,127	\$1,391,830,575
B. Market Value End of Year	955,781,853	1,001,672,848	1,158,753,904	1,467,975,980	1,610,091,699
C. Market Value Beginning of Year	827,769,490	955,781,853	1,001,672,848	1,158,753,904	1,467,975,980
D. Non-Investment Net Cash Flow	46,538,504	43,975,999	42,804,915	99,797,352	37,152,170
E. Investment Income					
E1. Market Total: B - C - D	81,473,859	1,914,996	114,276,141	209,424,724	104,963,549
E1(a). Assumed Rate of Return	8.0%	8.0%	8.0%	8.0%	8.0%
E2. Amount for Immediate Recognition	72,178,209	80,331,439	87,367,070	97,540,464	112,832,533
E3. Amount for Phased-In Recognition E1-E2	9,295,650	(78,416,443)	26,909,071	111,884,260	(7,868,984)
F. Phased-In Recognition of Investment Income					
F1. Current Year: 0.20 x E3	1,859,130	(15,683,289)	5,381,814	22,376,852	(1,573,797)
F2. First Prior Year	11,201,123	1,859,130	(15,683,289)	5,381,814	22,376,852
F3. Second Prior Year	(34,259,555)	11,201,123	1,859,130	(15,683,289)	5,381,814
F4. Third Prior Year	1,106,077	(34,259,555)	11,201,123	1,859,130	(15,683,289)
F5. Fourth Prior Year	<u>4,573,140</u>	<u>1,106,079</u>	<u>(34,259,554)</u>	<u>11,201,125</u>	<u>1,859,130</u>
F6. Total Recognized Investment Gain	(15,520,085)	(35,776,512)	(31,500,776)	25,135,632	12,360,710
G. Funding Value End of Year: A + D + E2 + F6	982,154,992	1,070,685,918	1,169,357,127	1,391,830,575	1,554,175,988
120% Corridor	1,146,938,224	1,202,007,418	1,390,504,685	1,761,571,176	1,932,110,039
80% Corridor	764,625,482	801,338,278	927,003,123	1,174,380,784	1,288,073,359
Funding Value End of Year:	982,154,992	1,070,685,918	1,169,357,127	1,391,830,575	1,554,175,988
H. Difference between Market & Funding Value	(26,373,139)	(69,013,070)	(10,603,223)	76,145,405	55,915,711
I. Recognized Rate of Return	6.28%	4.44%	5.12%	10.06%	8.88%
J. Market Rate of Return	9.57%	0.20%	11.17%	17.33%	7.06%
K. Ratio of Funding Value to Market Value	102.76%	106.89%	100.92%	94.81%	96.53%

LOPFI Comparison of Annual Market Rate to Funding Rate



LOPFI
Summary of Valuation Assets, Actuarial Accrued Liabilities and Average Contribution Rate
Excluding Pension and Relief Funds Under LOPFI Administration

Paid Participants

Valuation Date ^	Valuation Groups	Active Members	Actuarial Accrued Liabilities	Valuation Assets	Assets/ Liabilities*	Average Contribution Rate ¹	Average Contribution Rate ²	Amortization Period
12/31/2000 +	228	4,493	\$ 218,238,282	\$ 292,881,609	134 %	11.51 %		30
12/31/2001 #	230	4,573	199,231,298	339,296,397	170	7.15		30
12/31/2002 +	236	4,720	291,184,122	367,122,230	126	10.38		30
12/31/2003 #	233	4,849	370,735,495	399,726,460	108	11.09		30
12/31/2004 +	236	4,966	470,078,530	429,104,830	91	14.82		30
12/31/2005	236	5,115	526,635,441	483,789,282	92	15.04		30
12/31/2006	247	5,328	603,842,363	555,752,156	92	15.11		30
12/31/2007	261	5,603	699,800,039	644,631,782	92	15.16	15.44 %	30
12/31/2008 #+	258	5,640	825,417,767	662,380,764	80	15.30	15.69	30
12/31/2009	269	5,907	946,423,135	622,560,540	66	17.25	18.79	30
12/31/2010	274	5,949	1,012,194,055	664,246,931	66	17.03	19.21	30
12/31/2011	275	6,016	1,077,498,958	698,331,958	65	18.01	19.63	30
12/31/2012 #+	272	6,139	1,144,065,505	741,339,106	65	18.97	18.97	22.3
12/31/2013	272	6,245	1,234,260,098	830,390,612	67	19.39	19.39	19.5
12/31/2014	276	6,323	1,309,948,715	911,335,468	70	20.12	20.12	16.3

* If this ratio approximates 100%, it indicates that financial activity is operating within an expected range of reasonableness.

After changes in actuarial valuation assumptions.

+ After legislated benefit increases and Board policy changes.

^ Rules established by Board policy to implement uniform paid service rule applied on and after December 31, 2011. All paid service employer rates increased by the maximum allowed under law.

1 With Section 24-10-405(h)(1) cap on rate increases as a result of plan experience.

2 Without Section 24-10-405(h)(1) cap on rate increases as a result of plan experience.

LOPFI

Summary of Valuation Assets, Actuarial Accrued Liabilities and Average Contribution Rate Excluding Pension and Relief Funds Under LOPFI Administration (Continued)

Volunteer Participants

Valuation Date	Valuation Groups	Active Members	Actuarial Accrued Liabilities	Valuation Assets	Assets/ Liabilities*	Average Contribution Rate &	Amortization Period
12/31/2000 +	262	3,490	\$ 8,554,865	\$ 9,638,082	113 %	\$ 14.76	30
12/31/2001 #	265	3,601	8,814,220	10,923,088	124	14.13	30
12/31/2002 +	280	3,858	14,587,662	11,956,886	82	24.02	30
12/31/2003 #	290	4,088	19,207,277	13,069,692	68	27.46	30
12/31/2004	306	4,406	22,136,019	13,673,013	62	30.72	30
12/31/2005	325	4,650	26,240,543	16,517,560	63	32.30	30
12/31/2006	341	4,905	30,139,607	18,430,385	61	33.91	30
12/31/2007	461	6,620	42,720,023	22,236,583	52	39.15	30
12/31/2008 #	457	6,603	47,019,246	17,508,921	37	46.14	30
12/31/2009	468	6,551	48,890,402	17,034,083	35	49.15	29
12/31/2010	485	6,734	52,068,716	19,655,706	38	49.62	28
12/31/2011	512	7,034	56,421,727	21,564,055	38	51.56	27
12/31/2012 #	511	7,029	60,215,143	23,703,257	39	53.75	26
12/31/2013	534	7,140	63,106,093	28,084,402	45	52.68	25
12/31/2014	554	7,347	65,739,819	32,649,827	50	52.68	20.7

* If this ratio approximates 100%, it indicates that financial activity is operating within an expected range of reasonableness.

After changes in actuarial valuation assumptions.

+ After legislated benefit increases and board policy changes.

& Beginning with the December 31, 2006 valuation, volunteer employers are not separately experience rated for employer contribution rate purposes.

LOPFI
Summary of Valuation Assets, Actuarial Accrued Liabilities and Average Contribution Rate
Excluding Pension and Relief Funds Under LOPFI Administration (Continued)

Retirants and Beneficiaries

Valuation Date	Valuation Groups	Active Members	Actuarial Accrued Liabilities	Valuation Assets	Assets/ Liabilities*
12/31/2000	-	-	\$ 16,360,731	\$ 16,943,763	104 %
12/31/2001 #	-	-	19,316,724	19,853,584	103
12/31/2002 +	-	-	28,897,704	27,629,725	96
12/31/2003 #	-	-	38,810,117	39,864,734	103
12/31/2004	-	-	48,878,672	48,455,552	99
12/31/2005	-	-	65,530,656	65,115,240	99
12/31/2006	-	-	79,179,485	80,827,514	102
12/31/2007	-	-	95,286,950	100,568,257	106
12/31/2008 #	-	-	122,445,893	122,445,893	100
12/31/2009	-	-	152,859,019	152,859,019	100
12/31/2010	-	-	189,166,801	189,166,801	100
12/31/2011	-	-	245,094,370	245,094,370	100
12/31/2012 #	-	-	308,554,826	308,554,826	100
12/31/2013	-	-	379,284,767	379,284,767	100
12/31/2014	-	-	449,064,235	449,064,235	100

* *If this ratio approximates 100%, it indicates that financial activity is operating within an expected range of reasonableness.*

After changes in actuarial valuation assumptions.

+ *After legislated benefit increases and board policy changes.*

LOPFI
Summary of Valuation Assets, Actuarial Accrued Liabilities and Average Contribution Rate
Excluding Pension and Relief Funds Under LOPFI Administration (Concluded)

TOTAL PLAN

Valuation Date	Valuation Groups	Active Members	Actuarial Accrued Liabilities	Valuation Assets	Assets/ Liabilities*
12/31/2000 +	490	7,983	\$ 243,153,878	\$ 319,463,454	131 %
12/31/2001 #	495	8,174	227,362,242	370,073,069	163
12/31/2002 +	516	8,578	334,669,488	406,708,841	122
12/31/2003 #	523	8,937	428,752,889	452,660,886	106
12/31/2004 +	542	9,372	541,093,221	491,233,395	91
12/31/2005	561	9,765	618,406,640	565,422,082	91
12/31/2006	588	10,233	713,161,455	655,010,055	92
12/31/2007	722	12,223	837,807,012	767,436,622	92
12/31/2008 #+	715	12,243	994,882,906	802,335,578	81
12/31/2009	737	12,458	1,148,172,556	792,453,642	69
12/31/2010	759	12,683	1,253,429,572	873,069,438	70
12/31/2011	787	13,050	1,379,015,055	964,990,383	70
12/31/2012 #+	783	13,168	1,512,835,474	1,073,597,189	71
12/31/2013	806	13,385	1,676,650,958	1,237,759,781	74
12/31/2014	830	13,670	1,824,752,769	1,393,049,530	76

* If this ratio approximates 100%, it indicates that financial activity is operating within an expected range of reasonableness.
After changes in actuarial valuation assumptions.
+ After legislated benefit increases.

Other Results Associated with the Determination of Employer Contribution Rates

Terminated Vested Results*

The following table contains information regarding terminated vested member data used in the December 31, 2014 valuation. It includes projected benefits and the actuarial accrued liabilities associated with these benefits. The projected benefit reflects our best estimate of the ultimate benefit. The ultimate benefit will be based on the final average pay at termination increased for the total change (one half the change for paid service benefits) in the Consumer Price Index (CPI) for the period from 3 months immediately preceding the date of termination to the CPI for the period 3 months immediately preceding the benefit commencement date.

The December 31, 2014 valuation included 6,435 terminated vested members from 753 political subdivisions.

<u>Service Type</u>	<u>Number</u>	<u>Projected Benefits</u>	<u>Actuarial Accrued Liabilities</u>	<u>Average Age</u>
Paid	2,984	\$ 11,487,267	\$ 58,838,030	41.7
Volunteer	<u>3,451</u>	<u>3,448,842</u>	<u>18,246,559</u>	46.5
Total	6,435	14,936,109	77,084,589	44.3

* The terminated vested data contains non-terminated vested members who are entitled to, but have not yet received, a refund from the System.

Active Inactive Results

Active Inactive refers to members who have terminated service with an employer, but are currently active with a different employer in LOPFI. The following table contains information regarding the active inactive member data used in the December 31, 2014 valuation. It includes the actuarial accrued liabilities associated with the service accrued from the terminated employer.

The December 31, 2014 valuation included 3,365 active inactive members from 652 political subdivisions.

<u>Service Type</u>	<u>Number</u>	<u>Actuarial Accrued Liabilities</u>	<u>Average Age</u>
Paid	1,496	\$ 74,771,043	40.8
Volunteer	<u>1,869</u>	<u>3,489,163</u>	39.5
Total	3,365	78,260,206	40.1

**Other Results Associated with the
Determination of Employer Contribution Rates
(Concluded)**

Retired Results

The following table contains information regarding retired member data used in the December 31, 2014 valuation. When a member retires, a reserve transfer is made to the Retirement Reserve Account to fully fund the liabilities associated with the benefit recipient.

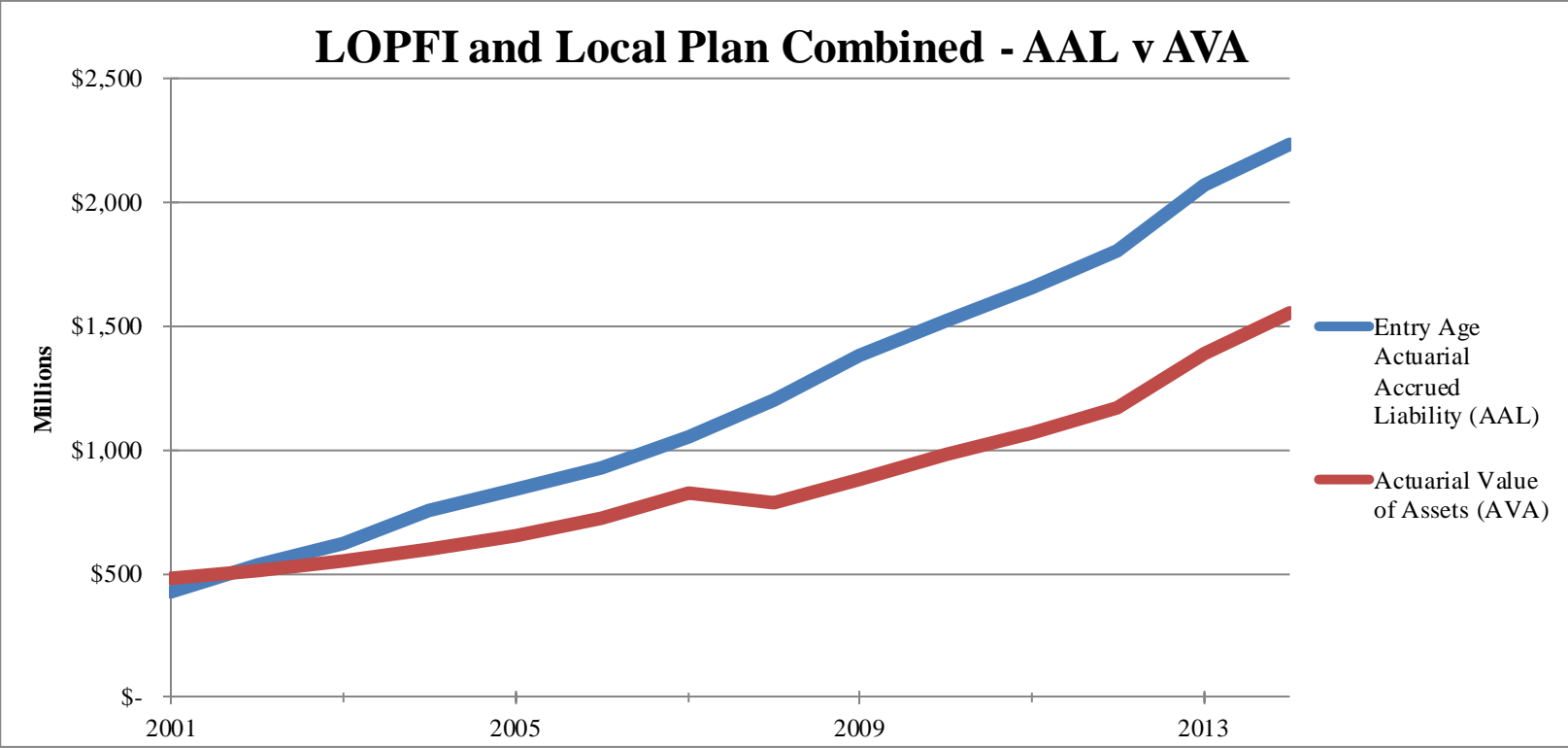
The December 31, 2014 valuation included 3,583 retired members from 689 political subdivisions.

<u>Service Type</u>	<u>Number</u>	<u>Annual Benefits</u>	<u>Actuarial Accrued Liabilities</u>	<u>Average Age At Valuation Date</u>	<u>Average Age At Retirement</u>
Paid	1,671	\$ 32,048,240	\$ 424,620,753	56.0	51.8
Volunteer	1,912	2,082,737	24,443,482	62.1	59.2
Total	3,583	34,130,977	449,064,235	59.3	55.7

LOPFI and Local Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (c) = (b) - (a)	Funded Ratio (d) = (a)/(b)	Annual Valuation Payroll (e)	UAAL as a Percentage of Valuation Payroll (f) = (c)/(e)
12/31/2001 +	\$ 481,431,953	\$ 428,840,581	\$ (52,591,372)	112%	\$ 152,883,342	-
12/31/2002 *	515,600,263	534,533,175	18,932,912	96%	163,420,616	12%
12/31/2003 +	553,057,228	625,021,624	71,964,396	88%	178,850,477	40%
12/31/2004 *	601,798,909	754,004,285	152,205,376	80%	193,670,943	79%
12/31/2005	653,546,976	842,926,984	189,380,008	78%	207,890,440	91%
12/31/2006	724,746,827	927,816,659	203,069,832	78%	222,107,556	91%
12/31/2007	827,546,002	1,054,599,720	227,053,718	78%	235,337,218	96%
12/31/2008 *+	788,633,082	1,200,515,663	411,882,581	66%	245,775,341	168%
12/31/2009	878,958,364	1,379,093,412	500,135,048	64%	265,123,993	189%
12/31/2010	982,154,992	1,519,527,855	537,372,863	65%	268,424,127	200%
12/31/2011	1,070,685,918	1,654,156,087	583,470,169	65%	275,850,081	212%
12/31/2012 *+	1,169,357,127	1,805,815,641	636,458,514	65%	284,595,308	224%
12/31/2013	1,391,830,575	2,069,345,139	677,514,564	67%	298,805,693	227%
12/31/2014	1,554,175,988	2,235,441,597	681,265,609	70%	307,760,404	221%

+ After changes in actuarial valuation assumptions.
* After legislated benefit increases and Board policy changes.



**LOPFI and Local Plan
Schedule of Employer Contributions**

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution</u>	<u>Percent Contributed</u>
12/31/1995	\$ 11,795,077	100%
12/31/1996	14,650,814	100%
12/31/1997	16,402,732	100%
12/31/1998	18,221,992	100%
12/31/1999	19,522,826	100%
12/31/2000	22,321,326	100%
12/31/2001	22,420,300	100%
12/31/2002	18,261,057	100%
12/31/2003	18,712,140	100%
12/31/2004	26,925,018	100%
12/31/2005	30,184,341	100%
12/31/2006	39,758,875	100%
12/31/2007	43,362,966	100%
12/31/2008	49,518,628	100%
12/31/2009	53,051,887	100%
12/31/2010	58,654,842	100%
12/31/2011	61,818,119	100%
12/31/2012	66,648,849	100%
12/31/2013	73,092,900	100%
12/31/2014	82,447,373	100%

Short Condition Test Comparative Statement

LOPFI Plan

LOPFI Paid Service

Valuation Date December 31	Actuarial Accrued Liabilities for			Actuarial Value of Assets	Portion of Present Values Covered by Assets		
	Member Contributions (1)	Current Retirees and Beneficiaries (2)	Active and Inactive Members, Employer Financed Portion (3)		(1)	(2)	(3)
2005 *	\$ 78,117,772	\$ 62,901,548	\$ 448,517,669	\$ 546,315,508	100 %	100 %	90 %
2006	87,986,534	76,104,654	515,855,829	633,759,848	100	100	91
2007	95,667,812	90,980,880	675,497,118	740,968,085	100	100	92
2008 +*	107,486,154	116,390,986	717,931,676	778,148,309	100	100	77
2009	126,212,081	142,789,842	820,211,054	765,350,382	100	100	61
2010	142,979,396	176,648,898	869,214,659	840,895,829	100	100	60
2011	159,770,407	229,845,487	917,728,551	928,182,921	100	100	59
2012 +*	176,658,387	290,143,869	967,407,118	1,031,482,975	100	100	58
2013	189,555,199	357,817,076	1,044,704,899	1,188,207,688	100	100	61
2014	202,036,742	424,620,753	1,107,911,973	1,335,956,221	100	100	64

LOPFI Volunteer Service

Valuation Date December 31	Actuarial Accrued Liabilities for			Actuarial Value of Assets	Portion of Present Values Covered by Assets		
	Member Contributions (1)	Current Retirees and Beneficiaries (2)	Active and Inactive Members, Employer Financed Portion (3)		(1)	(2)	(3)
2005	\$ -	\$ 2,629,108	\$ 26,240,543	\$ 19,106,574	- %	100 %	63 %
2006	-	3,074,831	30,139,607	21,250,207	-	100	60
2007	-	4,306,070	42,720,023	26,468,537	-	100	52
2008 +	-	6,054,907	47,019,246	24,187,269	-	100	39
2009	-	10,069,177	48,890,402	27,103,260	-	100	35
2010	-	12,517,903	52,068,716	32,173,609	-	100	38
2011	-	15,248,883	56,421,727	36,807,462	-	100	38
2012 +	-	18,410,957	60,215,143	42,114,214	-	100	39
2013	-	21,467,691	63,106,093	49,552,093	-	100	45
2014	-	24,443,482	65,739,819	57,093,309	-	100	50

+ After changes in actuarial valuation assumptions.

* After legislated benefit increases and Board policy changes.

**Short Condition Test
Comparative Statement
Closed Plan**

Local Paid Service

Valuation Date December 31	Actuarial Accrued Liabilities for				Actuarial Value of Assets	Portion of Present Values Covered by Assets		
	Member Contributions	Current Retirees and Beneficiaries	Active and Inactive Members, Employer Financed Portion			(1)	(2)	(3)
	(1)	(2)	(3)					
2005	\$ 5,785,163	\$ 188,485,578	\$ 24,147,182	\$ 85,936,612	100 %	43 %	- %	
2006	5,894,420	194,874,926	6,274,855	67,629,449	100	32	-	
2007	6,087,324	201,530,961	927,380	58,271,540	100	26	-	
2008 +	4,586,196	189,690,459	725,693	(14,784,011)	0	0	-	
2009	3,163,233	185,486,259	29,522,904	80,902,787	100	42	-	
2010	2,849,033	215,795,003	34,266,295	102,556,180	100	46	-	
2011	2,450,310	226,494,886	32,836,591	99,201,212	100	43	-	
2012 +	2,123,678	248,990,760	28,111,237	88,851,483	100	35	-	
2013	1,647,055	347,697,141	29,055,445	146,413,041	100	42	-	
2014	1,734,546	357,077,348	36,767,436	152,308,676	100	42	-	

Local Volunteer Service

Valuation Date December 31	Actuarial Accrued Liabilities for				Actuarial Value of Assets	Portion of Present Values Covered by Assets		
	Member Contributions	Current Retirees and Beneficiaries	Active and Inactive Members, Employer Financed Portion			(1)	(2)	(3)
	(1)	(2)	(3)					
2005	\$ 1,966	\$ 5,951,007	\$ 149,448	\$ 2,188,282	100 %	37 %	- %	
2006	2,739	7,312,004	296,260	2,107,323	100	29	-	
2007	2,194	8,036,483	208,366	1,837,840	100	23	-	
2008 +	2,279	10,495,474	132,593	1,081,515	100	10	-	
2009	3,065	12,395,214	350,181	5,601,935	100	45	-	
2010	12,433	12,964,889	210,630	6,529,374	100	50	-	
2011	16,968	13,046,463	295,814	6,494,323	100	50	-	
2012 +	17,401	13,196,487	540,604	6,908,455	100	52	-	
2013	17,759	13,940,442	336,339	7,657,753	100	55	-	
2014	17,778	14,706,680	385,040	8,817,782	100	60	-	

+ After changes in actuarial valuation assumptions.

* After legislated benefit increases and Board policy changes.

**Derivation of Actuarial Gain (Loss)
Year Ended December 31, 2014
(LOPFI and Local Plans Combined)**

The actuarial gains or losses realized in the operation of the Retirement System provide an experience test. Actual experience will never (except by coincidence) coincide exactly with assumed experience. It is expected that gains and losses will cancel each other over a period of years, but sizable year-to-year fluctuations are common. Detail on the derivation of the actuarial gain (loss) is shown below, along with a year-by-year comparative schedule.

(1)	UAAL at start of year	\$ 677,514,564
(2)	Employer normal cost from last valuation	30,684,284
(3)	Actual employer contributions	82,447,373
(4)	Interest accrual: (1) x .08 + [(2)-(3)] x (.08/2)	52,130,642
(5)	Expected UAAL before changes: (1) + (2) - (3) + (4)	677,882,117
(6)	Change from benefit changes*	858,272
(7)	Change from revised actuarial assumptions	-
(8)	Expected UAAL after changes	678,740,389
(9)	Actual UAAL at end of year	681,265,609
(10)	Gain (Loss) (8) - (9)	(2,525,220)
(11)	Gain (Loss) as percent of actuarial accrued liabilities at start of year	\$2,069,345,139 (0.1)%

* Includes unfunded liability associated with Local Pension Funds added during year.

Valuation Date December 31	Actuarial Gain (Loss) as a Percentage of Beginning Accrued Liabilities
2004	(5.3) %
2005	(3.5)
2006	(0.2)
2007	0.4
2008	(12.8)
2009	(2.9)
2010	(0.7)
2011	(1.9)
2012	(1.1)
2013	0.7
2014	(0.1)

**Results for Local Plans under LOPFI Administration
Paid Service Plans as of December 31, 2014**

Political Subdivision	Actuarial Accrued Liability	Valuation Assets	Unfunded Actuarial Accrued Liability	2016 Total Employer Rate*
Barling Paid Fire	\$ 298,380	\$ 273,776	\$ 24,604	23.18%
Bella Vista Paid Fire	4,816,098	2,186,730	2,629,368	32.71%
Benton Paid Police	2,892,172	1,562,930	1,329,242	26.64%
Bentonville Paid Fire	6,014,481	8,050,813	(2,036,332)	22.00%
Blytheville Paid Police	3,270,986	2,587,411	683,575	20.46%
Brinkley Paid Police	602,684	584,162	18,522	14.79%
Cabot Paid Police	1,001,120	2,900,824	(1,899,704)	22.00%
Clarendon Paid Police	314,682	146,757	167,925	35.06%
Clinton Paid Fire	174,928	155,449	19,479	32.51%
Conway Paid Police	9,973,475	4,783,165	5,190,310	31.84%
Conway Paid Fire	8,721,541	3,096,297	5,625,244	32.73%
El Dorado Paid Police	4,535,307	(2,781,797)	7,317,104	40.55%
El Dorado Paid Fire	6,702,803	1,222,148	5,480,655	39.04%
Forrest City Paid Police	2,035,392	(99,803)	2,135,195	32.36%
Forrest City Paid Fire	3,071,839	2,453,422	618,417	29.78%
Fort Smith Paid Police	25,739,342	8,162,512	17,576,830	30.86%
Fort Smith Paid Fire	33,133,053	13,862,623	19,270,430	36.84%
Heber Springs Paid Police	1,752,634	1,493,330	259,304	26.03%
Helena - West Helena Paid Police	1,939,162	992,314	946,848	31.58%
Helena - West Helena Paid Fire	3,497,640	674,934	2,822,706	37.57%
Hot Springs Paid Police	23,053,964	13,644,048	9,409,916	35.59%
Hot Springs Paid Fire	18,547,627	(194,708)	18,742,335	49.73%
Hot Springs Village Paid Fire	595,213	85,722	509,491	26.15%
Hoxie Paid Fire	113,799	91,421	22,378	\$ 249.60
Jonesboro Paid Police	11,765,757	10,603,613	1,162,144	22.49%
Jonesboro Paid Fire	13,808,917	(162,436)	13,971,353	38.49%
Little Rock Paid Police	94,314,402	32,134,944	62,179,458	28.52%
Lonoke Paid Police	45,874	(29,881)	75,755	20.68%
Lowell Paid Police	70,937	(125,482)	196,419	17.33%
Lowell Paid Fire	1,097,085	719,317	377,768	29.34%
Magnolia Paid Police	1,826,708	1,427,029	399,679	25.14%
Magnolia Paid Fire	2,475,786	2,031,791	443,995	30.71%
Malvern Paid Police	1,186,753	1,640,311	(453,558)	19.92%
Marianna Paid Police	731,205	505,043	226,162	26.98%
McGehee Paid Police	286,884	458,621	(171,737)	14.10%
Mountain Home Paid Fire	4,188,207	2,383,186	1,805,021	31.34%

* The Total Employer Rate is the rate charged on the combined LOPFI and Local Plan payroll.

**Results for Local Plans under LOPFI Administration
Paid Service Plans as of December 31, 2014
(Concluded)**

Political Subdivision	Actuarial Accrued Liability	Valuation Assets	Unfunded Actuarial Accrued Liability	2016 Total Employer Rate*
Newport Paid Police	\$ 1,708,204	\$ 803,026	\$ 905,178	25.78%
North Little Rock Paid Police	25,198,888	2,683,629	22,515,259	28.89%
North Little Rock Paid Fire	29,271,766	9,995,065	19,276,701	36.34%
Osceola Paid Police	2,570,733	2,930,244	(359,511)	21.67%
Paragould Paid Police	2,600,961	730,109	1,870,852	28.86%
Paragould Paid Fire	1,724,502	1,125,071	599,431	22.32%
Pine Bluff Paid Fire	18,173,528	9,137,112	9,036,416	32.37%
Pocahontas Paid Fire	997,295	625,114	372,181	38.48%
Searcy Paid Police	4,019,952	1,368,015	2,651,937	31.63%
Searcy Paid Fire	4,579,135	230,595	4,348,540	36.74%
Stuttgart Paid Police	1,907,316	1,943,408	(36,092)	19.59%
Stuttgart Paid Fire	4,233,979	1,776,757	2,457,222	52.84%
Trumann Paid Fire	455,861	308,917	146,944	24.99%
Van Buren Paid Fire	1,946,899	375,585	1,571,314	25.17%
Walnut Ridge Paid Fire	1,148,744	498,130	650,614	32.54%
Wynne Paid Fire	444,730	257,362	187,368	27.34%

* The Total Employer Rate is the rate charged on the combined LOPFI and Local Plan payroll.

**Results for Local Plans under LOPFI Administration
Volunteer Service Plans as of December 31, 2014**

Political Subdivision	Actuarial Accrued Liability	Valuation Assets	Unfunded Actuarial Accrued Liability	2016 Total Employer Rate*
Alzheimer Volunteer Fire	\$ 70,710	\$ 21,862	\$ 48,848	\$ 146.56
Arkansas City Volunteer Fire	37,684	(30,935)	68,619	53.34
Atkins Volunteer Fire	201,353	241,762	(40,409)	5.60
Bald Knob Volunteer Fire	228,414	132,380	96,034	50.62
Barling Volunteer Fire	85,240	142,026	(56,786)	5.60
Bay Volunteer Fire	89,058	100,777	(11,719)	5.60
Bearden Volunteer Fire	105,701	116,556	(10,855)	5.60
Bella Vista Volunteer Fire	56,834	18,244	38,590	40.23
Belleville Volunteer Fire	77,298	147,379	(70,081)	5.60
Bentonville Volunteer Fire	95,175	108,574	(13,399)	5.60
Biscoe Volunteer Fire	99,842	4,961	94,881	89.90
Caddo Valley Volunteer Fire	138,936	125,179	13,757	21.76
Caldwell Volunteer Fire	56,629	105,538	(48,909)	5.60
Calico Rock Volunteer Fire	96,451	113,568	(17,117)	5.60
Calion Volunteer Fire	89,044	121,789	(32,745)	5.60
Cammack Village Volunteer Fire	30,677	69,929	(39,252)	-
Caraway Volunteer Fire	182,198	(134,862)	317,060	103.17
Carthage Volunteer Fire	112,370	82,629	29,741	44.86
Cash Volunteer Fire	11,796	9,669	2,127	7.83
Cave City Volunteer Fire	157,739	36,031	121,708	31.51
Chidester Volunteer Fire	61,150	46,182	14,968	19.44
Clinton Volunteer Fire	394,034	360,835	33,199	18.61
Coal Hill Volunteer Fire	85,276	9,823	75,453	65.12
Conway Volunteer Fire	29,536	1,131	28,405	271.96
Cooterneck Volunteer Fire	148,821	(22,969)	171,790	95.14
Cotter Volunteer Fire	39,289	40,125	(836)	5.60
Cotton Plant Volunteer Fire	104,994	70,338	34,656	56.10
Danville Volunteer Fire	110,232	56,664	53,568	21.96
Devalls Bluff Volunteer Fire	164,401	35,691	128,710	86.70
Diaz Volunteer Fire	128,156	66,102	62,054	79.33
Dover Volunteer Fire	108,842	55,130	53,712	43.20
England Volunteer Fire	307,464	264,969	42,495	19.43
Eudora Volunteer Fire	148,251	178,830	(30,579)	5.60
Farmington Volunteer Fire	204,358	177,837	26,521	18.36
Fisher Volunteer Fire	44,961	10,317	34,644	25.19
Forrest City Volunteer Fire	5,293	886	4,407	11.69

* The Total Employer Rate is the rate charged on the combined LOPFI and Local Plan active member count.

**Results for Local Plans under LOPFI Administration
Volunteer Service Plans as of December 31, 2014
(Continued)**

Political Subdivision	Actuarial Accrued Liability	Valuation Assets	Unfunded Actuarial Accrued Liability	2016 Total Employer Rate*
Garland Volunteer Fire	\$ 49,314	\$ 56,557	\$ (7,243)	\$ 5.60
Gosnell Volunteer Fire	54,418	7,384	47,034	17.75
Gould Volunteer Fire	64,022	59,327	4,695	11.96
Green Forest Volunteer Fire	137,444	120,624	16,820	15.54
Grover Township Volunteer Fire	112,385	64,441	47,944	40.91
Grubbs Volunteer Fire	43,001	28,975	14,026	14.52
Hampton Volunteer Fire	252,770	109,831	142,939	54.30
Hardin Volunteer Fire	90,750	68,744	22,006	54.79
Hardy Volunteer Fire	218,505	194,178	24,327	22.04
Harrisburg Volunteer Fire	75,669	214,873	(139,204)	5.60
Hartford Volunteer Fire	31,440	55,970	(24,530)	5.60
Helena - West Helena Volunteer Fire	146,154	9,216	136,938	851.40
Hermitage Volunteer Fire	94,437	(15,141)	109,578	102.79
Holiday Island Volunteer Fire	22,602	9,655	12,947	17.42
Holly Grove Volunteer Fire	52,118	56,537	(4,419)	5.60
Hot Springs Village Volunteer Fire	69,274	(12,074)	81,348	29.72
Hoxie Volunteer Fire	41,119	1,455	39,664	35.18
Humphrey Volunteer Fire	30,565	43,085	(12,520)	5.60
Imboden Volunteer Fire	258,244	66,758	191,486	97.65
Jasper Volunteer Fire	135,784	37,844	97,940	80.85
Joiner Volunteer Fire	73,487	42,731	30,756	30.77
Jonesboro Volunteer Fire	16,288	(102,397)	118,685	731.55
Junction City Volunteer Fire	171,490	176,618	(5,128)	5.60
Lake City Volunteer Fire	136,209	97,329	38,880	17.48
Lake Village Volunteer Fire	154,485	164,401	(9,916)	5.60
Lavaca Volunteer Fire	98,360	62,986	35,374	28.26
Leachville Volunteer Fire	89,726	130,699	(40,973)	5.60
Lockesburg Volunteer Fire	119,408	100,919	18,489	12.88
Lowell Volunteer Fire	33,606	62,372	(28,766)	5.60
Luxora Volunteer Fire	53,513	166,915	(113,402)	5.60
Magazine Volunteer Fire	145,613	(180)	145,793	160.51
Magnolia Volunteer Fire	143,532	116,184	27,348	37.80
Mansfield Volunteer Fire	95,547	85,913	9,634	12.49
Marked Tree Volunteer Fire	193,123	338,213	(145,090)	5.60
Marshall Volunteer Fire	326,592	10,696	315,896	98.51

* The Total Employer Rate is the rate charged on the combined LOPFI and Local Plan active member count.

**Results for Local Plans under LOPFI Administration
Volunteer Service Plans as of December 31, 2014
(Continued)**

Political Subdivision	Actuarial Accrued Liability	Valuation Assets	Unfunded Actuarial Accrued Liability	2016 Total Employer Rate*
Marvell Volunteer Fire	\$ 164,121	\$ 122,171	\$ 41,950	\$ 26.21
McNeil Volunteer Fire	68,866	91,392	(22,526)	5.60
McRae Volunteer Fire	46,032	8,663	37,369	29.55
Melbourne Volunteer Fire	130,818	(63,532)	194,350	81.56
Mineral Springs Volunteer Fire	47,673	72,846	(25,173)	5.60
Monette Volunteer Fire	158,093	(1,808)	159,901	71.72
Montrose Volunteer Fire	39,372	19,078	20,294	28.99
Moro Volunteer Fire	64,193	43,073	21,120	51.35
Mountain Home Volunteer Fire	94,222	(78,527)	172,749	90.34
Mountain View Volunteer Fire	612,371	256,026	356,345	107.29
Murfreesboro Volunteer Fire	143,501	(123,346)	266,847	123.44
Norman Volunteer Fire	101,819	57,547	44,272	43.14
Norphlet Volunteer Fire	73,683	64,771	8,912	11.32
North Crossett Volunteer Fire	78,131	(36,553)	114,684	53.62
Paragould Volunteer Fire	23,775	(43,360)	67,135	210.88
Parkin Volunteer Fire	124,918	26,650	98,268	39.83
Perla Volunteer Fire	15,495	(18,226)	33,721	399.49
Perryville Volunteer Fire	108,423	98,058	10,365	12.44
Plainview Volunteer Fire	126,278	91,802	34,476	21.64
Plumerville Volunteer Fire	366,053	78,841	287,212	135.39
Pocahontas Volunteer Fire	110,264	46,198	64,066	50.22
Portland Volunteer Fire	147,233	183,113	(35,880)	5.60
Prescott Volunteer Fire	173,786	196,631	(22,845)	5.60
Rison Volunteer Fire	367,603	175,475	192,128	72.29
Russell Volunteer Fire	60,232	23,192	37,040	36.83
Searcy Volunteer Fire	86,050	(145,197)	231,247	723.57
Shannon Hills FD Volunteer Fire	81,096	13,584	67,512	30.30
Sheridan Volunteer Fire	158,316	164,291	(5,975)	5.60
Smackover Volunteer Fire	369,397	385,073	(15,676)	5.60
Sparkman Volunteer Fire	220,850	184,425	36,425	28.78
St. Francis Volunteer Fire	45,449	561	44,888	76.43
Stephens Volunteer Fire	142,343	189,435	(47,092)	5.60
Strong Volunteer Fire	78,641	88,561	(9,920)	5.60
Stuttgart Volunteer Fire	83,934	20,928	63,006	200.63
Sulphur Springs Volunteer Fire	60,513	42,148	18,365	27.12

* The Total Employer Rate is the rate charged on the combined LOPFI and Local Plan active member count.

**Results for Local Plans under LOPFI Administration
Volunteer Service Plans as of December 31, 2014
(Concluded)**

Political Subdivision	Actuarial Accrued Liability	Valuation Assets	Unfunded Actuarial Accrued Liability	2016 Total Employer Rate*
Swifton Volunteer Fire	\$ 131,093	\$ 69,609	\$ 61,484	\$ 41.16
Taylor Volunteer Fire	205,033	78,957	126,076	68.79
Thornton Volunteer Fire	216,078	(24,758)	240,836	257.62
Tillar Volunteer Fire	66,039	55,610	10,429	14.08
Tracy Area Volunteer Fire	36,447	26,254	10,193	12.90
Trumann Volunteer Fire	59,390	63,167	(3,777)	5.60
Tuckerman Volunteer Fire	81,180	15,028	66,152	26.00
Turrell Volunteer Fire	21,325	7,854	13,471	161.61
Tyronza Volunteer Fire	195,015	(11,635)	206,650	84.87
Vilonia Volunteer Fire	171,501	133,702	37,799	19.90
Viola Volunteer Fire	138,978	(30,170)	169,148	93.62
Wabbeska Volunteer Fire	72,408	9,964	62,444	69.36
Waldo Volunteer Fire	52,420	20,198	32,222	24.39
Walnut Ridge Volunteer Fire	351,229	80,349	270,880	85.68
Washington Volunteer Fire	38,236	25,892	12,344	20.96
West Point Volunteer Fire	61,449	52,282	9,167	14.45
Wheatley Volunteer Fire	85,503	91,227	(5,724)	5.60
Wilmot Volunteer Fire	61,863	84,530	(22,667)	5.60
Wilson Volunteer Fire	133,409	106,415	26,994	30.68
Wynne Volunteer Fire	218,157	212,744	5,413	8.08

* The Total Employer Rate is the rate charged on the combined LOPFI and Local Plan active member count.

LOPFI Level Dollar Contributions December 31, 2014

For Employers With Active Members in Other Departments

Department		Actuarial Accrued Liabilities	Funding Value Assets	Unfunded Actuarial Accrued Liabilities (UAAL)	UAAL Amortization Level Dollar Contribution	
Name	Number				Years	\$ Contributions
Beaver Lake Paid Fire	128732	\$ 472,002	\$ 97,581	\$ 374,421	15	\$ 45,460
City of Caddo Valley Paid Fire	268233	94,788	58,792	35,996	10	5,575
City of Flippin Paid Fire	630032	53,677	78,189	(24,512)	13	-
City of Gentry Paid Fire	704832	2,629	3,066	(437)	10	-
City of Hector Paid Police	865622	63,218	108,173	(44,955)	12	-
City of Higginson Paid Police	884222	2,827	7,889	(5,062)	14	-
Town of Highfill Paid Fire	885032	30,490	56,713	(26,223)	12	-
City of Hoxie Paid Fire	932633	42,558	93,682	(51,124)	14	-
City of Perla Paid Police	1628422	61,910	46,117	15,793	10	2,446

For Employers With No Active Members

Department		Actuarial Accrued Liabilities	Funding Value Assets	Unfunded Actuarial Accrued Liabilities (UAAL)	UAAL Amortization Level Dollar Contribution	
Name	Number				Years	\$ Contributions
City of Altheimer Paid Police	24822	\$ 224,487	\$ 161,805	\$ 62,682	15	\$ 7,610
Bono FID Paid Police	189922	-	426	(426)	15	-
City of Calion Paid Police	276322	12,363	15,754	(3,391)	10	-
City of Chidester Paid Police	338723	15,919	20,734	(4,815)	10	-
City of Cushman Paid Police	431622	14,098	27815	(13,717)	10	-
City of Dyess Paid Police	526622	3,215	12,478	(9,263)	12	-
City of Friendship Paid Police	665322	40,342	33,191	7,151	10	1,108
City of Hartford Paid Police	843522	403,675	81,733	321,942	11	46,866
City of Huntington Paid Police	971722	26,820	19,588	7,232	13	951
City of Joiner Paid Police	1040522	46,570	65,694	(19,124)	13	-
City of Junction City Paid Police	1061822	82,847	149,227	(66,380)	10	-
City of Montrose Paid Police	1418422	22,356	12,226	10,130	14	1,277
City of Mountainburg Paid Police	1436222	322,417	163,462	158,955	15	19,299
City of Mount Ida Paid Police	1448622	11,318	89,201	(77,883)	10	-
City of Newark Paid Police	1497422	27,139	59,394	(32,255)	10	-
City of Portland Paid Police	1671322	24,627	29,500	(4,873)	12	-
City of Strong Paid Police	1843022	126,272	(149,874)	276,146	26	26,548
Tontitown Area Paid Fire	1909732	19,466	47,307	(27,841)	15	-
City of Weiner Paid Police	2041922	185,264	108,028	77,236	15	9,377
City of Wilmot Paid Police	2100822	120,328	(212,249)	332,577	26	31,973
City of Yellville Paid Police	2139322	73,023	123,271	(50,248)	10	-

- (1) These results assume contributions begin January 1, 2016 and are applicable in periods where no active members are reported.
- (2) Departments currently with their reported assets exceeding their actuarial accrued liabilities could still be liable for contributions at a later date, depending upon future economic and demographic experience.
- (3) In addition, reports were provided for Cammack Village Volunteer Fire, Conway Volunteer Fire, Jonesboro Volunteer Fire and Perla Volunteer Fire. These are all combined plans with no active members.
- (4) These departments were identified for inclusion in this calculation, by LOPFI Staff.
- (5) New calculations are needed, as of December 31, 2015, for any of these departments that again are without active members.

Comments and Conclusion

Comment A: The December 31, 2014 actuarial valuations establish employer contribution rates for the fiscal year beginning in calendar year 2016. Contribution rates for 276 paid service valuation groups were computed. In addition, Local Relief and Pension Fund groups under LOPFI administration were included to develop combined employer contribution rates for affected employers. The average contribution rate is 20.12% and is uncapped and based on a 16.3-year amortization period. This rate reflects the Board policy of increasing all individual location employer rates by 1% of pay until all or most employer rates can be merged into a single uniform paid service employer rate. The Board policy also reflects a maximum employer contribution rate of 22.00% for calendar year 2016. For Benefit Program 2 paid service employers participating in LOPFI, the uniform rate is the Benefit Program 1 rate plus a surcharge of 2.50%.

Comment B: Due to changes enacted in the 2007 Session of the Arkansas General Assembly, all Benefit Program 3 volunteer service employers participating in LOPFI are charged a uniform rate for the calendar year. For calendar year 2016 that rate is \$52.68 per member per month. This rate was computed as \$52.68 in the prior valuation. For Benefit Program 4 volunteer service employers participating in LOPFI, the uniform rate is the Benefit Program 3 rate plus a surcharge of \$20.00.

Comment C: Overall experience for the year ending December 31, 2014 was unfavorable. Experience losses totaled \$2,525,220 (see page C-19). The source of the loss was primarily the result of experience losses in economic and demographic experience areas mitigated somewhat by investment gains. The market value rate of return for the year ended December 31, 2014 was 7.06% while the recognized rate of return was 8.88%. The ratio of funding value of assets to market value of assets is currently 96.5%. The scheduled recognition of past market investment gains may provide downward pressure on computed employer contribution rates in the future.

Comment D: Actuarial accrued liabilities, including both LOPFI and Local Pension and Relief Funds under LOPFI administration, totaled \$2,235,441,597 while valuation assets totaled \$1,554,175,988. Hence, actuarial accrued liabilities are 70% covered by valuation assets as of December 31, 2014. Excluding the Local Funds, accrued liabilities are 76% covered by valuation assets.

Comment E: There were no changes in benefit provisions, assumptions or methods in the December 31, 2014 actuarial valuation.

Recommendation: We recommend that the Section 24-10-405(h)(1) limits be removed (or at least increased). This limit hinders the complete implementation of the single paid service employer rate and may, over the long run, impair the ability to maintain a sound retirement plan.

Conclusion: The Retirement System's financial objective is to meet long-term benefit obligations through contributions that remain approximately level from year-to-year as a percent of active member payroll. Continued receipt of these contributions is the best guarantee that the System will be able to pay all promised benefits when due.

SECTION D

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

**Summary of
FINANCIAL ASSUMPTIONS USED FOR LOPFI ACTUARIAL VALUATIONS
Assumptions Adopted by Board of Trustees After Consulting With Actuary**

The actuarial assumptions used in making the valuations are shown in this section of the report. The assumptions are established by the Board after consulting with the actuary as outlined in A.C.A. 24-10-205(a)(1).

ECONOMIC ASSUMPTIONS

The investment return rate used in making the valuation was 8.0% per year, compounded annually (net after administrative expenses). This rate of return is not the assumed real rate of return. The real rate of return is defined to be the portion of investment return which is more than the wage inflation rate. With a 4.0% recognition of wage inflation, the 8.0% investment return rate translates to an assumed real rate of return of 4.0%.

Price inflation was assumed to be 3.0% a year. This assumption was utilized to increase the basic benefit factor for volunteer members.

Pay increase assumptions for individual active members are summarized in Schedule A-5. Part of the assumption for each age is for a merit and/or seniority increase, and the other 4.0% recognizes wage inflation.

Total active member payroll is assumed to increase 4.0% a year, which is the portion of the individual pay increase assumptions attributable to wage inflation.

The number of active members is assumed to continue at the present number for LOPFI plans.

NON-ECONOMIC ASSUMPTIONS

The mortality table used to measure retired life mortality was the RP-2000 Combined Projected to 2017 Table, set forward two years for men. Related values are shown in Schedule A-1. Disability post-retirement mortality was assumed to be the same as standard post-retirement mortality set forward an additional 10 years. For death-in-service mortality, one hundred percent of the post-retirement mortality tables were used. Fifty percent of deaths-in-service were assumed to be duty related. These assumptions include a margin for future mortality improvements.

The probabilities of retirement for members eligible to retire are shown in Schedule A-3.

The probabilities of withdrawal from service are summarized in Schedule A-4, and the *probabilities of disability* are summarized in Schedule A-2.

An individual entry age actuarial cost method of valuation was used in determining age & service allowance normal costs and the allocation of actuarial present values between service rendered before and after the valuation date. The entry-age actuarial cost method has the following characteristics:

- (i) the annual normal costs for each individual active member, payable from the member's actual date of employment to the member's projected date of retirement are sufficient to accumulate the actuarial present value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is: (a) a constant percentage of the member's year by year projected covered pay for paid service plans, or (b) an increasing dollar amount for volunteer service plans.

Differences in the past between assumed experience and actual experience ("actuarial gains and losses") are inevitable and become part of accrued liabilities. In LOPFI, cumulative actuarial losses and gains are the same as unfunded (or overfunded) accrued liabilities.

Unfunded accrued liabilities are amortized to produce contribution amounts (principal and interest) which are (a) level percent of payroll contributions over a period of future years for paid service plans, or (b) increasing dollar amounts for volunteer service plans.

For Benefit Program 3 volunteer service plans the contribution rates from the December 31, 2002 valuation were developed based on a \$5.00 per month basic benefit factor. This factor is \$6.39 effective July 1, 2015 and is assumed to increase at the assumed rate of price inflation in future years. For Benefit Program 4 volunteer service plans the contribution rates from the December 31, 2012 valuation were developed based on a \$10.00 per month basic benefit factor. This factor is \$10.35 effective July 1, 2015 and is assumed to increase at the assumed rate of price inflation in future years.

OTHER TECHNICAL ASSUMPTIONS -----

Decrements are assumed to occur at the middle of the valuation year.

The probability of being married, for death-in-service benefits, is assumed to be 90%.

Members who are eligible to participate in the DROP are assumed to participate in the DROP program in such a manner that is the most advantageous to them.

Future service credit is always assumed to accrue at the rate of 1 year of credit every 12 calendar months. Lower service accrual rates (service breaks or less-than-full-time employment) or higher service accrual rates (addition of military credit or reinstatement of prior service) are reflected as they are reported. Any lower or higher accrual rates may result in small financial gains or losses when reported.

The form of benefit payment assumed in the valuation for paid service and volunteer service plans is the Five Year Certain and Life Option. For local plans under LOPFI administration, the assumed form of benefit payment is 100% joint and survivor for police plans and the Life Option for fire plans. For local fire plans under LOPFI administration who have adopted Act 397, the assumed form of benefit payment is 100% joint and survivor.

Employer contribution dollars were assumed to be *paid in equal installments* throughout the employer fiscal year.

Present assets (cash & investments) were used based on a smoothed market value.

The data about persons now covered and about present assets were furnished by the System's administrative staff. Although examined for general reasonableness, the data was not audited by the Actuary.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as: plan experience differing from that anticipated by the economic and 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 the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

**Illustration of Computed Employer Contributions
16.3-Year Closed Amortization Period**

**LOPFI Paid Service
(Based on Projected Future Payroll)**

Year Ended December 31,	Illustrative Payroll	Normal Cost	Payment for Amortization of UAL	Computed Employer Rate	Annual Employer Dollar Contribution
2014	\$ 100,000	9.68%	10.44%	20.12%	\$ 20,120
2015	104,000	9.68%	10.44%	20.12%	20,925
2016	108,160	9.68%	10.44%	20.12%	21,762
2017	112,486	9.68%	10.44%	20.12%	22,632
2018	116,986	9.68%	10.44%	20.12%	23,538
2019	121,665	9.68%	10.44%	20.12%	24,479
2020	126,532	9.68%	10.44%	20.12%	25,458
2021	131,593	9.68%	10.44%	20.12%	26,477
2022	136,857	9.68%	10.44%	20.12%	27,536
2023	142,331	9.68%	10.44%	20.12%	28,637
2024	148,024	9.68%	10.44%	20.12%	29,783
2025	153,945	9.68%	10.44%	20.12%	30,974
2026	160,103	9.68%	10.44%	20.12%	32,213
2027	166,507	9.68%	10.44%	20.12%	33,501
2028	173,168	9.68%	10.44%	20.12%	34,841
2029	180,094	9.68%	10.44%	20.12%	36,235
2030	187,298	9.68%	10.44%	20.12%	37,684
2031	194,790	9.68%	10.44%	20.12%	39,192
2032	202,582	9.68%	10.44%	20.12%	40,759
2033	210,685	9.68%	0.00%	9.68%	20,394
2034	219,112	9.68%	0.00%	9.68%	21,210
2035	227,877	9.68%	0.00%	9.68%	22,058
2036	236,992	9.68%	0.00%	9.68%	22,941
2037	246,472	9.68%	0.00%	9.68%	23,858
2038	256,330	9.68%	0.00%	9.68%	24,813
2039	266,584	9.68%	0.00%	9.68%	25,805
2040	277,247	9.68%	0.00%	9.68%	26,838
2041	288,337	9.68%	0.00%	9.68%	27,911
2042	299,870	9.68%	0.00%	9.68%	29,027

This illustration is not intended to exactly predict future employer contributions but instead is intended to illustrate the general trend of future contributions based upon current benefit structure and assumed future economic and demographic activity. It is unlikely that future contributions will match exactly for any given year those rates shown above.

**Illustration of Computed Employer Contributions
20.7-Year Closed Amortization Period**

**LOPFI Benefit Program 3 Volunteer Service
(Based on Projected Benefit Factors)**

Year Ended December 31,	Basic Benefit Factor@	Illustrative Monthly Active Member Count	Normal Cost	Payment for Amortization of UAL	Computed Employer Rate	Annual Employer Dollar Contribution
2014	\$ 6.39	10	\$ 23.83	\$ 28.85	\$ 52.68	\$ 6,321
2015	6.58	10	24.54	28.85	53.39	6,407
2016	6.78	10	25.28	28.85	54.13	6,496
2017	6.98	10	26.04	28.85	54.89	6,587
2018	7.19	10	26.82	28.85	55.67	6,680
2019	7.41	10	27.62	28.85	56.47	6,776
2020	7.63	10	28.45	28.85	57.30	6,876
2021	7.86	10	29.30	28.85	58.15	6,978
2022	8.10	10	30.18	28.85	59.03	7,084
2023	8.34	10	31.09	28.85	59.94	7,193
2024	8.59	10	32.02	28.85	60.87	7,304
2025	8.85	10	32.98	28.85	61.83	7,420
2026	9.12	10	33.97	28.85	62.82	7,538
2027	9.39	10	34.99	28.85	63.84	7,661
2028	9.67	10	36.04	28.85	64.89	7,787
2029	9.96	10	37.12	28.85	65.97	7,916
2030	10.26	10	38.23	28.85	67.08	8,050
2031	10.57	10	39.38	28.85	68.23	8,188
2032	10.89	10	40.56	28.85	69.41	8,329
2033	11.22	10	41.78	28.85	70.63	8,476
2034	11.56	10	43.03	28.85	71.88	8,626
2035	11.91	10	44.32	28.85	73.17	8,780
2036	12.27	10	45.65	28.85	74.50	8,940
2037	12.64	10	47.02	0.00	47.02	5,642
2038	13.02	10	48.43	0.00	48.43	5,812
2039	13.41	10	49.88	0.00	49.88	5,986
2040	13.81	10	51.38	0.00	51.38	6,166
2041	14.22	10	52.92	0.00	52.92	6,350
2042	14.65	10	54.51	0.00	54.51	6,541

@ Basic benefit factor - \$5.00 per month for each year of service beginning July 1, 2003. Increased by price inflation on July 1, 2004 and every July 1 thereafter. This factor is \$6.39 effective July 1, 2015. For purposes for this illustration, the factor was assumed to increase by 3% a year, compounded.

This illustration is not intended to exactly predict future employer contributions but instead is intended to illustrate the general trend of future contributions based upon current benefit structure and assumed future economic and demographic activity. It is unlikely that future contributions will match exactly for any given year those rates shown above.

Schedule A-1
Single Life Retirement Values
Based on the RP-2000 Combined Projected to 2017 Table
and 8.0% Interest
(First used for December 31, 2012 Valuations)

Sample Attained Ages	Value at Retirement: \$1.00 Monthly for Life		Future Life Expectancy (years)	
	Men	Women	Men	Women
45	\$140.76	\$144.71	35.48	40.05
50	135.22	140.50	30.80	35.29
55	127.96	134.83	26.25	30.61
60	118.85	127.35	21.90	26.04
65	107.86	117.98	17.83	21.70
70	94.81	106.88	14.07	17.68
75	80.17	94.15	10.72	14.02
80	64.67	79.99	7.83	10.76

Sample Attained Ages	Benefit Increasing 3% Yearly	Portion of Age 55 Lives Still Alive	Sample Attained Ages
55	\$100	100 %	55
60	116	97	60
65	134	92	65
70	156	84	70
75	181	73	75
80	209	56	80

**Schedule A-2
Probabilities of Disability Retirement**

**PAID SERVICE MEMBERS
(First used for December 31, 2012 Valuations)**

Sample Ages	Percent Becoming Disabled within Next Year	
	Non-Duty	Duty
20	0.07 %	0.09 %
25	0.07	0.09
30	0.10	0.11
35	0.13	0.16
40	0.20	0.24
45	0.31	0.37
50	0.52	0.63
55	0.91	1.09
60	1.36	1.63

**VOLUNTEER SERVICE MEMBERS
(First used for December 31, 2003 Valuations)**

Sample Ages	Percent Becoming Disabled within Next Year	
	Non-Duty	Duty
20	0.07 %	0.00 %
25	0.07	0.00
30	0.07	0.00
35	0.07	0.00
40	0.18	0.01
45	0.23	0.01
50	0.43	0.02
55	0.79	0.04
60	1.24	0.06

Schedule A-3
Probabilities of Retirement for Members Eligible to Retire
(First used for December 31, 2012 Valuations)

PAID SERVICE MEMBERS

Retirement Ages	Percents of Active Members Retiring within Next Year		Years of Service	Percents of Active Members Retiring within Next Year
	Early	Normal		
45-49	3 %			
50-54	3			
55		20 %	28	25 %
56		20	29	15
57		20	30	15
58		20	31	20
59		20	32	35
60		20	33	40
61		20	34	100
62		25		
63		25		
64		25		
65		50		
66		60		
67		70		
68		80		
69		90		
70+		100		

A member was assumed eligible for retirement after attaining age 55 with 20 years of service or age 60 with 5 years of service or any age with 28 or more years of service. A member was assumed to retire with 100% probability at 34 or more years of service credit.

A member was assumed eligible for a reduced benefit after attaining age 50 with 20 or more years of service or any age with 25 or more years of paid service credit.

The probabilities of retirement shown above represent ultimate termination of employment (whether or not the member participates in the DROP).

Schedule A-3
Probabilities of Retirement for Members Eligible to Retire (Concluded)
(First used for December 31, 2012 Valuations)

VOLUNTEER SERVICE MEMBERS

Retirement	Percents of	
	Active Members Retiring	
Ages	within Next Year	
	Early	Normal
Under 50		20 %
50-54	2 %	20
55-59		15
60-64		15
65-69		20
70-74		30
75+		100

A member was assumed to be eligible for retirement after 28 years of service, attaining age 55 with 20 years of service, or age 60 with 5 years of service.

A member was assumed eligible for a reduced benefit after attaining age 50 with 20 or more years of service.

Schedule A-4
Rates of Separation (Excluding Deaths and Disability)
From Active Employment Before Retirement
(First used for December 31, 2012 Valuations)

PAID SERVICE MEMBERS

Sample Ages	Years of Service	% of Active Members Separating within Next Year
ALL	0	18.00 %
	1	16.00
	2	13.00
	3	11.00
	4	10.00
25	5 & Over	8.56
30		7.20
35		5.52
40		4.40
45		3.52
50		2.80
55		0.80
60		0.00

VOLUNTEER SERVICE MEMBERS

Sample Ages	Years of Service	% of Active Members Separating within Next Year
ALL	0	23.00 %
	1	21.00
	2	19.00
	3	17.00
	4	15.00
25	5 & Over	8.50
30		8.50
35		8.50
40		8.50
45		8.50
50		8.50
55		8.50
60		8.50

Schedule A-5
Pay Increase Assumptions
For an Individual Paid Service Member
(First used for December 31, 2012 Valuations)

Pay Increase Assumptions			
For an Individual Member			
Service Years	Merit and Seniority	Base (Economic)	Increase Next Year
1	15.0%	4.0%	19.0%
2	9.0%	4.0%	13.0%
3	4.0%	4.0%	8.0%
4	3.0%	4.0%	7.0%
5	2.0%	4.0%	6.0%
6	1.5%	4.0%	5.5%
7	1.5%	4.0%	5.5%
8	1.5%	4.0%	5.5%
9	1.0%	4.0%	5.0%
10	1.0%	4.0%	5.0%
11	0.5%	4.0%	4.5%
12	0.5%	4.0%	4.5%
13	0.5%	4.0%	4.5%
14	0.5%	4.0%	4.5%
15	0.5%	4.0%	4.5%
16	0.5%	4.0%	4.5%
17	0.5%	4.0%	4.5%
18	0.5%	4.0%	4.5%
19	0.5%	4.0%	4.5%
20+	0.5%	4.0%	4.5%

Investment Return and Inflation: Past and Future

Inflation Distortions

Inflation's impact on investment return is not uniform from year to year. A common expectation for real investment return (which is the portion of total return remaining after price inflation) is in the area of 3% to 5% annually.

Historical Economic Data

Over the last 30 years, real return on average has exceeded the 3% to 5% range. However, for parts of this period, real return was actually negative. It is difficult to maintain a long-term portfolio allocation during periods of negative real return.

Annual Investment Return % (including Income) Expressed as Real Return (Remainder after Price Inflation)

No. Years Ended December	Inflation (CPI)	Cash Equiv. (T-Bills)	Bonds (Long Term)		Stocks (S & P 500)	Real Return for Sample Fund		
			US Treasury	Corporate (Sol. Bro.)		A	B	C
1/2010	1.5	(1.4)	8.5	10.7	13.4	9.7	10.4	11.0
1/2011	3.0	(2.9)	24.5	14.6	(0.9)	11.2	7.1	3.8
1/2012	1.7	(1.6)	1.6	8.8	14.1	7.2	8.9	10.4
1/2013	1.5	(1.5)	(12.7)	(8.5)	30.4	2.7	10.8	17.1
1/2014	0.8	(0.8)	22.9	16.4	12.8	15.6	14.2	13.0
5/1980	9.2	(1.3)	(6.9)	(6.2)	4.3	(2.6)	(0.4)	1.3
5/1985	4.8	5.2	11.5	12.3	9.4	10.7	10.2	9.8
5/1990	4.1	2.6	6.4	6.1	8.6	6.7	7.2	7.6
5/1995	2.8	1.5	10.0	9.1	13.4	10.0	10.8	11.3
5/2000	2.5	2.6	4.9	3.2	15.4	7.7	10.0	11.7
5/2005	2.5	(0.4)	5.1	6.6	(2.0)	3.4	2.0	0.7
5/2010	2.2	0.0	3.3	3.6	0.1	3.1	2.6	2.0
5/2014	1.7	(1.6)	8.1	8.1	13.6	9.1	10.2	11.0
30/2014	2.7	1.0	6.8	6.5	8.4	7.1	7.5	7.7

Sample Funds (only three of many reasonable samples)

	A	B	C
Cash Equiv.: T-Bills	10 %	10 %	10 %
Bonds: US Treasury	30	20	10
Bonds: Corporate	30	20	15
Stock	30	50	65

For many pension plans, benefit increases after retirement have fallen short of keeping up with inflation. The retired life group has been affected more than the active life group. The investment return that would be necessary for the indexing of benefits with inflation after retirement probably cannot be realized during periods of high inflation.

Forward-Looking Economic Data

The assumed rate of price inflation should not give undue weight to recent experience. Some historical economic data may not be appropriate for use in developing assumptions for future periods due to changes in the underlying economic environment. Professional forecasters, economists, and investors are reliable sources to guide in the selection and evaluation of expected future price inflation rates.

Investment Return and Inflation: Past and Future - Concluded

The Survey of Professional Forecasters, maintained by the Federal Reserve Bank of Philadelphia, is the longest running quarterly survey of macroeconomic forecasts in the U.S. Over 50 forecasters from industry, government, banking, and academics are included in this Survey. With respect to price inflation, their median projections are published quarterly for the annual-average Headline CPI over the next 10 years. Headline CPI is the total CPI, as opposed to Core CPI, which excludes food and energy prices. The following table presents the Survey's quarterly projections through the first quarter of 2015.

Quarterly Median Projections of the 10-Year Annual-Average Headline CPI-U Inflation (Philadelphia Federal Reserve)

2012-2	2012-3	2012-4	2013-1	2013-2	2013-3	2013-4	2014-1	2014-2	2014-3	2014-4	2015-1
2.48%	2.35%	2.30%	2.30%	2.30%	2.21%	2.30%	2.30%	2.30%	2.30%	2.21%	2.30%

Source: Federal Reserve Bank of Philadelphia – Survey of Professional Forecasters Quarterly (Inflation.xls)

The Congressional Budget Office (CBO) regularly publishes its Budget and Economic Outlook. This report includes a forecast of annual CPI-U (All Urban Consumers). The following table presents the CBO's forecast for calendar years 2015 – 2025, as published in its report dated January, 2015.

Consumer Price Index Forecast (CBO)

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Compound Average
1.50%	2.30%	2.30%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.30%

Source: Congressional Budget Office – The Budget and Economic Outlook: 2015 – 2025 (p. 30)

The Trustees of the Social Security system prepare and publish an annual report. Social Security's economists develop a forecast of future CPI-W (for Urban Wage Earners and Clerical Workers). The following table presents their forecasts in the 2014 annual report.

Social Security Trustees' Ultimate CPI-W Assumption for 2020 and later

Low-cost	3.40%
Intermediate	2.70%
High-cost	2.00%

Source: 2014 Social Security Trustees' Report (p. 8)

Another source of information about future price inflation is the market for U.S. Treasury bonds. Comparing spreads between nominal and inflation-indexed treasury securities (TIPS) provides an estimate of the bond market's expectation of inflation over the next decade or more. However, this analysis ignores the inflation risk premium that buyers of U.S. Treasury bonds often demand, and it ignores the differences in liquidity between U.S. Treasury bonds and TIPS.

Treasury Constant Maturities (2014 Annual Yields)

Term	Nominal	Inflation-Indexed	Implied Inflation
10-year	2.54%	0.44%	2.11%
20-year	3.07%	0.86%	2.21%
30-year	3.34%	1.11%	2.23%

Source: Board of Governors of the Federal Reserve System, Selected Interest Rates (Daily) – H. 15