

**District of Columbia  
Retirement Board**

**Actuarial Valuation as of October 1, 2006  
For Fiscal Year 2008 Contributions**

Prepared on  
January 22, 2007

**EFI<sup>\*</sup> Actuaries · EFI Asset/Liability Management Services, Inc.**

*The nation's leader in plan-specific, interactive asset allocation optimization counseling*  
Washington, DC • Philadelphia • New York • New Canaan • Seattle • Sacramento

\*Ed Friend, Inc.

## Table of Contents

<b>Actuarial Certification.....</b>	<b>1</b>
<b>Introduction.....</b>	<b>2</b>
<b>Section 1: Summary of Fund Provisions, Member Statistics, and Actuarial Assumptions .....</b>	<b>11</b>
1.1: Brief Outline of Fund Provisions .....	12
District of Columbia Retirement Program for Teachers.....	12
Retirement Program for District of Columbia Police Officers and Fire Fighters.....	16
1.2: Participant Data as of October 1, 2006.....	20
1.3: Actuarial Methods and Assumptions.....	48
<b>Section 2: Asset Information .....</b>	<b>54</b>
2.1: Current Value of District Assets as of October 1, 2006.....	55
2.2: Actuarial Value of District Assets as of October 1, 2006 .....	56
<b>Section 3: Actuarial Computations.....</b>	<b>57</b>
3.1: Computation of Fiscal Year 2008 District Payment.....	58
3.2: Computation of Gain/Loss from Prior Valuation.....	59
Teachers' Retirement Fund Gain/Loss.....	60
Police Officers Retirement Fund Gain/Loss .....	61
Fire Fighters' Retirement Fund Gain/Loss .....	62
3.3: Summary of Principal Valuation Results.....	63
Teachers Retirement Fund.....	63
Police Officers and Fire Fighters Retirement Fund (Combined).....	64
Police Officers Retirement Fund.....	65
Fire Fighters Retirement Fund.....	66
3.4: Accrued Liabilities under the Entry Age Normal Method.....	67
3.5: §1-907.02(c) Adjustment to the Fiscal Year 2008 District Payment.....	68
<b>Section 4: Disclosure Information .....</b>	<b>69</b>
4.1: Schedules of Funding Status and Employer Contributions Required Under GASB Statement No. 25.....	70

## **Actuarial Certification**

## Introduction

### Executive Summary

This actuarial valuation of the District of Columbia Police Officers and Fire Fighters' Retirement Fund and the District of Columbia Teachers' Retirement Fund (the Funds) has produced a decrease in recommended contributions between Fiscal Year 2007 and Fiscal Year 2008. The contribution determined through this valuation is as follows:

<u>Contribution Date</u>	<u>Teachers' Retirement Fund</u>	<u>Police Officers and Fire Fighters' Retirement Fund</u>	<u>Total District Cost</u>
Fiscal Year 2007	\$14,600,000	\$140,100,000	\$154,700,000
Fiscal Year 2008	\$6,000,000	\$137,000,000	\$143,000,000

The costs shown above reflect all required adjustments. The total District cost as a percentage of payroll (before adjustments under D.C. Code §1-907.02(c)) decreased from 20.9% for Fiscal Year 2007 to 19.9% for Fiscal Year 2008. The normal contribution rates (before adjustments under D.C. Code §1-907.02(c)) for FY 2007 were 2.4% for Teachers and 35.9% for Police Officers and Fire Fighters.

We have used the District cost as a percentage of **total** payroll in order to show the **net** effects of the various types of actuarial gains and losses on District cost. Gains and losses for the individual groups (Teachers, Police, and Fire) are shown in the cost calculations in Section 3.

The overall decrease in cost was the net result of several factors:

- Demographic experience produced an actuarial gain.

Actual demographic experience (mortality, disabilities, terminations, and retirements occurring at rates other than expected) combined with data improvement and refinement efforts combined for a net loss. A significant contributor to the gain was the large number of terminations within the Teachers' Plan.

- Salary experience produced an actuarial gain.

The total salary for continuing active participants in all plans was lower than expected based on last year's valuation and salary increase assumptions.

- Asset returns produced an actuarial gain.

The actuarially-determined rate of return on the value of Funds' assets was 9.3% during Fiscal Year 2006. This was lower than the return on market value of 9.8%, due to partial deferment of gains as prescribed by the actuarial smoothing method. The 9.3% return on actuarial value was higher than the assumed rate of 7.25%, producing an actuarial gain that decreased District costs. The asset gains that were deferred will provide a cushion for asset experience during the next two fiscal years, meaning that even if assets returns on a market value basis are below expected levels during Fiscal 2007, returns on an actuarial basis may still create gains or somewhat mitigate losses.

- New entrants to the Plans produced an actuarial loss.

New members continued to enter the Plans during Fiscal Year 2006. There were 943 new entrants and rehired members between the three groups. Since the District's contribution rate for new entrants is greater than the contribution rate for continuing plan members, the District cost increased, particularly for Teachers.

It is likely that the District contribution will continue to increase over time, particularly for the Teachers' Plan. Assuming that the number of active members remains relatively constant, new members and rehires will continue to generate rate increases each year, until the normal rate for the Plans approach the long-term projected rate. This expected long-term rate for the Teachers' Plan based on new entrant costs is still considerably above the current rate (10.3% versus 2.4%), while the long-term rates for Police and Fire are slightly higher than the current rates.

The aggregate effect of non-asset experience on District cost as a percentage of payroll was a slight decrease. Increased payroll from the prior valuation, however, means that this is actually an increase of \$800,000.

More detail is provided below on the gains and losses which occurred since the last valuation.

## **Purpose of the Report**

This Report presents the results of the October 1, 2006 actuarial valuation of the D.C. Police Officers and Fire Fighters' Retirement Fund and the D.C. Teachers' Retirement Fund for the District of Columbia Retirement Board. The purposes of the actuarial valuation are:

- To determine the appropriate contribution to the Funds to be paid by the District in Fiscal Year 2008 in accordance with the Replacement Plan Act;
- To review the experience of the Funds over the past year and to discuss reasons for changes in the Funds costs;
- To identify and discuss any emerging trends in Fund costs; and
- To present those items required for disclosure under Statements No. 25 and 27 of the Governmental Accounting Standards Board (GASB).
- To determine the funded status of the Fund using the Entry Age Normal actuarial funding method.

## **Organization of the Report**

This Report is organized into five sections:

- The Summary contains a presentation of the conclusions of the valuation and a discussion of the reasons for changes since the last valuation. The conclusions and changes are presented separately for each group.
- Section 1 contains an outline of the Funds' provisions on which our calculations are based, statistical data regarding Fund participants, and a summary of the actuarial assumptions used to compute liabilities and costs.
- Section 2 presents information concerning the assets of the Funds. Computation of the actuarial value of the assets is shown.
- Section 3 contains details of the calculation of actuarial liabilities, gains and losses, and District cost. Part of this section is dedicated to the calculation of accrued liabilities under the Entry Age Normal cost method.
- Section 4 contains pension plan information required under Statements No. 25 and 27 of the Governmental Accounting Standards Board.

**District Normal Cost - Teachers**

Since the last actuarial valuation as of October 1, 2005, the Teacher's normal cost (Total cost before §1-907.02(c) adjustment) has decreased as a percentage of active members' payroll and as a dollar amount. The table below shows a brief summary.

<u>District Normal Cost</u>		
<u>Valuation Date</u> <u>(Corresponding Fiscal Year)</u>	<u>(% Payroll)</u>	<u>(\$ in Millions)</u>
October 1, 2005 (FY 2007)	4.6%	\$15.7
October 1, 2006 (FY 2008)	2.4%	\$8.1

**Change in District Normal Cost from October 1, 2005 to October 1, 2006 - Teachers**

The table below summarizes the impact of actuarial experience and changes in benefits on Plan cost.

<u>District Normal Cost</u>		
<u>Valuation Date</u>	<u>(% Payroll)</u>	<u>(\$ in Millions)</u>
October 1, 2005	4.6%	\$15.7
Change Due to Demographic Experience	(2.0)%	(7.6)
Change Due to Salary Experience	0.0%	0.0
Change Due to Asset Experience	(0.9)%	(2.8)
Change Due to New Entrants	0.7%	2.8
October 1, 2006	2.4%	\$8.1

An analysis of the costs in the table demonstrates the following:

- Demographic experience was favorable.

Demographic experience arises from actual death, disability, termination, and retirement experience during the year in comparison with actuarial assumptions. In this case, the effects of data improvement and refinement efforts are also included.

Plan cost decreased by 2.0% from October 1, 2005 to October 1, 2006, where the latter figure is based on the Plan's continuing members (i.e., excluding those hired since the prior valuation), expected pay for the continuing members, and expected assets (the amount that would be on hand if the assets earned exactly 7.25% on an actuarial basis during the year between valuations). This decrease in Plan cost indicates that actual demographic experience (primarily terminations) as well as data improvements during FY 2006 resulted in an actuarial gain of \$7.6 million.

Detailed information regarding changes in membership of the Fund is shown in Section 1.2 of this Report.

- Pay increases in aggregate were as expected.

Total pay for continuing active employees was very close to the pay projected using valuation assumptions. The effect on actuarial liabilities and costs was correspondingly negligible.

- The rate of return on assets was higher than expected.

The return on a market value basis was 9.8% (net of expenses), but only part of this was realized due to the asset smoothing method used by the Fund, which defers part of each year's gain/loss. Therefore, the actuarially-determined rate of return on the value of Fund assets was 9.3% during FY 2006. This return was higher than the 7.25% assumed return, producing an actuarial gain that decreased costs to the Fund by \$2.8 million, or 0.9% of payroll.

Further information on asset returns can be found in Section 3 of this report.

- New members to the Plan increased costs.

There were 631 new entrants and rehired members in the Teacher's Plan during FY 2006, approximately the same number as in the prior year. The long-term cost of these new members is significantly above the current cost of the plan (10.3% versus 2.4%). As a result, the Plan cost moved in the direction of the average new entrant cost, in this case increasing by 0.7% of pay, or \$2.8 million.

Overall, actuarial gains resulted in a cost decrease from 4.6% to 2.4% of member payroll. The normal contribution decreased from \$15.7 million to \$8.1 million. A full development of costs and reasons for changes from October 1, 2005 to October 1, 2006 are shown in Sections 3.1 and 3.2 of this report.



**District Normal Cost – Police Officers**

Since the last actuarial valuation was performed as of October 1, 2005, the Police Officers’ cost has decreased slightly as a percentage of active members’ payroll, but has risen in dollars due to increases in payroll. The table below shows a brief summary.

<b><u>District Normal Cost</u></b>		
<b><u>Valuation Date</u></b> <b><u>(Corresponding Fiscal Year)</u></b>	<b><u>(% Payroll)</u></b>	<b><u>(\$ in Millions)</u></b>
October 1, 2005 (FY 2007)	38.0%	\$97.9
October 1, 2006 (FY 2008)	37.7%	\$99.2

**Change in District Normal Cost from October 1, 2005 to October 1, 2006 – Police Officers**

The table below summarizes the impact of actuarial experience and changes in benefits on Plan cost.

<b><u>District Normal Cost</u></b>		
<b><u>Valuation Date</u></b>	<b><u>(% Payroll)</u></b>	<b><u>(\$ in Millions)</u></b>
October 1, 2005	38.0%	\$97.9
Change Due to Demographic Experience	1.1%	2.3
Change Due to Salary Experience	(0.7)%	(3.0)
Change Due to Asset Experience	(1.0)%	(2.5)
Change Due to New Entrants	0.3%	4.5
October 1, 2006	37.7%	\$99.2

An analysis of the costs in the table reveals the following:

- Demographic experience combined with the effects of improved data quality, specifically pay information, resulted in an increase in the normal contribution rate of 1.1% of pay, a \$2.3 million increase in the contribution.

More detailed information regarding changes in membership is shown in Section 1.2 of this Report.

- Pay increases in aggregate were lower than expected.

There was a gain due to lower than expected pay increases, resulting in a decrease in the normal rate of 0.7% of payroll, or \$3.0 million.

- The rate of return on assets was higher than expected.

As a result of investment gains, the normal cost decreased by 1.0% of payroll, or \$2.5 million.

- New members to the Plan increased costs.

There were 227 new entrants and rehired members in the Police Officers Plan during the plan year. The long-term normal contribution rate for these new members is slightly above the current cost of the plan. As a result, the Plan cost moved in the direction of the average new entrant rate, increasing by 0.3%, or \$4.5 million.

Overall, actuarial gains slightly outweighed losses and the impact of new entrants, causing the Funds' costs to decrease from 38.0% to 37.7% as a percentage of member payroll. Increased total payroll, however, caused the normal contribution to increase from \$97.9 million to \$99.2 million. A full development of costs and reasons for changes from October 1, 2005 to October 1, 2006 are shown in Sections 3.1 and 3.2 of this report.

#### **District Normal Cost – Fire Fighters**

Since the last actuarial valuation was performed as of October 1, 2005, the Fire Fighters' cost has decreased as a percentage of active members' payroll, but increased in dollars due to higher payroll. The table below shows a brief summary.

<b><u>District Normal Cost</u></b>		
<b><u>Valuation Date</u></b> <b><u>(Corresponding Fiscal Year)</u></b>	<b><u>(% Payroll)</u></b>	<b><u>(\$ in Millions)</u></b>
October 1, 2005 (FY 2007)	32.9%	\$32.4
October 1, 2006 (FY 2008)	31.5%	\$33.2

### Change in District Normal Cost from October 1, 2005 to October 1, 2006 – Fire Fighters

The table below summarizes the impact of actuarial experience and changes in benefits on Plan cost.

<u>Valuation Date</u>	<u>District Normal Cost</u>	
	<u>(% Payroll)</u>	<u>(\$ in Millions)</u>
October 1, 2005	32.9%	\$32.4
Change Due to Demographic Experience	(0.4)%	1.0
Change Due to Salary Experience	(0.6)%	(0.9)
Change Due to Asset Experience	(1.0)%	(1.0)
Change Due to New Entrants	0.6%	1.7
October 1, 2006	31.5%	\$33.2

An analysis of the costs in the table above reveals the following:

- Demographic experience was favorable.

Demographic experience, including the effects of data improvement initiatives, resulted in actuarial gains. The effect on cost as a percentage of payroll was a 0.4% decrease. An expected increase in payroll caused the normal cost to increase by \$1.0 million.

The detailed data concerning changes in membership of the Fund is shown in Section 1.2 of this Report.

- Pay increases in aggregate were lower than expected.

There was a gain due to pay increases that were lower than expected based on the prior valuation. This decreased cost by 0.6% of payroll, or \$0.9 million.

- The rate of return on assets was higher than expected.

Favorable investment experience resulted in a decrease in the normal cost of 1.0% of payroll, an actuarial gain of \$1.0 million.

- New members to the Plan increased costs.

There were 85 new entrants and rehired members in the Fire Fighters' Plan during FY 2006. The long-term normal rate of these new members is higher than the current cost of the plan. As a

result, the Plan cost moved in the direction of the average new entrant cost, in this case increasing by 0.6% of payroll, or \$1.7 million.

Overall, actuarial gains slightly outweighed losses and the impact of new entrants, causing the Funds' costs to decrease from 32.9% to 31.5% as a percentage of member payroll. Increases in total payroll however, caused an increase in the normal contribution from \$32.4 million to \$33.2 million. A full development of costs and reasons for changes from October 1, 2005 to October 1, 2006 are shown in Sections 3.1 and 3.2 of this report.

### **Conclusion and Additional Information**

Contribution rates are below their expected ultimate level as a percentage of payroll. The estimated long-term contribution rates for the current Tier of benefits are approximately 10%, 42% and 41% for the Teachers, Police Officers and Fire Fighters respectively. These rates were calculated as the normal contribution rates for the new entrants to each Plan. Assuming that recent hiring patterns continue and that populations in each group remain close to their current levels, rate increases are to be expected due to new members.

The asset return and inflation rates assumed for this valuation appear to constitute a considerable degree of conservatism. The real rate of return is defined as the nominal rate, less inflation. Thus, a real return of 2.25% is being assumed. To the extent that future real asset returns are in excess of this, there will be actuarial gains. Increasing the real return assumption would result in lower liabilities and costs. It would also decrease the probability of future gains. During 2007, a full experience study will be conducted to determine if any changes in assumptions are warranted. All demographic and economic assumptions, including return and inflation, will be investigated as part of this study. Any adjustments to current assumptions will be recommended for the next valuation, as of October 1, 2007.

The Governmental Accounting Standards Board (GASB) has recently announced proposed revisions to Standards 25 and 27, which would require "disclosure by governments that use the aggregate actuarial cost method of the funded status and present a multiyear schedule of funding progress using the entry age actuarial cost method as a surrogate." This is because the Aggregate method does not explicitly define an accrued liability. Accordingly, a determination of the funding ratios using the Entry Age Normal actuarial cost method for each plan has been included within this report. The actuarial assumptions (demographic and economic) used for these calculations are the same as were used to determine the required contributions.

This report has been prepared using generally accepted actuarial methods and assumptions. If there are any questions about this report, please feel free to contact us.

Respectfully submitted,



Gregory M. Stump, FSA



Graham A. Schmidt, ASA



Edward H. Friend, FSA

**Section 1:**

**Summary of Fund Provisions,  
Member Statistics, and  
Actuarial Assumptions**

## **1.1: Brief Outline of Fund Provisions**

### **District of Columbia Retirement Program for Teachers**

#### **Membership**

##### Eligibility

Permanent, temporary, and probationary teachers for the District of Columbia public day schools become members automatically on their date of employment. Other employees covered by the Retirement of Public School Teachers Act – including librarians, principals, and counselors – also become members on their date of employment. Substitute teachers and employees of the Department of School Attendance and Work Permits are not covered. Some former D.C. teachers working at charter schools are eligible to remain in the Program.

##### Member Contributions

Members hired before November 16, 1996 are required to contribute 7% of annual pay minus any pay received for summer school. Members hired on or after November 16, 1996 contribute 8% of annual pay minus pay received for summer school.

Members can also make voluntary contributions of up to 10% of annual pay towards an annuity in addition to any vested pension.

Interest is not credited to each Member's accumulated contributions.

#### **Service**

##### School Service

One year of school service is granted for each year of employment with the D.C. public day schools.

##### Credited Service

Service granted or purchased in addition to school service.

#### **Voluntary Retirement**

##### Eligibility

For participants hired before November 16, 1996:

- Age 62 with 5 years of school service;
- Age 60 with 20 years of total service, including 5 years of school service; or
- Age 55 with 30 years of total service, including 5 years of school service.

For participants hired on or after November 16, 1996:

- Age 62 with 5 years of school service;
- Age 60 with 20 years of total service, including 5 years of school service; or
- Any age with 30 years of total service, including 5 years of school service.

### Benefit Amount

For participants hired before November 16, 1996:

- 1.5% of high 3-year average pay times service up to 5 years, plus
- 1.75% of average pay times service between 5 and 10 years, plus
- 2.0% of average pay times service over 10 years.

For participants hired on or after November 16, 1996:

- 2.0% of average pay times service.

For all participants, there is a minimum benefit of 1.0% of average pay plus \$25 for each year of service

### **Involuntary Retirement**

#### Eligibility

Retired involuntarily for reasons other than misconduct or delinquency with:

- 25 years of total service, including 5 years of school service; or
- Age 50 with 20 years of total service, including 5 years of school service.

#### Benefit Amount

Voluntary Retirement benefit reduced 1/6% per month (2% per year) that date of retirement precedes age 55.

### **Disability Retirement Benefit**

#### Eligibility

5 years of school service and a physical or mental disability that prevents the member from performing his/her job.

#### Benefit Amount

Voluntary Retirement benefit subject to a minimum of the lesser of 40% of average pay and the benefit that the member would receive projecting service to age 60.

### **Lump Sum Death Benefit**

#### Eligibility

Death before completion of 18 months of school service or death without an eligible spouse, child, or parent.

#### Benefit Amount

Refund of paid contributions

### **Installment Benefit Payable upon Death – Spouse Only**

#### Eligibility

Death before retirement and married for at least two years or have a child by the marriage.

#### Benefit Amount

55% of the Voluntary Retirement benefit subject to the minimums specified in the Disability Retirement Benefit.

### **Installment Benefit Payable upon Death – Spouse and Dependent Children**

#### Eligibility

For the spouse, as described above; for the children, unmarried and under 18, 22 if full-time student, or any child dependent because of a disability incurred before age 18. Death does not have to occur before retirement for the children's benefits.

#### Benefit Amount

Spouse benefit as described above, plus a benefit per child of the smallest of:

- 60% of average pay divided by the number of eligible children;
- \$5,460 (if hired before January 1, 1980) or \$5,273; or
- \$16,397 (if hired before January 1, 1980) or \$15,817 divided by the number of children,

payable until the children are no longer eligible.

### **Installment Benefit Payable upon Death – Dependent Children Only**

#### Eligibility

Same as the children's benefit above.

#### Benefit Amount

Per child, the smallest of:

- 75% of average pay divided by the number of eligible children;
- \$6,651 (if hired before January 1, 1980) or \$6,415; or
- \$19,965 (if hired before January 1, 1980) or \$19,228 divided by the number of children,

payable until the children are no longer eligible.

### **Installment Benefit Payable upon Death – Surviving Parents Only**

#### Eligibility

Death before retirement and no eligible spouse or children, and parents receive at least one-half of their total income from member.



Benefit Amount

Spouse benefit as described above.

**Deferred Vested Benefit**

Eligibility

5 years of school service.

Benefit Amount

Voluntary Retirement Benefit beginning at age 62.

**Form of Payment Options**

Normal Form of Payment

Single Life Annuity.

Joint and 55% Survivor (to Spouse)

The original benefit is reduced by 2.5% of annual pension up to \$3,600, plus 10% of any amount over \$3,600.

Partial Joint and Survivor (to Spouse)

A joint and survivor annuity with a benefit payable to the spouse of between \$1 and 55% of the unreduced retirement benefit. The original benefit is reduced by dividing the amount of the survivor's annuity by 55%, then reducing the original benefit by 2.5% of this amount up to \$3,600, plus 10% of any amount over \$3,600.

Variable Survivor to a person with an "insurable interest"

A joint and 55% survivor annuity with the original benefit reduced 10% plus an additional 5% for each full 5 years, up to 25 years, the survivor is younger, with a total reduction of 40% for any survivor who is 25 or more years younger.

Insurance Option

Benefits may be reduced and the balance used to purchase life insurance.

**Cost-of-Living Adjustments**

All participants receive an increase each March based on the annual change in the Consumer Price Index (all items – U.S. City average) from December to December. The annual increase is capped at 3% for members hired on or after November 16, 1996.

## **Retirement Program for District of Columbia Police Officers and Fire Fighters**

### **Membership**

#### Eligibility

All police officers and fire fighters of the District of Columbia automatically become members on their date of employment. Police Cadets are not eligible.

#### Member Contributions

Members hired before November 10, 1996 are required to contribute 7% of annual salary, including any differential for special assignment, but excluding overtime, longevity, holiday, or military pay. Members hired on or after November 10, 1996 contribute 8% of annual salary, including any differential for special assignment, but excluding overtime, holiday, or military pay.

Interest is not credited to each Member's accumulated contributions.

### **Service**

#### Departmental Service

Each full year and additional months of employment with either the Metropolitan Police Force or the D.C. Fire Department.

#### Credited Service

Service granted or purchased in addition to departmental service.

### **Average Pay**

For those hired before February 15, 1980, basic pay for the highest 12 months. For those hired on or after February 15, 1980, basic pay for the highest 36 months divided by three.

### **Longevity Pay (Police Only)**

Members who complete 25 years of active service prior to retirement are entitled to an additional 15% of their basic compensation. Members who complete 30 years of active service are entitled to an additional 20% of their basic pay.

### **Normal Retirement Benefit**

#### Eligibility

For participants hired before November 10, 1996:

- Age 60; or
- Age 50 with 25 years of departmental service; or
- No age requirement with 20 years of service (only if hired before February 15, 1980.)

For participants hired on or after November 10, 1996:

- Age 60; or
- No age requirement with 25 years of service.

#### Benefit Amount

For participants hired before November 10, 1996:

- 2.5% of average pay times departmental service up to 25 years (20 years if hired before February 15, 1980), plus
- 3.0% of average pay times departmental service over 25 (or 20) years, plus
- 2.5% of average pay times credited service.

For participants hired on or after November 10, 1996:

- 2.5% of average pay times total service.

For all participants, there is a maximum benefit of 80% of average pay.

### **Service-Related Disability Retirement Benefit**

#### Eligibility

Disabled as a result of an illness or injury in the line of duty.

#### Benefit Amount

For participants hired before February 15, 1980 – 2.5% of average pay times total years of service, subject to a minimum benefit of 66-2/3% of average pay and subject to a maximum benefit of 70% of average pay.

For participants hired on or after February 15, 1980 – 70% of final pay times percentage of disability, subject to a minimum benefit of 40% of final pay.

### **Non-Service-Related Disability Retirement Benefit**

#### Eligibility

5 years of departmental service and a physical or mental disability that prevents the member from performing his/her job.

#### Benefit Amount

For participants hired before February 15, 1980 – 2.0% of average pay times total years of service, subject to a minimum benefit of 40% of average pay and subject to a maximum benefit of 70% of average pay.

For participants hired on or after February 15, 1980 – 70% of final pay times percentage of disability, subject to a minimum benefit of 30% of final pay.

### **Lump Sum Death Benefit**

#### Eligibility

Death occurring in the line of duty, not resulting from willful misconduct, an intention to bring about his/her own death, or drunkenness.

#### Benefit Amount

\$50,000.

### **Installment Benefit Payable upon Death – Spouse Only, Member Not Killed in Line of Duty after December 29, 1993**

#### Eligibility

Death and, if retired, married for at least one year or have a child by the marriage.

#### Benefit Amount

40% of the greater of average pay and the salary for step 6 salary class 1 of the D.C. Police and Fireman's Salary Act in effect, adjusted for cost-of-living increases if death occurs after retirement. The benefit cannot exceed the rate of pay at death (or retirement if death occurs after retirement.)

### **Installment Benefit Payable upon Death – Spouse Only, Member Killed in Line of Duty after December 29, 1993**

#### Eligibility

Death (killed in line of duty).

#### Benefit Amount

100% of final pay.

### **Installment Benefit Payable upon Death – Spouse and Dependent Children**

#### Eligibility

For the spouse, as described above; for the children, unmarried and under 18, 22 if full-time student, or any child dependent because of a disability incurred before age 18. Death does not have to occur before retirement for the children's benefits.

#### Benefit Amount

Spouse benefit as described above, plus, provided death does not occur in the line of duty, a benefit per child of the smallest of:

- 60% of average pay divided by the number of eligible children;
- \$3,198; or
- \$9,435 divided by the number of children, payable until the children are no longer eligible.

### **Installment Benefit Payable upon Death – Dependent Children Only**

#### Eligibility

Same as the children's benefit above.

#### Benefit Amount

Per child, 75% of average pay divided by the number of eligible children, adjusted for cost-of-living increases.

### **Refund of Contributions**

#### Eligibility

Death before retirement and no eligible spouse or children.

#### Benefit Amount

All contributions will be refunded to a named, or statutorily-designated if none named, beneficiary.

### **Deferred Vested Benefit**

#### Eligibility

5 years of departmental service.

#### Benefit Amount

Normal Retirement Benefit beginning at age 55.

### **Form of Payment Options**

#### Normal Form of Payment

Single Life Annuity.

#### Additional Survivor Benefit

The original benefit is reduced 10%. This 10% amount is reduced by 5% for each full 5 years the survivor is younger (but not more than 40%) and is added to the survivor's benefit.

### **Cost-of-Living Adjustments**

Employees (not beneficiaries) who retired prior to February 15, 1980, receive the same percentage increase as active employees' salary increases.

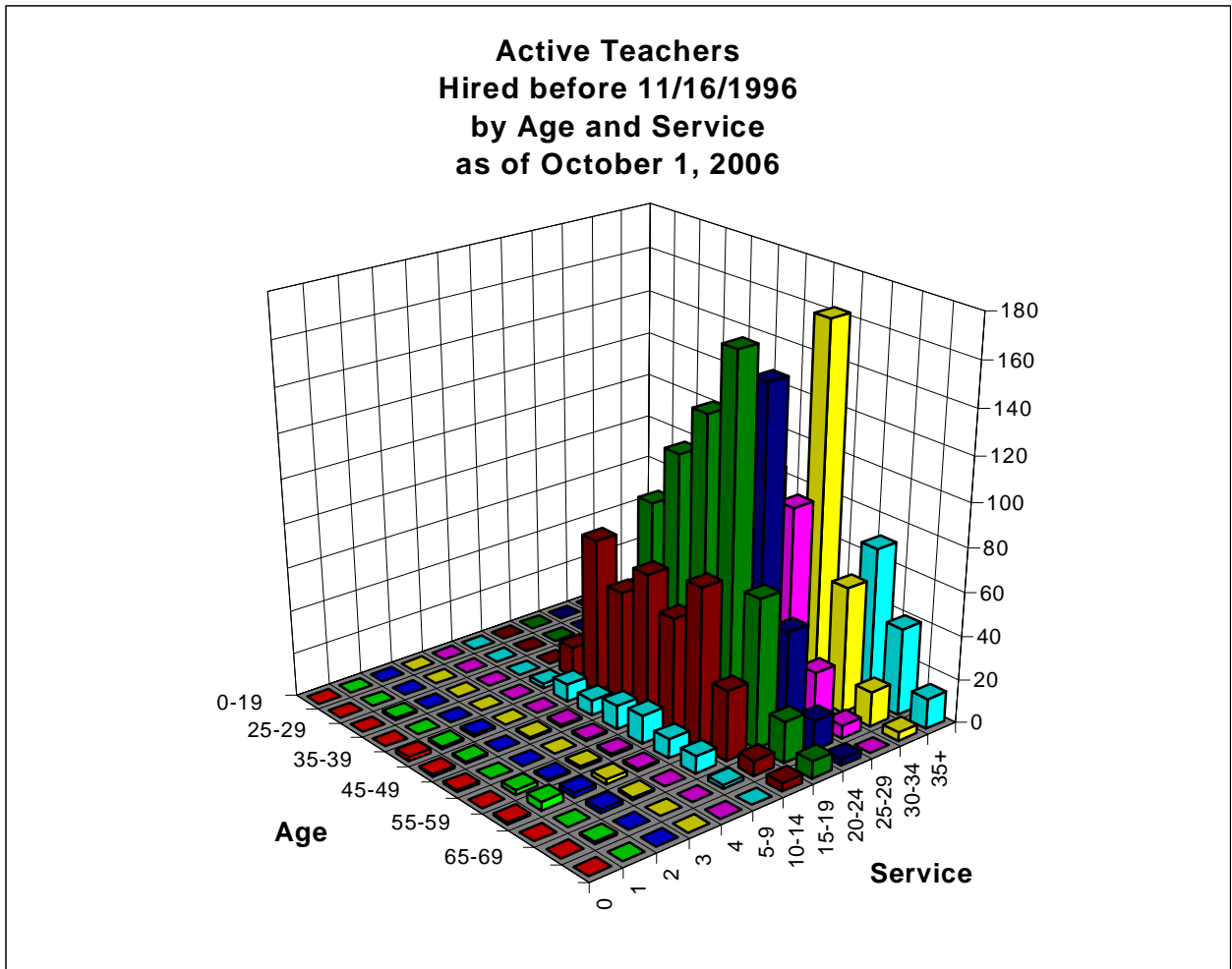
All other retired participants receive an increase each March based on the annual change in the Consumer Price Index (All Urban Consumers) from December to December. The annual increase is limited to 3% for members hired on or after November 10, 1996.

## 1.2: Participant Data as of October 1, 2006

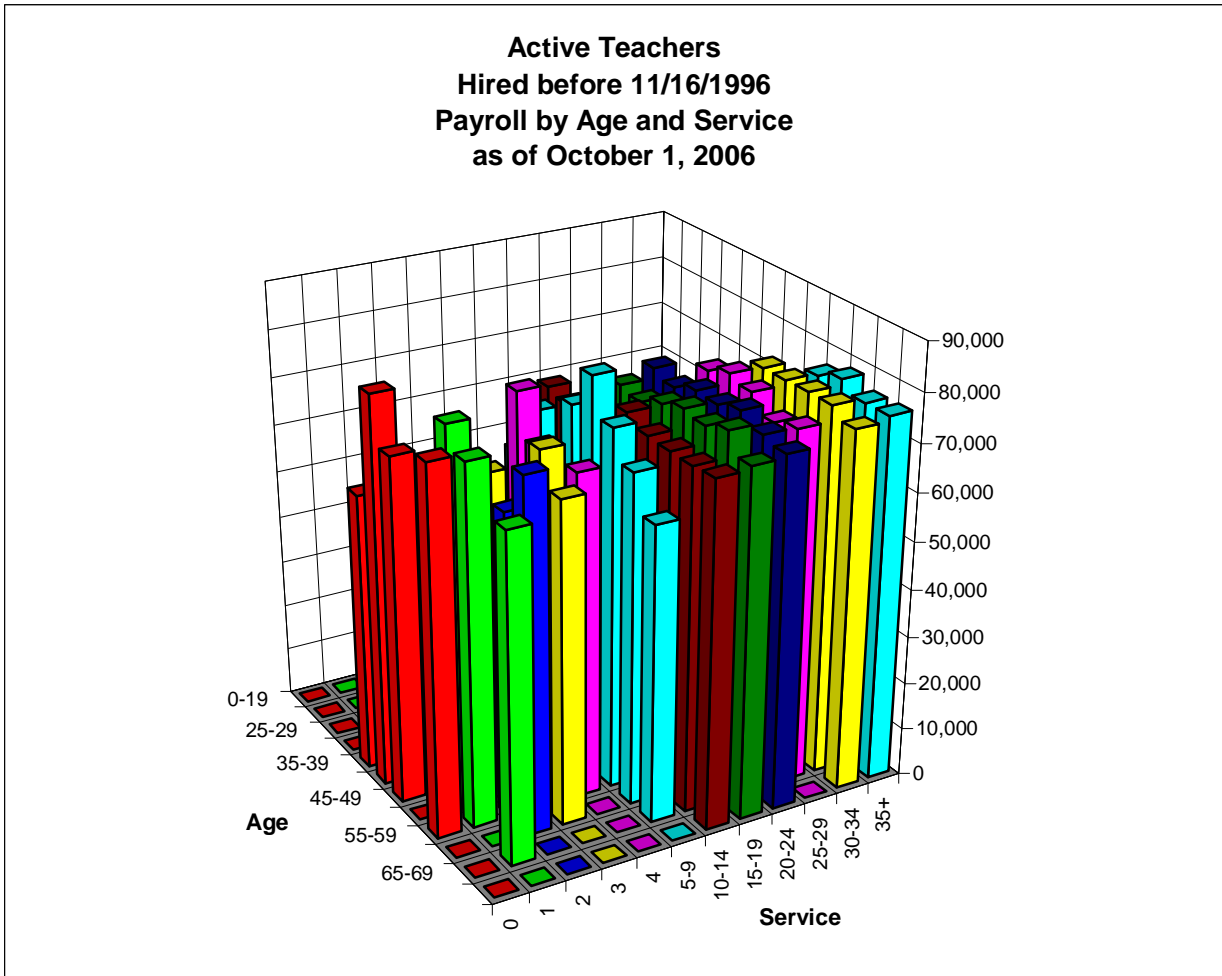
<b>Active Participants</b>	<b><u>Teachers</u></b>		<b><u>Police Officers</u></b>		<b><u>Fire Fighters</u></b>	
Number	5,088		3,747		1,509	
Average Age	45.9		38.9		38.9	
Average Service	11.9		12.5		12.9	
Average Pay	\$64,369		\$65,001		\$64,508	
<b>Inactive Participants</b>						
<b>Service Retired</b>	<b>District</b>	<b>Total*</b>	<b>District</b>	<b>Total*</b>	<b>District</b>	<b>Total*</b>
Number	2,017	4,907	549	3,135	166	933
Average Age	63.9	71.5	55.5	62.3	55.8	65.2
Average Benefit	\$7,493	\$38,250	\$8,212	\$47,046	\$11,924	\$55,019
<b>Beneficiaries</b>						
Number	71	457	181	1,309	48	491
Average Age	47.9	69.4	31.3	65.2	28.7	69.8
Average Benefit	\$4,442	\$17,483	\$4,045	\$22,781	\$4,413	\$24,638
<b>Disabled</b>						
Number	87	455	217	1,283	46	500
Average Age	57.2	70.7	44.8	63.8	51.2	69.2
Average Benefit	\$7,219	\$26,204	\$17,061	\$38,934	\$11,711	\$45,363
<b>Terminated Vested</b>						
Number	612	981	79	215	15	29
Average Age	45.7	52.6	41.5	54.3	42.1	49.3
Average Benefit	\$4,827	\$7,977	\$8,952	\$11,672	\$5,393	\$11,153

---

\* Federal and District payments combined.



Service Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	1	0	0	0	0	0	0	0	0	0	0	1
30-34	0	0	0	0	0	2	14	0	0	0	0	0	16
35-39	2	1	1	0	0	8	70	13	0	0	0	0	95
40-44	1	1	0	1	1	7	52	88	18	0	0	0	169
45-49	1	0	0	0	1	11	66	115	79	12	0	0	285
50-54	0	2	1	1	1	13	52	137	139	103	43	0	492
55-59	1	4	2	2	1	9	72	168	151	93	170	38	711
60-64	0	0	2	1	0	8	32	68	48	24	58	71	312
65-69	0	1	0	0	0	2	7	19	14	6	16	40	105
70+	0	0	0	0	0	0	4	8	3	0	4	14	33
<b>Total</b>	<b>5</b>	<b>10</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>60</b>	<b>369</b>	<b>616</b>	<b>452</b>	<b>238</b>	<b>291</b>	<b>163</b>	<b>2,219</b>



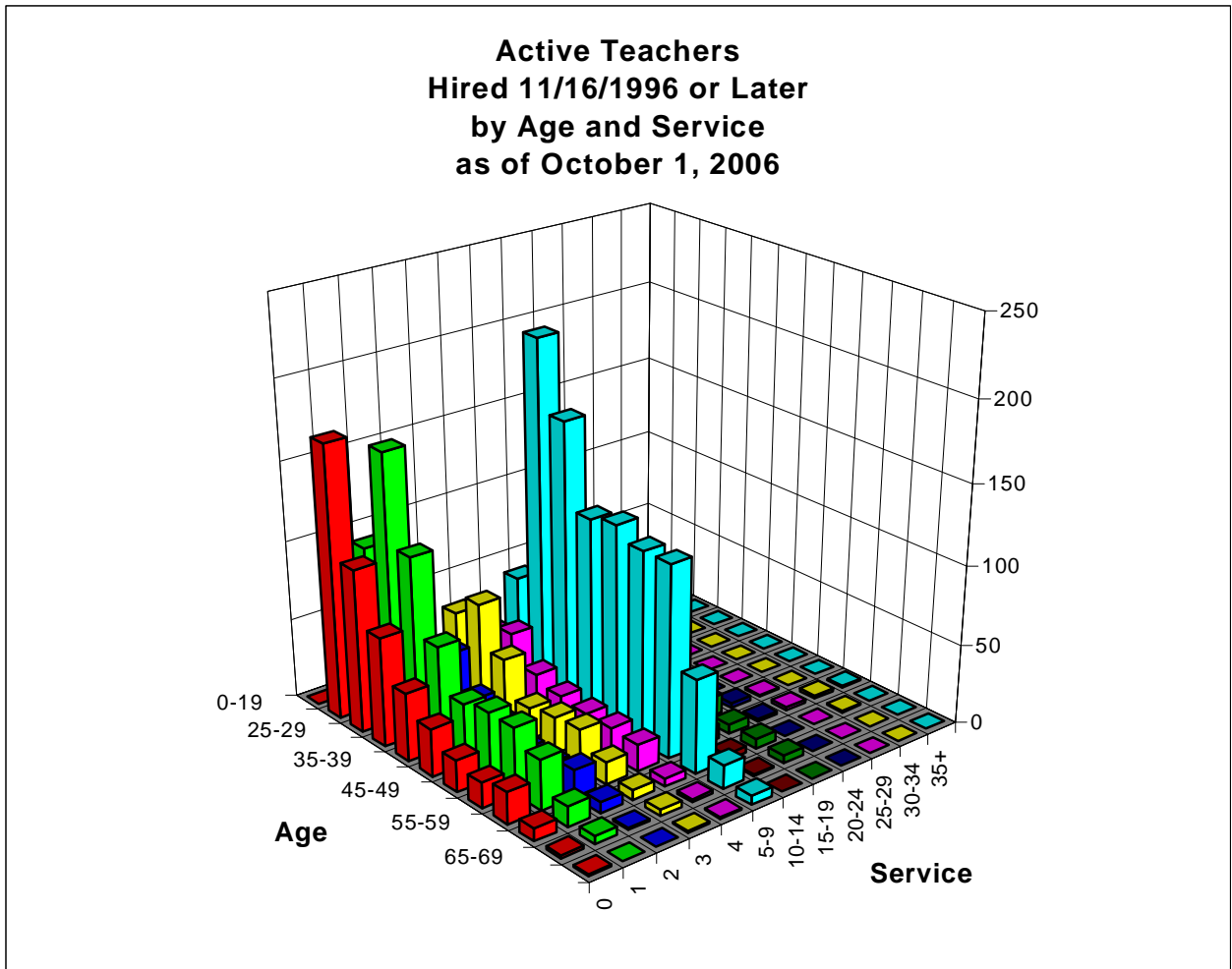
Service Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	40,109	0	0	0	0	0	0	0	0	0	0	40,109
30-34	0	0	0	0	0	56,626	68,738	0	0	0	0	0	67,224
35-39	58,339	55,972	60,705	0	0	67,687	67,580	66,909	0	0	0	0	67,108
40-44	81,318	63,079	0	60,695	75,905	61,622	67,772	72,696	74,778	0	0	0	70,886
45-49	71,826	0	0	0	67,173	74,206	70,367	71,803	73,288	75,256	0	0	72,104
50-54	0	79,213	43,939	54,980	63,079	82,633	73,832	74,003	75,216	77,197	76,845	0	75,372
55-59	76,402	74,900	63,403	73,961	67,806	75,014	71,897	75,752	74,926	76,002	76,892	76,320	75,458
60-64	0	0	73,522	67,173	0	69,041	71,595	74,978	76,442	72,552	77,084	78,230	75,615
65-69	0	67,806	0	0	0	61,742	71,487	76,746	74,362	73,995	77,075	76,009	75,319
70+	0	0	0	0	0	0	71,989	72,702	73,381	0	75,066	76,115	74,412
<b>Total</b>	<b>69,245</b>	<b>68,499</b>	<b>63,082</b>	<b>66,154</b>	<b>68,491</b>	<b>72,126</b>	<b>70,343</b>	<b>73,908</b>	<b>74,856</b>	<b>76,083</b>	<b>76,908</b>	<b>77,058</b>	<b>74,227</b>

Average Age: 54.4

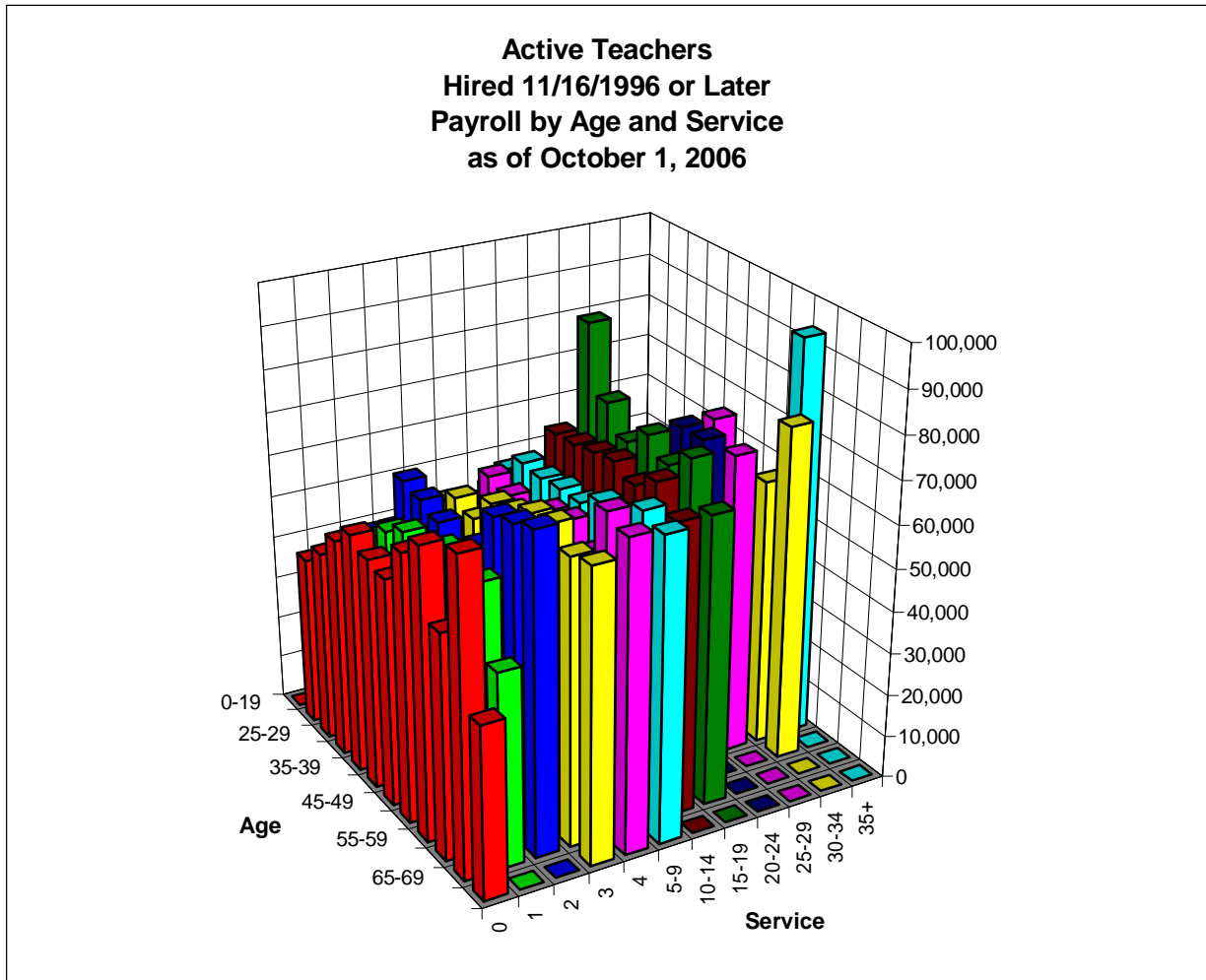
Average Service: 21.8







Service Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	172	102	9	1	0	0	0	0	0	0	0	0	284
25-29	103	168	29	55	36	64	0	0	0	0	0	0	455
30-34	69	112	44	69	43	220	0	0	0	0	0	0	557
35-39	43	65	24	42	25	177	11	3	0	0	0	0	390
40-44	30	38	18	20	20	125	8	5	0	0	0	0	264
45-49	20	42	11	23	18	129	10	11	0	0	0	0	264
50-54	16	42	11	25	18	121	10	12	3	1	0	0	259
55-59	20	32	17	14	17	121	9	6	2	2	2	1	243
60-64	8	13	7	6	5	59	4	6	0	0	1	0	109
65-69	2	5	1	4	2	15	1	5	0	0	0	0	35
70+	1	0	0	1	1	6	0	0	0	0	0	0	9
<b>Total</b>	<b>484</b>	<b>619</b>	<b>171</b>	<b>260</b>	<b>185</b>	<b>1037</b>	<b>53</b>	<b>48</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>2,869</b>

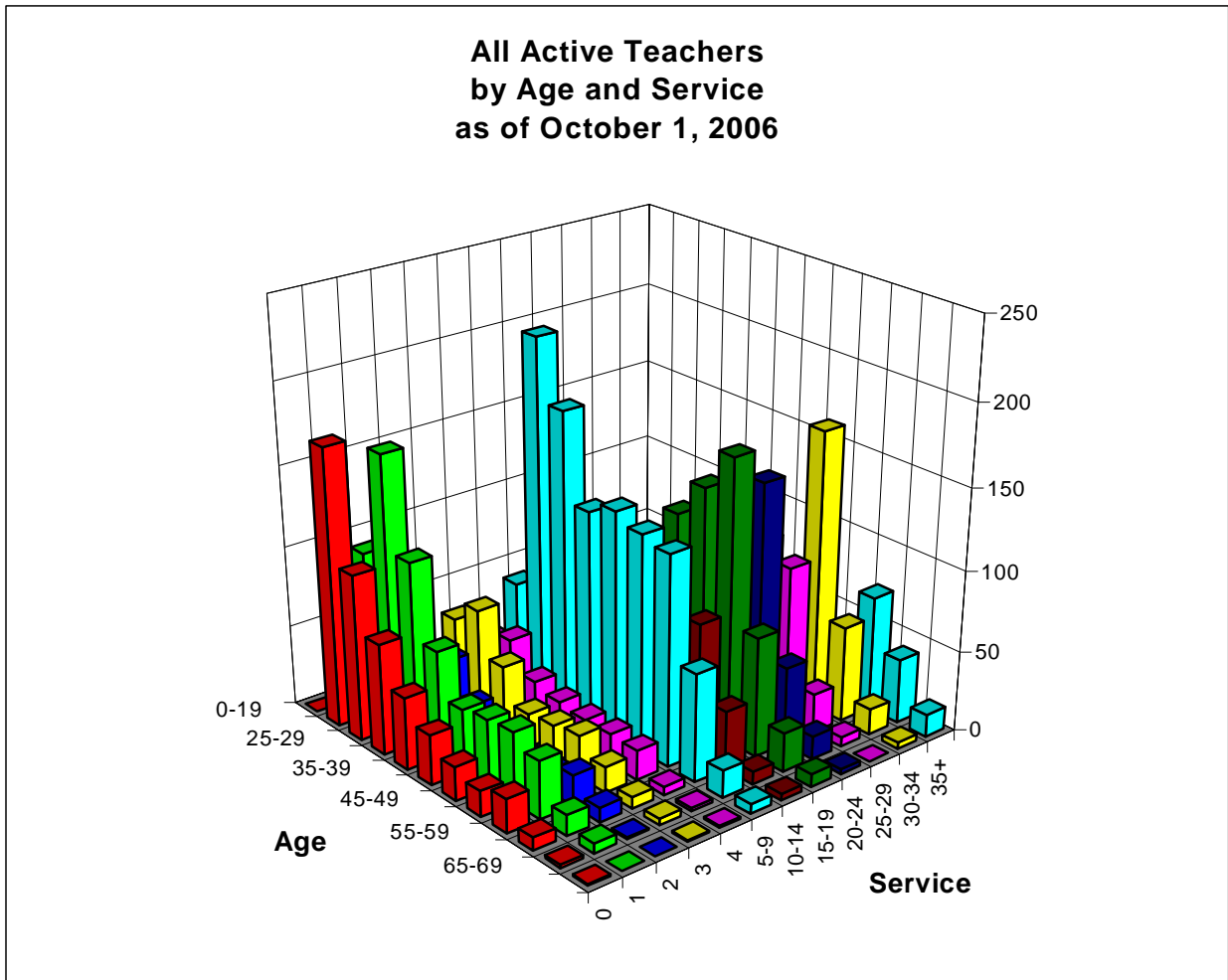


Service	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
<b>Age</b>													
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	40,017	41,295	43,091	45,524	0	0	0	0	0	0	0	0	40,593
25-29	45,038	44,191	47,455	47,388	46,746	51,393	0	0	0	0	0	0	46,192
30-34	51,450	50,537	61,796	55,064	52,781	59,029	0	0	0	0	0	0	55,628
35-39	56,367	55,220	60,623	59,225	62,368	63,690	68,697	92,532	0	0	0	0	61,080
40-44	54,086	58,487	58,751	57,642	61,021	63,227	69,249	77,155	0	0	0	0	61,057
45-49	53,234	55,725	54,166	64,380	55,003	64,037	70,440	71,128	0	0	0	0	61,437
50-54	62,611	61,715	60,254	65,823	64,010	64,048	71,569	75,765	75,724	75,905	0	0	64,603
55-59	67,712	56,761	69,948	68,812	65,251	67,432	69,407	72,110	75,905	70,567	62,760	93,751	66,507
60-64	52,321	61,024	71,782	69,945	61,288	67,705	73,338	76,685	0	0	78,381	0	66,669
65-69	72,874	45,179	73,961	66,215	73,961	72,216	67,806	67,412	0	0	0	0	67,043
70+	39,971	0	0	67,806	71,826	70,455	0	0	0	0	0	0	66,926
<b>Total</b>	<b>47,817</b>	<b>49,881</b>	<b>58,595</b>	<b>57,437</b>	<b>56,809</b>	<b>62,799</b>	<b>70,105</b>	<b>74,683</b>	<b>75,796</b>	<b>72,346</b>	<b>67,967</b>	<b>93,751</b>	<b>56,744</b>

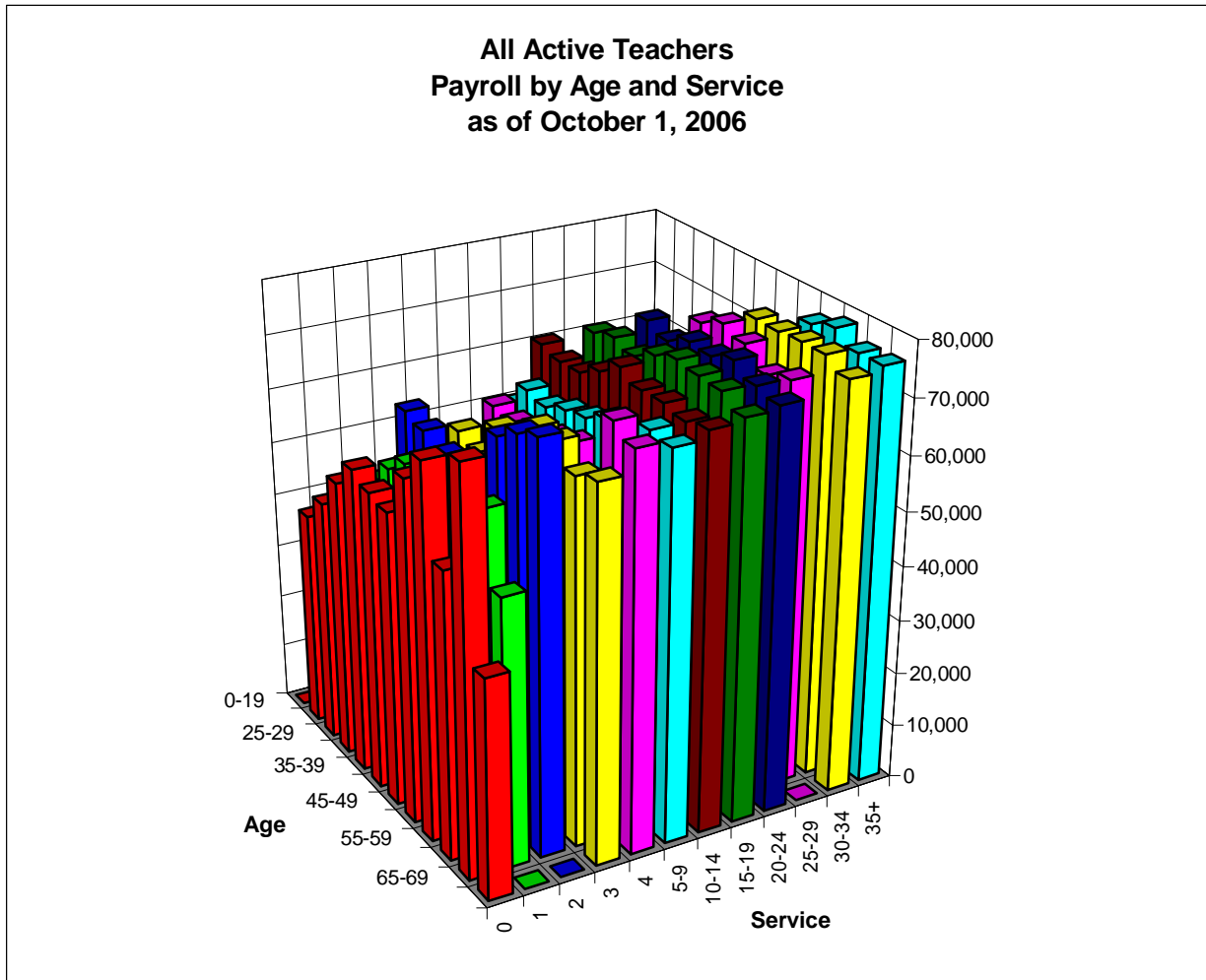
Average Age: 39.3

Average Service: 4.3





Service Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	172	102	9	1	0	0	0	0	0	0	0	0	284
25-29	103	169	29	55	36	64	0	0	0	0	0	0	456
30-34	69	112	44	69	43	222	14	0	0	0	0	0	573
35-39	45	66	25	42	25	185	81	16	0	0	0	0	485
40-44	31	39	18	21	21	132	60	93	18	0	0	0	433
45-49	21	42	11	23	19	140	76	126	79	12	0	0	549
50-54	16	44	12	26	19	134	62	149	142	104	43	0	751
55-59	21	36	19	16	18	130	81	174	153	95	172	39	954
60-64	8	13	9	7	5	67	36	74	48	24	59	71	421
65-69	2	6	1	4	2	17	8	24	14	6	16	40	140
70+	1	0	0	1	1	6	4	8	3	0	4	14	42
<b>Total</b>	<b>489</b>	<b>629</b>	<b>177</b>	<b>265</b>	<b>189</b>	<b>1,097</b>	<b>422</b>	<b>664</b>	<b>457</b>	<b>241</b>	<b>294</b>	<b>164</b>	<b>5,088</b>

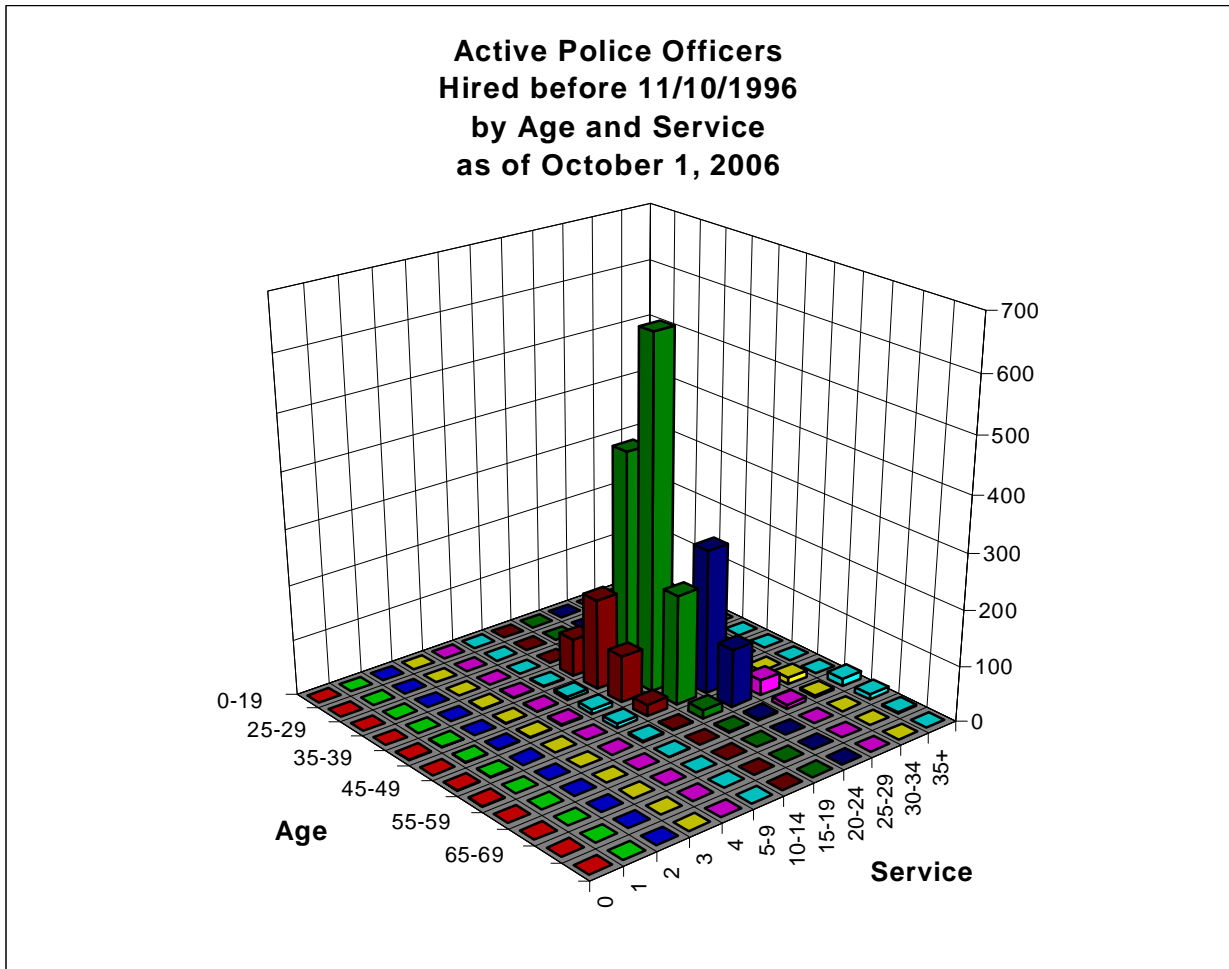


Service	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
Age													
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	40,017	41,295	43,091	45,524	0	0	0	0	0	0	0	0	40,593
25-29	45,038	44,167	47,455	47,388	46,746	51,393	0	0	0	0	0	0	46,179
30-34	51,450	50,537	61,796	55,064	52,781	59,007	68,738	0	0	0	0	0	55,951
35-39	56,455	55,231	60,626	59,225	62,368	63,863	67,732	71,713	0	0	0	0	62,261
40-44	54,965	58,605	58,751	57,787	61,729	63,142	67,969	72,936	74,778	0	0	0	64,893
45-49	54,120	55,725	54,166	64,380	55,643	64,836	70,377	71,744	73,288	75,256	0	0	66,975
50-54	62,611	62,510	58,894	65,406	63,961	65,851	73,467	74,145	75,227	77,184	76,845	0	71,658
55-59	68,126	58,777	69,259	69,456	65,393	67,957	71,620	75,626	74,939	75,888	76,728	76,767	73,178
60-64	52,321	61,024	72,168	69,549	61,288	67,864	71,788	75,117	76,442	72,552	77,106	78,230	73,298
65-69	72,874	48,950	73,961	66,215	73,961	70,984	71,027	74,802	74,362	73,995	77,075	76,009	73,250
70+	39,971	0	0	67,806	71,826	70,455	71,989	72,702	73,381	0	75,066	76,115	72,808
<b>Total</b>	<b>48,036</b>	<b>50,177</b>	<b>58,747</b>	<b>57,601</b>	<b>57,057</b>	<b>63,309</b>	<b>70,313</b>	<b>73,964</b>	<b>74,867</b>	<b>76,036</b>	<b>76,817</b>	<b>77,160</b>	<b>64,369</b>

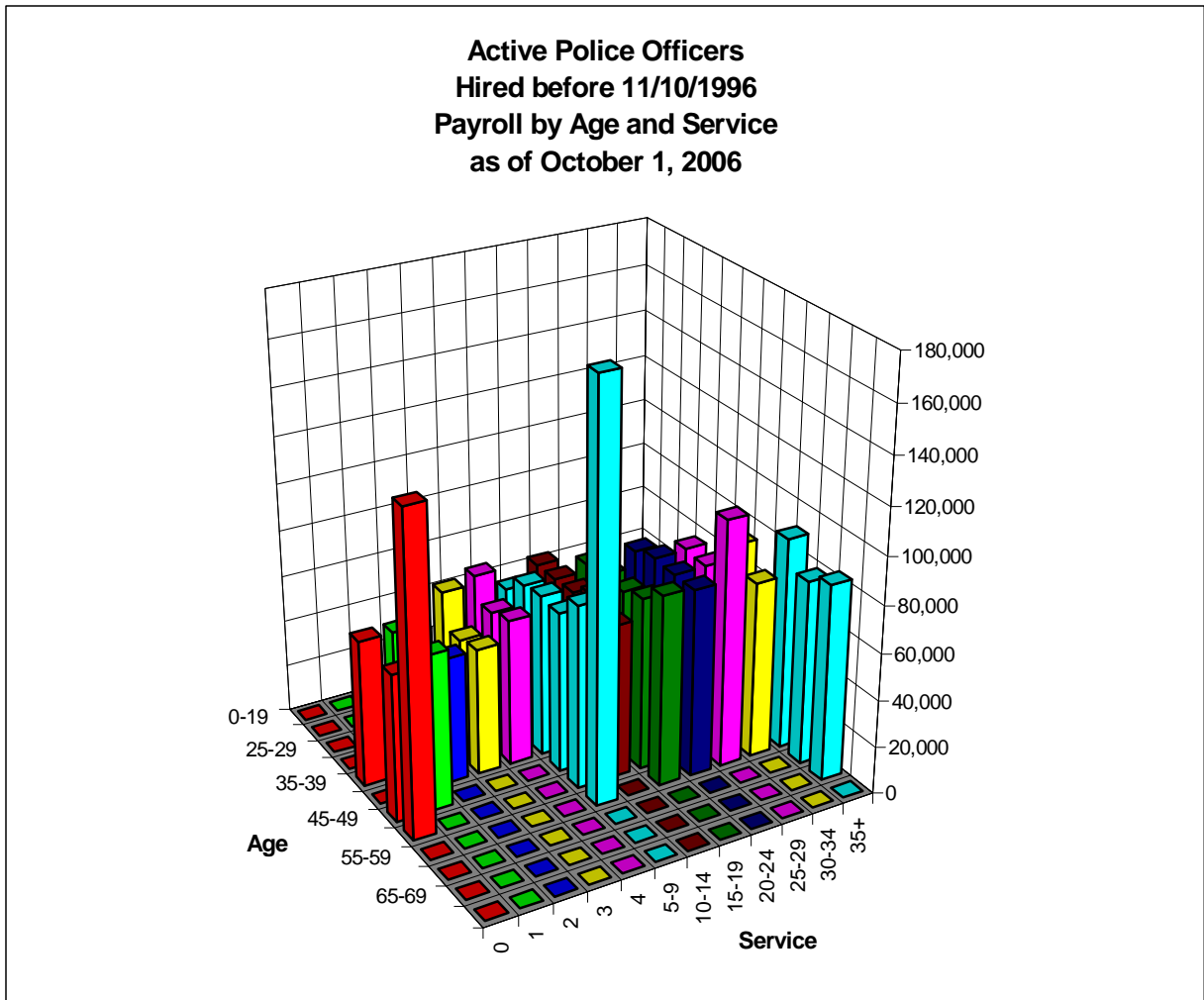
Average Age: 45.9

Average Service: 11.9





Service Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0	0	0	0
30-34	0	0	0	1	1	1	68	0	0	0	0	0	71
35-39	1	1	0	1	1	6	164	411	0	0	0	0	585
40-44	0	1	1	1	2	8	85	631	116	0	0	0	845
45-49	1	2	0	0	0	8	21	199	261	7	0	0	499
50-54	1	0	0	0	0	3	1	15	105	28	12	0	165
55-59	0	0	0	0	0	1	0	2	3	8	4	14	32
60-64	0	0	0	0	0	0	0	0	0	0	0	10	10
65-69	0	0	0	0	0	0	0	0	0	0	0	3	3
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>3</b>	<b>4</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>27</b>	<b>339</b>	<b>1,258</b>	<b>485</b>	<b>43</b>	<b>16</b>	<b>27</b>	<b>2,210</b>

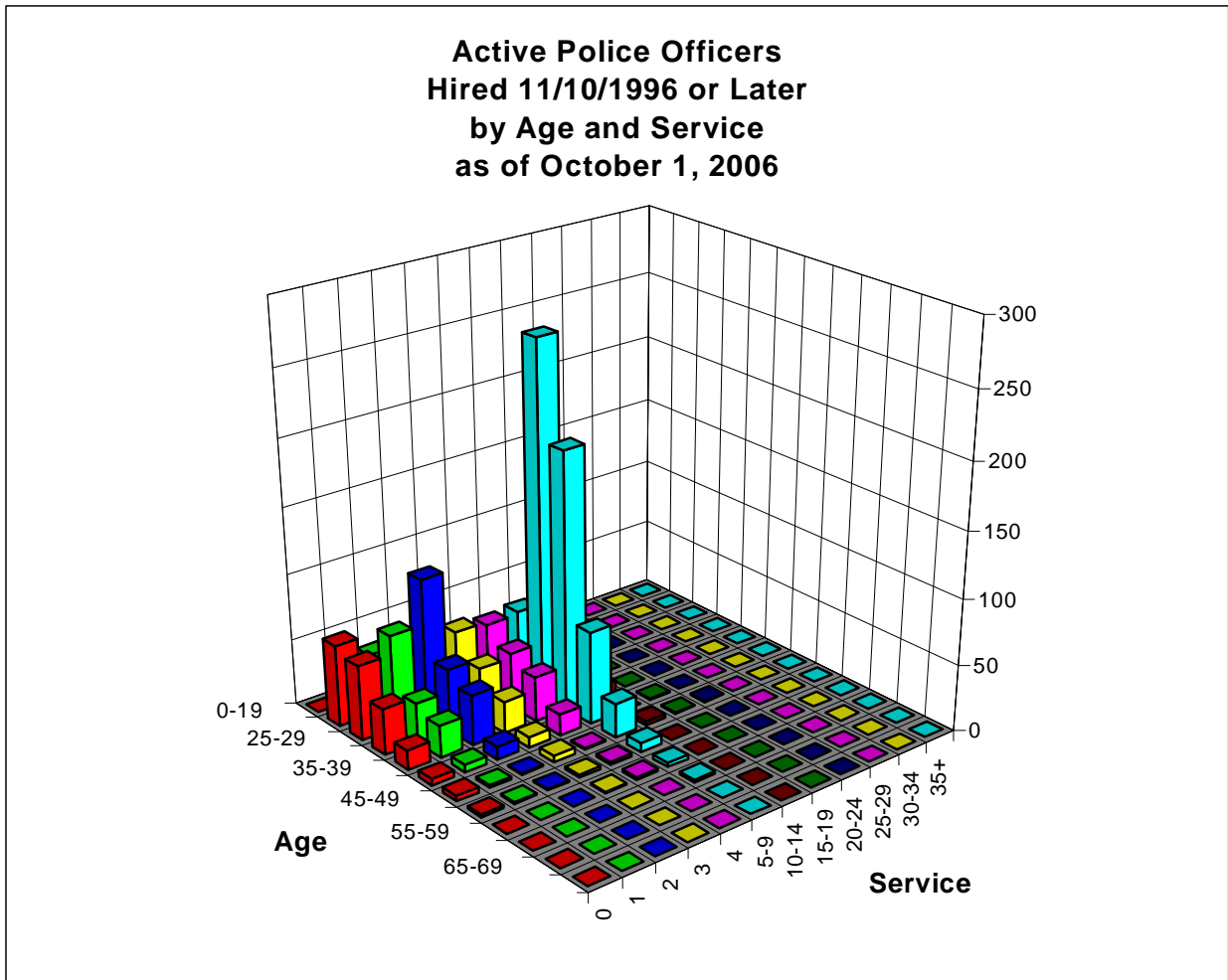


Service	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
Age													
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0	0	0	0
30-34	0	0	0	65,407	68,676	59,315	66,398	0	0	0	0	0	66,316
35-39	62,292	62,292	0	51,248	59,315	67,360	66,499	69,445	0	0	0	0	68,525
40-44	0	68,676	53,809	53,809	62,292	69,071	67,016	70,870	77,529	0	0	0	71,316
45-49	62,292	66,157	0	0	0	68,379	72,373	70,222	80,721	81,109	0	0	75,895
50-54	135,220	0	0	0	0	78,124	65,407	73,478	79,811	80,203	85,456	0	79,930
55-59	0	0	0	0	0	175,000	0	81,132	79,993	105,283	75,274	90,453	93,342
60-64	0	0	0	0	0	0	0	0	0	0	0	78,644	78,644
65-69	0	0	0	0	0	0	0	0	0	0	0	83,658	83,658
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	86,601	65,821	53,809	56,821	63,144	73,054	66,969	70,349	79,756	85,017	82,911	85,324	72,462

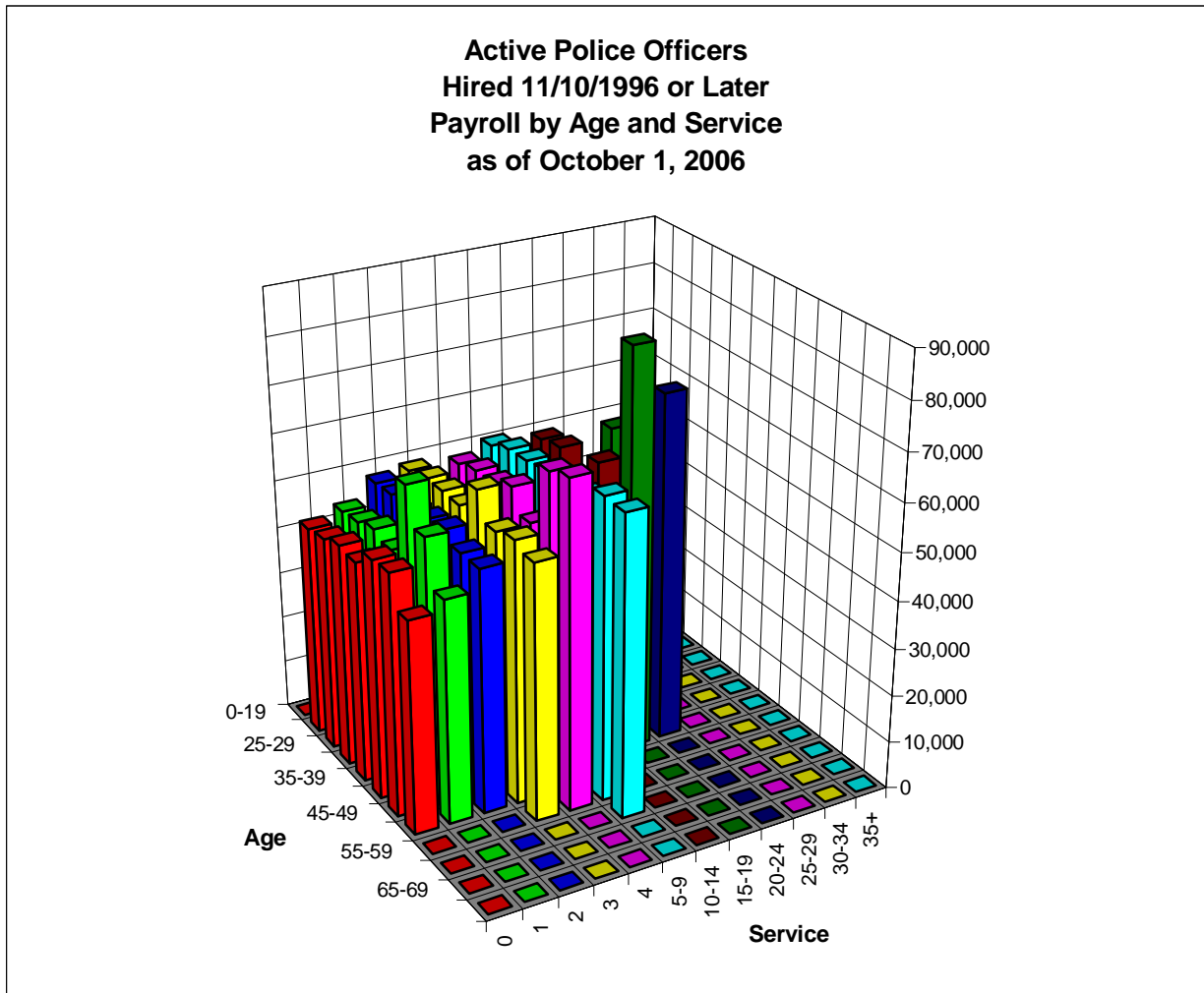
Average Age: 43.1

Average Service: 18.1





Service Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	62	46	35	7	0	0	0	0	0	0	0	0	150
25-29	57	71	105	57	54	56	0	0	0	0	0	0	400
30-34	35	30	47	39	42	267	6	0	0	0	0	0	466
35-39	15	24	38	24	34	195	8	0	0	0	0	0	338
40-44	5	6	10	8	16	70	0	1	0	0	0	0	116
45-49	4	2	1	5	1	26	3	1	1	0	0	0	44
50-54	2	1	1	2	2	7	0	0	0	0	0	0	15
55-59	0	0	0	1	2	3	0	0	0	0	0	0	6
60-64	0	0	0	0	0	2	0	0	0	0	0	0	2
65-69	0	0	0	0	0	0	0	0	0	0	0	0	0
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>180</b>	<b>180</b>	<b>237</b>	<b>143</b>	<b>151</b>	<b>626</b>	<b>17</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,537</b>



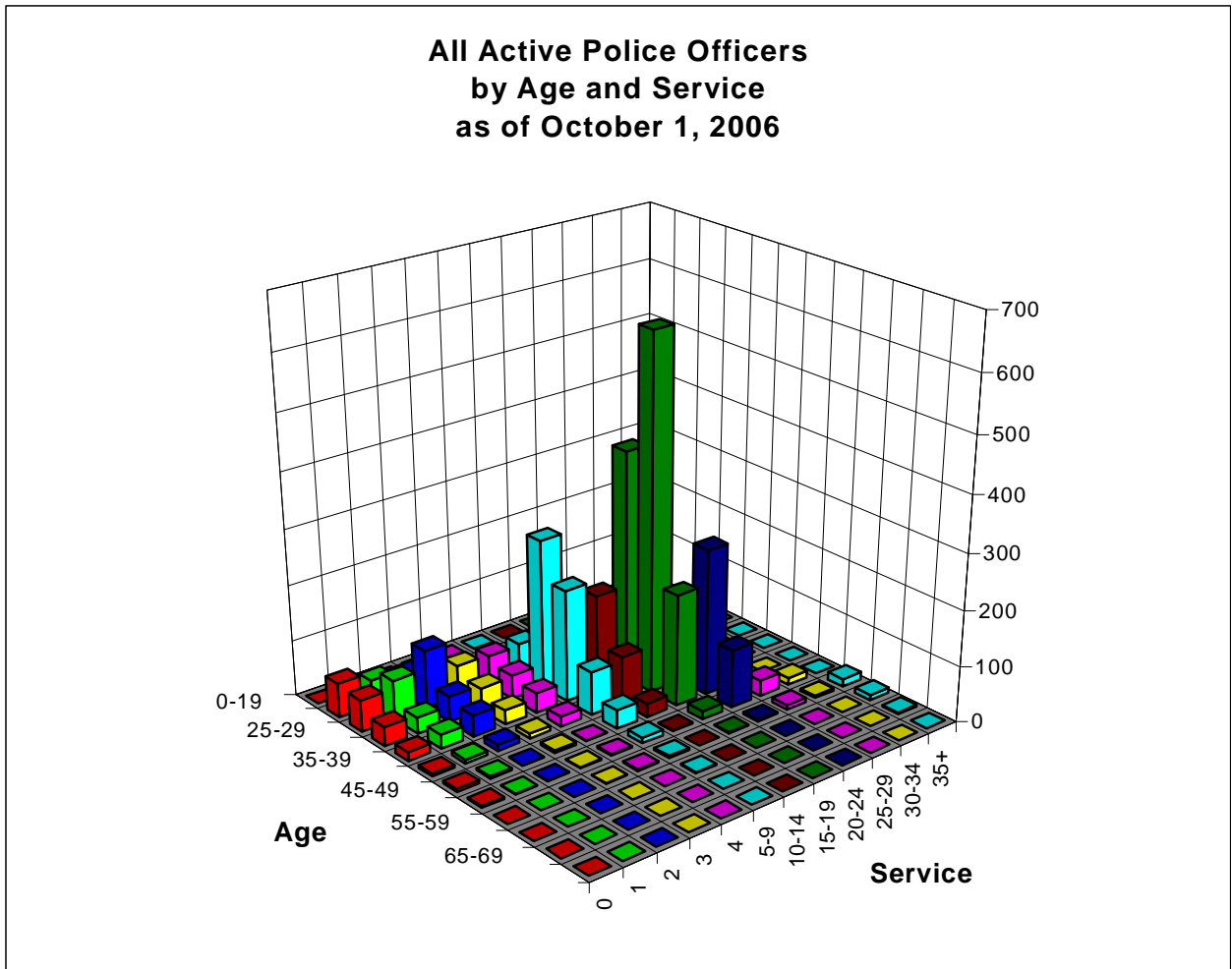
Service	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
<b>Age</b>													
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	44,611	46,596	50,969	51,980	0	0	0	0	0	0	0	0	47,047
25-29	45,394	47,259	51,432	53,140	54,571	56,943	0	0	0	0	0	0	51,270
30-34	47,176	48,868	51,292	53,438	55,996	58,817	59,315	0	0	0	0	0	55,845
35-39	46,721	47,546	52,068	53,353	56,134	59,213	60,374	0	0	0	0	0	56,329
40-44	50,388	63,698	52,911	59,412	58,313	59,862	0	65,407	0	0	0	0	58,856
45-49	50,908	56,196	51,248	53,835	53,809	60,067	62,745	84,604	73,610	0	0	0	59,056
50-54	44,611	46,842	51,248	55,155	67,042	60,514	0	0	0	0	0	0	57,020
55-59	0	0	0	53,809	68,676	63,428	0	0	0	0	0	0	63,574
60-64	0	0	0	0	0	63,111	0	0	0	0	0	0	63,111
65-69	0	0	0	0	0	0	0	0	0	0	0	0	0
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>45,834</b>	<b>48,041</b>	<b>51,499</b>	<b>53,608</b>	<b>56,063</b>	<b>58,996</b>	<b>60,419</b>	<b>75,006</b>	<b>73,610</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>54,272</b>

Average Age: 32.9

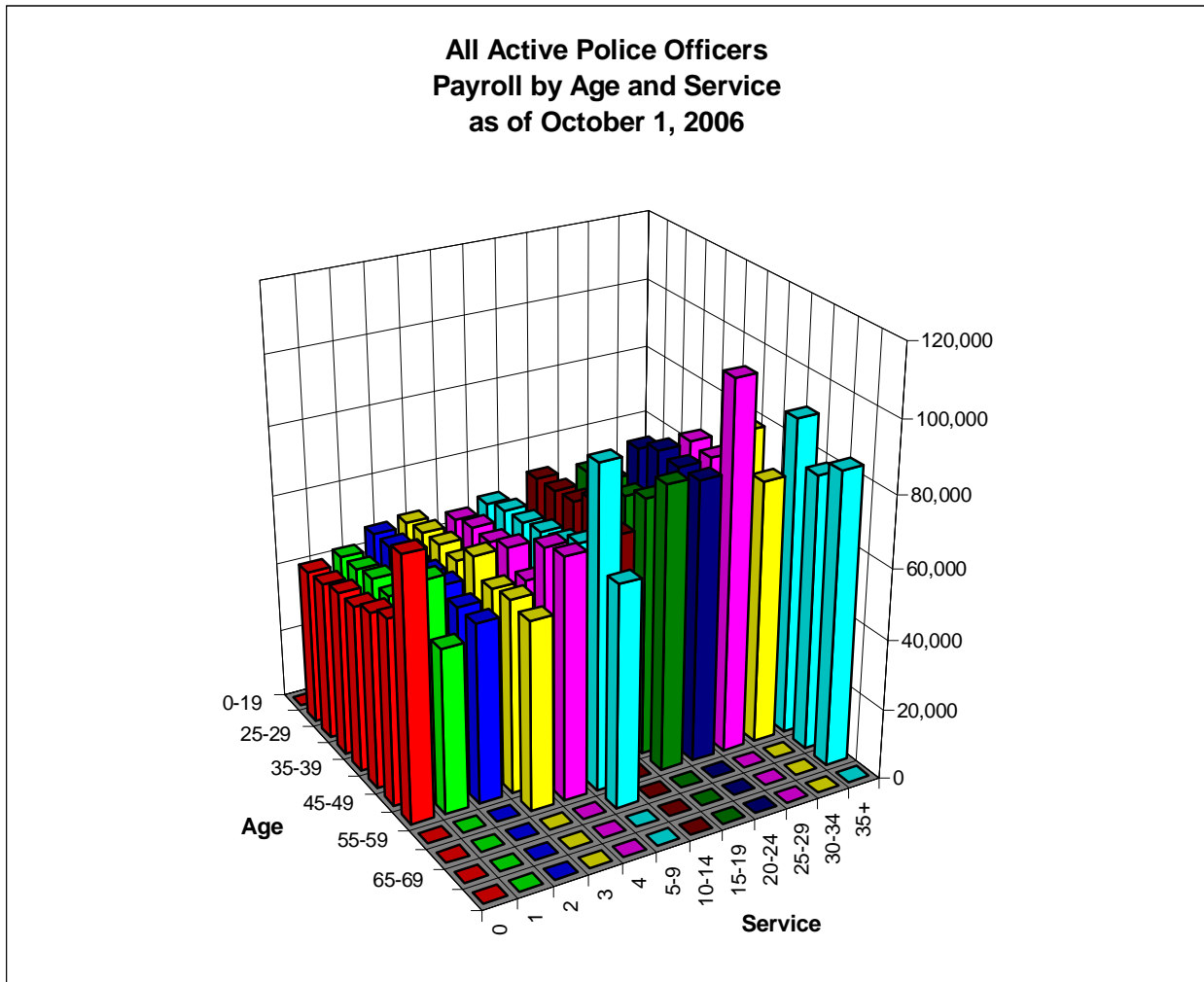
Average Service: 4.5







Service Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	62	46	35	7	0	0	0	0	0	0	0	0	150
25-29	57	71	105	57	54	56	0	0	0	0	0	0	400
30-34	35	30	47	40	43	268	74	0	0	0	0	0	537
35-39	16	25	38	25	35	201	172	411	0	0	0	0	923
40-44	5	7	11	9	18	78	85	632	116	0	0	0	961
45-49	5	4	1	5	1	34	24	200	262	7	0	0	543
50-54	3	1	1	2	2	10	1	15	105	28	12	0	180
55-59	0	0	0	1	2	4	0	2	3	8	4	14	38
60-64	0	0	0	0	0	2	0	0	0	0	0	10	12
65-69	0	0	0	0	0	0	0	0	0	0	0	3	3
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>183</b>	<b>184</b>	<b>238</b>	<b>146</b>	<b>155</b>	<b>653</b>	<b>356</b>	<b>1260</b>	<b>486</b>	<b>43</b>	<b>16</b>	<b>27</b>	<b>3,747</b>

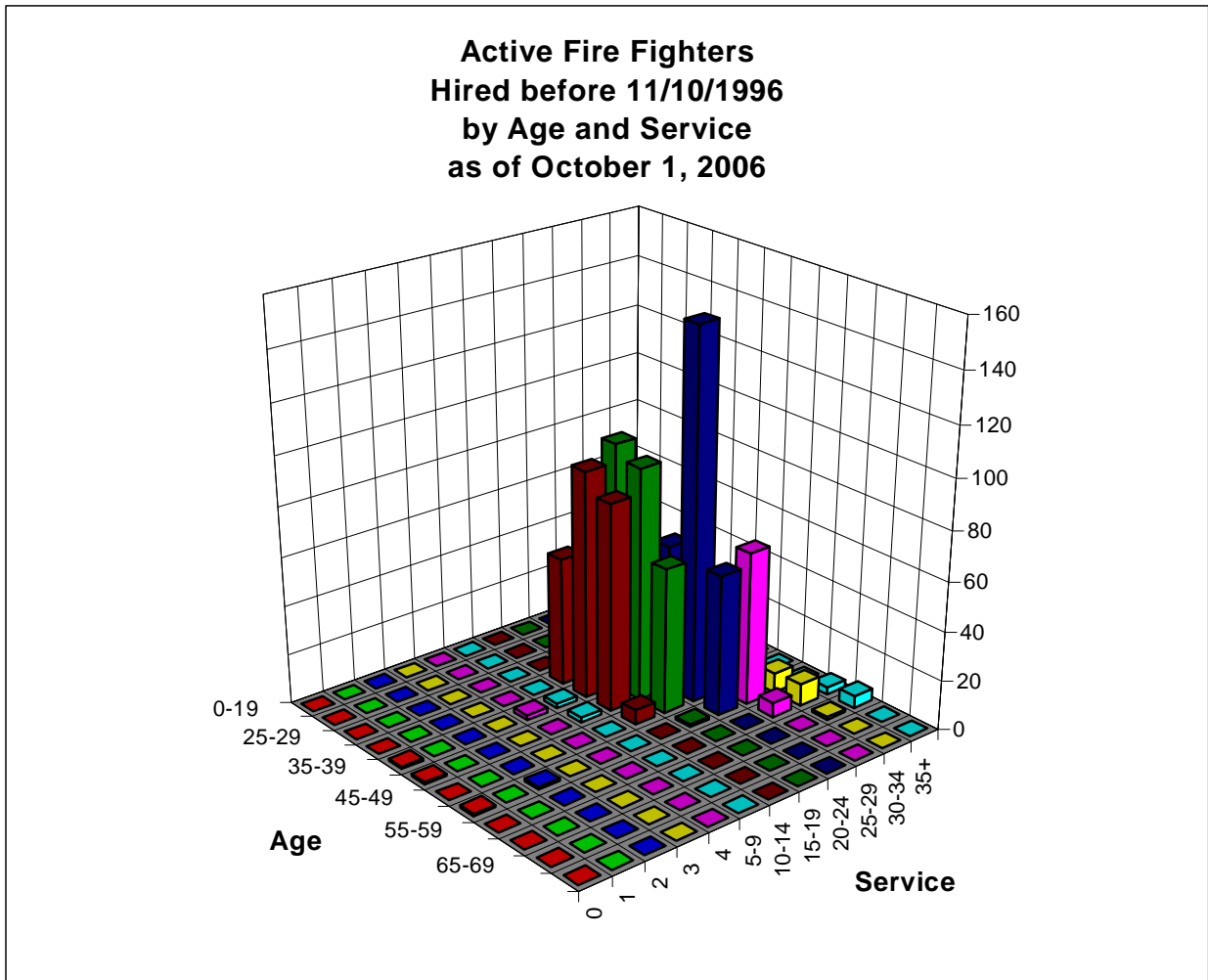


Service	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
<b>Age</b>													
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	44,611	46,596	50,969	51,980	0	0	0	0	0	0	0	0	47,047
25-29	45,394	47,259	51,432	53,140	54,571	56,943	0	0	0	0	0	0	51,270
30-34	47,176	48,868	51,292	53,737	56,291	58,819	65,824	0	0	0	0	0	57,230
35-39	47,695	48,136	52,068	53,269	56,225	59,456	66,214	69,445	0	0	0	0	64,059
40-44	50,388	64,409	52,993	58,790	58,755	60,807	67,016	70,861	77,529	0	0	0	69,812
45-49	53,185	61,177	51,248	53,835	53,809	62,023	71,170	70,293	80,694	81,109	0	0	74,530
50-54	74,814	46,842	51,248	55,155	67,042	65,797	65,407	73,478	79,811	80,203	85,456	0	78,021
55-59	0	0	0	53,809	68,676	91,321	0	81,132	79,993	105,283	75,274	90,453	88,642
60-64	0	0	0	0	0	63,111	0	0	0	0	0	78,644	76,055
65-69	0	0	0	0	0	0	0	0	0	0	0	83,658	83,658
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>46,502</b>	<b>48,427</b>	<b>51,508</b>	<b>53,674</b>	<b>56,246</b>	<b>59,578</b>	<b>66,656</b>	<b>70,356</b>	<b>79,743</b>	<b>85,017</b>	<b>82,911</b>	<b>85,324</b>	<b>65,001</b>

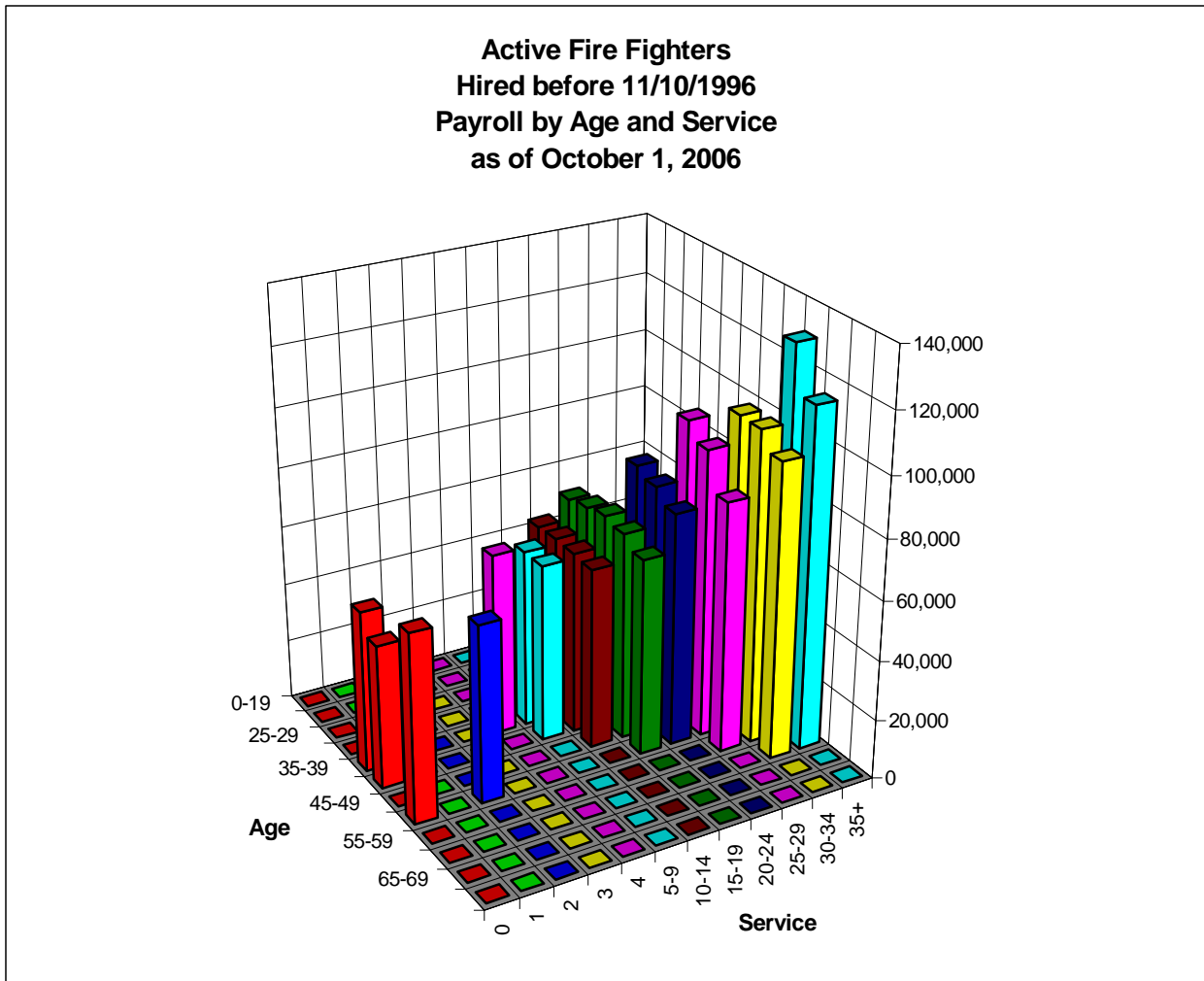
Average Age: 38.9

Average Service: 12.5





Service Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	52	2	0	0	0	0	54
35-39	1	0	0	0	2	2	92	99	0	0	0	0	196
40-44	1	0	0	0	0	2	84	94	59	0	0	0	240
45-49	0	0	0	0	0	0	6	59	149	23	0	0	237
50-54	1	0	1	0	0	0	0	1	57	62	8	0	130
55-59	0	0	0	0	0	0	0	0	0	6	9	3	18
60-64	0	0	0	0	0	0	0	0	0	0	1	5	6
65-69	0	0	0	0	0	0	0	0	0	0	0	0	0
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>4</b>	<b>234</b>	<b>255</b>	<b>265</b>	<b>91</b>	<b>18</b>	<b>8</b>	<b>881</b>

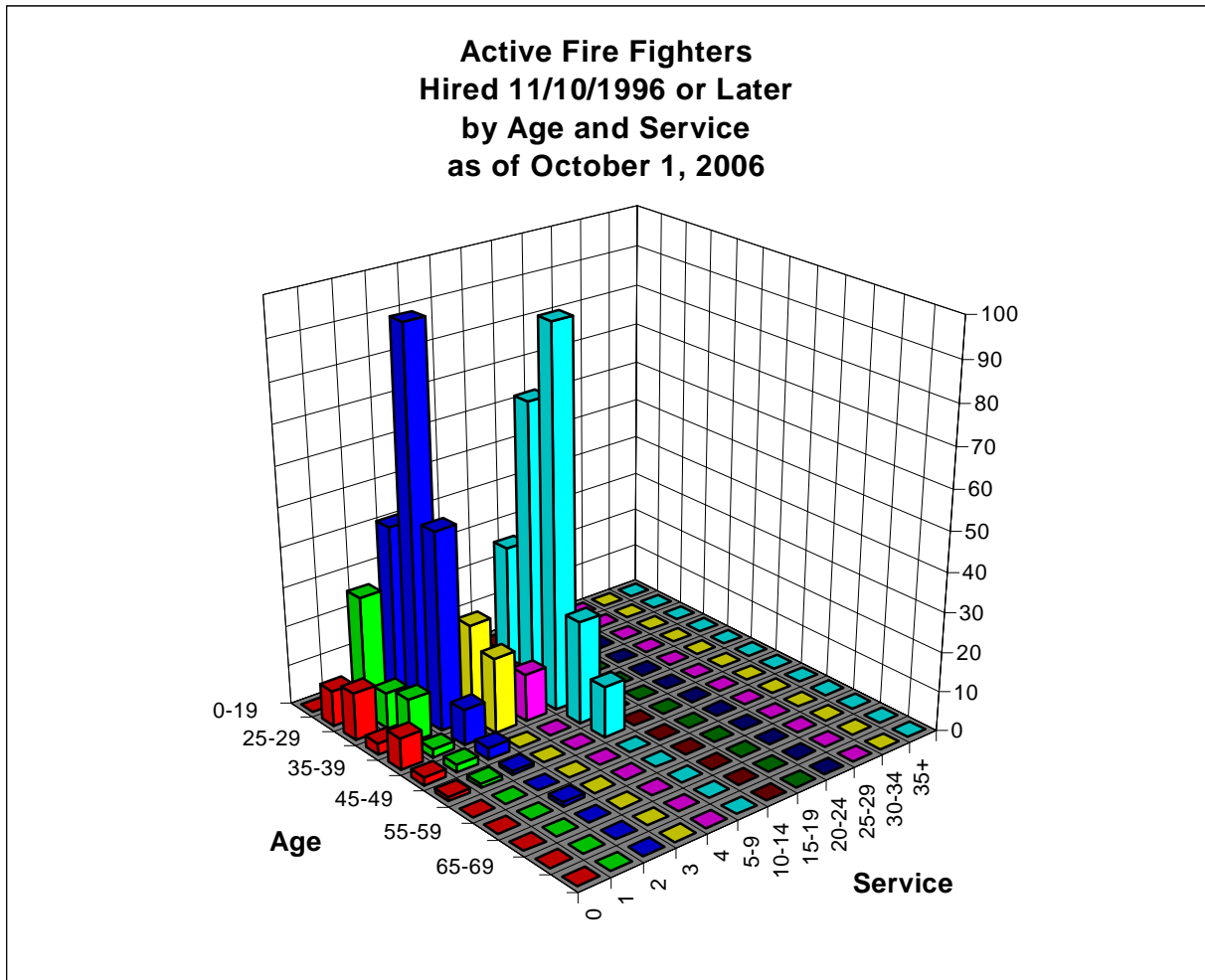


Service	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
Age													
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	61,052	67,812	0	0	0	0	61,302
35-39	54,100	0	0	0	61,497	59,935	61,607	69,464	0	0	0	0	65,519
40-44	48,135	0	0	0	0	59,978	61,502	71,292	85,457	0	0	0	71,157
45-49	0	0	0	0	0	0	60,843	70,077	82,948	102,037	0	0	81,037
50-54	63,046	0	59,510	0	0	0	0	66,198	78,586	96,829	105,491	0	88,581
55-59	0	0	0	0	0	0	0	0	0	84,281	105,092	130,014	102,309
60-64	0	0	0	0	0	0	0	0	0	0	99,221	114,460	111,920
65-69	0	0	0	0	0	0	0	0	0	0	0	0	0
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	55,094	0	59,510	0	61,497	59,957	61,426	70,254	82,568	97,318	104,943	120,293	75,442

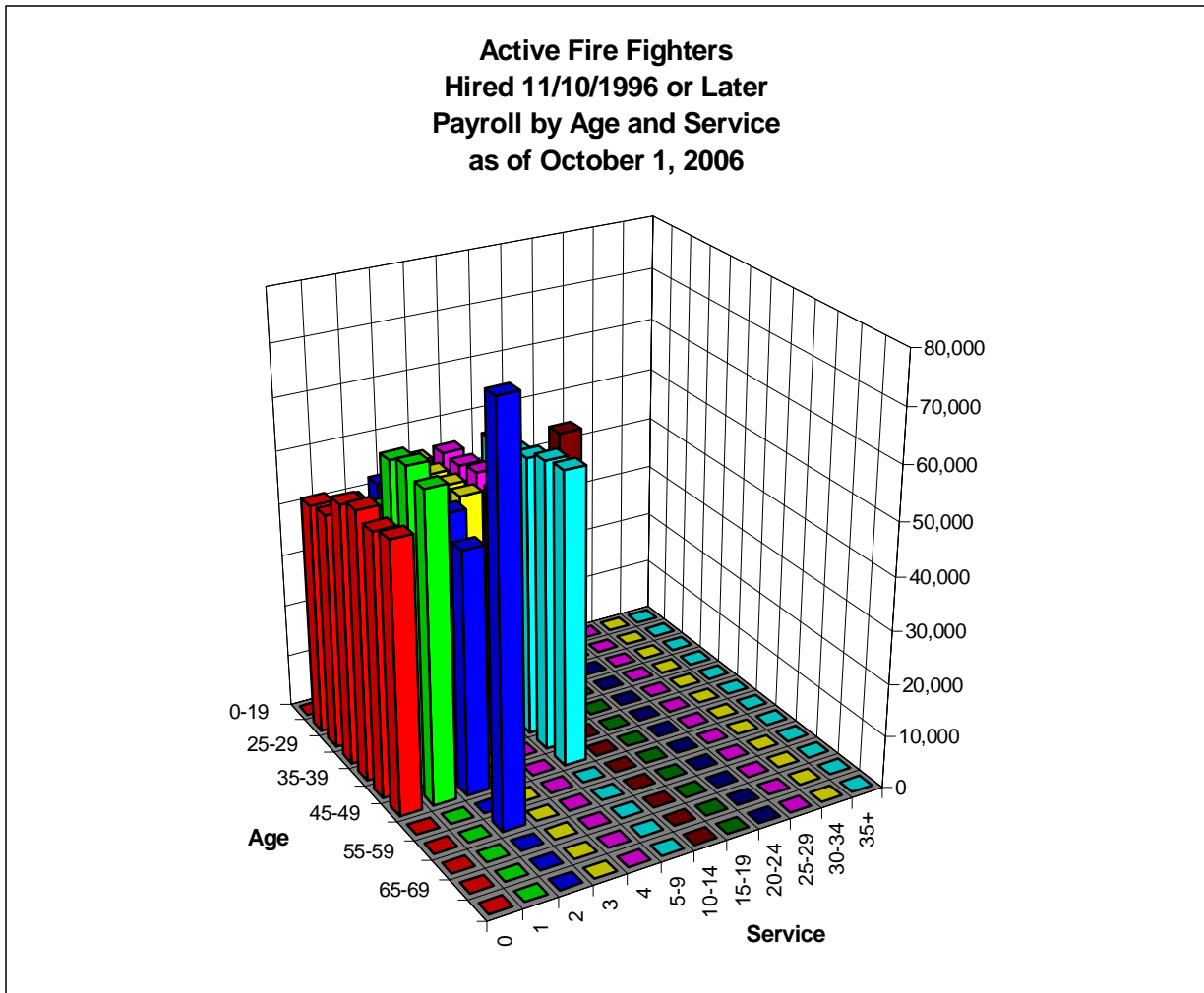
Average Age: 44.0

Average Service: 19.0





Service Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	9	30	45	7	3	0	0	0	0	0	0	0	94
25-29	12	9	96	8	7	35	0	0	0	0	0	0	167
30-34	3	11	50	24	9	74	0	0	0	0	0	0	171
35-39	8	2	9	19	12	95	1	0	0	0	0	0	146
40-44	2	2	3	0	0	26	0	0	0	0	0	0	33
45-49	1	1	1	0	0	13	0	0	0	0	0	0	16
50-54	0	0	0	0	0	0	0	0	0	0	0	0	0
55-59	0	0	1	0	0	0	0	0	0	0	0	0	1
60-64	0	0	0	0	0	0	0	0	0	0	0	0	0
65-69	0	0	0	0	0	0	0	0	0	0	0	0	0
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>35</b>	<b>55</b>	<b>205</b>	<b>58</b>	<b>31</b>	<b>243</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>628</b>

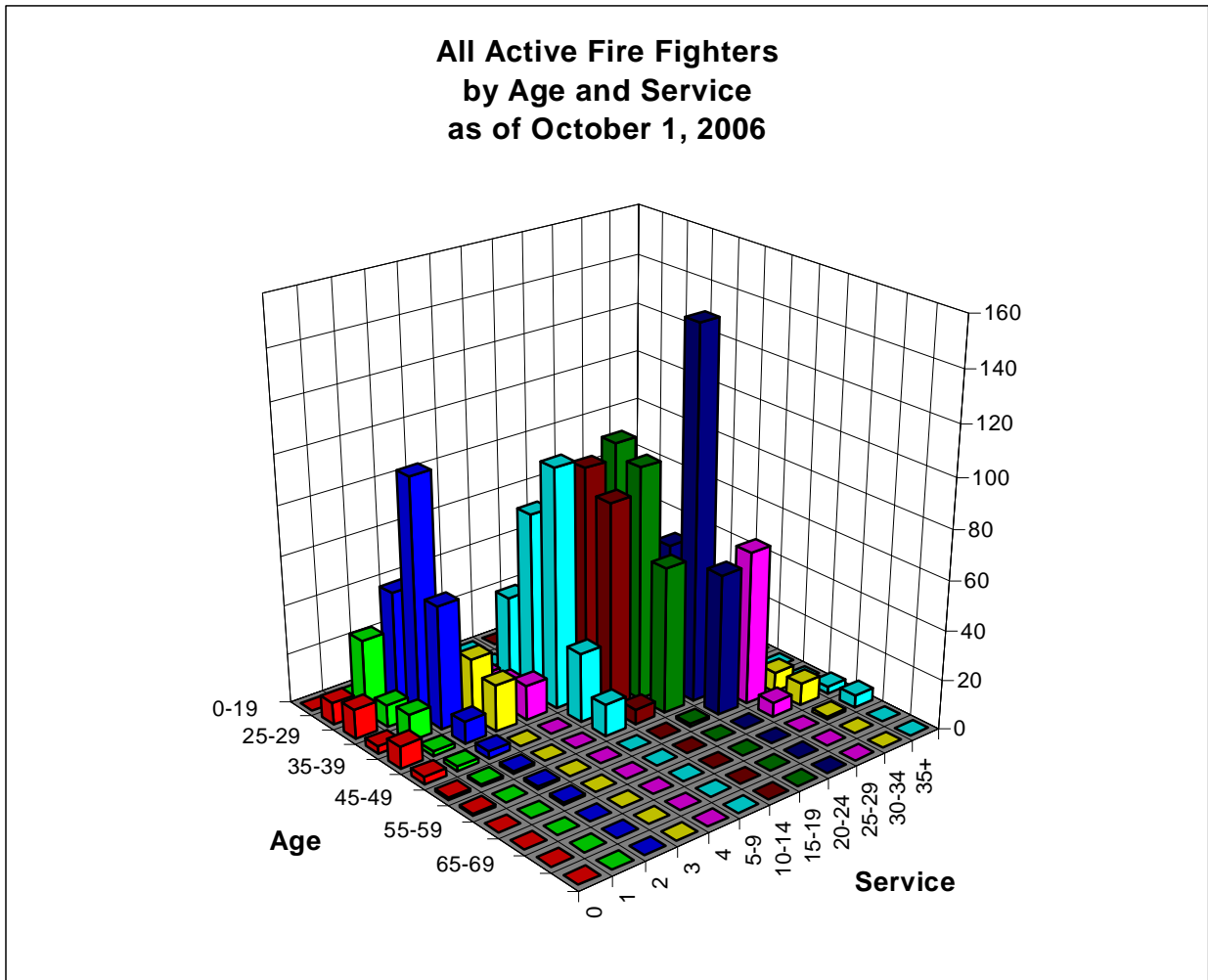


Service	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
<b>Age</b>													
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	44,017	42,768	45,106	47,831	48,135	0	0	0	0	0	0	0	44,555
25-29	44,798	44,254	46,328	47,869	48,135	51,665	0	0	0	0	0	0	47,374
30-34	49,412	47,089	46,379	48,401	49,366	51,715	0	0	0	0	0	0	49,228
35-39	51,011	58,358	51,401	48,964	48,135	53,144	56,230	0	0	0	0	0	52,057
40-44	49,839	59,849	49,838	0	0	55,091	0	0	0	0	0	0	54,584
45-49	51,117	58,360	46,004	0	0	55,853	0	0	0	0	0	0	55,098
50-54	0	0	0	0	0	0	0	0	0	0	0	0	0
55-59	0	0	77,402	0	0	0	0	0	0	0	0	0	77,402
60-64	0	0	0	0	0	0	0	0	0	0	0	0	0
65-69	0	0	0	0	0	0	0	0	0	0	0	0	0
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>46,881</b>	<b>45,347</b>	<b>46,496</b>	<b>48,443</b>	<b>48,492</b>	<b>52,849</b>	<b>56,230</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>49,169</b>

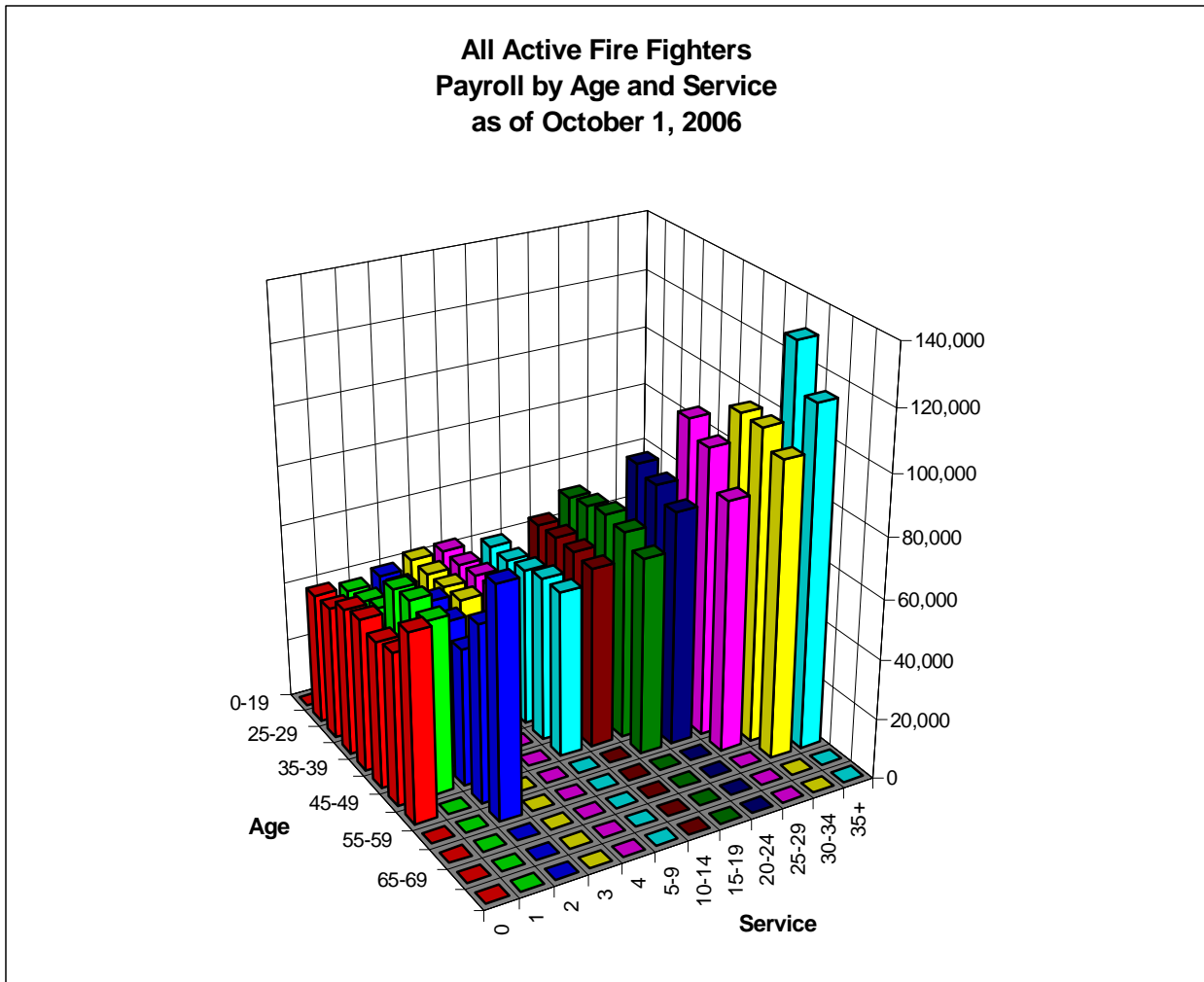
Average Age: 31.8

Average Service: 4.2





Service Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	9	30	45	7	3	0	0	0	0	0	0	0	94
25-29	12	9	96	8	7	35	0	0	0	0	0	0	167
30-34	3	11	50	24	9	74	52	2	0	0	0	0	225
35-39	9	2	9	19	14	97	93	99	0	0	0	0	342
40-44	3	2	3	0	0	28	84	94	59	0	0	0	273
45-49	1	1	1	0	0	13	6	59	149	23	0	0	253
50-54	1	0	1	0	0	0	0	1	57	62	8	0	130
55-59	0	0	1	0	0	0	0	0	0	6	9	3	19
60-64	0	0	0	0	0	0	0	0	0	0	1	5	6
65-69	0	0	0	0	0	0	0	0	0	0	0	0	0
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>38</b>	<b>55</b>	<b>206</b>	<b>58</b>	<b>33</b>	<b>247</b>	<b>235</b>	<b>255</b>	<b>265</b>	<b>91</b>	<b>18</b>	<b>8</b>	<b>1,509</b>



Service	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
Age													
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	44,017	42,768	45,106	47,831	48,135	0	0	0	0	0	0	0	44,555
25-29	44,798	44,254	46,328	47,869	48,135	51,665	0	0	0	0	0	0	47,374
30-34	49,412	47,089	46,379	48,401	49,366	51,715	61,052	67,812	0	0	0	0	52,126
35-39	51,354	58,358	51,401	48,964	50,044	53,284	61,549	69,464	0	0	0	0	59,772
40-44	49,271	59,849	49,838	0	0	55,440	61,502	71,292	85,457	0	0	0	69,154
45-49	51,117	58,360	46,004	0	0	55,853	60,843	70,077	82,948	102,037	0	0	79,396
50-54	63,046	0	59,510	0	0	0	0	66,198	78,586	96,829	105,491	0	88,581
55-59	0	0	77,402	0	0	0	0	0	0	84,281	105,092	130,014	100,998
60-64	0	0	0	0	0	0	0	0	0	0	99,221	114,460	111,920
65-69	0	0	0	0	0	0	0	0	0	0	0	0	0
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	47,530	45,347	46,559	48,443	49,281	52,964	61,404	70,254	82,568	97,318	104,943	120,293	64,508

Average Age: 38.9

Average Service: 12.9





**Inactive Teachers**

**Service Retirees**

	<u>District Count</u>	<u>Average District Benefit</u>	<u>Total Count</u>	<u>Combined District and Fed Benefit</u>
Under 35	0	\$0	0	\$0
35-39	0	\$0	1	\$48,840
40-44	0	\$0	0	\$0
45-49	0	\$0	0	\$0
50-54	4	\$10,420	4	\$34,059
55-59	425	\$10,513	439	\$42,528
60-64	911	\$7,337	1,056	\$39,695
65-69	473	\$5,849	904	\$38,040
70-74	156	\$5,629	868	\$38,476
75-79	40	\$5,395	692	\$35,981
80-84	7	\$6,305	451	\$34,938
85-89	1	\$14,676	276	\$36,860
90-94	0	\$0	144	\$37,626
95-99	0	\$0	62	\$39,310
<u>100 and over</u>	<u>0</u>	<u>\$0</u>	<u>10</u>	<u>\$45,271</u>
Total	2,017	\$7,493	4,907	\$38,250

**Beneficiaries**

	<u>District Count</u>	<u>Average District Benefit</u>	<u>Total Count</u>	<u>Combined District and Fed Benefit</u>
Under 19	14	\$2,589	28	\$5,323
20-24	4	\$1,369	10	\$5,813
25-29	0	\$0	0	\$0
30-34	0	\$0	0	\$0
35-39	0	\$0	2	\$5,640
40-44	1	\$9,888	2	\$7,722
45-49	5	\$6,502	10	\$16,322
50-54	9	\$5,395	13	\$14,116
55-59	15	\$5,936	32	\$16,204
60-64	10	\$2,239	43	\$14,836
65-69	9	\$4,730	51	\$18,378
70-74	4	\$7,171	57	\$17,033
75-79	0	\$0	69	\$19,575
80-84	0	\$0	58	\$18,343
85-89	0	\$0	39	\$21,084
90-94	0	\$0	30	\$28,444
95-99	0	\$0	10	\$19,658
<u>100 and over</u>	<u>0</u>	<u>\$0</u>	<u>3</u>	<u>\$19,192</u>
Total	71	\$4,442	457	\$17,483

**Inactive Teachers  
 Disabled**

	<u>District Count</u>	<u>Average District Benefit</u>	<u>Total Count</u>	<u>Combined District and Fed Benefit</u>
Under 25	0	\$0	0	\$0
25-29	0	\$0	0	\$0
30-34	0	\$0	0	\$0
35-39	2	\$13,580	2	\$19,680
40-44	2	\$11,544	2	\$22,290
45-49	3	\$11,436	9	\$20,096
50-54	17	\$7,886	22	\$25,822
55-59	40	\$7,500	66	\$24,481
60-64	18	\$5,430	57	\$23,736
65-69	4	\$1,366	63	\$24,411
70-74	1	\$6,173	52	\$25,113
75-79	0	\$0	67	\$25,593
80-84	0	\$0	57	\$28,555
85-89	0	\$0	37	\$37,202
90-94	0	\$0	18	\$27,361
95-99	0	\$0	2	\$23,634
<u>100 and over</u>	<u>0</u>	<u>\$0</u>	<u>1</u>	<u>\$18,672</u>
Total	87	\$7,219	455	\$26,204

**Terminated Vested**

	<u>District Count</u>	<u>Average District Benefit</u>	<u>Total Count</u>	<u>Combined District and Fed Benefit</u>
Under 25	0	\$0	0	\$0
25-29	36	\$4,378	36	\$4,378
30-34	89	\$4,845	89	\$4,904
35-39	94	\$4,299	98	\$5,211
40-44	73	\$4,330	88	\$5,706
45-49	85	\$5,101	99	\$8,174
50-54	93	\$5,060	167	\$10,261
55-59	86	\$5,708	161	\$9,356
60-64	40	\$4,184	100	\$9,050
65-69	9	\$5,706	32	\$10,561
70-74	5	\$4,663	26	\$8,503
75-79	1	\$1,582	18	\$6,577
80-84	1	\$6,241	25	\$9,557
85-89	0	\$0	18	\$10,054
90-94	0	\$0	14	\$7,219
95-99	0	\$0	10	\$8,627
<u>100 and over</u>	<u>0</u>	<u>\$0</u>	<u>0</u>	<u>\$0</u>
Total	612	\$4,827	981	\$7,977

**Inactive Police Officers  
 Service Retirees**

	<u>District Count</u>	<u>Average District Benefit</u>	<u>Total Count</u>	<u>Combined District and Fed Benefit</u>
Under 35	0	\$0	0	\$0
35-39	1	\$22,596	1	\$22,596
40-44	0	\$0	0	\$0
45-49	25	\$12,793	25	\$53,744
50-54	232	\$10,292	389	\$48,816
55-59	228	\$6,554	1,011	\$44,920
60-64	60	\$4,421	784	\$45,388
65-69	3	\$6,141	477	\$45,470
70-74	0	\$0	250	\$48,534
75-79	0	\$0	123	\$60,041
80-84	0	\$0	49	\$63,282
85-89	0	\$0	17	\$80,439
90-94	0	\$0	6	\$53,924
95-99	0	\$0	3	\$45,432
<u>100 and over</u>	<u>0</u>	<u>\$0</u>	<u>0</u>	<u>\$0</u>
Total	549	\$8,212	3,135	\$47,046

**Beneficiaries**

	<u>District Count</u>	<u>Average District Benefit</u>	<u>Total Count</u>	<u>Combined District and Fed Benefit</u>
Under 19	82	\$1,778	88	\$4,893
20-24	18	\$3,376	25	\$11,465
25-29	0	\$0	0	\$0
30-34	1	\$1,392	2	\$4,566
35-39	14	\$12,186	18	\$22,622
40-44	9	\$11,630	16	\$22,829
45-49	17	\$5,708	43	\$19,853
50-54	18	\$3,576	97	\$20,801
55-59	8	\$4,327	147	\$21,819
60-64	9	\$4,278	145	\$23,567
65-69	0	\$0	146	\$24,505
70-74	1	\$10,155	119	\$26,272
75-79	2	\$1,649	143	\$25,684
80-84	2	\$502	118	\$25,604
85-89	0	\$0	118	\$26,554
90-94	0	\$0	66	\$27,925
95-99	0	\$0	15	\$25,056
<u>100 and over</u>	<u>0</u>	<u>\$0</u>	<u>3</u>	<u>\$25,152</u>
Total	181	\$4,045	1,309	\$22,781

**Inactive Police Officers  
 Disabled**

	<u>District Count</u>	<u>Average District Benefit</u>	<u>Total Count</u>	<u>Combined District and Fed Benefit</u>
Under 25	0	\$0	0	\$0
25-29	2	\$21,564	2	\$21,564
30-34	8	\$20,992	8	\$23,172
35-39	48	\$21,030	54	\$26,125
40-44	60	\$19,345	70	\$26,643
45-49	44	\$17,891	71	\$28,811
50-54	42	\$11,475	121	\$34,558
55-59	10	\$4,051	191	\$36,360
60-64	3	\$3,834	188	\$36,694
65-69	0	\$0	143	\$40,851
70-74	0	\$0	122	\$42,833
75-79	0	\$0	150	\$46,828
80-84	0	\$0	98	\$49,517
85-89	0	\$0	36	\$48,052
90-94	0	\$0	23	\$54,369
95-99	0	\$0	6	\$75,576
<u>100 and over</u>	<u>0</u>	<u>\$0</u>	<u>0</u>	<u>\$0</u>
Total	217	\$17,061	1,283	\$38,934

**Terminated Vested**

	<u>District Count</u>	<u>Average District Benefit</u>	<u>Total Count</u>	<u>Combined District and Fed Benefit</u>
Under 25	0	\$0	0	\$0
25-29	0	\$0	0	\$0
30-34	7	\$7,164	7	\$7,937
35-39	25	\$7,417	26	\$11,858
40-44	25	\$9,643	26	\$19,873
45-49	18	\$9,312	22	\$19,328
50-54	4	\$15,730	18	\$13,495
55-59	0	\$0	51	\$5,251
60-64	0	\$0	24	\$5,125
65-69	0	\$0	16	\$11,829
70-74	0	\$0	16	\$13,790
75-79	0	\$0	7	\$17,893
80-84	0	\$0	1	\$15,389
85-89	0	\$0	0	\$0
90-94	0	\$0	1	\$19,380
95-99	0	\$0	0	\$0
<u>100 and over</u>	<u>0</u>	<u>\$0</u>	<u>0</u>	<u>\$0</u>
Total	79	\$8,952	215	\$11,672

**Inactive Fire Fighters  
 Service Retirees**

	<u>District Count</u>	<u>Average District Benefit</u>	<u>Total Count</u>	<u>Combined District and Fed Benefit</u>
Under 35	0	\$0	0	\$0
35-39	0	\$0	0	\$0
40-44	0	\$0	0	\$0
45-49	8	\$14,061	8	\$48,365
50-54	64	\$14,973	77	\$56,820
55-59	71	\$10,903	148	\$57,225
60-64	22	\$5,954	241	\$52,599
65-69	1	\$3,535	233	\$52,754
70-74	0	\$0	121	\$52,393
75-79	0	\$0	69	\$63,280
80-84	0	\$0	22	\$64,766
85-89	0	\$0	12	\$72,407
90-94	0	\$0	2	\$66,930
95-99	0	\$0	0	\$0
<u>100 and over</u>	<u>0</u>	<u>\$0</u>	<u>0</u>	<u>\$0</u>
Total	166	\$11,924	933	\$55,019

**Beneficiaries**

	<u>District Count</u>	<u>Average District Benefit</u>	<u>Total Count</u>	<u>Combined District and Fed Benefit</u>
Under 19	27	\$3,664	27	\$6,635
20-24	4	\$1,182	5	\$3,038
25-29	0	\$0	1	\$27,636
30-34	0	\$0	0	\$0
35-39	1	\$13,416	1	\$20,628
40-44	1	\$10,585	5	\$22,411
45-49	2	\$873	10	\$15,824
50-54	7	\$4,890	20	\$21,371
55-59	3	\$1,636	29	\$22,817
60-64	0	\$0	43	\$23,817
65-69	2	\$20,560	69	\$24,561
70-74	0	\$0	44	\$27,021
75-79	0	\$0	77	\$27,164
80-84	1	\$2,168	63	\$27,476
85-89	0	\$0	65	\$28,464
90-94	0	\$0	23	\$28,107
95-99	0	\$0	8	\$30,530
<u>100 and over</u>	<u>0</u>	<u>\$0</u>	<u>1</u>	<u>\$24,144</u>
Total	48	\$4,413	491	\$24,638

**Inactive Fire Fighters  
 Disabled**

	<u>District Count</u>	<u>Average District Benefit</u>	<u>Total Count</u>	<u>Combined District and Fed Benefit</u>
Under 25	0	\$0	0	\$0
25-29	0	\$0	0	\$0
30-34	1	\$20,448	1	\$20,448
35-39	2	\$22,178	2	\$25,392
40-44	5	\$22,455	5	\$27,552
45-49	7	\$15,456	14	\$24,843
50-54	18	\$10,967	45	\$37,901
55-59	11	\$4,981	41	\$42,539
60-64	2	\$620	75	\$42,483
65-69	0	\$0	91	\$45,253
70-74	0	\$0	62	\$42,987
75-79	0	\$0	63	\$49,642
80-84	0	\$0	50	\$52,844
85-89	0	\$0	42	\$55,785
90-94	0	\$0	9	\$65,899
95-99	0	\$0	0	\$0
<u>100 and over</u>	<u>0</u>	<u>\$0</u>	<u>0</u>	<u>\$0</u>
Total	46	\$11,711	500	\$45,363

**Terminated Vested**

	<u>District Count</u>	<u>Average District Benefit</u>	<u>Total Count</u>	<u>Combined District and Fed Benefit</u>
Under 25	0	\$0	0	\$0
25-29	2	\$5,097	2	\$5,097
30-34	1	\$7,182	1	\$7,182
35-39	3	\$4,861	4	\$6,774
40-44	3	\$8,536	4	\$18,299
45-49	3	\$3,526	3	\$15,772
50-54	3	\$4,250	7	\$12,370
55-59	0	\$0	2	\$3,319
60-64	0	\$0	4	\$9,227
65-69	0	\$0	1	\$17,230
70-74	0	\$0	1	\$11,072
75-79	0	\$0	0	\$0
80-84	0	\$0	0	\$0
85-89	0	\$0	0	\$0
90-94	0	\$0	0	\$0
95-99	0	\$0	0	\$0
<u>100 and over</u>	<u>0</u>	<u>\$0</u>	<u>0</u>	<u>\$0</u>
Total	15	\$5,393	29	\$11,153

**Changes in Plan Membership  
 Teachers**

	<b>Actives</b>	<b>Non-Vested Terminations Due Refunds</b>	<b>Vested Terminations</b>	<b>Disabled</b>	<b>Retired</b>	<b>Beneficiaries</b>	<b>Total Participants</b>
October 1, 2005	<b>5,707</b>	<b>3,270</b>	<b>758</b>	<b>466</b>	<b>4,886</b>	<b>461</b>	<b>15,548</b>
New Entrants	583	-	-	-	-	-	583
Rehires	48	(21)	(5)	-	(1)	-	21
Disabilities	(8)	-	-	8	-	-	0
Retirements	(176)	-	(6)	-	182	-	0
Vested Terminations	(276)	-	276	-	-	-	0
Died, With Beneficiaries' Benefit Payable	(5)	-	-	-	(14)	19	0
Died, Without Beneficiary, and Other Terminations	(681)	674	(1)	(20)	(148)	-	( 176)
Transfers	-	-	-	-	-	-	0
Refund of Contributions	(104)	(86)	(39)	-	-	-	( 229)
Beneficiary Deaths	-	-	-	-	-	(33)	( 33)
Domestic Relations Orders	-	-	-	-	-	1	1
Data Corrections/Not Reported	-	17	(2)	1	2	9	27
October 1, 2006	<b>5,088*</b>	<b>3,854</b>	<b>981</b>	<b>455</b>	<b>4,907</b>	<b>457</b>	<b>15,742</b>

\* Includes members assumed to be on leave of absence.

**Changes in Plan Membership  
 Police Officers**

	<b>Actives</b>	<b>Non-Vested Terminations Due Refunds</b>	<b>Vested Terminations</b>	<b>Disabled</b>	<b>Retired</b>	<b>Beneficiaries</b>	<b>Total Participants</b>
October 1, 2005	<b>3,741</b>	<b>529</b>	<b>213</b>	<b>1,258</b>	<b>3,153</b>	<b>1,263</b>	<b>10,157</b>
New Entrants	218	-	-	-	-	-	218
Rehires	9	(2)	-	-	-	-	7
Disabilities	(55)	-	-	55	-	-	0
Retirements	(28)	-	-	-	28	-	0
Vested Terminations	(26)	-	26	-	-	-	0
Died, With Beneficiaries' Benefit Payable	(2)	-	(2)	(16)	(21)	46	5
Died, Without Beneficiary, and Other Terminations	(53)	51	(2)	(24)	(24)	-	( 52)
Transfers	-	-	-	-	-	-	0
Refund of Contributions	(58)	(17)	(20)	-	-	-	( 95)
Beneficiary Deaths	-	-	-	-	-	(59)	( 59)
Domestic Relations Orders	-	-	-	-	-	11	11
Data Corrections/Not Reported	1	20	-	10	(1)	48	78
October 1, 2006	<b>3,747</b>	<b>581</b>	<b>215</b>	<b>1,283</b>	<b>3,135</b>	<b>1,309</b>	<b>10,270</b>



**Changes in Plan Membership  
 Fire Fighters**

	<b>Actives</b>	<b>Non-Vested Terminations Due Refunds</b>	<b>Vested Terminations</b>	<b>Disabled</b>	<b>Retired</b>	<b>Beneficiaries</b>	<b>Total Participants</b>
October 1, 2005	<b>1,481</b>	<b>188</b>	<b>25</b>	<b>514</b>	<b>932</b>	<b>478</b>	<b>3,618</b>
New Entrants	82	-	-	-	-	-	82
Rehires	3	(1)	-	-	-	-	2
Disabilities	(4)	-	-	4	-	-	0
Retirements	(19)	-	(1)	-	20	-	0
Vested Terminations	(5)	-	5	-	-	-	0
Died, With Beneficiaries' Benefit Payable	(2)	-	-	(13)	(13)	30	2
Died, Without Beneficiary, and Other Terminations	(23)	23	-	(5)	(6)	-	( 11)
Transfers	-	-	-	-	-	-	0
Refund of Contributions	(4)	(1)	-	-	-	-	( 5)
Beneficiary Deaths	-	-	-	-	-	(28)	( 28)
Domestic Relations Orders	-	-	-	-	-	1	1
Data Corrections/Not Reported	-	1	-	-	-	10	11
October 1, 2006	<b>1,509</b>	<b>210</b>	<b>29</b>	<b>500</b>	<b>933</b>	<b>491</b>	<b>3,672</b>

### 1.3: Actuarial Methods and Assumptions

#### Actuarial Funding Method

The funding method required by the “Replacement Plan Act” is the aggregate funding method. Under this Method, the District must contribute the level percent of pay that – combined with the actuarial value of assets, expected investment earnings, and future employee contributions – will pay for the benefits of the current participants by the time the current workforce leaves employment.

#### Actuarial Assumptions

Valuation Date All assets and liabilities are computed as of October 1, 2006.

Rate of Return The annual rate of return on all Fund assets is assumed to be 7.25%, net of investment and administrative expenses.

Cost of Living The cost of living as measured by the Consumer Price Index (CPI) will increase at the rate of 5.00% per year.

Increases in Pay Assumed pay increases for active Members consist of increases due to cost of living adjustments and promotion and increases due to longevity and retention incentives. Cost of living increases are assumed to result in a general wage increase of 5.0% for all employees. Sample rates for the increases due to promotions are given in the table below. Rates for the longevity and retention incentives are given separately.

	<u>Service</u>	<u>Teachers</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
	0	4.000%	5.000%	2.500%
	5	4.000%	3.563%	2.500%
	10	3.000%	2.584%	2.500%
	15	2.000%	2.314%	2.500%
	20	1.000%	2.000%	2.500%
	25	0.159%	1.100%	2.500%
	30	0.393%	0.500%	2.500%
	35	0.331%	0.000%	2.500%
	40	0.270%	0.000%	0.000%

#### Active Member Mortality

Rates of mortality for active male Teachers are given by the 1994 Uninsured Pension (UP94) Male Table with generational improvement using Projection Scale AA, with a one-year age set forward. Rates of mortality for active female Teachers are given by the 1994 Uninsured Pension (UP94) Female Table with generational improvement using Projection Scale AA, with a one-year age set forward.

Rates of mortality for active male Police Officers and Fire Fighters are given by the 1994 Uninsured Pension (UP94) Male Table with generational improvement using Projection Scale AA, with a three-year age set forward. Rates of mortality for active female Police Officers and Fire Fighters are given by the 1994 Uninsured Pension (UP94) Female Table with generational improvement using Projection Scale AA, with a three-year age set forward.

To value the pre-retirement death benefit for Police Officers and Fire Fighters, the benefit form for all retirements (normal or disabled) is assumed to be a 54.2% Joint and Survivor annuity for all participants.

25% of all Police Officer and Fire Fighter active deaths are assumed to occur in the line of duty.

#### Retired Member Mortality

Rates of mortality for retired male Teachers are given by the 1994 Uninsured Pension (UP94) Male Table with generational improvement using Projection Scale AA. Rates of mortality for active female Teachers are given by the 1994 Uninsured Pension (UP94) Female Table with generational improvement using Projection Scale AA.

Rates of mortality for active male Police Officers and Fire Fighters are given by the 1994 Uninsured Pension (UP94) Male Table with generational improvement using Projection Scale AA, with a two-year age set forward. Rates of mortality for active female Police Officers and Fire Fighters are given by the 1994 Uninsured Pension (UP94) Female Table with generational improvement using Projection Scale AA, with a two-year age set forward.

Disabled Member Mortality

Rates of mortality among disabled Members are specified for male and female members; separate tables are used for Teachers and for Public Safety disabled members. Sample rates for Teachers are as follows:

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	2.4000%	2.4000%
30	2.4000%	2.4000%
40	2.4000%	2.4000%
50	2.4545%	2.4000%
60	2.5910%	2.4000%
70	3.8006%	2.4000%
80	7.2111%	4.1413%
90	13.1554%	10.0013%

Sample rates for Police Officers and Fire Fighters are as follows:

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	0.9033%	0.5616%
30	0.9033%	0.5616%
40	0.9033%	0.5616%
50	0.9033%	0.5616%
60	1.3029%	0.8310%
70	2.6405%	1.7147%
80	6.4974%	4.2282%
90	15.6801%	12.2128%

Service Retirement

Retirement is assumed to occur among Teachers in accordance with the table below:

<u>Age</u>	<u>First Year Eligible</u>	<u>Subsequent Years</u>
50-55	20%	20%
56	40%	20%
57-59	60%	20%
60-69	20%	20%
70	100%	100%

For Police Officers and Fire Fighters, the following rates of retirement are assumed.

<u>Age</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
40	7.5%	2.0%
41	10.0%	3.0%
42	12.0%	4.0%
43	15.0%	5.0%
44	15.0%	5.0%
45	15.0%	6.0%
46	15.0%	7.0%
47	17.0%	8.0%
48	19.0%	9.0%
49	21.0%	11.0%
50	23.0%	13.0%
51	25.0%	15.0%
52	25.0%	20.0%
53	25.0%	25.0%
54	30.0%	30.0%
55	40.0%	35.0%
56	50.0%	35.0%
57	50.0%	35.0%
58	50.0%	35.0%
59	50.0%	35.0%
60	100%	100%

It is assumed that all Police Officers and Fire Fighters retire after 31 years of service.

Disability

Separate rates of disability are assumed among Teachers, Police Officers and Fire Fighters, with rates for both sexes combined. Below are sample rates:

<u>Age</u>	<u>Teachers</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
25	0.0300%	0.4383%	0.2893%
30	0.0572%	0.5750%	0.3795%
35	0.0932%	0.8500%	0.5610%
40	0.1292%	1.2500%	0.8250%
45	0.2040%	1.9633%	1.2958%
50	0.3212%	3.2500%	2.1450%
55	0.5520%	5.7750%	3.8115%
60	0.5700%	8.2500%	5.4450%
65	0.0000%	8.2500%	5.4450%

For Police Officers and Fire Fighters, it is assumed that 50% of the disabilities are due to accidents in the line of duty. The benefit amount for some members is defined to be based on the “% of disability.” For all Police Officer and Fire Fighter disabilities, the “% of disability” is assumed to be 100%.

Withdrawal

Separate rates of withdrawal/termination are assumed among Teachers, Police Officers, and Fire Fighters, with rates for both sexes combined. Withdrawal rates are not applied to Members eligible for service retirement.

<u>Age</u>	<u>Teachers</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
20	25.00%	12.13%	1.60%
25	23.00%	6.57%	1.60%
30	16.00%	4.23%	1.60%
35	11.00%	2.32%	1.60%
40	6.80%	1.33%	1.60%
45	4.80%	1.03%	1.60%
50	3.60%	0.00%	0.00%
55	0.00%	0.00%	0.00%
60	0.00%	0.00%	0.00%

For Police and Fire Fighters, all terminations are assumed to result in the withdrawal of contributions, with no further benefits payable. For Teachers with more than 5 years of service, terminated employees are expected to receive a deferred vested benefit. Teachers with less than 5 years of service receive a refund of accumulated contributions.

Pay for Benefits	Allowances have been made for special increases in Compensation prior to termination or retirement. For Police Officers, an additional increase of 5% is given for the Base Retention Differential after 20 years of service. Also, Police Officers are assumed to receive a longevity increase of 10% after 20 years of service, and additional increases of 5% after 25 and 30 years of service. Fire Fighters are assumed to receive retention incentives of 5%, 10%, 15%, and 20% applied to base pay after 15, 20, 25, and 30 years of service, respectively.
Family Composition	64% of Teachers and 80% of Police Officers and Fire Fighters are assumed to be married. Male spouses are assumed to be three years older than their wives. Active employees are assumed to have one dependent child aged 10.
Employment Status	No future transfers among member groups are assumed.

### **Actuarial Value of Plan Assets**

The actuarial value of District assets is a modified market-related value. The actuarial value of assets method approved by the Board is defined as the expected actuarial value of assets (assuming a 7.25% rate of return) plus 1/3 of the difference between the expected and actual market value of assets. There is then a final adjustment made for the effect of the adjustment pursuant to D.C. Code §1-907.02(c). This adjustment is explained and developed in Section 3.5.

The detailed calculation of the actuarial value of District assets is shown in Section 2.5.

### **Participant Data**

Data on active and inactive Members and their beneficiaries as of the valuation date was supplied by the Office of Pay and Retirement Services on electronic media. As is usual in studies of this type, Member data was neither verified nor audited, but was reviewed for reasonableness.

Certain assumptions were made with respect to information provided by the District of Columbia:

- Charter school teachers data is not available. To account for this group, active liabilities and payroll were increased by 1.5%
- The data is incomplete with respect to former members who have a deferred vested benefit. Thus, benefits for these individuals are assumed based on their service and pay history as available.
- Benefit Service has been determined based on employee contribution history.
- Benefit Splits between Federal and District have been estimated for terminated vested participants with missing benefit amounts based on employee contribution history.
- It is assumed that all Fire and Police members with prior military service will purchase this service. To account for this, an average amount of prior service of 0.4 years based on a prior study is assumed for all Police and Fire members.

**Section 2:**  
**Asset Information**



## 2.1: Current Value of District Assets as of October 1, 2006

The allocation of benefit payments and investment income between police and fire are approximations based on the most recent information available from the District of Columbia and the D.C. Retirement Board.

\$ millions	<u>Teachers</u>	<u>Police</u>	<u>Fire</u>	<u>Police &amp; Fire</u>	<u>Total Fund</u>
(1) Current Value of Assets as of October 1, 2005 <sup>1</sup>	\$1,145.6	\$1,424.6	\$553.9	\$1,978.5	\$3,124.1
(2) FY 2006 District Contributions	\$15.5	\$86.9	\$30.6	\$ 117.5	\$ 133.0
(3) FY 2006 Employee Contributions	\$25.1	\$17.9	\$7.2	\$ 25.1	\$ 50.2
(4) FY 2006 Actual Benefit Payments <sup>2</sup>	\$(8.1)	\$(3.2)	\$(0.3)	\$(3.5)	\$(11.6)
(5) FY 2006 Investment Earnings <sup>3</sup>	\$122.2	\$146.4	\$57.2	\$ 203.6	\$ 325.8
(6) Actual Current Value of Assets as of October 1, 2006	\$1,300.3	\$1,672.6	\$648.6	\$2,321.2	\$3,621.5
(7) Benefits Payable for FY 2006	\$(15.9)	\$(10.1)	\$(2.9)	\$(13.0)	\$(28.9)
(8) Final Current Value of Assets as of October 1, 2006	\$1,284.4	\$1,662.5	\$645.7	\$2,308.2	\$3,592.6
(9) Approximate Rate of Return					9.8%

<sup>1</sup> The current value of assets as of October 1, 2005 was equal to the market value less estimated benefits payable of \$12.4 million for the Teachers, \$7.2 million for the Police Officers, and \$2.1 million for the Fire Fighters.

<sup>2</sup> The fund paid \$21.7 million in benefits which was already reflected as benefits payable.

<sup>3</sup> Net of transferred amounts

## 2.2: Actuarial Value of District Assets as of October 1, 2006

The current actuarial value of assets method approved by the Board is the expected actuarial value of assets (assuming a 7.25% return on the previous year's AVA) plus one-third of the difference between the expected and actual current value of assets. There is then a final adjustment made for the effect of the adjustment pursuant to D.C. Code §1-907.02(c).

\$ millions	<u>Teachers</u>	<u>Police</u>	<u>Fire</u>	<u>Police &amp; Fire</u>	<u>Total Fund</u>
(1) Actuarial Value of Assets as of October 1, 2005	\$1,104.6	\$1,392.5	\$541.1	\$1,933.6	\$3,038.2
(2) FY 2006 District Contributions	\$15.5	\$86.9	\$30.6	\$ 117.5	\$ 133.0
(3) FY 2006 Employee Contributions	\$25.1	\$17.9	\$7.2	\$ 25.1	\$ 50.2
(4) FY 2006 Estimated Benefit Payments	\$(24.0)	\$(13.3)	\$(3.2)	\$(16.5)	\$(40.5)
(5) FY 2006 Expected Investment Earnings <sup>1</sup>	\$86.3	\$103.5	\$40.4	\$ 143.9	\$ 230.2
(6) Expected Actuarial Value of Assets as of October 1, 2006	\$1,207.5	\$1,587.5	\$616.1	\$2,203.6	\$3,411.1
(7) Final Current Value of Assets as of October 1, 2006	\$1,284.4	\$1,662.5	\$645.7	\$2,308.2	\$3,592.6
(8) Smoothed Value of Assets as of October 1, 2006 [(6) + 1/3 x (7 - 6)]	\$1,233.1	\$1,612.5	\$626.0	\$2,238.5	\$3,471.6
(9) Present Value of D.C. Code §1-907.02(c) Adjustment	\$(3.1)	\$10.0	\$4.1	\$14.1	\$11.0
(10) Final Actuarial Value of Assets as of October 1, 2006 [(8) + (9)]	\$1,230.0	\$1,622.5	\$630.1	\$2,252.6	\$3,482.6
(11) Approximate Rate of Return (on AVA)	9.6%	9.2%	9.2%	9.2%	9.3%

<sup>1</sup> Net of transferred amounts

**Section 3:**  
**Actuarial Computations**

### 3.1: Computation of Fiscal Year 2008 District Payment

This table shows the development of the fiscal year 2008 District payment. It represents the values used in the Required Actuarial Certification under D.C. Code §1-907.

\$ millions	<u>Teachers</u>	<u>Police</u>	<u>Fire</u>	<u>Total</u>
(1) Present Value of Future District Benefits	\$1,530.1	\$2,830.0	\$1,074.3	\$5,434.4
(2) Actuarial Value of Assets (Section 3.2)	\$1,230.0	\$1,622.5	\$630.1	\$3,482.6
(3) Present Value of Future Employee Contributions	\$228.8	\$200.1	\$85.5	\$ 514.4
(4) Present Value of Future Normal Costs [(1) – (2) – (3), not less than \$0]	\$ 71.3	\$1,007.4	\$ 358.7	\$1,437.4
(5) Present Value Future Payroll	\$3,008.0	\$2,671.3	\$1,137.3	\$6,816.6
(6) Normal Contribution Rate [(4) ÷ (5)]	2.4%	37.7%	31.5%	n/a
(7) Projected FY 2008 Payroll	\$338.4	\$263.2	\$105.5	\$ 707.1
(8) Projected FY 2008 Payment Before §1-907.02(c) [(6) x (7)]	\$8.1	\$99.2	\$33.2	\$ 140.5
(9) D.C. Code §1-907.02(c) Adjustment (Section 3.3)	\$(2.1)	\$4.0	\$0.6	\$2.5
(10) FY 2008 Payment [(8) + (9), not less than \$0]	\$6.0	\$103.2	\$33.8	\$ 143.0

### 3.2: Computation of Gain/Loss from Prior Valuation - Total Plan

This table shows the development of the gains & losses for the FY 2008 payment. Changes are due to (in order):  
 non-salary based demographics, salary changes, asset returns, and new entrants.

	\$ millions	2005 Results	2006 Results, Returning Members, Expected Salaries, Expected Assets	2006 Results, Returning Members, Actual Salaries, Expected Assets	2006 Results, Returning Members, Actual Salaries, Actual Assets	2006 Results, All Members, Actual Salaries, Actual Assets
(1) Present Value of Future District Benefits		\$5,107.8	\$5,315.2	\$5,275.5	\$5,275.5	\$5,434.4
(2) Actuarial Value of Assets		3,038.2	3,422.1	3,422.1	3,482.6	3,482.6
(3) Present Value of Future Employee Contributions		<u>531.6</u>	<u>477.6</u>	<u>476.3</u>	<u>476.3</u>	<u>514.3</u>
(4) Present Value of Future Normal Costs		\$1,538.0	\$1,415.4	\$1,377.1	\$1,316.6	\$1,437.5
(5) Present Value Future Payroll		\$7,102.7	\$6,361.2	\$6,341.4	\$6,341.4	\$6,816.6
(6) Normal Contribution Rate		20.9%	21.1%	20.7%	19.7%	19.9%
(7) Projected FY 2008 Payroll		\$698.4 <sup>1</sup>	\$672.2	\$667.2	\$667.2	\$707.0
(8) Projected FY 2008 Payment before Adjustments		\$146.0 <sup>1</sup>	\$141.7	\$137.8	\$131.5	\$140.5
(9) (Gain)/Loss (% of payroll)		N/A	0.2%	(0.4)%	(1.0)%	0.2%
(10) (Gain)/Loss (\$ Amount)		N/A	\$(4.3)	\$(3.9)	\$(6.3)	\$9.0

<sup>1</sup> Applies to Fiscal Year 2007

### Teachers' Retirement Fund Gain/Loss

This table shows the development of the gains & losses for the FY 2008 payment. Changes are due to (in order):  
 non-salary based demographics, salary changes, asset returns, and new entrants.

\$ millions	2005 Results	2006 Results, Returning Members, Expected Salaries, Expected Assets	2006 Results, Returning Members, Actual Salaries, Expected Assets	2006 Results, Returning Members, Actual Salaries, Actual Assets	2006 Results, All Members, Actual Salaries, Actual Assets
(1) Present Value of Future District Benefits	\$1,502.5	\$1,484.9	\$1,484.5	\$1,484.5	\$1,530.1
(2) Actuarial Value of Assets	1,104.6	1,204.4	1,204.4	1,230.0	1,230.0
(3) Present Value of Future Employee Contributions	<u>247.4</u>	<u>207.8</u>	<u>208.9</u>	<u>208.9</u>	<u>228.8</u>
(4) Present Value of Future Normal Costs	\$150.5	\$72.7	\$71.2	\$45.6	\$71.3
(5) Present Value Future Payroll	\$3,306.7	\$2,746.5	\$2,759.4	\$2,759.4	\$3,008.0
(6) Normal Contribution Rate	4.6%	2.6%	2.6%	1.7%	2.4%
(7) Projected FY 2008 Payroll	\$342.1 <sup>1</sup>	\$313.2	\$312.3	\$312.3	\$322.3
(8) Projected FY 2008 Payment before Adjustments	\$15.7 <sup>1</sup>	\$8.1	\$8.1	\$5.3	\$8.1
(9) (Gain)/Loss (% of payroll)	N/A	(2.0)%	0.0%	(0.9)%	0.7%
(10) (Gain)/Loss (\$ Amount)	N/A	\$(7.6)	\$0.0	\$(2.8)	\$2.8

<sup>1</sup> Applies to Fiscal Year 2007

### Police Officers Retirement Fund Gain/Loss

This table shows the development of the gains & losses for the FY 2008 payment. Changes are due to (in order):  
 non-salary based demographics, salary changes, asset returns, and new entrants.

\$ millions	2005 Results	2006 Results, Returning Members, Expected Salaries, Expected Assets	2006 Results, Returning Members, Actual Salaries, Expected Assets	2006 Results, Returning Members, Actual Salaries, Actual Assets	2006 Results, All Members, Actual Salaries, Actual Assets
(1) Present Value of Future District Benefits	\$2,624.4	\$2,781.7	\$2,750.4	\$2,750.4	\$2,830.0
(2) Actuarial Value of Assets	1,392.5	1,597.5	1,597.5	1,622.5	1,622.5
(3) Present Value of Future Employee Contributions	<u>202.2</u>	<u>189.6</u>	<u>187.4</u>	<u>187.4</u>	<u>200.1</u>
(4) Present Value of Future Normal Costs	\$1,029.7	\$994.6	\$965.5	\$940.5	\$1,007.4
(5) Present Value Future Payroll	\$2,709.1	\$2,542.0	\$2,513.3	\$2,513.3	\$2,671.3
(6) Normal Contribution Rate	38.0%	39.1%	38.4%	37.4%	37.7%
(7) Projected FY 2008 Payroll	\$257.7 <sup>1</sup>	\$256.3	\$253.1	\$253.1	\$263.2
(8) Projected FY 2008 Payment before Adjustments	\$97.9 <sup>1</sup>	\$100.2	\$97.2	\$94.7	\$99.2
(9) (Gain)/Loss (% of payroll)	N/A	1.1%	(0.7)%	(1.0)%	0.3%
(10) (Gain)/Loss (\$ Amount)	N/A	\$2.3	\$(3.0)	\$(2.5)	\$4.5

<sup>1</sup> Applies to Fiscal Year 2007

### Fire Fighters' Retirement Fund Gain/Loss

This table shows the development of the gains & losses for the FY 2008 payment. Changes are due to (in order):  
 non-salary based demographics, salary changes, asset returns, and new entrants.

	\$ millions	2005 Results	2006 Results, Returning Members, Expected Salaries, Expected Assets	2006 Results, Returning Members, Actual Salaries, Expected Assets	2006 Results, Returning Members, Actual Salaries, Actual Assets	2006 Results, All Members, Actual Salaries, Actual Assets
(1) Present Value of Future District Benefits		\$980.9	\$1,048.6	\$1,040.6	\$1,040.6	\$1,074.3
(2) Actuarial Value of Assets		541.1	620.2	620.2	630.1	630.1
(3) Present Value of Future Employee Contributions		<u>81.9</u>	<u>80.3</u>	<u>80.0</u>	<u>80.0</u>	<u>85.4</u>
(4) Present Value of Future Normal Costs		\$357.9	\$348.1	\$340.4	\$330.5	\$358.8
(5) Present Value Future Payroll		\$1,086.9	\$1,072.7	\$1,068.6	\$1,068.6	\$1,137.3
(6) Normal Contribution Rate		32.9%	32.5%	31.9%	30.9%	31.5%
(7) Projected FY 2008 Payroll		\$98.6 <sup>1</sup>	\$102.8	\$101.8	\$101.8	\$105.5
(8) Projected FY 2008 Payment before Adjustments		\$32.4 <sup>1</sup>	\$33.4	\$32.5	\$31.5	\$33.2
(9) (Gain)/Loss (% of payroll)		N/A	(0.4)%	(0.6)%	(1.0)%	0.6%
(10) (Gain)/Loss (\$ Amount)		N/A	\$1.0	\$(0.9)	\$(1.0)	\$1.7

<sup>1</sup> Applies to Fiscal Year 2007



### 3.3: Summary of Principal Valuation Results

#### Teachers Retirement Fund (\$ in millions)

##### Participant Data

	<u>October 1, 2006</u>	<u>October 1, 2005</u>	<u>Change</u>
Active Members			
Hired Prior to November 16, 1996	2,219	2,454	(9.6)%
Hired After November 16, 1996	2,869	3,253	(11.8)%
Total Active	5,088	5,707	(10.8)%
Retired Members, Beneficiaries and Terminated Vested (Post June 30, 1997)	2,787	2,397	16.4%
Total Participants	7,875	8,104	(2.8)%
Annual Salaries of Active Members	\$322.3	\$325.8	(1.1)%
Annual Retirement Benefits for Retirees & Beneficiaries (Post June 30, 1997)	\$15.9	\$14.3	11.2%

##### Assets and Liabilities

Present Value of Future District Benefits	\$1,530.1	\$1,502.5	1.8%
District Assets for Valuation Purposes (Actuarial Value)	1,230.0	1,104.6	11.4%
Present Value of Future Employee Contributions	228.8	247.4	(7.5)%
Present Value of Future District Contributions	71.3	150.5	(52.6)%
Present Value of Future Salaries	3,008.0	3,306.7	(9.0)%
Current Value of District Assets (Market Value)	1,284.4	1,145.6	12.1%

##### Contribution Results

	<u>FY 2008</u>	<u>FY 2007</u>	<u>Change</u>
Normal Contribution Rate	2.4%	4.6%	(47.8)%
Projected Payroll	\$338.4	\$342.1	(1.1)%
District Payment Before Adjustment	\$8.1	\$15.7	(48.4)%
District Payment After Adjustment	\$6.0	\$14.6	(58.9)%

**Police Officers and Fire Fighters Retirement Fund (Combined)**  
 (\$ in millions)

Participant Data

	<u>October 1, 2006</u>	<u>October 1, 2005</u>	<u>Change</u>
Active Members			
Hired Prior to February 15, 1980	158	201	(21.4)%
Hired Between February 15, 1980 and November 10, 1996	2,933	3,011	(2.6)%
Hired After November 10, 1996	2,165	2,010	7.7%
Total	5,256	5,222	0.7%
Retired Members, Beneficiaries and Terminated Vested (Post June 30, 1997)	1,301	1,141	13.5%
Total Participants	6,557	6,363	3.0%
Annual Salaries of Active Members	\$351.0	\$339.3	3.4%
Annual Retirement Benefits for Retirees & Beneficiaries (Post June 30, 1997)	\$13.0	\$10.4	25.0%

Assets and Liabilities

Present Value of Future District Benefits	\$3,904.3	\$3,605.3	8.3%
District Assets for Valuation Purposes (Actuarial Value)	2,252.6	1,933.6	16.5%
Present Value of Future Employee Contributions	285.6	284.1	0.5%
Present Value of Future District Contributions	1,366.1	1,387.6	(1.5)%
Present Value of Future Salaries	3,808.6	3,796.0	0.3%
Current Value of District Assets (Market Value)	2,308.2	1,978.5	16.7%

Contribution Results

	<u>FY 2008</u>	<u>FY 2007</u>	<u>Change</u>
Normal Contribution Rate	35.9%	36.6%	(1.9)%
Projected Payroll	\$368.7	\$356.3	3.5%
District Payment Before Adjustment	\$132.4	\$130.3	1.6%
District Payment After Adjustment	\$137.0	\$140.1	(2.2)%

**Police Officers Retirement Fund**  
**(\$ in millions)**

Participant Data

	<u>October 1, 2006</u>	<u>October 1, 2005</u>	<u>Change</u>
Active Members			
Hired Prior to February 15, 1980	72	97	(25.8)%
Hired Between February 15, 1980 and November 10, 1996	2,138	2,212	(3.3)%
Hired After November 10, 1996	1,537	1,432	7.3%
Total Active	3,747	3,741	0.2%
Retired Members, Beneficiaries and Terminated Vested (Post June 30, 1997)	1,026	901	13.3%
Total Participants	4,773	4,642	2.8%
Annual Salaries of Active Members	\$250.6	\$245.4	2.1%
Annual Retirement Benefits for Retirees & Beneficiaries (Post June 30, 1997)	\$10.1	\$8.1	24.7%

Assets and Liabilities

Present Value of Future District Benefits	\$2,830.0	\$2,624.4	7.8%
District Assets for Valuation Purposes (Actuarial Value)	1,622.5	1,392.5	16.5%
Present Value of Future Employee Contributions	200.1	202.2	(1.0)%
Present Value of Future District Contributions	1,007.4	1,029.7	(2.2)%
Present Value of Future Salaries	2,671.3	2,709.1	(1.4)%
Current Value of District Assets (Market Value)	1,662.5	1,424.6	16.7%

Contribution Results

	<u>FY 2008</u>	<u>FY 2007</u>	<u>Change</u>
Normal Contribution Rate	37.7%	38.0%	(0.8)%
Projected Payroll	\$263.2	\$257.7	2.1%
District Payment Before Adjustment	\$99.2	\$97.9	1.3%
District Payment After Adjustment	\$103.2	\$104.2	(1.0)%

**Fire Fighters Retirement Fund**  
**(\$ in millions)**

Participant Data

	<u>October 1, 2006</u>	<u>October 1, 2005</u>	<u>Change</u>
Active Members			
Hired Prior to February 15, 1980	86	104	(17.3)%
Hired Between February 15, 1980 and November 10, 1996	795	799	(0.5)%
Hired After November 10, 1996	628	578	8.7%
Total Active	1,509	1,481	1.9%
Retired Members, Beneficiaries and Terminated Vested (Post June 30, 1997)	275	240	14.2%
Total Participants	1,784	1,721	3.7%
Annual Salaries of Active Members	\$100.4	\$93.9	6.9%
Annual Retirement Benefits for Retirees & Beneficiaries (Post June 30, 1997)	\$2.9	\$2.3	26.1%

Assets and Liabilities

Present Value of Future District Benefits	\$1,074.3	\$980.9	9.5%
District Assets for Valuation Purposes (Actuarial Value)	630.1	541.1	16.4%
Present Value of Future Employee Contributions	85.5	81.9	4.4%
Present Value of Future District Contributions	358.7	357.9	0.2%
Present Value of Future Salaries	1,137.3	1,086.9	4.6%
Current Value of District Assets (Market Value)	645.7	553.9	16.6%

Contribution Results

	<u>FY 2008</u>	<u>FY 2007</u>	<u>Change</u>
Normal Contribution Rate	31.5%	32.9%	(4.3)%
Projected Payroll	\$105.5	\$98.5	7.1%
District Payment Before Adjustment	33.2	32.4	2.5%
District Payment After Adjustment	33.8	35.9	(5.8)%

### 3.4: Accrued Liabilities under the Entry Age Normal Method

The Governmental Accounting Standards Board (GASB) has recently announced proposed revisions to Standards 25 and 27, which would require “disclosure by governments that use the aggregate actuarial cost method of the funded status and present a multiyear schedule of funding progress using the entry age actuarial cost method as a surrogate.” This is because the Aggregate method does not explicitly define an accrued liability.

The table below shows the present value of the future District benefits, as well as the value of the District benefits accrued based on past service based on the Entry Age Normal method, which assigns total liabilities to past service (accrued liabilities), current service (normal cost), and future service (future normal costs). The actuarial assumptions (demographic and economic) used for the calculations in the table below are the same as were used to determine the required contributions. These assumptions are described in detail in Section 1.3, and summarized in Section 4.1 of this report.

#### Present Value of Future District Benefits as of October 1, 2006

(\$ millions)	<u>Teachers</u>	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Active Present Value of Future District Benefits	\$1,208.8	\$2,589.1	\$1,012.4	\$4,810.3
Inactive Present Value of Future District Benefits				
Retirees	265.1	97.7	42.4	405.2
Disabled Employees	19.9	118.4	15.6	153.9
Beneficiaries (including QDRO)	5.3	17.7	3.0	26.0
<u>Terminated Vested</u>	<u>31.0</u>	<u>7.1</u>	<u>0.9</u>	<u>39.0</u>
Total Inactive	321.3	240.9	61.9	624.1
Total Present Value of Future District Benefits	\$1,530.1	\$2,830.0	\$1,074.3	\$5,434.4

#### Accrued Liabilities for District Benefits as of October 1, 2006

Active Accrued Liability	\$784.7	\$1,587.4	\$568.8	\$2,940.9
<u>Inactive Accrued Liability</u>	<u>321.3</u>	<u>240.9</u>	<u>61.9</u>	<u>624.1</u>
Total Accrued Liability (AL)	\$1,106.0	\$1,828.3	\$ 630.7	\$3,565.0
Actuarial Value of Assets (AVA)	\$1,230.0	\$1,622.5	\$630.1	\$3,482.6
Market Value of Assets (MVA)	\$1,284.4	\$1,662.5	\$645.7	\$3,592.6
AVA Funding Ratio (AVA/AL)	111.2%	88.7%	99.9%	97.7%
MVA Funding Ratio (MVA/AL)	116.1%	90.9%	102.4%	100.8%

### 3.5: §1-907.02(c) Adjustment to the Fiscal Year 2008 District Payment

Beginning in fiscal year 2001, the District payment was adjusted pursuant to D.C. Code §1-907.02(c). This section stipulates that "... the enrolled actuary shall determine whether the amount appropriated for the applicable fiscal year resulted in an overpayment or a shortfall based upon the actual covered payroll."

The D.C. Code §1-907.02(c) adjustment to the fiscal year 2008 District payment is calculated by taking the actual fiscal year 2006 covered payroll for each employee class (which is provided by the District) and multiplying by the corresponding fiscal year 2006 normal contribution rates, which were determined as of October 1, 2004. This result is the fiscal year 2006 contribution that was required to be made by the District. The required contribution is then compared to the actual fiscal year 2006 contribution paid by the District. The difference between the required and actual contributions is the preliminary D.C. Code §1-907.02(c) adjustment.

For FY 2007, none of the groups has a credit balance, therefore there is no carryover amount that can be applied in future years.

\$ millions	<u>Teachers</u>	<u>Police</u>	<u>Fire</u>
(1) Actual FY 2006 Covered Payroll	\$316.2	\$237.6	\$92.0
(2) FY 2006 Normal Contribution Rate	4.3%	38.0%	33.7%
(3) Actual FY 2006 Contribution Required	\$13.6	\$90.3	\$31.0
(4) Actual FY 2006 Contribution Paid	\$15.7	\$86.3	\$30.4
(5) Preliminary D.C. Code §1-907.02(c) Adjustment to FY 2008 Payment [(3) – (4)]	\$(2.1)	\$4.0	\$0.6
(6) FY 2007 Unrecognized Amount	\$0.0	\$0.0	\$0.0
(7) Final D.C. Code §1-907.02(c) Adjustment to FY 2008 Payment [(5) + (6)]	\$(2.1)	\$4.0	\$0.6

**Section 4:**  
**Disclosure Information**

### **4.1: Schedules of Funding Status and Employer Contributions Required Under GASB Statement No. 25**

The Governmental Accounting Standards Board (GASB) Statements No. 25 and 27 relate to the disclosure of pension liabilities shown in public employers' financial statements. For accounting periods beginning after June 15, 1996, information required under these statements must be prepared for public employers who seek compliance with generally accepted accounting principles (GAAP) on behalf of their public employee retirement systems.

GASB Statement No. 25 requires preparation of schedules of funding status and employer contributions, as well as the disclosure of plan provisions, actuarial assumptions, and other information.

The required schedules are shown below. In each case, we have relied upon information from our files and contained in the reports of other actuaries employed by the District in completing the schedules. While we have no reason to believe that this information is inaccurate, we strongly recommend that employer personnel verify the schedules below before they are included in the District's financial statements.

The District of Columbia Retirement Board uses the Aggregate actuarial cost method and is therefore not required to disclose a schedule of funding progress. There is a proposal (in exposure draft format at the time of this report) which would require funds using the Aggregate method to disclose funding status information based on Entry Age Normal (EAN) calculations. The numbers shown below have been determined based on this actuarial cost method.

#### **Schedule of Funding Status (Dollar Amounts in Millions)**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>EAN Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as a Percent of Payroll</u>
10/1/2006	\$3,482.6	\$3,565.0	\$82.4	97.7%	\$673.4	12.2%



**Schedule of Employer Contributions  
 (\$ in Millions)**

<u>Year Ending</u>	<u>Teachers' Retirement Fund</u>		<u>Police Officers and Fire Fighters' Retirement Fund</u>		<u>Total Fund</u>	
	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
9/30/1998	\$9.6	100%	\$47.7	100%	\$57.3	100%
9/30/1999	\$12.8	145%	\$35.1	100%	\$47.9	112%
9/30/2000	\$10.7	100%	\$39.9	100%	\$50.6	100%
9/30/2001	\$6.6	100%	\$47.0	100%	\$53.6	100%
9/30/2002	\$1.0	100%	\$61.4	100%	\$62.4	100%
9/30/2003	\$0.0	100%	\$69.8	100%	\$69.8	100%
9/30/2004	\$2.9	100%	\$95.5	100%	\$98.4	100%
9/30/2005	\$10.2	100%	\$106.2	100%	\$116.4	100%
9/30/2006	\$15.7	100%	\$116.7	100%	\$132.4	100%

The table below summarizes certain information about this actuarial report.

Valuation date	October 1, 2006
Actuarial cost method for Contributions	Aggregate
Actuarial cost method for Accrued Liabilities	Entry Age Normal
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Actuarial value: 1/3 Excess earnings subtracted from expected actuarial value.
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	5.4% - 9.0% for Teachers, 5.5% - 10.0% for Police Officers and Fire Fighters
*Includes inflation at	5.0%
Cost of living adjustments	5.0%
	(COLA limited to 3.0% for those hired after November 10, 1996)