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**CITY OF MIAMI GENERAL EMPLOYEES'
AND SANITATION EMPLOYEES'
RETIREMENT TRUST**

**Actuarial Valuation Report
as of
October 1, 2017**





TABLE OF CONTENTS

	<u>Page Number</u>
<u>Letter to the Board of Trustees</u>	1
<u>Liabilities</u>	
Table I	Summary of Valuation Results 4
Table II	Gain and Loss Analysis 5
Table III	Unfunded Liability Bases 6
Table IV	Additional Disclosures 7
Table Va	Present Value of Accrued Benefits 8
Table Vb	Progress of Funding 9
Table VI	Information Req. by Florida Statute (Chap.112) 10
<u>Assets</u>	
Table VIIa	Development of Actuarial Value of Assets 13
Table VIIb	Assets of the Fund 14
Table VIIIa	Historical Asset Information 15
Table VIIIb	Revenues By Source and Expenses by Type 16
Table IXa	Contributions vs. Fund Payouts 17
Table IXb	Historical Contribution Rate 18
<u>Data</u>	
Table Xa	Summary of Member Data 19
Table Xb	Data Reconciliation 20
Table Xc	Active Data 21
Table Xd	Age-Service Salary Table 22
Table Xe	Retiree Data 23
Table Xf	Projected Benefit Payments 24
Table Xg	Comprehensive Annual Financial Report Information Schedule of Active Data, Schedule of Retiree Data, Solvency Test & Analysis of Financial Experience 25
<u>Assumptions</u>	
Table XIa	Actuarial Assumptions and Methods 28
Table XIb	Assumption and Method Changes 33
<u>Plan Provisions</u>	
Table XIIa	Plan Provisions 44
Table XIIb	Plan Amendments 52



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January 18, 2018

Board of Trustees
City of Miami General Employees' and
Sanitation Employees' Retirement Trust
2901 Bridgeport Avenue
Coconut Grove, Florida 33133

Dear Members of the Board:

This report presents the results of the actuarial valuation of the City of Miami General Employees' and Sanitation Employees' Retirement Trust for the plan year beginning October 1, 2017. The purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2017 and to determine the minimum required contribution amount for the 2018/2019 fiscal year. In addition, this report provides a record of any plan amendments or other plan changes affecting the financial status of the fund. Our calculations were prepared based on member data and financial information provided by the Retirement Trust office.

The asset values used to determine unfunded liabilities are not market values but less volatile market related values. A smoothing technique is applied to market values to determine the market related values. The unfunded liability amounts using the market value of assets would be different. The interest rate used for determining liabilities is based on the expected return on assets. Therefore, liability amounts in this report cannot be used to assess a settlement of the obligation.

Summary of Valuation Results

Currently, the trust receives contributions from the City of Miami and from active members. The amount of the City contributions varies from year to year, while the member contributions are equal to 10% of payroll. After taking into account expected member contributions, the total required contribution from the City is \$43,375,047, or 39.03% of covered payroll, for the 2019 fiscal year payable on October 1, 2018. In comparison, the required contribution for the 2018 fiscal year was \$40,879,285, or 41.98% of covered payroll.



The City Ordinance requires that, as a minimum, all fiscal year contributions made by the City to the Retirement Trust shall be made quarterly, in equal payments, on the first day of each quarter. On this basis, the total required City contribution for the 2018/2019 fiscal year is \$44,573,685, and the City is required to make minimum quarterly contributions of \$11,143,421 beginning on October 1, 2018.

The valuation is based on a series of actuarial assumptions, including an interest (actuarial asset return) rate of 7.60% per year and annual pay increases ranging between 4.00% and 8.75%. Actuarial gains and losses result when the actual experience of the plan (such as asset return, pay increases, turnover, deaths, etc.) is different from that expected by the actuarial assumptions.

The plan's unfunded liability was projected to be \$321,521,167 as of October 1, 2017, taking into account expected contributions from the City of \$40,879,285 based on the October 1, 2016 valuation. The actual unfunded liability is \$335,536,138. The increase of \$14,014,971 in the unfunded liability is primarily due to pay increases greater than expected, fewer retiree deaths than expected, and contribution timing and is partially offset by a greater return on actuarial value of assets than expected. A summary of the amortization payments is presented in Table III.

A summary of the results of the valuation and the contribution requirements is presented in Table I. The present value of accrued benefits and other disclosure information can be found in Tables IV, Va, and Vb. The disclosure information required by Chapter 112, Florida Statutes, is presented in Table VI. Tables VIIa through IXb provide information about the fund's assets and historical contributions. In particular, Table VIIa provides an asset reconciliation between October 1, 2016 and October 1, 2017 and calculation of the actuarial value of assets. Table VIIIb provides a breakdown of the fund assets by investment type and Tables VIIIa, VIIIb, IXa and IXb provide a historical record of the growth, expenses, revenues, annual returns and contributions of the fund. Tables Xa through Xf provide a variety of useful information concerning the participant population. Table Xg provides information to be included in the Comprehensive Annual Financial Report.

Tables XI and XII provide a description of the actuarial assumptions and plan provisions reflected in the valuation. There were no changes since the previous valuation.

This actuarial valuation was prepared and completed by me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate and, in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

This is to certify that the independent consulting actuary is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the Retirement Trust and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the Retirement Trust.



Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Todd B. Green'.

Todd B. Green, ASA, FCA, MAAA
Principal and Consulting Actuary

A handwritten signature in blue ink that reads 'Micki R. Taylor'.

Micki R. Taylor, ASA, EA, FCA, MAAA
Senior Actuary
Enrolled Actuary No. 17-5975

TBG/mrt

**SUMMARY OF VALUATION RESULTS****TABLE I**

	<u>As of October 1, 2016</u>	<u>As of October 1, 2017</u>
1. Number of Members		
a. Active Members	1,793	1,943
b. Inactive Members (due contribs. refund)	183	201
c. Deferred Vested Members	33	35
d. Retired Members:		
i. Non-disabled	1,534	1,533
ii. Disabled	57	55
iii. Beneficiaries	393	391
iv. Sub-total	<u>1,984</u>	<u>1,979</u>
e. Total Members	<u>3,993</u>	<u>4,158</u>
2. Total Annual Compensation	\$94,536,971	\$107,890,759
3. Total Covered Payroll	\$97,373,080	\$111,127,482
4. Total Annual Benefit Payments	\$72,207,148	\$73,165,349
5. Liabilities, Assets and Normal Cost		
a. Present Value of Future Benefits	\$1,064,418,212	\$1,106,085,640
b. Actuarial Value of Assets	\$618,446,623	\$645,491,328
c. Actuarial Accrued Liability	\$952,072,001	\$981,027,466
d. PV of Future Member Contributions	<u>\$90,200,596</u>	<u>\$101,407,794</u>
e. PV of Future Normal Costs	\$22,145,615	\$23,650,380
f. Present Value of Future Payroll	\$902,005,959	\$1,014,077,936
g. Employer Normal Cost Rate	3.26%	3.09%
h. Individual Entry Age Employer Normal Cost	\$3,169,545	\$3,435,035
6. Unfunded Liability		
a. Actuarial Accrued Liability	\$952,072,001	\$981,027,466
b. Actuarial Value of Assets	<u>\$618,446,623</u>	<u>\$645,491,328</u>
c. Unfunded Liability	\$333,625,378	\$335,536,138
(item 6.a. minus 6.b., not less than zero)		
	<u>2017/2018 Fiscal</u>	<u>2018/2019 Fiscal</u>
	<u>Year</u>	<u>Year</u>
7. Total Required Minimum City Contribution		
a. Normal Cost (with custodial expenses)	\$3,419,545	\$3,685,035
b. Amortization of Unfunded Liability	\$37,459,740	\$39,690,012
c. Minimum Required Contribution	<u>\$40,879,285</u>	<u>\$43,375,047</u>
As a percentage of covered payroll	41.98%	39.03%
8. Total Recommended Contribution		
Payable Quarterly	\$42,008,954	\$44,573,685
Quarterly	\$10,502,239	\$11,143,421
On	October 1, 2017	October 1, 2018
Fiscal Year	2018	2019



GAIN AND LOSS ANALYSIS

TABLE II

1. Actual Unfunded Accrued Liability as of October 1, 2016	\$333,625,378
2. Plan sponsor normal cost for this plan year	\$3,178,016
3. Interest on 1. and 2.	\$25,597,058
4. Plan sponsor contribution for this plan year (including amounts expected to be paid)	(\$34,355,719)
5. Interest on 4.	(\$1,305,517)
6. Changes due to a. + b. + c. + d.	
a. assumptions	\$0
b. plan amendments	\$0
c. funding method	\$0
d. actuarial (gain)/loss	\$8,796,922
	<hr/>
	\$8,796,922
7. Total current unfunded actuarial accrued liability 1. + 2. + 3. + 4. + 5. + 6.	\$335,536,138
8. Items Affecting Calculation of Accrued Liability	
a. Plan provisions reflected in the unfunded accrued liability (see Table XIIa on page 44)	
b. Plan amendments reflected in item 6.b. above (see Table XIIb on page 52)	
c. Actuarial assumptions and methods used to determine actuarial accrued liability and normal cost (see Table XIa on page 28)	
d. Changes in actuarial assumptions and methods reflected in items 6.a. and 6.c. above (see Table XIb on page 33)	



UNFUNDED LIABILITY BASES

TABLE III

Date Established		Original Amount	Outstanding Balance as of October 1, 2016	2016/2017 Amortization Payment	Outstanding Balance as of October 1, 2017	2017/2018 Amortization Payment	Years Remaining as of October 1, 2017
10/1/2002	Actuarial Loss	\$65,123,335	\$26,120,682	\$5,210,445	\$22,895,410	\$5,366,759	5
10/1/2002	Assumption Change	(\$8,586,760)	(\$5,842,626)	(\$704,313)	(\$5,582,353)	(\$725,442)	10
10/1/2003	Actuarial Loss	\$51,257,531	\$24,753,723	\$4,321,387	\$22,313,619	\$4,451,028	6
10/1/2003	Assumption Change	\$21,280,291	\$15,688,910	\$1,768,716	\$15,112,551	\$1,821,778	11
10/1/2004	Actuarial Loss	\$23,177,230	\$13,028,981	\$2,031,755	\$11,987,429	\$2,092,708	7
10/1/2005	Actuarial Loss	\$18,410,024	\$11,748,458	\$1,662,229	\$10,979,112	\$1,712,096	8
10/1/2006	Actuarial Gain	(\$2,191,548)	(\$1,557,392)	(\$202,387)	(\$1,473,367)	(\$208,459)	9
10/1/2006	Assumption and Method Change	(\$35,017,429)	(\$31,127,165)	(\$2,978,350)	(\$30,514,480)	(\$3,067,700)	14
10/1/2007	Actuarial Gain	(\$636,143)	(\$495,837)	(\$59,772)	(\$473,749)	(\$61,565)	10
10/1/2008	Method Change ¹	\$404,497	\$394,551	\$34,623	\$389,914	\$35,662	16
10/1/2008	Method Change ²	(\$31,590,204)	(\$26,679,173)	(\$3,007,722)	(\$25,699,068)	(\$3,097,954)	11
10/1/2008	Actuarial Loss	\$49,292,225	\$41,629,229	\$4,693,142	\$40,099,908	\$4,833,937	11
10/1/2009	Assumption Change	(\$13,505,492)	(\$12,000,047)	(\$1,273,839)	(\$11,638,212)	(\$1,312,054)	12
10/1/2009	Plan Amendment	(\$67,211,205)	(\$59,719,227)	(\$6,339,363)	(\$57,918,525)	(\$6,529,544)	12
10/1/2009	Actuarial Loss	\$105,604,767	\$93,833,090	\$9,960,645	\$91,003,760	\$10,259,465	12
10/1/2010	Actuarial Loss	\$61,039,131	\$56,572,464	\$5,687,378	\$55,184,593	\$5,857,999	13
10/1/2011	Actuarial Loss	\$63,298,488	\$60,751,919	\$5,812,944	\$59,556,121	\$5,987,333	14
10/1/2011	Plan/Assumption Changes	\$3,784,141	\$3,631,900	\$347,512	\$3,560,412	\$357,938	14
10/1/2012	Actuarial Loss	\$49,256,529	\$47,952,031	\$4,385,703	\$47,210,682	\$4,517,274	15
10/1/2012	Assumption Changes	\$7,834,245	\$7,626,764	\$697,545	\$7,508,853	\$718,472	15
10/1/2013	Actuarial Loss	\$9,605,158	\$9,452,395	\$829,473	\$9,341,304	\$854,358	16
10/1/2013	Assumption Changes	\$7,959,102	\$7,832,517	\$687,325	\$7,740,463	\$707,944	16
10/1/2014	Actuarial Gain	(\$11,561,233)	(\$11,466,894)	(\$968,664)	(\$11,369,714)	(\$997,723)	17
10/1/2014	Assumption Changes	\$7,960,612	\$7,895,654	\$666,984	\$7,828,740	\$686,993	17
10/1/2014	Change EA Span	(\$9,724,655)	(\$9,645,302)	(\$814,785)	(\$9,563,560)	(\$839,228)	17
10/1/2015	Actuarial Gain	(\$847,438)	(\$844,938)	(\$68,912)	(\$840,241)	(\$70,979)	18
10/1/2015	Assumption Changes	\$7,732,566	\$7,709,759	\$628,796	\$7,666,905	\$647,660	18
10/1/2016	Actuarial Gain	(\$3,675,043)	(\$3,675,043)	(\$290,143)	(\$3,664,203)	(\$298,847)	19
10/1/2016	Assumption Changes	\$60,055,995	\$60,055,995	\$4,741,388	\$59,878,863	\$4,883,629	19
10/1/2017	Actuarial Loss	\$14,014,971	\$0	\$0	\$14,014,971	\$1,106,474	20
		\$442,543,688	\$333,625,378	\$37,459,740	\$335,536,138	\$39,690,012	

Date	Projected Unfunded Liability
October 1, 2017	\$335,536,138
October 1, 2018	\$321,346,874
October 1, 2019	\$304,888,527
October 1, 2020	\$285,952,924
October 1, 2037	\$0

¹Reflects actuarial gain due to correction in development of Actuarial Value of Assets and an actuarial loss due to update in valuation software.

²Reflects method change of amortization of unfunded liability from level dollar to level percent of pay and change in asset smoothing method from 3 to 5 year smoothing.

*The total experience loss (gain) for the 2016/2017 plan year of \$8,796,922 is adjusted for contribution timing differences adjusted for interest equal to \$5,218,049.



1. Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Annual Payroll (c)	UAAL as % of Annual Payroll [(b) - (a)]/(c)
10/1/2013	556,570,561	865,911,262	309,340,701	64.28%	64,437,132	480.07%
10/1/2014	576,796,227	865,858,199	289,061,972	66.62%	69,829,851	413.95%
10/1/2015	593,839,115	881,284,759	287,445,644	67.38%	78,707,859	365.21%
10/1/2016	618,446,623	952,072,001	333,625,378	64.96%	94,536,971	352.90%
10/1/2017	645,491,328	981,027,466	335,536,138	65.80%	107,890,759	311.00%

2. Method and assumptions used in calculations of actuarially determined contributions

Valuation date:	October 1, 2017
Actuarial cost method:	Entry Age Normal
Amortization method:	Level percent, closed
Remaining amortization period:	5 to 20 years
Asset valuation method:	5-Year Smoothed Market
Actuarial assumptions:	
Investment rate of return*	7.60%
Projected salary increases*	4% to 8.75%
Payroll Growth	3.00%
*Includes inflation at	3.50%
Cost of living adjustments	4% per year, with \$54 per year minimum and \$400 per year maximum.



PRESENT VALUE OF ACCRUED BENEFITS

TABLE Va

Shown below is the development of the Total Present Value of Accrued Benefits for the Plan. The calculations were performed using the Plan’s discount rate of 7.6% which was adopted in May 2012 and first used in the October 1, 2015 valuation.

1. Actuarial Present Value of Accrued Benefits*

	<u>As of 10/1/2016</u>	<u>As of 10/1/2017</u>
a. Vested Accrued Benefits:		
i. Retired members, beneficiaries, and deferred vested members	\$773,892,248	\$778,034,035
ii. Active and inactive members*	<u>\$105,019,048</u>	<u>\$122,320,663</u>
iii. Sub-total	\$878,911,296	\$900,354,698
b. Non-vested Accrued Benefits	<u>\$13,150,788</u>	<u>\$15,836,601</u>
c. Total Benefits	<u>\$892,062,084</u>	<u>\$916,191,299</u>

2. Statement of Changes in Total Actuarial Present Value of All Accrued Benefits

a. Actuarial Present Value as of October 1, 2016	\$892,062,084
b. Increase (Decrease) During 2016/2017 Plan Year Attributable to:	
i. Interest	\$65,000,650
ii. Benefits accumulated/experience	\$32,709,300
iii. Benefits paid	(\$73,580,735)
iv. Plan amendments	\$0
v. Changes in actuarial assumptions or methods	<u>\$0</u>
vi. Net increase (decrease)	<u>\$24,129,215</u>
c. Actuarial Present Value as of October 1, 2017	\$916,191,299

3. Items Affecting Calculation of Actuarial Present Value of Accrued Benefits

- a. Plan provisions reflected in the accrued benefits (see Table XIIa on page 44)
- b. Plan amendments reflected in item 2.b.iv. above (see Table XIIb on page 52)
- c. Actuarial assumptions and methods used to determine present values (see Table XIa on page 28)
- d. Changes in actuarial assumptions and methods reflected in item 2.b.v. above (see Table XIb on page 33)

* The actuarial present value of vested benefits for active and inactive members includes nonforfeitable accumulated member contributions in the amount of \$91,512,215 as of October 1, 2016 and \$100,581,074 as of October 1, 2017.



PROGRESS OF FUNDING

TABLE Vb

Year Ending 9/30	Interest Rate Assumption	Present Value of Accrued Benefits*	Market Value of Assets	Funded Ratio
2004	8.10%	\$605,934,834	\$546,454,226	90.20%
2005	8.10%	\$647,824,031	\$586,943,151	90.60%
2006	8.10%	\$650,607,217	\$623,992,356	95.90%
2007	8.10%	\$683,690,757	\$694,302,333	101.60%
2008	8.10%	\$714,893,783	\$576,492,500	80.64%
2009	8.10%	\$742,076,105	\$538,012,201	72.50%
2010	8.10%	\$800,285,084	\$553,797,518	69.20%
2011	8.00%	\$805,349,932	\$517,904,877	64.31%
2012	7.90%	\$813,986,821	\$566,197,533	69.56%
2013	7.80%	\$815,905,442	\$590,384,170	72.36%
2014	7.70%	\$819,382,358	\$619,561,295	75.61%
2015	7.60%	\$830,865,832	\$589,051,025	70.90%
2016	7.60%	\$892,062,084	\$617,704,941	69.24%
2017	7.60%	\$916,191,299	\$667,854,473	72.89%

**The cost method used for determining the Present Value of Accrued Benefits is Unit Credit. Calculations are based on current service and the current salaries as of the valuation date. The Present Value of Accrued Benefits is defined by participants' accumulated plan benefits as those future benefit payments that are attributable under the plan's provisions to employees' service rendered to the benefit information date. Their measurement is primarily based on employees' history of pay and service and other appropriate factors as of that date. Future salary changes are not considered. Future years of service are considered only in determining employees' expected eligibility for particular types of benefits, for example, early retirement, death, and disability benefits. To measure their actuarial present value, assumptions are used to adjust those accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the benefit information date and the expected date of payment. An assumption of an ongoing plan underlies those assumptions.*

**INFORMATION REQ. BY FLORIDA STATUTE (CHAPTER 112)****TABLE VI**

	Actuarial Valuation prepared as of:	
	October 1, 2016	October 1, 2017
1. Participant Data		
a. Active members:		
i. Number	1,793	1,943
ii. Total annual payroll	\$94,536,971	\$107,890,759
iii. Estimated covered payroll	\$97,373,080	\$111,127,482
b. Retired members (other than disabled):		
i. Number	1,534	1,533
ii. Total annualized benefit	\$64,378,690	\$65,234,259
c. Beneficiaries receiving benefits:		
i. Number	393	391
ii. Total annualized benefit	\$6,336,849	\$6,453,767
d. Disabled members receiving benefits:		
i. Number	57	55
ii. Total annualized benefit	\$1,491,609	\$1,477,323
e. Terminated vested and inactive members:		
i. Number	216	236
ii. Total annualized benefit	\$889,821	\$895,100
2. Assets		
a. Actuarial value of assets	\$618,446,623	\$645,491,328
b. Market value of assets	\$617,704,941	\$667,854,473
3. Liabilities		
a. Present value of all future expected benefit payments:		
i. Active and inactive members:		
Retirement benefits	\$250,398,255	\$282,099,681
Vesting benefits	\$25,152,427	\$27,329,281
Disability benefits	\$1,552,673	\$3,528,213
Death benefits	\$3,739,443	\$4,127,032
Return of contributions	\$9,683,166	\$10,967,398
Total	\$290,525,964	\$328,051,605
ii. Terminated vested members	\$6,786,723	\$6,241,913
iii. Retired members and beneficiaries:		
Retired (other than disabled) and beneficiaries	\$753,809,049	\$758,910,110
Disabled members	\$13,296,476	\$12,882,012
Total	\$767,105,525	\$771,792,122
iv. Total present value of all future expected benefit payments	\$1,064,418,212	\$1,106,085,640



INFORMATION REQ. BY FLORIDA STATUTE (CHAPTER 112)

TABLE VI

(CONTINUED)

	Actuarial Valuation prepared as of:	
	October 1, 2016	October 1, 2017
b. Active actuarial liability	\$175,948,635	\$200,540,712
c. Actuarial accrued liability	\$952,072,001	\$981,027,466
d. Unfunded actuarial accrued liability (please reference Table III for details concerning the unfunded liability bases and schedule of amortization payments)	\$333,625,378	\$335,536,138
4. Actuarial Present Value of Accrued Benefits (please reference Tables Va and Vb for details concerning the present value of accrued benefits)	\$892,062,084	\$916,191,299
5. Pension Cost		
a. Normal cost contributed by City	\$3,419,545	\$3,685,035
b. Payment to amortize unfunded liability	\$37,459,740	\$39,690,012
c. Subtotal (not less than zero)	\$40,879,285	\$43,375,047
d. Normal cost contributed by members	\$9,737,308	\$11,112,748
e. Total required contribution	\$50,616,593	\$54,487,795
As a percentage of covered payroll:	51.98%	49.03%
f. Amount to be contributed by members	\$9,737,308	\$11,112,748
As a percentage of covered payroll:	10.00%	10.00%
g. Amount to be contributed by City	\$40,879,285	\$43,375,047
As a percentage of covered payroll:	41.98%	39.03%
6. Past Contributions		
	Fiscal Year	
	2015/2016	2016/2017
a. Required contribution	\$42,476,965	\$45,436,953
b. Actual contribution made by:		
i. City	\$32,881,500	\$34,355,719
ii. Members	\$9,595,465	\$11,081,234



INFORMATION REQ. BY FLORIDA STATUTE (CHAPTER 112)

TABLE VI

(CONTINUED)

	<u>Actuarial Valuation prepared as of:</u>	
	<u>October 1, 2016</u>	<u>October 1, 2017</u>
7. Other disclosures		
a. Present value of active members':		
i. Future salaries:		
at attained age	\$902,005,959	\$1,014,077,936
at entry age	N/A	N/A
ii. Future contributions:		
at attained age	\$90,200,596	\$101,407,794
at entry age	N/A	N/A
b. Present value of future normal contributions from City	\$22,145,615	\$23,650,380
c. Present value of future expected benefit payments for active members at entry age	N/A	N/A
d. Amount of active and inactive members' accumulated contributions	\$91,512,215	\$100,581,074



DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

TABLE VIIa

Valuation date October 1:		2016	2017	2018	2019	2020	2021
A.	Actuarial Value Beginning of Year	\$ 593,839,115	\$ 618,446,623	\$ 0	\$ 0	\$ 0	\$ 0
B.	Market Value End of Year	617,704,941	667,854,473	0	0	0	0
C.	Market Value Beginning of Year	589,051,025	617,704,941	0	0	0	0
D.	Cash Flow						
	D1. Contributions	\$ 42,476,965	\$ 45,436,953	\$ 0	\$ 0	\$ 0	\$ 0
	D2. Benefit Payments	(71,859,673)	(72,514,134)	0	0	0	0
	D3. Refund Payments	(1,967,393)	(1,066,601)				
	D4. Other Expenses	(233,337)	(352,230)	0	0	0	0
	D5. Investment Expenses	(1,794,082)	(1,960,554)	0	0	0	0
	D6. Net	(33,377,520)	(30,456,566)	0	0	0	0
E.	Investment Income						
	E1. Market Total: B.-C.-D6.	62,031,436	80,606,098	0	0	0	0
	E2. Assumed Rate	7.60%	7.60%	7.60%	7.60%	7.60%	7.60%
	E3. Amount for Immediate Recognition	45,361,789	47,823,281	0	0	0	0
	E4. Amount for Phased-In Recognition	16,669,647	32,782,817	0	0	0	0
F.	Phased-In Recognition of Investment Income						
	F1. Current Year: 0.20*E4.	\$ 3,333,929	\$ 6,556,563	\$ 0	\$ 0	\$ 0	\$ 0
	F2. First Prior Year	(8,995,514)	3,333,929	6,556,563	0	0	0
	F3. Second Prior Year	4,126,131	(8,995,514)	3,333,929	6,556,563	0	0
	F4. Third Prior Year	4,656,881	4,126,131	(8,995,514)	3,333,929	6,556,563	0
	F5. Fourth Prior Year	9,501,812	4,656,881	4,126,131	(8,995,514)	3,333,929	6,556,563
	F6. Total Recognized Investment Gain	\$ 12,623,239	\$ 9,677,990	\$ 5,021,109	\$ 894,978	\$ 9,890,492	\$ 6,556,563
G.	Preliminary Actuarial Value End of Year:						
	A.+D6.+E3.+F6.	\$ 618,446,623	\$ 645,491,328	\$ 0	\$ 0	\$ 0	\$ 0
H.	Corridor						
	H1. 80% of Market Value	\$ 494,163,953	\$ 534,283,578				
	H2. 120% of Market Value	\$ 741,245,929	\$ 801,425,368				
I.	Actuarial Value End of Year						
	G. Not Less than H1. or Not Greater than H2.	\$ 618,446,623	\$ 645,491,328				
J.	Difference Between Market & Actuarial Values	\$ (741,682)	\$ 22,363,145	\$ 17,342,036	\$ 16,447,058	\$ 6,556,563	\$ 0
K.	Market Value Rate of Return	10.51%	13.03%				
L.	Actuarial Value Rate of Return	9.72%	9.19%				

The Actuarial Valuation of Assets recognizes assumed investment income (line E3) fully each year. Differences between actual and assumed investment income (line E4) are phased in over a closed 4 year period. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, Actuarial Value of Assets will tend to be greater than market value. If assumed rates are exactly realized for 4 consecutive years, actuarial value will become equal to market value.



ASSETS OF THE FUND

TABLE VIIIb

	<u>As of October 1, 2016</u>	<u>As of October 1, 2017</u>
1. Market Value of Assets*		
a. Cash equivalents (5.71%)	\$24,482,264	\$38,143,857
b. U.S. government & agency securities (13.88%)	\$83,532,690	\$92,661,641
c. Corporate bonds (9.01%)	\$62,509,660	\$60,168,704
d. Corporate stock (66.96%)	\$417,045,620	\$447,212,229
e. Real estate fund (3.91%)	\$27,412,254	\$26,109,055
f. Total invested assets (99.47%)	\$614,982,488	\$664,295,486
g. Cash (0.02%)	\$332,753	\$146,271
h. Fixed assets (0.68%)	\$2,282,197	\$4,551,963
i. Receivable member contributions (0.12%)	\$379,140	\$832,072
j. Accrued interest and other receivable (0.56%)	\$3,526,806	\$3,745,743
k. Accounts payable (-0.13%)	(\$696,585)	(\$897,702)
l. Other payables (-0.72%)	(\$3,101,858)	(\$4,819,360)
m. Market value of assets (100%)	\$617,704,941	\$667,854,473

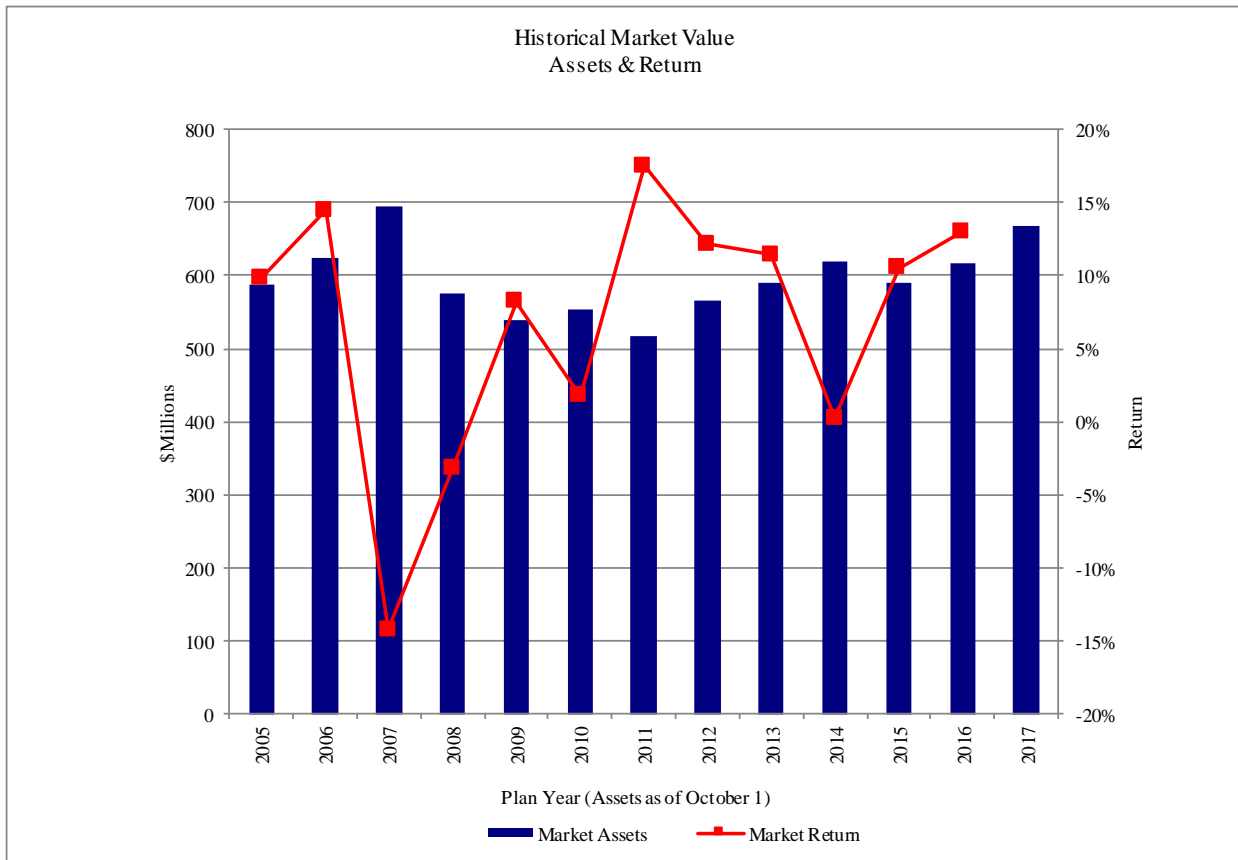
* The percentages in parentheses indicate the proportion of assets committed to each type of investment as of October 1, 2017.

	Year Ending October 1, 2016	Year Ending October 1, 2017
Realized gains and (losses)	\$ 16,039,243	\$ 28,848,144
Unrealized gains and (losses)	\$ 35,254,223	\$ 41,572,564



HISTORICAL ASSET INFORMATION

TABLE VIIIa



Plan Year	Market Value as of October 1	Actuarial Value as of October 1	Benefit Payments*	Other Expenses	City and Member Contributions	Market Value Return	Actuarial Value Return
2004/2005	\$546,454,226	\$564,591,815	\$47,094,075	\$0	\$26,861,717	11.32%	7.96%
2005/2006	\$586,943,151	\$588,495,706	\$49,830,280	(\$149,607)	\$30,039,931	9.82%	8.58%
2006/2007	\$623,992,356	\$618,482,563	\$51,773,454	\$28,646	\$33,048,564	14.49%	10.58%
2007/2008	\$694,302,333	\$664,145,175	\$52,653,558	\$142,958	\$32,279,954	(14.22)%	2.63%
2008/2009	\$576,492,500	\$691,791,000	\$55,035,075	\$53,221	\$34,983,730	(3.24)%	(3.82)%
2009/2010	\$538,012,201	\$645,614,641	\$63,947,313	\$49,748	\$36,765,804	8.20%	5.48%
2010/2011	\$553,797,518	\$652,999,926	\$74,666,559	\$94,187	\$29,415,586	1.78%	(1.11)%
2011/2012	\$517,904,877	\$600,678,610	\$73,572,275	\$73,998	\$34,560,894	17.53%	(0.11)%
2012/2013	\$566,197,533	\$560,966,742	\$74,211,130	\$252,895	\$32,302,052	12.17%	7.00%
2013/2014	\$590,384,170	\$556,570,561	\$73,771,095	\$265,995	\$37,941,331	11.40%	10.46%
2014/2015	\$619,561,295	\$576,796,227	\$73,029,933	\$176,693	\$41,199,961	0.25%	8.75%
2015/2016	\$589,051,025	\$593,839,115	\$73,827,066	\$233,337	\$42,476,965	10.51%	9.72%
2016/2017	\$617,704,941	\$618,446,623	\$73,580,735	\$352,230	\$45,436,953	13.03%	9.19%
2017/2018	\$667,854,473	\$645,491,328					

*Including contribution refunds

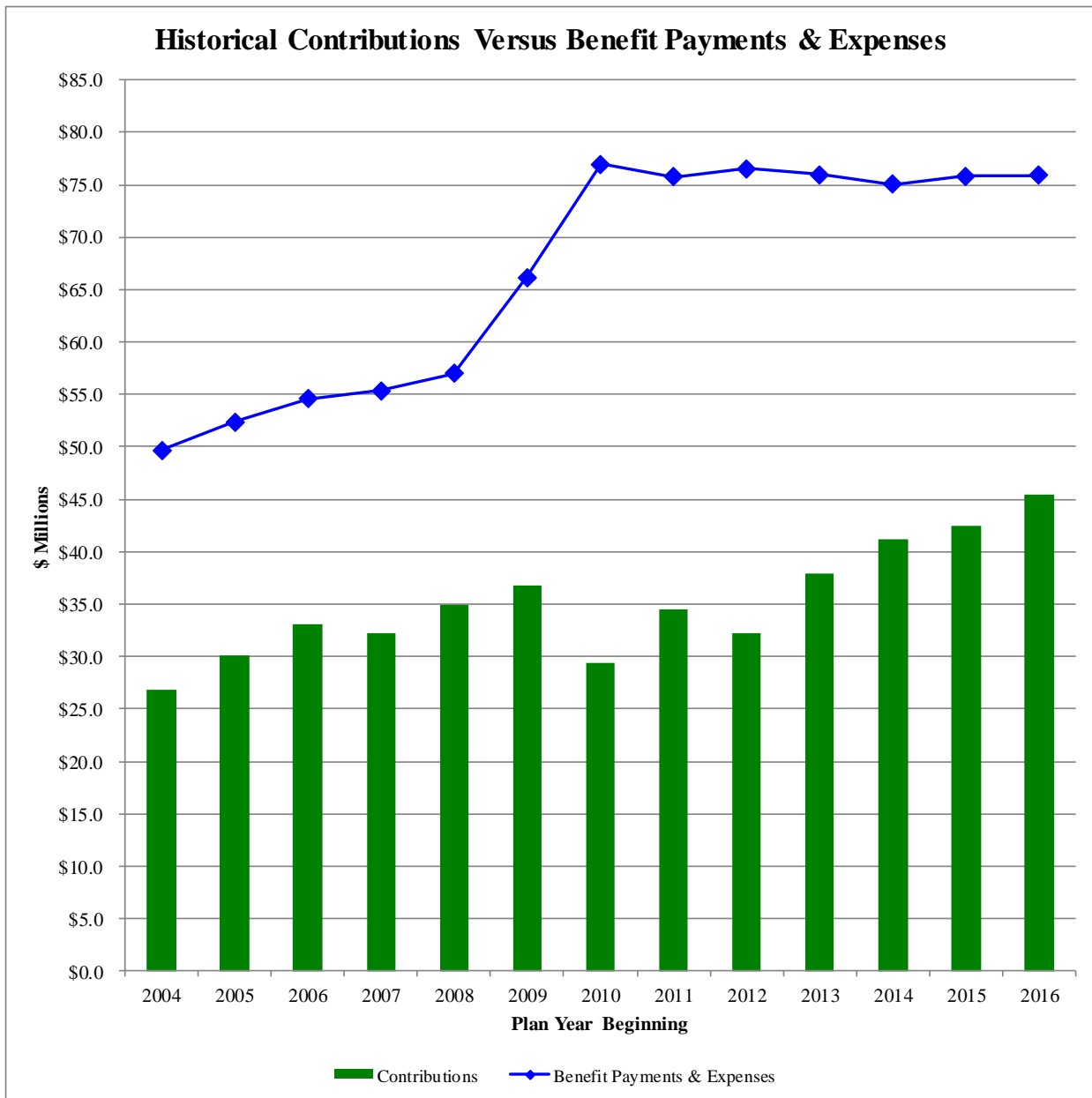
**REVENUES BY SOURCE AND EXPENSE BY TYPE****TABLE VIIIb****REVENUES**

Fiscal Year	City Contributions	Member Contributions	Total Contributions	Investment Return	Total
2004/2005	\$19,003,415	\$7,858,302	\$26,861,717	\$63,303,292	\$90,165,009
2005/2006	\$22,018,443	\$8,021,488	\$30,039,931	\$58,921,495	\$88,961,426
2006/2007	\$24,229,028	\$8,819,536	\$33,048,564	\$91,851,585	\$124,900,149
2007/2008	\$22,762,902	\$9,517,052	\$32,279,954	(\$94,751,747)	(\$62,471,793)
2008/2009	\$23,191,828	\$11,791,902	\$34,983,730	(\$16,473,559)	\$18,510,171
2009/2010	\$24,037,093	\$12,728,711	\$36,765,804	\$45,195,934	\$81,961,738
2010/2011	\$20,232,513	\$9,183,073	\$29,415,586	\$11,660,396	\$41,075,982
2011/2012	\$25,973,331	\$8,587,563	\$34,560,894	\$89,507,450	\$124,068,344
2012/2013	\$25,568,193	\$6,733,859	\$32,302,052	\$68,425,900	\$100,727,952
2013/2014	\$30,710,096	\$7,231,235	\$37,941,331	\$67,186,584	\$105,127,915
2014/2015	\$33,036,318	\$8,163,643	\$41,199,961	\$3,351,737	\$44,551,698
2015/2016	\$32,881,500	\$9,595,465	\$42,476,965	\$62,031,436	\$104,508,401
2016/2017	\$34,355,719	\$11,081,234	\$45,436,953	\$80,606,098	\$126,043,051

EXPENSES

Fiscal Year	Benefits Paid	Member Refunds	Other Expenses	Investment Expenses	Total
2004/2005	\$45,926,417	\$1,167,658	\$0	\$2,591,529	\$49,685,604
2005/2006	\$48,077,147	\$1,753,133	(\$149,607)	\$2,729,501	\$52,410,174
2006/2007	\$50,106,211	\$1,667,243	\$28,646	\$2,788,072	\$54,590,172
2007/2008	\$51,631,847	\$1,021,711	\$142,958	\$2,541,524	\$55,338,040
2008/2009	\$54,191,981	\$843,094	\$53,221	\$1,902,174	\$56,990,470
2009/2010	\$62,162,717	\$1,784,596	\$49,748	\$2,179,360	\$66,176,421
2010/2011	\$72,737,854	\$1,928,705	\$94,187	\$2,207,877	\$76,968,623
2011/2012	\$72,186,394	\$1,385,881	\$73,998	\$2,129,415	\$75,775,688
2012/2013	\$72,431,710	\$1,779,420	\$252,895	\$2,077,290	\$76,541,315
2013/2014	\$71,903,481	\$1,867,614	\$265,995	\$1,913,700	\$75,950,790
2014/2015	\$71,940,377	\$1,089,556	\$176,693	\$1,855,342	\$75,061,968
2015/2016	\$71,859,673	\$1,967,393	\$233,337	\$1,794,082	\$75,854,485
2016/2017	\$72,514,134	\$1,066,601	\$352,230	\$1,960,554	\$75,893,519

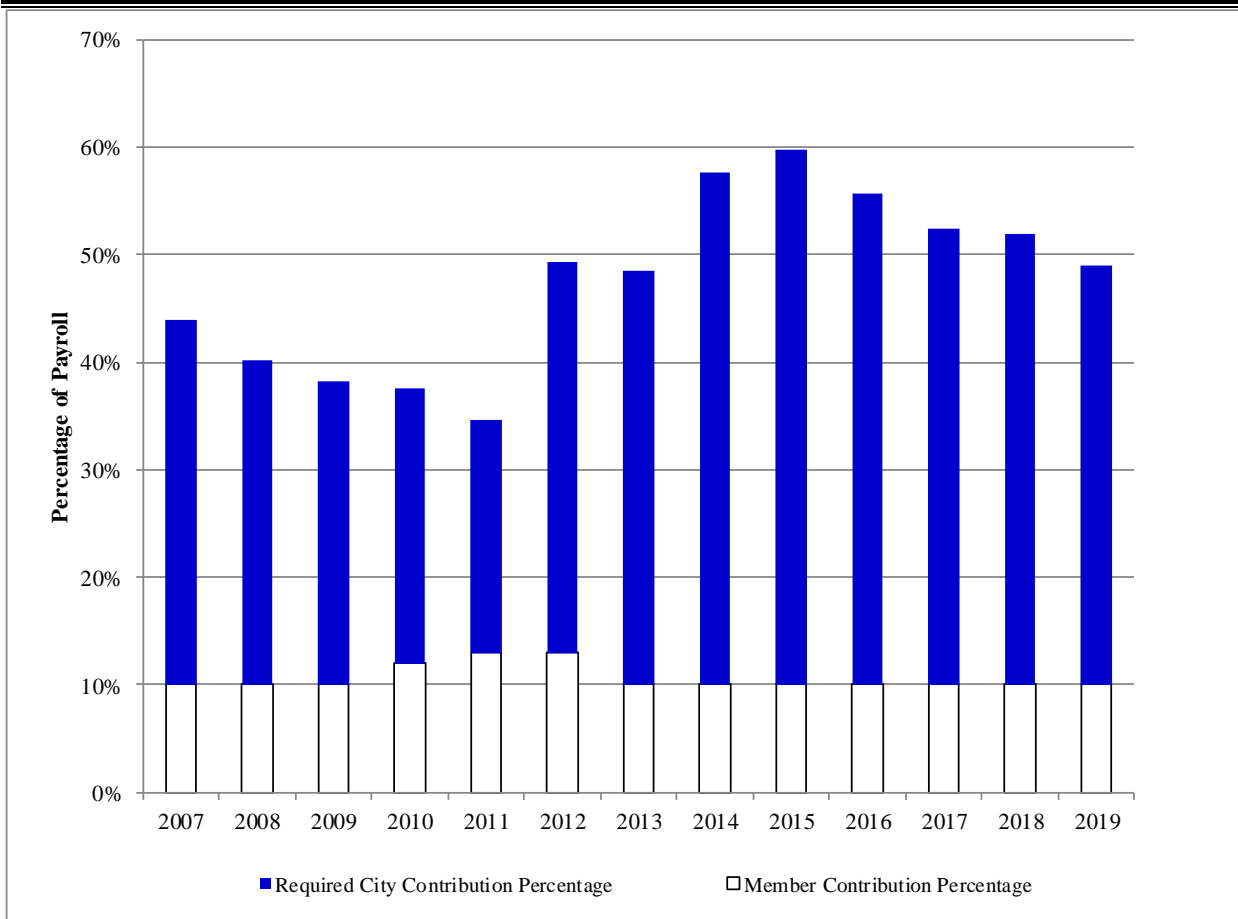
The city contributions for fiscal year 2010/2011 include contributions of \$4,712,259 (paid 10/1/2010), \$13,779,647 (paid 12/3/2010) and receivable contributions of \$1,740,607 (paid 11/1/2011).





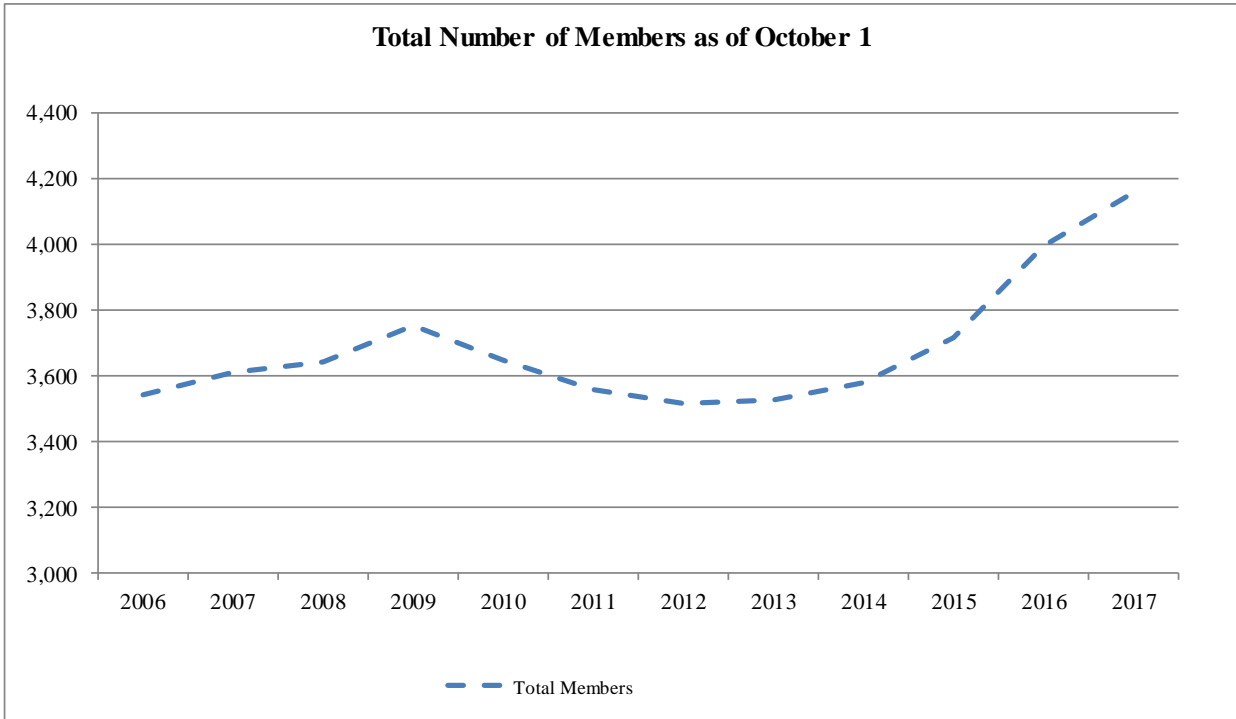
HISTORICAL CONTRIBUTION RATE

TABLE IXb



Fiscal Year	Member Contribution Percentage	Required City Contribution Percentage	Fiscal Year	Member Contribution Percentage	Required City Contribution Percentage
2010	12% ¹	25.65%	2015	10%	49.78%
2011	13%	21.66%	2016	10%	45.72%
2012	13%	36.32%	2017	10%	42.38%
2013	10%	38.53%	2018	10%	41.98%
2014	10%	47.69%	2019	10%	39.03%

¹For the 2009/2010 fiscal year, the AFSCME bargaining unit members contributed 13% of payroll.



	<u>As of 10/1/2016</u>	<u>As of 10/1/2017</u>
1. Active Members	1,793	1,943
2. Non-active, Non-Retired Members		
a. Fully vested	33	35
b. Non-vested	183	201
c. Sub-total	216	236
3. Retired Members		
a. Non-disabled	1,534	1,533
b. Disabled	57	55
c. Beneficiaries	393	391
d. Sub-total	1,984	1,979
4. Total Members	3,993	4,158



DATA RECONCILIATION

TABLE Xb

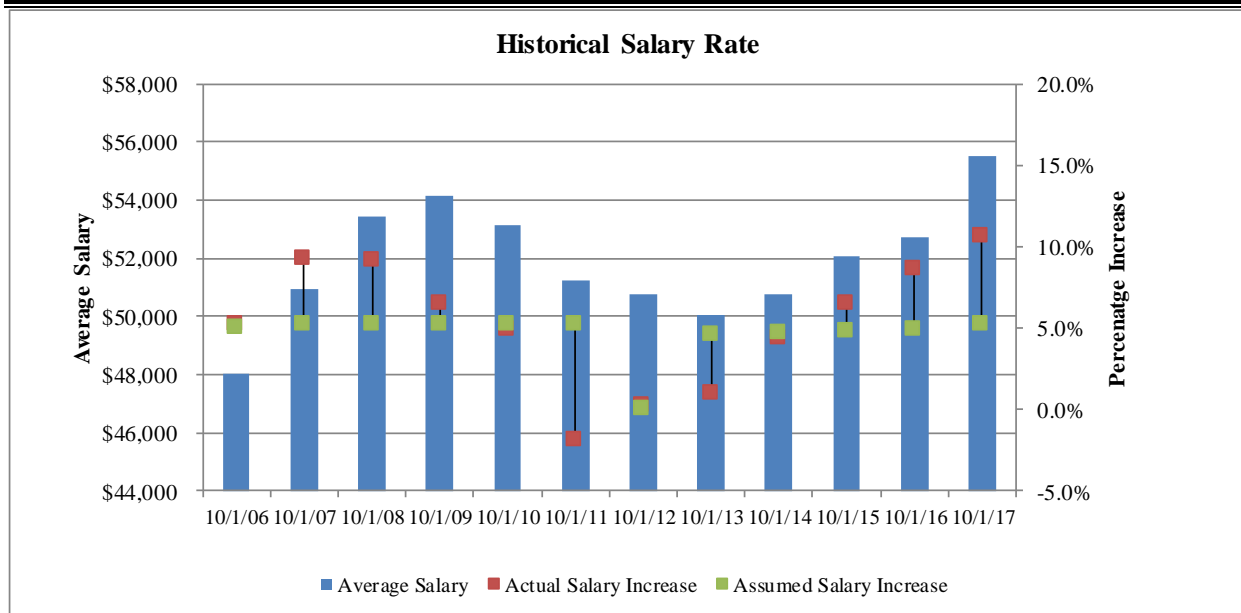
	<u>Active</u>	<u>Non-Active Non-Retired</u>	<u>Retired</u>	<u>Total</u>
1. Number of members as of October 1, 2016	1,793	216	1,984	3,993
<hr/>				
2. Change in Status during the plan year:				
a. Actives who became inactive	(44)	44		0
b. Actives/Inactive who retired	(29)	(4)	33	0
c. Active/Inactive who became disabled				0
d. Inactive who became active	5	(5)		0
e. Retired but returned to work				0
3. No longer members due to:				
a. Death	(6)		(54)	(60)
b. Refund of contributions	(50)	(15)		(65)
c. Correction in status				0
4. New members due to:				
a. Initial membership	274			274
b. Death of another member			16	16
c. Omitted last year				0
<hr/>				
5. Number of members as of October 1, 2017	1,943	236	1,979	4,158

Retired group includes 25 and 30 DROP members as of October 1, 2016 and October 1, 2017 respectively.



ACTIVE DATA TABLE

TABLE XC



Date	Average Salary	Actual Salary Increase	Assumed Salary Increase	Date	Average Salary	Actual Salary Increase	Assumed Salary Increase
10/1/08	53,420	9.20%	5.25%	10/1/13	50,029	1.01%	4.55%
10/1/09	54,179	6.51%	5.25%	10/1/14	50,748	4.38%	4.66%
10/1/10	53,140	4.86%	5.25%	10/1/15	52,055	6.53%	4.82%
10/1/11	51,250	(1.92)%	5.25%	10/1/16	52,726	8.64%	4.95%
10/1/12	50,785	0.25%	0.00%	10/1/17	55,528	10.63%	5.18%

Active Members as of 10/1/2017

	<u>Number</u>	<u>Annual Compensation</u>
Males	1,070	\$ 60,048,364
Females	873	\$ 47,842,395
Total	<u>1,943</u>	<u>\$ 107,890,759</u>
Average Annual Compensation		\$ 55,528
Average Entry Age		36.93
Average Years of Service		8.06

The average pay shown is the average of the annual rate of pay excluding any overtime pay or other special compensation.

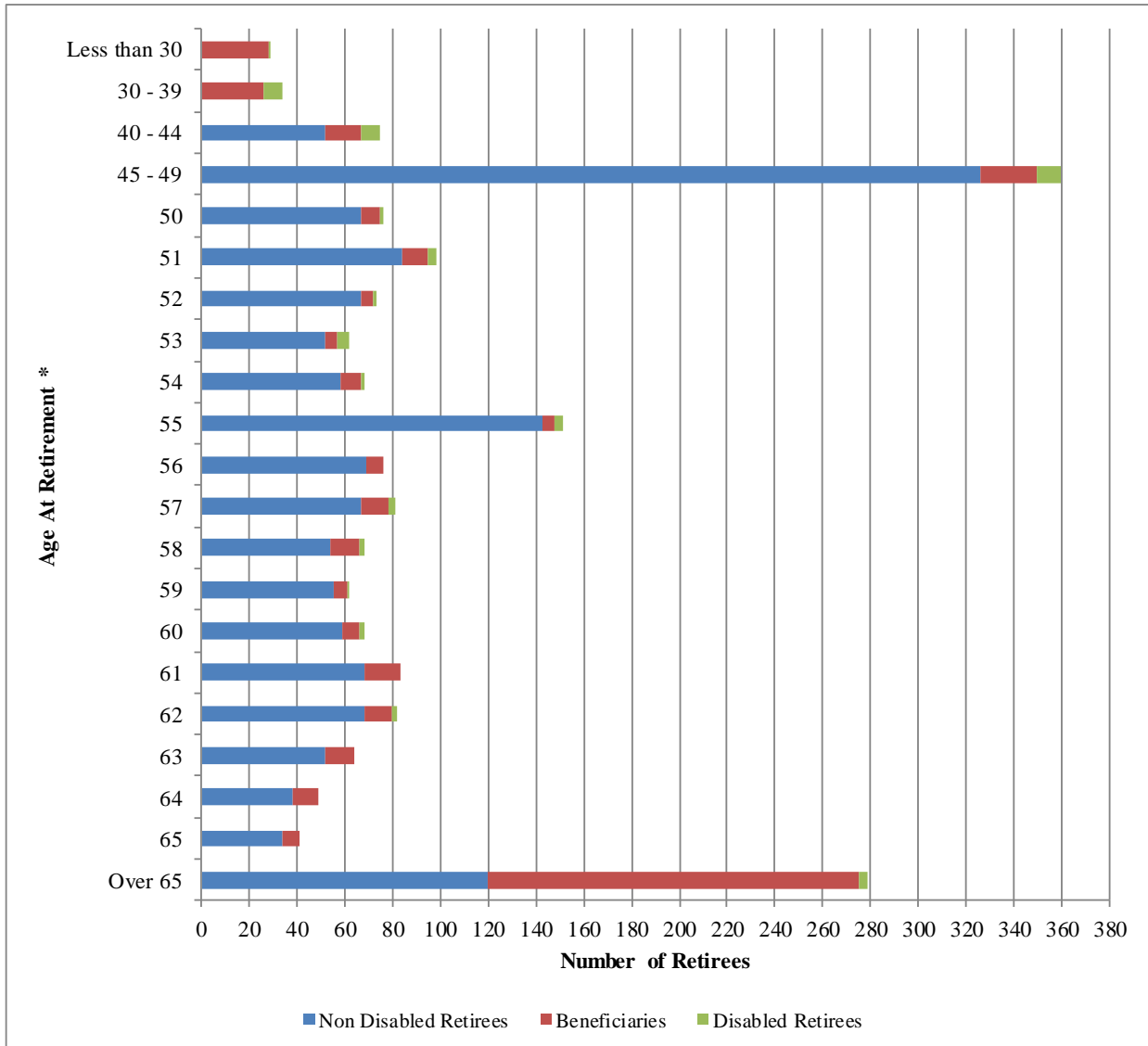


AGE-SERVICE-SALARY TABLE

TABLE Xd

Attained Age	Completed Years of 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	27	18	0	0	0	0	0	0	0	0	45
Avg. Pay*	32,144	37,952	0	0	0	0	0	0	0	0	34,467
25 to 29	51	110	11	0	0	0	0	0	0	0	172
Avg. Pay*	36,623	44,025	42,190	0	0	0	0	0	0	0	41,713
30 to 34	49	136	30	24	0	0	0	0	0	0	239
Avg. Pay*	38,035	49,126	53,266	51,143	0	0	0	0	0	0	47,574
35 to 39	20	90	49	64	21	1	0	0	0	0	245
Avg. Pay*	39,959	51,377	53,185	58,013	64,685	83,887	0	0	0	0	53,813
40 to 44	27	72	40	55	61	15	0	0	0	0	270
Avg. Pay*	39,833	51,173	57,631	68,171	73,636	77,286	0	0	0	0	60,984
45 to 49	31	76	28	55	63	31	7	0	0	0	291
Avg. Pay*	37,386	52,198	63,587	65,251	69,831	79,372	80,838	0	0	0	61,584
50 to 54	23	65	30	51	50	30	18	2	0	0	269
Avg. Pay*	44,156	49,532	63,414	67,879	72,373	82,018	84,724	106,011	0	0	64,742
55 to 59	19	55	31	40	44	12	2	2	0	0	205
Avg. Pay*	37,667	43,865	57,765	60,825	73,019	76,095	70,654	82,145	0	0	57,481
60 to 64	7	39	19	31	22	7	1	0	0	0	126
Avg. Pay*	49,145	43,371	54,760	63,885	63,121	77,859	54,255	0	0	0	55,907
65 & Up	3	40	13	17	7	0	1	0	0	0	81
Avg. Pay*	39,371	40,975	60,477	56,866	58,394	0	61,826	0	0	0	49,143
Total	257	701	251	337	268	96	29	4	0	0	1,943
Avg. Pay*	38,235	47,710	56,867	62,672	70,442	79,400	80,975	94,078	0	0	55,528

*The average pay shown is the average of the annual rate of pay excluding any overtime pay or other special compensation.



Average benefit being paid to non-disabled retirees is \$3,546.11 per month.

Average benefit being paid to beneficiaries is \$1,375.48 per month.

Average benefit being paid to disabled retirees is \$2,238.37 per month.

**Data to compute Age at Retirement for deceased retirees with benefit continuing to a survivor was not available.*



PROJECTED BENEFIT PAYMENTS

TABLE Xf

Fiscal Year	Projected Payments
2018	\$ 74,645,801
2019	\$ 74,599,440
2020	\$ 74,819,373
2021	\$ 75,316,324
2022	\$ 76,439,619
2023	\$ 77,547,781
2024	\$ 78,748,707
2025	\$ 80,017,350
2026	\$ 81,389,582
2027	\$ 82,915,675



Schedule of Active Member Valuation Data

<u>Valuation Date</u>	<u>Number</u>	<u>Annual Payroll</u>	<u>Annual Average Pay</u>	<u>% Increase In Average Pay</u>
October 1, 2013	1,288	64,437,132	50,029	(1.49)%
October 1, 2014	1,376	69,829,851	50,748	1.44%
October 1, 2015	1,512	78,707,859	52,055	2.58%
October 1, 2016	1,793	94,536,971	52,726	1.29%
October 1, 2017	1,943	107,890,759	55,528	5.31%

Schedule of Retirants and Beneficiaries Added to and Removed from Rolls

<u>Year Ended</u>	<u>Added to Rolls</u>		<u>Removed from Rolls</u>		<u>Rolls – End of Year</u>		<u>% Increase In Annual Allowances</u>	<u>Average Annual Allowances</u>
	<u>Number</u>	<u>Annual Allowances</u>	<u>Number</u>	<u>Annual Allowances</u>	<u>Number</u>	<u>Annual Allowances</u>		
September 30, 2013	45	\$2,050,826	97	\$2,049,700	2,073	\$72,294,380	0.00%	\$34,874
September 30, 2014	43	\$1,559,877	85	\$1,859,508	2,031	\$71,994,749	(0.41)%	\$35,448
September 30, 2015	43	\$1,641,524	67	\$1,538,547	2,007	\$72,097,726	0.14%	\$35,923
September 30, 2016	51	\$1,921,346	74	\$1,811,924	1,984	\$72,207,148	0.15%	\$36,395
September 30, 2017	49	\$2,076,806	54	\$1,118,605	1,979	\$73,165,349	1.33%	\$36,971



Solvency Test

Valuation Date	Aggregate Accrued Liabilities for			Reported Assets Actuarial Value	Portion of Accrued Liabilities Covered by Reported Assets		
	(1)	(2)	(3)		(1)	(2)	(3)
	Active Member Contributions	Retirants and Beneficiaries	Active Member (Employer Financed Portion)				
September 30, 2011	\$55,666,384	\$745,868,657	\$43,589,999	\$600,678,610	100%	73%	0%
September 30, 2012	\$64,770,972	\$741,277,894	\$52,200,075	\$560,966,742	100%	67%	0%
September 30, 2013	\$70,317,889	\$739,487,758	\$56,105,615	\$556,570,561	100%	66%	0%
September 30, 2014	\$76,301,336	\$735,433,118	\$54,123,745	\$576,796,227	100%	68%	0%
September 30, 2015	\$83,524,419	\$733,521,064	\$64,239,276	\$593,839,115	100%	70%	0%
September 30, 2016	\$91,512,215	\$773,892,248	\$86,667,540	\$618,446,623	100%	68%	0%
September 30, 2017	\$100,581,074	\$778,034,035	\$102,412,357	\$645,491,328	100%	70%	0%



**Analysis of Financial Experience
Gains & Losses in Accrued Liabilities During Year Ending September 30
Resulting from Differences Between Assumed Experience & Actual Experience**

\$ Gain (or Loss) For Year Ending September 30	2017
Age & Service Retirements	(1,639,634)
If members retire at older ages or with lower final average pay than assumed, there is a gain. If younger ages or higher average pay, a loss.	
Disability Retirements	62,505
If disability claims are less than assumed, there is a gain. If more claims, a loss.	
Death-In-Service Retirements	(190,574)
If survivor claims are less than assumed, there is a gain. If more claims, a loss.	
Withdrawal From Employment	(968,594)
If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss.	
Pay Increases and Data Adjustments	(10,693,157)
If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.	
Contribution Income	(5,179,640)
If more contributions are received than expected, there is a gain. If less, a loss.	
Investment Income	9,621,622
If there is greater investment income than assumed, there is a gain. If less income, a loss.	
Death After Retirement	(5,627,278)
If retirants live longer than assumed, there is a loss. If not as long, a gain.	
New Members/Rehires	(935,113)
Other	
Miscellaneous gains and losses resulting from timing of financial transactions, valuation methods, increase in maximum benefit limits, etc.	
	\$1,534,892
Gain (or Loss) During Year From Financial Experience	(\$14,014,971)
Non-Recurring Items	\$0
Adjustments for plan amendments, assumption changes, etc.	
Composite Gain (or Loss) During Year	(\$14,014,971)



1. Actuarial Cost Method

The modified individual entry age normal cost method. Under this method, normal costs are determined on the individual entry age normal method. However, if the actuarial value of assets exceeds the entry age accrued liability, the individual entry age normal cost rate for the Plan shall be adjusted by the excess actuarial value of assets divided by the present value of future payroll, in order for the unfunded accrued liability to not be less than zero.

As of October 1, 1997, the unfunded actuarial accrued liability is zero. Currently, changes in actuarial assumptions and methods, plan amendments for actives and actuarial gains and losses are amortized as a level percent of pay over 20 years. Plan amendments for retirees are amortized over 15 years.

2. Decrements

• Pre-Retirement Mortality

Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB
Male: RP2000 Generational, 50% Combined Healthy White Collar / 50% Combined Healthy Blue Collar, Scale BB

• Post-Retirement Healthy Mortality

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB
Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB

• Post-Retirement Disabled Mortality

Female: RP2000, 100% Disabled Female set forward two years, no projection scale
Male: RP2000, 100% Disabled Male setback four years, no projection scale

• Disability

Representative values of the assumed annual rates of disability among members in active service are set forth in the following table. 90% of disabilities are assumed to be ordinary (non-occupational), and 10% are service incurred. Of the service incurred disabilities, 50% are assumed to be accidental.

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.02%	30	0.05%	40	0.09%	50	0.18%
25	0.02%	35	0.07%	45	0.12%	55	0.26%



- Permanent Withdrawal from Active Status**

Representative values of the assumed annual rates of withdrawal among members in active service are set forth in the following table.

Age	Completed Years of Service					
	0	1	2	3	4	5 or more
20	13.0%	12.0%	10.0%	8.0%	7.0%	6.0%
25	13.0%	12.0%	10.0%	8.0%	7.0%	5.3%
30	13.0%	12.0%	10.0%	8.0%	7.0%	4.8%
35	12.5%	11.5%	9.5%	7.7%	7.0%	4.4%
40	11.9%	10.9%	8.9%	7.1%	6.5%	3.4%
45	11.3%	10.3%	8.3%	6.5%	5.7%	2.9%
50	10.7%	9.7%	7.7%	5.9%	4.7%	2.4%
55	10.4%	9.4%	7.4%	5.6%	4.4%	2.0%

- Retirement (non-Backdrop)**

Representative values of the assumed annual rates of retirement among members in active service are set forth in the following table. The rates for ages 45 through 54 are the assumed rates before the age of 55 under the rule of 70.

Age	Rate	Age	Rate	Age	Rate	Age	Rate	Age	Rate
45	8%	50	12%	55	23%	60	18%	65	16%
46	8%	51	12%	56	18%	61	18%	66	16%
47	8%	52	12%	57	18%	62	18%	67	16%
48	8%	53	12%	58	18%	63	18%	68	16%
49	8%	54	12%	59	18%	64	18%	69	16%
								70	100%



(CONTINUED)

- Rates of Backdrop Elections**

The valuation assumes members will elect a five-year Backdrop.

Age	Years of Service								
	10-14	15-20	21	23	25	27	29	30	35
50								15%	
51							15%	15%	
52							15%	10%	
53						15%	10%	10%	
54						15%	10%	10%	
55					18%	10%	10%	10%	25%
56					18%	10%	10%	10%	25%
57				18%	10%	10%	10%	10%	25%
58				18%	10%	10%	10%	10%	25%
59			18%	10%	10%	10%	10%	10%	25%
60	18%	18%	18%	10%	10%	10%	10%	25%	25%
61	10%	10%	10%	10%	10%	10%	25%	25%	25%
62	10%	10%	10%	10%	10%	10%	25%	25%	25%
63	10%	10%	10%	10%	10%	25%	25%	25%	25%
64	10%	10%	10%	10%	10%	25%	25%	25%	25%
65	10%	25%	25%	25%	25%	25%	25%	25%	25%
66	10%	25%	25%	25%	25%	25%	25%	25%	25%
67	10%	25%	25%	25%	25%	25%	25%	25%	16%
68	10%	25%	25%	25%	25%	25%	25%	25%	16%
69	10%	25%	25%	25%	25%	25%	25%	25%	16%
70	100%	100%	100%	100%	100%	100%	100%	100%	100%

3. Interest Rate

7.60% per annum, compounded annually, including inflation.



4. Salary Increases

Salaries are assumed to increase at a rate that varies based on years of credited service.

Years of Credited Service	Rate of Increase
Less Than 1	8.75%
1	8.00%
2	6.50%
3	5.50%
4	5.00%
5	5.00%
6	4.50%
7	4.50%
8	4.50%
9	4.50%
10 or more	4.00%

5. Inflation

3.5% per annum.

6. Spouses

80% of active members are assumed to be married with the husband 3 years older than his wife.

7. Expenses

The City shall provide for the non-investment expenses of the Retirement Trust. However, there may be some non-investment expenses during the Plan year which will be reimbursed by the City after the end of the year. An allowance for other expenses is made in that the interest rate assumption is net of investment expenses. The City’s normal cost includes an allowance of \$250,000 per year for the payment of custodial/trustee expenses.

8. Assets

Actuarial value, as developed in Table VIIa. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected market value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20% of the difference between market value and expected market value. The actuarial value of assets cannot be less than 80% or more than 120% of market value.



9. Funding Period (Pursuant to Chapter 112, Florida Statutes)

Prior to October 1, 1997, the Gates Agreement amortization payments were paid in accordance with Schedule B of Attachment E of the Gates Agreement. As of October 1, 1997, the payment schedule was replaced. The unfunded actuarial accrued liability as of October 1, 1997 was zero. Beginning October 1, 2011, the following amortization periods apply all as level percent of pay amounts:

Benefit changes for actives	20 years
Benefit changes for retirees	15 years
Actuarial gain/loss	20 years
Change in assumptions and methods	20 years

10. Maximum Benefit

The valuation reflects the maximum benefit limits under Internal Revenue Code Section 415, indexed in future years at the 3.5% per year assumed rate of inflation.



ASSUMPTION AND METHOD CHANGES

TABLE XIb

The following assumptions have been changed during the last few plan years:

1. Effective October 1, 1990: Change in interest rate from 7.50% to 8.00%.
2. Effective October 1, 1991: Salary increase assumption was changed from graduated rates to a flat 6.50% per year.
3. Effective October 1, 1993: Change in mortality rates.
4. Effective October 1, 1995:
 - Change in interest rate from 8.00% to 8.10% per year.
 - Change in salary increase assumption from 6.50% to 6.00% per year.
 - Change in mortality rates.
 - Addition of rates of retirement before the age of 55 under the rule of 70.
5. Effective October 1, 1997: Change in employee turnover rates.

Age	Assumed Annual Termination Rates for	
	Prior Rates	Revised Rates
20	4.8%	5.3%
25	4.2%	4.6%
30	3.6%	4.0%
35	3.0%	3.4%
40	2.4%	2.6%
45	1.8%	2.0%
50	1.2%	1.3%
55	0.9%	1.0%



6. Effective October 1, 1997: Changes in funding and asset methods.

Gates Settlement Schedule B Amortization Payments

Prior to October 1, 1997, the Gates Agreement amortization payments were paid in accordance with Schedule B of Attachment E of the Gates Agreement. As of October 1, 1997, the payment schedule will be replaced. The unfunded actuarial accrued liability as of October 1, 1997 is zero. Beginning October 1, 1998, the following amortization periods will apply all as level dollar amounts:

Benefit improvements for actives	30 years
Benefit improvements for retirees	15 years
Actuarial gain/loss	15 years
Change in assumptions	20 years

Asset Valuation Method

As of October 1, 1997, the actuarial value of assets shall be changed to moving market value averaged over three years. Each year, the actuarial asset value will be projected forward at the valuation date based on actual contributions and benefit payments at the assumed interest assumption. One third of the difference between the projected actuarial value and the market value plus prior deferrals is added to the projected actuarial value. The remaining two thirds is deferred to each of the next two years as future adjustments to the actuarial value. The result cannot be greater than 120% of market value or less than 80% of market value.

As of October 1, 1997 the actuarial value is equal to the market value.

Valuation Cost Method

The modified aggregate entry age normal cost method will be applied for costs for the fiscal year beginning October 1, 1998. (The City contribution for the fiscal year beginning October 1, 1998 is based on the October 1, 1997 actuarial valuation.)



ASSUMPTION AND METHOD CHANGES

TABLE XIb

(CONTINUED)

7. Effective October 1, 1998: Change in employee retirement rates.

Ages	Assumed Annual Retirement Rates	
	Prior Rates	Revised Rates
45-49	5%	15%
50-54	5%	20%
55	20%	30%
56-61	10%	20%
62	20%	20%
63-64	15%	20%
65-69	20%	20%
70	100%	100%

8. Effective October 1, 1999 changes made to reflect Revenue Code Section 415(L)(1)(A) limitations on the maximum annual benefits payable from the Plan.

9. Effective October 1, 2000:

- Change in salary increase assumption from 6.00% to 5.75% per year.
- Revised turnover rates for employees with less than 5 years of service as follows:

Ages	Completed Years of Service				
	0	1	2	3	4
20	12.5%	11.0%	9.0%	7.5%	6.5%
25	12.5%	11.0%	9.0%	7.5%	6.5%
30	12.5%	11.0%	9.0%	7.5%	6.5%
35	12.5%	11.0%	9.0%	7.5%	6.5%
40	11.4%	10.4%	8.4%	6.6%	6.0%
45	10.8%	9.8%	7.8%	6.0%	5.2%
50	10.2%	9.2%	7.2%	5.4%	4.2%
55	9.9%	8.9%	6.9%	5.1%	3.9%



- Change in employee retirement rates

Ages	Assumed Annual Retirement Rates	
	Prior Rates	Revised Rates
45-49	15%	10%
50-54	20%	15%
55	30%	30%
56-61	20%	20%
62	20%	20%
63-64	20%	20%
65-69	20%	20%
70	100%	100%

- Change in employee disability rates

Ages	Assumed Annual Disability Rates	
	Prior Rates	Revised Rates
20	0.03%	0.05%
25	0.03%	0.05%
30	0.04%	0.08%
35	0.05%	0.10%
40	0.07%	0.12%
45	0.10%	0.15%
50	0.18%	0.20%
55	0.26%	0.28%

- Change in mortality rates for active members by setting back ages 2 years in the 1983 Group Annuity Mortality Table for males and females.

10. Effective October 1, 2002 change in salary increase assumption from 5.75% to 5.00% per year.

11. Effective October 1, 2003:

- Change in mortality rates for retired members by setting back ages 2 years in the 1983 Group Annuity Mortality Table for males and females.
- Change in mortality rates for retired disabled members by setting forward ages 7 years in the 1983 Group Annuity Mortality Table for males and females.



- Revised turnover rates for employees with less than 5 years of service as follows

Ages	Completed Years of Service				
	0	1	2	3	4
20	12.5%	11.5%	9.5%	7.5%	6.5%
25	12.5%	11.5%	9.5%	7.5%	6.5%
30	12.5%	11.5%	9.5%	7.5%	6.5%
35	12.0%	11.0%	9.0%	7.2%	6.5%
40	11.4%	10.4%	8.4%	6.6%	6.0%
45	10.8%	9.8%	7.8%	6.0%	5.2%
50	10.2%	9.2%	7.2%	5.4%	4.2%
55	9.9%	8.9%	6.9%	5.1%	3.9%

- Change in employee retirement rates

Ages	Assumed Annual Retirement Rates	
	Prior Rates	Revised Rates
45-49	10%	10%
50-54	15%	15%
55	30%	26%
56-61	20%	18%
62	20%	18%
63-64	20%	18%
65-69	20%	16%
70	100%	100%

12. Effective October 1, 2006:

- Upgrade in actuarial valuation software.
- Change in salary increase assumption from 5.00% to 5.25% per year.
- Change in mortality rates for retired members by setting back ages 1 year in the 1983 Group Annuity Mortality Table for males and females.



Revised turnover rates for employees with 5 or more years of service as follows:

Ages	Assumed Annual Termination Rates for	
	Prior Rates	Revised Rates
20	5.3%	5.8%
25	4.6%	5.1%
30	4.0%	4.5%
35	3.4%	3.9%
40	2.6%	3.1%
45	2.0%	2.5%
50	1.3%	2.0%
55	1.0%	1.5%

13. Effective October 1, 2008: Changes in asset methods and amortization of Unfunded Actuarial Liability.

Asset Valuation Method

The new actuarial asset valuation method spreads asset gains and losses over five years, instead of the three years under the prior method.

Under the new asset method, the expected return is determined each year based on the beginning of year market value and actual cash flows during the year and an expected asset return of 8.1%. Any difference between the expected market value return and the actual market value return is recognized evenly over a period of five years. The resulting actuarial value of assets cannot be less than 80% or more than 120% of the market value of assets.

The new actuarial asset method will phase-in over a five-year period. The phase-in approach assumes 1-year smoothing (20% recognition) of the asset loss for the year ended September 30, 2008. Next year the asset method will include 2-year smoothing, followed by 3-year smoothing and so on, until the full 5-year smoothing is completely phased-in.

Amortization of the Unfunded Actuarial Liability

The method to amortize the unfunded actuarial liability has been changed from level dollar to level percent of pay. Under the level percentage of projected payroll amortization method, amortization payments are calculated so that they are a constant percentage of the projected payroll of active plan members. The dollar amount of the payments increases over time as payroll increases due to inflation. The dollar amount of the payments, adjusted with inflation, can be expected to remain level as a percent of pay. For example, if the amortization payment increases 3% per year and the payroll also increases 3% per year, then the amortization payment is level as a percentage of pay.



The periods to amortize benefit changes for actives and changes in assumptions were changed to 15 years.

14. Effective October 1, 2009:

- Change in death-in-service rates for active members to utilize the UP-1994 Group Annuity Mortality Table, projected to 2018 (using scale AA), set forward 1 year.
- Change in mortality rates for retired members to utilize the UP-1994 Group Annuity Mortality Table, projected to 2018 (using scale AA), set forward 2 years.
- Change in mortality rates for disabled retirees to utilize the UP-1994 Group Annuity Mortality Table, projected to 2018 (using scale AA), set forward 8 years.
- Revised turnover rates for employees with less than 5 years of service as follows:

Ages	Completed Years of Service				
	0	1	2	3	4
20	13.0%	12.0%	10.0%	8.0%	7.0%
25	13.0%	12.0%	10.0%	8.0%	7.0%
30	13.0%	12.0%	10.0%	8.0%	7.0%
35	12.5%	11.5%	9.5%	7.7%	7.0%
40	11.9%	10.9%	8.9%	7.1%	6.5%
45	11.3%	10.3%	8.3%	6.5%	5.7%
50	10.7%	9.7%	7.7%	5.9%	4.7%
55	10.4%	9.4%	7.4%	5.6%	4.4%

- Revised turnover rates for disabled retirements as follows:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.03%	30	0.06%	40	0.10%	50	0.18%
25	0.03%	35	0.08%	45	0.13%	55	0.26%



ASSUMPTION AND METHOD CHANGES

TABLE XIb

(CONTINUED)

14. Effective October 1, 2009 (continued):

- Change in the age 55 retirement rate assumption from 26% to 18%.
- Salary Assumption modifications in accordance with table below, applicable to Fiscal Year 2010/2011. Salary increase rates remain unchanged from current assumption of 5.25% for future years after Fiscal Year 2011.

Salary Range	Percent Reduction
Less than \$39,999.99	0%
\$40,000.00 - \$54,999.99	5%
\$55,000.00 - \$74,999.99	7%
\$75,000.00 - \$119,999.99	9%
\$120,000 +	12%

15. Effective October 1, 2011:

- Change in the assumed interest rate from 8.10% to 8.00% per year. A phased-in interest rate assumption will be utilized in accordance with the following table:

Valuation Year	Interest Rate Assumption
2011	8.00%
2012	7.90%
2013	7.80%
2014	7.70%
2015	7.60%

- Change in the assumed salary increase rates from 5.25% to rates varying by years of credited service as shown below:

Years of Credited Service	Rate of Increase
Less Than 1	8.75%
1	8.00%
2	6.50%
3	5.50%
4	5.00%
5	5.00%
6	4.50%
7	4.50%
8	4.50%
9	4.50%
10 or more	4.00%



The assumed pay increases for the year beginning October 1, 2011 is 0%.

- To reflect the new Backdrop, rates of retirement have been decreased at earlier ages and increased at later ages when the member is eligible to Backdrop. We have assumed members will elect a five year Backdrop.
- The City’s normal cost includes an allowance of \$250,000 per year for the payment of custodial/trustee expenses.
- Funding Period (Pursuant to Chapter 112, Florida Statutes)
The following amortization periods apply all as level percent of pay amounts:

Benefit changes for actives	20 years
Benefit changes for retirees	15 years
Actuarial gain/loss*	20 years
Change in assumptions and methods	20 years

*Unfunded liability bases established prior to October 1, 2011 were amortized using the remaining periods as of October 1, 2011, with an additional 5 years applied to each period. The original amortization period plus the five additional years do not exceed 30 years.

16. Effective October 1, 2012:

- Change in the assumed interest rate from 8.00% to 7.90% per year. A phased-in interest rate assumption will be utilized in accordance with the following table:

Valuation Year	Interest Rate Assumption
2011	8.00%
2012	7.90%
2013	7.80%
2014	7.70%
2015	7.60%

Change in employee disability rates

Ages	Assumed Annual Disability Rates	
	Prior Rates	Revised Rates
20	0.03%	0.02%
25	0.03%	0.02%
30	0.06%	0.05%
35	0.08%	0.07%
40	0.10%	0.09%
45	0.13%	0.12%
50	0.18%	0.18%
55	0.26%	0.26%



ASSUMPTION AND METHOD CHANGES

TABLE XIb

(CONTINUED)

17. Effective October 1, 2013:

- Change in the assumed interest rate from 7.90% to 7.80% per year. A phased-in interest rate assumption will be utilized in accordance with the following table:

Valuation Year	Interest Rate Assumption
2011	8.00%
2012	7.90%
2013	7.80%
2014	7.70%
2015	7.60%

18. Effective October 1, 2014:

- Change in the assumed interest rate from 7.80% to 7.70% per year. A phased-in interest rate assumption will be utilized in accordance with the following table:

Valuation Year	Interest Rate Assumption
2011	8.00%
2012	7.90%
2013	7.80%
2014	7.70%
2015	7.60%

19. Effective October 1, 2015:

- Change in the assumed interest rate from 7.70% to 7.60% per year.
- Change in mortality rates for disabled retirees to utilize the UP-1994 Group Annuity Mortality Table, projected to 2018 (using scale AA), set forward 7 years.
- Revised turnover rates for employees with 5 or more years of service as follows:

Ages	Assumed Annual Termination Rates for Members	
	Prior Rates	Revised Rates
20	5.8%	6.0%
25	5.1%	5.3%
30	4.5%	4.8%
35	3.9%	4.4%
40	3.1%	3.4%
45	2.5%	2.9%
50	2.0%	2.4%
55	1.5%	2.0%



- Change in employee retirement rates

Ages	Assumed Annual Retirement Rates	
	Prior Rates	Revised Rates
45-49	10%	8%
50-54	15%	12%
55	18%	23%
56-64	18%	18%
65-69	16%	16%
70	100%	100%

20. Effective October 1, 2016:

The mortality assumptions used by the Florida Retirement System were adopted as required by HB 1309. The updated assumptions are as follows:

- **Pre-Retirement Mortality**
 Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB
 Male: RP2000 Generational, 50% Combined Healthy White Collar / 50% Combined Healthy Blue Collar, Scale BB
- **Post-Retirement Healthy Mortality**
 Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB
 Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB
- **Post-Retirement Disabled Mortality**
 Female: RP2000, 100% Disabled Female set forward two years, no projection scale
 Male: RP2000, 100% Disabled Male setback four years, no projection scale

*Note: Assumption changes that have first been reflected in this valuation are shown in bold print.



1. Plan Effective Date

The original plan effective date is July 1, 1956, including all amendments through September 30, 2010.

2. Membership

An employee becomes a member upon employment unless he is a member of any other pension or retirement system supported wholly or in part by the City. An employee ceases to be a member if (i) he is absent from service for more than three years of any five consecutive year period, (ii) he withdraws his contributions, (iii) he becomes a member of any other City sponsored retirement plan, or (iv) he becomes a beneficiary or dies.

3. Membership Service

Service as an employee for which contributions were made.

4. Creditable Service

Sum of Membership Service, Prior Service, and Military Service.

5. Compensation

Employee's base salary, including pick-up contributions. Compensation for pension purposes does not include the cash payment at retirement for accumulated unused leaves, such as, vacation and sick leave.

6. Member Contributions

10% of compensation.

7. Average Final Compensation

Members Eligible for Retirement (meet Rule of 70 or age 55 and 10 years of service) as of September 30, 2010

Average annual compensation during highest two years of membership service. For members employed before May 24, 1984, Average Final Compensation is average annual compensation during highest one year of membership service.

All Other Members

Average annual compensation during the highest five years of the last 10 years of service. Members retiring between October 1, 2010 and on or before September 30, 2011 will be based on the average of the highest three years of membership service; for members who retire on or after October 1, 2011 and on or before September 20, 2012, it will be based on the average highest four years of membership service; and for members who retire on or after October 1, 2012, the average of the highest five years of the last 10 years of service. In no event shall the average final compensation of any member who is employed on September 20, 2010 and retires on or after October 1, 2010 be less than the members final average compensation as of September 30, 2010.



8. Service Retirement Benefit

Members Eligible for Retirement as of September 30, 2010

3% of Average Final Compensation multiplied by Creditable Service.

All Other Members

3% of Average Final Compensation multiplied by Creditable Service as of September 30, 2010. For service after September 30, 2010, 2.25% of Average Final Compensation multiplied by Creditable Service up to 15 years; for Creditable Service in excess of 15 years but less than 20 years, 2.5% of Average Final Compensation multiplied by Creditable Service; for Creditable Service in excess of 20, 2.75% of Average Final Compensation multiplied by Creditable Service. The service retirement benefit shall be based on a member's total Creditable Service and the benefit multiplier in effect at the time the service is earned, multiplied by average final compensation in effect at the time of retirement or separation from employment.

9. Normal Retirement

Members Eligible for Retirement as of September 30, 2010

- **Age and Service**

Age 55 and 10 years of continuous Creditable Service.

- **Rule of 70**

Age plus Service equaling 70 points

- **Benefit Amount**

The basic retirement benefit.

- **Forms of Payment**

Normal Forms of Payment

Option 6a: Lump sum payment of member's accumulated contributions plus a monthly service retirement benefit equal to 50% of the amount to which he would have been otherwise entitled;

Option 6b: Monthly service retirement benefit for member's lifetime equal to 105% of the amount to which he would have been otherwise entitled;

Option 6c: Monthly service retirement benefit for member's lifetime equal to the amount to which he was entitled, provided that, upon his death, 40% of that amount would continue to be paid to his surviving spouse for the lifetime of such spouse.

Actuarially Reduced Forms of Payment

Option 2 – Equal Payment Survivor Annuity: Reduced joint and 100% survivor annuity;

Option 3 – One-Half Payment Survivor Annuity: Reduced joint and 50% survivor annuity

All Other Members

- **Age and Service**

Age 55 and 30 years of continuous Creditable Service, or
Age 60 and 10 years of continuous Creditable Service

- **Rule of 80**

Age plus Service equaling 80 points



- **Benefit Amount**
The basic retirement benefit payable as a life annuity.
- **Forms of Payment**
Actuarially Reduced Forms of Payment
Option 2 – Equal Payment Survivor Annuity: Reduced joint and 100% survivor annuity;
Option 3 – One-Half Payment Survivor Annuity: Reduced joint and 50% survivor annuity
Option 6a: Lump sum payment of member’s accumulated contributions plus a monthly service retirement benefit equal to 50% of the amount to which he would have been otherwise entitled;
Option 6c: Monthly service retirement benefit for member’s lifetime equal to the amount to which he was entitled, provided that, upon his death, 40% of that amount would continue to be paid to his surviving spouse for the lifetime of such spouse.

10. Early Retirement

- **Age**
Any age with at least 20 years of Creditable Service.
- **Amount**
Actuarial equivalent of the basic service retirement benefit that otherwise would have commenced at age 55. For members not eligible for retirement on October 1, 2010 the amount is the actuarial equivalent of the basic service retirement benefit payable at the earliest of the retirement eligibility dates under 9. above.
- **Form of Payment**
Same as for Normal Retirement.

11. Deferred Vested Retirement

- **Eligibility**
Completion of 10 years of Creditable Service and provided the member does not withdraw his accumulated contributions.
- **Amount**
The basic retirement benefit.
- **Form of Payment**
Same as for Normal Retirement.



12. Ordinary Disability Retirement

- **Eligibility**
Completion of 10 years of Creditable Service.
- **Condition**
The member must have become totally incapacitated from the further performance of duty not as a result of an accident in the performance of duty.
- **Amount**
The greater of 90 percent of the product of the benefit multiplier in effect at the time the service is earned multiplied by the number of years of credited service; or 30 percent of the member's final average compensation.
- **Form of Payment**
Life annuity.

13. Accidental Service Incurred Disability Retirement

- **Eligibility**
Any member.
- **Condition**
The Member must have become totally and permanently incapacitated for duty as a result of an accident occurring while in the performance of his duty.
- **Amount**
66 2/3% of the greater of Average Final Compensation or final compensation.
- **Form of Payment**
Life annuity provided that, upon the member's death, 40% of the benefit would continue to be paid to surviving spouse for the lifetime of such spouse.

14. Service Incurred Disability Retirement

- **Eligibility**
Any member.
- **Condition**
The member must have become totally and permanently incapacitated for duty as a result of tuberculosis, hypertension, or heart disease (which was not an existing condition at the time of employment).
- **Amount**
The greater of 90 percent of the product of the benefit multiplier in effect at the time the service is earned multiplied by the number of years of credited service; or 40 percent of the member's final average compensation.
- **Form of Payment**
Life annuity.



15. Ordinary Death Benefit

- **Eligibility**
Completion of 3 years of Creditable Service.
- **Condition**
The member must have died for a reason other than while in the actual performance of duty.
- **Amount**
Lump sum payment of accumulated contributions plus 50% of compensation during the year immediately preceding death.

16. Surviving Spouse Benefit

- **Eligibility**
Any member who is eligible for Normal, Early, or Rule of 70 Retirement who dies prior to actual retirement and whose spouse elects not to receive a payment of the member's accumulated contributions.
- **Amount**
If the member is eligible for retirement on September 30, 2010, 40% of the sum of the member's basic retirement benefit calculated as if the member had attained age 55 and retired on date of death. In addition, the surviving spouse will receive 50% of the member's compensation during the year immediately preceding death. If the member is not eligible for retirement on September 30, 2010, the spousal benefit will be based on the optional form of payment elected by the member. If the member has not elected an optional allowance, the spouse will receive the 40% survivor benefit actuarially reduced.
- **Form of Payment**
Life annuity.

17. Accidental Death Benefit

- **Eligibility**
Membership in the Plan.
- **Condition**
The member must have died accidentally while in the actual performance of duty.
- **Amount**
50% of Average Final Compensation plus a lump sum payment equal to accumulated contributions.
- **Form of Payment**
Life annuity.

18. Minimum Retired Death Benefit

A retired member who dies prior to having received 12 monthly retirement payments and prior to having an optional allowance becoming effective will have a lump sum equal to the excess, if any, of 12 times the monthly payments over the actual payments received paid to his designated beneficiary.



19. Return of Contributions

A member who terminates employment and is not eligible for any other benefit shall receive a refund of his accumulated contributions. If a member dies in active service, his beneficiary shall receive a refund of his accumulated contributions except as otherwise noted in this section.

20. Cost-of-Living Adjustment

Effective October 1, 1998, the annual cost-of-living benefit will be 4% of the total benefit with minimum increases of \$54 per year and maximum increases of \$400 per year.

21. Limitation on Benefits

Effective September 30, 2012, for members not eligible to retire on that date, member retirement allowances shall not exceed the lesser of 100 percent of the member's average final compensation or an annual retirement allowance of \$80,000 as of the retirement or DROP entry based on the normal form of benefit in effect on the date of retirement. In no event shall the benefit limitation be less than the member's accrued benefit on September 30, 2012 based on the normal form of benefit in effect on that date.

22. Deferred retirement option program ("DROP"):

Any employee who is eligible for a service or Rule of 70 retirement is eligible to participate in the DROP. Upon election of participation, a member's creditable service, accrued benefits, and compensation calculation are frozen and the DROP payment is based on the member's average final compensation. The member's contribution and the City contribution to the retirement plan for that member ceases as no further service credit is earned. The member does not acquire additional pension credit for the purposes of the pension plan but may continue City employment for up to a maximum of 48 months. Once the maximum participation has been achieved, the participant must terminate employment.

There are two DROP programs, the Forward Drop and the BACDROP. A member can participate in both programs simultaneously. The Forward DROP is a DROP benefit equal to the regular retirement benefit the member would have received had the member separated from service and commenced the receipt of benefits from the plan. The BACDROP is a DROP benefit actuarially calculated. A member may elect to BACDROP to a date, no further back than the date of the member's retirement eligibility date. The BACDROP period must be in 12 month increments, beginning at the start of a pay period, not to exceed 48 months. The benefits for the BACDROP will then be actuarially calculated to be the equivalent to the benefit earned at the date of retirement.

An individual account is created for each participant. The Board of Trustees of the retirement plan has established, by administrative rule, a series of investment vehicles which may be chosen by the participant. Any losses incurred on account of the option selected by the participant will not be made up by the City or the GESE Trust, and will be borne by the participant only. All interest will be credited to the member's account



22. Deferred retirement option program ("DROP") continued:

Upon termination of employment, a participant may receive payment from the DROP account in a lump sum distribution; or periodic payments. A participant may elect to rollover the balance to another qualified retirement plan, individual retirement account, an Internal Revenue Code Section 457 Plan, or an annuity. A participant may defer payment until the latest date authorized by Section 401(a)(9) of the Internal Revenue Code. DROP participation will not affect any other death or disability benefit provided under law or applicable collective bargaining agreement. If a participant dies before the account balances are paid out in full, the beneficiary will receive the remaining balance.

23. Backdrop option

A Backdrop benefit option shall be implemented on January 1, 2013. The Backdrop option shall replace the existing DROP program. Employees who have not attained normal retirement eligibility as of January 1, 2013 or were not vested by October 1, 2010, and all employees hired on or after January 1, 2013, will be eligible for the Backdrop option but will not be eligible for the DROP. Anyone eligible for the forward DROP as of January 1, 2013 remains eligible for the forward DROP as it presently exists and anyone eligible for the forward DROP as of January 1, 2013 or vested prior to October 1, 2010, who chooses not to enter the forward DROP, remains eligible for the Backdrop.

Under the Backdrop option a member can receive a lump sum payment in addition to a monthly pension annuity. The employee chooses to take a Backdrop at the end of his employment with the City as long as he or she Backdrops to any date after he/she reaches the Normal Retirement date. If the member elects the Backdrop option, the monthly benefit payable on the member's actual retirement date (when the member leaves City employment) is based on the benefit the member would have received had he or she left employment and retired on an earlier Normal Retirement (NR) date, referred to as the Backdrop date. In addition, the member will receive a lump sum payment equal to the accumulation of annuity payments he or she would have received during the Backdrop period had he or she elected to receive immediate pension annuity payments starting as of the Backdrop date. Annuity payments would be accumulated at the rate of 3% per year, compounded annually. The member's Backdrop date can be any date after his or her Normal Retirement Date and the Backdrop period can be as little as one year and as long as 7 years (see below for the eligibility rules). If the member does not elect a Backdrop benefit option, his or her monthly retirement benefit will be calculated using his or her final average final compensation and creditable service as of the member's actual employment termination date.

Eligibility

All members are eligible to elect Backdrop after completing one year of service after eligibility for Normal Retirement. A Backdrop election must be made within 10 years after becoming eligible for Normal Retirement. The maximum Backdrop period is 7 years. Members who wish to elect the Backdrop option must provide at least 8 months notice to separate, or a lesser period could apply if approved by the City Manager (due to special circumstances).



Distribution Options

The lump sum portion of this Backdrop benefit option is payable as follows:

- Cash Option
- Rollover to another tax deferred account (e.g. IRA) Option
- Combination Cash and Rollover Option

The annuity portion (as well as the Backdrop annuity accumulation) of this Backdrop benefit option is payable according to the annuity form elected (e.g. Joint and 100% Survivor annuity).



The following plan amendments have been adopted within the past few years*:

1. Effective October 1, 1991:
 - a) Basic retirement benefit increased from 2.00% to 2.25%.
 - b) Rule of 75 retirement was changed to Rule of 70.
 - c) Cost of COLA was added.
2. Effective October 1, 1995: Early Retirement Incentive Program was implemented.
3. Effective October 1, 1997: No Changes
4. Effective October 1, 1998:
 - a) Basic retirement benefit multiplier is increased from 2.25% to 3.00%.
 - b) The Longevity Supplement ceases to be available.
 - c) The COLA percentage increased from 2% to 4% and the maximum COLA benefit increase of \$200 per year is increased to \$400 per year. In addition, the maximum cumulative COLA benefit on a quarterly basis is eliminated.
5. Effective October 1, 2007: Benefit reduction factors used for optional forms of benefit payment were updated.
6. Effective October 1, 2008:
 - a) The AFSCME bargaining unit members contribute 13% of payroll for fiscal year 2009/2010.
7. Effective September 30, 2010. The benefit changes do not apply to members eligible to retire (that is, meet Rule of 70 or age 55 and 10 years of creditable service) on that date:
 - a) Normal Retirement Date: Earlier of age 60 with 10 years of service, age 55 with 30 years of service or Rule of 80.
 - b) Benefit Formula: 2.25% per year – first 15 years; 2.5% per year -- 16 to 20 years; and 2.75% per year – over 20 years. The new benefit formula applies to all future service. Members as of September 30, 2010 retain the 3% benefit percentage earned up to that date, and earn the new percentage (based on years of service) for each year of service after that date.
Example: current member with 20 years of service (but not eligible for normal retirement) would retain 60% multiplier earned prior to plan change, and earn 2.75% for each year of service after the plan change.



- c) Maximum Benefit: Maximum annual benefit at retirement is lesser of 100% of average final compensation benefit and \$100,000 per year. Any member who has accrued a benefit in excess of the maximum benefit as of September 30, 2010 will retain that benefit but will not accrue any additional benefit.
- d) Normal Benefit Form: Life annuity. Members may elect actuarially reduced survivor options.
- e) Average final compensation: average of highest five consecutive years of the last 10 years of service, to be phased in over three years as follows: average final compensation for members who retire between October 1, 2010 and September 30, 2011 will be based on highest 3 consecutive year average; average final compensation for members who retire between October 1, 2011 and September 30, 2012 will be based on highest 4 consecutive year average; and average final compensation for members who retire after September 30, 2013 will be based on the highest 5 consecutive year average of the last 10 years of service. Provided, in no event will the average final compensation of any member be less than the member's average final compensation as of the date of the plan change.
- f) Contribution rate of 13% of pay for all members effective October 1, 2010. The 13% contribution rate applies to all members whether or not eligible to retire on September 30, 2010.

8. Effective October 1, 2011:

- a) Maximum Benefit: Effective September 30, 2012, the maximum annual benefit at retirement is \$80,000 per year. Any member who has accrued a benefit in excess of the maximum benefit as of September 30, 2012 will retain that benefit but will not accrue any additional benefit.
- b) Contribution rate of 10% of pay for all members effective October 1, 2012. The 10% contribution rate applies to all members whether or not eligible to retire on September 30, 2010.
- c) BACKDROP option. A Backdrop benefit option shall be implemented on January 1, 2013. The Backdrop option shall replace the existing DROP program. Employees who have not attained normal retirement eligibility as of January 1, 2013 or were not vested by October 1, 2010, and all employees hired on or after January 1, 2013, will be eligible for the Backdrop option but will not be eligible for the DROP. Anyone eligible for the forward DROP as of January 1, 2013 remains eligible for the forward DROP as it presently exists and anyone eligible for the forward DROP as of January 1, 2013 or vested prior to October 1, 2010, who chooses not to enter the forward DROP, remains eligible for the Backdrop.

*** Note: Amendments that have first been reflected in this valuation are indicated in bold print.**