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

Actuarial Survey

July 1, 2006

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Pension Analyst

June 21, 2007

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Section I

Valuation Report

A. Purpose of the Valuation

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

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

<i>City's ultimate cost</i>	=	<i>benefits paid</i>	+	<i>expenses incurred</i>	-	<i>investment return</i>	-	<i>employee contributions</i>
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B. Contribution for 2007-2008 Fiscal Year

The City's contribution rates for the 2007-2008 fiscal year, determined from the July 1, 2006 actuarial valuation, are shown below. Last year's results are shown for comparison purposes.

	2007-2008 Fiscal Year July 1, 2006 Valuation	2006-2007 Fiscal Year July 1, 2005 Valuation
Police	2.80%	3.36%
Firefighters	-5.13%	-4.59%
Board of Education	11.48%	13.35%
Municipal Services	30.36%	30.91%
Library	16.99%	18.68%

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

C. Funded Status

The MERF fund was in sound financial condition on July 1, 2006. The MERF adjusted value of plan assets of \$1,028,513,000 (including \$7.0 million contribution receivable from the City) was equal to 102.6% of the "pension benefit obligation" of \$1,002,848,000 as of July 1, 2006. (Without the City contribution receivable, the funded ratio was 101.9%.) The "pension benefit obligation" is the actuarial present value of credited projected benefits for prior years' service. For active members, the credited projected benefits are based on future salary increases and the ratio of actual service to total service projected at retirement.

Section I
Valuation Report
(continued)

D. Plan Experience During Period Under Review

The recommended City contribution rate for the 2007-2008 fiscal year has fallen from last year for each group.

The actuarial value of assets earned a return of about 9.3% during the 2005-2006 fiscal year, compared to an expected rate of return of 8.0%. The market value of assets returned 8.7% over the same period. The decrease in contribution rates from last year is largely the result of investment gains generated from the return on the actuarial value of assets greater than expected.

The active membership of MERF as of July 1, 2006, was 2,554, an increase of 106 from the total of 2,448 last year. Police active membership decreased by 9, Firefighters decreased by 8, Board of Education increased by 73, Municipal Services increased by 32 and Library increased by 8. The total covered payroll for all active participants increased by approximately 6% from \$117,261,000 in last year's valuation to \$124,837,000 in this year's valuation.

E. Changes Since The Last Valuation

The July 1, 2006 actuarial valuation includes changes in Plan Provisions from last year for CHPEA and Local 1018A/B. It also reflects the newly negotiated future increases in general wages for these two groups, as well as the Paraprofessionals (Local 2221). These changes all had a minimal impact on plan costs except the new CHPEA provisions which increased the contribution rate for the Municipal Services group.

Section I
Valuation Report
(continued)

F. Certification

The results of this valuation are based on financial, personnel and payroll data furnished to us by the City and unaudited by us as of July 1, 2006.

In my opinion, and to the best of my knowledge, this Report presents fairly the financial and actuarial position of the City of Hartford Municipal Employees' Retirement Fund (MERF) as of July 1, 2006. The actuarial present values shown have been estimated on the basis of actuarial assumptions which, in my opinion, are appropriate for the purposes of the Report, are reasonable in the aggregate (taking into account the experience of the Plan and reasonable expectations), and, when applied in combination, represent my best estimate of the measure of anticipated experience under the Plan.

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

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

HOOKER & HOLCOMBE, INC.



Elizabeth J. Willard, F.S.A., M.A.A.A.
Enrolled Actuary

June 21, 2007

Section II
Supporting Exhibits

A. Normal Cost

	July 1, 2006 Valuation					
	Police	Fire	Board of Ed.	Municipal Services	Library	Total Membership
Active Membership						
Number of Employees	428	339	1,187	517	73	2,544
Annual Payroll (000)	\$29,624	\$25,299	\$39,459	\$26,868	\$3,587	\$124,837
Normal Actuarial Costs						
A. Actuarial Present Value of Future Benefits (000)						
Active Members	\$129,331	\$126,176	\$110,232	\$118,831	\$11,342	\$495,912
Terminated Non-Vested Members	144	141	123	133	13	553
Terminated Vested Members	897	90	3,039	4,246	0	8,272
Retired Members	219,151	166,318	87,191	220,245	11,988	704,893
Old Plans COLA	<u>656</u>	<u>466</u>	<u>649</u>	<u>57</u>	<u>0</u>	<u>1,827</u>
Total	\$350,179	\$293,191	\$201,235	\$343,511	\$23,342	\$1,211,458
Valuation Assets (Adjusted Value) (000)*	\$327,533	\$292,763	\$133,688	\$258,552	\$15,977	\$1,028,513
C. Actuarial Present Value of Future Employee Contributions (000)	\$20,194	\$17,707	\$22,341	\$13,790	\$1,583	\$75,615
D. Actuarial Present Value of Future Normal Costs (A) - (B) - (C) (000)	\$2,452	(\$17,280)	\$45,206	\$71,169	\$5,783	\$107,330
E. Actuarial Present Value of Future Salaries (000)	\$303,331	\$244,130	\$425,475	\$252,307	\$36,366	\$1,261,609
F. Normal Actuarial Costs as Percentage of Payroll						
Pension Benefits (D)/(E)**	0.81%	-7.08%	10.62%	28.21%	15.90%	8.51%
G. Expenses (other than Investment Expenses)	<u>1.99%</u>	<u>1.95%</u>	<u>0.86%</u>	<u>2.15%</u>	<u>1.09%</u>	<u>1.63%</u>
Total Normal Cost Percent Payable by City	2.80%	-5.13%	11.48%	30.36%	16.99%	10.14%

* Includes \$7.0 million contribution receivable from the City.

** Based on \$2,038,000 estimate of expenses (other than investment expenses) allocated by present value of future benefits.

Section II
Supporting Exhibits
(continued)

B. Estimated Cash Contribution

	Estimated July 1, 2007 - June 30, 2008 Fiscal Year Contribution					
	Police	Fire	Board of Ed	Municipal Services	Library	Total
(1) Annual Adjusted Payroll, July 1, 2006	\$29,623,885	\$25,299,020	\$39,458,781	\$26,867,996	\$3,586,852	\$124,836,534
(2) Total Normal Cost Percent Payable by City	2.80%	-5.13%	11.48%	30.36%	16.99%	
(3) Gross City Contribution: (1) x (2)	829,469	(1,297,840)	4,529,868	8,157,124	609,406	12,828,027
(4) July 1, 2006 Payment for Local 566	0	0	303,918	0	0	303,918
(5) July 1, 2006 Payment for Local 1716	0	0	0	509,126	0	509,126
(6) Old Plans COLA Annual Payment	138,979	100,760	162,199	16,667	0	418,605
(7) Net City Contribution Estimate: (3)-(4)-(5)-(6)	\$690,490	(\$1,398,600)	\$4,063,751	\$7,631,331	\$609,406	\$11,596,378

Section II
Supporting Exhibits
(continued)

C. Actuarial Balance Sheet

	July 1, 2006	July 1, 2005
Actuarial Liabilities		
Present Value of Future Benefits for:		
Active Employees	\$ 495,911,768	\$ 456,539,985
Inactive Members		
• Regular Retirees	618,582,326	612,171,106
• Disability Retirees	58,147,662	59,941,185
• Survivors	28,162,751	25,283,174
• Terminated Non-Vesteds	553,450	720,251
• Terminated Vesteds	8,272,358	7,229,678
• Old Plans COLA	<u>1,827,314</u>	<u>2,209,077</u>
 TOTAL	 \$1,211,457,629	 \$1,164,094,456
Source of Funds		
1. Plan Assets	\$1,028,513,283	\$ 987,904,541
2. Present Value of Future Employee Contributions	75,614,602	68,828,126
3. Present Value of Future City Normal Cost Contributions	<u>107,329,744</u>	<u>107,361,789</u>
4. TOTAL = (1) + (2) + (3)	<u>\$1,211,457,629</u>	<u>\$1,164,094,456</u>

Section II

Supporting Exhibits

(continued)

D. Development of Asset Values

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

Relationship of Adjusted Value to Market Value	
1. Market value 7/1/2006 (without receivable)	\$1,046,393,156
2. Gains (losses) not recognized in actuarial value 7/1/2006	24,902,097
3. Preliminary adjusted value 7/1/2006: (1)-(2)	1,021,491,059
4. Preliminary adjusted value as a percentage of market value: (3)÷(1)	97.6%
5. Contribution receivable	7,022,224
6. Adjusted value 7/1/2006: (3) + (5)	1,028,513,283

Recognized Gains and Losses in Adjusted Value					
	2002-2003	2003-2004	2004-2005	2005-2006	Total
1. Gains (losses)	\$(34,119,614)	\$57,855,924	\$10,701,876	\$6,782,904	\$41,221,090
2. Recognized as of 7/1/2005	(25,589,711)	28,927,962	2,675,469	0	
3. Recognized in current year: 25% of (1)	(8,529,903)	14,463,981	2,675,469	1,695,726	10,305,273
4. Total recognized as of 7/1/2006: (2)+(3)	(34,119,614)	43,391,943	5,350,938	1,695,726	
5. Gains (losses) not recognized in actuarial value 7/1/2006: (1)-(4)	0	14,463,981	5,350,938	5,087,178	24,902,097

Development of Asset Gain/Loss for 2005-2006 Year	
1. Market value 7/1/2005 (without receivable)	\$1,014,829,007
2. Contributions	21,901,990
3. Benefit payments	73,949,576
4. Expenses	2,245,392
5. Expected interest at 8%	79,074,223
6. Expected value 7/1/2006: (1)+(2)-(3)-(4)+(5)	1,039,610,252
7. Market value 7/1/2006 (without receivable)	1,046,393,156
8. Asset gain/(loss): (7)-(6)	6,782,904

Section II

Supporting Exhibits (continued)

D. Development of Asset Values

Summary of Fund Activity		
	Market Value	Adjusted Value
1. Beginning Value 7/1/2005		
a. Trust Assets	\$1,014,829,007	\$ 986,404,541
b. Contribution Receivable	<u>1,500,000</u>	<u>1,500,000</u>
c. Total	1,016,329,007	987,904,541
2. Contributions	21,901,990	21,901,990
3. Disbursements		
a. Benefit Payments	73,949,576	73,949,576
b. Expenses	<u>2,245,392</u>	<u>2,245,392</u>
c. Total	76,194,968	76,194,968
4. Net Investment Income		
a. Net Income	85,857,127	N/A
b. Expected Return	N/A	79,074,223
c. Recognized Gain (Loss)	<u>N/A</u>	<u>10,305,273</u>
d. Total	85,857,127	89,379,496
5. Ending Value 7/1/2006		
a. Trust Assets: (1a)+(2)-(3)+(4)	1,046,393,156	1,021,491,059
b. Contribution Receivable	<u>7,022,224</u>	<u>7,022,224</u>
c. Total	1,053,415,380	1,028,513,283
6. Approximate rate of return 2005-2006	8.7%	9.3%

Section II
Supporting Exhibits
(continued)

D. Development of Asset Values

Summary of Assets by Investment Manager		
	Cost Basis	Market Value
Treasurer's Account (includes Cash and Accounts Payable)	\$ 11,789,930	\$ 11,045,582
Citibank - Advisory Accounts	922,648,818	1,033,731,785
Insurance Carrier (Aetna Life)	1,615,789	1,615,789
Total	<u>\$936,054,537</u>	<u>\$1,046,393,156</u>
Contribution Receivable from City	7,022,224	7,022,224
Grand Total	<u>\$943,076,761</u>	<u>\$1,053,415,380</u>

Rate of Return on Market Value of Assets				
Period Ending June 30th	Average Annual Effective Rate of Return			
	1 Year	3 Years	5 Years	10 Years
1997	20.7%			
1998	18.0%			
1999	10.4%	16.3%		
2000	8.8%	12.3%		
2001	-2.1%	5.6%	10.9%	
2002	-3.1%	1.1%	6.1%	
2003	4.6%	-0.3%	3.6%	
2004	14.6%	5.1%	4.3%	
2005	9.1%	9.4%	4.4%	
2006	8.7%	10.8%	6.6%	8.7%

Section II

Supporting Exhibits

E. Accounting Information

GASB Statements No. 25 and 27

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

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Net Annual Required Contribution *	Miscellaneous **	Net Percentage Contributed
2001	\$ 759,283	100%	\$ 470,000	\$289,283	100%
2002	332,806	100%	0	332,806	100%
2003	2,463,804	100%	2,196,698	267,106	100%
2004	6,536,149	100%	6,296,790	239,359	100%
2005	9,206,742	100%	9,000,000	206,742	100%
2006	16,196,000	74%	11,765,350	183,037	74%

* City's cash contribution to MERF.

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

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets *	Actuarial Accrued Liability (AAL) **	Unfunded AAL (UAAL)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)÷c)
	(a)	(b)	(b-a)			
7/1/2001	\$ 978,884,000	\$ 865,570,000	\$(113,314,000)	113.1%	\$119,609,000	-94.7%
7/1/2002	957,390,000	880,444,000	(76,946,000)	108.7%	117,498,000	-65.5%
7/1/2003	965,389,000	922,258,000	(43,131,000)	104.7%	110,339,000	-39.1%
7/1/2004	963,044,000	967,393,000	4,349,000	99.6%	107,808,000	4.0%
7/1/2005	986,405,000	970,286,000	(16,119,000)	101.7%	117,261,000	-13.7%
7/1/2006	1,021,491,000	1,002,848,000	(18,643,000)	101.9%	124,837,000	-14.9%

* Excludes receivable from CMERS and the \$7.0 million city contribution at July 1, 2006.

** Liability shown on a PBO basis.

The information required for completion of GASB No. 25 and No. 27 for the fiscal year ending June 30, 2006 was prepared based upon the previous year's actuarial valuation (2005 Actuarial Survey) and additional information for fiscal year 2005-2006. It was contained in a separate report which was sent to the City's auditors, Blum Shapiro & Company, on February 13, 2007.

The information required for completion of GASB No. 25 and No. 27 for the fiscal year ending June 30, 2007 will be prepared based upon the current year's actuarial valuation (2006 Actuarial Survey) and additional information for fiscal year 2006-2007. It will be contained in a separate report and submitted to the City's auditors.

Section II

Supporting Exhibits (continued)

F. Membership Data

Summary – Active Members as of July 1, 2006

	Number	Payroll*	Average Annual Pay*
Police	428	\$ 29,623,885	\$69,215
Firefighters	339	25,299,020	74,628
Board of Education	1,187	39,458,781	33,242
Municipal Services	517	26,867,996	51,969
Library	73	3,586,852	49,135
Total	2,544	\$124,836,534	\$49,071

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

Summary – Terminated Non-Vested Members as of July 1, 2006

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

Summary – Pensioners as of July 1, 2006

	Service Pensions*		Disability Pensions		Survivor Benefits*		Total	
	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities
Police	446	\$1,547,342	63	\$134,934	51	\$47,709	560	\$1,729,985
Firefighters	305	1,028,449	125	321,038	94	92,429	524	1,441,916
Board of Ed.	608	754,783	24	13,211	77	27,662	709	795,656
Municipal Svcs.	696	1,762,397	18	13,972	135	98,042	849	1,874,411
Library	50	105,478	0	0	3	1,620	53	107,098
Vested Deferred	97	93,703	--	--	--	--	97	93,703
TOTAL**	2,202	\$5,292,152	230	\$483,155	360	\$267,462	2,792	\$6,042,769

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

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

Section II
Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Police

Participant Data				
	Active	Terminated Vested	Pensioners*	Total
Total Participants 7/1/2005	437	4	551	992
Adjustments	0	0	+3	+3
Retirements	-14	0	+14	0
Disabilities	0	0	0	0
Terminations				
Vested	0	0	N/A	0
Non-vested	-7	N/A	N/A	-7
Deaths	-2	0	-12	-14
New beneficiaries	N/A	0	+4	+4
Transfer group	-1	0	0	-1
Rehires	0	0	0	0
New entrants	<u>+15</u>	<u>N/A</u>	<u>N/A</u>	<u>+15</u>
Total Participants 7/1/2006	428	4	560	992
Average Age				
7/1/2005	36.9			
7/1/2006	37.4			
Average Service				
7/1/2005	9.7			
7/1/2006	10.0			
Payroll**				
7/1/2005	\$28,532,224			
7/1/2006	29,623,885			
Total monthly benefits*				
7/1/2005		\$7,612	\$1,670,126	
7/1/2006		7,612	1,729,985	

* Excludes old plan COLA participants.

** Basic salary plus overtime and private duty pay.

Section II

Supporting Exhibits (continued)

F. Membership Data

Data Reconciliation – Firefighters

Participant Data				
	Active	Terminated Vested	Pensioners*	Total
Total Participants 7/1/2005	347	2	518	867
Adjustments	0	0	0	0
Retirements	-9	-1	+10	0
Disabilities	0	0	0	0
Terminations				
Vested	0	0	N/A	0
Non-vested	0	N/A	N/A	0
Deaths	0	0	-10	-10
New beneficiaries	N/A	0	+7	+7
Transfer group	0	0	-1	-1
Rehires	0	0	0	0
New entrants	<u>+1</u>	<u>N/A</u>	<u>N/A</u>	<u>+1</u>
Total Participants 7/1/2006	339	1	524	864
Average Age				
7/1/2005	41.7			
7/1/2006	42.4			
Average Service				
7/1/2005	14.6			
7/1/2006	15.1			
Payroll**				
7/1/2005	\$23,370,771			
7/1/2006	25,299,020			
Total monthly benefits*				
7/1/2005		\$1,520	\$1,417,053	
7/1/2006		773	1,441,916	

* Excludes old plan COLA participants.

** Basic salary plus overtime and private duty pay.

Section II
Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Board of Education

Participant Data				
	Active	Terminated Vested	Pensioners*	Total
Total Participants 7/1/2005	1,114	25	728	1,867
Adjustments	0	-1	0	-1
Retirements	-6	-1	+7	0
Disabilities	0	0	0	0
Terminations				
Vested	-14	+14	N/A	0
Non-vested	-79	N/A	N/A	-79
Lump Sum	0	0	N/A	0
Deaths	-2	0	-32	-34
New beneficiaries	N/A	0	+5	+5
Transfer group	-2	0	+1	-1
Rehires	+2	-2	0	0
New entrants	<u>+174</u>	<u>N/A</u>	<u>N/A</u>	<u>+174</u>
Total Participants 7/1/2006	1,187	35	709	1,931
Average Age				
7/1/2005	44.2			
7/1/2006	44.0			
Average Service				
7/1/2005	8.8			
7/1/2006	8.6			
Payroll**				
7/1/2005	\$38,511,053			
7/1/2006	39,458,781			
Total monthly benefits*				
7/1/2005		\$23,025	\$799,680	
7/1/2006		33,488	795,656	

* Excludes old plan COLA participants.

** Basic salary plus overtime and private duty pay.

Section II

Supporting Exhibits (continued)

F. Membership Data

Data Reconciliation – Municipal Services

Participant Data				
	Active	Terminated Vested	Pensioners*	Total
Total Participants 7/1/2005	487	58	849	1,394
Adjustments	0	0	+2	+2
Retirements	-11	-2	+13	0
Disabilities	0	0	0	0
Terminations				
Vested	-2	+2	N/A	0
Non-vested	-20	N/A	N/A	-20
Deaths	0	0	-23	-23
New beneficiaries	N/A	0	+8	+8
Transfer group	+3	0	0	+3
Rehires	+1	-1	0	0
New entrants	<u>+59</u>	<u>N/A</u>	<u>N/A</u>	<u>+59</u>
Total Participants 7/1/2006	517	57	849	1,423
Average Age				
7/1/2005	48.0			
7/1/2006	48.2			
Average Service				
7/1/2005	11.7			
7/1/2006	10.6			
Payroll**				
7/1/2005	\$23,917,186			
7/1/2006	26,867,996			
Total monthly benefits*				
7/1/2005		\$55,928	\$1,853,922	
7/1/2006		51,830	1,874,411	

* Excludes old plan COLA participants.

** Basic salary plus overtime and private duty pay.

Section II
Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Library

Participant Data				
	Active	Terminated Vested	Pensioners*	Total
Total Participants 7/1/2005	63	0	53	116
Adjustments	0	0	0	0
Retirements	-1	0	+1	0
Disabilities	0	0	0	0
Terminations				
Vested	0	0	N/A	0
Non-vested	-3	N/A	N/A	-3
Deaths	0	0	-1	-1
New beneficiaries	N/A	0	0	0
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	<u>+14</u>	<u>N/A</u>	<u>N/A</u>	<u>+14</u>
Total Participants 7/1/2006	73	0	53	126
Average Age				
7/1/2005	44.2			
7/1/2006	44.7			
Average Service				
7/1/2005	11.0			
7/1/2006	10.8			
Payroll**				
7/1/2005	\$2,929,350			
7/1/2006	3,586,852			
Total monthly benefits*				
7/1/2005		\$0	\$108,139	
7/1/2006		0	107,098	

*Excludes old Plan COLA participants.

**Basic salary plus overtime and private duty pay.

HOOKER & HOLCOMBE, INC.
BENEFIT CONSULTANTS AND ACTUARIES

Section II
Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Total

Participant Data				
	Active	Terminated Vested	Pensioners*	Total
Total Participants 7/1/2005	2,448	89	2,699	5,236
Adjustments	0	-1	+5	+4
Retirements	-41	-4	+45	0
Disabilities	0	0	0	0
Terminations				
Vested	-16	+16	N/A	0
Non-vested	-109	N/A	N/A	-109
Lump Sum	0	0	0	0
Deaths	-4	0	-78	-82
New beneficiaries	N/A	0	+24	+24
Transfer group	0	0	0	0
Rehires	+3	-3	0	0
New entrants	<u>+263</u>	<u>N/A</u>	<u>N/A</u>	<u>+263</u>
Total Participants 7/1/2006	2,544	97	2,695	5,336
Payroll**				
7/1/2005	\$117,260,584			
7/1/2006	124,836,534			
Total monthly benefits				
7/1/2005		\$93,703	\$5,949,066	
7/1/2006		93,703	5,949,066	

*Excludes old Plan COLA participants.

**Basic salary plus overtime and private duty pay.

City of Hartford MERF - Police

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

July 1, 2006

Attained Age	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	3	43,228	9	50,262																	12	48,503
25 to 29	6	43,406	39	52,823	11	68,579	1	72,878													57	55,224
30 to 34	4	43,006	37	51,917	20	69,370	12	78,482													73	60,577
35 to 39			29	52,115	23	69,472	55	81,206	28	82,297											135	73,184
40 to 44			6	51,689	11	69,651	21	76,878	35	76,991	8	75,100									81	73,904
45 to 49			7	49,536	2	77,966	5	65,427	21	79,838	9	82,450	3	104,129							47	75,763
50 to 54	1	41,802			1	80,023	3	84,706	1	54,929	8	75,984									14	74,196
55 to 59									1	94,279	4	83,231	1	59,712							6	81,152
60 to 64					1	33,062					1	82,954									2	58,008
65 to 69																						
70 & over																		1	70,650		1	70,650
All ages	14	43,139	127	51,981	69	69,200	97	79,141	86	79,359	30	78,887	4	93,025				1	70,650		428	

City of Hartford MERF - Firefighters

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

July 1, 2006

Attained Age	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25																						
25 to 29			9	51,305	4	65,018															13	55,524
30 to 34			6	51,845	29	63,833	14	68,613													49	63,731
35 to 39			6	59,373	17	66,053	24	67,765	6	69,234											53	66,432
40 to 44			3	52,024	10	64,375	27	68,382	29	70,502	11	75,394									80	69,000
45 to 49					7	64,048	13	67,376	26	70,396	30	68,634	15	75,563							91	69,747
50 to 54					1	63,739	4	69,531	4	68,029	13	73,359	14	77,212							36	73,573
55 to 59							1	76,197			3	65,548	8	73,761			3	78,707			15	73,270
60 to 64									1	74,663							1	97,931			2	86,297
65 to 69																						
70 & over																						
All ages			24	53,547	68	64,558	83	68,234	66	70,258	57	70,854	37	75,797			4	83,513			339	

City of Hartford MERF - Board of Education

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

July 1, 2006

Attained Age	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	24	24,086	16	26,645	5	32,872															45	25,972
25 to 29	29	28,644	51	30,060	22	27,311															102	29,055
30 to 34	16	26,707	37	36,304	47	33,108	13	31,691													113	33,085
35 to 39	14	27,298	32	30,543	65	33,920	30	40,057	10	30,850											151	33,607
40 to 44	23	23,197	28	36,805	81	34,606	30	39,199	24	37,333	6	43,864									192	34,908
45 to 49	11	29,400	30	43,038	67	30,189	46	32,192	17	33,069	6	37,342	4	36,471							181	33,426
50 to 54	10	35,266	28	44,200	55	34,335	34	36,577	30	36,677	18	40,944	5	43,514	2	31,371					182	37,582
55 to 59	6	26,975	16	39,525	30	35,045	25	37,273	18	36,984	20	40,245	7	40,394	5	49,156	2	28,047			129	37,463
60 to 64	3	18,792	16	42,428	20	36,933	10	43,954	10	37,940	7	52,999	5	44,441	4	30,608					75	40,113
65 to 69	1	19,909	4	25,405	4	27,504	1	61,294	2	39,939					1	25,805					13	30,655
70 & over			1	55,231	2	71,464					1	26,873									4	56,258
All ages	137	26,759	259	35,936	398	33,375	189	36,755	111	35,964	58	41,845	21	41,353	12	38,063	2	28,047			1,187	

City of Hartford MERF - Municipal Services

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

July 1, 2006

Attained Age	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	6	33,249	4	31,688																	10	32,625
25 to 29	6	39,788	14	42,440	5	44,764	1	48,635													26	42,513
30 to 34	4	42,095	13	47,297	7	64,547	1	43,916													25	51,160
35 to 39	2	50,336	12	51,132	12	61,199	6	70,183	7	56,587											39	58,099
40 to 44	3	55,655	27	52,702	15	35,688	6	51,357	22	53,322	11	54,453	1	122,836							85	50,921
45 to 49	4	73,872	27	56,024	8	34,330	12	65,022	12	48,479	12	62,759	7	78,848							82	57,925
50 to 54	5	51,423	25	58,525	17	40,437	16	62,084	23	58,166	12	64,450	4	48,690	1	54,066	1	43,659			104	55,815
55 to 59	2	28,819	11	70,557	11	54,416	15	86,818	13	59,785	14	69,124	8	57,986	2	41,023					76	66,125
60 to 64	1	54,645	8	50,261	12	47,360	4	64,149	9	47,068	2	75,189			1	56,245					37	51,672
65 to 69	2	34,530	4	96,545	4	23,919	5	22,113	2	12,438			1	135,291	1	12,438	1	12,438			20	42,326
70 & over	1	10,282	3	12,840	1	41,629	3	12,438	2	12,438	2	44,734	1	85,215							13	25,177
All ages	36	44,957	148	53,723	92	45,779	69	62,350	90	52,659	53	62,888	22	70,633	5	40,959	2	28,049			517	

City of Hartford MERF - Library

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

July 1, 2006

Attained Age	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	2	38,533			1	39,692															3	38,919
25 to 29			3	37,986	1	37,258	1	41,483													5	38,540
30 to 34	1	67,464	2	39,037	2	46,162	1	39,131	1	41,895											7	45,556
35 to 39	1	45,721	1	39,745	2	38,482			4	42,115	1	45,632									9	41,836
40 to 44			3	39,543	1	72,622	3	50,051	2	39,151	1	38,194									10	45,790
45 to 49	2	54,944	1	39,556	4	54,437			3	39,653	3	51,192									13	49,210
50 to 54			3	72,317	3	73,496	1	69,927	2	58,631	1	47,729									10	67,236
55 to 59	2	50,148	2	37,738			1	80,069	2	64,450			2	51,699							9	54,238
60 to 64							3	58,997	1	86,387	1	38,194									5	60,314
65 to 69													1	72,622							1	72,622
70 & over							1	152,842													1	152,842
All ages	8	50,055	15	45,493	14	54,078	11	64,599	15	49,344	7	46,189	3	58,673							73	

City of Hartford MERF - All Groups

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

July 1, 2006

Attained Age	Completed Years of Credited Service																				All years	
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		No.	Avg. Comp.
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	35	28,123	29	34,670	6	34,009															70	31,340
25 to 29	41	32,435	116	41,061	43	43,636	3	54,332													203	40,060
30 to 34	25	33,407	95	44,928	105	50,846	41	58,473	1	41,895											267	48,245
35 to 39	17	31,092	80	43,729	119	48,210	115	67,091	55	65,324	1	45,632									387	54,568
40 to 44	26	26,943	67	45,348	118	40,855	87	58,563	112	61,488	37	62,986	1	122,836							448	51,328
45 to 49	17	42,869	65	49,078	88	35,447	76	45,580	79	60,377	60	65,530	29	73,919							414	51,564
50 to 54	16	40,724	56	52,102	77	38,183	58	48,951	60	48,041	52	59,994	23	64,926	3	38,936	1	43,659			346	49,146
55 to 59	10	31,978	29	51,173	41	40,242	42	56,913	34	49,003	41	56,151	26	57,686	7	46,832	5	58,443			235	50,776
60 to 64	4	27,755	24	45,039	33	40,607	17	51,360	21	45,908	11	58,411	5	44,441	5	35,736	1	97,931			121	45,541
65 to 69	3	29,656	8	60,975	8	25,711	6	28,644	4	26,189			2	103,956	2	19,121	1	12,438			34	38,755
70 & over	1	10,282	4	23,438	3	61,519	4	47,539	2	12,438	3	38,780	1	85,215					1	70,650	19	40,833
All ages	195	32,250	573	45,074	641	42,772	449	56,347	368	56,884	205	60,920	87	66,379	17	38,915	8	55,780	1	70,650	2,544	

Section II
Supporting Exhibits
(continued)

G. IRC Section 415(m) Valuation

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

	<u>July 1, 2006</u>	<u>July 1, 2005</u>
1. Number of retirees and beneficiaries receiving benefits	6	8
2. Annual benefits payable	\$ 44,000	\$ 44,000
3. Present value of benefits	\$167,000	\$168,000

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

Actuarial Assumptions

The actuarial assumptions used in the 2006 Section 415(m) Fund valuation are as follows:

Mortality Basis:	RP-2000 Healthy Annuitants Table projected by Scale AA to year of valuation plus 8 years (2014 for July 1, 2006 valuation), with no adjustment and separate male and female rates.
	Prior valuation: RP-2000 Healthy Annuitants Table projected by Scale AA to year of valuation plus 10 years (2015 for July 1, 2005 valuation), with no adjustment and separate male and female tables.
Termination:	N/A.
Salary Scale:	N/A.
Investment Return:	8.00% per year, net of investment expenses.
Assumed Retirement age:	Immediate as all are retired.
Increases in dollar limit on benefits under IRC Section 415:	3% per year.

Benefits

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

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

HOOKER & HOLCOMBE, INC.
BENEFIT CONSULTANTS AND ACTUARIES

Section III

Actuarial Cost Methods and Assumptions

A. Actuarial Cost Methods

Asset Valuation Method – Adjusted Value of Assets

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

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

Actuarial Funding Method

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

Using this method, an actuarial valuation was made of the actuarial present value of all future pension benefits for active members (including survivor benefits, disability benefits, and refunds of employee contributions). The actuarial present value needed for future payments to present pensioners and deferred vested pensioners and survivors was subtracted from the Valuation Assets (Adjusted Value) to determine the current Valuation Assets (Adjusted Value) available for future benefits for active members. The latter figure was subtracted from the actuarial present value of future benefits for active members in order to determine the remaining actuarial present value to be funded by future contributions. Finally, the net remainder was divided by the actuarial present value of all future salaries, and the total Normal Actuarial Costs for future contributions was determined as a level percentage of future annual payrolls.

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

Section III

Actuarial Cost Methods and Assumptions

(continued)

B. Actuarial Assumptions

The actuarial assumptions used in the 2006 MERF valuation are as follows:

Mortality Basis:

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

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

For All Other Groups:

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

Section III

Actuarial Cost Methods and Assumptions (continued)

Termination:

Yearly Rates of Employee Termination

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

Salary Scale:

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

Yearly Rates of Increases for Promotion or Merit

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

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

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

HMEA
CHPEA
Fire
Police
Local 2221
Local 1018A/B

Section III

Actuarial Cost Methods and Assumptions

(continued)

Investment Return: 8.00% per year, net of investment expenses.

Assumed Retirement Age: Retirement Rates:

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

(maximum of age 65)

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

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

Social Security: Future tax wage bases are developed by projecting the 2006 base of \$94,000 forward at 4% per year.

Section III
Actuarial Cost Methods and Assumptions
(continued)

Marital Status at Retirement:

Non-Uniformed:

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

Uniformed:

All - 80% married, spouse 2 years younger.

Disability:

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

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

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

Expenses other than
Investment Expenses:

An explicit dollar amount was included in the development of the normal cost percentage equal to an estimate of expenses (other than investment expenses) for the upcoming year. The estimate was developed based on an average of actual expenses over the last four years. For the 2006 valuation, \$2,037,524 was used.

Section III

Actuarial Cost Methods and Assumptions

(continued)

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

Military and Prior Service Buy-backs: When a decision to buy-back service occurs, date of hire is adjusted accordingly.

Additional Liabilities:

COLAs:

Included in this valuation is the liability for the Cost of Living Adjustments (COLAs) effective July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999, July 1, 2001 and July 1, 2005 for both the MERF and the unfunded "Old Plans" (PBF, FRF, and RAF).

Local 1716:

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

29-year amortization payments (split between the City administration and the pension fund) commenced July 1, 1987 for this obligation. As of July 1, 2006, the City payment will be \$509,126 (\$3,690,000 on a present value basis) and the pension fund payment will be \$462,336 (\$3,350,000 on a present value basis).

Local 566:

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

30-year amortization payments (split between the City administration and the pension fund) commenced August 1, 1988 for this obligation. As of July 1, 2006, the City payment will be \$303,918 (\$2,594,000 on a present value basis) and the pension fund payment will be \$276,288 (\$2,358,000 on a present value basis).

Section IV

Hartford MERF - Summary of Principal Provisions of Pension Plan July 1, 2006

PROVISIONS FOR:

Retirement Pensions:

POLICE OFFICERS AND FIREFIGHTERS

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

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

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

Sworn Police Officers hired after June 30, 1999: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service up to 20 plus 2% for years of service- over 20.

BOARD OF EDUCATION MEMBERS

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

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For Library, HMEA hired after July 1, 2003, CHPEA hired after June 17, 2003, 2% of Final Average Pay for highest 2 of last 5 years times years of service with a maximum benefit of 70% of Final Average Pay. For Library with 5-year option, Final Average Pay is highest 5 of last 10 years.

For CHPEA hired before June 17, 2003 who retire from the unit, MLA, and Nonbargaining, 2.5% of Final Average Pay for highest 2 of last 5 years times years of service. Maximum benefit of 70% of Final Average Pay for MLA and CHPEA, 80% for Nonbargaining. For Nonbargaining with 5-year option, Final Average Pay is highest 5 of last 10 years.

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

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

PROVISIONS FOR:

POLICE OFFICERS AND FIREFIGHTERS

BOARD OF EDUCATION MEMBERS

MUNICIPAL SERVICES & LIBRARY MEMBERS

Retirement Pensions:

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

Sworn Police Officers have a maximum benefit of 70% of Final Average Pay. For Sworn Police Officers hired before July 1, 1999 increase maximum benefit to 80% of Final Average Pay with sick exchange provision. Firefighters have a maximum benefit of 80% of Final Average Pay (85% with sick exchange if hired prior to July 1, 2003).

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

Normal Form of Benefit:

For unmarried members: life annuity.
For married members: surviving spouse benefit of 25% of member's final year's earnings, if non-service connected death, and 50% of member's final year's earnings, if service connected death. Minimum of 50% of pension benefit for firefighters for non-service connected death.

For married Non-Sworn Police Officers: life annuity with 50% to survivor.

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

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

PROVISIONS FOR:

**Normal Retirement Age
and Service Requirement:**

**POLICE OFFICERS AND
FIREFIGHTERS**

Firefighters hired before July 1, 2003 and Sworn Police Officers hired before July 1, 1999: Full benefits after 20 years of continuous service.

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

Firefighters hired after June 30, 2003: 25 years of continuous service.

Non-Sworn Police Officers: Full benefits after 20 years of service, or age 60 plus 5 years of continuous service, or after 15 years of service, if contributions are left in the MERF for 5 more years before retirement.

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Age 60 plus 10 years of service (continuous service for Local 2221). Members are also eligible at age 55 with 25 years of service.

**MUNICIPAL SERVICES & LIBRARY
MEMBERS**

For MLA, earlier of (1) age 60 plus 10 years of continuous service or (2) 20 years of continuous service. For SCGA, earlier of (1) age 60 plus 5 years of continuous service or (2) age 55 with 25 years of continuous service.

For Nonbargaining, earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of service, or (3) after 20 years of service if participant leaves after 15 years of service and contributions are left in the MERF for 5 years before retirement.

For CHPEA, earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of aggregate service if hired before October 1, 1997, 25 years of aggregate service if hired October 1, 1997 – June 23, 2003, age 55 with 25 years of aggregate service if hired after June 23, 2003.

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

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

<u>PROVISIONS FOR:</u>	<u>POLICE OFFICERS AND FIREFIGHTERS</u>	<u>BOARD OF EDUCATION MEMBERS</u>	<u>MUNICIPAL SERVICES & LIBRARY MEMBERS</u>
<u>Optional Early Retirement:</u>	Sworn Police Officers: Age 50 with 10 years of continuous service, actuarially reduced for years prior to Normal Retirement Age. Non-Sworn Police Officers: Age 55 with 5 years of continuous service, reduced at 4% per whole year prior to age 60. Firefighters: Age 50 with 5 years of continuous service, actuarially reduced or reduced at 2% per year (prorated for fractional years) prior to Normal Retirement Age.	At age 55 with 10 years of service (continuous service for Local 2221), reduced at 4% per whole year prior to age 60.	For MLA, age 55 with 10 years of continuous service. For all others, age 55 with 5 years of continuous service. Benefit reduced at 4% per whole year prior to age 60 (prorate for partial years for HMEA and CHPEA). For SCG members, reduction is 2% per whole year and fraction of a year prior to age 60.
<u>Vesting of Earned Deferred Pension:</u>	Sworn Police Officers: After 10 years of continuous service. Firefighters and Non-Sworn Police Officers: After 5 years of continuous service.	After 10 years of continuous service. Payments begin no earlier than age 55.	For MLA, 10 years of continuous service. For all others, 5 years of continuous service. Payments begin no earlier than age 55.
<u>Benefits to Survivors: (Death of Active Member Prior to Retirement)</u>	Surviving Spouse: 25% of final year's earnings (50% if service connected death), payable until death or remarriage. Minimum of 50% of pension benefit for Firefighters for non-service connected death. Surviving Child: \$100 per month for first child, \$50 for each additional child (10% of final year's earnings if service connected death, or 15% if no surviving spouse). Total benefit, including Worker's Compensation, cannot exceed 100% of current pay rate for Member's rank. Non-Sworn Police Officers: Same as General Government members.	Member must meet qualifications for vesting. Member is receiving or would be entitled to when retired, payments beginning no earlier than date of Member's 55th birthday. Surviving Spouse benefits are payable until death or remarriage.	Surviving Spouse: 50% of pension which Member is receiving or would be entitled to when retired, payments beginning no earlier than date of Member's 55th birthday. Surviving Spouse benefits are payable until death or remarriage.

PROVISIONS FOR:

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

Pensions for Permanent, Total Disability - Service Requirements:

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

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

POLICE OFFICERS AND FIREFIGHTERS

Refund of total contributions, without interest.

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

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

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

Retirement Pension with minimum of 25% of "final average pay." If disability is service connected, the pension equals 100% of the Member's final annual pay less Worker's Compensation benefits.

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

Ten years of continuous service, but no service requirement if disability is service connected. Same as disability pension with reduction for less than 15 years of service. If service connected, pension equals 50% of final annual pay (regular 20 year pension for Firefighters) if 15 years of service, with reductions for less than 15 years of service. If at least 20 years of service, pension equals retirement pension.

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

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

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

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

Retirement Pension using Final Average Pay for last 10 years. If disability is service connected, amount not less than 50% of Member's final annual pay at time of disability. Maximum benefit of 2/3 of 10-year Final Average Pay less Social Security benefit. Minimum benefit of \$30 per month. All service connected disability benefits are offset by benefits payable by Worker's Compensation (exception: no offset for \$30 minimum).

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

MUNICIPAL SERVICES & LIBRARY MEMBERS

PROVISIONS FOR:

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

POLICE OFFICERS AND FIREFIGHTERS

Firefighters and Sworn Police Officers hired before July 1, 1999: 8%.

Sworn Police Officers hired after June 30, 1999: 6.5%.

Non-Sworn Police Officers: 4% on earnings taxed for Social Security and 7% on excess.

BOARD OF EDUCATION MEMBERS

4% on earnings taxed for Social Security and 7% on excess. For HESP, 8.41% and 11.41%, respectively. For HSSSA, 8.75% and 11.75%, respectively. For HFSHP 10.14% and 13.14%, respectively.

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For Library and Nonbargaining, 4% on earnings taxed by Social Security and 7% on excess if 5 year Final Average Pay option elected. With 2 year option, 5% and 8%, respectively.

For MLA, HMEA hired after July 1, 2003, and CHPEA hired after October 1, 1997, 5% on earnings taxed by Social Security and 8% on excess. For CHPEA hired before October 1, 1997, 6.5% and 9.5%, respectively. For HMEA hired before July 1, 2003, 7.8% on all earnings.

For SCGA, 3% on earnings taxed by Social Security and 6% on excess.

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

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

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

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

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

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