

## **Delaware State Employees' Pension Plan**

**Actuarial Valuation  
as of June 30, 2018**

**Produced by Cheiron**

**January 2019**

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January 15, 2019

Board of Pension Trustees  
State of Delaware  
McArdle Building  
860 Silver Lake Boulevard, Suite 1  
Dover, Delaware 19904

Dear Members of the Board:

At your request, we have conducted the annual actuarial valuation of the Delaware State Employees' Pension Plan (Plan) as of June 30, 2018. The results of this valuation are contained in this report. The purpose of the valuation is discussed in the Foreword.

This report contains information on plan assets and liabilities, as well as analyses combining asset and liability performance and projections. It also discloses State contribution levels and certain required disclosures under the Governmental Accounting Standards Board (GASB) Statement No. 67.

In completing the valuation and preparing our report, we relied on information, some oral and some written, supplied by staff of the Office of Pensions. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

The contribution results of this report are only applicable to the State contribution for Fiscal Year (FY) 2020 and rely on future plan experience conforming to the underlying assumptions. Future experience may differ significantly from the current experience due to such factors as the following: program experience differing from that anticipated by the assumptions; changes in assumptions; and changes in program provisions or applicable law.

To the best of our knowledge, this report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices that are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board, including the use of assumptions and methods for funding purposes that comply with the Actuarial Standards of Practice. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinions contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This report was prepared for the Delaware State Employees' Pension Plan for the purposes described herein and for the use by the Plan's auditor in completing an audit related to the matters herein. Other users of this valuation report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

Sincerely,  
Cheiron

A handwritten signature in blue ink that reads "Fiona E. Liston".

Fiona E. Liston, FSA, MAAA, EA  
Principal Consulting Actuary

A handwritten signature in blue ink that reads "Elizabeth Wiley".

Elizabeth Wiley, FSA, FCA, MAAA, EA  
Consulting Actuary

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**FOREWORD**

Cheiron has performed the annual actuarial valuation of the Delaware State Employees' Pension Plan (Plan) as of June 30, 2018. The purpose of this report is to:

- 1) **Measure and disclose**, as of the valuation date, the financial condition of the Plan,
- 2) **Indicate trends** in the financial condition of the Plan,
- 3) **Determine the contribution rate** to be paid by the State for Fiscal Year (FY) 2020, and
- 4) **Provide** certain accounting statement information.

An actuarial valuation establishes and analyzes plan assets and liabilities on a consistent basis and traces the progress of both from one year to the next. It includes measurement of the plan's investment performance as well as an analysis of liability gains and losses.

**Section I** presents a summary containing our findings and disclosing important trends experienced by the Plan in recent years.

**Section II** contains details on various asset measures, together with pertinent performance measurements.

**Section III** shows similar information on liabilities, measured for actuarial, accounting, and governmental reporting purposes.

**Section IV** presents the FY 2020 actuarially determined contribution.

**Section V** includes certain required disclosures under Governmental Accounting Standards Board (GASB) Statement No. 67 and items recommended by the Government Finance Officers Association (GFOA).

The appendices to this report contain a summary of the Plan's membership at the valuation date, a summary of the major provisions of the Plan, and a summary of the actuarial methods and assumptions used in the valuation.

The actuarial assumptions reflect our understanding of the likely future experience of the Plan, and the assumptions individually and as a whole represent our best estimate for the future experience of the Plan. The results of this report rely on future plan experience conforming to the underlying assumptions and methods outlined in this report. To the extent that the actual plan experience deviates from the underlying assumptions and methods, or there are any changes in plan provisions, the true cost of the Plan will vary from our results.

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**SECTION I – BOARD SUMMARY**

**General Comments**

The actuarially determined contribution (ADC) rate was calculated to increase from 11.83% for FY 2019 to 11.96% for FY 2020.

During the year ended June 30, 2018, the Plan's assets earned 10.4% on a market value basis. However, due to the Plan's asset smoothing method, which recognizes portions of investment gains and losses over time, the return on an actuarial value basis was 7.2%. This return was greater than the assumed investment rate of return of 7.0% for the prior year, resulting in an actuarial gain on investments of \$19 million.

The Plan experienced an actuarial loss on plan liabilities resulting from salary increases different from those assumed and members retiring, terminating, becoming disabled, and dying at rates different from the actuarial assumptions. This liability loss increased the actuarial liability by \$93 million, 0.9% of the total actuarial liability. This type of relatively small gain or loss is normal in the course of plan experience, as we cannot predict exactly how people will behave.

During the plan year, the liabilities were also increased by \$1.0 million due to a plan change extending the special Correctional Officers provisions of the Plan to additional members. These changes also include an additional two percent of salary in excess of \$6,000 being contributed by these members with the special provisions as an offset to their increased benefits. Liabilities were also increased to reflect \$10.7 million in one-time retiree benefits to be paid in November 2018 that will be reimbursed by the State. This liability increase has no impact on the State's ongoing contribution requirement.

This valuation report also contains certain information to be reported in the June 30, 2018 Comprehensive Annual Financial Report (CAFR) of the Delaware Public Employees' Retirement System (Delaware PERS) under GASB Statement No. 67, as well as additional disclosure information recommended by the Government Finance Officers Association (GFOA). The GASB disclosures are based on the use of update procedures to roll forward the 2017 actuarial valuation liability results. The calculation of net pension liability in Section V is shown as disclosed for the plan year ending June 30, 2018, based on the 2017 funding actuarial valuation liability results, updated by the rollforward and to reflect the plan changes cited above. We also present a projection of the June 30, 2019 disclosure in Section V, assuming all actuarial assumptions are exactly met over the coming year, which is based on the 2018 funding actuarial valuation liability results.

As of the June 30, 2018 funding actuarial valuation, the Plan's unfunded actuarial liability (UAL) was \$1.462 billion. This is an increase from the \$1.356 billion UAL in the funding valuation for the prior year.

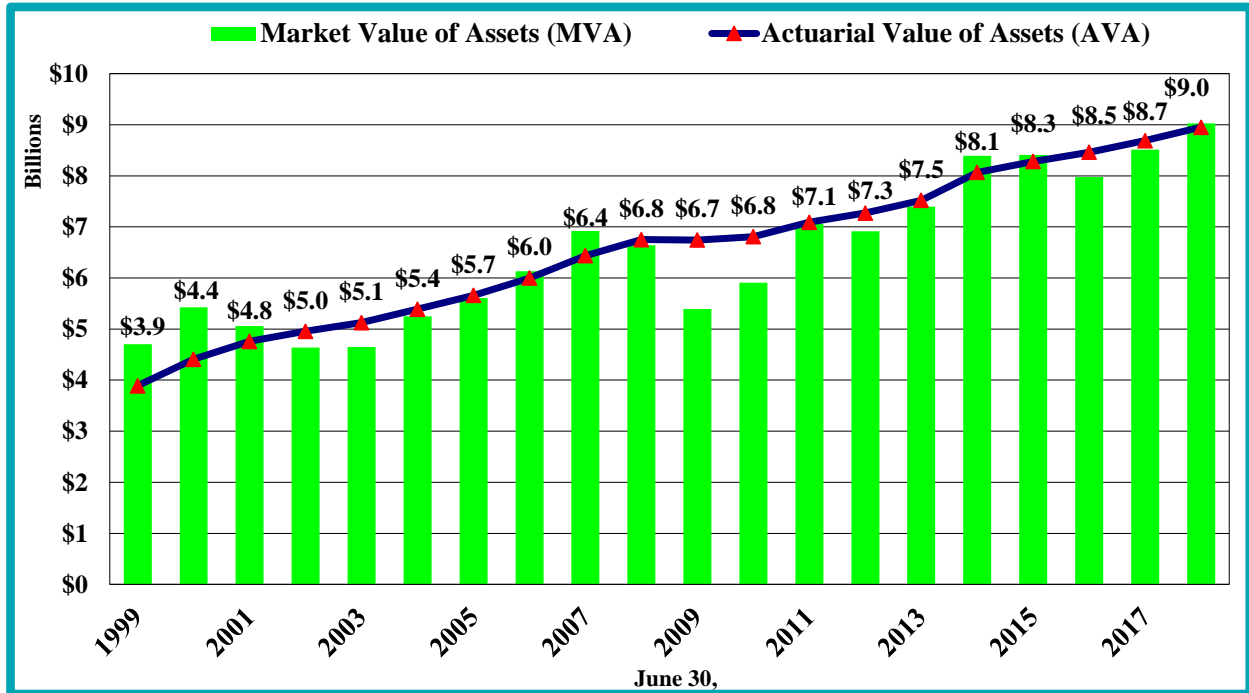
DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018

SECTION I – BOARD SUMMARY

Trends

Asset Returns

The graph below shows measurements of the Plan's assets over the last 20 years based on both market values and actuarial values. The green bars represent the market value measurements, while the blue line shows the smoothed actuarial value measurements. The black labels above the blue line are the actuarial value of asset measurements as of the valuation date for each year in billions of dollars.



The market value of assets (MVA) returned 10.4% over the last year. The determination of the Plan's actuarial value of assets (AVA) for the current year reflects a portion of this return above the 7.0% assumed for the prior year, and continued recognition of prior years' gains and losses, and thus returned 7.2% over FY 2018.

Over the period July 1, 1999 to June 30, 2018, the Plan's assets measured using the actuarial value of asset measurements returned a compound 7.7%, compared to the current valuation assumption of 7.0%. On a market value of assets basis, the Plan returned 6.7% over the same period.

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

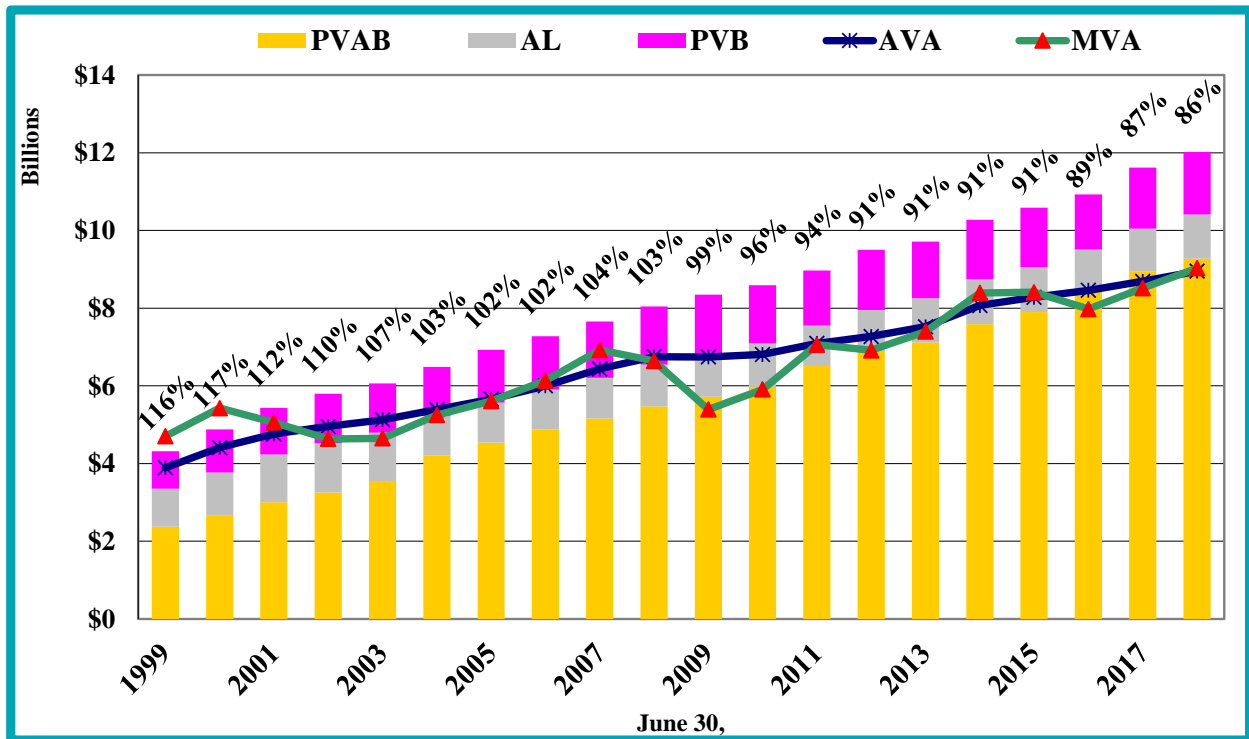
**SECTION I – BOARD SUMMARY**

Assets and Liabilities

The three colored bars below represent the three different measures of liability discussed in this report. The first measure is given by the yellow bars, the present value of accrued benefits (PVAB). The PVAB values represent the value of all benefits earned by current members through the valuation date. These values do not reflect any future additional service or salary increases for current members beyond the valuation dates.

The second liability measure shown is the one currently used for the Plan's funding target, the actuarial liability (AL). These target amounts are represented by the top of the gray bars. This measurement is also the basis of the liability measure used in GASB 67. The funded ratios reported by the Plan are the percentages shown above the bars and are developed by comparing these target measurements of liability to the actuarial value of assets at each valuation date.

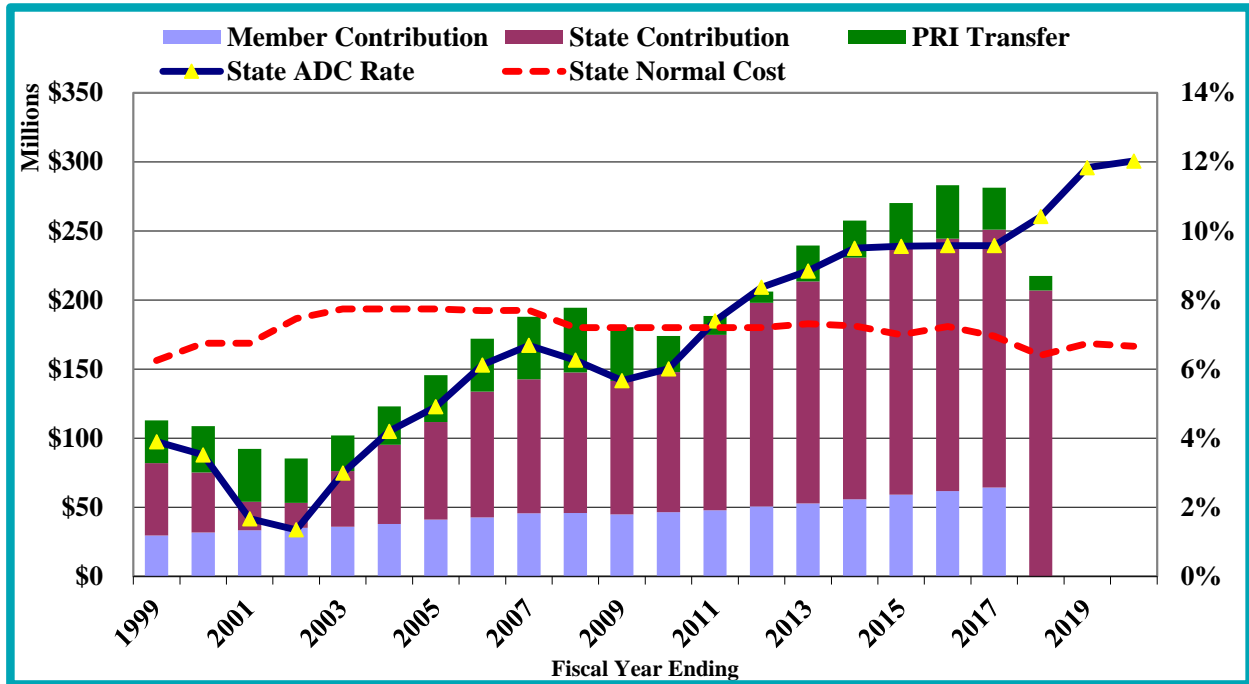
The amount represented by the top of the pink bars, the present value of future benefits (PVB), is the amount needed as of each valuation date to provide all benefits for the current members and their beneficiaries, including reflection of assumed future service and pay increases. If the Plan had assets equal to the PVB as of a certain date, no additional contributions would, in theory, be needed to pay the benefits of the current members if all assumptions were exactly met from that point forward.



**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**SECTION I – BOARD SUMMARY**

Contribution Rates



The stacked bars in the graph above show the actual dollar amounts of the contributions made by the State, the Post-Retirement Increase Fund (PRI), and the members for each fiscal year and are read using the left-hand scale. The blue line shows the State actuarially determined contribution (ADC) rate for each fiscal year as a percentage of payroll and is read using the right-hand scale. The red line shows the level of the State normal cost rate, which measures the value of benefits being accrued each year, offset by the portion paid through member contributions, also read with the right-hand scale.

The member contribution rate is set by State law, based on the plan in which the member participates. The State contribution rate is set by the actuarial process, while the PRI transfer amounts depend on the increases granted by the State Legislature. Please note that there is a lag between the State contribution rates shown are calculated and when they are payable. For example, the value shown for the FY 2018 is the rate prepared by the June 30, 2016 valuation and implemented for the period July 1, 2017 to June 30, 2018. As such, there are two more years of rates shown beyond the years of actual contributions.



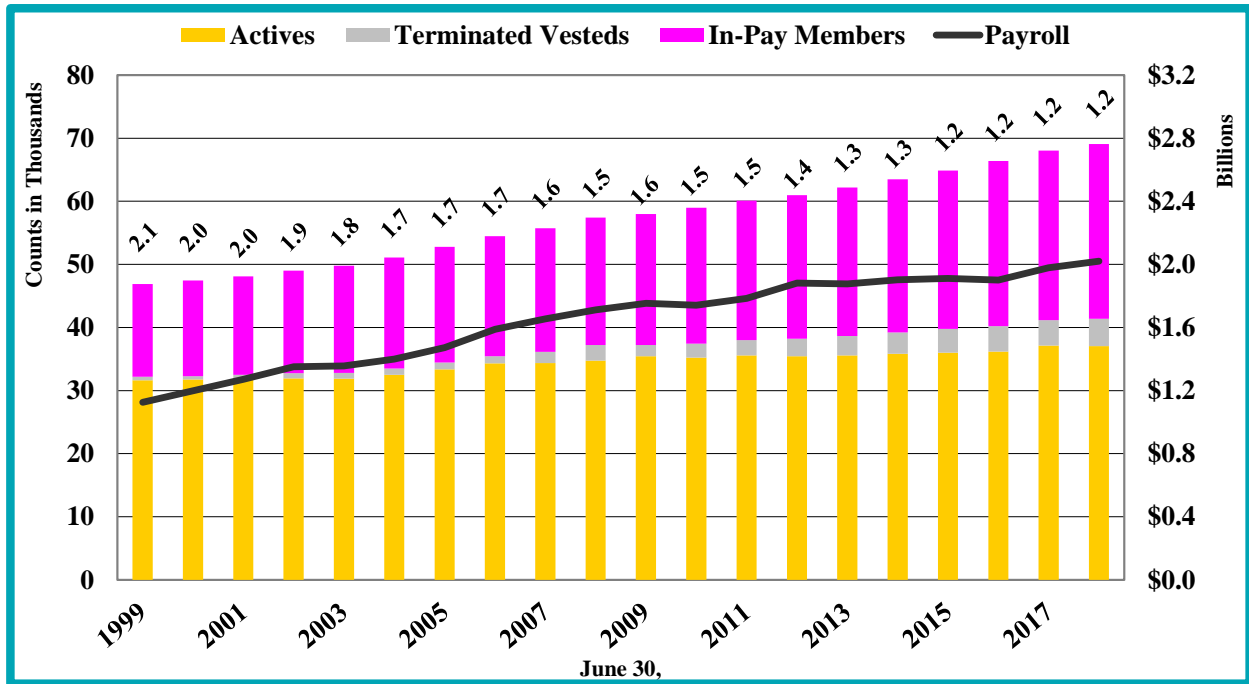
**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**SECTION I – BOARD SUMMARY**

Participant Trends

The bars below show the number of members as of each valuation date, divided between active members, terminated vested members, and retirees/beneficiaries. These bars are read using the left-hand scale. As with most maturing plans, this Plan continues to show growth in the number of inactive members. The numbers that appear above each bar represent the ratio of active members to inactive members (retirees, beneficiaries, and terminated vested members) at each valuation date. This active-to-inactive ratio has decreased from 2.1 actives for each inactive in 1999 to 1.2 actives for each inactive in 2018.

The black line shows the covered payroll for the Plan as of each valuation date and is read using the right-hand scale.

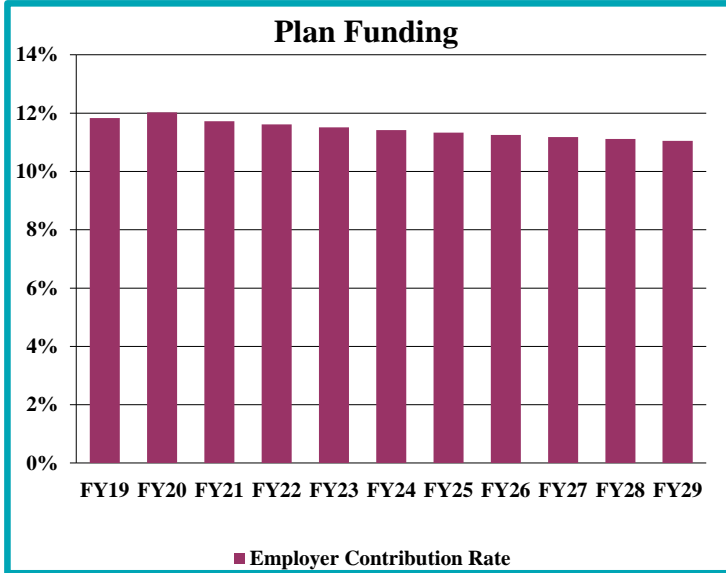


**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**SECTION I – BOARD SUMMARY**

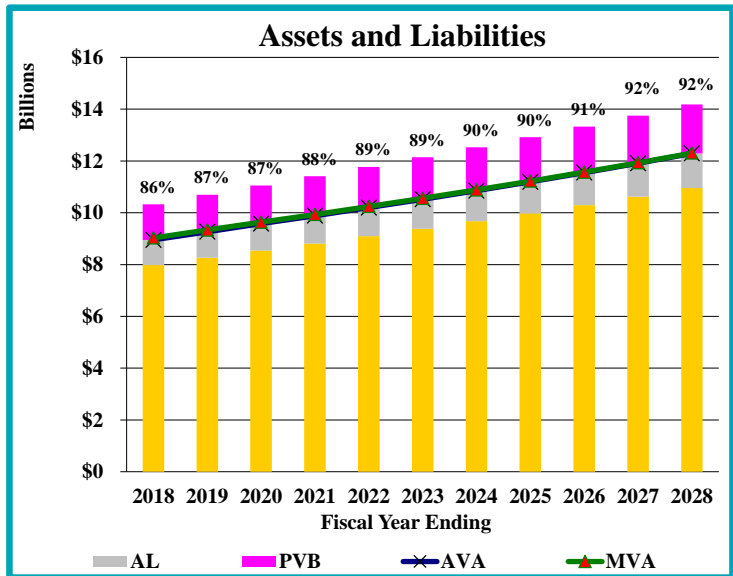
**Future Outlook**

Baseline Projections



These graphs show the expected progress of the Plan over the next 10 years, assuming the Plan’s assets earn 7.0% on a *market value* basis and assuming all other assumptions are exactly met, including that the actuarially determined contribution (ADC) amounts are made in full. The chart entitled “Plan Funding” shows a decline in the projected State ADC rate after the increase from 11.8% for FY 2019 to 12.0% for FY 2020, to 11.1% at the end of this 10-year period, absent further gains or losses.

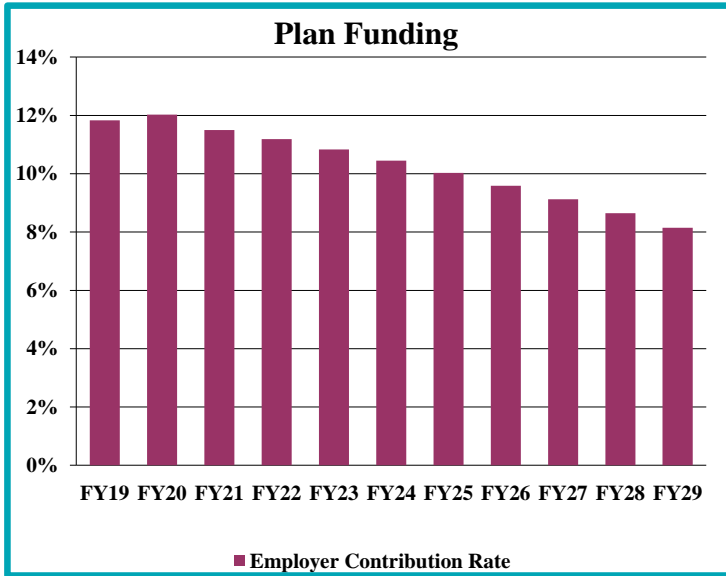
The “Assets and Liabilities” graph shows the projected funded ratios on an actuarial value of assets basis for the Plan over the 10-year projection period. The Plan’s funded status is projected to increase from 86% to 92% over the 10-year projection period, assuming all assumptions are exactly met.



**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**SECTION I – BOARD SUMMARY**

Projections with Asset Returns of 8.0%

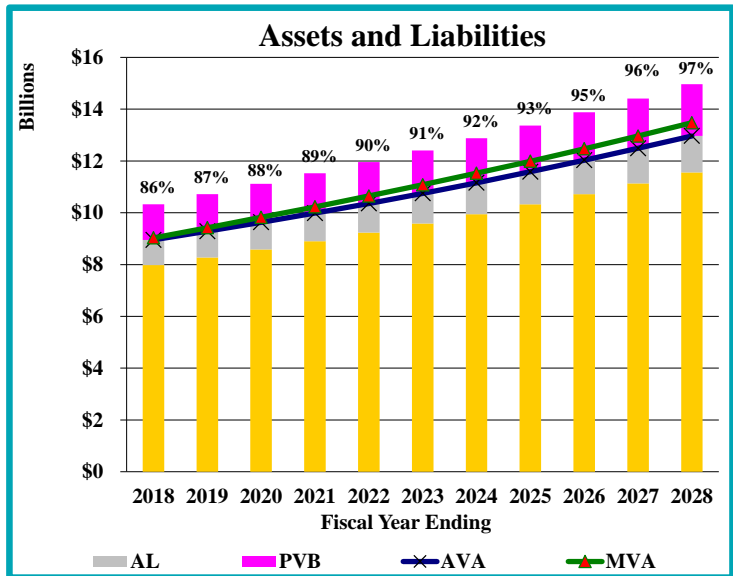


The Plan’s investment earnings will affect the future funding status of the Plan. The two graphs on this page show what the next 10 years are expected to look like if the Plan’s investment performance is 8.0% each year, 1.0% higher than the valuation investment rate of return assumption.

These two graphs assume all other assumptions are exactly met, including State contributions made equal to the full actuarially determined amounts.

The “Plan Funding” graph shows that under this scenario, the State ADC rate would decrease more rapidly than in the baseline case. The rate declines to 8.2% of payroll at the end of the 10-year projection period.

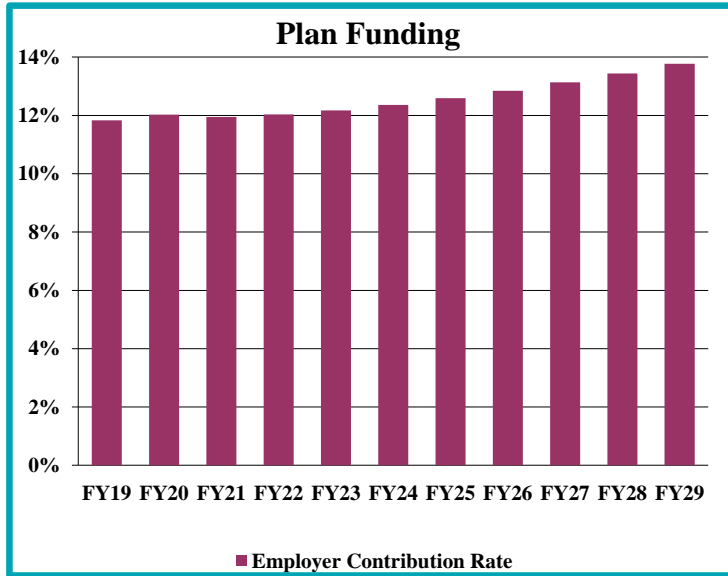
The “Assets and Liabilities” graph shows that under this scenario, the Plan would reach a 97% funded ratio by 2028, an improvement over the baseline scenario’s ultimate rate of 92%.



**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**SECTION I – BOARD SUMMARY**

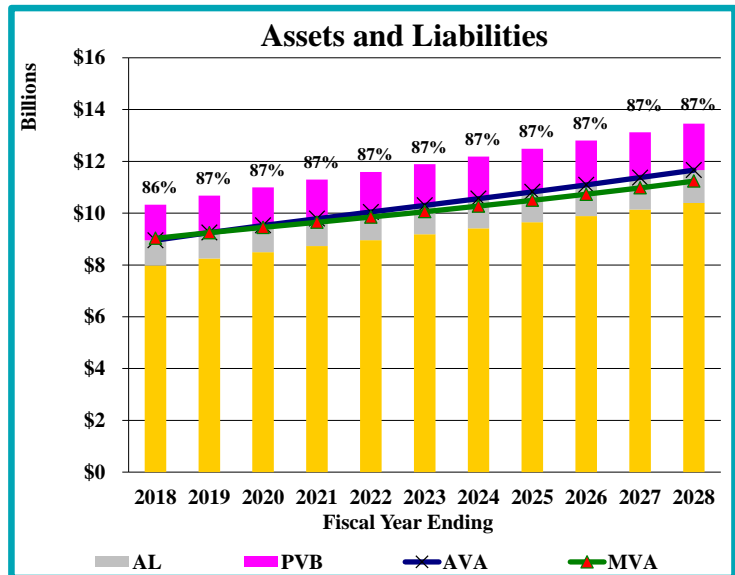
Projections with Asset Returns of 6.0%



The graphs on this page show projections of the Plan’s funding status and contributions assuming that the Plan’s investment performance is 6.0% each year of the projection, 1.0% lower than the valuation investment rate of return assumption.

Note that these projections assume all other assumptions are exactly met, including payment of State contributions made equal to the full actuarially determined contribution.

Under this scenario, the State ADC rate increases to approximately 13.8% of payroll by the end of the 10-year projection period, significantly greater than the 11.1% ultimate rate in the baseline projection. Additionally, the funded ratio is projected to be lower in this scenario, reaching 87% at the end of the 10-year projection period, significantly lower than the 92% ultimate ratio in the baseline scenario.



**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**SECTION I – BOARD SUMMARY**

**Table I-1  
Summary of Principal Plan Results**

<b>Valuation as of:</b>	<b>June 30, 2017</b>	<b>June 30, 2018</b>	<b>% Change</b>
<b><u>Member Counts</u></b>			
Active Members	37,119	37,068	(0.14)%
Disabled Members	1,583	1,507	(4.80)%
Retirees and Beneficiaries	25,296	26,170	3.46%
Terminated Vested Members	3,470	3,731	7.52%
Terminated Non-Vested Members	869	1,023	17.72%
Long-term Disability Members	<u>573</u>	<u>586</u>	2.27%
<b>Total Member Counts</b>	<b>68,910</b>	<b>70,085</b>	<b>1.71%</b>
Covered Payroll of Active Members*	\$ 1,979,138,300	\$ 2,031,114,100	2.63%
Annual Benefit Payments for Retirees, Disabled Members, and Beneficiaries	\$ 594,894,600	\$ 620,662,700	4.33%
<b><u>Assets and Liabilities</u></b>			
Actuarial Liability (AL)	\$10,044,583,200	\$ 10,413,117,300	3.67%
Actuarial Value of Assets (AVA)	<u>8,688,641,300</u>	<u>8,950,957,800</u>	3.02%
Unfunded AL (UAL)	\$ 1,355,941,900	\$ 1,462,159,500	7.83%
Funded Ratio AVA Basis (AVA/AL)	86.5%	86.0%	
Funded Ratio on MVA Basis (MVA/AL)	84.8%	86.7%	
Present Value of Accrued Benefits (PVAB)	\$ 8,938,613,700	\$ 9,282,945,800	3.85%
Market Value of Assets (MVA)	<u>8,513,828,800</u>	<u>9,028,447,000</u>	6.04%
Unfunded PVAB	\$ 424,784,900	\$ 254,498,800	(40.09)%
Accrued Benefit Funded Ratio (MVA/PVAB)	95.2%	97.3%	
<b><u>State Contribution Rate</u></b>			
	<b>Fiscal Year 2019</b>	<b>Fiscal Year 2020</b>	
Entry Age Normal Cost	6.44%	6.33%	
UAL Amortization Payment	5.09%	5.33%	
Administrative Expense	<u>0.30%</u>	<u>0.30%</u>	
Actuarially Determined Contribution (ADC)	11.83%	11.96%	

\* Assumes one year of payroll increase projection, representing payroll beginning on each valuation date.

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**SECTION II – ASSETS**

Pension plan assets play a key role in the financial operation of the Plan and in the decisions that the Board of Trustees may make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely affect benefit levels, State actuarially determined contributions, and the ultimate security of members' benefits.

In this section, we present detailed information on the Plan's assets including:

- **Disclosure** of the Plan's assets at June 30, 2017 and June 30, 2018,
- Statement of the **changes** in market values during FY 2018,
- Development of the **actuarial value of assets**,
- An assessment of **investment performance**, and
- A projection of the Plan's expected **cash flows** for the next 10 years.

**Market Value of Assets Disclosure**

The market values of assets represent “snap-shot” or “cash-out” values that provide the principal basis for measuring financial performance from one year to the next. However, market values can fluctuate widely with swings in the marketplace, and as such, are usually not suitable for budgeting and long-range planning.

Table II-1 below shows the market values as of June 30, 2017 and June 30, 2018, along with the changes between the two.

Table II-1	
Changes in Market Value of Assets	
<b>Market Value of Assets – June 30, 2017</b>	<b>\$ 8,513,828,800</b>
<b><u>Additions</u></b>	
Member Contributions	\$ 64,312,400
State Contributions	206,883,500
PRI Transfers	10,600,100
Investment Returns	<u>867,527,100</u>
<b>Total Additions</b>	<b>\$ 1,149,323,100</b>
<b><u>Deductions</u></b>	
Benefit Payments	\$ 628,937,800
Administrative Expenses	<u>5,767,100</u>
<b>Total Deductions</b>	<b>\$ 634,704,900</b>
<b>Market Value of Assets – June 30, 2018</b>	<b>\$ 9,028,447,000</b>

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**SECTION II – ASSETS**

**Actuarial Value of Assets**

The actuarial value of assets represents a “smoothed” value developed by the actuary to reduce, or eliminate, erratic results that could develop from short-term fluctuations in the market value of assets. The actuarial value for this plan equals the expected actuarial value of assets, developed from the immediately prior valuation, plus 20% of the difference between the actual market value of assets and that expected actuarial value of assets at the valuation date. The table below illustrates the calculation of the actuarial value of assets as of June 30, 2018.

<b>Table II-2 Development of Actuarial Value of Assets</b>	
1. Actuarial Value of Assets at June 30, 2017	\$ 8,688,641,300
2. Amount in (1) with interest to June 30, 2018 at 7.0% per year	9,296,846,200
3. State, PRI, and member contributions for FY 2018	281,796,000
4. Interest on contributions assuming payments made uniformly throughout the year to June 30, 2018 at 7.0% per year	9,862,900
5. Disbursements from Trust except investment expenses, June 30, 2017 through June 30, 2018	634,704,900
6. Interest on disbursements to June 30, 2018 at 7.0% per year	<u>22,214,700</u>
7. Expected Actuarial Value of Assets at June 30, 2018 = (2) + (3) + (4) – (5) – (6)	\$ 8,931,585,500
8. Actual Market Value of Assets at June 30, 2018	<u>\$ 9,028,447,000</u>
9. Excess of (8) over (7)	\$ 96,861,500
10. Actuarial Value of Assets at June 30, 2018 = (7) + 20% of (9)	\$ 8,950,957,800

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**SECTION II – ASSETS**

**Investment Performance**

The market value of assets (MVA) returned 10.4% during 2018, which is more than the prior year's assumed 7.0% investment rate of return. The actuarial value of assets (AVA) returned 7.2% over this same year, reflecting the asset smoothing methodology being utilized by the Plan for the measurement of the actuarial value of assets. Since a maximum of 20% of the gain or loss from the performance of the Plan is typically recognized in a given year under the adopted asset smoothing method, in periods of very good performance, the AVA can lag significantly behind the MVA, and in a period of negative returns, the AVA does not decline as rapidly as the MVA.

**Projection of Cash Flows**

<b>Table II-3 Cash Flow Projections</b>		
<b>Year Beginning July 1,</b>	<b>Expected Benefit Payments</b>	<b>Expected Contributions*</b>
2018	\$ 644,103,000	\$ 324,499,000
2019	663,718,000	329,670,000
2020	683,881,000	331,828,000
2021	704,137,000	340,123,000
2022	723,234,000	348,626,000
2023	742,376,000	357,342,000
2024	761,312,000	366,276,000
2025	780,748,000	375,432,000
2026	800,498,000	384,818,000
2027	820,910,000	394,439,000

\* Expected contributions include State contributions, member contributions, State reimbursement, and PRI transfers. For illustration purposes, we have assumed the State contribution rate will remain at 11.96% from FYE 2020 forward and that payroll will increase at the actuarially assumed rate of 2.50% per year.

Expected benefit payments are projected for the closed group valued at June 30, 2018. Projecting any further than 10 years using a closed group would not yield reliable projections due to the omission of new hires in the benefit payments, compounded by their inclusion in the expected contributions.



DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018

**SECTION III – LIABILITIES**

In this section, we present detailed information on the Plan's liabilities for funding purposes, including:

- **Disclosure** of the Plan's liabilities at June 30, 2017 and June 30, 2018, and
- Statement of **changes** in these liabilities during the year.

**Disclosure**

Three liability measurements are calculated and presented in this report. Each type is distinguished by the purpose, or purposes, for which they are used.

- **Present Value of Benefits (PVB):** Used for analyzing the financial outlook of plans, this represents the amount of money needed today to fund all future benefits and expenses of a plan, assuming current members continue to accrue benefits and there are no new entrants, and that all actuarial assumptions are met.
- **Actuarial Liability (AL):** Used for funding calculations for a plan and GASB disclosures, this liability is calculated by taking the present value of benefits (PVB) and subtracting the present value of future member contributions (PVFEEC) and the present value of future State normal costs (PVFNC) under an acceptable actuarial funding method. The Plan uses the **Entry Age Normal** funding method.
- **Present Value of Accrued Benefits (PVAB):** Used for communicating the current level of liabilities, this liability represents the total amount of money needed today to fully fund the current accrued obligations of a plan, assuming no future accruals of benefits or salary increases. These liabilities are also required for some accounting purposes of some plans (Topic No. 960). This Plan is not subject to this requirement, but this information is provided for informational purposes, as it is sometimes used as part of assessing whether a plan can meet its current benefit commitments. However, it is not intended as a settlement liability value. Note that the development of this amount also assumes that all actuarial assumptions are met, including the assets earning 7.0% per year.

None of the liability amounts disclosed in this report is appropriate for measuring a settlement of the Plan's liabilities.

The following table discloses each of these liabilities for the current and immediately prior funding valuations. With respect to each disclosure, a subtraction of an appropriate value of plan assets yields, for each respective type, either a net surplus or an unfunded amount.

DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018

**SECTION III – LIABILITIES**

**Table III-1  
Liabilities and Net (Surplus)/Unfunded Amounts**

	<b>June 30, 2017</b>	<b>June 30, 2018</b>
<b><u>Present Value of Benefits</u></b>		
Active Member Benefits	\$ 5,479,206,700	\$ 5,582,753,900
Retiree, Beneficiary, Disabled, and Terminated Member Benefits	<u>6,139,438,300</u>	<u>6,435,440,900</u>
<b>Present Value of Benefits (PVB)</b>	<b>\$ 11,618,645,000</b>	<b>\$ 12,018,194,800</b>
Market Value of Assets (MVA)	\$ 8,513,828,800	\$ 9,028,447,000
Future Member Contributions	570,762,600	595,743,500
Future State Contributions & PRI Fund Transfers	<u>2,534,053,600</u>	<u>2,394,004,300</u>
<b>Total Resources</b>	<b>\$ 11,618,645,000</b>	<b>\$ 12,018,194,800</b>
<b><u>Actuarial Liability</u></b>		
Present Value of Benefits (PVB)	\$ 11,618,645,000	\$ 12,018,194,800
Present Value of Future State Normal Costs (PVFNC)	1,003,299,200	1,009,334,000
Present Value of Future Member Contributions (PVFEEC)	<u>570,762,600</u>	<u>595,743,500</u>
<b>Actuarial Liability (AL=PVB–PVFNC–PVFEEC)</b>	<b>\$ 10,044,583,200</b>	<b>\$ 10,413,117,300</b>
Actuarial Value of Assets (AVA)	<u>8,688,641,300</u>	<u>8,950,957,800</u>
<b>Net (Surplus)/Unfunded AL (AL – AVA)</b>	<b>\$ 1,355,941,900</b>	<b>\$ 1,462,159,500</b>
<b><u>Present Value of Accrued Benefits</u></b>		
Present Value of Benefits (PVB)	\$ 11,618,645,000	\$ 12,018,194,800
Present Value of Future Benefit Accruals (PVFBA)	<u>2,680,031,300</u>	<u>2,735,249,000</u>
<b>Present Value of Accrued Benefits (PVAB=PVB–PVFBA)</b>	<b>\$ 8,938,613,700</b>	<b>\$ 9,282,945,800</b>
Market Value of Assets (MVA)	\$ 8,513,828,800	\$ 9,028,447,000
<b>Net (Surplus)/Unfunded PVAB (PVAB – MVA)</b>	<b>\$ 424,784,900</b>	<b>\$ 254,498,800</b>

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**SECTION III – LIABILITIES**

**Changes in Liabilities**

Each of the liabilities disclosed in the prior table are expected to change at each valuation. The components of that change, depending upon which liability is analyzed, can include:

- New entrants since the last valuation
- Benefits accrued since the last valuation
- Plan amendments increasing benefits
- Passage of time, which adds interest to the prior liability
- Benefits paid to retirees since the last valuation
- Participants retiring, terminating, or dying at rates different than expected
- A change in actuarial assumptions
- A change in actuarial methods

Unfunded liabilities (or surpluses), developed from subtraction of an appropriate value of plan assets from these liability measures, will change because of all of the above as well as due to changes in plan asset measures resulting from:

- State contributions different than expected
- Investment earnings different than expected
- A change in the methodology used to measure plan assets

In each valuation, we report on those elements of change that are of particular significance, potentially affecting the long-term financial outlook of the Plan. Below we present key changes in the liabilities since the last valuation, in millions.

<b>Table III-2 Liability Changes</b>			
<b>(In Millions)</b>	<b>Present Value of Benefits</b>	<b>Actuarial Liability</b>	<b>Present Value of Accrued Benefits</b>
Liabilities June 30, 2017	\$ 11,619	\$ 10,045	\$ 8,939
Liabilities June 30, 2018	12,018	10,413	9,283
Liability Increase/(Decrease)	399	368	344
Change Due to:			
PRI	0	0	0
Actuarial (Gain)/Loss	NC *	93	NC *
Benefit Changes	11	11	11
Assumption Changes	0	0	0
Benefits Accumulated and Other (Gain)/Loss	388	264	333

\*NC = not calculated.

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
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**SECTION III – LIABILITIES**

Table III-3 below provides additional information about the liability measurements for funding purposes as of both the current and the immediately prior valuations.

<b>Table III-3 Actuarial Liabilities for Funding</b>		
	<b>June 30, 2017</b>	<b>June 30, 2018</b>
1. Actuarial Liabilities		
Retiree, Beneficiary, Disabled, and Terminated Members	\$ 6,139,438,300	\$ 6,435,440,900
Active Members	<u>3,905,144,900</u>	<u>3,977,676,400</u>
<b>Total Actuarial Liability (AL)</b>	<b>\$ 10,044,583,200</b>	<b>\$ 10,413,117,300</b>
2. Actuarial Value of Assets (AVA)	\$ 8,688,641,300	\$ 8,950,957,800
3. Unfunded Actuarial Liability (UAL) [AL – AVA]	\$ 1,355,941,900	\$ 1,462,159,500
4. Present Value of Outstanding PRI Transfers	\$ 20,044,300	\$ 15,730,200
5. One-time Retiree Payment to be Reimbursed by the State	N/A	\$ 10,751,600
<b>6. Net Base for 20-Year UAL Amortization (3-4-5)</b>	<b>\$ 1,335,897,600</b>	<b>\$ 1,435,677,700</b>

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**SECTION IV - CONTRIBUTIONS**

In the process of evaluating the financial condition of any pension plan, the actuary analyzes the assets and liabilities to determine what level, if any, of contributions are needed to properly maintain the funding status of the plan. Typically, the actuarial process will use a funding technique that will result in a pattern of contributions that are both fairly stable and predictable.

For this Plan, the funding method employed is the **Entry Age Normal** actuarial funding method. Under this method, there are three components to the total contribution: the **normal cost contribution**, the **unfunded actuarial liability contribution** (UAL contribution), and the **administrative expense contribution**.

The State normal cost contribution rate is determined in the following steps. First, for each active member, an individual total normal cost rate is determined by taking the value, as of entry age into the Plan, of that member's projected future benefits and dividing it by the value, also at entry age, of the member's expected future salary. Then, this individual total normal cost rate is reduced by the member's contribution rate to produce the State normal cost rate for each member. This State normal cost rate times payroll for each active member equals the State normal cost. The sum of the State normal cost amounts for all active members is then divided by the covered payroll for all active members to produce the State normal cost contribution rate.

The actuarial liability is that portion of the present value of projected benefits that will not be paid by future State normal cost contributions or future member contributions. The difference between this liability and the funds accumulated as of the same date is referred to as the unfunded actuarial liability (UAL).

The UAL amortization payment rate is calculated by amortizing this UAL, after subtracting the present value of scheduled PRI transfers and the reimbursement for one-time retiree benefits, over a 20-year period. All payments are determined assuming total pay increases by the current annual inflation assumption of 2.50%.

The current assumed administrative expense rate is 0.30% of payroll. This rate, when applied to payroll, is intended to provide an allowance above the cost of funding the benefits to pay for the expense of operating the Plan.

The table below presents and compares the State contribution rates for the Plan based on this funding valuation and the immediately prior one.

<b>Table IV-1 State Contribution Rate</b>		
<b>Valuation Date</b>	<b>June 30, 2017</b>	<b>June 30, 2018</b>
<b>FY Contribution Rate Payable</b>	<b>FY 2019</b>	<b>FY 2020</b>
State Entry Age Normal Cost Rate	6.44%	6.33%
UAL Amortization Payment Rate	5.09%	5.33%
Administrative Expense Rate	<u>0.30%</u>	<u>0.30%</u>
Actuarially Determined Contributions	11.83%	11.96%

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
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**SECTION IV – CONTRIBUTIONS**

Table IV-2 below provides additional detail about the development of the actuarially determined State contribution rate as well as the expected dollar amounts these rates will result in for FY 2020.

<b>Table IV-2 Expected FY 2020 State Contributions</b>		
	<b>In Dollars</b>	<b>As % of Payroll</b>
1. Present Value of Projected Benefits Attributable to:		
a. Total Normal Cost	\$ 201,486,500	9.92%
b. Expected Member Contributions	<u>72,917,000</u>	<u>3.59%</u>
c. State Normal Cost (a) – (b)	\$ 128,569,500	6.33%
2. Amortization of Unfunded Liability	108,327,900	5.33%
3. Allowance for Administrative Expense	<u>6,093,300</u>	<u>0.30%</u>
4. Total State Actuarially Determined Contributions (1) + (2) + (3)	\$ 242,990,700	11.96%

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**SECTION V – ACCOUNTING STATEMENT INFORMATION**

ASC Topic No. 960 of the Financial Accounting Standards Board (FASB) requires plans subject to it to disclose certain information regarding their funded status. This Plan is not subject to this requirement, but this information is provided for informational purposes. Statement No. 67 of the Governmental Accounting Standards Board (GASB) establishes standards for disclosure of pension information by public employee retirement systems (PERS) and governmental employers in notes to financial statements and supplementary information.

Disclosures based on FASB ASC Topic No. 960 provide a quasi “snap shot” view of how the Plan’s assets compare to its liabilities if contributions stopped and accrued benefit claims had to be satisfied. However, due to potential legal requirements and the possibility that alternative interest rates would have to be used to determine the liabilities, these values may not be a good indication of the amount of money it would take to buy the benefits for all members if the Plan were to terminate and should not be considered a settlement value.

FASB ASC Topic No. 960 specifies that a comparison of the present value of accrued (accumulated) benefits with the market value of the assets as of the valuation date must be provided. Again, this Plan is not subject to this requirement, but the relevant amounts as of June 30, 2017 and June 30, 2018 are provided for informational purposes and are exhibited in Table V-1, which also includes a reconciliation of liabilities determined as of the prior valuation, July 1, 2017, to the liabilities as of June 30, 2018. These values are based on the funding liability results.

This valuation contains information reported in the June 30, 2018 Comprehensive Annual Financial Report (CAFR) of Delaware PERS under GASB Statement No. 67. Disclosures are based on the use of updated procedures to roll forward the 2017 funding valuation results. The calculation of Net Pension Liability in Table V-2 shows the amounts to be disclosed for FY 2018, based on the liabilities of the roll forward of the 2017 funding valuation, as well as a projection of the anticipated FY 2019 disclosures, based on liabilities from the 2018 funding valuation, assuming all actuarial assumptions are met over the coming year. The actual disclosures for FY 2019 will be developed once the asset measure for GASB as of June 30, 2019 is known.

Tables V-3 through V-5 are exhibits to be used for the State’s CAFR. Table V-3 is the Note to Required Supplementary Information, Table V-4 is a history of gains and losses in accrued liability, and Table V-5 is the Schedule of Funded Liabilities by Type, which shows the portion of accrued liability covered by the actuarial value of assets. The Government Finance Officers Association (GFOA) has named this exhibit the Schedule of Funded Liabilities by Type. None of the liabilities or assets shown are appropriate for settlement purposes. Furthermore, the Schedule of Funded Liabilities by Type does not accurately depict a plan’s future financial condition, but rather is a test developed by the GFOA to assess the level of funding that relies on the payroll for future hires to pay for the benefits that have already been accrued by the current population. This valuation does not contain the additional disclosures required by GASB Statement No. 68 only for the State’s CAFR.

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**SECTION V – ACCOUNTING STATEMENT INFORMATION**

**Table V-1  
Accounting Statement Disclosure and  
Reconciliation of Present Value of Accrued Benefits**

	<b>June 30, 2017</b>	<b>June 30, 2018</b>
<b>FASB ASC Topic No. 960 Basis</b>		
1. Present Value of Accrued Benefits (PVAB)		
a. Members Currently Receiving Payments	\$ 5,932,584,000	\$ 6,178,276,600
b. Former Vested Members (and LTDs)	206,854,300	257,164,300
c. Active Members	<u>2,799,175,400</u>	<u>2,847,504,900</u>
2. Total PVAB [1(a) + 1(b) + 1(c)]	\$ 8,938,613,700	\$ 9,282,945,800
3. Market Value of Assets (MVA)	<u>8,513,828,800</u>	<u>9,028,447,000</u>
4. Unfunded PVAB [2 – 3]	\$ 424,784,900	\$ 254,498,800
5. Ratio of MVA to PVAB [3 / 2]	95.2%	97.3%
<b>Reconciliation of PVAB</b>		
PVAB at June 30, 2017		\$ 8,938,613,700
Increase/(Decrease) During Year Attributable to:		
Passage of Time		603,690,100
Benefits Paid – FY 2018		(628,937,800)
Benefit Change		11,028,092
Assumption Changes		0
PRI		0
Benefits Accrued, Other Gains/Losses		<u>369,579,800</u>
Net Increase/(Decrease)		344,332,100
PVAB at June 30, 2018		\$ 9,282,945,800



**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**SECTION V – ACCOUNTING STATEMENT INFORMATION**

**Table V-2  
GASB No. 67 Disclosures**

	<b>June 30, 2018</b>	<b>Estimated June 30, 2019</b>
<b><u>Total Pension Liability (TPL)</u></b>		
Service cost	\$ 197,184,000	\$ 201,487,000
Interest	696,055,000	720,860,000
Changes in benefit terms	11,028,000	0
Differences between expected and actual experience	64,746,000	93,205,000
Changes in assumptions	0	0
Benefit payments, including refunds of member contributions	(628,938,000)	(644,103,000)
<b>Net change in TPL</b>	<b>\$ 340,076,000</b>	<b>\$ 371,448,000</b>
<b>TPL - beginning</b>	<b>\$ 9,979,837,000</b>	<b>\$ 10,319,913,000</b>
<b>TPL - ending (a)</b>	<b>\$ 10,319,913,000</b>	<b>\$ 10,691,361,000</b>
<b><u>Fiduciary Net Position (FNP)</u></b>		
Contributions - State	\$ 206,883,000	\$ 240,281,000
Contributions - Non-employer	10,600,000	11,301,000
Contributions - Member	64,312,000	72,917,000
Net investment income	867,527,000	620,785,000
Benefit payments, including refunds of member contributions	(628,938,000)	(644,103,000)
Administrative expenses	(5,767,000)	(6,093,000)
<b>Net change in FNP</b>	<b>\$ 514,618,000</b>	<b>\$ 295,087,000</b>
<b>FNP - beginning</b>	<b>\$ 8,513,829,000</b>	<b>\$ 9,028,467,000</b>
<b>FNP - ending (b)</b>	<b>\$ 9,028,467,000</b>	<b>\$ 9,323,534,000</b>
<b>Net Pension Liability/(Asset) - ending [(a)-(b)]</b>	<b>\$ 1,291,466,000</b>	<b>\$ 1,367,826,000</b>

Items printed in red will be replaced with actual amounts once known at the end of FY 2019.

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**SECTION V – ACCOUNTING STATEMENT INFORMATION**

<b>Table V-3 Note to Required Supplementary Information</b>	
<p>The June 30, 2018 total pension liability presented in Table V-4 was determined as part of the measurement at the date indicated. Additional information as of the latest measurement date follows:</p>	
Measurement date:	July 1, 2018
Valuation date:	July 1, 2017
Actuarial cost method:	Entry age normal
Actuarial assumptions:	
Investment rate of return*	7.0%
Projected salary increases*	2.5% plus merit component based on service
Cost-of-living adjustments	ad hoc
* Includes inflation at	2.50%
<p>The actuarially determined contribution for fiscal year 2020 will use the contribution rate developed in section IV of this valuation. It was determined using the measurement date and key assumptions that follow:</p>	
Measurement date:	July 1, 2018
Valuation date:	July 1, 2018
Actuarial cost method:	Entry age normal
Amortization method:	Percentage of pay – closed Pay increases at 2.5% per year
Amortization period:	20 years
Asset valuation method:	Smoothed market, 20% annual market weight
Actuarial assumptions:	
Investment rate of return*	7.0%
Projected salary increases*	2.5% plus merit component based on service
Cost-of-living adjustments	ad hoc
* Includes inflation at	2.50%
<p>The actuarial assumptions used have been recommended by the actuary and adopted by the Plan's Board of Trustees based on the most recent review of the Plan's experience completed in 2016. The economic assumptions were updated first effective with the 2017 valuation based on the Board's annual review of these assumptions.</p>	
<p>The total rate of State contributions to the Plan is composed of the State normal cost rate, the unfunded actuarial liability amortization payment rate, and the administrative expenses rate. The State normal cost rate is a level percent of payroll cost that, along with member contributions, will pay for projected benefits at retirement for each active member. The actuarial liability is that portion of the present value of projected benefits that will not be paid by future State normal costs or future member contributions. The difference between this liability and the funds accumulated as of the same date is the unfunded actuarial liability. The allowance for administrative expenses is based upon the Plan's actual administrative expenses.</p>	

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**SECTION V – ACCOUNTING STATEMENT INFORMATION**

**Table V-4  
Analysis of Financial Experience**

**Gain and Loss in Accrued Liability during Years Ended June 30  
Resulting from Differences between Assumed Experience and Actual Experience**

<b>Type of Activity</b>	<i>Gain (or Loss) for Year Ending June 30, (expressed in thousands)</i>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Investment Income on Actuarial Assets	\$ (31,048)	\$ 115,262	\$ 10,364	\$ (120,768)	\$ (120,768)	\$ 19,372
Combined Liability Experience	<u>71,572</u>	<u>17,908</u>	<u>23,571</u>	<u>(20,308)</u>	<u>(20,308)</u>	<u>(93,205)</u>
(Loss)/Gain during Year from Financial Experience	\$ 40,524	\$ 133,170	\$ 33,935	\$ (141,076)	\$ (108,499)	\$ (73,833)
Non-Recurring Items	<u>(84,221)</u>	<u>(98,842)</u>	<u>(132,191)</u>	<u>(167,455)</u>	<u>(211,698)</u>	<u>(11)</u>
Composite Gain (or Loss) during Year	\$ (42,697)	\$ 34,328	\$ (98,256)	\$ (308,531)	\$ (320,147)	\$ (73,844)

**Table V-5  
Schedule of Funded Liabilities by Type  
Aggregate Accrued Liabilities for  
(expressed in thousands)**

<b>Valuation Date June 30,</b>	<b>Active Member Contributions (1)</b>	<b>Retirees &amp; Beneficiaries (2)</b>	<b>Active Member State Financed Contributions (3)</b>	<b>Actuarial Value Reported Assets</b>	<b>Portion of Accrued Liabilities Covered by Reported Assets</b>		
					<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
2018	\$ 731,356	\$ 6,178,277	\$ 3,503,484	\$ 8,950,958	100%	100%	58%
2017	704,684	5,932,584	3,407,315	8,688,641	100	100	60
2016	666,617	5,641,344	3,196,831	8,460,614	100	100	67
2015	657,050	5,172,570	3,221,414	8,289,879	100	100	76
2014	633,353	4,901,957	3,204,762	8,067,032	100	100	79
2013	606,874	4,600,135	3,050,261	7,519,770	100	100	76

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**APPENDIX A – MEMBERSHIP INFORMATION**

<b>Delaware State Employees' Pension Plan Data Reconciliation</b>										
	<b>A</b>	<b>P-TDV</b>	<b>P-SUPP</b>	<b>P-RET</b>	<b>PRET25</b>	<b>P-DIS</b>	<b>P-LTD</b>	<b>P-SURV</b>	<b>PSUR25</b>	<b>Total</b>
1. June 30, 2017 valuation	<b>37,119</b>	<b>2,228</b>	<b>1,242</b>	<b>21,642</b>	<b>43</b>	<b>1,583</b>	<b>573</b>	<b>3,607</b>	<b>4</b>	<b>68,041</b>
2. Additions										
(a) New entrants	3,276	16	2	96		2	8			3,400
(b) New Beneficiary/QDRO								304		304
(c) Total	3,276	16	2	96		2	8	304		3,704
3. Reductions										
(a) Terminated - not vested	(1,638)									(1,638)
(b) Paid Out/Expired/Death		(60)	(14)	(632)		(85)	(25)	(229)		(1,045)
(c) Total	(1,638)	(60)	(14)	(632)		(85)	(25)	(229)		(2,683)
4. Changes in status										
(a) P-TDV	(529)	596		(3)			(64)			
(b) P-SUPP		(3)	3							
(c) Returned to work	136	(76)	(36)	(12)		(2)	(10)			
(d) P-RET	(1,103)	(150)	(5)	1,318			(60)			
(e) PRET25	(31)	(1)		(5)	37					
(f) P-DIS	(6)	(2)				9	(1)			
(g) P-LTD	(156)	(9)					165			
(h) P-SURV										
(i) PSUR25										
(j) P-SR										
(k) Data corrections										
(l) Total	(1,689)	355	(38)	1,298	37	7	30			
5. June 30, 2018 valuation	<b>37,068</b>	<b>2,539</b>	<b>1,192</b>	<b>22,404</b>	<b>80</b>	<b>1,507</b>	<b>586</b>	<b>3,682</b>	<b>4</b>	<b>69,062</b>

A=Active, P-TDV=Terminated Deferred Vested, P-SUPP=Terminated Deferred Vested, P-RET=Retired, PRET25=Retired, P-DIS=Disabled, P-LTD=Long-Term Disabled, P-SURV=Surviving Beneficiary, PSUR25=Surviving Beneficiary, P-SR=Disabled

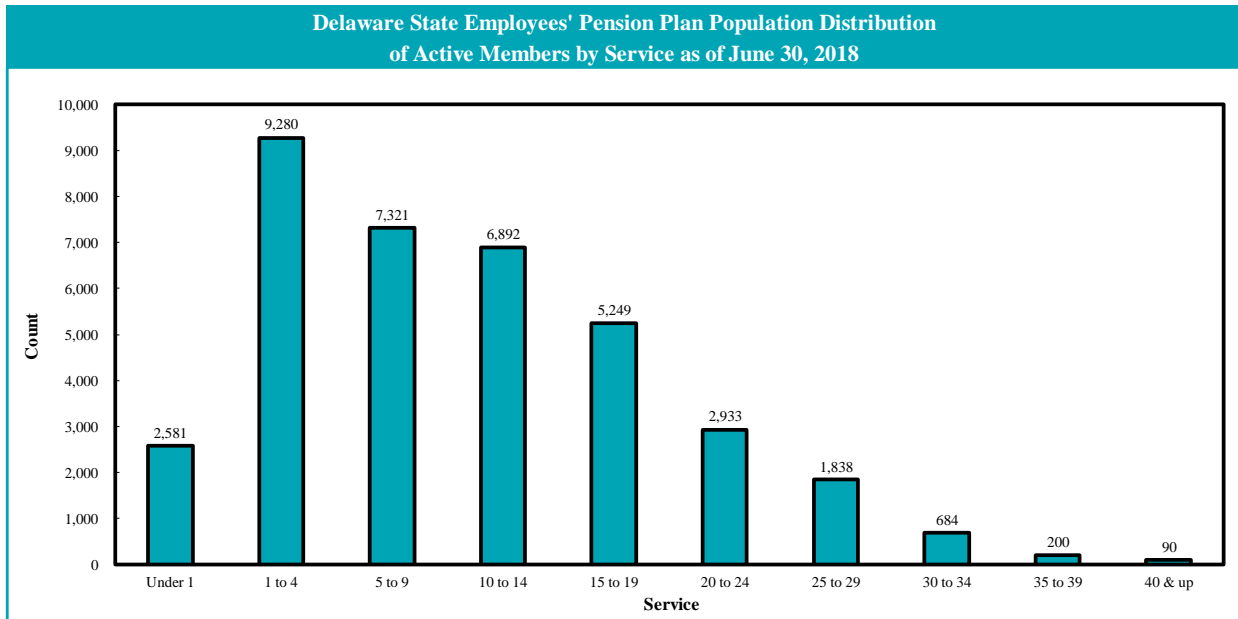
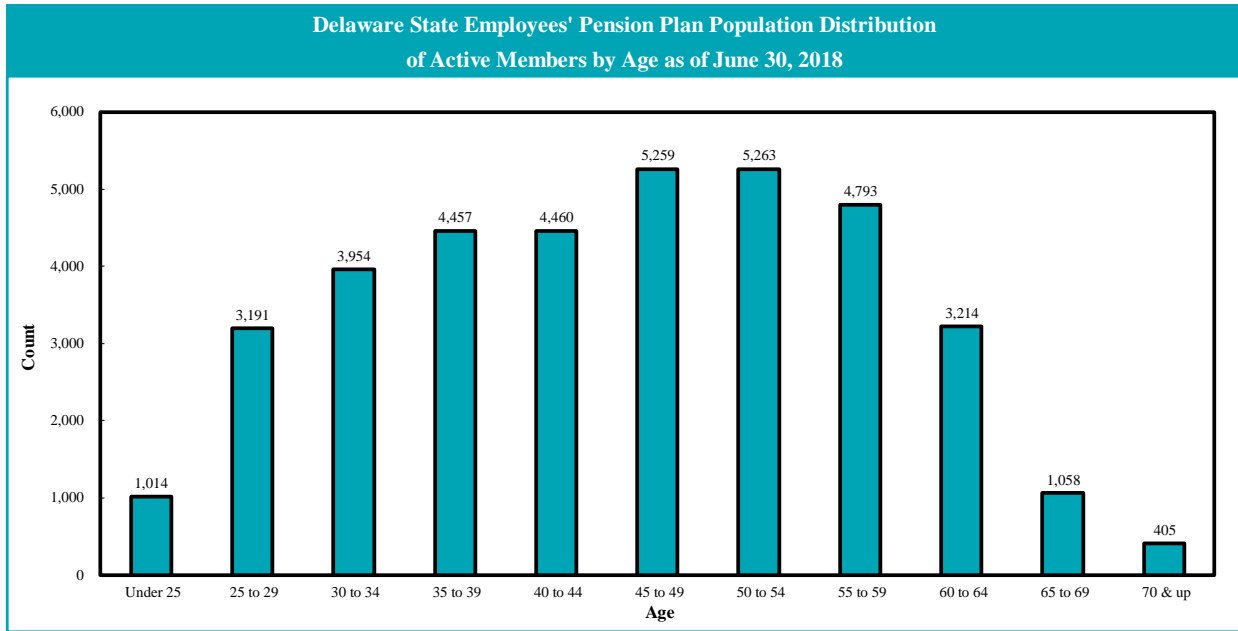
**DELAWARE STATE EMPLOYEES' PENSION PLAN  
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**APPENDIX A – MEMBERSHIP INFORMATION**

Delaware State Employees' Pension Plan Population Distribution of Active Members by Age and Service as of June 30, 2018												
Counts By Age/Service												
Age	Service										Total	
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up		
Under 25	409	603	2	0	0	0	0	0	0	0	0	1,014
25 to 29	522	2,084	578	7	0	0	0	0	0	0	0	3,191
30 to 34	328	1,470	1,601	553	2	0	0	0	0	0	0	3,954
35 to 39	317	1,132	1,085	1,464	451	8	0	0	0	0	0	4,457
40 to 44	236	942	838	1,040	1,097	299	8	0	0	0	0	4,460
45 to 49	246	966	896	991	998	840	313	9	0	0	0	5,259
50 to 54	198	829	885	992	912	633	651	159	4	0	0	5,263
55 to 59	193	638	689	927	926	611	460	279	70	0	0	4,793
60 to 64	94	403	496	631	607	398	282	178	94	31	0	3,214
65 to 69	22	150	177	200	190	112	96	46	23	42	0	1,058
70 & up	16	63	74	87	66	32	28	13	9	17	0	405
Total	2,581	9,280	7,321	6,892	5,249	2,933	1,838	684	200	90	0	37,068

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
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**APPENDIX A – MEMBERSHIP INFORMATION**



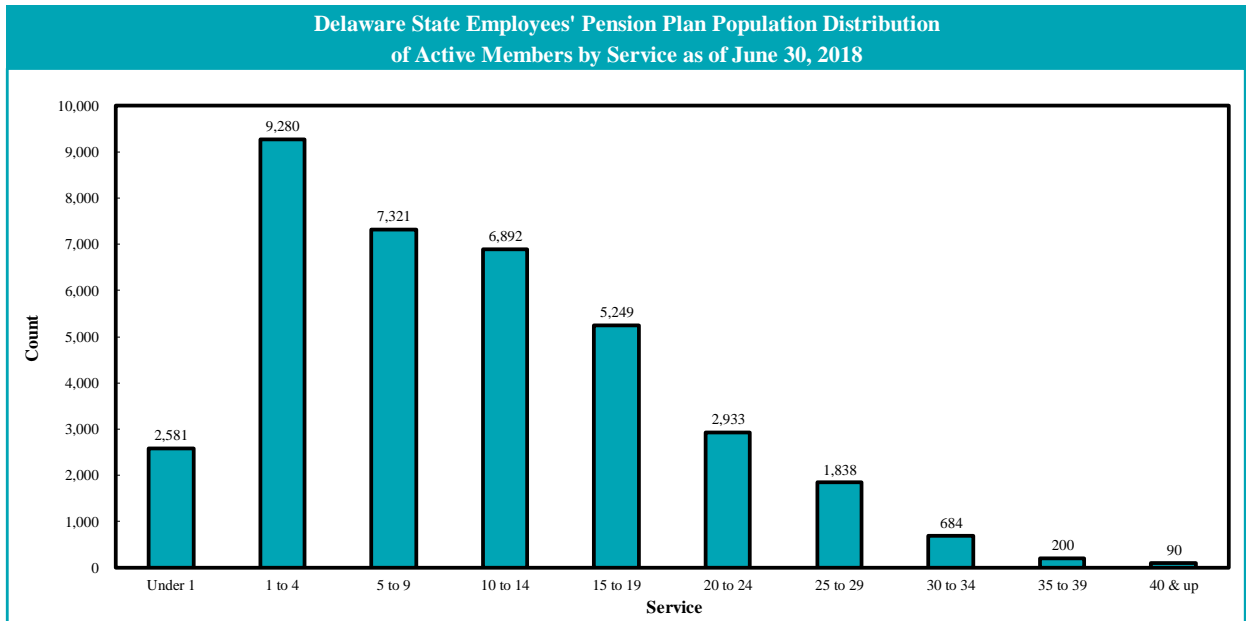
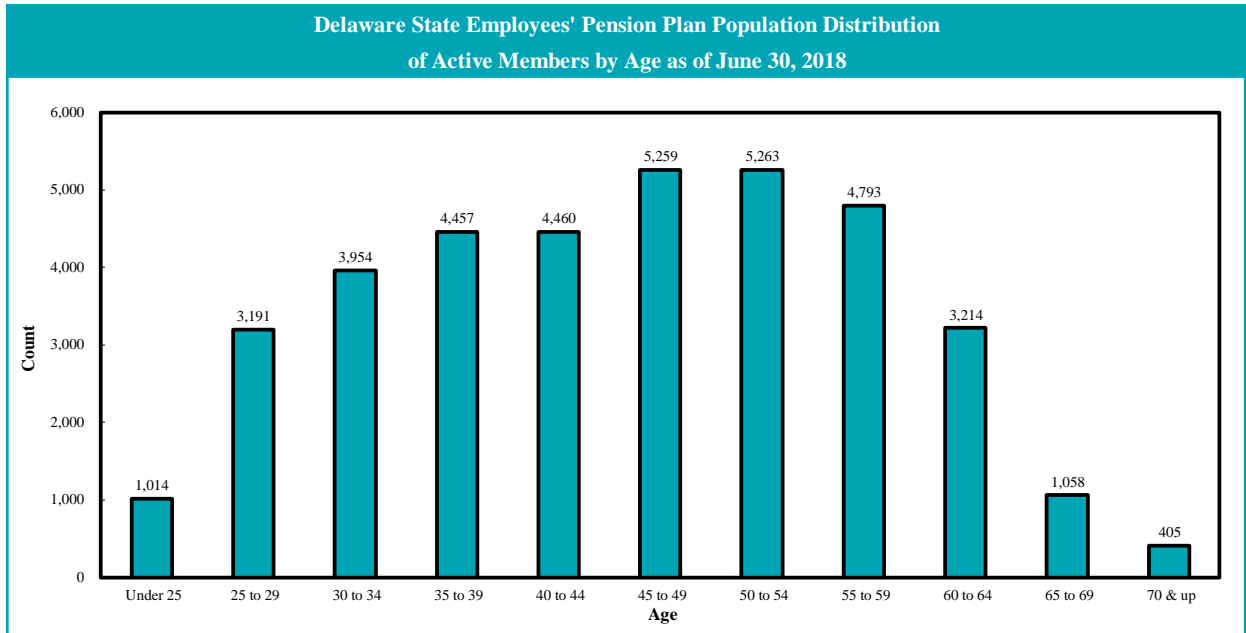
**DELAWARE STATE EMPLOYEES' PENSION PLAN  
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**APPENDIX A – MEMBERSHIP INFORMATION**

<b>Delaware State Employees' Pension Plan Salary Distribution of Active Members by Age and Service as of June 30, 2018</b>												
<b>Average Salary by Age/Service</b>												
<b>Age</b>	<b>Service</b>										<b>Total</b>	
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up		
Under 25	\$ 28,766	\$ 37,282	\$ 35,586	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33,844
25 to 29	32,987	42,963	50,431	37,571	0	0	0	0	0	0	0	42,672
30 to 34	33,015	45,148	55,555	60,312	48,998	0	0	0	0	0	0	50,478
35 to 39	35,958	46,418	56,435	64,608	69,829	42,127	0	0	0	0	0	56,449
40 to 44	35,699	47,172	57,454	64,280	72,476	72,813	61,188	0	0	0	0	60,454
45 to 49	40,101	47,382	54,086	60,943	69,242	74,921	72,140	55,309	0	0	0	60,773
50 to 54	33,164	43,529	49,804	55,157	61,317	66,647	72,443	69,411	50,585	0	0	56,613
55 to 59	34,222	42,172	46,867	53,353	57,728	60,977	65,828	74,696	59,810	0	0	54,513
60 to 64	32,847	42,949	47,897	53,175	59,550	61,744	68,990	69,182	67,558	65,639	0	55,564
65 to 69	24,715	33,138	42,838	47,259	56,081	63,305	64,923	68,709	69,809	68,424	0	51,197
70 & up	30,078	30,265	30,351	41,212	50,574	54,288	60,642	51,957	64,177	65,716	0	42,871
<b>Total</b>	<b>\$ 33,625</b>	<b>\$ 43,999</b>	<b>\$ 52,719</b>	<b>\$ 58,940</b>	<b>\$ 64,720</b>	<b>\$ 67,469</b>	<b>\$ 69,584</b>	<b>\$ 70,942</b>	<b>\$ 64,614</b>	<b>\$ 66,953</b>	<b>\$ 66,953</b>	<b>\$ 54,501</b>

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**APPENDIX A – MEMBERSHIP INFORMATION**





**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**APPENDIX A – MEMBERSHIP INFORMATION**

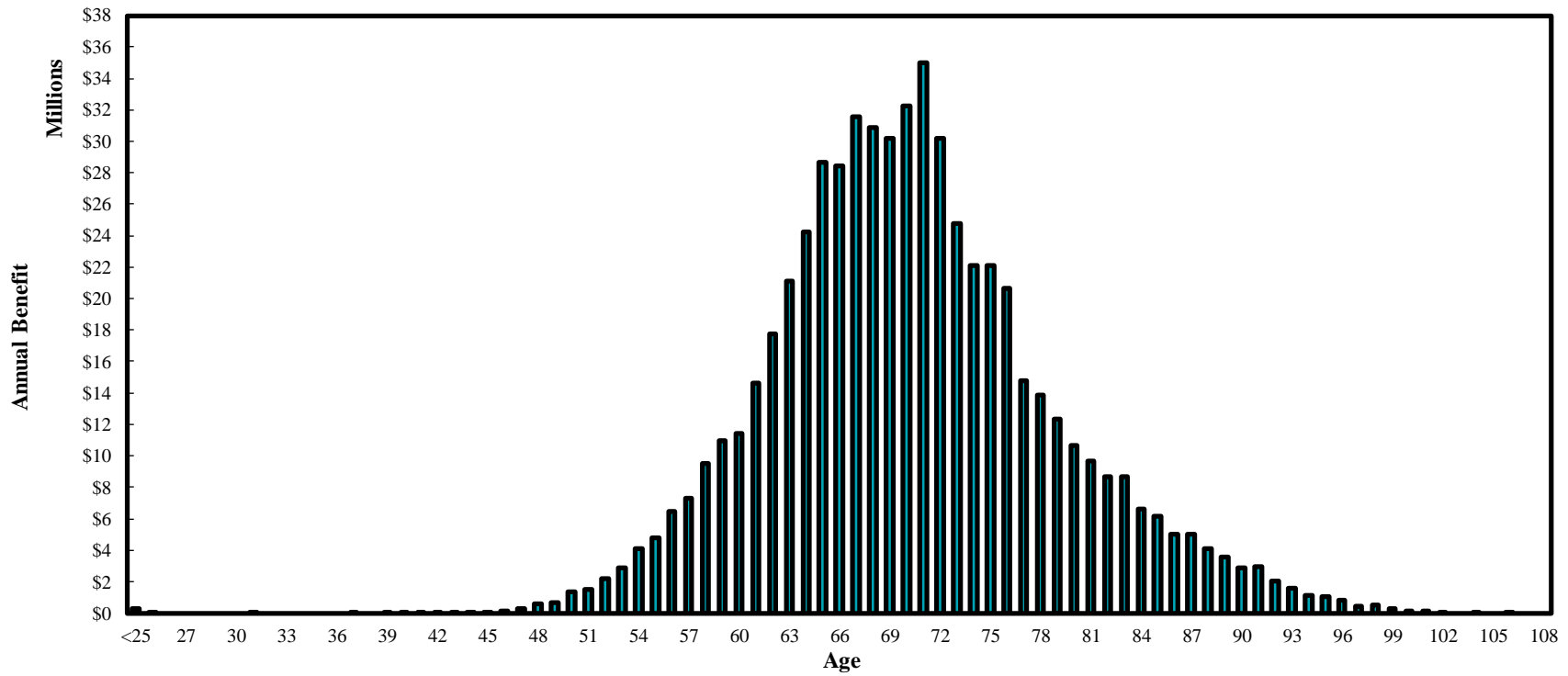
**Delaware State Employees' Pension Plan Annual Benefit Distribution by Age  
of Retired Members and Beneficiaries as of June 30, 2018**

Age	Count	Annual Benefit	Age	Count	Annual Benefit
<25	36	\$ 295,654	73	956	\$ 24,790,894
25	1	14,233	74	874	22,100,030
26	0	-	75	953	22,109,739
27	0	-	76	917	20,659,368
28	0	-	77	711	14,782,275
29	0	-	78	687	13,837,686
30	0	-	79	624	12,342,673
31	1	5,381	80	570	10,636,545
32	0	-	81	537	9,645,738
33	0	-	82	490	8,681,877
34	0	-	83	519	8,684,220
35	0	-	84	448	6,616,044
36	0	-	85	420	6,166,494
37	2	7,335	86	395	5,027,411
38	0	-	87	368	5,017,047
39	2	11,960	88	317	4,059,012
40	6	30,730	89	264	3,577,057
41	3	5,865	90	244	2,855,515
42	4	42,205	91	235	2,932,161
43	1	14,989	92	176	2,056,001
44	4	46,165	93	146	1,585,361
45	4	27,165	94	107	1,140,414
46	8	99,645	95	90	1,035,631
47	14	247,788	96	80	835,398
48	28	609,272	97	44	419,547
49	41	678,667	98	40	500,735
50	54	1,359,597	99	26	253,840
51	65	1,510,871	100	15	99,492
52	79	2,153,555	101	7	98,226
53	105	2,899,303	102	3	15,778
54	139	4,119,477	103	0	-
55	164	4,758,121	104	3	53,234
56	217	6,443,167	105	0	-
57	266	7,329,449	106	1	6,545
58	340	9,545,406	107	0	-
59	378	10,935,607	108	0	-
60	389	11,452,660	109	0	-
61	492	14,604,568	110	1	8,058
62	649	17,778,321	111	0	-
63	828	21,090,184	112	0	-
64	959	24,227,501	113	0	-
65	1,054	28,649,293	114	0	-
66	1,118	28,403,988	115	0	-
67	1,198	31,564,974	116	0	-
68	1,233	30,856,618	117	0	-
69	1,205	30,221,706	118	0	-
70	1,245	32,274,782	119	0	-
71	1,380	35,028,611	120	0	-
72	1,190	30,161,484			
			Totals	26,170	\$602,136,344

DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018

APPENDIX A – MEMBERSHIP INFORMATION

Delaware State Employees' Pension Plan Annual Benefit Distribution by Age  
of Retired Members and Beneficiaries as of June 30, 2018



**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**APPENDIX A – MEMBERSHIP INFORMATION**

**Delaware State Employees' Pension Plan Annual Benefit  
Distribution by Age of Vested Members as of June 30, 2018**

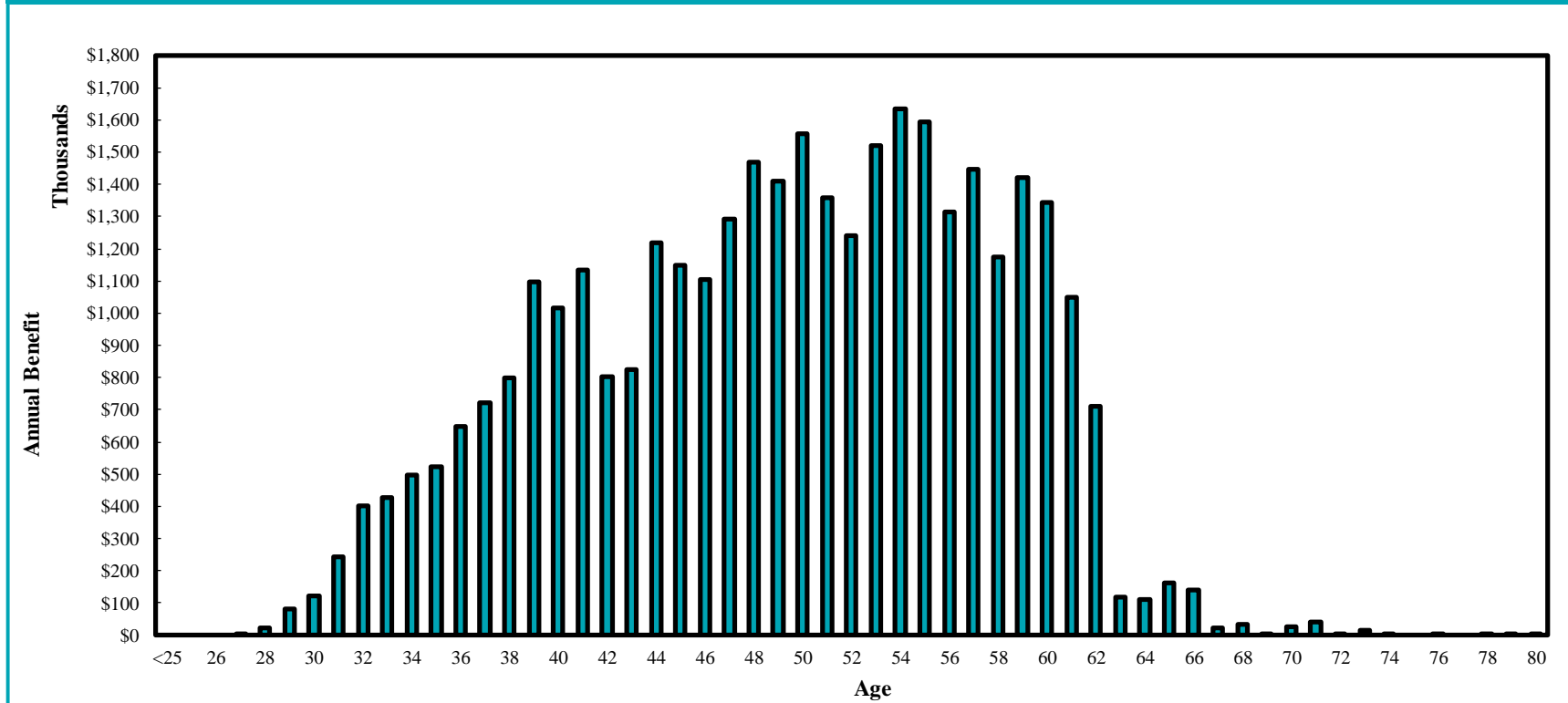
Age	Count	Annual Benefit	Age	Count	Annual Benefit
<25	0	\$ -	73	2	\$ 13,665
25	0	-	74	1	1,645
26	0	-	75	0	-
27	1	5,333	76	2	1,277
28	6	21,058	77	0	-
29	13	81,608	78	1	5,039
30	24	123,193	79	1	2,922
31	46	244,594	80	1	1,459
32	65	400,460	81	2	44,816
33	69	427,676	82	0	-
34	65	498,389	83	0	-
35	77	524,074	84	0	-
36	82	648,421	85	0	-
37	93	722,450	86	1	15,813
38	101	797,288	87	0	-
39	118	1,097,344	88	0	-
40	115	1,016,978	89	1	3,240
41	118	1,134,077	90	0	-
42	88	803,413	91	0	-
43	93	825,791	92	0	-
44	114	1,216,809	93	0	-
45	124	1,149,700	94	0	-
46	121	1,103,371	95	0	-
47	126	1,292,629	96	0	-
48	122	1,468,332	97	0	-
49	143	1,410,008	98	0	-
50	142	1,558,824	99	0	-
51	133	1,359,156	100	0	-
52	136	1,240,594	101	0	-
53	146	1,521,269	102	0	-
54	143	1,636,264	103	0	-
55	133	1,593,003	104	0	-
56	148	1,315,646	105	0	-
57	149	1,446,304	106	0	-
58	127	1,174,882	107	0	-
59	141	1,420,768	108	0	-
60	136	1,343,698	109	0	-
61	125	1,049,675	110	0	-
62	79	710,746	111	0	-
63	13	116,975	112	0	-
64	7	109,993	113	0	-
65	12	162,556	114	0	-
66	9	140,580	115	0	-
67	3	23,978	116	0	-
68	4	33,422	117	0	-
69	1	644	118	0	-
70	3	25,135	119	0	-
71	3	39,757	120	0	-
72	2	3,895			
			Totals	3,731	\$ 35,130,635

Amounts shown are those payable once the participant reaches retirement eligibility.

DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018

APPENDIX A – MEMBERSHIP INFORMATION

Delaware State Employees' Pension Plan Annual Benefit Distribution  
by Age of Vested Members as of June 30, 2018



Amounts shown are those payable once the participant reaches retirement eligibility.

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**APPENDIX A – MEMBERSHIP INFORMATION**

**Delaware State Employees' Pension Plan Annual Benefit  
Distribution by Age of Disabled Members as of June 30, 2018**

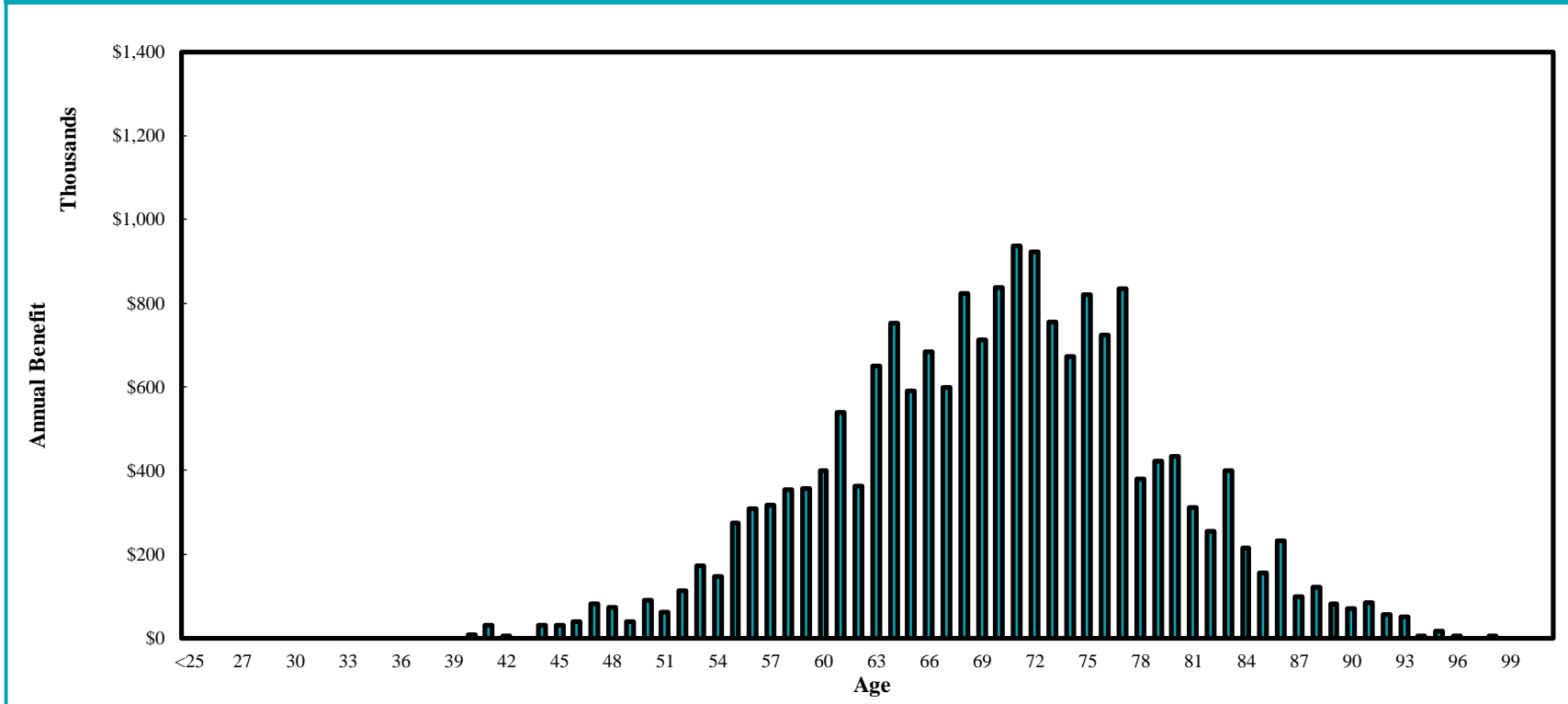
Age	Count	Annual Benefit	Age	Count	Annual Benefit
<25	0	\$ -	73	55	\$ 754,309
25	0	-	74	45	670,944
26	0	-	75	61	818,758
27	0	-	76	57	724,608
28	0	-	77	58	833,858
29	0	-	78	27	380,263
30	0	-	79	38	423,426
31	0	-	80	37	434,132
32	0	-	81	27	311,848
33	0	-	82	22	255,291
34	0	-	83	32	399,217
35	0	-	84	20	213,449
36	0	-	85	16	155,301
37	0	-	86	21	231,430
38	0	-	87	7	97,022
39	0	-	88	12	121,224
40	1	8,318	89	13	79,809
41	3	30,418	90	8	70,623
42	1	4,179	91	8	85,326
43	0	-	92	3	55,368
44	3	29,287	93	4	50,845
45	3	29,576	94	1	3,960
46	4	38,745	95	2	15,951
47	8	81,617	96	1	3,880
48	9	73,427	97	0	-
49	2	38,440	98	1	3,724
50	8	88,692	99	0	-
51	9	61,196	100	0	-
52	13	112,960	101	0	-
53	18	173,366	102	0	-
54	17	145,391	103	0	-
55	21	274,328	104	0	-
56	22	307,678	105	0	-
57	27	318,177	106	0	-
58	31	354,874	107	0	-
59	34	357,648	108	0	-
60	30	398,675	109	0	-
61	37	537,906	110	0	-
62	41	362,189	111	0	-
63	56	650,243	112	0	-
64	55	753,207	113	0	-
65	52	590,586	114	0	-
66	57	682,862	115	0	-
67	48	598,251	116	0	-
68	57	823,900	117	0	-
69	62	710,709	118	0	-
70	69	838,334	119	0	-
71	68	935,354	120	0	-
72	65	921,238			
			Totals	1,507	\$ 18,526,336

Individuals shown on this page are those currently receiving disability benefit from the Plan.

DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018

APPENDIX A – MEMBERSHIP INFORMATION

Delaware State Employees' Pension Plan Annual Benefit  
Distribution by Age of Disabled Members as of June 30, 2018



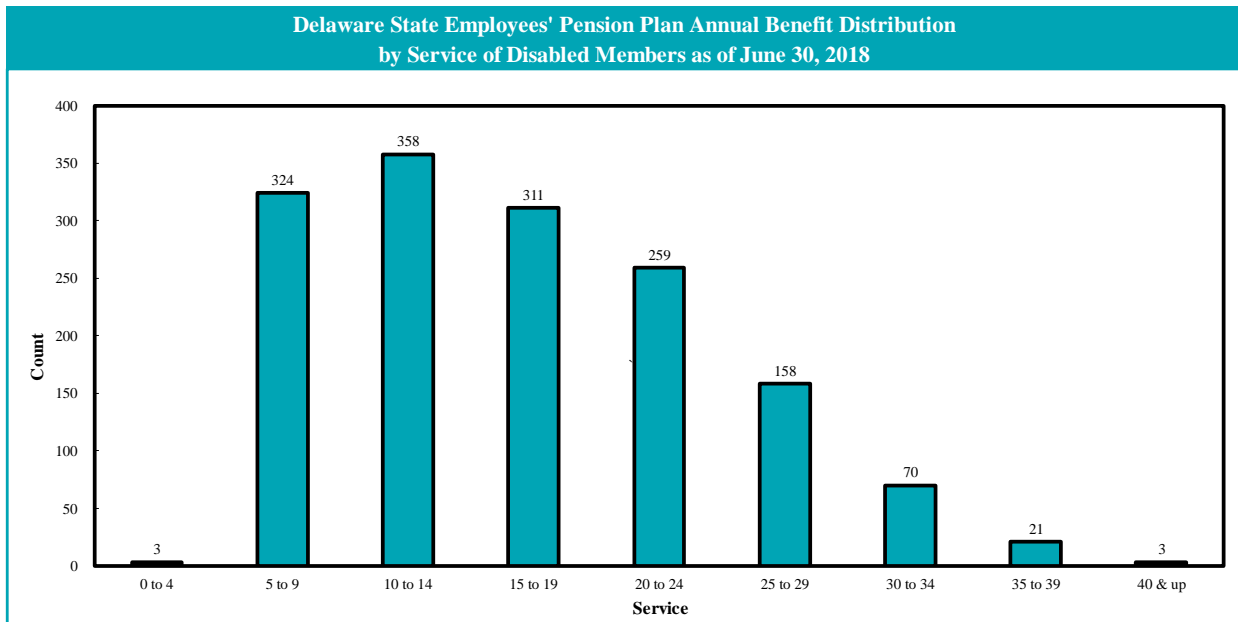
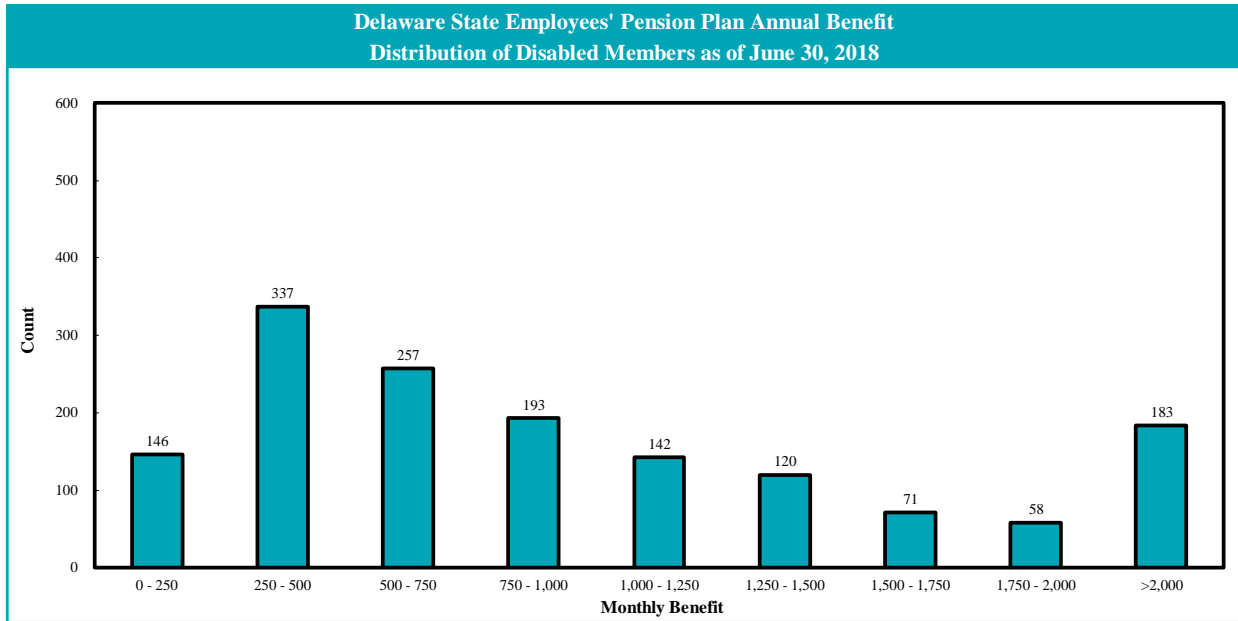
**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**APPENDIX A – MEMBERSHIP INFORMATION**

<b>Delaware State Employees' Pension Plan Annual Benefit Distribution by Service of Disabled Members as of June 30, 2018</b>										
<b>Counts By Benefit/Service</b>										
<b>Monthly Benefit</b>	<b>Service</b>									<b>Total</b>
	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
0 - 250	0	130	15	1	0	0	0	0	0	146
250 - 500	2	154	137	34	9	1	0	0	0	337
500 - 750	1	28	119	74	31	4	0	0	0	257
750 - 1,000	0	9	44	84	41	11	4	0	0	193
1,000 - 1,250	0	2	21	48	52	14	5	0	0	142
1,250 - 1,500	0	1	12	35	43	22	5	2	0	120
1,500 - 1,750	0	0	6	14	25	21	5	0	0	71
1,750 - 2,000	0	0	1	9	23	17	5	3	0	58
>2,000	0	0	3	12	35	68	46	16	3	183
Total	3	324	358	311	259	158	70	21	3	1,507

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**APPENDIX A – MEMBERSHIP INFORMATION**





**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**APPENDIX A – MEMBERSHIP INFORMATION**

**Delaware State Employees' Pension Plan Annual Benefit  
Distribution by Age of Long-Term Disability Members as of June 30, 2018**

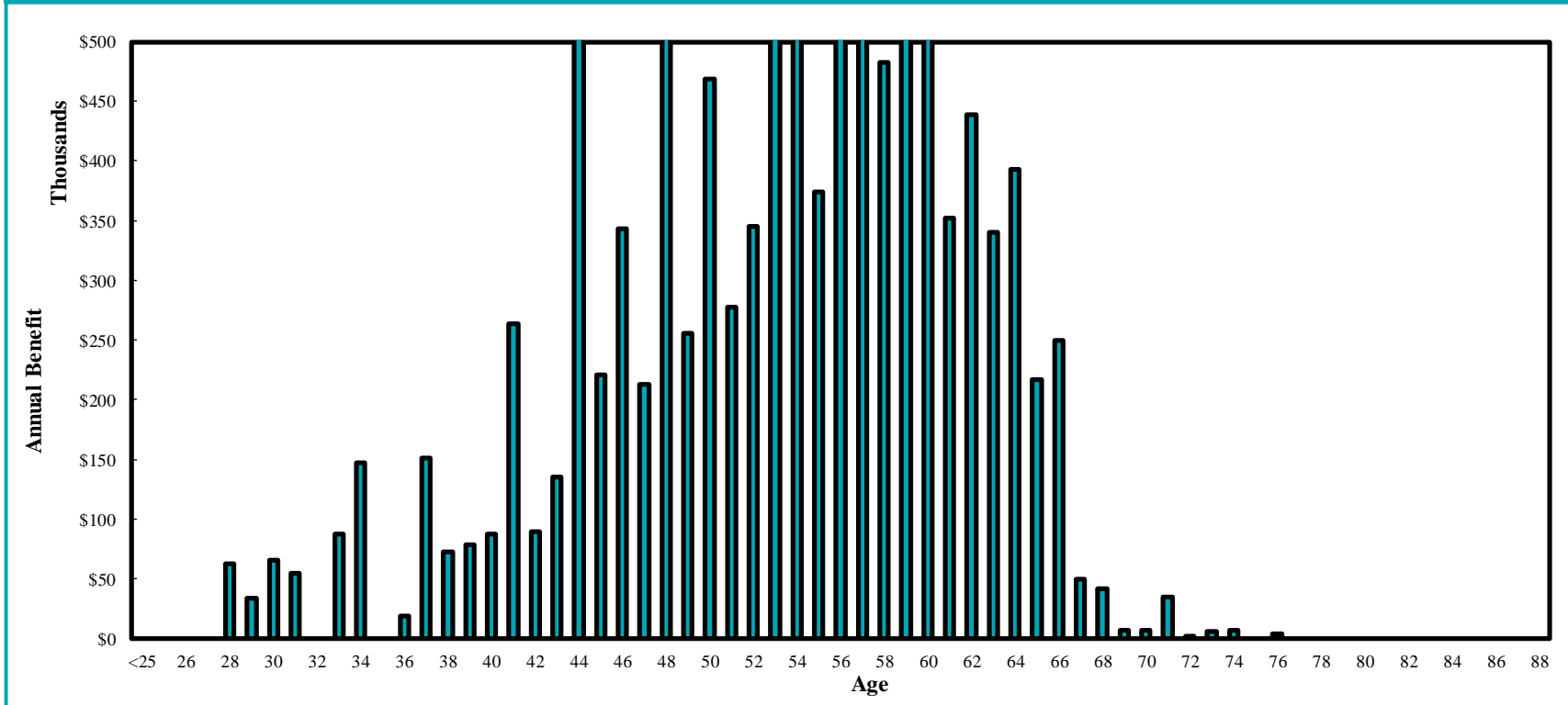
Age	Count	Annual Benefit	Age	Count	Annual Benefit
<25	0	\$ -	73	1	\$ 5,937.01
25	0	-	74	1	6,294
26	0	-	75	0	-
27	0	-	76	1	4,167
28	3	62,066	77	0	-
29	1	33,614	78	0	-
30	4	65,846	79	0	-
31	3	54,769	80	0	-
32	0	-	81	0	-
33	4	87,329	82	0	-
34	7	147,354	83	0	-
35	0	-	84	0	-
36	1	19,200	85	0	-
37	7	150,964	86	0	-
38	3	72,263	87	0	-
39	4	78,632	88	0	-
40	4	87,405	89	0	-
41	11	263,611	90	0	-
42	4	88,938	91	0	-
43	5	134,913	92	0	-
44	19	529,714	93	0	-
45	8	220,309	94	0	-
46	16	342,927	95	0	-
47	10	212,562	96	0	-
48	20	525,905	97	0	-
49	14	255,358	98	0	-
50	21	468,441	99	0	-
51	13	277,071	100	0	-
52	15	345,215	101	0	-
53	29	655,680	102	0	-
54	32	798,619	103	0	-
55	22	373,653	104	0	-
56	27	522,160	105	0	-
57	30	557,399	106	0	-
58	30	482,486	107	0	-
59	32	579,166	108	0	-
60	37	600,453	109	0	-
61	23	352,012	110	0	-
62	34	439,063	111	0	-
63	22	340,647	112	0	-
64	26	392,821	113	0	-
65	16	216,995	114	0	-
66	11	250,154	115	0	-
67	3	49,696	116	0	-
68	4	41,489	117	0	-
69	2	6,957	118	0	-
70	1	6,533	119	0	-
71	4	35,029	120	0	-
72	1	1,449			
			Totals	586	\$ 11,243,263

These individuals are currently receiving benefits from the Disability Insurance Program. The amounts shown here are those payable once these participants reach retirement eligibility.

DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018

APPENDIX A – MEMBERSHIP INFORMATION

Delaware State Employees' Pension Plan Annual Benefit Distribution  
by Age of Long Term Disability Members as of June 30, 2018



Amounts shown are those payable once the participant reaches retirement eligibility.

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS**

**A. Long-Term Assumptions Used to Determine Plan Costs and Liabilities**

**1. Demographic Assumptions**

**a. Rates of Mortality**

Mortality rates are based on the sex-distinct employee, healthy annuitant, and disabled annuitant mortality tables described below, including adjustment factors applied to the published tables for each group. Future mortality improvements are reflected by applying a custom projection scale on a generational basis to adjusted base tables from the base year shown below.

**i. Sample Rates of Mortality for Active Healthy Lives at Selected Ages (number of deaths per 10,000 members):**

(2018 Values Shown)		
Age	Male	Female
25	5	2
30	5	2
35	5	3
40	6	4
45	10	6
50	18	10
55	30	16
60	50	24
65	88	36
70	150	63
75	256	108
80	432	187

Rates are based on 110% and 100% of the RP-2014 Total Dataset Employee Mortality Table, respectively, for males and females, using the RP-2014 Total Dataset Healthy Annuitant Mortality Table rates after the end of the Employee Mortality Table, both projected from the 2006 base rates using the RPEC-2015 model, with an ultimate rate of 0.85% for ages 20-85, grading down to an ultimate rate of 0% for ages 115-120, and convergence to the ultimate rate in the year 2020. The valuation uses fully generational projection of mortality improvements. Sample rates shown are those projected through the valuation date.

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS**

**ii. Sample Rates of Mortality for Healthy Annuitant Lives at Selected Ages  
(number of deaths per 10,000 members):**

(2018 Values Shown)		
Age	Male	Female
50	43	26
55	61	36
60	83	52
65	117	79
70	182	128
75	296	209
80	498	354
85	869	628
90	1,537	1,126
95	2,434	1,859
100	3,486	2,785

Rates are based on 110% and 100% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC-2015 model, with an ultimate rate of 0.85% for ages 20-85, grading down to an ultimate rate of 0% for ages 115-120, and convergence to the ultimate rate in the year 2020. The valuation uses fully generational projection of mortality improvements. Sample rates shown are those projected through the valuation date.

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS**

**iii. Sample Rates of Mortality for Disabled Annuitant Lives at Selected Ages  
(number of deaths per 10,000 members):**

(2018 Values Shown)		
Age	Male	Female
25	91	27
30	87	34
35	103	48
40	124	66
45	192	103
50	235	136
55	271	171
60	308	203
65	369	247
70	477	336
75	653	492
80	931	743
85	1,387	1,126
90	2,135	1,673
95	3,003	2,440
100	3,957	3,432

Rates are based on 120% of the RP-2014 Total Dataset Disabled Annuitant Mortality Table, projected from the 2006 base rates using the RPEC-2015 model, with an ultimate rate of 0.85% for ages 20-85, grading down to an ultimate rate of 0% for ages 115-120, and convergence to the ultimate rate in the year 2020. The valuation uses fully generational projection of mortality improvements. Sample rates shown are those projected through the valuation date.

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS**

**b. Sample Rates of Active Disability**

<b>Rates of Active Disability</b>	
Age	Rates
20	0.0522%
25	0.0522
30	0.1831
35	0.2694
40	0.3821
45	0.4643
50	0.6214
55	0.8579
60	1.0699

<b>Rates of Active Disability for those who opted into the Disability Insurance Program*</b>	
Age	Rates
65	1.3018%
70	1.3464
75	1.7914
80	1.0234

\* For those who remained in the Pension Plan for disability purposes, the assumption stops at age 64.

**c. Termination of Employment Rates (Prior to Retirement Eligibility)**

<b>Rates of Termination*</b>	
Service	Rates
0	16.5%
1	15.5
2	11.0
3	9.0
4	7.5
5	6.5
6	5.0
7	4.5
8	4.0
9	3.5
10-11	3.0
12-13	2.5
14-15	2.0
16-18	1.5
19-24	1.0
25+	0.0

\* Termination rates zero once member has reached early or normal retirement eligibility regardless of service.

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS**

**d. Rates of Retirement**

**Employees (including Elected Officials and Correctional Officers/Specified Peace Officers):**

Service	Retirement Rates*	
	Early**	Normal
5-14	0.00%	15.00%
15	7.50%	20.00%
16	5.00%	17.50%
17	5.00%	15.00%
18	5.00%	12.50%
19	5.00%	15.00%
20	7.50%	30.00%
21	7.50%	27.50%
22-23	7.50%	20.00%
24	7.50%	17.50%
25	10.00%	27.50%
26	5.00%	20.00%
27-28	5.00%	25.00%
29	12.50%	25.00%
30	N/A	25.00%
>=31	N/A	20.00%

\* Rates only applicable if member meets eligibility.

\*\* Early retirement is increased by 5% for Correctional Officers (HB207, SB50, HB363, HB41, HB43, HB179, and HA1 Employees) classified as hazardous duty level A-1 where their early retirement is unreduced.

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS**

**e. Salary Increase Rates**

Service-based table includes an annual inflation rate of 2.50%.

Service	Increase
0	11.50%
1	7.50
2	6.25
3	5.75
4	5.50
5	5.15
6	4.80
7	4.60
8	4.20
9	4.00
10	3.80
11	3.70
12	3.50
13	3.35
14	3.20
15	3.10
16	3.00
17	2.90
18	2.80
19	2.70
20	2.60
21+	2.50

**f. Family Composition**

Female spouses are assumed to be three years younger than males. 70% are assumed married for both male and female employees. Actual marital characteristics are used for pensioners.

**2. Economic Assumptions**

- a. Investment Rate of Return: 7.00%
- b. General Wage Increase Rate: 2.50%
- c. Annual Assumed Cost-of-Living Increase Rate for Retirees: 0.00%
- d. Total Payroll Increase Rate (for Amortization): 2.50%
- e. Administrative Expenses as a Percentage of Covered Payroll: 0.30%



**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS**

**3. Rationale for Assumptions**

The assumptions were adopted by the Board of Trustees upon the recommendation of the actuary, based on an experience study review performed in 2016 and covering the period July 1, 2010 through June 30, 2015. The Board continually reviews the investment rate of return assumption and adopted a reduced rate of 7.0% at the advice of its investment consultants, first effective for funding with the 2017 valuation.

**4. Changes since Last Valuation**

None.

## APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

### B. Actuarial Methods

#### 1. Funding Method

The Entry Age Normal funding method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active member. The normal cost rate times payroll equals the normal cost for each active member. The normal cost plus member contributions will pay for projected benefits at retirement for each active plan participant.

The actuarial liability is that portion of the present value of projected benefits that will not be paid by future State normal costs or member contributions. The difference between this liability and funds accumulated as of the same date is referred to as the unfunded actuarial liability.

The portion of the actuarial liability in excess of plan assets is amortized to develop an additional cost or savings that is added to each year's State normal cost. Under this cost method, actuarial gains and losses are directly reflected in the size of the unfunded actuarial liability.

The portion of unfunded liability not expected to be paid through PRI transfer or state reimbursements is amortized over a 20-year period starting July 1, 2018 as a percentage of payroll. PRI transfers are made to pay for each PRI as granted over a five-year period. These transfers are treated as a receivable for purposes of developing the State rate. All payments are determined assuming total payroll increases by the annual inflation rate. UAL layers arising in future valuations will be amortized over their own 15-year periods.

#### 2. Actuarial Value of Assets

For purposes of determining the State contribution rate to the Plan, we use an actuarial value of assets. This asset smoothing method dampens the volatility in asset values that could occur because of fluctuations in market conditions. Use of an asset smoothing method is consistent with the long-term nature of the actuarial valuation process.

The actuarial value of assets is a weighted average giving 20% weight to the current market value and 80% weight to the prior year's actuarial value increased by expected interest and contributions and decreased by benefit payments and expenses. This is mathematically equivalent to recognizing 100% of the actuarially assumed interest rate, plus contributions, less payment each year, and 20% of the portion of each year's returns that have not already been reflected in asset values.

#### 3. Changes since Last Valuation

The amortization of plan UAL was moved from a 20-year open period to a 20-year closed period effective July 1, 2018. Future layers will be added using their own 15-year closed periods.

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS**

**4. Rationale for Changes in Method**

The amortization was moved to a closed period and layers adopted for future years to improve the period over which the Plan's unfunded liability is expected to be repaid as well as the volatility of the actuarially determined contributions for the Plan.

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
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**APPENDIX C – SUMMARY OF PLAN PROVISIONS**

This appendix provides a summary of the plan provisions. Where the Plan, as determined by the State Code and the Plan Rules and Regulations, and this summary differ, the Plan governs.

## **1. Membership**

The Plan covers full-time and regular part-time employees of the State of Delaware, which includes:

- State Department of Public Education,
- School Districts' part of the State School System (the membership includes 19 school districts),
- Delaware Department of Finance, State Lottery Office,
- Delaware Department of Transportation,
- Delaware Solid Waste Authority (1986),
- Delaware State University,
- Delaware Technical & Community College,
- University of Delaware (excluding most faculty and designated professional staff), and
- State Agencies supported wholly or in part by federal funds granted to the State.

There are two groups that have slightly different benefit structures within the Plan: Elected Officials (EO) and Correctional Officers/Specified Peace Officers (CO/SPD). Where the benefits for these groups vary from the remainder of the members covered in this Plan, this is noted in the remainder of this summary.

## **2. Member Contributions**

Pre-2012 hires: 3% of compensation in excess of \$6,000 per annum

Post-2011 hires: 5% of compensation in excess of \$6,000 per annum

Interest is credited at the rate of 5% per year. Member contributions are made through an “employer pick-up” arrangement that results in deferral of taxes on the contributions.

CO/SPO members pay an additional 2% of compensation in excess of \$6,000 per annum. (For members covered under HB179, this additional amount is first effective as of January 1, 2019. For members under these provisions by the other bills, the increase is already in effect as of the June 30, 2018 valuation date.)

## **3. Credited Service**

All service as a member plus certain claimed and purchased service.

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**APPENDIX C – SUMMARY OF PLAN PROVISIONS**

#### **4. Final Average Compensation**

Final average compensation (FAC) is the average of any 36 months comprised of three periods of 12 consecutive months (or shorter period of total service) of compensation paid to the member, including salary, wages and fees, plus overtime payments and special payments for extra duty. Overtime payments are excluded for Post – 2011 hires.

#### **5. Normal Retirement**

Eligibility: Pre-2012 hires: (i) age 62 with five years of credited service, or (ii) age 60 with 15 years of credited service, or (iii) any age with 30 years of credited service

Post-2011 hires: (i) age 65 with 10 years of credited service, or (ii) age 60 with 20 years of credited service, or (iii) any age with 30 years of credited service

EO Pre-2012 hires: (i) age 60 with five years of credited service or (ii) age 55 with 10 years of credited service

EO Post-2011 hires: (i) age 65 with 10 years of credited service, or (ii) age 60 with 20 years of credited service, or (iii) any age with 30 years of credited service

CO/SPD Pre-2012 hires: (i) age 62 with five years of credited service, or (ii) age 60 with 15 years of credited service, or (iii) any age with 25 years of credited service

CO/SPD Post-2011 hires: (i) age 65 with 10 years of credited service, or (ii) age 60 with 20 years of credited service, or (iii) any age with 25 years of credited service

Benefit: 2.0% of final average compensation multiplied by years of service prior to January 1, 1997 plus 1.85% of final average compensation multiplied by years of service after January 1, 1997.

CO/SPD members covered by HB207 and SB50 receive a benefit of 2.45% of final average compensation in lieu of the 1.85% multiplier for years of service greater than 25.

CO/SPD members covered by HB363, HA1, HB41, HB43, and HB179 receive a benefit of 2.45% of final average compensation in lieu of the 1.85% multiplier for years of service greater than 25 for retirements on or after January 1, 2019.

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**APPENDIX C – SUMMARY OF PLAN PROVISIONS**

EO members elected before February 1, 1997 additionally have a minimum benefit equal to the member's years of service as an elected member of the General Assembly times the highest rate of payment being paid to any retired member of the General Assembly, with that rate computed by dividing the retired member's monthly pension by the member's years of service as an elected member of the General Assembly.

## **6. Early Retirement**

**Eligibility:** (i) age 55 with 15 years of credited service, or (ii) any age with 25 years of credited service

**Benefit:** Normal retirement benefit calculated using final average compensation and service at early retirement, and reduced by 0.2% (by 0.4% if post-2011 hire) for each month which retirement age precedes the earlier of age 60 or the attainment of 30 years of service.

CO/SPO members covered by HB207 and SB50 receive an early retirement benefit with no reduction if they have at least 25 years of State service, including at least 20 years as a Correctional Officer.

CO/SPO members covered by HB363, HA1, HB41, HB43, and HB179 receive an early retirement benefit with no reduction for retirements on or after January 1, 2019 if they have at least 25 years of State service, including at least 20 years as a Correctional Officer.

CO/SPO members covered by HB179 receive an early retirement benefit with no reduction for retirements on or after January 1, 2019 if they have at least 25 years of service as a 9-1-1 operator.

## **7. Disability Benefit**

**Eligibility:** Five years of credited service and eligible disability

**Benefit:** Normal retirement benefit calculated using service and salary at disability date

A member who opted into the Disability Insurance Program will not receive a benefit from this plan until they reach normal retirement eligibility. All members hired on or after January 1, 2006 are covered by the Disability Insurance Program and thus will not receive a benefit from this plan until they reach normal retirement eligibility.

For EO members, the minimum benefit described in the normal retirement section also applies.

## APPENDIX C – SUMMARY OF PLAN PROVISIONS

### 8. Survivor's Benefit

Eligibility: Five years of credited service and death while active

Benefit: For eligible survivors of employees who die in active service: 75% of service pension the employee would have been eligible to receive at age 62, calculated using final average compensation and credited service accrued to the date of death and reduced by 3% for the form of payment. If the surviving spouse has not yet attained age 50, the benefit will be actuarially reduced for each month he or she is under 50. However, this actuarial reduction will not apply for any period in which the survivor has a dependent child.

Eligible survivors include: (1) spouse (legally married/civil union), or (2) child or children under 18, between 18 and 22 and attending school on a full-time basis, or over 18 and permanently disabled before 18, or (3) dependent parent or parents. If no eligible survivors, accumulated contributions with interest over aggregate pension payments are payable to the beneficiary.

### 9. Burial Benefit

\$7,000 lump sum, paid at death after disability or service retirement of a member

### 10. Vesting

Eligibility: Pre-2012 hires: Employees who separate from service with at least five years of service

Post-2011 hires: Employees who separate from service with at least 10 years of service

Benefit: Accrued normal retirement benefit, payable at age 62 for Pre-2012 hires and age 65 for Post-2011 hires. In lieu of a pension, a member may receive a refund of accumulated contributions with interest. Upon application for a refund of contributions, a member's vested right to a monthly benefit shall be forfeited.

### 11. Withdrawal of Employee Contributions

Eligibility: Terminated service

Benefit: Accumulated employee contributions with interest

### 12. Form of Payment

The normal form of payment is a 50% joint and survivor annuity

**DELAWARE STATE EMPLOYEES' PENSION PLAN  
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

**APPENDIX C – SUMMARY OF PLAN PROVISIONS**

As an alternative to the normal form, a member may elect one of the following optional forms of payment upon service retirement or disability:

- 66 2/3% joint and survivor form with a 2% reduction in benefits,
- 75% joint and survivor form with a 3% reduction in benefits, or
- 100% joint and survivor form with a 6% reduction in benefits.

The 66 2/3% and 100% options are only available for retirement on or after January 1, 2015.

### **13. Cost-of-Living Adjustment**

Cost-of-living adjustments are made only on an ad hoc basis.

### **14. Changes since Last Valuation**

The provisions of HB41, HB43, and HB179 from the 2017 Legislature were first effective this year.

HB41 extended the definition of “specified police officer” to include Delaware State University Police Officers. HB 43 specifies that probation and parole officers include classifications in the Probation and Parole occupational series up to and including the Probation and Parole officers. The Division of Alcohol and Tobacco Enforcement includes up to and including the Director of Alcohol and Tobacco Enforcement in the occupational series. This bill provided unreduced benefits at 25 years of service to these groups, in addition to those covered by House Bill 363 and House Amendment 1, for retirements on and after January 1, 2019. For service after 25 years, they receive a higher benefit multiplier and they must pay an additional 2% of annual compensation in excess of \$6,000.

HB179 defined the group of 9-1-1 operators and provides this group unreduced benefits at 25 years of service as a 9-1-1 operator for retirements on and after January 1, 2019. In addition, the employee contribution rate is 5% of annual compensation in excess of \$6,000 for 9-1-1 operators hired Pre-2012, and 7% of annual compensation in excess of \$6,000 for those hired post-2011.

Senate Bill 236 provided for a one-time payment of \$400 to all who are retired as of July 8, 2018. The cost of this supplemental payment will be reimbursed by the State.





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