

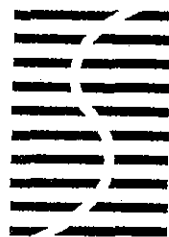
**City of Atlanta Police  
Officers' Pension Fund**

**Interim Actuarial Valuation Report  
as of  
January 1, 2003**

1 PENDING RESULTS

ACCOUNTING RESULTS

ASSETS



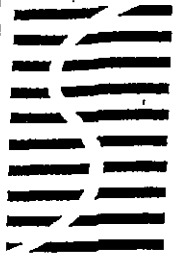
**SOUTHERN  
ACTUARIAL  
SERVICES**

# TABLE OF CONTENTS

	<u>Page Number</u>
<b>Discussion</b> .....	1
 <b><u>Funding Results</u></b>	
Table I           Summary of Valuation Results.....	3
Table II          Historical Contribution Rate.....	4
Table III         Liabilities as of January 1, 2003.....	5
 <b><u>Accounting Results</u></b>	
Table IV          Accounting Disclosures (GASB 25/27).....	6
Table V          Present Value of Accrued Benefits.....	8
 <b><u>Assets</u></b>	
Table VI          Summary of Assets.....	9
Table VII         Historical Asset Information.....	10
Table VIII        Contributions vs. Fund Payouts.....	11
 <b><u>Data</u></b>	
Table IX          Summary of Participant Data.....	12
Table X           Active Data.....	13
Table XI          Retiree Data.....	14
Table XII         Age-Service-Salary Table.....	15
 <b><u>Methods &amp; Assumptions</u></b>	
Table XIII        Actuarial Assumptions.....	16
 <b><u>Plan Provisions</u></b>	
Table XIV         Plan Provisions.....	18

ACCOUNTING RESULTS

ASSETS



# SOUTHERN ACTUARIAL SERVICES

Post Office Box 888343  
ATLANTA, GEORGIA 30356-0343  
TELEPHONE 770.392.0980  
FACSIMILE 770.392.2193  
WWW.SOUTHERNACTUARIAL.COM

June 7, 2004

Board of Trustees  
City of Atlanta Police Officers' Pension Fund

Ladies and Gentlemen:

This report presents the interim results of the actuarial valuation of the City of Atlanta Police Officers' Pension Fund as of January 1, 2003. The purpose of this interim report is to provide a summary of the funded status of the plan as of January 1, 2003 and to determine the annual required contribution and accounting disclosures pursuant to Governmental Accounting Standard Nos. 25 and 27 (GASB 25/27). In addition, this report summarizes recent changes in the law and regulations affecting the plan, provides a record of any plan amendments or other plan changes affecting the financial status of the plan, and discusses the impact of recent gains and losses.

### Legislative and Regulatory Changes During the Prior Year

There were no significant legislative or regulatory changes enacted during the prior year.

### Plan Changes Adopted During the Prior Year

There were no plan changes adopted since the prior valuation. All plan provisions adopted through January 1, 2003 have been reflected in this valuation.

### Recommended Contribution

Currently, the plan receives contributions from the City of Atlanta and from employees. Employees contribute either 6% or 7% of base salary, depending on whether the employee has any beneficiaries who would be eligible for death benefits under the plan. The City contributes the amount that is actuarially determined as a level percentage of payroll, where the unfunded accrued liability is scheduled to be eliminated as of January 1, 2019 and payroll is assumed to increase at the rate of 5% per year. The contribution is based on the actuarial valuation results as of January 1 of the preceding plan year.

For the 2004 plan year, the minimum required contribution based on the January 1, 2002 actuarial valuation results is equal to 23.33% of payroll. If the interim valuation results were used to determine the 2004 contribution, the minimum required contribution would be 42.70% of payroll after taking into account expected employee contributions of 6.63% of payroll. This amount represents an increase of 19.37% of payroll from the required contribution for the 2003 plan year. We recommend that the City include the increased contribution rate in its budget for the 2005 plan year.

The increase in the contribution is partially due to poor investment performance. The market value of assets lost 6.42% during 2002 as compared with an assumed return of 8.00%. Rather than reflect the entire amount of the unrealized gains and losses immediately, the actuarial value of assets is based on a five-year phase-in of the unrealized appreciation. On this basis, the actuarial value of assets only lost 1.73% for the year, which was still well below the assumed 8.00% return.

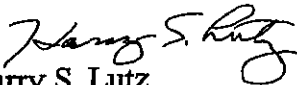
### Contents of the Report

A summary of the results of the valuation is presented in Table I, while Table II provides a historical record of the City's contribution percentage. A detailed breakdown of the liabilities of the plan by type of benefit is presented in Table III. Information for the auditors can be found in Tables IV and V. Tables VI through VIII provide information about the fund's assets. In particular, Table VI provides a breakdown of the fund assets by investment type, and Tables VII and VIII provide a historical record of the growth, expenditures, and annual yields of the fund. Tables IX through XII provide a variety of useful information concerning the participant population. Finally, Table XIII provides a summary of the assumptions and methods used to complete the valuation and Table XIV provides a summary of the plan provisions.

### Certification

To the best of our knowledge, this report fairly and accurately represents the liabilities of the plan as of January 1, 2003 based on the participant data and asset information provided by the City of Atlanta and the plan provisions and actuarial assumptions set forth herein. We believe that these assumptions are reasonable in the aggregate and represent our best estimate of anticipated experience. All calculations set forth herein conform to generally accepted actuarial principles and practices and comply with our current understanding of the requirements of the Georgia Code and the Governmental Accounting Standards Board.

Respectfully submitted,



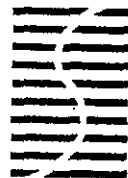
Harry S. Lutz  
Consulting Actuary  
Enrolled Actuary No. 02-01126

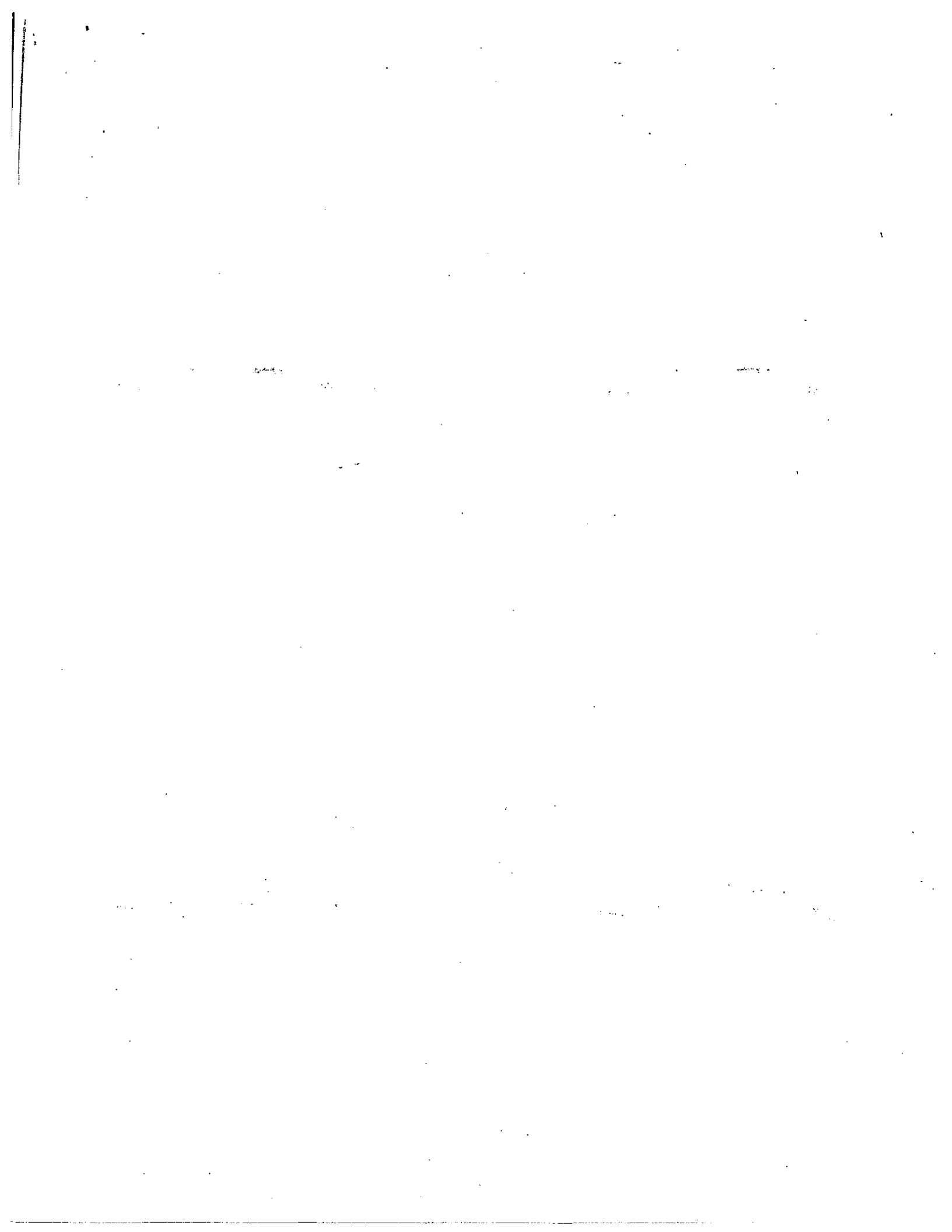


Charles T. Carr  
Consulting Actuary  
Enrolled Actuary No. 02-04927

ACCOUNTING RESULTS

ASSETS





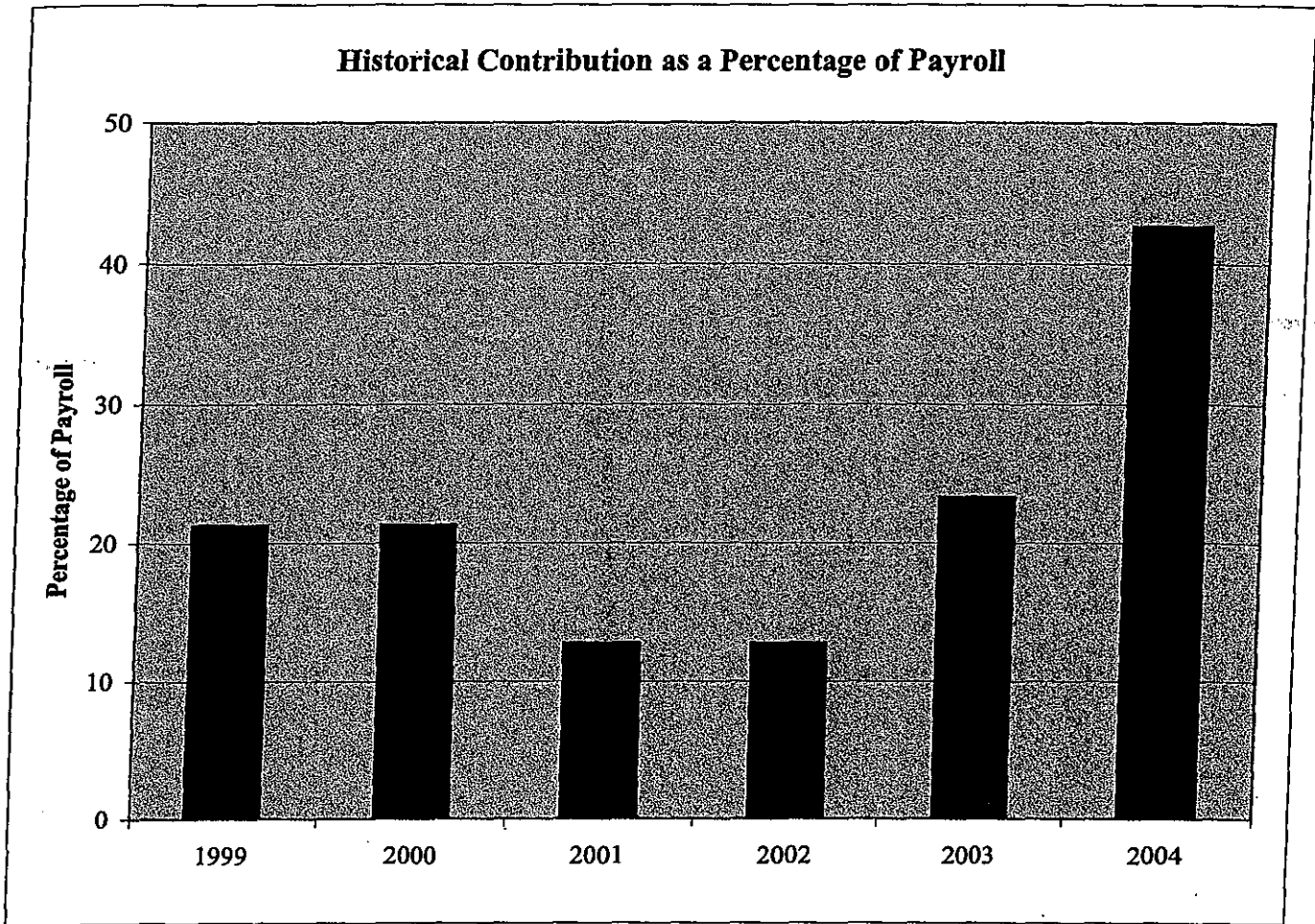
# SUMMARY OF VALUATION RESULTS

# TABLE I

	As of January 1, 2002	As of January 1, 2003
<b>1. Number of Participants</b>		
<b>a. Active Participants</b>		
i. Fully Vested	548	496
ii. Partially Vested	572	631
iii. Non-Vested	420	396
iv. Sub-total	<u>1,540</u>	<u>1,523</u>
<b>b. Deferred Vested Participants</b>	0	0
<b>c. Retired Participants</b>		
i. Service Retirement		643
ii. Disability Retirement		105
iii. Beneficiaries		222
iv. Sub-total	<u>953</u>	<u>970</u>
<b>d. Total Participants</b>	<u>2,493</u>	<u>2,493</u>
<b>2. Expected Annual Compensation *</b>	<b>\$64,588</b>	<b>\$66,371</b>
<b>3. Development of Required Contribution *</b>		
a. Actuarial Accrued Liability	\$541,209	\$592,428
b. Actuarial Value of Assets	(\$448,676)	(\$437,282)
c. Unfunded Actuarial Accrued Liability (UAAL)	<u>\$92,533</u>	<u>\$155,146</u>
d. Amortization Payment Towards UAAL		\$12,865
e. Normal Cost		<u>\$20,491</u>
f. Total Annual Cost		<u>\$33,356</u>

	For the 2003 Plan Year	For the 2004 Plan Year
<b>4. Minimum Required Contribution</b>		
a. Level Percent Amortization of UAAL	11.09 %	18.46 %
b. Normal Cost Percentage	18.98 %	30.87 %
c. Total Contribution Percentage	<u>30.07 %</u>	<u>49.33 %</u>
d. Effective Employee Contribution	(6.74)%	(6.63)%
e. Minimum Required Employer Contribution	<u>23.33 %</u>	<u>42.70 %</u>

\* dollar amounts are shown in .000's



<u>Plan Year</u>	<u>Employer Contribution Percentage</u>	<u>Plan Year</u>	<u>Employer Contribution Percentage</u>	<u>Plan Year</u>	<u>Employer Contribution Percentage</u>
1999	21.31%	2001	12.77%	2003	23.33%
2000	21.31%	2002	12.77%	2004	42.70%

ACCOUNTING RESULTS

ASSETS

**LIABILITIES AS OF January 1, 2003**

**TABLE III**

	Retirement Benefits	Disability Benefits	Withdrawal Benefits	Pre-Ret. Death Benefits	Return of Employee Contributions	Total
--	------------------------	------------------------	------------------------	-------------------------------	--	-------

**1. Present Value of Future Benefits**

a. Active participants	\$464,087	\$16,019	\$4,067	\$13,910	\$480	\$498,563
b. Def. vested participants	\$0	\$0	\$0	\$0	\$0	\$0
c. Retired participants:						
Retirees	\$221,076	\$35,404	\$0	\$0	\$0	\$256,480
Beneficiaries	\$33,605	\$0	\$0	\$0	\$0	\$33,605
d. Total	\$718,768	\$51,423	\$4,067	\$13,910	\$480	\$788,648

**2. Entry Age Accrued Liability**

a. Active participants	\$280,931	\$9,614	\$2,465	\$9,060	\$273	\$302,343
b. Def. vested participants	\$0	\$0	\$0	\$0	\$0	\$0
c. Retired participants:						
Retirees	\$221,076	\$35,404	\$0	\$0	\$0	\$256,480
Beneficiaries	\$33,605	\$0	\$0	\$0	\$0	\$33,605
d. Total	\$535,612	\$45,018	\$2,465	\$9,060	\$273	\$592,428

**3. Entry Age Normal Cost**

	\$18,395	\$1,015	\$379	\$588	\$114	\$20,491
--	----------	---------	-------	-------	-------	----------

**4. Present Value of Vested Benefits**

a. Active participants	\$149,331	\$8,594	\$13,297	\$5,915	\$715	\$177,852
b. Def. vested participants	\$0	\$0	\$0	\$0	\$0	\$0
c. Retired participants:						
Retirees	\$221,076	\$35,404	\$0	\$0	\$0	\$256,480
Beneficiaries	\$33,605	\$0	\$0	\$0	\$0	\$33,605
d. Total	\$404,012	\$43,998	\$13,297	\$5,915	\$715	\$467,937

**5. Present Value of Accrued Benefits**

a. Active participants	\$176,833	\$8,594	\$2,068	\$6,172	\$266	\$193,933
b. Def. vested participants	\$0	\$0	\$0	\$0	\$0	\$0
c. Retired participants:						
Retirees	\$221,076	\$35,404	\$0	\$0	\$0	\$256,480
Beneficiaries	\$33,605	\$0	\$0	\$0	\$0	\$33,605
d. Total	\$431,514	\$43,998	\$2,068	\$6,172	\$266	\$484,018

*\* all amounts are shown in 000's*



**ACCOUNTING RESULTS**

**ASSETS**

**ACCOUNTING DISCLOSURES (GASB 25/27)**

**TABLE IV**

	For the 2003 Plan Year	For the 2004 Plan Year
<b>A. Number of Plan Participants as of Preceding January 1</b>		
a. Retirees and beneficiaries receiving benefits	953	970
b. Terminated plan participants entitled to but not yet receiving benefits	0	0
c. Active plan participants	1,540	1,523
d. Total	<u>2,493</u>	<u>2,493</u>

**B. Development of Annual Required Contribution (ARC) \***

a. Employer normal cost:		
i. Total normal cost (EOY)	\$13,605	\$23,234
ii. Expected employee contribution	(\$4,831)	(\$4,990)
iii. Employer normal cost	<u>\$8,774</u>	<u>\$18,244</u>
b. Amortization of UAAL:		
i. PV of future benefits	\$672,044	\$788,648
ii. PV of future employer normal costs	(\$82,369)	(\$136,270)
iii. PV of future employee contributions	(\$48,466)	(\$59,950)
iv. Actuarial accrued liability (AAL)	\$541,209	\$592,428
v. Actuarial value of assets	(\$448,676)	(\$437,282)
vi. Unfunded AAL (UAAL)	\$92,533	\$155,146
vii. Amortization of UAAL	\$6,288	\$12,865
c. Amortization of NPO	<u>\$0</u>	<u>\$0</u>
d. ARC	<u>\$15,062</u>	<u>\$31,109</u>
(Item B.a.iii. plus item B.b.vii. plus item B.c.)		

**C. Annual Pension Cost and Net Pension Obligation (NPO) \***

a. ARC	\$15,062	\$31,109
b. Interest on NPO	\$0	\$0
c. Adjustment to ARC	\$0	\$0
d. Annual Pension Cost	<u>\$15,062</u>	<u>\$31,109</u>
e. Contributions made (w/interest to EOY)	(\$15,062)	(\$31,109)
f. Increase(decrease) in NPO	\$0	\$0
g. NPO (beginning of year)	\$0	\$0
h. NPO (end of year)	<u>\$0</u>	<u>\$0</u>

\* dollar amounts are shown in 000's

**ACCOUNTING DISCLOSURES (GASB 25/27)**

**TABLE IV  
(continued)**

**D. Schedule of Employer Contributions \*\***

Year Ended December 31	Annual Pension Cost	Percentage Contributed
1999	\$11,966	100%
2000	\$13,816	100%
2001	\$14,200	100%
2002	\$15,068	100%
2003	\$15,062	100%
2004	\$31,109	100%

**E. Schedule of Funding Progress \*\***

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratio (1) ÷ (2)	(5) Covered Payroll	(6) UAAL as % of Covered Payroll (3) ÷ (5)
1/1/1998	\$296,516	\$384,074	\$87,558	77.2%	\$46,913	186.6%
1/1/2000	\$384,083	\$419,439	\$35,356	91.6%	\$56,966	62.1%
1/1/2002	\$448,676	\$541,209	\$92,533	82.9%	\$64,588	143.3%
1/1/2003	\$437,282	\$592,428	\$155,146	73.8%	\$66,371	233.8%

**F. Additional Information**

Valuation date	January 1, 2002	January 1, 2003
Actuarial cost method	Individual entry age	Individual entry age
Amortization method	Level percent closed	Level percent closed
Remaining amortization period	40 years from 1/1/1979	40 years from 1/1/1979
Asset valuation method	Five-year smoothed market	Five-year smoothed market
Actuarial assumptions:		
Investment rate of return *	8.00%	8.00%
Projected salary increases *	Ranges from 5% to 10%	Ranges from 5% to 10%
* Includes inflation at:	5.00%	5.00%
Cost-of-living adjustments	3.00%	3.00%

\*\* dollar amounts are shown in 000's.

ACCOUNTING

ASSETS

**PRESENT VALUE OF ACCRUED BENEFITS****TABLE V****1. Actuarial Present Value of Accrued Benefits**

	<u>As of January 1, 2002</u>	<u>As of January 1, 2003</u>
a. Vested Benefits:		
i. Participants currently receiving benefits	\$269,509	\$290,085
ii. Other participants	\$148,105	\$177,852
iii. Sub-total	<u>\$417,614</u>	<u>\$467,937</u>
b. Non-Vested Benefits	<u>\$40,667</u>	<u>\$16,081</u>
c. Total Benefits	<u>\$458,281</u>	<u>\$484,018</u>
d. Market Value of Assets	\$402,836	\$373,446
e. Funded Ratio	87.90%	77.16%

**2. Statement of Change in Actuarial Present Value of Accrued Benefits**

a. Actuarial Present Value as of January 1, 2002	<b>\$458,281</b>
b. Increase (Decrease) During 2002 Plan Year Due to:	
i. Interest	\$36,662
ii. Benefits accumulated	\$11,238
iii. Benefits paid	(\$22,163)
iv. Plan amendments	\$0
v. Changes in actuarial assumptions or methods	\$0
vi. Net increase (decrease)	<u>\$25,737</u>
c. Actuarial Present Value as of January 1, 2003	<b>\$484,018</b>

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

- a. Plan provisions reflected in the accrued benefits (see Table XIV on page 18)
- b. Actuarial assumptions and methods used to determine present values (see Table XIII on page 16)

ACTUARIAL ASSUMPTIONS

ASSETS



**SUMMARY OF ASSETS**

**TABLE VI**

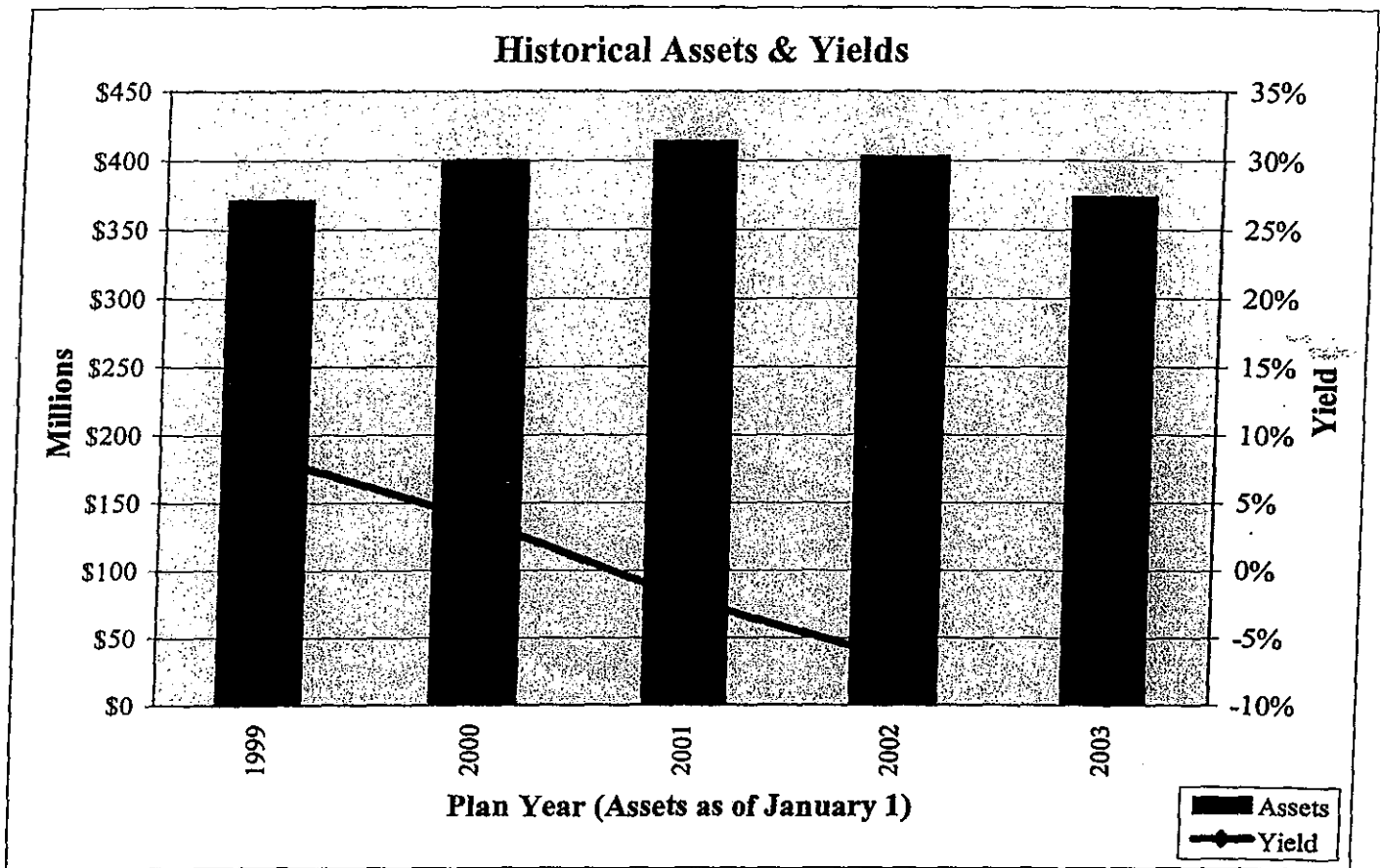
	As of January 1, 2002	As of January 1, 2003
<b>1. Market Value of Assets (in 000's)</b>		
a. Cash and cash equivalents (5%)	\$3,657	\$19,504
b. Government bonds & notes (13%)	\$53,118	\$48,139
c. Corporate bonds (26%)	\$44,883	\$98,138
d. Equities (43%)	\$202,993	\$161,353
e. Repurchase agreements (0%)	\$10,062	\$0
f. Real estate (0%)	\$0	\$0
g. Mortgages (15%)	\$89,274	\$55,191
h. Accrued income receivable (0%)	\$0	\$1,479
i. Contributions receivable (0%)	\$9	\$157
j. Other receivables (1%)	\$0	\$3,150
k. Benefits and accounts payable (-2%)	(\$258)	(\$7,064)
l. Other payables (-2%)	(\$902)	(\$6,601)
m. Market value of assets	<b>\$402,836</b>	<b>\$373,446</b>

**2. Actuarial Value of Assets (in 000's)**

a. Market value of assets	\$402,836	\$373,446
b. Five-year phase-in of unrealized investment appreciation:		
i. 1998	\$65	x 20% = \$13
ii. 1999	(\$6,197)	x 40% = (\$2,479)      x 20% = (\$1,239)
iii. 2000	\$37,436	x 60% = \$22,462      x 40% = \$14,974
iv. 2001	\$32,305	x 80% = \$25,844      x 60% = \$19,383
v. 2002	\$38,397	x 80% = \$30,718
vi. Total unrecognized losses(gains)	\$45,840	\$63,836
c. Actuarial Value of Assets	<b>\$448,676</b>	<b>\$437,282</b>
(Item a. plus item b., but within an 80-120% corridor of item a.)		

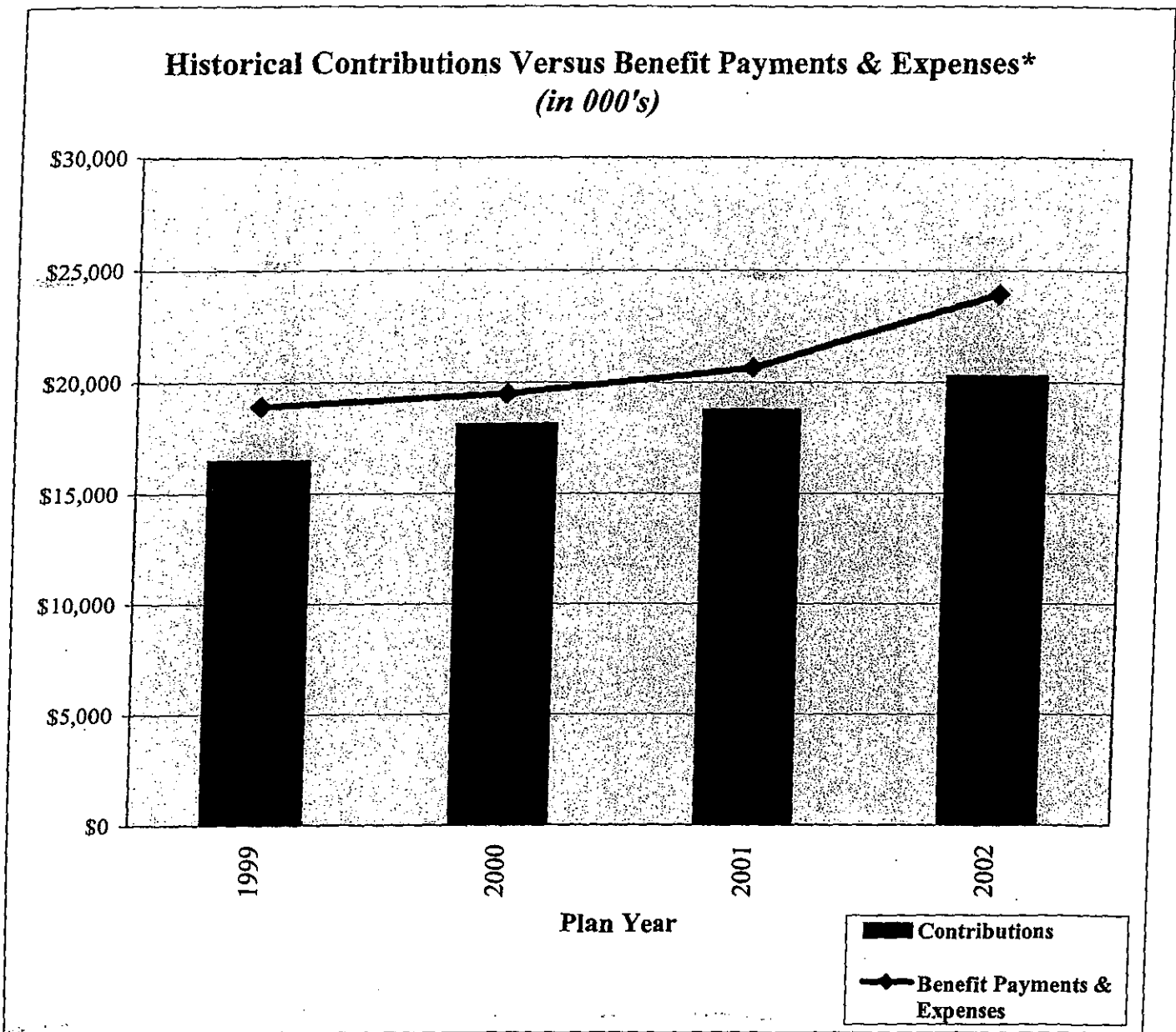
**Note:**

*The percentages in parentheses indicate the proportion of assets committed to each type of investment as of January 1, 2003.*



Plan Year	Market Value as of January 1	Actuarial Value as of January 1	Benefit Payments	Expenses	Contributions	Market Value Yield	Actuarial Value Yield
1999	\$370,953		\$18,555	\$359	\$16,471	8.49%	
2000	\$399,889	\$384,083	\$18,986	\$496	\$18,108	3.78%	8.51%
2001	\$413,593		\$20,020	\$611	\$18,750	-2.15%	8.51%
2002	\$402,836	\$448,676	\$22,163	\$1,769	\$20,279	-6.42%	-1.73%
2003	\$373,446	\$437,282					

\* all dollar amounts are shown in 000's



METHODS & ASSUMPTIONS

PLAN PROVISIONS

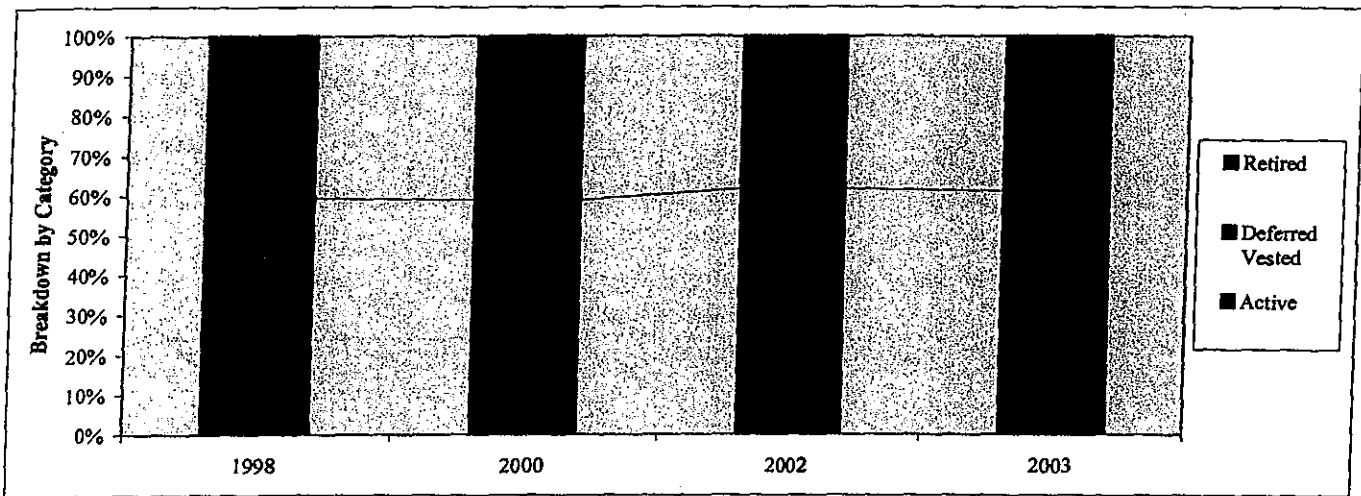
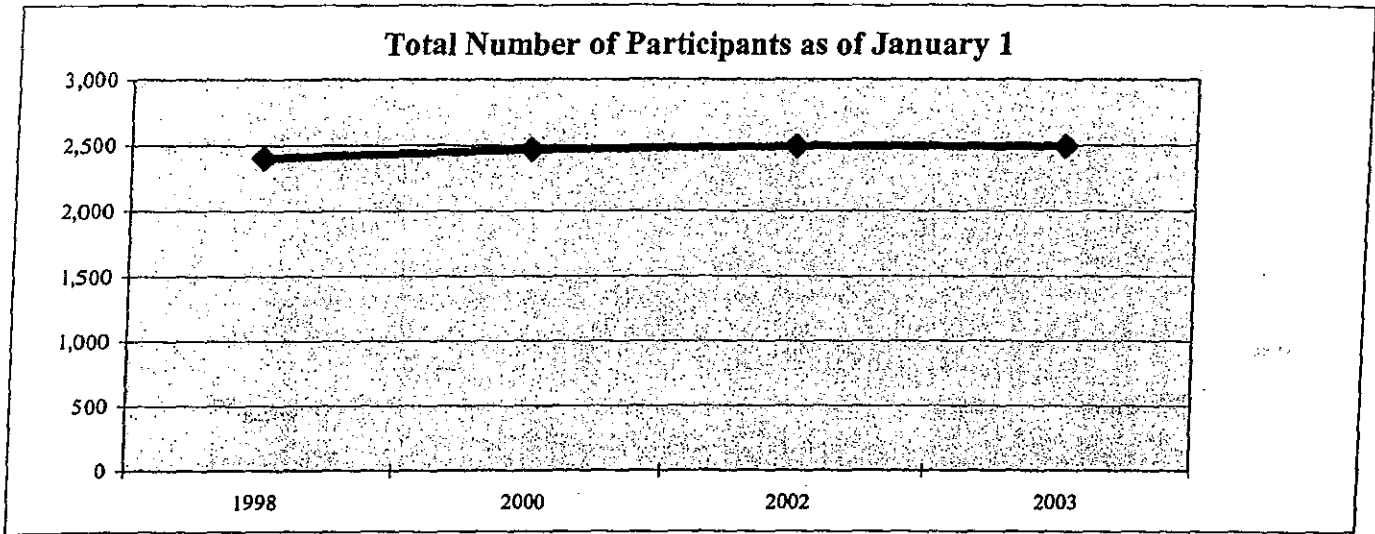
\* Please reference Table VII on page 10 for the historical benefit payments, expenses, and contributions.



2018  
2019  
2020  
2021  
2022

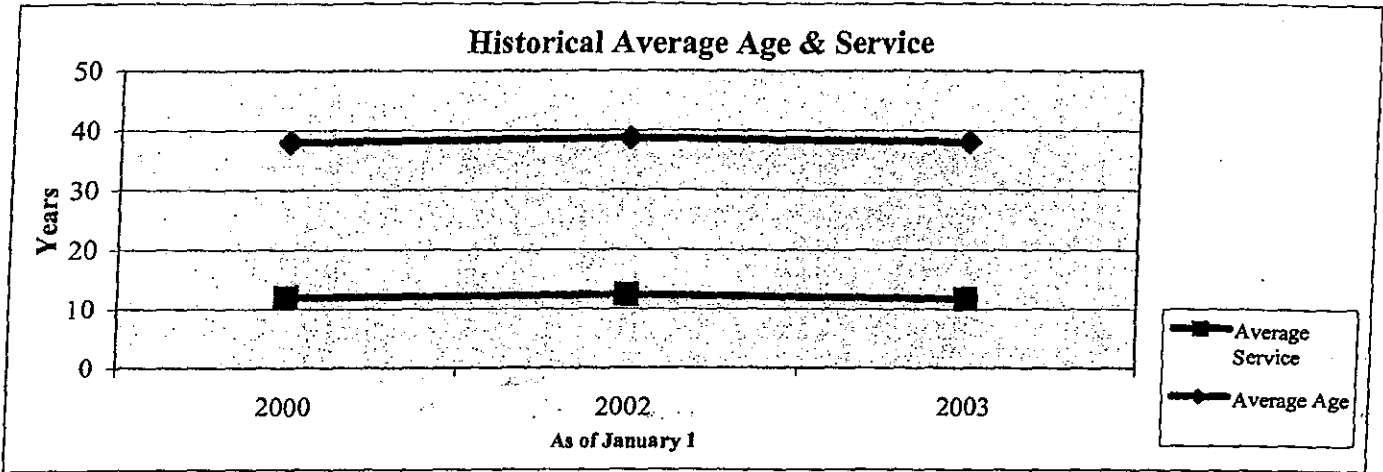
**SUMMARY OF PARTICIPANT DATA**

**TABLE IX**

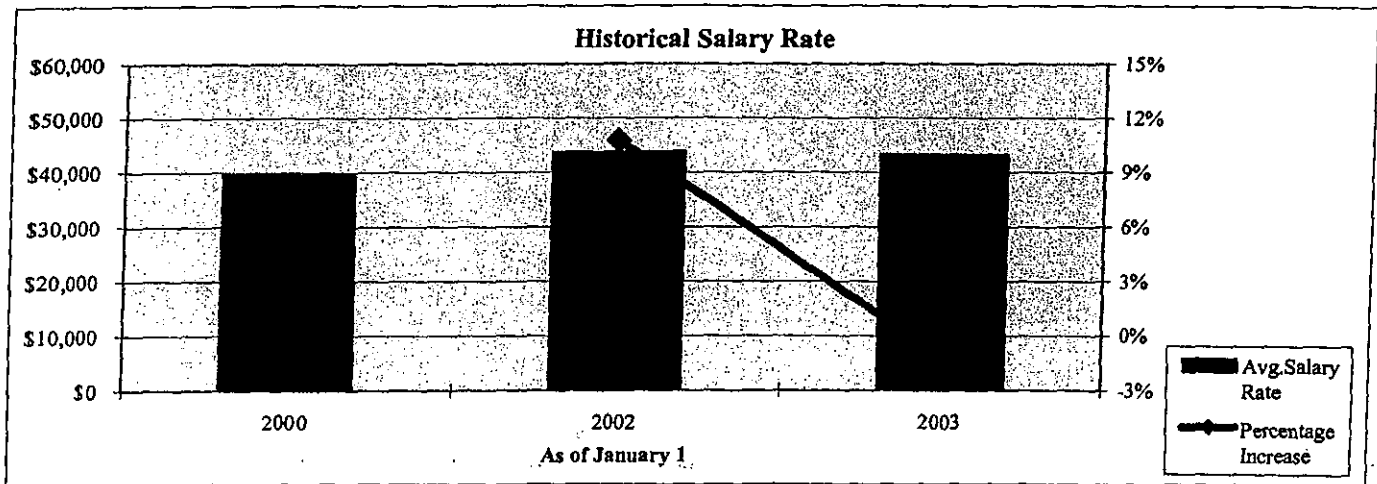


	As of January 1, 2002	As of January 1, 2003
<b>1. Active Participants</b>		
a. Fully Vested	548	496
b. Partially Vested	572	631
c. Non-Vested	420	396
d. Sub-total	1,540	1,523
<b>2. Deferred Vested Participants</b>	0	0
<b>3. Retired Participants</b>		
a. Service Retirement	*	643
b. Disability Retirement	*	105
c. Beneficiaries	*	222
d. Sub-total	953	970
<b>4. Total Participants</b>	2,493	2,493

\* not provided by the prior actuary



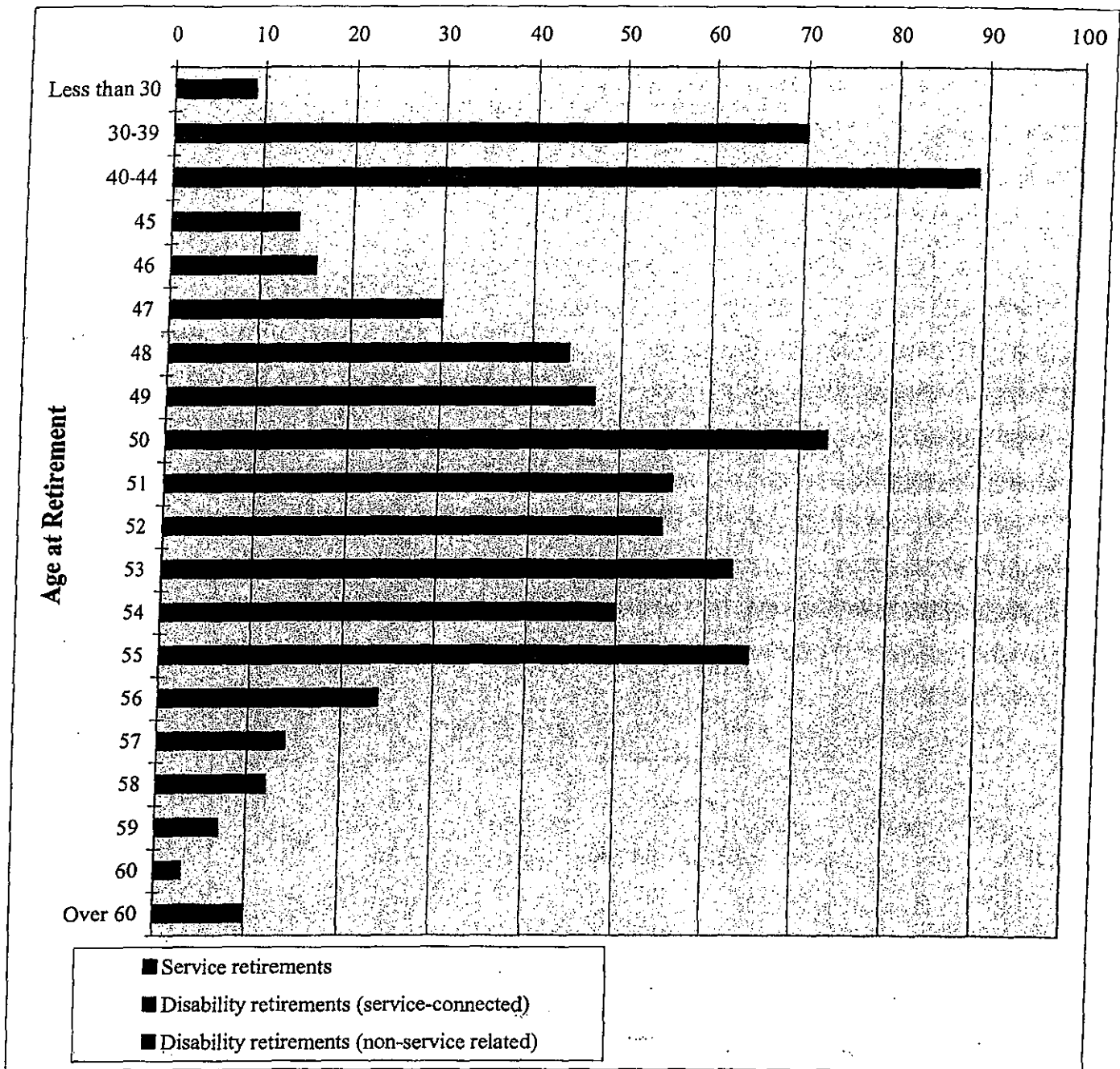
Date	Average Service Earned	Average Attained Age	Date	Average Service Earned	Average Attained Age
1/1/2000	11.9	38.0	1/1/2003	11.7	38.1
1/1/2002	12.4	38.7			



Date	Average Salary Rate	Increase from Prior Year	Date	Average Salary Rate	Increase from Prior Year
1/1/2000	\$39,478		1/1/2003	\$43,203	-1.20%
1/1/2002	\$43,729	10.77%			

METHODS & ASSUMPTIONS

PLAN PROVISIONS



Note: Results are based on retiree data as of January 1, 2003.

Average benefit being paid to members on service retirement is \$2,286.03 per month.

Average benefit being paid to members on disability retirement is \$2,031.84 per month.

Average benefit being paid to beneficiaries is \$1,017.51 per month.

METHODS & ASSUMPTIONS

PLAN PROVISIONS

# AGE-SERVICE-SALARY TABLE

# TABLE XII

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	34	52	0	0	0	0	0	0	0	0	0	86
Avg.Pay	29,344	32,112	0	0	0	0	0	0	0	0	0	31,018
25 to 29	36	115	42	0	0	0	0	0	0	0	0	193
Avg.Pay	29,627	34,339	38,256	0	0	0	0	0	0	0	0	34,312
30 to 34	24	80	166	58	0	0	0	0	0	0	0	328
Avg.Pay	29,650	34,962	40,104	44,606	0	0	0	0	0	0	0	38,881
35 to 39	12	22	65	157	62	1	0	0	0	0	0	319
Avg.Pay	32,198	35,359	39,384	46,409	49,085	44,262	0	0	0	0	0	44,194
40 to 44	5	8	26	62	85	51	1	0	0	0	0	238
Avg.Pay	29,402	39,405	39,470	45,831	49,939	54,468	48,306	0	0	0	0	47,903
45 to 49	1	4	9	26	31	95	30	0	0	0	0	196
Avg.Pay	99,727	35,028	40,647	47,137	49,465	51,032	53,515	0	0	0	0	50,092
50 to 54	0	2	5	12	11	39	49	13	0	0	0	131
Avg.Pay	0	34,089	42,529	45,924	46,181	48,556	53,607	63,241	0	0	0	51,011
55 to 59	1	0	0	3	6	10	7	3	0	0	0	30
Avg.Pay	157,026	0	0	48,323	49,985	49,773	57,459	51,692	0	0	0	55,231
60 to 64	0	0	0	0	1	1	0	0	0	0	0	2
Avg.Pay	0	0	0	0	54,371	44,262	0	0	0	0	0	49,317
65 to 69	0	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0	0
70 & up	0	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>113</b>	<b>283</b>	<b>313</b>	<b>318</b>	<b>196</b>	<b>197</b>	<b>87</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,523</b>
<b>Avg.Pay</b>	<b>31,558</b>	<b>34,336</b>	<b>39,708</b>	<b>46,027</b>	<b>49,407</b>	<b>51,299</b>	<b>53,824</b>	<b>61,076</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>43,203</b>



1. Actuarial Cost Method

Individual Entry Age Normal Cost Method

2. Decrements

- Mortality

Sex-distinct mortality rates set forth in the 1971 Group Annuity Mortality Table, set back three years

- Disability

50% of the sex-distinct disability rates derived from the 1974 study of disability experience under the Social Security system; 75% of disabilities are assumed to be service-connected. A sample of disability rates is set forth in the following tables:

Male Rates

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.0600%	30	0.095%	40	0.198%	50	0.522%
25	0.0745%	35	0.132%	45	0.308%	55	0.909%

Female Rates

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.0300%	30	0.077%	40	0.191%	50	0.457%
25	0.0445%	35	0.131%	45	0.290%	55	0.766%

- Permanent Withdrawal from Active Status

Withdrawal rates were derived from a study of actual plan experience covering the period 1982 through 1986. A sample of withdrawal rates is set forth in the following table:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	15.0%	30	7.8%	40	2.30%	50	0.956%
25	11.4%	35	4.9%	45	1.35%	55	0.000%

- Retirement

Retirement is assumed to occur in accordance with the rates set forth in the following table:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
45	2%	49	2%	53	10%	57	20%
46	2%	50	2%	54	15%	58	20%
47	2%	51	5%	55	50%	59	20%
48	2%	52	5%	56	50%	60	100%

PLAN PROVISIONS

**ACTUARIAL ASSUMPTIONS**

**TABLE XIII**

(continued)

**3. Interest Rate**

- Used for Calculating All Liabilities (including GASB 25/27 liabilities)  
8.00% per annum

**4. Cost-of-Living Adjustment for Retirement Benefits**

For purposes of determining the annual cost-of-living adjustment for retirees, the Consumer Price Index is assumed to increase at the rate of 3.00% per year.

**5. Salary Increases**

Assumed rates of salary increase were developed from past experience and include an adjustment for expected future inflation. A sample of salary increase rates is set forth in the following table:

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	10.000%	30	9.167%	40	7.500%	50	5.833%
25	10.000%	35	8.333%	45	6.667%	55	5.000%

**6. Payroll Increase**

Total payroll has been assumed to grow at the rate of 5.00% per year for purposes of amortizing the unfunded actuarial accrued liability as a level percentage of payroll.

**7. Surviving Beneficiaries**

Those active participants who are making the additional 1% employee contribution to provide a survivor benefit to their eligible beneficiaries are assumed to have only one surviving beneficiary of the opposite sex of the employee. Males are assumed to be three years older than females for this purpose.

**8. Expenses**

All costs and liabilities have been loaded by 1.00% to cover anticipated administrative expenses. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.

**9. Assets**

The actuarial value of assets is equal to the market value of assets adjusted to reflect a five-year phase-in of the net investment appreciation (or depreciation).

PLAN PROVISIONS





**1. Monthly Accrued Benefit**

3% of Average Monthly Earnings multiplied by up to 26 $\frac{2}{3}$  years of Creditable Service

**2. Normal Retirement Age and Benefit**

- **Age**  
Age 55 with at least 15 years of Creditable Service
- **Amount**  
Monthly Accrued Benefit
- **Form of Payment**  
Life annuity (for those participants without a beneficiary); or  
75% joint and contingent annuity (for those participants with a beneficiary)

*Note: All annuity forms of payment include an automatic cost-of-living adjustment effective each January 1 based on the increase in the Consumer Price Index as of the preceding November 1 and limited to 3%, and include a minimum payout equal to the employee's accumulated contributions.*

**3. Early Retirement Age and Benefit**

- **Age**  
At least 15 years of Creditable Service
- **Amount**  
Monthly Accrued Benefit (payable at age 55); or  
Monthly Accrued Benefit reduced by  $\frac{1}{2}\%$  for each of the first 60 months and by  $\frac{1}{4}\%$  for each additional month by which the participant's Early Retirement Age precedes age 55 (payable at Early Retirement Age)
- **Form of Payment**  
Same as for Normal Retirement

**4. Delayed Retirement Age and Benefit**

- **Age**  
After Normal Retirement Age
- **Amount**  
Monthly Accrued Benefit
- **Form of Payment**  
Same as for Normal Retirement

**(continued)****5. Disability Retirement Eligibility and Benefit****• Eligibility**

All active participants are eligible if the disability is service-connected;  
At least five years of Creditable Service is required otherwise.

**• Condition**

The participant must become "totally and permanently disabled" and must remain so disabled until age 55. "Totally and permanently disabled" means the participant is in a continuous state of incapacity due to illness or injury, is prevented from performing his regular assigned or comparable duties during the first months of his disability, and is thereafter prevented from engaging in any occupation for which he is or becomes reasonably qualified by education, training, or experience.

**• Amount**

Greater of 50% of Average Monthly Earnings at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 75% of the participant's salary at the time of disability (payable until the earlier of recovery from disability or age 55); and  
Monthly Accrued Benefit based on Average Monthly Earnings at the time of disability and Creditable Service including the period during which the participant was disabled (payable at age 55)

**• Form of Payment**

Same as for Normal Retirement

**6. Deferred Vested Benefit****• Age**

Any age with at least five years of Creditable Service

**• Amount**

Monthly Accrued Benefit multiplied by the participant's Vested Percentage and payable at age 60

**• Form of Payment**

Same as for Normal Retirement

**7. Pre-Retirement Death Benefit**

In the case of the death of an active or deferred vested participant (or disabled participant prior to age 55), his beneficiary(ies) will receive 75% of the monthly benefit to which the participant would have been entitled had he retired on the day before his death (or 75% of the amount the disabled participant was receiving at the time of his death). The death benefit is payable for the remaining lifetime of the participant's eligible spouse (or to his minor children until age 18 or age 23 if unmarried and a full-time student). In the case of a disabled participant, the death benefit is limited to 60% of the participant's salary at the time of disability.

(continued)

**8. Vested Percentage**

Retirement benefits become vested in accordance with the following schedule:

Years of Creditable Service	Vested Percentage
Less than five	0%
At least five, but less than six	25%
At least six, but less than seven	30%
At least seven, but less than eight	35%
At least eight, but less than nine	40%
At least nine, but less than 10	45%
At least 10, but less than 11	50%
At least 11, but less than 12	60%
At least 12, but less than 13	70%
At least 13, but less than 14	80%
At least 14, but less than 15	90%
At least 15	100%

**9. Average Monthly Earnings**

Average of the participant's monthly Salary for the highest three consecutive years during his period of Creditable Service

**10. Salary**

The employee's basic salary excluding overtime pay, but including accumulated vacation pay, sick leave bonus pay, and other similar compensation; pursuant to IRC section 401(a)(17), annual Salary is limited to \$200,000 as indexed.

**11. Employee Contribution**

All participating employees must make the required contribution to the plan. The required contribution is 7% of basic salary for those participants who have an eligible beneficiary for death benefits and 6% of basic salary for all other participants.

**2. Creditable Service**

Participants receive Creditable Service for all periods of employment with the City of Atlanta provided that the employee has made the required contribution for such period of service.

**PLAN PROVISIONS**

**TABLE XIV**

(continued)

**13. Participation Requirement**

All full-time, sworn police officers employed by the City of Atlanta are eligible to participate in the plan.

**14. Plan Effective Date**

April 1, 1978