

**EMPLOYEES' RETIREMENT SYSTEM
OF JERSEY CITY
REPORT OF THE ACTUARY
PREPARED AS OF JANUARY 1, 2006**

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September 6, 2007

Pension Commission
Employees' Retirement System
of Jersey City
City Hall
Jersey City, New Jersey

Members of the Pension Commission:

Section 15 of City Ordinance G-145 governing the operation of the Employees' Retirement System of Jersey City provides for actuarial valuations of the system. The results of the actuarial valuation, prepared as of January 1, 2006, are submitted in this report.

The valuation shows the financial condition of the system as of January 1, 2006 and gives a basis for determining the contributions payable by the City. On the basis of the valuation, it is recommended that the City contribute to the system 3.42% of the salaries of members as well as an accrued liability contribution of \$3,858,938 for 2006 payable as of December 31, 2006. The accrued liability contribution will increase 4% per year.

Respectfully submitted,

(Signed) EDWARD A. QUINN

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Director, Retirement Actuary

TABLE OF CONTENTS

<u>Section</u>	<u>Item</u>	<u>Page No.</u>
I	Summary of Principal Results	1
II	Membership Data	3
III	Assets	4
IV	Comments on Valuation	4
V	Contributions Required to Support the System	5
VI	Experience	6
VII	Actuarial Present Value of Accrued Benefits	7
VIII	Accounting Information	8
 <u>Schedule</u>		
A	Valuation Balance Sheet	11
B	Outline of Actuarial Assumptions and Methods	12
C	Summary of Main System Provisions as Interpreted for Valuation Purposes	15
D	Tables of Membership Data	21

**RETIREMENT SYSTEM
OF JERSEY CITY
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SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. For convenience of reference, the principal results of the valuation and a comparison with the preceding valuation results are summarized below:

<u>Valuation Date</u>	1/1/2006	6/30/2001
Number of active members	768	730
Annual salaries	\$ 28,743,034	\$ 23,506,648
Number of retired members and eligible survivors*	382	395
Annual retirement allowances	\$ 7,175,977	\$ 5,030,412
Number of former members entitled to vested benefits at age 60	26	18
Annual vested benefits	\$ 695,478	\$ 227,806
Assets for valuation purposes	\$ 69,884,505	\$ 65,681,958
Unfunded accrued liability	\$ 63,493,555	\$ 0
Normal contribution rate	3.42%	8.42%
Accrued liability contribution	\$ 3,858,938**	\$ 0
Annual Required Contribution	\$ 4,841,949	\$ 1,979,260

* In addition, as of January 1, 2006, there were three minor children receiving temporary pensions of \$23,588. As of June 30, 2001 there were seven minor children receiving temporary pensions of \$40,654.

** The accrued liability contribution amount is to increase 4% per year.

GASB Statement No. 27 only requires a valuation be performed every two years. Therefore, we are providing the Annual Required Contributions payable as of December 31, 2006 for the 2006 calendar year and December 31, 2007 for the 2007 calendar year as follows:

	12/31/2006	12/31/2007
Normal Contribution	\$ 983,011*	\$ 1,022,332*
Accrued Liability Contribution	3,858,938	4,013,295
Total Contribution	\$ 4,841,949	\$ 5,035,627

*The Normal Contribution amounts are based upon 3.42% of estimated salaries of \$28,743,034 and \$29,892,755 for the 2006 and 2007 calendar years, respectively. The actual normal contribution to the trust should be based on 3.42% of actual salaries for each year.

2. Comments on the valuation results as of January 1, 2006 are given in Section IV and further discussion of the contribution levels is set out in Section V.

3. A summary of the main benefit and contribution provisions of the system as interpreted for the valuation is given in Schedule C of this report. There have been three amendments since the preceding valuation. The provisions of Chapter 167, P.L. 2003 increase retirement allowances by 100% of the calculated increase in the CPI instead of the previous 60%. In addition, the provisions of Chapter 247, P.L. 2005 decreased the early retirement factor by $\frac{1}{2}$, from $\frac{2}{12}$ of 1% per month to $\frac{1}{12}$ of 1% per month for retirees prior to age 60. Finally, 39 employees opted to retire under Chapter 128, P.L. 2003. This early retirement window had three categories:
 - Members age 50 with 25 or more years of service received three additional years of service,
 - Members age 60 with at least 20, but less than 25 years of service, received employer paid post-retirement medical coverage.
 - Members age 60 with at least 10, but less than 20 years of service, received \$500 per month for 24 months.

No other provisions changed from the previous valuation.

4. For the January 1, 2006 valuation, the interest rate decreased from 9.00% to 8.25% and the salary scale decreased from an average of 5.00% to an average of 4.00%. The mortality assumption changed from the 1963 George B. Buck Mortality Table to the RP-2000 Mortality Table. Additional demographic assumptions were modified as outlined in the Report on an Investigation of Experience Prepared as of January 1, 2006. No other assumptions were changed.

Additionally, the valuation method was changed from the Frozen Initial Liability Method to the Projected Unit Credit Method. Under the Projected Unit Credit Method, the City is required to make two contributions to the Retirement System, a normal contribution and an accrued liability contribution (if applicable). The normal contribution is defined under the Projected Unit Credit Funding Method as the present value of the benefits accruing during the current year. The unfunded accrued liability (surplus) is determined as the difference between the accrued liability and the actuarial value of assets. If there was no unfunded accrued liability for the valuation period immediately preceding the current valuation period, the current year's accrued liability contribution is determined as a level percentage of pay required to liquidate the unfunded accrued liability in annual payments increasing at 4% per year and paid annually for 30 years. Thereafter, any increase or decrease in the unfunded accrued liability as a result of actuarial gains or losses for subsequent valuation years will increase or decrease the unfunded accrued liability contribution.

SECTION II - MEMBERSHIP DATA

1. Membership data were furnished by the Plan administrator.
2. Tables 1 and 2 of Schedule D show the number and annual rates of salary of active members that were included in the valuation, while Tables 3, 4, 5 and 6 of Schedule D show the number and annual pensions of retired members, eligible survivors and members entitled to vested benefits included in the valuation.

SECTION III - ASSETS

1. The amount of the assets taken into account in this valuation is based on information reported in the financial statement.
2. For actuarial purposes, assets are valued at market value which totaled \$69,884,505 as of January 1, 2006.

SECTION IV - COMMENTS ON VALUATION

Schedule A of this report contains the valuation balance sheet which shows the present and prospective assets and liabilities of the system as of January 1, 2006. The following comments on the valuation are pertinent:

- (1) The system has total accrued liabilities of \$133,378,060 of which \$79,353,068 is for the accrued benefits payable on account of present retired members, members entitled to receive deferred pensions and eligible survivors and \$54,024,992 is for the accrued benefits payable on account of present active members.
- (2) Against these liabilities, the system has present assets of \$69,884,505. When this amount is subtracted from \$133,378,060, the total accrued liabilities of the system, the balance of \$63,493,555 is the unfunded accrued liability of the System.
- (3) The System is supported by the joint contributions of the members and the City. The expected yearly member contributions are \$2,048,859. When this amount is brought forward half a year and subtracted from \$3,115,959, the gross normal cost of the System brought forward one year, the balance of \$983,011 is the net normal cost payable as of December 31, 2006 by the City.
- (4) The current valuation indicates that a normal contribution payable by the City at a rate of 3.42% of annual salaries would be required to cover the City's cost of benefits to increase in the year following the valuation. This was obtained by

dividing the net normal cost to be paid by the City of \$983,011 by the total annual compensation of active members of \$28,743,034. The accrued liability contribution is determined by amortizing the unfunded accrued liability of \$63,493,555 over 30 years with an 8.25% interest rate and increasing payments of 4% per year. The accrued liability contribution is \$3,858,938. Therefore, the total annual contribution payable as of December 31, 2006 by the City is \$4,841,949.

SECTION V - CONTRIBUTIONS REQUIRED TO SUPPORT THE SYSTEM

1. The present actuarial valuation of the system indicates that a normal contribution rate of 3.42% is appropriate. An accrued liability contribution of \$3,858,938 is also required since a substantial unfunded accrued liability base has been established since the previous valuation.
2. The following table summarizes the contribution recommended for payment by the City on the basis of the salaries of members as of January 1, 2006 of \$28,743,034 and estimated salaries as of January 1, 2007 of \$29,892,755 in order to fund the system on a sound actuarial basis.

**ANNUAL CONTRIBUTION RECOMMENDED FOR
PAYMENT BY THE CITY**

	AS PERCENTAGE OF SALARIES	ANNUAL AMOUNT
	Payable December 31, 2006 for 2006 Plan Year	
Normal Contribution	3.42%	\$ 983,011
Accrued Liability Contribution	13.43%	\$ 3,858,938
Total Contribution	16.85%	\$ 4,841,949
	Payable December 31, 2007 for 2007 Calendar Year	
Normal Contribution	3.42%	\$ 1,022,332
Accrued Liability Contribution	13.43%	\$ 4,013,295
Total Contribution	16.85%	\$ 5,035,627

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*cont by
6/25/08*

3. As stated above, the foregoing table shows the annual contribution payable by the City on the basis of the salaries of members as of January 1, 2006 and the estimated salaries as of January 1, 2007. However, it is recommended that the actual normal contribution to be made be determined by applying the normal contribution rate of 3.42% to the expected salaries to be paid during the period for which the contributions are to be made. In addition, the accrued liability contribution amount is payable over a 30 year period with payments increasing 4% per year.

SECTION VI - EXPERIENCE

Records are being maintained whereby the actual experience of active members, retired members and eligible survivors is being compared with that expected on the basis of the tables adopted by the Pension Commission. In this way, deviations in the experience from that anticipated will be noted and any adjustments believed necessary will be brought to the attention of the Pension Commission. A report on

the investigation of experience was prepared as of January 1, 2006. The recommended changes from that report have been incorporated into the current valuation.

SECTION VII – ACTUARIAL PRESENT VALUE OF ACCRUED BENEFITS

Presented below is a comparison of the actuarial present value of accrued benefits with the market value of the assets as of the valuation date. The relevant amounts as of January 1, 2006 are:

Actuarial present value of accrued benefits:

Vested benefits	
Members and survivors currently receiving payments	\$ 75,442,000
Other members	<u>43,058,000</u>
	\$ 118,500,000
Nonvested benefits	<u>8,736,000</u>
Total	\$ 127,236,000
Assets at market value	\$ 69,884,505

The actuarial present value of vested and nonvested accrued benefits is based on an assumed interest rate of 8.25%. As of June 30, 2001 the interest rate was 9%.

The statement of changes in the present value of accrued benefits is as follows:

Actuarial present value benefits as of June 30, 2001	\$ 69,279,000
Increase (decrease) during the year attributable to:	
Amendments	\$ 13,864,108
Change in actuarial assumptions	14,165,705
Benefits accumulated	30,416,189
Interest for 54 months	26,949,000
Benefits paid	<u>(27,438,002)</u>
Net Increase	\$ 57,957,000
Actual present value of accrued benefits as of January 1, 2006	\$ 127,236,000

SECTION VIII – ACCOUNTING INFORMATION

- Statement No. 5 of the Governmental Accounting Standards Board, issued November 1986, established standards of disclosure of pension information by public retirement systems. Statement No. 25 of the Governmental Accounting Standards Board, issued November 1994, established financial reporting standards for defined benefit pension plans and for the notes to the financial statements of defined contribution plans of state and local governmental liabilities and superseded Statement No. 5 effective for periods beginning after June 15, 1996. Statement No. 27, Accounting for Pensions by State and Local Governmental Employers superseded Statement 5 for employers participating in pension plans and is effective for periods beginning after June 15, 1997.

The information required by Statements No. 25 and No. 27 is presented in the following tables. These include the development of the Annual Required Contribution (ARC), the Schedule of Funding Progress and the Schedule of Employer Contributions.

(A) Development of the Annual Required Contribution (ARC) for the Fiscal Year July 1,

2006 to June 30, 2007

1.	Actuarial Value of Plan Assets as of January 1, 2006	\$	69,884,505
2.	Actuarial Accrued Liability as of January 1, 2006	\$	133,378,060
3.	Unfunded Actuarial Accrued Liability/(Surplus) as of January 1, 2006 = (2) - (1)	\$	63,493,555
4.	Amortization of Unfunded Actuarial Accrued Liability/(Surplus) over 30 years with payments increasing at 4% per year as of January 1, 2006	\$	3,564,839
5.	Development of Net Normal Cost as of January 1, 2006:		
	(a) Basic Allowance Normal Cost	\$	2,878,484
	(b) Expected Employee Contributions		<u>1,969,238</u>

(c) Net Normal Cost as of January 1, 2006 = (a) - (b)	\$	909,246
6. Annual Required Contribution as of January 1, 2006 = (4) + (5c)	\$	4,474,085
7. Interest on Annual Required Contribution to June 30, 2007	\$	564,935
8. Annual Required Contribution as of June 30, 2007	\$	5,039,020

(B) Development of the Net Pension Obligation (NPO) as of June 30, 2007

1. Annual Required Contribution as of June 30, 2007	\$	5,039,020
2. Interest on Net Pension Obligation		98,165
3. Adjustment to Annual Required Contribution		<u>(72,317)</u>
4. Annual Pension Cost = (1) + (2) + (3)	\$	5,064,868
5. Expected Employer Contributions for Fiscal Year 2007	\$	4,940,061
6. Net Pension Obligation as of June 30, 2006	\$	1,189,879
7. Increase in Net Pension Obligation = (4) - (5)	\$	124,807
8. Net Pension Obligation at June 30, 2007 = (6) + (7)	\$	1,314,686

(C) Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability* (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll $\frac{(b-a)}{c}$
12/31/98	\$ 74,891,384	\$ 71,818,448	\$ (3,072,936)	104.3%	\$ 27,273,116	(11.3)%
06/30/01	\$ 65,681,958	\$ 77,899,103	\$ 12,217,145	84.3%	\$ 23,506,648	52.0%
01/01/06	\$ 69,884,505	\$ 133,378,060	\$ 63,493,555	52.4%	\$ 28,743,034	220.9%

(D) Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Employer Contribution	Percentage Contributed
2001	\$ 350,000	\$ 350,000	100%
2002	\$ 1,979,260	\$ 1,979,260	100%
2003	\$ 2,080,000	\$ 2,080,000	100%
2004	\$ 2,185,000	\$ 2,185,000	100%
2005	\$ 2,310,195	\$ 2,310,195	100%
2006	\$ 3,680,819	\$ 2,490,940	67.7%

* The Actuarial Accrued Liability as of 12/31/1998 and 6/30/2001 are determined based on the Entry Age Cost Method. The Actuarial Accrued Liability as of 1/1/2006 is determined based on the Projected Unit Credit Cost Method.

(E) The information presented in the required supplementary schedules was determined as part of the actuarial valuation. Additional information follows:

Valuation Date	January 1, 2006
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent, Open
Remaining Amortization Period	30 years
Asset Valuation Method	Market value
Actuarial Assumptions:	
Investment Rate of Return	8.25%
Projected Salary Increases	4.0%
Cost of Living Adjustments	100% of the assumed CPI increase of 3.0%

SCHEDULE A

**VALUATION BALANCE SHEET
SHOWING THE ASSETS AND LIABILITIES OF THE
EMPLOYEES' RETIREMENT SYSTEM OF JERSEY CITY
PREPARED AS OF JANUARY 1, 2006**

ASSETS		
Present assets of the system		\$ 69,884,505
Unfunded accrued liability (surplus)		\$ 63,493,555
Total Assets		\$ 133,378,060
LIABILITIES		
Present value of prospective benefits payable on account of present retired members, members entitled to receive deferred pensions and eligible survivors		\$ 79,353,068
Present value of accrued benefits payable on account of present active members:		
Service retirement benefits	\$ 43,421,177	
Disability retirement benefits	1,469,946	
Benefits on death in service and after retirement	5,619,932	
Return of members' contributions upon withdrawal before retirement	3,513,937	
Total on account of active members		\$ 54,024,992
Total Accrued Liabilities		\$ 133,378,060

SCHEDULE B**OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS**

VALUATION INTEREST RATE: 8.25% per annum, compounded annually. Previously, 9.00% per annum compounded annually for the July 1, 2001 valuation.

SEPARATIONS FROM SERVICE: Representative values of the assumed annual rates of separation are as follows:

<u>Age</u>	<u>Prior to Eligibility For Benefit*</u>		<u>After Eligibility For Benefit**</u>		<u>After Eligibility for Service Retirement</u>
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	
20	13.30%	12.83%	-	-	
25	12.60	12.15	-	-	
30	10.50	10.13	10.75%	10.37%	
35	7.00	6.75	7.38	7.12	
40	6.30	6.08	6.74	6.50	
45	5.60	5.40	6.10	5.89	0.36%
50	4.20	4.05	5.21	5.02	0.72
55	4.20	4.05	5.71	5.51	6.00
60	-	-	-	-	24.00
62	-	-	-	-	8.00
65	-	-	-	-	21.00
69	-	-	-	-	15.00

* Prior to 3 years of service, higher rates of termination are used.

** The differences between the rates of termination after eligibility for a benefit and those prior to eligibility of a refund of contributions are the rates assumed for members electing a deferred benefit instead.

<u>Age</u>	<u>Ordinary Death</u>		<u>Accidental Death</u>	<u>Ordinary Disability</u>	<u>Accidental Disability</u>
	<u>Male</u>	<u>Female</u>			
20	.03%	.02%	.001%	.010%	.001%
25	.04	.02	.001	.010	.001
30	.04	.03	.001	.020	.001
35	.08	.05	.001	.030	.002
40	.11	.07	.001	.080	.007
45	.15	.11	.002	.090	.007
50	.21	.17	.002	.150	.007
55	.36	.27	.002	.350	.007
60	.68	.51	.002	-	.008
62	.88	.67	.002	-	.009
65	1.27	.97	.002	-	.009
69	1.98	1.49	.002	-	.010

SALARY INCREASES: Representative values of the assumed annual rates of future salary increases are as follows:

<u>Age</u>	<u>Annual Rate of Salary Increase</u>
20	4.91%
25	5.00
30	4.86
35	4.50
40	4.23
45	3.85
50	3.57
55	3.09
60	2.74
62	2.57
65	2.30
69	1.86

SERVICE RETIREMENT: Assumed to occur between the age first eligible and age 70.

COST-OF-LIVING INCREASES: The COLA increase is 100% of the cumulative increase in the Consumer Price Index which is assumed to increase at 3% per year.

SPOUSES: 85% of active members assumed to be married.

DEATHS AFTER RETIREMENT:

SERVICE: According to the RP-2000 Mortality Table. Previously, the 1963 George B. Buck Mortality Table.

DISABILITY: According to the RP-2000 Disability Mortality Table. Previously, a special mortality table.

LOADING OR CONTINGENCY RESERVES: None.

VALUATION METHOD: Projected Unit Credit. Previously, Frozen Initial Liability Method for the July 1, 2001 valuation.

ASSET VALUATION METHOD: Market value.

PRESENT VALUE OF ACCRUED VESTED AND NONVESTED BENEFITS: The calculation of the present value of accrued vested and nonvested benefits has been made on the basis of the same assumptions as used in the valuation except that no salary increases are assumed.

MISCELLANEOUS: The valuation was prepared on an on-going plan basis. The valuation was based on members of the system as of the valuation date and did not take future members into account. No provision has been made for contingent liabilities with respect to nonvested terminated members who may be reemployed. The valuation assumptions anticipate a modest rate of future inflation.

SCHEDULE C

SUMMARY OF MAIN SYSTEM PROVISIONS AS INTERPRETED FOR VALUATION PURPOSES

The Employees' Retirement System of Jersey City, which became effective February 22, 1965, was established under City Ordinance G-145 in accordance with the provisions of Chapter 275 of the Laws of New Jersey 1964. It supersedes any pension system existing in the City pursuant to Article 2, Chapter 13, Title 43 of the Revised Statutes. Legislation signed on August 19, 1996 revised the retirement and survivorship benefits payable to retirants and beneficiaries. Chapter 167, P.L. 2003 increased retirement allowances by 100% of the calculated increase in the CPI instead of the previous 60%. Chapter 247, P.L. 2005 decreased the early retirement factor from 2/12 of 1% to 1/12 of 1% per month for retirees prior to age 60. Chapter 128, P.L. 2003 allowed 39 employees to retire with enhanced benefits.

1 - DEFINITION

"Final Salary" means the average annual salary received by a member for the three years immediately preceding his death or retirement or it means the average annual salary earned by a member for any 3 fiscal years of membership providing the largest possible benefit to the member or his beneficiary; provided, however, that as to any member employed by the City prior to January 12, 1965, salary received by such member at the time of his death or retirement.

2 - MEMBERSHIP IN PLAN

Employees who were members of the former pension systems on the effective date automatically became members of the Retirement System. After the effective date membership is a condition of employment for those who become employees prior to the attainment of age 40. Those employees who became such prior to February 22, 1965, who were not members of a former pension system and who had become employees prior to the attainment of age 40, were allowed to join the Retirement System within 6 months

after the effective date and were permitted to purchase credit for prior service. Provision was made in the ordinance for a possible transfer to the Retirement System of certain members of the State Retirement Systems within this same 6 month period. Under the provisions of Chapter 158, P.L. 1966, employees who were not covered under a former pension system and who were employed on or before February 22, 1965 and after attainment of age 40 but prior to the attainment of age 50 were allowed to become members within 6 months after the effective date of the amendment and were permitted to purchase credit for prior service. Members of the police and fire departments and employees of the board of education are not included as employees eligible to become members. All pensions and benefits on account of pensioners and beneficiaries of the former pension systems are continued under the Retirement System.

Effective October 7, 1984 temporary employees with one year's continuous service are required to become members of the Retirement System.

3 - BENEFITS

Retirement for Age and Service With 20 or More Years of Creditable Service

Conditions for Retirement

Any member who has 20 years of creditable service in the employ of the City and has attained age 60 may retire for age and service upon his application.

Amount of Pension

The pension payable upon retirement is equal to 55% of his final salary plus 1% of such salary for each year of creditable service in excess of 20 years. The minimum annual pension is \$3,600.

Retirement for Age and Service With Less Than 20 Years of Creditable Service

Conditions for Retirement

Any member who has attained age 60 but with less than 20 years of creditable service in the employ of the City may retire under this provision.

Amount of Pension The pension payable is equal to 2% of his final salary for each year of creditable service. The annual pension, however, is never less than \$3,600.

Early Service Retirement

Conditions for Retirement If a member resigns prior to age 60 after having completed 25 years of creditable service, he may elect to receive a pension.

Amount of Pension The pension payable is equal 55% of his final salary plus 1% of such salary for each year of service in excess of 20 years, reduced by 1/12 of 1% for each month he is less than age 60, but not less than \$3,600 per annum.

Termination of Service

Conditions for Pension If a member has completed 10 years of creditable service and is separated from service either voluntarily or involuntarily prior to age 60, he may elect to receive a deferred pension commencing at age 60.

Amount of Pension A deferred pension in an amount equal to the proportional relation which his years of service credited in the fund bear to the years of service which he would have had had he continued in service to age 60, multiplied by one-half of his final salary at the time he elected the deferred pension. The minimum annual pension is \$3,600.

Retirement for Ordinary Disability

Conditions for Retirement Any member who has 5 or more years of creditable service and who has become permanently disabled for the further performance of his duty may be retired on a disability pension.

Amount of Pension The pension is equal to one-half of his final salary plus 1% for each year of creditable service in excess of 20 years, never less than \$3,600 per annum.

Retirement for Accidental Disability

Conditions for Retirement Any member who has become permanently and totally disabled, mentally or physically, for the further performance of his duty as a result of a traumatic event occurring during and as a result of the performance of his regular or assigned duties may be retired on a disability pension. The application to accomplish such retirement must be filed within five years of the original traumatic event.

Amount of Pension

The pension is equal to two-thirds of his final salary, never less than \$3,600 per annum.

Benefits Upon Death in Service**Conditions for Benefit**

Upon the death of a member in service who has paid to the system the full amount of his contributions, a death benefit is payable to the surviving widow, widower, minor children or dependent parents of the member, as the case may be, provided that:

- (a) The member dies as a result of injuries or illness received or incurred in the performance of his duties, or
- (b) The member has served in the employ of the City for a period of five years and dies from causes other than injuries or illness received or incurred in the performance of his duties.

In order to be eligible for the benefit, a widow or widower must have been married to the member at least 5 years prior to his death or retirement.

Amount of Pension

The death benefit payable to the surviving widow or widower is a pension of 50% of the member's final salary. If there is no surviving widow or widower or the widow or widower dies or remarries, a pension of 20% of such final salary shall be paid to one surviving child, 35% to two surviving children in equal shares and 50% to three or more children in equal shares. If there is no surviving widow, widower or child, a pension of 25% of such final salary shall be paid to one surviving dependent parent or 40% to two surviving dependent parents in equal shares.

If there are no eligible survivors, an amount equal to the member's contributions to the system, without interest, is payable to his estate.

Benefits upon Death after Retirement**Conditions for Benefit**

Upon the death of a member after his retirement, a death benefit is payable to the surviving widow, widower, minor children or dependent parents of the member, as the case may be. In order to be eligible for the benefit, a widow or widower must have been married to the member at least 5 years prior to his retirement.

Amount of Pension

The death benefit payable to eligible survivors is a pension equal to 50% of the member's pension at retirement, not less than \$3,600 per annum.

Form of Benefits

All benefits under the system are payable for life, except that benefits to widows and widowers and dependent parents are discontinued upon their remarriage and the benefits to minor children are discontinued upon their marriage or attainment of age 18.

If after the payment of all pension and survivorship benefits payable by the retirement system to a decedent member after retirement and his eligible survivors, the total amount paid is less than the amount of the decedent's contributions during membership in the retirement system, the amount of the difference, without interest, shall be payable to the decedent's estate.

Refund of Contributions upon Termination of Service

A member who separates from service without receiving other benefits from the system is entitled to a refund of his contributions to the system, without interest, at the expiration of 90 days plus the period of tendency of any legal proceedings.

Cost-of-Living Adjustment

A retirant or beneficiary who has been in receipt of a pension or survivorship benefit for at least two years will receive a percentage adjustment of his initial pension or survivorship benefit at the beginning of each year starting with the year 1990, or the beginning of his 25th month in receipt of a pension or survivorship benefit, if later, equal to 100% (previously 60%) of the percentum of change in the Department of Labor's Consumer Price Index from the annual average index in 1988 or year his benefits began, if later, to the date of adjustment.

4 - CONTRIBUTIONS**By Members**

Each member on the effective date of the system contributes during the entire period of his service the percentage of his salary applicable to his age at the time of his appointment, as follows:

AGE AT APPOINTMENT	% RATE OF CONTRIBUTION
Not Exceeding 35 years	6%
Between 35 and 36 years	6½
Between 36 and 37 years	7
Between 37 and 38 years	7½
Between 38 and 39 years	8
39 and over	8½

Each employee who becomes a member after the effective date of the system, contributes during the entire period of his service the percentage of his salary applicable to his age at the time of becoming a member. These percentages at quinquennial ages are as follows:

AGE AT BECOMING A MEMBER	% RATE OF CONTRIBUTION
20	6.20%
25	6.60
30	7.25
35	8.15
40	9.50
45	9.70
50 and over	10.15

By City

The contributions of the City consist of a normal contribution which is the present value of benefits to be accrued in the year following the valuation converted to a percentage of the annual salaries of all active members and, until the unfunded accrued liability is liquidated, an additional amount known as the accrued liability contribution which is an amount, increasing 4% per year, that will pay off the unfunded accrued liability over a period of 30 years.

SCHEDULE D**TABLE 1****THE NUMBER AND ANNUAL SALARIES OF MEMBERS
DISTRIBUTED BY AGE AS OF JANUARY 1, 2006**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
20			2	\$ 46,500
22	1	\$ 19,500	1	27,500
23	4	114,200	5	144,250
24	4	101,785	12	344,373
25	3	97,100	8	208,800
26	6	147,000	12	297,654
27	6	156,600	12	251,470
28	8	186,638	6	197,783
29	9	236,493	13	326,353
30	6	155,310	12	279,539
31	8	227,047	15	487,676
32	1	68,766	9	254,589
33	10	313,651	10	283,818
34	5	237,740	8	208,691
35	6	286,094	12	260,443
36	15	652,699	19	539,456
37	11	471,829	10	324,515
38	6	270,273	9	277,542
39	13	441,292	12	409,416
40	18	666,861	14	446,551
41	7	215,727	6	178,838
42	19	763,619	18	573,682
43	9	340,553	10	339,471
44	12	551,638	13	358,074
45	7	289,120	18	765,459
46	9	450,060	20	631,079
47	11	646,697	10	400,804
48	11	500,941	16	526,957
49	12	636,351	17	647,802
50	15	772,006	8	294,199
51	3	120,951	12	422,404
52	13	622,568	3	186,891
53	7	405,251	10	425,884
54	7	452,023	11	402,106
55	9	456,653	9	447,923
56	12	673,597	12	615,896
57	7	449,772	8	249,996
58	8	388,666	8	297,184
59	4	215,205	4	160,883
60	5	272,363	2	78,963
61	5	251,467	1	35,420
62	4	165,018	2	84,828

**THE NUMBER AND ANNUAL SALARIES OF MEMBERS
DISTRIBUTED BY AGE AS OF JANUARY 1, 2006
(continued)**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
63	1	32,770	3	116,972
64	1	47,803		
65			3	122,542
67	2	92,241	1	9,460
71			1	9,460
72	1	79,000		
TOTAL	341	\$ 14,742,938	427	\$ 14,000,096

TABLE 2

**THE NUMBER AND ANNUAL SALARIES OF MEMBERS
DISTRIBUTED BY SERVICE AS OF JANUARY 1, 2006**

SERVICE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
0	7	\$ 149,732	18	\$ 274,644
1	23	728,152	48	1,132,873
2	28	861,474	27	774,934
3	13	516,731	18	676,116
4	18	686,005	28	682,315
5	13	365,871	11	145,832
6	7	265,205	9	316,691
7	5	224,527	10	287,196
8	15	448,682	18	438,099
9	10	415,608	14	326,894
10	8	367,769	13	473,572
11	6	240,818	2	89,247
12	6	189,634	13	248,820
13	5	281,799	6	224,944
14	6	243,457	9	351,553
15	12	616,515	18	741,480
16	8	377,150	14	542,513
17	12	583,998	18	675,740
18	17	790,562	13	435,367
19	23	1,078,091	16	648,498
20	13	637,855	14	574,438
21	22	1,114,761	27	1,133,011
22	5	332,560	13	564,446
23	6	378,310	11	500,670
24	11	581,146	5	204,111
25	5	222,387	4	152,829
26	9	491,022	7	302,545
27	3	197,636	8	345,004
28	3	215,440	3	144,668
29	7	320,159	1	57,144
31	4	194,044	2	74,975
32	2	110,900	1	48,678
33	2	102,282	4	241,858
35	1	37,784	2	86,757
36	1	40,028		
37	1	40,207		
38	2	175,231	1	38,177
39	1	40,406	1	43,457
50	1	79,000		
TOTAL	341	\$ 14,742,938	427	\$ 14,000,096

TABLE 3

**THE NUMBER AND ANNUAL PENSIONS OF RETIRED MEMBERS
DISTRIBUTED BY AGE AS OF JANUARY 1, 2006**

SERVICE RETIREMENTS

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
49			1	\$ 12,660
50	2	\$ 62,485	1	17,458
52	1	23,228	2	70,178
53	2	86,783	5	165,558
54	2	70,456		
55	3	96,324		
57	7	214,882	4	169,601
58	7	254,075	4	69,779
59	2	82,045	3	89,138
60	1	23,418		
61	4	104,924	6	149,758
62	2	61,201	1	26,482
63			4	96,436
64	2	109,047	7	155,909
65	2	52,916	6	121,626
66	3	105,147	2	70,211
67			2	63,437
68	7	211,389	2	29,175
69	1	29,043	3	97,824
70			4	95,276
71	3	85,402	2	62,963
72	2	45,506	5	137,253
73	6	163,687	4	97,209
74	2	55,174	2	34,807
75	3	68,249		
76	1	19,871	5	112,342
77			3	58,219
78	2	78,595	3	89,383
79	2	56,570	3	99,531
80			2	37,574
81	4	67,601	2	64,963
82	5	106,343	7	206,666
83			1	10,964
84	3	71,618	1	23,579
85	1	37,425	1	42,770
86	2	18,264	3	60,145
87	1	11,399		
88	2	27,465	1	12,671
89	2	31,040	4	93,892
90	1	29,155		

**THE NUMBER AND ANNUAL PENSIONS OF RETIRED MEMBERS
DISTRIBUTED BY AGE AS OF JANUARY 1, 2006**

**SERVICE RETIREMENTS
(continued)**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
91	1	10,124	2	17,916
92			1	19,401
94	1	11,737		
95	1	10,995		
97			1	10,446
98			1	5,487
102	1	6,762		
TOTAL	94	\$ 2,600,346	111	\$ 2,798,684

TABLE 4

**THE NUMBER AND ANNUAL PENSIONS OF RETIRED MEMBERS
DISTRIBUTED BY AGE AS OF JANUARY 1, 2006**

DISABILITY RETIREMENTS

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
33	1	\$ 14,364		
34	1	18,316		
44			1	\$ 6,273
46			1	15,001
47			1	18,539
50			1	40,157
51	1	21,438		
52	1	17,188	1	27,660
54	1	29,239	3	43,166
56			2	25,988
57			1	10,258
58	1	26,914	2	34,375
59	1	13,183	2	40,507
60	2	33,808		
61	1	21,529		
63	1	13,522	1	9,519
64	1	22,318		
68	1	16,108		
69			2	23,688
71			1	38,365
72	1	8,729	1	15,763
73	1	28,698		
74	2	31,173		
75	1	8,996		
77	2	19,224	2	33,955
78	1	11,368		
79	1	16,128		
80	1	13,440	1	20,810
81			1	9,369
82	1	12,012		
83	2	46,326		
84			1	14,031
88	1	8,336		
90	1	5,487		
93	2	19,882		
95	1	9,218		
98			2	10,974
TOTAL	31	\$ 486,947	27	\$ 438,399

**THE NUMBER AND ANNUAL PENSIONS OF SURVIVORS
OF DECEASED ACTIVE AND RETIRED MEMBERS
DISTRIBUTED BY AGE AS OF JANUARY 1, 2006**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
50	1	\$ 19,114		
52			1	\$ 12,833
53			1	5,667
54			1	15,542
56	2	32,599		
63			2	29,056
65			1	7,101
66			2	10,113
68			4	43,155
69			1	25,762
70			1	5,487
71	1	4,568	1	12,987
72			2	23,515
73			4	28,927
74			5	38,550
75			3	22,046
76			3	28,742
77			2	17,182
78	1	4,176	1	5,487
79			3	24,212
80			7	40,839
81			2	14,331
82			5	30,142
83			3	16,460
84	1	10,584	6	30,811
85			3	16,592
86			10	63,314
87			2	10,723
88			6	28,141
89			10	56,722
90			3	16,460
91	1	8,102	5	29,377
92			5	25,907
94			4	19,815
96			1	5,487
97	1	5,487		
101			1	5,487
TOTAL	8	\$ 84,630	111	\$ 766,971

In addition, there are three minor children receiving temporary pensions of \$23,588.

**THE NUMBER AND ANNUAL DEFERRED PENSIONS
OF MEMBERS ENTITLED TO VESTED BENEFITS
DISTRIBUTED BY AGE AS OF JANUARY 1, 2006**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
38	2	\$ 86,400		
40			1	\$ 43,200
41	1	43,200	1	43,200
42			1	9,310
43			1	4,781
45	2	58,842	1	43,200
47			1	43,200
48			1	6,345
49			1	15,137
50			1	43,200
52			1	43,200
53	1	43,200		
55	1	43,200		
56	3	62,009	3	44,424
58			1	4,506
59	1	9,000		
60			1	5,925
TOTAL	11	\$ 345,851	15	\$ 349,627