

New Castle County Employees' Retirement Plans

Actuarial Valuation Information for Financial Reporting under Governmental Accounting Standards Board Statements 67 and 68

as of June 30, 2020 (Fiscal Year 2020)

October, 2020

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Executive Summary

The purpose of this report is to provide the information needed for financial reporting and accounting for the New Castle County (the County) Employees' Retirement Plans, in accordance with Governmental Accounting Standards Board (GASB) Statements 67 and 68.

The funding reports for these plans are sent under separate cover, and serve a separate purpose. All the figures presented in this report are to be used for accounting purposes only.

This report is prepared in accordance with generally accepted actuarial principles and practices. In the opinion of the County and its actuaries, the actuarial assumptions used are reasonable related to Retirement System experience and expectations, and represent the best estimate of Retirement System experience.

The County's Net Pension Liability as of June 30, 2020 is \$203,648,552 (pages 7-8). The ratio of the Plan's Fiduciary Net Position to the Total Pension Liability is 69.2%, a 1.0% decrease from last year.

The County's pension expense for fiscal year 2020 is \$33,070,286 (page 14). The net amount of deferred (inflow)/outflow of resources is \$34,550,663 (pages 15-16).

The undersigned are members of the American Academy of Actuaries, and are qualified to render the actuarial opinions presented in this report.

Respectfully Submitted,

BOOMERSHINE CONSULTING GROUP, L.L.C.



Gregory M. Stump, FSA, EA, MAAA, FCA
Chief Actuary



Sunita K. Bhatia, ASA, EA, MAAA, FCA
Senior Consultant/Actuary

GASB 67: Plan Reporting

The measurement date for GASB 67 reporting is the County's fiscal year end, June 30, 2020. Plan assets (Fiduciary Net Position) are measured as of this date. The Total Pension Liability (TPL) as of this date is based on an actuarial valuation as of January 1, 2020, with adjustments made for the six-month difference. Adjustments include Service Cost, Interest on Total Pension Liability, and expected benefit payments during the half year.

Under GASB 67, the Net Pension Liability (NPL) is established as the difference between the Total Pension Liability and the Plan Fiduciary Net Position. The NPL is very much like the unfunded actuarial accrued liability that is developed for the County's funding valuation, with adjustments as follows:

1. Time lapsed from valuation date to measurement date (six months)
2. Assets at fair market value, without any smoothing of gains or losses
3. Difference in discount rate

Relevant Dates

Valuation Date:	January 1, 2020
Measurement Date:	June 30, 2020
Reporting Date:	June 30, 2020

Key Figures

	2020	2019
Net Pension Liability (\$mm)	\$203.6	\$192.5
Net Position as a Percent of Total Pension Liability	69.2%	70.2%

Plan Asset Information

FIDUCIARY NET POSITION AS OF JULY 1, 2019	\$454,154,613
<u>Receipts</u>	
+	
Employee Contributions	2,586,225
Employer Contributions*	26,734,944
Investment Income, net of expenses	18,563,905
Total Receipts	47,885,074
<u>Disbursements</u>	
-	
Benefit Payments/refunds	44,182,032
Administrative/Other Expenses	774,731
Total Disbursements	44,956,763
Excess of Receipts Over Disbursements	2,928,311
FIDUCIARY NET POSITION AS OF JUNE 30, 2020	\$457,082,924

* including amounts from State and Police Supplemental and Crossing Guards

Money Weighted Investment Returns

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was about 4.2%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

A history of money-weighted rates of return is shown below.

History of Money Weighted Returns

<u>Fiscal Year</u>	<u>Return</u>
2020	4.18%
2019	6.16%
2018	8.85%
2017	11.87%
2016	(2.14%)
2015	3.64%
2014	12.38%
2013	11.70%
2012	(1.98%)
2011	21.21%

Net Pension Liability

The components of the net pension liability of the County are as follows:

	June 30, 2020	June 30, 2019
Total Pension Liability	\$660,731,476	\$646,646,296
Plan Fiduciary Net Position	\$457,082,924	\$454,154,613
Net Pension Liability	\$203,648,552	\$192,491,683
Plan Fiduciary Net Position as a percentage of Total Pension Liability	69.2%	70.2%

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the County, calculated using the discount rate of 7.00%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

<i>As of 6/30/2020</i>		Current	
Discount Rate:	1% Decrease	Discount Rate	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Total Pension Liability	\$734,125,751	\$660,731,476	\$587,291,258
<u>Plan Net Position</u>	<u>\$457,082,924</u>	<u>\$457,082,924</u>	<u>\$457,082,924</u>
Net Pension Liability	\$277,042,827	\$203,648,552	\$130,208,334
Ratio of Plan Net Position to Total Pension Liability	62.3%	69.2%	77.8%

Changes in Net Pension Liability

	Fiscal Year:						
	2020	2019	2018	2017	2016	2015	2014
<u>Total Pension Liability</u>							
Service Cost	\$6,782,145	\$8,002,663	\$7,578,587	\$ 7,700,742	\$ 7,847,444	\$ 7,733,029	\$ 7,803,030
Interest	44,219,774	43,722,887	42,043,474	41,203,676	40,893,316	40,243,005	43,328,727
Changes in benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	7,265,293	(3,143,686)	3,123,070	(2,077,314)	1,314,713	1,188,291	-
Changes in assumptions	-	39,786,800	-	(1,789,625)	11,647,493	721,980	-
<u>Benefit payments, including refunds</u>	<u>(44,182,032)</u>	<u>(42,835,175)</u>	<u>(41,141,436)</u>	<u>(39,523,627)</u>	<u>(37,813,325)</u>	<u>(36,345,952)</u>	<u>(34,213,002)</u>
Net Change in Total Pension Liability	\$14,085,180	\$45,533,489	\$11,603,695	\$ 5,513,852	\$23,889,641	\$13,540,353	\$ 16,918,755
Total Pension Liability - Beginning of Year	646,646,296	601,112,807	589,509,112	583,995,260	560,105,619	546,565,266	529,646,511
Total Pension Liability - End of Year	660,731,476	646,646,296	601,112,807	589,509,112	583,995,260	560,105,619	546,565,266
<u>Plan Fiduciary Net Position</u>							
Contributions - employer	\$26,734,944	\$22,504,179	\$22,677,474	\$17,259,347	\$17,035,119	\$18,025,370	\$13,672,749
Contributions - member	2,586,225	2,639,998	2,688,889	2,679,140	2,840,012	2,779,085	2,845,513
Net investment income	18,563,905	26,769,755	36,749,800	46,007,003	(8,901,832)	15,220,117	48,084,200
Benefit payments, including refunds	(44,182,032)	(42,835,175)	(41,141,436)	(39,523,627)	(37,813,325)	(36,345,952)	(34,213,002)
Admin. expenses	(774,731)	(891,612)	(734,504)	(715,654)	(660,453)	(581,179)	(642,018)
<u>Other changes in net position</u>	=	=	=	=	=	=	=
Net Change in Plan Fiduciary Net Position	\$2,928,311	\$8,187,145	\$20,240,223	\$25,706,209	\$(27,500,479)	\$(902,559)	\$29,747,442
Plan Fiduciary Net Position - Beginning of Year	454,154,613	445,967,468	425,727,245	400,021,036	427,521,515	428,424,074	398,676,632
Plan Fiduciary Net Position - End of Year	457,082,924	454,154,613	445,967,468	425,727,245	400,021,036	427,521,515	428,424,074
Net Pension Liability - Beginning of Year	\$192,491,683	\$155,145,339	\$163,781,867	\$183,974,224	\$132,584,104	\$118,141,192	\$130,969,879
Net Pension Liability - End of Year	\$203,648,552	\$192,491,683	\$155,145,339	\$163,781,867	\$183,974,224	\$132,584,104	\$118,141,192
Net Position as a percentage of Total Pension Liability	69.2%	70.2%	74.2%	72.2%	68.5%	76.3%	78.4%
Covered Payroll	\$63,662,011	\$62,750,893	\$63,082,234	\$61,704,013	\$61,711,130	\$62,272,733	\$ 62,346,860
Net Pension Liability as a percentage of Covered Payroll	319.9%	306.8%	245.9%	265.4%	298.1%	212.9%	189.5%

Employer Contributions

Year	Actuarially Determined Employer Contribution	Amount of Actual Contribution	Contribution Deficiency/(Excess)	Covered Payroll	Contribution as a Percent of Payroll
2011	\$11,111,476	\$9,091,687	\$2,019,789	\$63,246,700	14.4%
2012	11,842,677	10,719,798	1,122,879	64,113,546	16.7%
2013	11,373,584	11,592,772	(219,188)	62,292,327	18.6%
2014	13,201,521	12,070,614	1,130,907	62,346,860	19.4%
2015	15,381,365	14,248,413	1,132,952	62,272,733	22.9%
2016	15,341,397	15,341,397	0	61,711,130	24.9%
2017	15,491,040	15,491,040	0	61,704,013	25.1%
2018	17,874,191	17,874,191	0	63,082,234	28.3%
2019	22,504,179	22,504,179	0	62,750,893	35.9%
2020	26,734,944	26,734,944	0	63,662,011	42.0%

Note: Actuarial contributions are determined as a percentage of payroll. This rate is applied to actual payroll to determine the employer contribution. The County amounts shown above are also net of funds received from the State. There have also been two separate time periods in which the actuarial contribution rate was phased in over a period of several years. This occurred in 2010 through 2012, as well as 2014 through 2015. The County and Retirement Board's current policy is to contribute the full actuarial cost each year going forward.

Actuarial Information

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.75%
Salary Increases:	7.75% up to 10 years of service; then 3.25% (2.75% for Crossing Guards)
Investment Return:	7.00%, net of investment expense and including inflation

Mortality rates were based on the RP-2014 Combined Healthy Mortality Tables (Blue Collar), with adjustments for mortality improvements based on Scale SSA projected on a generational basis. RP2014 Disabled tables were used for the valuation of disabled members.

Changes in Actuarial assumptions.

There were no changes in assumptions since the prior year.
A full description is included in the 2020 valuation report.

Actuarial Methods for Determining Employer Contributions

The Entry Age method is used to determine plan liabilities and costs. Investment gains and losses are smoothed over five years, and 20-year layered amortization of unfunded liability is used. More detailed information is presented in the Annual Review and Actuarial Valuation as of January 1, 2020.

Assumed Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. This is then modified through a Monte-Carlo simulation process, by which a (downward) risk adjustment is applied to the baseline expected return.

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, and the final investment return assumption, are summarized in the following table:

Asset Class	Long-Term Expected Real Return - Portfolio	Weight
Domestic Equity	5.80%	23%
International Equity	6.25%	17%
Fixed Income – U.S.	1.85%	31%
Global Asset Allocation	5.00%	10%
Opportunistic Debt	3.25%	3%
Real Estate	4.80%	5%
Private Equity	7.80%	5%
Hedge Funds	2.60%	5%
Cash Equivalents	0.40%	1%
Total Weighted Average Real Return	4.33%	100%
Plus Inflation	2.75%	
Total Return w/o Adjustment	7.08%	
Risk Adjustment	-0.08%	
Total Expected Return	7.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rates of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

GASB 68: Employer Reporting

The County's Net Pension Liability as of June 30, 2014 was established under GASB 67. The purpose of GASB 68 is to outline the changes in the NPL over time, via the Pension Expense.

The Pension Expense under GASB 68 includes the cost of benefits accrued, interest cost for elapsed time, administrative expenses, decreases for benefits paid and for employee contributions, differences between actual and assumed experience, and other adjustments resulting from changes in assumptions or plan provisions.

GASB 68 was implemented as of June 30, 2015, and includes information on the County's Pension Expense, Deferred Inflows and Outflows of Resources, and recognition schedules for such. The following sections contain the required schedules for each plan.

Investment gains and losses for each year, beginning with FY2015, will be recognized over five years. Demographic gains and losses as well as assumption changes will be recognized over the average remaining working lifetimes of all plan participants, which could vary from plan to plan. In general, any plan changes will be recognized immediately.

Key Figures

Pension Expense, \$mm	\$33,070,286
Net Deferred Outflow/(Inflow), \$mm	\$34,550,663

Pension Expense

Pension Expense for the County

Item	Fiscal Year 2020	Fiscal Year 2019
Service Cost	\$6,782,145	\$8,002,663
Interest on Total Pension Liability	44,219,774	43,722,887
Difference between expected and actual experience*	1,085,763	199,040
Changes in actuarial assumptions*	7,509,953	10,566,224
Changes in benefit terms	-	-
Employee contributions	(2,586,225)	(2,639,998)
Projected Earnings on Plan investments	(31,083,030)	(30,419,287)
Difference between projected and actual earnings*	6,367,175	7,099,725
Administrative expense	774,731	891,612
Other changes in Fiduciary Net Position	-	-
Total Pension Expense	\$33,070,286	\$37,422,866

* Portion recognized in pension expense.

Development of Gains/Losses

Total Pension Liability (TPL) - Prior	\$646,646,296
Service Cost	6,782,145
Benefit Payments	(44,182,032)
<u>Interest</u>	<u>44,219,774</u>
Expected TPL	\$653,466,183
Actual TPL, before Assumption Change	660,731,476
Experience (Gain)/Loss	7,265,293
Assumption Changes	-
TPL	-
	<u>\$660,731,476</u>
Net Position, Prior	\$454,154,613
Contributions	29,321,169
Benefit Payments + Expenses	(44,956,763)
<u>Expected Earnings</u>	<u>31,083,030</u>
Expected Net Position	\$469,602,049
Actual Net Position	457,082,924
Investment (Gain)/Loss	\$12,519,125

Deferred Inflows and Outflow Summary

As of June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<i>As of June 30, 2020</i>	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Amount
Difference between projected and actual earnings on plan investments	\$12,205,020	(\$6,233,225)	\$5,971,795
Differences between expected and actual experience	6,593,000	(1,886,212)	4,706,788
Changes in actuarial assumptions	23,872,080	0	23,872,080
Total	\$42,670,100	(\$8,119,437)	\$34,550,663

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Amount
2021	\$7,895,285
2022	10,683,082
2023	12,015,414
2024	3,956,882
After 2024	-
Total	\$34,550,663

Prior Year: \$29,729,136

The amounts above represent experience through June 30, 2020. The amounts for future years will be combined with these as experience emerges.

Deferred Inflows and Outflows by Source

# Years ¹	Fiscal Year	Investment (Gain)/Loss	2020 Recognized	2020 Remaining	2021 Recognized	2021 Remaining	2022 Recognized	2022 Remaining	2023 Recognized	2023 Remaining	2024 Recognized	2024 Remaining
5	2016	40,171,700	8,034,340	-								
5	2017	(17,842,828)	(3,568,566)	(3,568,564)	(3,568,564)	-						
5	2018	(6,661,651)	(1,332,330)	(2,664,661)	(1,332,330)	(1,332,331)	(1,332,331)	-				
5	2019	3,649,532	729,906	2,189,720	729,906	1,459,814	729,906	729,908	729,908	-		
5	2020	12,519,125	2,503,825	10,015,300	2,503,825	7,511,475	2,503,825	5,007,650	2,503,825	2,503,825	2,503,825	-
		Net Total	6,367,175	5,971,795	(1,667,163)	7,638,958	1,901,400	5,737,558	3,233,733	2,503,825	2,503,825	-
	Fiscal Year	Experience (Gain)/Loss										
4	2017	(2,077,314)	(519,327)	-								
4	2018	3,123,070	780,768	780,766	780,766	-						
5	2019	(3,143,686)	(628,737)	(1,886,212)	(628,737)	(1,257,475)	(628,737)	(628,738)	(628,738)	-		
	2020	7,265,293	1,453,059	5,812,234	1,453,059	4,359,175	1,453,059	2,906,116	1,453,059	1,453,057	1,453,057	-
		Net Total	1,085,763	4,706,788	1,605,088	3,101,700	824,322	2,277,378	824,321	1,453,057	1,453,057	-
	Fiscal Year	Assumption Changes (Gain)/Loss										
4	2017	(1,789,625)	(447,407)	-								
5	2019	39,786,800	7,957,360	23,872,080	7,957,360	15,914,720	7,957,360	7,957,360	7,957,360	-		
		Net Total	7,509,953	23,872,080	7,957,360	15,914,720	7,957,360	7,957,360	7,957,360	-		
		Net of All	14,962,891	34,550,663	7,895,285	26,655,378	10,683,082	15,972,296	12,015,414	3,956,882	3,956,882	-

¹ For investment experience, the recognition period is five years. For other changes, it is the remaining average working lifetime of all participants.

Plan Membership

The following is a summary of plan membership for the valuation as of January 1, 2019 (used for 1/1/2020 actuarial valuation).

EMPLOYEES' RETIREMENT SYSTEM							
	County Employees' Pension Plan	General Personnel	Police	Alternate Pension Plan	Crossing Guards	County 2011	Total
Number of Participants:							
Active	125	521	9	5	72	287	1,019
Terminated Vested	19	56	1	1	6	0	83
Retired							
Service and Survivor	176	807	319	24	52	0	1,378
Disabled	13	26	1	0	1	0	41
Total	333	1,410	330	30	131	287	2,521

Glossary of Terms

Actuarial Accrued Liability (AAL)*:	The portion of benefits deemed to be accrued by participants based on past service. The AAL serves as the asset funding target, when annual contributions are determined.
Actuarial Value of Assets (AVA)*:	The smoothed value of assets, used to compute the Unfunded AAL. The purpose of the AVA is to control volatility in annual cash contributions .
Amortization of Unfunded Liability*:	The portion of the annual cash contribution that represents a portion of the Unfunded AAL. The amortization can be positive or negative.
Actuarially Determined Employer Contribution (ADEC):	The contribution determined by the actuary for funding purposes .
Employer's Contributions:	Contributions made in relation to the ADEC. An employer has made a contribution in relation to the ARC if the employer has (a) made payments of benefits directly to or on behalf of a retiree or beneficiary, (b) made premium payments to an insurer, or (c) irrevocably transferred assets to a trust, or an equivalent arrangement, in which plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan and are legally protected from creditors of the employers(s) or plan administrator.
Deferred Inflow of Resources:	An acquisition of net assets by the government that is applicable to a future reporting period.
Deferred Outflow of Resources:	A consumption of net assets by the government that is applicable to a future reporting period.
Discount Rate:	The rate used to adjust future benefit payments or a stream of payments, to reflect the time value of money. This rate may be different for accounting purposes versus plan funding.
Market Value of Assets (MVA):	The total value of Plan assets available to pay benefits.
Net Pension Liability:	The difference between the Total Pension Liability and the Plan Fiduciary Net Position. Can be positive or negative.
Pension Expense:	The change in Net Pension Liability during the fiscal year, with partial recognition of deferred inflows/outflows.
Plan Fiduciary Net Position:	The fair market value of assets on the measurement date, for accounting purposes. It is often equal to the MVA.
Service Cost:	That portion of the annual contribution that represents one year's accrual of benefits. In funding calculations, this is known as the Normal Cost.
Total Pension Liability:	The present value of past service benefits for all plan members, as determined for accounting purposes.
Unfunded Actuarial Accrued Liability*:	The difference between the Actuarial Value of Assets and the Actuarial Accrued Liability, used for funding purposes .

* actuarial **funding** terminology

Plan Descriptions

County Employees' Pension Plan

Effective Date	11/1/1979
Employee	Any Employee of the County receiving salary or wages from the finance division who is regularly employed for more than 120 days in a calendar year, excluding certain unclassified Employees and Members of Boards and Commissions.
Membership	<p>Any Employee, except a Police Officer, who is hired on or after 5/1/1979, shall become a Member after 6 months of service, provided they have not attained age 60. However, certain unclassified Employees may elect not to participate.</p> <p>Other Employees, except Police Officers, hired prior to 5/1/1979, who had not attained age 60 at hire, and who made an irrevocable election to participate are also Members.</p> <p>Between 3/23/1988 and 3/22/1989, Members were permitted to transfer between plans.</p> <p>Between 10/14/1997 and 10/14/1998, Members were permitted to transfer between plans.</p> <p>Between 1/15/2004 and 1/15/2005, Members were permitted to transfer between plans.</p>
Annual Compensation	Total W-2
Final Average Compensation	The average monthly compensation for the 60-month period of highest compensation.
Social Security Benefit	The old age or disability benefit for which the participant is eligible under the Federal Social Security Act based on provisions in effect when the participant ceased to be an Employee.
Employee Contributions	3.00% of Annual Compensation in excess of \$5,980, plus 2.00% of Annual Compensation in excess of the Social Security taxable wage base.

Credited Service

For Employees hired on or after 5/1/1979 or former Members of the Employees' Retirement System or Alternate Pension Plan, all service rendered to the County excluding unpaid leave of absence. Credited Service includes certain military service.

For Employees hired prior to 5/1/1979 who were not participants in either the Retirement System or Alternate Pension Plan, all service rendered to the County shall count for purposes of determining eligibility for benefits, but only service after 11/1/1979 shall be used for benefit calculation purposes.

Service Retirement Benefit

Eligibility

A member may retire and receive Service Retirement Benefits after the earliest of:

- Completion of 5 years of Credited Service and attainment of age 65, or
- Completion of 10 years of Credited Service and attainment of age 62, or
- Completion of 15 years of service and attainment of age 60, or
- Completion of 30 years of service.

Employees hired after 12/15/2006;

- Completion of 10 years of Credited Service and attainment of age 62, or
- Completion of 15 years of service and attainment of age 60, or
- Completion of 30 years of service

Benefit

The annual service Pension is equal to 1-2/3% of Final Average Compensation multiplied by years and months of Credited Service.

Maximum

Beginning at age 62, the service pension shall not exceed the sum of (i), (ii) and (iii); multiplied by (iv).

- (i) 1.00% of Final Average Compensation, plus
- (ii) 0.50% of Final Average Compensation in excess of 30% of covered compensation, plus
- (iii) 0.50% of Final Average Compensation in excess of covered compensation; multiplied by
- (iv) Years of service not greater than 30

If a participant attained age 55 prior to 1/1/1997; then upon attainment of age 62 or at retirement, if later, the service retirement shall not exceed 75% of Final Average Compensation, less

Maximum

The Social Security Benefit payable at age 62 or at retirement, if later, multiplied by the ratio of Credited Service to 30 years, such ratio not to exceed one.

Early Retirement Benefit

Eligibility

A Member may retire and receive an Early Retirement Benefit after the attainment of age 55 and completion of 15 years of Credited Service.

Benefit

The annual Early Retirement Benefit is equal to the Service Retirement Benefit reduced by 0.40% for each month that early retirement age precedes age 60.

Disability Retirement Benefit

Service Connected

Eligibility

A member who becomes disabled after completion of 5 years of Credited Service (10 years of Credited Service for employees hired after 12/15/2006) is eligible for a Disability Retirement Benefit

Benefit

The disability benefit is equal to 1-2/3% of Final Average Compensation multiplied by years and months of Credited Service.

Maximum

Disability pension plus 100% of eligible Social Security Benefit not greater than 75% of final average salary.

Non-Service Connected

Eligibility

Same as service connected disability benefit.

Benefit

Same as service connected disability benefit.

Maximum

Same as the service connected disability benefit.

Survivor's Benefit

Eligibility

Upon the death of an active Member with 5 years of Credited Service (10 years of Credited Service for employees hired after 11/28/2006), or a retired Member, the Member's widow or widower shall receive a Survivor's Benefits.

If the Member is not married at time of death, the Survivor's Benefit will be paid to the Member's minor children.

If there is no surviving widow, widower or minor children, the benefit will be paid to the Member's dependent parent(s) if any.

Benefit

Upon the death of an active Member, the eligible survivor(s) shall receive a benefit equal to 50% of the accrued service pension that would otherwise been paid were the Employee age 65.

Upon the death of a retired or disabled Member receiving a benefit, the eligible survivor(s) shall receive a benefit equal to 50% of such benefit. If the participant was not age 62 or older and was receiving a service or disability benefit, the Survivor's Benefit is 50% of the benefit that would have been payable at age 62.

If the spouse has not attained age 50 and does not have a dependent child, the benefit will be actuarially reduced for each month the spouse's age is less than 50.

The Survivor's Benefit if payable to a spouse should cease upon their death or remarriage. If payable to a parent, it should cease upon their death and if payable to a child, shall cease upon marriage or attainment of age 18 (age 22 if attending school on a full-time basis). The age 18 criteria do not apply to the child who is permanently disabled beginning prior to age 18.

Death Benefit

Pre-Retirement

Eligibility

Upon the death of an active Member (with no survivors eligible for a benefit) or a vested Employee prior to commencement of benefits the beneficiary shall be entitled to receive a Death Benefit.

Benefit

The Death Benefit shall equal the amount of the Member's accumulated contributions without interest

Post Retirement

Eligibility

Upon the death of a retired or disabled Member with no survivors eligible for a benefit or the last of the deceased Member's eligible survivor's, the beneficiary shall receive a Death Benefit

Benefit

The Death Benefit shall equal the amount of Member's contributions without interest, less the total amount of benefit previously paid.

Deferred Vested Benefit

Eligibility

If prior to becoming eligible for a service, Early or Disability Retirement Benefit, a Member terminates employment with 5 years of Credited Service (10 years of Credited Service for employees hired after 11/28/2006), he shall be eligible for a vested benefit.

Benefit The vested benefit payable beginning at age 62 is 1-2/3% of Final Average Compensation multiplied by years and months of Credited Service, but subject to the maximum as described for service retirement.

Withdrawal Benefit A Member who terminates prior to becoming eligible for a Service or Disability Benefit is entitled to the refund of his contributions without interest. By accepting a Withdrawal Benefit, a Member forfeits any Early or Deferred Vested Benefit to which he may otherwise be entitled.

Post-Retirement Adjustment to Benefits None

Form of Payment The normal Form of Payment is a monthly annuity payable for life. Upon death, a Survivor's or Death Benefit (*see Survivor's Benefit and Death Benefit Sections*) may be payable.

Earned Income Offset None

Employees' Retirement System

Effective Date 1/1/1972

Membership Between 1/1/1972 and 5/1/1979 (or 1/1/1972 through 1/31/1993 for Police Officers), any Employee entering service shall become a Member after the completion of 6 months of service, provided the Employee had not attained age 60 (age 55 for Police Officers). Certain unclassified Employees may elect not to participate. Police officers become Members on their date of employment. As of 5/1/1979, each eligible Employee, except Police Officers, could make an irrevocable election to join the County Employees' Pension Plan.
Between 3/23/1988 and 3/22/1989 and between 10/14/1997 and 10/14/1998, Members were permitted to transfer between plans.

Annual Compensation The base salary or wage excluding overtime and premium pay.

Final Average Compensation The average compensation for the 78 biweekly pay periods for which the Member received the highest compensation. As of 8/1/1984, for a Police Member with 20 years of service, (and as of 12/16/1986, for a Police Officer with 15 years of service) the term means the average compensation for the 26 biweekly pay periods for which the Member received the highest compensation.

Credited Service	Service rendered to the County including prior service (service prior to the effective date) plus service after the effective date (membership service). Credited Service includes certain military service.
Employee Contributions	General Employees: 5.00% of annual compensation Police: 6.00% of annual salary prior to 2/1/1993; 8.00% of annual salary effective 2/1/1993; 7.50% from 1/1/1998 to 12/31/2002; then 7.00%
Service Retirement Benefit Eligibility	General Employees: A member may retire and receive Service Retirement Benefits after the earliest of: <ul style="list-style-type: none">• Any age after completion of 30 years of Credited Service, or• Attainment of age 50 and completion of 25 years of Credited Service, or• Attainment of age 55 and completion of 15 years of Credited Service, or• Attainment of age 60 and completion of 5 years of Credited Service. Employees hired after 12/15/2006; <ul style="list-style-type: none">• Any age after completion of 30 years of Credited Service or• Attainment of age 50 and completion of 25 years of Credited Service or,• Attainment of age 55 and completion of 15 years of Credited Service, or• Attainment of age 60 and completion of 10 years of Credited Service
Eligibility	Police: A member may retire and receive Service Retirement Benefits after the earliest of: <ul style="list-style-type: none">• Any age after completion of 20 years of Credited Service, but not later than age 55, or• Attainment of age 50 and completion of 10 years of Credited Service
Benefit	General Employees: The annual Service Retirement Benefit is equal to the following percentage of Final Average Compensation: 2.50% times prior service plus <ul style="list-style-type: none">• 1.70% for each of the first 10 years of membership service, plus• 2.00% for each of the next 10 years of membership service, plus• 2.50% for each additional year of membership service. Police: The annual Service Retirement Benefit is equal to 2.50% of Final Average Compensation for Each year of Credited Service
Maximum	80% of Final Average Compensation

Disability Retirement Benefit

Service Connected

Eligibility

A member, regardless of length of service who becomes disabled as a result of duty while in the course of employment is eligible for a Disability Retirement Benefit.

Benefit

The disability benefit is equal to 75% of the Annual Compensation in effect on the date of disability, reduced by any payments received as workmen's compensation or in lieu of salary.

Effective 8/1/1984, for police Members the disability benefit is equal to 100% of the rate of salary in effect on the date of disability for total incapacitation; 75% for physical loss of limbs or defined felonious assaults; and for all other defined service related total and permanent disability; 26% before completing 5 years of service, 33% after completing 5 years of service, 40% after completing 10 years of service, 50% after completing 15 years of service, and a Service Retirement Benefit after 20 years of service.

The benefit is reduced by any payments received as workers' compensation or in lieu of salary.

If the disability continues until age 65 (or the lesser of age 55 or completion of 20 years of imputed service, if Police), the disability benefit will cease and the service retirement is payable. This benefit is based on the compensation of his grade and step as of the date the Employee reaches age 65 (or the lesser of age 55 or completion of 20 years of imputed service, if police), and service is credited for the period of disability.

Non-Service Connected

Eligibility

A Member under age 65 with at least 5 years of Credited Service (10 years of Credited Service for employees hired after 11/28/2006) who becomes disabled from any act other than a proximate result of an act of duty is eligible for a Disability Retirement Benefit. If the Member eligible for a service pension becomes eligible for a disability benefit, he shall receive the Service Retirement Benefit in lieu of the disability benefit.

Benefit

The annual disability benefit is equal to 80% of the Service Retirement Benefit accrued to the date of disability subject to a minimum of 25% of Final Average Compensation. If the disability continues until the Employee is eligible for a Service Retirement Benefit, the disability benefit will cease and the Service Retirement Benefit will be payable based on Credited Service and Final Average Compensation at the date of disability. Disability benefits may be offset for gainful occupation. (See *Earned Income Asset*.)

Maximum

None on disability benefit

Survivor's Benefit

Eligibility

Upon the death of an active Member with 1-1/2 years of Credited Service (10 years of Credited Service for employees hired after 11/28/2006), a former Member with a vested benefit, an active Member of the Police, or a former Member receiving a service benefit, a surviving spouse shall be eligible for a benefit.

Benefit

The annual spouse's benefit is equal to 30% of the Member's final average rate of salary plus 10% of such compensation for each minor child survivor. If a spouse does not survive the Member, the minor children of the Member shall each receive 15% of the Member's final Annual Compensation. The total family benefit is subject to a maximum of 60% of final annual salary. Any benefit payable to a minor child shall cease upon attainment of age 18, marriage or death. Any benefit payable to a spouse shall cease upon death or remarriage prior to attainment of age 60.

Death Benefit

Pre-Retirement

Eligibility

Upon the death of an active Member or of a former Member with a vested benefit with no survivors eligible for a benefit, the named beneficiary (or estate) shall be eligible to receive a Death Benefit.

Benefit

The Death Benefit is equal to the sum of:
(1) The Member's contribution with interest to the date of death, and
(2) 50% of the Member's final average salary

Post Retirement

Eligibility

Upon the death of a retired Member with no survivors eligible for a benefit, the named beneficiary (or estate) shall be eligible to receive a Death Benefit.

Benefit

The Death Benefit is equal to the sum of:
(1) The Member's contributions with interest to the date less the total benefit payments paid as of the date of death, and
(2) 50% of the Member's Final Average Compensation as of the date of retirement reduced by 1/6 for each year of retirement, but not less than 1/12 of final average annual salary.

Deferred Vested Benefit

Eligibility

If a Member withdraws from service after completing at least 5 years of service and does not apply for a refund of contributions, he will be entitled to a service retirement annuity:

- At age 60, if he has completed 5 years of service at termination, or
- At age 55, if he has completed 15 years of service at termination; or
- At age 50, if he has completed 25 years of service at termination.

For Police Officers, if he has completed 10 years of service at age 50.

Employees hired after 11/28/2006 must complete 10 years of service to be vested.

Benefit

Withdrawal Benefit

A Member who withdraws from service prior to retirement or death is entitled to a refund of his contributions.

Post-Retirement Adjustment to Benefits

Service Retirement Benefits are automatically increased by 2.00% of the initial benefit amount each year commencing January 1 after the earlier of 5 years of retirement or attainment of age 60 and 1 year of retirement.

Effective 1/1/1998 for police officers including retired officers an annual 3.00% increase in current benefit, commencing January 1 after the earlier of 3 years of retirement or age 60 and 1 year of retirement.

Form of Payment

The normal Form of Payment is a monthly annuity payable for life. Upon death, a Survivor's Benefit or Death Benefit (*see Survivor's Benefit and Death Benefit Sections*) may be payable.

Earned Income Offset

For those Members retiring on a disability retirement pension (whether service connected or non-service connected) subsequent to 4/1/1982 the combination of earned income plus disability retirement income may not be greater than the current rate of compensation of the last pay grade in step held by them. Should such compensation rate be exceeded the disability retirement allowance shall be adjusted.

Alternate Pension Plan

Effective Date	4/17/1947
Membership	<p>Any Employee, except Police Officers, in covered employment prior to 1/1/1972 who did not elect to join either the Employment Retirement System or the County Employees' Pension Plan.</p> <p>Between 3/23/1988 and 3/22/1989 and between 10/14/1997 and 10/14/1998, Members were permitted to transfer between plans.</p> <p>Between 1/15/2004 and 1/15/2005 Members were permitted to transfer between plans.</p>
Annual Compensation	The base salary or wage excluding overtime and premium pay.
Final Average Compensation	The average compensation for the 60 most nearly consecutive months of covered employment for which the Employee received the highest compensation.
Employee Contributions	None
Credited Service	Service rendered to the County in covered employment.
Service Retirement Benefit	
Eligibility	<p>A member may retire and receive Service Retirement Benefits after the earlier of:</p> <p>(1) Completion of 20 years of Credited Service or</p> <p>(2) Attainment of age 60 and completion of 15 years of Credited Service.</p>
Benefit	The annual Service Retirement Benefit is equal to 2.50% of final average compensation for each year of Credited Service, and is subject to a minimum of \$2,400.
Maximum	\$3,600

Early Retirement Benefit Not applicable

Disability Retirement Benefit

Service Connected
Eligibility

A Member who becomes disabled after the completion of 15 years of continuous Credited Service is eligible for a Disability Retirement Benefit.

Benefit

The disability benefit is equal to the Service Retirement Benefit accrued to the date of disability reduced by any payments received as workmen's compensation.

Maximum

The disability benefit is equal to the Service Retirement Benefit
\$3,600

Non-Service Connected

Same as service connected disability benefits.

Survivor's Benefit

Eligibility

Upon the death of a retired Member or a Member eligible to retire, the surviving spouse shall be eligible for a benefit.

Benefit

The annual spouse's benefit is equal to 50% of the benefit the Member was receiving or would have been entitled to receive had he retired on the date of his death. Any benefit payable to a spouse shall cease upon death or remarriage.

Death Benefit

None

Deferred Vested Benefit

Eligibility

15 years of service.

Benefit

Withdrawal Benefit	None
Post-Retirement Adjustment to Benefits	None
Form of Payment	The normal Form of Payment is a monthly annuity for life. Upon death, a Survivor's Benefit (<i>see Survivor's Benefit Section</i>) may be payable.
Earned Income Offset	None

Crossing Guards Pension Plan

Effective Date	1/1/1992
Employee	An Employee of the Department of Public Safety hired for the explicit purpose of assisting school children in safe passage over the public streets and highways of New Castle County.
Membership	Any Employee who first becomes a School Crossing Guard on or after 1/1/1992 shall become a Member after 6 months of service, provided they have not attained age 60. Other Employees hired before 1/1/1992 who made an irrevocable election to participate within 6 months after the adoption of this ordinance are also Members.
Employee Contributions	\$10 per Member per biweekly pay period, paid by the employer as pick-up contributions.
Credited Service	Service rendered to the County including prior service (service prior to the effective date, provided the Member makes contributions for that period) plus service after the effective date. Periods of leave without pay are excluded.
Service Retirement Benefit	
Eligibility	Same as County

Benefit The annual Service Retirement Benefit is equal to \$120 for each year of Credited Service.
The number of years of Credited Service shall be rounded to the nearest whole number.

Maximum Not applicable

Early Retirement Benefit

Eligibility A Member may retire and receive an Early Retirement Benefit after the attainment of age 55 and completion of 15 years of Credited Service.

Benefit The annual Early Retirement Benefit is equal to the Service Retirement Benefit reduced by 0.40% for each month that early retirement age precedes age 60.

Disability Retirement Benefit

Service Connected

Eligibility A member who becomes disabled after completion of 5 years of Credited Service is eligible for a Disability Retirement Benefit, provided the Member remains employed 1 year after the effective date. (10 years of credited service for employees hired after 12/15/2006).

Benefit The disability benefit is equal to the Service Retirement Benefit.

Maximum None

Non-Service Connected

Eligibility Same as service connected disability benefit.

Benefit Same as service connected disability benefit.

Maximum None

Survivor's Benefit None

Death Benefit

Pre-Retirement

Eligibility

Upon the death of an active Member or a vested Employee prior to commencement of benefits, the named beneficiary shall be entitled to receive a Death Benefit.

Benefit

Death Benefit

The Death Benefit shall equal the amount of the Member's accumulated contributions without interest.

Post Retirement

Eligibility

Upon the death of a retired or disabled Member, the named beneficiary shall receive a Death Benefit.

Benefit

The Death Benefit shall equal the amount of Member's contributions without interest, less the total amount of benefits previously paid.

Deferred Vested Benefit

Eligibility

If prior to becoming eligible for a Service, Early or Disability Retirement Benefit, a Member terminates employment with 10 years of Credited Service, he shall be eligible for a vested benefit.

Benefit

Withdrawal Benefit

The vested benefit payable beginning at age 62 is \$120 for each year of Credited Service.

A Member who terminates prior to becoming eligible for a Service or Disability Benefit is entitled to the refund of his contributions without interest. By accepting a Withdrawal Benefit, a Member forfeits any Early or Deferred Vested Benefit to which he may otherwise be entitled.

Post-Retirement Adjustment to Benefits

None

Form of Payment

The normal form of Payment is an annuity payable monthly for life. Upon death, a Death Benefit (*see Death Benefit Section*) may be payable.

Earned Income Offset

None

County 2011 Pension Plan

Effective Date	11/1/2011
Membership	Any Employee except a County Police Officer or School Crossing Guard who is hired on or after 11/1/2011 shall become a Member after completion of 6 months of service.
Annual Compensation	The base salary or wage excluding overtime and premium pay.
Final Average Compensation	The average monthly base salary for the 60 months of credited service, whether consecutive or not, within the last 10 years of credited service.
Employee Contributions	3% of annual compensation
Credited Service	Service with a State and/or any political subdivision or municipality of a State not previously "bought in", other than concurrent service rendered to the State and/or local government while a County employee. Service bought in will be used for determining the amount of a Member's retirement benefit but will not be used for vesting or eligibility for retirement.
Service Retirement Benefit	
Eligibility	<p>A member may retire and receive Service Retirement benefits after attainment of age 65 and completion of 10 years of Credited Service.</p> <p>A member who is an emergency responder, may retire and receive Service Retirement benefits after the earlier of:</p> <ul style="list-style-type: none">• Completion of 30 years of Credited Service or• Attainment of age 60 and completion of 10 years of Credited Service.
Benefit	The annual Service Retirement Benefit is equal to 1% of Final Average Compensation multiplied by years and months of Credited Service.
Maximum	Not applicable

Early Retirement Benefit

- Eligibility** A Member may retire and receive an Early Retirement Benefit after the attainment of age 55 and completion of 15 years of Credited Service.
- Benefit** The annual Early Retirement Benefit is equal to the Service Retirement Benefit reduced by 0.55% for each month that early retirement over age 60 precedes age 65 and 0.277% for each month over age 55 that early retirement age precedes age 60.

Disability Retirement Benefit

Service Connected

- Eligibility** A member who becomes disabled while an active employee after completion of 10 years of credited service
- Benefit** The disability benefit is equal to the Service Retirement Benefit accrued to the date of disability reduced by any payments received as worker's compensation.
- Maximum** None

Non-Service Connected

Same as service connected disability benefit

Survivor's Benefit

- Eligibility** Upon the death of an active Member with 10 years of Credited Service or disabled Member.
- Benefit** Upon the death of an active member, the Survivor's Benefit shall equal to 50% after actuarial equivalent of the members accrued benefit at the time of the members death.
- Upon the death of a disabled or retired member, the Survivor's Benefit shall be 50% of the members disability or retirement benefit.

Death Benefit

Pre-Retirement

Eligibility

Same as Survivor's Benefit.

Benefit

Post Retirement

Eligibility

Upon the death of a retired or disabled Member, the named beneficiary shall receive a Death Benefit.

Benefit

The Death Benefit shall equal the amount of Member's contributions without interest, less the total amount of benefit previously paid.

Deferred Vested Benefit

Eligibility

If prior to becoming eligible for a Service, Early or Disability Retirement Benefit, a Member terminates employment with 10 years of Credited Service, he shall be eligible for a vested benefit at age 65.

A Member who is an emergency responder shall be eligible for a vested benefit at age 60 or with 30 years of Credited Service regardless of age.

Benefit

Withdrawal Benefit

A Member who terminates prior to becoming eligible for a Service or Disability Benefit is entitled to the refund of his contributions without interest. By accepting a Withdrawal Benefit, a Member forfeits any Early or Deferred Vested Benefit to which he may otherwise be entitled.

Post-Retirement Adjustment

None

Form of Payment

The normal form of Payment is an annuity payable monthly for life. Upon death, a Death Benefit (*see Death Benefit Section*) may be payable.

Earned Income Offset

None