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# **New York City Fire Pension Fund**



**Comprehensive Annual Financial Report  
A Pension Trust Fund of the City of New York  
For The Fiscal Year Ended**

**June 30, 2010**

**Salvatore J. Cassano  
Fire Commissioner  
and Chairperson of the Board of Trustees  
City of New York**

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# New York City Fire Pension Fund

9 MetroTech Center, Brooklyn, N.Y. 11201  
(718) 999 - 1190



## Comprehensive Annual Financial Report A Pension Trust Fund of the City of New York For Fiscal Year Ended June 30, 2010

Prepared under the  
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**Robert C. North, Jr.**  
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**John C. Liu**  
Comptroller of the City of New York

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# **New York City Fire Pension Fund**

## **Comprehensive Annual Financial Report**

### **A Pension Trust Fund of the City of New York**



## **Introductory Section**

### **Part I**

**Fiscal Year Ended June 30, 2010**

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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

New York City

Fire Department SubChapter  
Two Pension Fund

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized handwritten signature in black ink, appearing to read "JEFFREY R. ENOS".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enos".

Executive Director

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# FIRE DEPARTMENT

9 METROTECH CENTER

BROOKLYN, N.Y. 11201-3857

SALVATORE J. CASSANO  
*Fire Commissioner*

Suite 8W-6

December 15, 2010

**TO: ALL MEMBERS OF THE NEW YORK CITY FIRE PENSION FUND**

**RE: PENSION FUND COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR 2010**

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As Fire Commissioner and Chairperson of the Board of Trustees, I am pleased to present the New York City Fire Pension Fund Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. Within this report you will find financial, investment, actuarial and statistical information disclosing the results of operations and the financial position of the Pension Fund.

Our goal is to manage the assets of the Fund efficiently and prudently, in full compliance with established Regulations and Laws, so as to promote growth and provide secure retirement benefits for our members and their beneficiaries. The external auditors, Deloitte & Touché LLP, in their Independent Auditors' Report on the financial condition of the Fund for fiscal year 2010, confirm that we have adhered to required standards in all material respects.

Fiscal year 2010 was a year of strong growth in the net assets of our Pension Fund, due mainly to favorable returns achieved on the investment portfolio. Continued growth in net assets helps to strengthen the Fund and gives members and their beneficiaries the assurance that their benefits are secure.

On behalf of the Board of Trustees, I wish to express our sincere appreciation to all active and retired uniformed members for their valuable contributions to the Fire Department and the City of New York.

Sincerely,

Salvatore J. Cassano  
Chairperson of the Board of Trustees

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**F I R E D E P A R T M E N T**  
9 METROTECH CENTER, 6<sup>TH</sup> FLOOR      BROOKLYN N. Y. 11201-3857

*Mary E. Basso*  
*Director*  
*Bureau of Uniformed Payroll & Pension*

December 15, 2010

**TO: Board of Trustees**  
**New York City Fire Pension Fund**

I am pleased to present the Comprehensive Annual Financial Report of the New York City Fire Pension Fund ("Fire" or the "Plan"), also known as the New York City Fire Department Subchapter Two Pension Fund, for the fiscal year ended June 30, 2010. Management is responsible for the preparation, accuracy and completeness of this presentation. We believe that the data in this report is a fair representation of the financial position and results of operations of the Fund and to the best of our knowledge the information is accurate and includes all required disclosures. Our report is organized into the Introductory, Financial, Investment, Actuarial and Statistical sections. Users of the financial statements are encouraged to review the Management's Discussion and Analysis (MD&A) presented in the financial section.

### **Profile of the Fund**

The New York City Fire Pension Fund also known as The New York City Fire Department, Subchapter Two Pension Fund (formerly Article 1-B), was established pursuant to Local Law No 53, enacted July 14, 1941. On that date all participants covered under Article 1-A and those subsequently appointed to the Fire Department were granted the option of membership in either Article 1-A or Subchapter Two, in accordance with the legislation. At that time, all members of the Article 1-A Fund became participants in the Fund established under Subchapter Two and, with one exception, all new appointees elected membership in the Subchapter Two Fund.

Effective July 1, 1980, the Article 1-A Fund was terminated and its assets transferred to the Subchapter Two Fund. Prior to July 1, 1980, each member contributed by salary deduction an amount determined to provide approximately 25% of the cost of their benefits, while the City contributed the remaining 75%. Pursuant to an increased take home pay (ITHP) provision established under section 13-326 of the Administrative Code, members' contributions were reduced by 2½ % of their earnings. The ITHP rate has since been increased from 2½ % to 5%, under the provisions of Chapter 373 of the laws of 2000. Additional City funding made up the reduction in the amount of member contributions. The total contributions under this arrangement proved inadequate to fund the benefits, and the Pension Fund became actuarially unsound.

New State laws, effective July 1, 1980, July 1, 1981, and July 1, 1982, amended the benefit provisions of the Fund by establishing a new Plan known as the Improved Benefits Plan (IBP). The IBP provides increased benefits along with higher member and City contributions. The Original Plan (OP) was closed to new entrants on July 1, 1981. Membership in the IBP is mandatory for employees hired on or after that date. Members of the OP have the option, during specified time periods each year, to transfer to the IBP. The new laws were expected to correct the previous under-funding of the Pension Fund. The provisions of these laws increased City contributions each year to provide an amount deemed sufficient to cover benefits, excluding annuities and refunds from member contribution accounts. This amount covers the normal cost of operation each year.

**Current Initiatives**

Management's goal is to administer the Plan in a manner that will ensure accurate and timely payment of benefits to retirees and beneficiaries and to provide members with the best information available so that they may plan for a secure retirement. To attain success in these areas, management has committed to improving our operations. Highlights of some of our activities over the past year are listed below.

During fiscal year 2010 the Pension Bureau and the Fire Department Bureau of Technology Development and Systems (BTDS), in conjunction with the selected vendor, began work on the design, development and implementation of a new administrative pension system to replace our existing systems. The new system will integrate and modernize key processes in member services such as pension computations, loan processing and member self-service. Work has progressed to the developmental phase and it is projected that the new system will be fully operational for fiscal year 2012. It is expected to greatly improve our operations and the level of services provided to our members.

The Retirement Counseling unit advised many prospective retirees and processed new retirement applications for over 500 members during fiscal year 2010. These applicants are now receiving 90% of their expected retirement benefit, pending finalization.

In addition, there was increased activity in the Calculations and Payroll units of our Bureau due to union contract re-opener agreements dating back to 2007. The Pension Payroll and Calculations Units were able to finalize close to 400 retirees and beneficiaries who were previously receiving 90% of their benefits. These retirees and beneficiaries are now receiving the full amount of their benefits.

## **Financial Information**

### **Economic Outlook**

Economic conditions at both the national and the local level greatly influence financial markets and investment earnings. Revenue generated from investment activity is a major source in the financing of pension benefits. Fiscal year 2010 began with growing confidence that the economy was on the verge of a sustained recovery. The U.S. government had reacted to the recession with unprecedented levels of fiscal and monetary actions to promote economic recovery, near zero short term rates, very low long term rates and a large stimulus package. However, despite government actions, the initial growth in the national economy appears to have slowed down. Gross Domestic Product (GDP), a measure of economic growth, rose to a high of 5% during the second quarter of fiscal year 2010 but lost pace in the final quarter, growing by only 1.6%. Overall, for fiscal year 2010, the U.S. economy grew at an annual rate of 0.7% as measured by the change in real GDP. The weak recovery was accompanied by a similar weakness in job creation. Of the approximately 8.4 million payroll jobs lost nationwide during the recession between 2008 and 2009, only 723,000 had been recovered by January 2010. Additionally, during fiscal year 2010, the unemployment rate rose to a high of 10.1% in October 2009 but improved modestly to 9.5% by June 2010. There was also no change to the target range for the Federal Funds short term interest rate; the target range remained between 0% and 0.25% for the period ended June 2010.

The City's economy contracted 1.2% during fiscal year 2010, but there were signs of recovery during the final half of the fiscal year. The weak national recovery and anxiety over high unemployment rates continued to impact growth in the City's economy. During fiscal year 2010, the City suffered a total loss of 182,000 jobs, and 158,000 of it's private sector jobs. The City's unemployment rate rose to a high of 10.5% in December 2009, improving modestly to 9.4% by August 2010. Despite the high rate of unemployment during the fiscal period, by January of 2010 the City had regained 70,000 of the jobs lost during the recession.

The outlook for the national economy in fiscal year 2011 remains uncertain, due to concerns about the global economy, the slow pace of domestic jobs recovery and uncertainty regarding financial reforms. At the end of September 2010 the unemployment rate remained at 9.6%. The Bureau of Economic Analysis indicates that GDP increased at an annual rate of 2.0% in the third quarter of 2010 (advance estimate). However despite this positive indicator, anxiety remains that other economic factors will impede full economic recovery. The City's economy appears to be slowly emerging from the recession and there are signs of expansion in some sectors. The Comptroller's Office foresees a weak and halting recovery, with the unemployment rate not returning to acceptable levels for several years to come.

### **Accounting and Reporting**

This report was prepared to conform to principles of governmental accounting and reporting as promulgated by the Governmental Accounting Standards Board (GASB) and according to guidelines adopted and published by the Government Finance Officer's Association of the United States and Canada (GFOA). The requirements of GASB Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans," have been adhered to in determining the information in the financial statements.

The accrual basis of accounting is used to record all transactions executed by the Pension Fund. Under this method, revenue is recognized when earned and expenses are recognized when the fund incurs an unconditional obligation to pay. The accrual basis of accounting provides a more realistic picture of the financial activity and performance of the Pension Fund for each period.

**Internal Control**

The management of the Pension Fund is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Fund are protected from loss, theft, or misuse. The control structure should also ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Our internal control structure is designed to provide reasonable assurance that these objectives are met.

**Independent Audit**

The Fire Pension Fund is required to undergo an annual audit by independent certified public accountants in accordance with generally accepted auditing standards. The accounting firm of Deloitte & Touche was selected to perform the annual audits for the fiscal years ended June 30, 2010 through June 30, 2013. The Independent auditor's report on the general-purpose financial statements and schedules of historical information required by the Governmental Accounting Standard Board (GASB) is presented in the financial section of this report. As required under GASB pronouncement 34, adopted in fiscal year 2001, the financial section also contains Management's Discussion and Analysis (MD&A) with comparative data for fiscal years 2008, 2009 and 2010. The contents of this letter should be considered along with additional information contained in the MD&A.

**Funding**

The bottom line for a pension fund is its level of funding. If funding levels are adequate, the total amount of accumulated assets will be comparable to the total amount of benefit obligations of the Plan. The goal is to fund members' future retirement benefits over their working career. A well-funded plan gives members the assurance that the pension benefits promised are secure. The Plan's funded ratio, which is the ratio of Actuarial Asset Value to the Actuarial Accrued Liability stands at 99.4% (Funded status - Note 5 of Notes to Financial Statements) for fiscal year 2010. Funding is further addressed in the actuarial section of our report, which details the actuarial methods and assumptions used in the determination of the required funding for the Plan.

**Investments**

The Comptroller of the City of New York is the designated custodian of the Fund's investment portfolio, subject to the direction, control and approval of the Board of Trustees. The investment policy adopted by the Board is one that promotes growth through increasing returns. The strategy used to implement this policy is the allocation of assets, which are diversified into a broad array of instruments to minimize overall risk, maintain liquidity and generate competitive returns.

The Fund's portfolio is comprised largely of holdings in domestic, international and private equities and fixed income securities. Investments in domestic, international and private equities although historically volatile, provide superior performance and growth over time, while fixed income investments provide predictable cash flow to meet the Fund's obligations. The investment performance for fiscal year 2010 marked an improvement over the losses suffered in the prior fiscal period. Overall, the Fund's investment portfolio posted gains of 14.7%, slightly underperforming the policy benchmark which posted gains of 15.1%, during the period. A more detailed discussion of investment policy, activities and results is presented in the Investment Section of our report.



## Other Information

### **Awards**

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the New York City Fire Department Subchapter Two Pension Fund, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for fiscal year 2010.

### **Professional Services**

The Comptroller of the City of New York provides investment services through independent advisors. The Chief Actuary of the City's pension systems provides actuarial services to the Fund, while the Corporation Counsel provides legal services to the Fund. The City of New York defrays the expenses associated with these services.

### **Acknowledgements**

The compilation of this annual report reflects the efforts of the management and staff of the Pension Accounting Unit, whom we thank for their consistent hard work and dedication. The report is intended to present complete and reliable information to provide a basis for making management decisions, a measure to determine compliance with legal provisions and a means of determining responsible stewardship of the assets of the Fund.

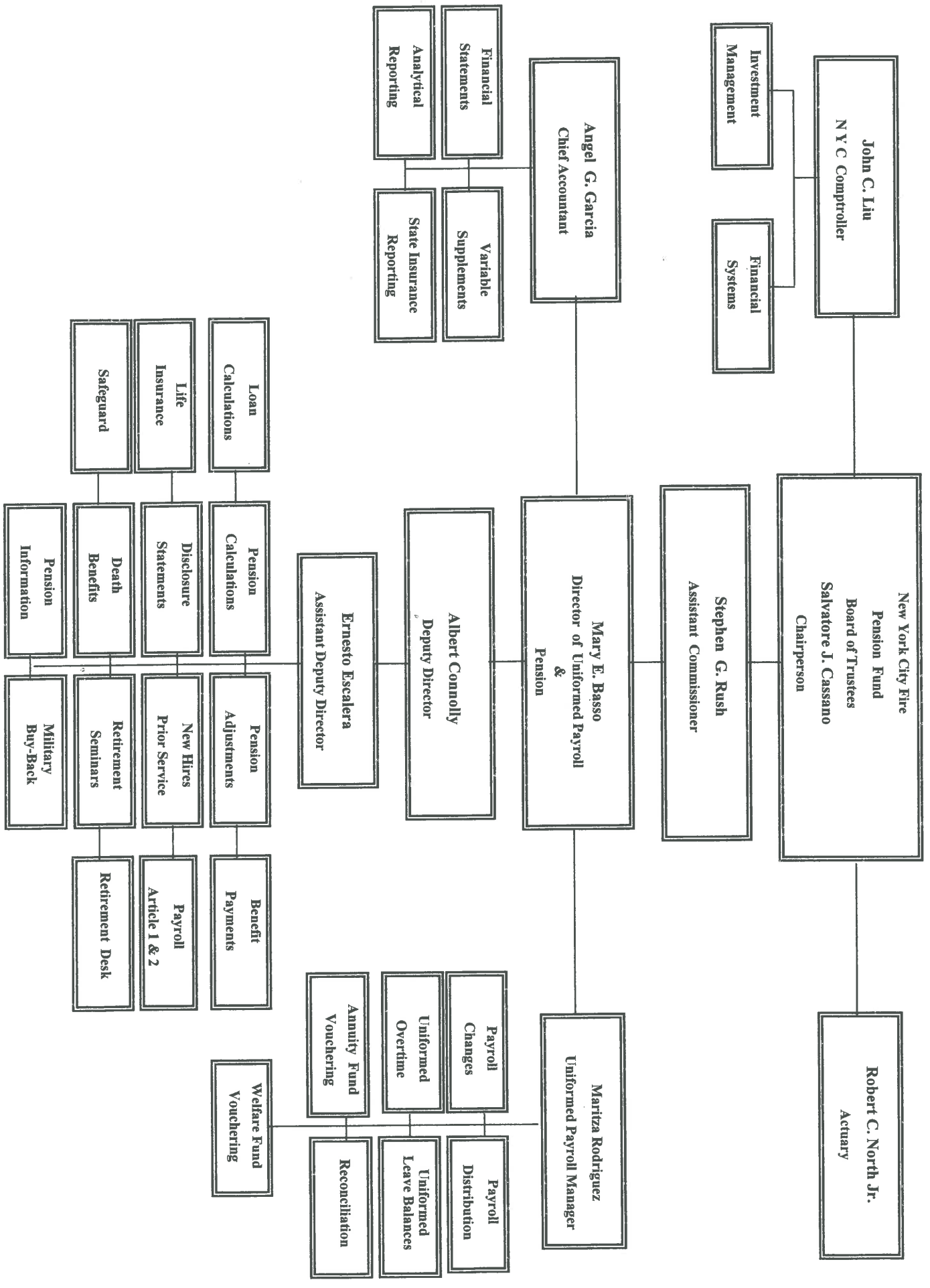
I take this opportunity to express my gratitude to the Board of Trustees for their guidance and support during this period. I am also grateful to the Office of the Actuary and the Office of the Comptroller, for the wide range of valuable information and assistance they provide for our unit. Finally, I wish to thank the Managers and staff of the Bureau of Uniformed Payroll and Pension, who have worked diligently to enhance the delivery of member services and to assure the success of our operations.

Respectfully submitted,



Mary E. Basso  
Director of Uniformed  
Payroll & Pension

ADMINISTRATIVE ORGANIZATION





**MEMBERS OF THE BOARD OF TRUSTEES**

**As of June 30, 2010**

<b>Michael R. Bloomberg</b>	<b>Mayor, City of New York.</b>
<b>Salvatore J. Cassano</b>	<b>Fire Commissioner and Chairperson.</b>
<b>John C. Liu</b>	<b>Comptroller, City of New York.</b>
<b>David M. Frankel</b>	<b>Commissioner, of Finance.</b>
<b>Stephen J. Cassidy</b>	<b>President of the Uniformed Firefighters Association of Greater New York.</b>
<b>James Slevin</b>	<b>Vice-President of the Uniformed Firefighters Association of Greater New York.</b>
<b>Robert Straub</b>	<b>Treasurer of the Uniformed Firefighters Association of Greater New York.</b>
<b>John Kelly</b>	<b>Chairperson of the Board of Trustees Uniformed Firefighters Association of Greater New York.</b>
<b>Richard Alles</b>	<b>Chiefs' Representative of the Uniformed Fire Officers' Association of Greater New York.</b>
<b>John Dunne</b>	<b>Captains' Representative of the Uniformed Fire Officers' Association of Greater New York.</b>
<b>James McGowan</b>	<b>Lieutenants' Representative of the Uniformed Fire Officers' Association of Greater New York.</b>
<b>Sean O'Connor</b>	<b>Representative of the Uniformed Pilots' and Marine Engineers' Association of Greater New York.</b>

**PENSION FUND ADMINISTRATION AND REPORTING**

**Douglas White**  
Deputy Commissioner for Administration

**Stephen G. Rush**  
Assistant Commissioner

**Lei Tian**  
Director Legal Affairs

**Mary E. Basso**  
Director Uniformed Payroll and Pension

**Albert Connolly**  
Deputy Director

**Ernesto Escalera**  
Assistant Deputy Director

**Angel G. Garcia**  
Chief Accountant

## SUMMARY OF PLAN BENEFITS

### **I. Service Retirement**

A member may retire after having completed 20 years of service in the Fire Department.

1. Under the Original Plan, upon retirement at any time after having become eligible for service retirement but not later than age 65, the member received a retirement allowance which is the sum of:
  - a) 50% of final salary, and
  - b) for all years of service other than the minimum required service, 1/60 of the pensionable earning for the period of service after the completion of the member's minimum required service.
  
2. Under the Improved Benefits Plan, upon retirement after having become eligible for service retirement but no later than the attainment of age 65, the member will receive an allowance, which is the sum of:
  - a) 50% of final salary, reduced by an annuity which is the actuarial equivalent of the minimum accumulation.
  
  - b) an annuity which is the actuarial equivalent of the accumulated excess deductions, above the minimum required.
  
  - c) for all years of service other than the minimum required service i)1/60 of the pensionable earnings for the period of service after the completion of the member's minimum required service for each year of such service; and, (ii) a pension for increased-take-home-pay, ("ITHP") which is the actuarial equivalent of the accumulated contributions for ITHP made in each year after member's 20<sup>th</sup> anniversary.

**II. Ordinary Disability Retirement**

An ordinary disability retirement allowance is paid upon the disablement of a member from causes other than by an accident in the actual performance of duty.

Under both plans, the ordinary disability retirement allowance is equal to 1/40 of final salary multiplied by the number of years of service. However, the benefit is at least 1/2 of final year salary if the member completed 10 or more years of City service, or 1/3 of final salary if the member completed less than 10 years of City service. Under the improved benefits plan, the above is reduced by a benefit actuarially equivalent to any unpaid contribution rate deficiency.

**III. Accidental Disability Retirement**

Upon the occurrence of disability caused by an accident in the actual performance of duty, a member is granted a retirement allowance.

1. Under the Original Plan, the allowance is the sum of:
  - a) 75% of final salary
  - b) If eligible for service retirement, for all years of service other than the minimum required service, 1/60 of pensionable earnings for the period of service after the completion of the member's minimum required service for each year of such service;
  - c) the accumulated contributions, which are paid in a lump sum.
2. Under the Improved Benefits Plan, the allowance is the sum of:
  - a) 75% of final salary
  - b) an annuity which is the actuarial equivalent of the accumulated deductions
  - c) a pension-for-increased-take-home-pay which is the actuarial equivalent of the accumulated contributions for increased-take-home-pay made in each year since January 1, 1963, and
  - d) for all years of service other than the minimum required service, 1/60 of pensionable earnings after the completion of the members' minimum required service for each year of such service;

**IV. Ordinary Death Benefit**

Upon the death of a member in active service from causes other than for an accident in the actual performance of duty, a benefit is paid to the member's estate or to the member's designated beneficiary.

The benefit payable on account of such a member who at the time of death would have been eligible for service retirement is the amount equal to the reserve on the retirement allowance, which would have been payable had the member retired on the day preceding death, whichever is larger.

A member with less than 20 years is covered for a death benefit upon completion of 90 days of service. The amount of the death benefit is equal to three times the member's salary raised to the next higher multiple of \$1,000. In addition, the member's accumulated contributions or deductions are returned.

The Rules and Regulations adopted by the Board of Trustees in accordance with Chapter 581 of the Laws of 1970, provide that the first \$50,000.00 of each benefit on account of death in active service is payable from the Group Term Life Insurance Plan. Only the amount in excess of \$50,000.00, if any, is payable by the Pension Fund.

**V. Accidental Death Benefit**

Upon the death of a member which occurs as the result of an accident sustained in the performance of duty, a death benefit is payable.

Under the Original Plan, the benefit is a lump sum payment of the accumulation for increased-take-home-pay and a pension equal to one-half of the member's final salary but not less one-half of the full salary of a first grade firefighter, payable to the surviving spouse until death, or if there is no surviving spouse, to a child or children until the youngest attains age 18 or age 23 if still a student, or if there is no surviving spouse or child, to a dependent parent. In addition, the member's accumulated contributions and the City's obligation on account of military service, if any, are paid to his estate or designated beneficiary

Under the Improved Benefits Plan, the benefit is a lump sum payment of the reserve for increased-take-home-pay and a pension equal to one-half of the average salary in the five years immediately preceding death, but not less than one-half of the full salary of a first grade firefighter, payable to the surviving spouse until death, or if there is no surviving spouse, to a child or children until the youngest attains age 18 or age 23 if still a student or if there is no surviving spouse or child, to a dependent parent. In addition, the member's accumulated deductions and the City's obligation on account of military service, if any, are paid to the member's estate or designated beneficiary

**VI. Withdrawal Benefit**

Under the Original Plan, a member who either resigns or is dismissed receives a benefit equal to the member's accumulated contributions. Under the Improved Benefits Plan, such a member receives a benefit equal to the member's accumulated deductions. Members with at least five years of service may make application for vested retirement, in lieu of a return of the member's accumulated deductions. The allowance is deferred to the earliest date on which the member could have been eligible for service retirement. Should a member who elected to receive a service retirement allowance die during the period of deferment, the benefit will be the accumulated deductions, if the member dies during the period of deferment with 10 or more years of vested service, the benefit will be one half of the ordinary death benefit.

**VII. Supplemental Retirement Allowance (Cost of Living Adjustment)**

Supplemental Retirement Allowances are payable to members who retired prior to calendar year and who were retired for disability or have attained the age of 62. The benefit is equal to a percentage, depending on the calendar year of retirement, of the first \$18,000 of the retirement allowance that the member was entitled to receive, had the member not elected any optional form of benefit. The benefit to spouses is equal to one-half the benefit that the pensioner would received if living, where such pensioner had elected one of the options under the Administrative Code which provided that benefits are to be continued for the life of such spouse after the death of the pensioner.

# **New York City Fire Pension Fund**

## **Comprehensive Annual Financial Report**

### **A Pension Trust Fund of the City of New York**



## **Financial Section**

### **Part II**

**Fiscal Year Ended June 30, 2010**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the  
New York City Fire Department Pension Fund

We have audited the accompanying statements of plan net assets of the New York City Fire Department Pension Fund (the "Plan") as of June 30, 2010 and 2009, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets of the Plan as of June 30, 2010 and 2009, and the changes in plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the supplemental schedules, Schedule 1, Schedule 2, and Schedule 3, listed in the table of contents are not a required part of the financial statements, but are supplementary information required by the Governmental Accounting Standards Board ("GASB"). This supplementary information is the responsibility of Plan Management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of such required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Plan. The accompanying additional supplementary information as listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional supplementary information is also the responsibility of management. The additional supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Introductory, Investment, Actuarial, Statistical Sections and Schedule 4- Funded Status Based on Entry Age Actuarial Cost Method within the Financial Section are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Plan. This supplementary information is also the responsibility of Plan management. Such supplementary information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

*Deloitte + Touche LLP*

October 27, 2010

# NEW YORK CITY FIRE DEPARTMENT PENSION FUND

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) JUNE 30, 2010 AND 2009

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This narrative discussion and analysis of the New York City Fire Department Pension Fund's ("Fire" or the "Plan"), also known as the New York City Fire Department Subchapter Two Pension Fund, financial performance provides an overview of the Plan's financial activities for the fiscal years ended June 30, 2010 and 2009. It is meant to assist the reader in understanding the Plan's financial statements by providing an overall review of the financial activities during the two years and the effects of significant changes, as well as a comparison with the prior years' activity and results. This discussion and analysis is intended to be read in conjunction with the Plan's financial statements.

### OVERVIEW OF BASIC FINANCIAL STATEMENTS

The following discussion and analysis are intended to serve as an introduction to the basic financial statements. The basic financial statements are:

- **The Statement of Plan Net Assets** — presents the financial position of the Plan at each fiscal year end. It indicates the assets available for payment of future benefits and any liabilities that are owed as of the statement date. Investments are shown at fair value. All assets and liabilities are determined on an accrual basis.
- **The Statement of Changes in Plan Net Assets** — presents the results of activities during the fiscal year. All changes affecting the assets and liabilities of the Plan are reflected on an accrual basis when the activity occurred, regardless of the timing of the related cash flows. In that regard, changes in the fair values of investments are included in the year's activity as net appreciation (depreciation) in fair value of investments.
- **The Notes to Financial Statements** — provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes present information about the Plan's accounting policies, significant account balances and activities, material risks, obligations, contingencies, and subsequent events, if any.

Other information as required by the Governmental Accounting Standards Board (GASB) is presented after the Notes to the Financial Statements.

The financial statements are prepared in accordance with GASB Pronouncements.

### FINANCIAL HIGHLIGHTS

For fiscal year ended June 30, 2010, the Plan's net assets held in trust for pension benefits increased by \$862 million (15.5 %) to \$6.4 billion compared to the Plan's net assets for fiscal year 2009. The increase for fiscal year 2010 can be attributed to the net appreciation in the fair value of the Plan's investment portfolio, primarily the increase in value of equity investments.

For fiscal year ended June 30, 2009, the Plan's net assets held in trust for pension benefits decreased by \$1,240.5 million (18.2 %) to \$5.6 billion compared to the Plan's net assets for fiscal year 2008. The decrease for fiscal year 2009 can be attributed to the net depreciation in the fair value of the Plan's investment portfolio due to the global financial crisis and the negative impact on equity markets.

**Changes in Plan Net Assets**  
**Years Ended June 30, 2010, 2009 and 2008**  
(In thousands)

	2010	2009	2008
Additions:			
Member contributions	\$ 89,223	\$ 84,357	\$ 75,974
Employer contributions	874,331	843,751	780,202
Net investment income (loss)	818,201	(1,282,917)	(366,390)
Other	34,990	42,729	40,103
Total	<u>1,816,745</u>	<u>(312,080)</u>	<u>529,889</u>
Deductions:			
Benefit payments and withdrawals	<u>954,773</u>	<u>928,453</u>	<u>915,225</u>
Net increase (decrease )	861,972	(1,240,533)	(385,336)
Plan net assets held in trust for pension benefits:			
Beginning of year	<u>5,576,792</u>	<u>6,817,325</u>	<u>7,202,661</u>
End of year	<u>\$ 6,438,764</u>	<u>\$ 5,576,792</u>	<u>\$ 6,817,325</u>

For fiscal year ended June 30, 2010, member contributions were approximately \$89.2 million or an increase of \$4.8 million (5.8%) compared to member contributions for fiscal year 2009. The change can be attributed to an increase in the number of active Plan members making voluntary contributions in addition to their required contributions and an increase in the average annual pay of Plan members.

For fiscal year ended June 30, 2009, member contributions were approximately \$84.4 million or an increase of \$8.4 million (11%) compared to member contributions for fiscal year 2008. The change can be attributed to an increase in the number of active Plan members making voluntary contributions in addition to their required contributions and an increase in the average annual pay of Plan members.

Employer contributions are made on a statutory basis determined by the actuarial valuations performed as of June 30, 2008, 2007 and 2006. Employer contributions for fiscal year 2010 totaled \$874.3 million, an increase of \$30.6 million (3.6%) over employer contributions for fiscal year 2009. Employer contributions for fiscal year 2009 totaled \$843.8 million, an increase of \$63.6 million (8.1%) over employer contributions for fiscal year 2008.

For fiscal year ended June 30, 2010, the Plan had a net investment gain of \$818.2 million, an increase of 163.8% compared to the net investment loss of \$1,282.9 million recorded for fiscal year 2009. The gain for fiscal year 2010 can be attributed to the net appreciation in the fair value of the Plan's investment portfolio, primarily the increase in value of equity investments.

For fiscal year ended June 30, 2009, the Plan had a net investment loss of \$1,282.9 million or a decline of 250.2% compared to the net investment loss of \$366.4 million recorded for fiscal year 2008. The loss for fiscal year 2009 can primarily be attributed to the net depreciation in the fair value of the Plan's investment portfolio, due to the global financial crisis and the significant downturn in domestic and international equity markets.

Benefit payments and withdrawals recorded were \$954.8 million for the period ended June 30, 2010; this was an increase of 2.8% over benefit payments and withdrawals recorded in fiscal year 2009. Benefit payments

and withdrawals recorded were \$928.5 million for the period ended June 30, 2009; this was a slight increase of 1.4% over benefit payments and withdrawals recorded in fiscal year 2008. Increases in benefit payments and withdrawals are primarily due to changes in the number of new retirees and the amount of payments made to beneficiaries. In addition, legislatively enacted cost of living increase for certain retirees and beneficiaries also serves to increase benefit payments each year.

#### **PLAN NET ASSETS**

For fiscal year 2010, Fire's plan net assets held in trust for benefits increased by 15.5% to \$6.4 billion, compared to plan net assets of \$5.6 billion in fiscal year 2009. The increase can be attributed to the net appreciation in the fair value of the Plan's investment portfolio, primarily the increase in value of equity investments.

For fiscal year 2009, Fire's plan net assets held in trust for benefits decreased by 18.2% to \$5.6 billion, compared to plan net assets of \$6.8 billion in fiscal year 2008. The decrease is primarily the result of a net depreciation in the fair value of the Plan's investment portfolio, due the global financial crisis and the significant downturn in equity markets.

Outstanding member loans for fiscal year 2010 were \$34.4 million, an increase of \$7.5 million compared to outstanding member loans reported in fiscal year 2009. The increase in member loans during this period can be attributed to an increase in the number and amounts of new loans disbursed. Outstanding member loans for fiscal year 2009 were \$26.9 million, an increase of \$4.7 million compared to outstanding member loans reported in fiscal year 2008. The increase in member loans during this period can be attributed to an increase in the number and amounts of new loans disbursed. Members are permitted to borrow up to 75% (for certain members up to 90 %) of their required contributions, including accumulated interest.

**Plan Net Assets**  
**June 30, 2010, 2009 and 2008**  
(In thousands)

	2010	2009	2008
Cash	\$ 182	\$ 989	\$ 466
Receivables	354,823	262,379	164,792
Investments — at fair value	6,710,573	5,772,760	7,053,490
Collateral from securities lending	604,956	804,297	1,133,253
Other assets	76,190	2,518	2,097
Total assets	<u>7,746,724</u>	<u>6,842,943</u>	<u>8,354,098</u>
Accounts payable	38,761	18,643	23,070
Payables for investments purchased	646,837	426,605	362,311
Accrued benefits payable	13,977	13,177	14,709
Payables for securities lending transactions	608,385	807,726	1,136,683
Total liabilities	<u>1,307,960</u>	<u>1,266,151</u>	<u>1,536,773</u>
Plan net assets held in trust for benefits	<u>\$ 6,438,764</u>	<u>\$ 5,576,792</u>	<u>\$ 6,817,325</u>

The Plan's receivables and payables are primarily generated through the timing difference between the trade and settlement dates for investment securities purchased or sold.

**INVESTMENT SUMMARY**

**Investment Summary**  
**June 30, 2010, 2009 and 2008**  
(In thousands)

Type of Investment (Fair Value)	2010	2009	2008
Short-term investments	\$ 407,652	\$ 263,027	\$ 291,270
U.S. debt securities	1,746,428	1,667,791	1,851,044
Yankee bonds	6,278	12,669	15,135
U.S. equity securities	2,746,864	2,282,396	3,044,226
Mutual funds	1,243,461	1,106,496	1,443,655
Collateral from securities lending	604,956	804,297	1,133,253
Promissory notes	2,852	2,729	3,026
Private equity	557,038	437,652	405,134
Total	<u>\$ 7,315,529</u>	<u>\$ 6,577,057</u>	<u>\$ 8,186,743</u>

## **INVESTMENTS**

The table above summarizes the Plan's investment portfolio including collateralized securities lending. Due to the long-term nature of the Plan's benefit obligations, the Plan's assets are invested with a long-term investment horizon. Assets are invested in a diversified portfolio of capital market securities. Investments in these assets are expected to produce higher returns, but are also subject to greater volatility and may produce negative returns. The Investment results for fiscal year 2010 were generally consistent with related benchmarks, within asset classes. Overall, most asset classes posted gains during the fiscal period. For example, the Russell 3000 index, a broad measure of the United States stock market posted gains of 15.7% in fiscal year 2010, compared to the decline of 26.6% in fiscal year 2009. Similarly, the Plan's investment portfolio posted gains of 14.7% for fiscal years 2010 compared to the decline of 18.8% for fiscal year 2009. For the three-year period ended June 30, 2010, the overall rate of return on the Plan's investment portfolio was negative 4.1%.

## **CONTACT INFORMATION**

This financial report is designed to provide a general overview of the New York City Fire Department Pension Fund's finances. Questions concerning any data provided in this report or requests for additional information should be directed to Chief Accountant, New York City Fire Department Pension Fund, 9 Metrotech Center, 6W-03-K, Brooklyn, NY 11201-3751.

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# NEW YORK CITY FIRE DEPARTMENT PENSION FUND

## STATEMENTS OF PLAN NET ASSETS

JUNE 30, 2010 AND 2009

(In thousands)

	2010	2009
ASSETS:		
Cash	\$ 182	\$ 989
Receivables:		
Investment securities sold	298,303	213,728
Member loans (Note 6)	34,391	26,884
Accrued interest and dividends	<u>22,129</u>	<u>21,767</u>
Total receivables	<u>354,823</u>	<u>262,379</u>
Investments — at fair value (Notes 2 and 3):		
Short-term investments:		
Short-term investment fund	236,905	126,882
Commercial paper	170,747	136,145
Debt securities:		
U.S. Government	860,846	878,359
Corporate	885,582	789,432
Yankee bonds	6,278	12,669
Equities:		
Domestic	2,746,864	2,282,396
Private equity	446,855	333,280
Private equity real estate	110,183	104,372
Mutual fund:		
International — equity	1,011,471	895,135
Domestic — equity	15,078	13,131
Mortgage — debt security	43,385	40,264
Treasury inflation protected securities	173,527	157,966
Promissory notes	2,852	2,729
Collateral from securities lending	<u>604,956</u>	<u>804,297</u>
Total investments	<u>7,315,529</u>	<u>6,577,057</u>
Other assets	<u>76,190</u>	<u>2,518</u>
Total assets	<u>7,746,724</u>	<u>6,842,943</u>
LIABILITIES:		
Accounts payable	38,761	18,643
Payables for investment securities purchased	646,837	426,605
Accrued benefits payable (note 1)	13,977	13,177
Securities lending (note 2)	<u>608,385</u>	<u>807,726</u>
Total liabilities	<u>1,307,960</u>	<u>1,266,151</u>
Plan net assets held in trust for benefits (a schedule of funding progress for the Plan is presented on Schedule 1)	<u>\$ 6,438,764</u>	<u>\$ 5,576,792</u>

See notes to financial statements.



# NEW YORK CITY FIRE DEPARTMENT PENSION FUND

## STATEMENTS OF CHANGES IN PLAN NET ASSETS YEARS ENDED JUNE 30, 2010 AND 2009

(In thousands)

	2010	2009
<b>ADDITIONS:</b>		
Contributions:		
Member contributions	\$ 89,223	\$ 84,357
Employer contributions	<u>874,331</u>	<u>843,751</u>
Total contributions	<u>963,554</u>	<u>928,108</u>
Investment income (Note 2):		
Interest income	96,958	106,811
Dividend income	79,139	80,229
Net appreciation (depreciation) in fair value of investments	<u>666,775</u>	<u>(1,457,773)</u>
Total investment income (loss)	842,872	(1,270,733)
Less:		
Investment expenses	<u>28,377</u>	<u>22,719</u>
Net income (loss)	<u>814,495</u>	<u>(1,293,452)</u>
Securities lending transactions:		
Securities lending income	4,430	21,996
Securities lending fees	<u>(724)</u>	<u>(11,461)</u>
Net securities lending income	<u>3,706</u>	<u>10,535</u>
Net investment income (loss)	<u>818,201</u>	<u>(1,282,917)</u>
Other:		
Net receipts from other retirement systems	32,699	39,541
Litigation income	<u>2,291</u>	<u>3,188</u>
Total additions	<u>1,816,745</u>	<u>(312,080)</u>
<b>DEDUCTIONS</b>		
Benefit payments and withdrawals	<u>954,773</u>	<u>928,453</u>
Total deductions	<u>954,773</u>	<u>928,453</u>
INCREASE (DECREASE) IN PLAN NET ASSETS	861,972	(1,240,533)
PLAN NET ASSETS HELD IN TRUST FOR BENEFITS:		
Beginning of year	<u>5,576,792</u>	<u>6,817,325</u>
End of year	<u>\$ 6,438,764</u>	<u>\$ 5,576,792</u>

See notes to financial statements.

# NEW YORK CITY FIRE DEPARTMENT PENSION FUND QUALIFIED PENSION PLAN

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2010 AND 2009

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## 1. PLAN DESCRIPTION

The City of New York ("The City") maintains a number of pension systems providing benefits for employees of its various agencies (as defined within New York State ("State") statutes and City laws). The City's five major actuarially-funded pension systems are the New York City Fire Department Pension Fund (the "Plan"), the New York City Employees' Retirement System (NYCERS), the Teachers' Retirement System of the City of New York - Qualified Pension Plan (TRS), the New York City Board of Education Retirement System- Qualified Pension Plan (BERS) and the New York City Police Pension Fund (POLICE). Each pension system is a separate Public Employee Retirement System (PERS) with a separate oversight body and is financially independent of the others.

The New York City Fire Department, Subchapter Two Pension Fund is generally being referred to herein as the New York City Fire Department Pension Fund as set forth in Administrative Code of The City of New York Section 13-313.1.

The Plan is a single-employer PERS. The Plan provides pension benefits for full-time uniformed employees of the New York City Fire Department (the "Employer"). All full-time uniformed employees of the New York City Fire Department become members of the Plan upon employment.

The Plan functions in accordance with existing State statutes and City laws. It combines features of a defined benefit pension plan with those of a defined contribution pension plan. Contributions are made by the Employer and the members.

In June 1991, the Governmental Accounting Standards Board (GASB) issued Statement No. 14, *The Financial Reporting Entity*. The definition of the reporting entity is based primarily on the notion of financial accountability. In determining financial accountability for legally separate organizations, the Plan considered whether its officials appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or if there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Plan. The Plan also considered whether there are organizations that are fiscally dependent on it. It was determined that there are no component units of the Plan.

The Plan is included in the Pension and Other Employee Benefit Trust Funds section of The City's Comprehensive Annual Financial Report (CAFR).

At June 30, 2008 and June 30, 2007, the dates of the Plan's most recent actuarial valuations, the Plan's membership consisted of:

	2008	2007
Retirees and beneficiaries receiving benefits	\$ 17,404	\$ 17,479
Terminated vested members not yet receiving benefits	32	35
Other inactives *	53	28
Active members receiving salary	<u>11,574</u>	<u>11,528</u>
 Total	 <u>\$ 29,063</u>	 <u>\$ 29,070</u>

\* Represents members who are no longer on payroll but not otherwise classified.

Under the One-Year Lag Methodology (OYLM) in effect for Fiscal Years beginning 2006, the actuarial valuation determines the Employer Contribution for the second following Fiscal Year. June 30, 2008 and June 30, 2007 are the dates used for calculating Fiscal Years 2010 and 2009 Employer Contributions, respectively.

There are two benefit structures: The Original Plan (old program) covering members hired prior to July 1, 1981 and the Improved Benefits Plan (new program) covering members hired on and after July 1, 1981 and members hired prior to July 1, 1981 who elected the Improved Benefits Plan. The Plan pays the benefits for both programs.

The Plan provides three main types of retirement benefits: service retirements, ordinary disability retirements (non job-related disabilities) and accident disability retirements (job-related disabilities). For Tier I (Tier 1) and Tier II (Tier 2) members, the Plan generally provides:

- A service retirement benefit, in both programs, provides an allowance of one-half of "final salary" after 20 years or 25 years of service (as elected), with additional benefits equal to a specified percentage per year of service (currently approximately 1.67%) of "average salary" times the number of years of service in excess of the 20-year or 25-year minimum. Under the new program, these additional benefits are increased, where applicable, by an annuity attributable to employee contributions accumulated with interest with respect to service over the 20-year or 25-year minimum and an annuity attributable to the Increased-Take-Home-Pay (ITHP) contributions accumulated after required member qualifying service. ITHP represents amounts contributed by The City in lieu of members' own contributions. These amounts reduce the contributions that the members would have to make to the Plan during their service and thereby increases their take-home pay. Members have the choice of waiving their ITHP reduction, which would reduce their take-home pay, but provide them with additional benefits upon retirement.
- An ordinary disability retirement benefit generally provides a pension equal to 1/40 of "final salary" times the number of years of service but not less than one-half of "final salary" if 10 or more years of service were completed, or one-third of "final salary" if less than 10 years of service were completed. Members of the Improved Benefits Plan with years of service in excess of 20 years receive the actuarial equivalent of their Annuity Savings Fund balance.
- An accident disability retirement benefit provides a pension of three-fourths of "final salary" plus an increment, as described above based on years of service in excess of the 20-years or 25-years minimum plus, (i) under the Original Plan, accumulated employee contributions

without interest as a lump sum or an actuarially equivalent annuity, (ii) under the Improved Benefits Plan, an annuity based on the member's contributions and ITHP contributions both of which are accumulated with interest.

Annuities attributable to member contributions are reduced on an actuarial basis for any loans with unpaid balances outstanding at the date of retirement.

Chapter 659 of the Laws of 1999 reduced the amount of service credit needed for vesting purposes to five years, subject to certain conditions. In addition, the Plan includes provisions for death benefits.

During the Spring 2000 session, the State Legislature approved and the State Governor (Governor) signed laws that provide automatic Cost-of-Living Adjustments (COLA) for certain retirees and beneficiaries (Chapter 125 of the Laws of 2000), an increase of the ITHP contributions rate to 5.0% from 2.5% for certain Tier 1 and Tier 2 members (Chapter 373 of the Laws of 2000) and a revised definition of salary to be used for the computation of certain Tier 2 benefits (Chapter 372 of the Laws of 2000).

Finally, certain service retirees also receive supplemental benefits under the New York City Fire Department Variable Supplements Funds, which are not included in these financial statements.

The State Constitution provides that the pension rights of public employees are contractual and shall not be diminished or impaired. In 1973, amendments were made to the New York State Retirement and Social Security Law (RSSL) to modify certain benefits for employees joining the Plan on or after the effective date of such amendments. These amendments, which affect employees who joined the Plan on or after July 1, 1973, established certain benefit limitations relating to eligibility for retirement, the salary base for benefits and maximum benefits. Recent laws, including but not limited to Chapter 372 of the Laws of 2000 which provides a revised definition of salary base to be used in the computation of certain benefits for Tier 2 members of the Plan and Chapter 589 of the Laws of 2001 which eliminated the Tier 2 maximum 30 years of service limitation, have lessened these limitations.

**Tier III (Tier 3)** – In June of 2009 the Governor vetoed legislation that would have extended Tier II (Tier 2) to members hired after June 30, 2009. As a result of the Governor's veto, FIRE members hired on and after July 1, 2009 are covered under Tier III (Tier 3).

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

**Basis of Accounting** — The Plan uses the accrual basis of accounting where the measurement focus is on the flow of economic resources. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred. Contributions from members are recognized when the Employer makes payroll deductions from Plan members. Employer contributions are recognized when due and the Employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

**Investment Valuation** — Investments are reported at fair value. Securities purchased pursuant to agreements to resell are carried at the contract price, exclusive of interest, at which the securities will be resold. Fair value is defined as the quoted market value on the last trading day of the period, except for the Short-Term Investment Fund (STIF) (a money market fund), International Investment funds (IIF) and Alternative Investment funds (ALTINVF). The IIF are private funds of publicly

received securities totaling \$102.4 thousand from distributions in bankruptcy proceedings. There were no recoveries for the defaulted security in fiscal year 2010.

The securities lending program in which the Plan participates only allows pledging or selling securities in the case of borrower default.

GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, requires that securities loaned as assets and related liabilities be reported in the statements of Plan net assets. Cash received as collateral on securities lending transactions and investments made with that cash are reported as assets. Securities received as collateral are also reported as assets if the government entity has the ability to pledge or sell them without a borrower default. Accordingly, the Plan recorded the investments purchased with the cash collateral as collateral from securities lending with a corresponding liability for securities lending.

Securities on loan are carried at market value and the value as of June 30, 2010 is \$632.0 million. As of the balance sheet date the maturities of the investments made with cash collateral on average exceed the maturities of the securities loans by approximately 30 days.

### 3. INVESTMENTS AND DEPOSITS

The Comptroller of The City of New York (the "Comptroller") acts as an investment advisor to the Plan. In addition, the Plan employs an independent investment consultant as an investment advisor. The Plan utilizes several investment managers to manage the long-term debt and equity portfolios. The managers are regularly reviewed, with regard to both their investment performance and their adherence to investment guidelines.

#### **Concentration of Credit Risk**

The Plan does not have any investments in any one entity that represent 5% or more of plan net assets.

The legal requirements for Plan investments are as follows:

- a. Fixed income, equity and other investments may be made as permitted by New York State RSSL §§ 176-178(a) and Banking Law § 235, the New York City Administrative Code, and the Legal Investments for New York Savings Banks list as published by The New York State Banking Department, subject to Note 3(b).
- b. Investments up to 25% of total pension fund assets may be made in instruments not expressly permitted by the State RSSL.

Bank of New York Mellon (BNYM) is the primary custodian for substantially all of the securities of the Plan.

Cash deposits are insured by the Federal Deposit Insurance Corporation for up to \$250,000 per Plan member and are, therefore, fully insured.

**Credit Risk** — Portfolios other than U.S. Government and related portfolios have credit rating limitations. Investment Grade portfolios are limited to mostly ratings of BBB and above except that they are also permitted a 10% maximum exposure to BB & B rated securities. While non-investment grade managers are primarily invested in BB & B rated securities, they can also invest up to 7% of

traded securities which are managed by various investment managers on behalf of the Plan. Fair value is determined by Plan management based on information provided by the various investment managers. The investment managers determine fair value using the last available quoted price for each security owned adjusted by any contributions to or withdrawals from the fund during the period. The ALTINVF are Investments for which exchange quotations are not readily available and are valued at estimated fair value as determined in good faith by the General Partner (GP). These investments are initially valued at cost with subsequent adjustments that reflect third party transactions, financial operating results and other factors deemed relevant by the GP. Fair value is determined by plan management based on information provided by the various GP's after review by an independent consultant and the custodian bank for the fund.

Purchases and sales of securities are reflected on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on an accrual basis.

No investment in any one security represents 5% or more of the Plan net assets held in trust for benefits.

**Income Taxes** — Income earned by the Plan is not subject to Federal income tax.

**Accounts Payable** — Accounts payable is principally comprised of amounts owed to the Plan's banks for overdrawn bank balances. The Plan's practice is to fully invest cash balances in most bank accounts on a daily basis. Overdrawn balances result primarily from outstanding benefit checks that are presented to the banks for payment on a daily basis, and these balances are routinely settled each day.

**Securities Lending Transactions** — State statutes and Board policies permit the Plan to lend its investments to broker-dealers and other entities for collateral, with a simultaneous agreement to return the collateral for the same securities in the future. The Plan's custodian lends the following types of securities: short-term securities, common stock, long-term corporate bonds, U.S. Government and U.S. Government agencies' bonds, asset-backed securities and international equities and bonds held in collective investment funds. In return, it receives collateral in the form of cash and U.S. Treasury and U.S. Government agency securities at 100 percent to 105 percent of the principal plus accrued interest for reinvestment. At June 30, 2010, management believes the Plan had no credit risk exposure to borrowers because the amounts the Plan owed the borrowers equaled or exceeded the amounts the borrowers owed the Plan. The contracts with the Plan's custodian require borrowers to indemnify the Plan if the borrowers fail to return the securities and if the collateral is inadequate to replace the securities loaned or fail to pay the Plan for income distributions by the securities' issuers while the securities are on loan. All securities loans can be terminated on demand within a period specified in each agreement by either the Plan or the borrowers. Cash collateral is invested in the lending agents' short-term investment pools, which have a weighted-average maturity of 90 days. The underlying fixed income securities in these pools have an average maturity of ten years.

During Fiscal Year 2003, the value of certain underlying securities became impaired because of the credit failure of the issuer. Accordingly, the carrying amount of the collateral reported in the Plan's statements of plan net assets for fiscal year 2003 was reduced by \$10 million to reflect this impairment and reflect the net realizable value of the securities purchased with collateral from securities lending transactions. In fiscal years 2004 through 2007, the Plan received \$2.6 million from distribution in bankruptcy proceedings from the defaulted issuers. During the same period, the Plan also received \$3.9 million from litigation settlements. For fiscal years 2009 and 2008, the Plan

their portfolio in securities rated CCC. Non-rated securities are considered to be non-investment grade. The quality ratings of investments, by percentage of the rated portfolio, as described by nationally recognized statistical rating organizations, are as follows:

Investment Type and Fair Value June 30 2010	S&P Quality Ratings									
	AAA	AA	A	BBB	BB	B	CCC & Below	Short term	Not Rated	Total
U.S. Government	- %	- %	- %	- %	- %	- %	- %	- %	- %	- %
Corporate bonds	1.90	3.73	12.62	18.22	13.33	15.76	4.66	5.35	-	75.57
Yankee bonds	0.04	0.02	0.13	0.19	-	-	-	-	0.15	0.53
Short-term:										
Commercial paper	-	-	-	-	-	-	-	3.74	-	3.74
Pooled fund	-	-	-	-	-	-	-	-	20.16	20.16
U.S. Agencies	-	-	-	-	-	-	-	-	-	-
U.S. Treasuries	-	-	-	-	-	-	-	-	-	-
Percent of rated portfolio	<u>1.94 %</u>	<u>3.75 %</u>	<u>12.75 %</u>	<u>18.41 %</u>	<u>13.33 %</u>	<u>15.76 %</u>	<u>4.66 %</u>	<u>9.09 %</u>	<u>20.31 %</u>	<u>100.00 %</u>

Investment Type and Fair Value June 30, 2009	S&P Quality Ratings									
	AAA	AA	A	BBB	BB	B	CCC & Below	Short term	Not Rated	Total
U.S. Government	- %	- %	- %	- %	- %	- %	- %	- %	- %	- %
Corporate bonds	6.09	2.33	14.11	17.18	14.67	13.27	3.69	-	2.80	74.14
Yankee bonds	0.01	0.02	0.36	0.71	0.04	0.01	-	-	0.04	1.19
Short-term:										
Commercial paper	-	-	-	-	-	-	-	12.75	-	12.75
Pooled fund	-	-	-	-	-	-	-	-	11.92	11.92
U.S. Agencies	-	-	-	-	-	-	-	-	-	-
Percent of rated portfolio	<u>6.10 %</u>	<u>2.35 %</u>	<u>14.47 %</u>	<u>17.89 %</u>	<u>14.71 %</u>	<u>13.28 %</u>	<u>3.69 %</u>	<u>12.75 %</u>	<u>14.76 %</u>	<u>100.00 %</u>

\*U.S. Treasury Bonds, Notes and Treasury-inflation protected securities are obligations of the U.S. government or explicitly guaranteed by the U.S. government and therefore not considered to have credit risk and are not included above.

**Custodial Credit Risk** — Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan and are held by either the counterparty or the counterparty's trust department or agent but not in the Plan's name.

Consistent with the Plan's investment policy, the investments are held by the Plan's custodian and registered in the Plan's name.

All of the Plan's deposits are insured and or collateralized by securities held by a financial institution separate from the Plan's depository financial institution.

All of the Plan's securities are held by the Plan's custodial bank in the Plan's name.

**Interest Rate Risk** — Interest rate risk is the risk that the fair value of investments could be adversely affected by the change in interest rates. Duration limits are used to control the portfolios exposure to interest rate changes. Duration is limited to a range of -1 to .75 years. Duration range is a measure of the overall portfolio, while statements of the stated maturity reflect the specific maturities of the individual securities held. The lengths of investment maturities (in years), as shown by the percent of the rated portfolio, are as follows:

Years to Maturity June 30, 2010	Investment Maturities				
	Fair Value	Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
U.S. Government	39.76 %	- %	1.58 %	6.84 %	31.34 %
Corporate bonds	41.09	2.59	12.40	17.53	8.57
Yankee bonds	0.28	0.00	0.19	0.05	0.04
Short-term:					
Commercial paper	2.04	2.04	-	-	-
Pooled fund	10.96	10.96	-	-	-
U.S. Agencies	0.53	0.53	-	-	-
U.S. Treasuries	5.34	5.34	-	-	-
Percent of rated portfolio	<u>100.00 %</u>	<u>21.46 %</u>	<u>14.17 %</u>	<u>24.42 %</u>	<u>39.95 %</u>

Years to Maturity June 30, 2009	Investment Maturities				
	Fair Value	Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
U.S. Government	45.19 %	0.02 %	1.91 %	4.53 %	38.73 %
Corporate bonds	40.62	0.71	11.97	16.85	11.09
Yankee bonds	0.65	0.01	0.30	0.12	0.22
Short-term:					
Commercial paper	6.99	6.93	-	0.06	-
Pooled fund	6.53	6.53	-	-	-
U.S. Agencies	0.02	0.02	-	-	-
Percent of rated portfolio	<u>100.00 %</u>	<u>14.22 %</u>	<u>14.18 %</u>	<u>21.56 %</u>	<u>50.04 %</u>



**Securities Lending Transactions:**

*Credit Risk* — The quality ratings of investments held as collateral for Securities Lending are as follows:

**Investment Type and Fair Value of Securities Lending Transactions (In Thousands)**

**S&P Quality Ratings**

	AAA	AA	A	BBB	BB	B	CCC & Below Term	Short Term	Not Rated	Total
<b>June 30, 2010</b>										
U.S. Government Corporate bonds	\$ 138,005	\$ 157,384	\$ 62,336	\$ -	\$ -	\$ 19	\$ -	\$ -	\$ 3,870	\$ 361,713
Yankee bonds	-	-	-	-	-	-	-	-	-	-
Short-term:										
Repurchase agreements	-	-	-	-	-	-	-	-	-	-
Reverse repurchase agreements	-	-	-	-	-	-	-	-	-	-
Certificate of deposits	-	38,535	80,759	-	-	-	-	1,643	85,640	1,643
Certificate of deposits-floaters	-	-	-	-	-	-	-	4,389	-	85,640
Commercial paper	-	-	8,955	-	-	-	-	696	-	8,955
Money market	-	-	-	-	-	-	-	606	379	9,651
Bank notes	-	-	-	-	-	-	-	40	-	379
U.S. Agencies	-	-	-	-	-	-	-	24	-	606
Time deposit	-	-	21,577	-	-	-	-	-	-	40
<b>Total</b>	<b>\$ 138,005</b>	<b>\$ 195,919</b>	<b>\$ 173,627</b>	<b>\$ -</b>	<b>\$ 19</b>	<b>\$ 0.01 %</b>	<b>- %</b>	<b>\$ 7,497</b>	<b>\$ 89,889</b>	<b>\$ 604,956</b>
Percent of securities lending portfolio	22.81 %	32.38 %	28.70 %	- %	- %	0.01 %	- %	1.24 %	14.86 %	100.00 %

	AAA	AA	A	BBB	BB	B	CCC & Below Term	Short Term	Not Rated	Total
<b>June 30, 2009</b>										
U.S. Government Corporate bonds	\$ 166,998	\$ 72,865	\$ 152,556	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,199	\$ 396,759
Yankee bonds	-	-	-	-	-	-	-	-	-	-
Short-term:										
Repurchase agreements	-	-	-	-	-	-	-	-	-	-
Reverse repurchase agreements	-	-	-	-	-	-	-	-	-	-
Certificate of deposits	-	-	12,613	-	-	-	-	7,909	165,102	7,909
Certificate of deposits-floaters	-	-	29,827	-	-	-	-	9,820	-	165,102
Commercial paper	-	-	-	-	-	-	-	3,307	-	22,433
Money market	-	-	-	-	-	-	-	1,805	268	29,827
Bank notes	-	49,484	90,598	-	-	-	-	-	-	3,307
Time deposit	-	-	36,805	-	-	-	-	-	-	268
<b>Total</b>	<b>\$ 166,998</b>	<b>\$ 122,349</b>	<b>\$ 322,399</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,982</b>	<b>\$ 169,569</b>	<b>\$ 804,297</b>
Percent of securities lending portfolio	20.76 %	15.21 %	40.09 %	- %	- %	- %	- %	2.86 %	21.08 %	100.00 %

**Interest Rate Risk** — The lengths of investment maturities (in years) of the collateral for Securities Lending are as follows:

Years to Maturity Investment Type	Investment Maturities				
	Fair Value	Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
(In Thousands) June 30, 2010					
U.S Government	\$ -	\$ -	\$ -	\$-	\$-
Corporate bonds	361,713	251,619	110,094	-	-
Yankee bonds	-	-	-	-	-
Short-term:					
Repurchase agreements	1,643	1,643	-	-	-
Reverse repurchase agreements	85,640	85,640	-	-	-
Certificate of deposits	123,683	73,620	50,063	-	-
Certificate of deposits-floaters	-	-	-	-	-
Commercial paper	9,651	9,651	-	-	-
Money market	379	379	-	-	-
Bank notes	606	606	-	-	-
U.S. Agencies	40	40	-	-	-
Time deposits	21,601	21,601	-	-	-
Total	<u>\$ 604,956</u>	<u>\$444,799</u>	<u>\$160,157</u>	<u>\$</u>	<u>\$</u>
Percent of securities lending portfolio	<u>100.00 %</u>	<u>73.53 %</u>	<u>26.47 %</u>	<u>- %</u>	<u>- %</u>

(In Thousands) June 30, 2009	Investment Maturities				
	Fair Value	Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
U.S Government	\$ -	\$ -	\$ -	\$-	\$-
Corporate bonds	396,759	183,106	213,653	-	-
Yankee bonds	-	-	-	-	-
Short-term:					
Repurchase agreements	7,909	7,909	-	-	-
Reverse repurchase agreements	165,102	165,102	-	-	-
Certificate of deposits	22,433	22,433	-	-	-
Certificate of deposits-floaters	29,827	29,827	-	-	-
Commercial paper	3,307	3,307	-	-	-
Money market	268	268	-	-	-
Bank notes	141,887	92,403	49,484	-	-
Time deposits	36,805	36,805	-	-	-
Total	<u>\$ 804,297</u>	<u>\$541,160</u>	<u>\$263,137</u>	<u>\$-</u>	<u>\$-</u>
Percent of securities lending portfolio	<u>100.00 %</u>	<u>67.00 %</u>	<u>33.00 %</u>	<u>- %</u>	<u>- %</u>

#### 4. DUE TO VARIABLE SUPPLEMENTS FUNDS (VSFS)

The Administrative Code of The City of New York (ACNY) provides that the Plan transfer to the Firefighters' Variable Supplements Fund (FFVSF) and the Fire Officers' Variable Supplements Fund (FOVSF) amounts equal to certain excess earnings on equity investments of the Plan, if any. These excess earnings are defined as the amount by which earnings on equity investments of the Plan exceed what the earnings would have been had such funds been invested at a yield comparable to that available from fixed income securities, less any cumulative deficiencies of prior years' excess earnings that fell below the yield of fixed income investments. In addition, such transfers from the Plan to the FFVSF and FOVSF are limited to the unfunded Accumulated Benefit Obligation (ABO) of these VSFs.

For Fiscal Year 2010, the excess earnings of the Plan, inclusive of prior years' cumulative deficiencies, are estimated to be equal to zero and therefore, no transfers will be due from the Plan to the VSFs as of June 30, 2010.

For Fiscal Year 2009, the excess earnings of the Plan, inclusive of prior years' cumulative deficiencies, are estimated to be equal to zero and therefore, no transfers will be due from the Plan to the VSFs as of June 30, 2009.

## 5. CONTRIBUTIONS AND ACTUARIAL ASSUMPTIONS

The financial objective of the Plan is to fund members' retirement benefits during their active service and to establish Employer contribution rates which, expressed as a percentage of annualized covered payroll, will remain approximately level from year to year. Under current law, the Employer contributes statutorily-required contributions (Statutory Contributions) that together with Member Contributions, and investment income would ultimately be sufficient to accumulate assets to pay benefits when due.

**Member Contributions** – Tier I (Tier 1) and Tier II (Tier 2) members contribute by salary deductions on the basis of a normal rate of contribution which is assigned by the Plan at membership. This member normal rate, which is dependent upon age and actuarial tables in effect at the time of membership, is determined so as to provide approximately one-fourth of the service retirement allowance at the earliest age for service retirement. For Tier 1, the average member normal rate is approximately 7.4%. For Tier 2, the average member normal rate is approximately 6.8%.

These member contributions are reduced by 5.0% under the ITHP program.

Members may voluntarily increase their rates of contribution by 50% for the purpose of purchasing an additional annuity. Members are permitted to borrow up to 90% of their own contributions including accumulated interest.

**Tier III (Tier 3)** – In June of 2009 the Governor vetoed legislation that would have extended Tier II (Tier 2) to members hired after June 30, 2009. As a result of the Governor's veto, FIRE members hired on and after July 1, 2009 are covered under Tier III (Tier 3).

Tier III (Tier 3) members contribute 3.0% of salary until they have 25 years of credited service.

**Employer Contributions** — Statutory Contributions to the Plan, determined by the Plan's Chief Actuary of the Office of the Actuary (the "Actuary") in accordance with State statutes and City laws, are generally funded by the Employer within the appropriate fiscal year.

The June 30, 2008 (Lag) actuarial valuation was used to determine the Fiscal Year 2010 Employer Contribution. There were no changes in actuarial assumptions and methods from the prior actuarial valuation.

The June 30, 2007 (Lag) actuarial valuation was used to determine the Fiscal Year 2009 Employer Contribution. There were no changes in actuarial assumptions and methods from the prior actuarial valuation.

The Frozen Initial Liability Actuarial Cost Method is utilized by the Actuary to calculate the contributions from the Employer. Under this actuarial cost method, the Initial Liability was reestablished by the Entry Age Actuarial Cost Method as of June 30, 1999, but with the Unfunded Actuarial Accrued Liability (UAAL) not less than zero. The excess of the Actuarial Present Value (APV) of projected benefits of members as of the valuation date, over the sum of the Actuarial Asset Value (AAV) plus UAAL, if any, and the APV of future employee contributions, is allocated on a level basis over the future earnings of members who are on the payroll as of the valuation date. Actuarial gains and losses are reflected in the employer normal contribution rate.

Chapter 85 of the Laws of 2000 (Chapter 85/00) reestablished the UAAL and eliminated the Balance Sheet Liability (BSL) for actuarial purposes as of June 30, 1999. The schedule of payments toward the reestablished UAAL provides that the UAAL be amortized over a period of 11 years beginning Fiscal Year 2000, where each annual payment after the first equals 103% of its preceding annual payment.

The obligations of the Plan to the FFVSF and the FOVSF are recognized through the Liability Valuation Method.

Under this method the APV of Future SKIM from the Plan to the FFVSF and FOVSF is included directly as an actuarial liability to the Plan. SKIM is all or a portion of the excess earnings on equity securities of the Plan which are transferable to the FFVSF and FOVSF. The APV of Future SKIM is computed as the excess, if any, of the APV of benefits of the FFVSF and FOVSF offset by the AAV of the FFVSF and FOVSF, respectively.

Beginning with the June 30, 2004 (Lag) actuarial valuation, the Actuarial Asset Valuation Method (AAVM) was changed to a method which reset the AAV to Market Value (i.e., "Market Value Restart") as of June 30, 1999. As of each June 30 thereafter the AAVM recognizes investment returns greater or less than expected over a period of six years.

Under this revised AAVM, any Unexpected Investment Returns (UIR) for Fiscal Years 2000 and later are phased into the AAV beginning the following June 30 at a rate of 15%, 15%, 15%, 15%, 20% and 20% per year (or cumulative rates of 15%, 30%, 45%, 60%, 80% and 100% over a period of six years).

The UIR for Fiscal Years 2000 to 2004 under the revised AAVM was set equal to the UIR under the prior AAVM.

For determining employer contributions for Fiscal Years 2000 through 2004 inclusive, the AAVM was changed as of June 30, 1999 to reflect a market basis for investments held by the Plan. This AAVM recognized expected investment returns immediately and phased in UIR.

Under this prior AAVM, any UIR for Fiscal Years 2000 through 2004 inclusive were phased into the AAV beginning the following June 30 at a rate of 10%, 15%, 20%, 25% and 30% per year (i.e., cumulative rates of 10%, 25%, 45%, 70% and 100% over a period of five years).

Chapter 125 of the Laws of 2000 (Chapter 125/00) provided eligible retirees and eligible beneficiaries with increased Supplementation as of September 2000 and with automatic COLA beginning September 2001. Chapter 125/00 also provided for a five-year phase-in schedule for funding the additional actuarial liabilities created by the benefits provided by this law. Chapter 278 of the Laws of 2002 (Chapter 278/02) required the Actuary to revise the methodology and timing for determining the Statutory Contributions on account of the additional actuarial liabilities attributable to the benefits provided under Chapter 125/00 by extending the phase-in period for funding these liabilities from five years to ten years.

The impact of the ten-year phase-in of Chapter 278/02 was to postpone funding of the additional actuarial liabilities attributable to Chapter 125/00 resulting in greater Employer Contributions in later years.

Chapter 152 of the Laws of 2006 (Chapter 152/06) eliminated the ten-year phase-in. All actuarial liabilities attributable to Chapter 125/00 are now recognized in the actuarial valuation.

Statutory Contributions for Fiscal Years 2010 and 2009 were equal to the amounts calculated by the Actuary.

**Funded Status and Funding Progress** — One measure of the funded status of the Plan as of June 30, 2008, the most recent actuarial valuation date, based on the Frozen Initial Liability Actuarial Cost Method, the plan's funding method, is as follows (dollar amounts in thousands):

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll ((b-a)/c)
<u>\$ 6,942,992</u>	<u>\$6,986,243</u>	<u>\$43,251</u>	<u>99.38%</u>	<u>\$ 1,051,592</u>	<u>4.1%</u>

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits under the Plan's Actuarial Cost Method.

An additional schedule of funding progress, presented as supplementary information following the notes to the financial statements, presents multiyear trend information about whether actuarial values of plan assets are increasing or decreasing over time relative to AALs for benefits under the Entry Age Actuarial Cost Method.

Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2008 (Lag)
Actuarial Cost Method	Frozen Initial Liability
Amortization Method Initial Unfunded	Increasing Dollar
Remaining Amortization Period Initial Unfunded	1
Asset Valuation Method	6-Year Smoothed Market
Actuarial Assumptions Projected Salary Increases *	In general, merit and promotion increases plus assumed general wage increases of 3.0% per annum.
Investment Rate of Return *	8.0% per annum
COLAs *	1.3% per annum

\* Developed assuming a long-term Consumer Price Inflation assumption of 2.5% per annum.

## 6. MEMBER LOANS

Members are permitted to borrow up to 90% (for certain members, the 75% has been increased to 90% effective July 20, 2004) of their own accumulated contributions including accumulated interest. The balance of member loans receivable at June 30, 2010 and 2009 is \$34.4 and \$26.9, respectively. Upon termination of employment before retirement, certain members are entitled to refunds of their own contributions including, for new program members, accumulated interest less any loans outstanding. Certain prior year loans to retirees were removed from member loans receivables. Such balances should be reduced at the effective date of retirement as a result of payoff or future benefit reductions.

## 7. RELATED PARTIES

The Comptroller has been appointed by law as custodian for Fixed Annuity Program assets with revocable discretionary authority. Securities are held by certain banks under custodial agreements with the Comptroller. The Comptroller also provides cash receipt and cash disbursement services to the Plan. Actuarial services are provided to the Plan by the Office of the Actuary employed by the Boards of Trustees of The City's main pension systems. The City's Corporation Counsel provides legal services to the Plan. Other administrative services are also provided by The City. The cost of providing such services amounted to \$2,133,181 and \$1,916,445 in Fiscal Years 2010 and 2009, respectively.

## 8. ADMINISTRATIVE AND INVESTMENT EXPENSES

There are no administrative expenses paid out of the Plan because they are paid for by related parties. Investment expenses charged to the investment earnings of the Plan, exclusive of expenses relating to securities-lending transactions amounted to approximately \$28.4 and \$22.7 in 2010 and 2009, respectively.

## 9. CONTINGENT LIABILITIES AND OTHER MATTERS

**Contingent Liabilities** — The Plan has a number of claims pending against it and has been named as a defendant in a number of lawsuits. The Plan also has certain other contingent liabilities. Management of the Plan, on the advice of legal counsel, believes that such proceedings will not have a material effect on the Plan net assets or changes in Plan net assets. Under the existing State statutes and City laws that govern the functioning of the Plan, increases in the obligations of the Plan to members and beneficiaries ordinarily result in increases in the obligations of The City to the Plan.

**Other Matters** — During Fiscal Years 2010 and 2009, certain events described below took place which, in the opinion of Plan management, could have the effect of increasing benefits to members and/or their beneficiaries. The effect of such events has not been fully quantified. However, it is the opinion of Plan management that such developments would not have a material effect on the statements of Plan net assets held in trust for pension benefits or cause changes in Plan net assets held in trust for pension benefits.

**Actuarial Audit** — Pursuant to Section 96 of the New York City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially-funded New York City Retirement Systems (NYCRS) are conducted every two years. The most recently completed study was published by The Segal Company (Segal) dated November 2006 and analyzed experience for Fiscal Years 2002 through 2005. Segal made recommendations with respect to the actuarial assumptions and methods based on their analysis.

Currently, the Hay Group (Hay) is conducting a study of actuarial assumptions and analyzing experience for Fiscal Years 2006 through 2009. Hay has completed their study of Fiscal Years 2006 and 2007. An analysis of experience for Fiscal Years 2008 and 2009 is underway. Hay will recommend changes to the actuarial assumptions and methods in conjunction with the completion of their study of experience for Fiscal Years 2008 and 2009.

The Actuary is currently reviewing results from the Segal and Hay studies in preparation for recommending revised actuarial assumptions and methods.

**Revised Actuarial Assumptions and Methods** — In accordance with the ACNY and with appropriate practice, the Boards of Trustees of the five actuarially-funded NYCRS are to periodically review and adopt actuarial assumptions as proposed by the Actuary for use in the determination of Employer Contributions.

Based in part upon a review of an October 2003 experience study by Gabriel, Roeder, Smith & Company (GRS), the Actuary issued an August 31, 2005 Report entitled "Proposed Changes in Actuarial Assumptions and Methods for Determining Employer Contributions for Fiscal Years Beginning on and After July 1, 2005 for the New York City Fire Pension Fund" ("August 2005 Report").

Where required, the Board of Trustees of the Plan adopted those changes to actuarial assumptions that required Board approval and the State Legislature and the Governor have enacted Chapter 152/06 to provide for those changes to the actuarial assumptions and methods that required legislation, including the AIR assumption of 8.0% per annum.

**New York State Legislation** (only significant laws included) — Chapter 104 of the Laws of 2005, as amended by Chapter 93 of the Laws of 2005, created a presumptive eligibility for accidental disability in connection with the World Trade Center attack on September 11, 2001.

Chapter 105 of the Laws of 2005 states that a member killed in the US Armed Forces on and after June 14, 2005 is deemed a Line-of-Duty death while on active payroll.

Chapter 152/06 provided for the changes in actuarial assumptions and methods that require legislation, including the continuation of the AIR assumption of 8.0% per annum and continuation of the current Frozen Initial Liability (FIL) Actuarial Cost Method and the existing Unfunded Actuarial (Accrued) Liability (UAL). In addition, Chapter 152/06 provides for elimination of the use of the ten-year phase-in of Chapter 278/02 for funding the additional actuarial liabilities created by the benefits provided by Chapter 125/00.

Chapter 445 of the Laws of 2006 (Chapter 445/06) created a presumptive eligibility for accidental death benefits in connection with the World Trade Center attack on September 11, 2001.

Chapter 654 of the Laws of 2006 expanded presumptive eligibility for Line-of-Duty accidental disability and accidental death benefits to include strokes effective from January 1, 2002.

Chapter 713 of the Laws of 2006 provides that FIRE members retired from the Fire Marshall title who are appointed to the Office of NYC Marshall will have no reduction or suspension of retirement allowance.

Chapter 5 of the Laws of 2007 amended Chapter 445/06 to clarify the World Trade Center accidental disability benefits payable to retirees who die in the first 25 years of retirement. It also amended Chapter 445/06 to include World Trade Center deaths as presumptive accidental death benefits in the Line-of-Duty.

Chapter 637 of the Laws of 2007 deems prior EMT service and service in certain other job titles as qualifying time for all pension purposes.

Chapter 489 of the Laws of 2008 expanded and redefined the eligibility provisions of the accidental disability and accidental death benefits that arise in connection with the World Trade Center attack on September 11, 2001.

Chapter 211 of the Laws of 2009 continued the valuation and other interest rates for one year to June 30, 2010 from June 30, 2009.

Chapter 265 of the Laws of 2010 continued the valuation and other interest rates for one year to June 30, 2011 from June 30, 2010.

**Tier III (Tier 3)** – In June of 2009 the Governor vetoed legislation that would have extended Tier II (Tier 2) to members hired after June 30, 2009. As a result of the Governor's veto, FIRE members hired on and after July 1, 2009 are covered under Tier III (Tier 3).

\* \* \* \* \*



**NEW YORK CITY FIRE DEPARTMENT PENSION FUND  
QUALIFIED PENSION PLAN**

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF FUNDING PROGRESS  
(IN CONFORMITY WITH THE PLAN'S FUNDING METHOD)  
(In Thousands)**

Actuarial Valuation Date June 30	(1) Actuarial Asset Value (AAV)	(2) Actuarial Accrued Liability (AAL)*	(3) Unfunded AAL (UAAL)	(4) Funded Ratio	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll
	(A)	(A) & (B)	(C) (2) - (1)	(1) ÷ (2)		(3) ÷ (5)
2008 (Lag)	\$ 6,942,992	\$ 6,986,243	\$ 43,251	99.4%	\$ 1,051,592	4.1%
2007 (Lag)	6,459,130	6,520,670	61,540	99.1	1,000,383	6.2
2006 (Lag)	6,174,111	6,251,960	77,849	98.8	932,730	8.3
2005 (Lag)	6,169,209	6,261,550	92,341	98.5	908,261	10.2
2004 (Lag) <sup>#</sup>	6,277,298	6,382,468	105,170	98.4	864,824**	12.2
2004	6,185,754	6,290,924	105,170	98.3	804,974	13.1

\* Based on the Frozen Initial Liability Actuarial Cost Method.

# Reflects revised actuarial assumptions and methods based on experience review.

\*\* The annualized covered payroll under the One-Year Lag Methodology used for the Fiscal Year 2006 Employer Contribution differs from that as of June 30, 2004 to compute Fiscal Year 2005 Employer Contribution due to changes in actuarial assumptions and methods and more recent information on labor contract settlements.

Notes:

- A. Beginning with the June 30, 2004 (Lag) actuarial valuation, the Actuarial Asset Valuation Method (AAVM) was changed to a method which reset the AAV to Market Value (i.e., "Market Value Restart") as of June 30, 1999. As of each June 30 thereafter the AAVM recognizes investment returns greater or less than expected over a period of six years.

Under this revised AAVM, any Unexpected Investment Returns (UIR) for Fiscal Years 2000 and later are phased into the AAV beginning the following June 30 at rates of 15%, 15%, 15%, 15%, 20% and 20% per year (i.e., cumulative rates of 15%, 30%, 45%, 60%, 80% and 100% over a period of six years).

(Schedule of Funding Progress Continued)

The UIR for Fiscal Years 2000 to 2004 under the revised AAVM was set equal to the UIR under the prior AAVM.

The prior AAVM was changed as of June 30, 1999 to reflect a market basis for investments held by the Plan.

Under the AAVM used for the June 30, 1999 to June 30, 2004 actuarial valuations, any UIR for Fiscal Years 2000 and later were phased into the AAV beginning the following June 30 at a rate of 10%, 15%, 20%, 25% and 30% per year (i.e., cumulative rates of 10%, 25%, 45%, 70% and 100% over a period of five years).

- B. To effectively assess the funding progress of the Plan, it is necessary to compare the AAV and the AAL calculated in a manner consistent with the Plan's funding method over a period of time. The AAL is the portion of the Actuarial Present Value of pension plan benefits and expenses which is not provided for by future Employer normal costs and future Member Contributions.
- C. The UAAL is the excess of the AAL over the AAV. This is the same as the unfunded frozen AAL, which is not adjusted from one actuarial valuation to the next to reflect actuarial gains and losses.

(Schedule of Funding Progress Concluded)

**NEW YORK CITY FIRE DEPARTMENT PENSION FUND  
QUALIFIED PENSION PLAN**

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
(In thousands)**

<b>Fiscal Years Ended June 30</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage of ARC Contributed</b>	<b>Net Pension Obligation</b>
2010	\$ 874,331	100.0%	\$ 193,030
2009	843,751	100.0	199,928
2008	780,202	100.0	206,676
2007	683,193	100.0	213,374
2006	608,771	100.0	220,119
2005	518,398	94.4	227,215

Under the requirements of Governmental Accounting Standards Board Statement Number 25 (GASB25) as amended by GASB Statement No. 50 (GASB50), the Annual Required Contribution (ARC) is determined through an actuarial valuation reflecting all liabilities of the Plan. The Employer Contribution to the Plan is determined in accordance with statute (i.e., Statutory Contribution).

For Fiscal Year 2005 the difference between the ARC and the Statutory Contribution is the consequence of Chapter 278/02 which phased-in over 10 years the additional actuarial liabilities attributable to the benefits provided by Chapter 125/00 (i.e., automatic COLA). The Statutory Contribution of \$489.5 million for Fiscal Year 2005 was computed in accordance with Chapter 278/02.

Chapter 152/06 eliminated the use of the ten-year phase-in of Chapter 278/02 beginning Fiscal Year 2006.

## NEW YORK CITY FIRE DEPARTMENT PENSION FUND QUALIFIED PENSION PLAN

### REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) SCHEDULE OF ACTUARIAL METHODS AND ASSUMPTIONS

The information presented in the required supplementary schedules was determined as part of the actuarial valuations as of June 30, 2008 (Lag) and June 30, 2007 (Lag). These actuarial valuations were used to determine Employer Contributions for Fiscal Years 2010 and 2009, respectively. Additional information as of the last two actuarial valuations follows:

	June 30, 2008 (Lag) <sup>1</sup>	June 30, 2007 (Lag) <sup>1</sup>
Actuarial cost method	Frozen Initial Liability. <sup>2</sup>	Frozen Initial Liability. <sup>2</sup>
Amortization method for Unfunded Actuarial Accrued Liabilities	Increasing dollar <sup>3</sup>	Increasing dollar <sup>3</sup>
Remaining amortization period	All outstanding components of UAAL are being amortized over closed periods. <sup>3</sup>	All outstanding components of UAAL are being amortized over closed periods. <sup>3</sup>
	1 year for reestablished UAAL. <sup>3</sup>	2 years for reestablished UAAL. <sup>3</sup>
Actuarial asset valuation method	Modified 6-year moving average of market values with a "market value restart" as of June 30, 1999.	Modified 6-year moving average of market values with a "market value restart" as of June 30, 1999.
Actuarial assumptions:		
Investment rate of return	8.0% per annum. <sup>4</sup>	8.0% per annum. <sup>4</sup>
Post-retirement mortality	Tables adopted by Board of Trustees during Fiscal Year 2006.	Tables adopted by Board of Trustees during Fiscal Year 2006.
Active service: withdrawal, death, disability, service retirement	Tables adopted by Board of Trustees during Fiscal Year 2006.	Tables adopted by Board of Trustees during Fiscal Year 2006.
Salary increases	In general, merit and promotion increases plus assumed general wage increases of 3.0% per annum. <sup>4</sup>	In general, merit and promotion increases plus assumed general wage increases of 3.0% per annum. <sup>4</sup>
Cost-of-Living adjustments	1.3% per annum. <sup>4</sup>	1.3% per annum. <sup>4</sup>

- Under the One-Year Lag Methodology, the actuarial valuation determines the Employer Contribution for the second following Fiscal Year.
- Under this Actuarial Cost Method, the Initial Liability was reestablished as of June 30, 1999 by the Entry Age Actuarial Cost Method but with the UAAL not less than \$0. The financial results using this Frozen Initial Liability Actuarial Cost Method are the same as those that would be produced using the Frozen Entry Age Actuarial Cost Method.
- In conjunction with Chapter 85/00, there is an amortization method. It reestablished UAAL as of June 30, 1999. The schedule of payments toward the reestablished UAAL (referred to in the ACNY as the Fire Department Pension Fund (FPF) 1999 UAL and elsewhere as the UAAL) provides that the UAAL be amortized over a period of 11 years beginning Fiscal Year 2000, where each annual payment after the first equals 103% of its preceding annual payment.
- Developed assuming a long-term Consumer Price Inflation assumption of 2.5% per annum.

## NEW YORK CITY FIRE DEPARTMENT PENSION FUND QUALIFIED PENSION PLAN

### SUPPLEMENTARY INFORMATION (UNAUDITED) FUNDED STATUS BASED ON ENTRY AGE ACTUARIAL COST METHOD (In thousands)

This Schedule is being provided by the Actuary for the Plan to improve the transparency and decision usefulness of this financial report.

The Actuarial Cost Method (ACM) used to develop the funding requirements for the Plan is the Frozen Initial Liability (FIL) ACM. Under this ACM, following establishment of any Initial Unfunded Actuarial Accrued Liabilities (UAAL), actuarial gains and losses are financed over the working lifetimes of active participants and are not identified as separate UAAL.

The funding status and funding progress information provided in this Schedule has been prepared using the Entry Age ACM where the Actuarial Present Value (APV) of any obligations of the Plan not provided by the APV of Future Contributions (Employer and Employee), as determined under the Entry Age ACM, equals the Actuarial Accrued Liability (AAL). Under the Entry Age ACM, the UAAL equals the AAL minus the Actuarial Value of Assets.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) — Entry Age (b)	Unfunded AAL (UAAL) — Entry Age (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2008 (Lag)	\$ 6,942,992	\$ 12,313,206	\$ 5,370,214	56.4%	\$ 1,051,592	510.7%
June 30, 2007 (Lag)	6,459,130	11,731,140	5,272,010	55.1	1,000,383	527.0
June 30, 2006 (Lag)	6,174,111	11,061,482	4,887,371	55.8	932,730	524.0
June 30, 2005 (Lag)	6,169,209	10,236,380	4,067,171	60.3	908,261	447.8
June 30, 2004 (Lag)	6,277,298	9,817,113	3,539,815	63.9	864,824	409.3

Note: Actuarial assumptions used are those shown in Schedule 3.

**Schedule of Investment Expenses  
for the fiscal year ended June 30, 2010**

Schedule 5

	Average assets under management (\$MMS)	Estimated Fees
<b>U.S. Equities</b>		
<b>Active</b>		
<b>Small Cap</b>		
Brown AM	14.66	120,652.19
Emerald Advisors	-	124,061.72
Perimeter	42.21	48,532.04
<b>Total Small Cap Growth</b>	<b>56.86</b>	<b>293,245.95</b>
Dalton Greiner	55.97	107,619.91
<b>Total Small Cap Value</b>	<b>55.97</b>	<b>107,619.91</b>
<b>Total Small Cap</b>	<b>112.84</b>	<b>400,865.86</b>
<b>Mid Cap</b>		
Lord Abbett Mid Cap	51.31	167,855.05
<b>Total Mid Cap Value</b>	<b>51.31</b>	<b>167,855.05</b>
Chicago Equity Partners	55.03	127,881.19
Franklin Portfolio Associates	57.13	192,325.58
<b>Total Mid Cap Core</b>	<b>112.17</b>	<b>320,206.77</b>
<b>Total Mid Cap</b>	<b>163.47</b>	<b>488,061.82</b>
<b>Large Cap</b>		
Profit Investment Mgmt	26.01	104,299.15
Pyramis Global Advisors	93.91	290,255.28
Loomis Sayles	78.09	488,298.00
Zevenbergen	96.74	186,718.79
<b>Total Large Cap Growth</b>	<b>294.75</b>	<b>1,069,571.22</b>
Alliance Capital Large Value	54.86	299,082.77
Aronson Johnson	57.49	159,221.00
Iridian Asset	81.78	357,105.86
Lombardia Cap Ptnrs	25.53	88,475.82
Lord Abbett Large Cap	82.41	230,449.45
<b>Total Large Cap Value</b>	<b>302.08</b>	<b>1,134,334.90</b>
Seizert Cap Ptnrs	27.67	87,759.90
<b>Total Large Cap Core</b>	<b>27.67</b>	<b>87,759.90</b>
<b>Total Large Cap</b>	<b>624.50</b>	<b>2,291,666.02</b>
<b>Emerging Managers</b>		
Attucks	12.48	77,968.26
Capital Prospects	18.75	111,095.96
Total Progress Trust	48.36	257,912.87
<b>Total Emerging Managers</b>	<b>79.59</b>	<b>446,977.09</b>
<b>Passive-Russell 3000</b>		
Barclays Global	820.73	196,663.88
BlackRock	758.88	16,472.00
<b>Total Passive Equities</b>	<b>1,579.61</b>	<b>213,135.88</b>
<b>Opportunistic Equity Strategies</b>		
Breeden Capital Management	-	-
Relational Investors X, L.P.	15.08	106,650.00
Shamrock Capital	2.40	98,918.00
<b>Total U.S. Activist</b>	<b>17.48</b>	<b>205,568.00</b>
<b>TOTAL U.S. EQUITIES</b>	<b>2,577.49</b>	<b>4,046,274.67</b>
<b>EAFE Markets Equities</b>		
Pyramis Global Advisors	122.22	421,745.47
<b>Total EAFE Growth</b>	<b>122.22</b>	<b>421,745.47</b>
Acadian	-	-
Sprucegrove	148.33	387,551.00
<b>Total EAFE Value</b>	<b>148.33</b>	<b>729,291.93</b>
Philadelphia	78.00	274,672.26
Thornburg	161.00	719,606.40
<b>Total EAFE Core</b>	<b>238.99</b>	<b>994,278.66</b>
<b>Total Active</b>	<b>509.54</b>	<b>2,145,316.06</b>
State Street	121.98	13,369.00
<b>Total Passive</b>	<b>121.98</b>	<b>13,369.00</b>
<b>Total EAFE Markets Equities</b>	<b>631.52</b>	<b>2,158,685.06</b>

**Schedule of Investment Expenses  
for the fiscal year ended June 30, 2010**

**Schedule 5**

	Average assets under management (\$MMS)	Estimated Fees
<b>Private Equity Investments-continued</b>		
First Reserve Fd XII	1.56	68,000.00
Fourth CINVEN Fd	1.47	40,850.00
FS Equity Ptnrs V	10.45	46,316.00
FT Ventures Fd III	1.67	56,250.00
GI Ptnrs Fd II	2.66	43,750.00
GI Partners Fund III	0.92	131,250.00
GSO Capital Opportunities Fd	4.18	58,035.00
Highland Consumer Fd I	0.69	50,000.00
HM 2006 Sector Perform Fd	3.13	87,500.00
Intermedia Ptnrs VII	2.19	43,750.00
JP Morgan Investment Mgmt	1.57	10,094.00
Landmark Equity Ptnrs XI	1.50	50,000.00
Landmark Equity Ptnrs XIV	0.68	75,000.00
Lee Equity Ptnrs	2.06	131,250.00
Levine Leichtman Cap Ptnrs IV	0.71	87,500.00
Lincolnshire Eq Fd II	2.21	32,782.00
Lincolnshire Eq Fd III	4.24	100,000.00
Lincolnshire Eq Fd IV	0.09	66,150.00
LODH Euro Choice II	4.21	49,285.00
LODH Euro Choice III	1.75	51,597.00
LODH Euro Choice IV	0.39	66,150.00
Markstone Capital Ptnrs	3.12	100,000.00
Midocean Eq Ptnrs III	2.60	200,000.00
Montreux Eq Ptnrs IV	1.84	125,000.00
Neuberger Berman Emg Mgr	0.63	50,000.00
New Mountain Ptnrs	2.94	57,558.00
New Mountain Ptnrs II	2.30	20,510.00
New Mountain Ptnrs III	2.90	175,000.00
Newspring Venture II	2.16	100,000.00
NGN Biomed Opportunity II	2.43	100,000.00
Olympus Capital Asia III	1.33	100,000.00
Onex Ptnrs III	0.30	87,500.00
Paladin Homeland Security Fd	3.94	118,297.00
Paladin Fund III	2.80	150,000.00
Palladium Eq Ptnrs III	5.34	200,000.00
PCGAM Clean Energy & Tech Fund	4.76	96,477.00
Pegasus Partners IV	10.02	150,000.00
Permira Fd IV	1.92	71,442.00
Perseus Ptnrs VII	4.54	75,000.00
Pine Brook Capital Ptnrs	2.63	150,000.00
Prism Venture Ptnrs IV	3.73	337,500.00
Prism Venture Ptnrs V-A	3.81	168,750.00
Psilos Group Partners III	1.55	62,500.00
Riverstone/Carlyle GLB EP IV	3.38	112,500.00
RRE Ventures IV	1.52	62,500.00
Scale Venture Ptnrs III	0.94	30,000.00
SCP Priv Eq Ptnrs II	8.47	134,174.00
SCP Vitalife Partners II	1.59	125,000.00
Silver Lake Partners II	2.38	43,500.00
Silver Lake Partners III	2.11	75,000.00
Snow Phipps Group	4.24	100,000.00
Snow Phipps II	0.03	-
Tailwind Capital Partners	2.74	100,000.00
Terra Firma Cap III	0.85	75,411.00
Trilantic Capital Ptnrs III	3.19	39,352.00
Trilantic Capital Ptnrs IV	3.23	108,545.00
US Power Fund II	4.17	100,000.00
US Power Fund III	2.64	87,500.00
Vista Equity Ptnrs III	7.55	150,000.00
Vitruvian Ptnrs	0.71	119,070.00
VS&A Comm Ptnrs III	3.97	37,474.00
VSS Comm Ptnrs IV	1.58	31,608.00
Welsh, Carson, Anderson & Stowe XI	1.01	112,500.00
Yucaipa American Alliance Fd	3.11	56,124.00
Yucaipa American Alliance Fd II	10.59	277,500.00
Yucaipa Corp Initiative II	1.29	92,500.00
<b>TOTAL PRIVATE EQUITY INVESTMENTS</b>	<b>388.79</b>	<b>10,758,197.00</b>

**Schedule of Investment Expenses  
for the fiscal year ended June 30, 2010**

Schedule 5

	Average assets under management (\$MMS)	Estimated Fees
<b>Strategic-Opportunistic Equity Strategies</b>		
Governance For Owners	15.96	96,400.00
<b>Total Non-U.S Activist</b>	<b>15.96</b>	<b>96,400.00</b>
KBC AE	12.15	68,438.43
KBC Water	19.38	91,704.14
<b>Total Non-U.S Environmental Managers</b>	<b>31.52</b>	<b>160,142.57</b>
<b>Total NON-U.S. Activist-Environmental</b>	<b>47.48</b>	<b>256,542.57</b>
<b>Total Developed-NON-US Activist-Environmental</b>	<b>679.00</b>	<b>2,415,227.63</b>
<b>Emerging Markets</b>		
Acadian	83.80	387,072.00
Baillie Gifford	91.52	539,777.84
State Street	79.70	442,303.39
<b>Total Emerging Markets</b>	<b>255.01</b>	<b>1,369,153.23</b>
<b>TOTAL INTERNATIONAL EQUITIES</b>	<b>934.01</b>	<b>3,784,380.86</b>
<b>Real Estate Equity Securities</b>		
Adelante Capital Management	101.89	230,271.87
Morgan Stanley	101.71	69,973.25
<b>TOTAL REAL ESTATE EQUITY SECURITIES</b>	<b>203.60</b>	<b>300,245.12</b>
<b>Private Equity Investments</b>		
AEA Investors 2006 Fd	4.13	175,000.00
Aisling Capital II	0.62	20,000.00
Aisling Capital III	0.20	17,500.00
Aldus New York Fire Fund	25.90	300,000.00
Ampersand 2009	-	100,000.00
Apollo Investment Fd V	6.99	32,221.00
Apollo Investment Fd VI	19.13	255,734.00
Apollo Investment Fd VII	10.55	318,028.00
Ares Corp Opp	3.33	35,712.00
Ares Corp Opp Fd II	4.48	41,810.00
Ares Corp Opp Fd III	4.64	150,000.00
Aurora Equity Capital Partners III	4.58	90,654.00
Ave Euro Special Situations Fd	7.49	115,763.00
Ave Special Situations Fd V	5.99	71,326.00
Avista Capital Partners	5.31	87,500.00
Avista Capital Partners II	5.56	175,000.00
Blackstone Capital Ptnrs IV	11.22	14,513.00
Blackstone Capital Ptnrs V	6.91	144,375.00
Blackstone Capital Ptnrs VI	-	150,000.00
Blackstone Mezz Ptnrs II	2.42	45,000.00
Bridgepoint Europe III	3.69	45,972.00
Bridgepoint Europe IV	0.96	99,225.00
Carlyle Ptnrs III	2.94	33,009.00
Carlyle Ptnrs IV	4.66	33,573.00
Carlyle Ptnrs V	2.79	150,000.00
Catterton Partners VI	3.45	100,000.00
CCMP Capital Investors II	2.66	75,000.00
Clayton, Dubilier and Rice Fund VII	4.57	75,000.00
Clayton, Dubilier and Rice Fund VIII	2.10	112,500.00
Celtic Pharm Hldgs, LP	3.63	50,000.00
Coller International Ptnrs V	2.38	75,000.00
Constellation Ventures III	2.13	100,000.00
Craton Equity Investors	-	100,000.00
Credit Suisse EM Fd	0.53	70,000.00
Credit Suisse EM Co/Inv Fd	1.22	40,000.00
Crestview Ptnrs II	2.09	150,000.00
CVC Euro Eq Ptnrs III	5.43	26,075.00
CVC Euro Eq Ptnrs V	2.67	144,972.00
Cypress Merch Bk Ptnrs II	4.21	97,678.00
Emerald Infr Dev Fd	0.00	200,000.00
Erasmus NYC Growth FD A	0.99	100,000.00
Fairview Emerging Mgrs Fd	1.11	-
FdG Capl Ptnrs	7.44	174,786.00
FdG Capl Ptnrs II	2.33	68,470.00
Fenway Ptnrs Capital III	3.04	87,500.00
First Mark Fd IV	1.18	30,000.00
First Reserve Fd XI	3.95	68,000.00



**Schedule of Investment Expenses  
for the fiscal year ended June 30, 2010**

Schedule 5

	Average assets under management (\$MMS)	Estimated Fees
<b>PRIVATE REAL ESTATE</b>		
AG Realty Fund VIII	7.66	187,496.00
AMB Alliance Fd II	2.43	51,878.00
Amer Value Ptnrs I	1.38	50,000.00
Apollo Europe III	5.09	
ARA Asia Dragon Fd	5.70	149,994.00
Blackrock Carbon III	3.73	
Blackstone Real Estate Ptnrs EU III	0.24	75,000.00
Blackstone Real Estate Ptnrs IV	2.13	61,213.00
Blackstone Real Estate Ptnrs VI	3.09	150,000.00
Canyon Johnson Urban Fd	0.48	37,177.84
Canyon Johnson Urban Fd II	5.82	78,456.77
Canyon Johnson Urban Fd III	0.09	81,250.00
Carlyle R.P. Fd V	3.89	91,291.00
Colony Investors VIII	7.19	264,400.00
Colony Realty Ptnrs II	1.95	72,000.00
Heitman America Fd	5.47	40,849.00
JPM Strategic Prop Fd	5.87	57,074.00
JPM Special Sit Fd	2.63	49,597.00
Lehman RE Ptnrs Fd III	0.98	28,942.00
Metro Workforce Housing Fd	0.05	92,500.00
PRISA	4.88	49,923.00
PRISA II	12.11	123,665.00
RREEF Amer. II	5.07	30,788.81
RREEF Amer. III	0.95	18,669.00
Stockbridge Real Estate Fd	2.85	187,500.00
The City Investment Fd	9.37	170,213.00
Thor Urban Property Fd II	1.88	61,702.00
UBS Trumbull Property Fd	6.11	54,700.00
Walton St RE Fd VI	0.72	26,120.00
Westbrook RE Fd VIII	0.53	392,671.00
<b>TOTAL PRIVATE REAL ESTATE</b>	<b>110.32</b>	<b>2,735,070.42</b>
<b>TOTAL EQUITY - PUBLIC &amp; PRIVATE</b>	<b>4,214.21</b>	<b>21,624,168.07</b>
<b>Fixed Income - Structured Program</b>		
<b>Government Treas/Agency Sector</b>		
Blackrock	-	-
Fischer Francis	58.37	47,742.00
Pimco	101.12	116,774.12
State Street	57.31	37,938.76
<b>Total Government Treasury/Agency Sector</b>	<b>216.81</b>	<b>202,454.88</b>
Blackrock	209.52	24,743.30
Goldman Sachs	79.99	25,032.00
Neuberger Berman	101.44	10,639.00
Pimco	212.56	131,221.88
TCW		38,671.07
<b>Total Mortgage Sector</b>	<b>603.52</b>	<b>230,307.25</b>
Blackrock	79.51	9,389.43
Prudential	78.60	55,394.15
Taplin Canida	143.13	129,486.14
T. Rowe Price	129.34	187,857.65
<b>Total Investment grade Sector</b>	<b>430.58</b>	<b>382,127.37</b>
<b>Total Structured Program</b>	<b>1,250.91</b>	<b>814,889.50</b>
<b>Active TIPS Managers</b>		
Blackrock	66.12	50,000.00
Pimco	63.34	45,938.34
<b>Total Active TIPS Managers</b>	<b>129.46</b>	<b>95,938.34</b>
<b>Passive TIPS Managers</b>		
State Street	44.07	2,011.00
<b>Total Passive TIPS Managers</b>	<b>44.07</b>	<b>2,011.00</b>
<b>Total TIPS Managers</b>	<b>173.53</b>	<b>97,949.34</b>

**Schedule of Investment Expenses  
for the fiscal year ended June 30, 2010**

Schedule 5

	Average assets under management (\$MMS)	Estimated Fees
<b>Strat/Opp Fixed Income Strategies</b>		
<b>Distressed</b>		
Torchlight Investors	4.49	224,128.00
PIMCO-Disco	36.69	58,304.00
<b>Total Distressed</b>	<b>41.18</b>	<b>282,432.00</b>
<b>Total Strat/Opp Fixed Income Managers</b>	<b>41.18</b>	<b>282,432.00</b>
<b>Enhanced Yield</b>		
Mackay Shields	143.54	525,000.00
Seix	135.54	192,064.54
T. Rowe Price	134.16	412,045.00
<b>Total Enhanced Yield</b>	<b>413.24</b>	<b>1,129,109.54</b>
<b>Convertible Bonds</b>		
Advent	36.37	147,613.78
Lord Abbett	32.10	85,578.00
<b>Total Convertible Bonds</b>	<b>68.47</b>	<b>233,191.78</b>
<b>Global Fixed Income</b>		
LM CAPITAL -MTA	9.12	20,775.00
<b>Total Global Fixed Income</b>	<b>9.12</b>	<b>20,775.00</b>
<b>ETI</b>		
RBC/Voyager	6.72	25,892.00
AFL-CIO	35.84	143,360.00
<b>Total ETI</b>	<b>42.56</b>	<b>169,252.00</b>
<b>TOTAL FIXED INCOME</b>	<b>789.28</b>	<b>2,747,599.16</b>
<b>TOTAL ADVISORS</b>	<b>5,003.49</b>	<b>24,371,767.23</b>
<b>CONSULTANTS</b>		
NEPC		324,600.00
PCG		297,500.00
TOWNSEND		124,870.00
<b>TOTAL CONSULTANTS</b>	-	<b>746,970.00</b>
<b>LEGAL FEES</b>		
Foster, Pepper...		12,977.01
Beus Gilbert		2,599.31
Cox, Castle...		20,286.41
Pillsbury...		10,885.59
Morgan, Lewis &...		44,906.13
Nixon Peabody, LLP		44,929.36
Reinhart Boerner Van...		3,490.49
<b>TOTAL LEGAL FEES</b>		<b>140,074.30</b>
<b>Total Investment Management Fees</b>	<b>5,003.49</b>	<b>25,258,811.53</b>
<b>Operating Expenses Mutual Funds</b>	-	<b>5,483.00</b>
<b>Other Miscellaneous Investment Fees</b>	-	<b>3,112,278.13</b>
<b>Total Investment Expenses Accrued and Paid f/y 2010</b>	<b>-</b>	<b>28,376,572.66</b>

## Schedule of Broker's Commissions

For Fiscal Year ended June 30, 2010

Schedule 6

Equities Brokerage Firm	Number of Shares Traded	Commissions Paid	Average cost Per Share
ABEL NOSER CORPORATION	119,776	3,063.19	0.03
AMERICAN PORTFOLIOS FINANCIAL	366	18.30	0.05
AMERICAN TECHNOLOGY RESEARCH	9,740	353.10	0.04
AQUA SECURITIES L.P.	13,900	278.00	0.02
AVIAN SECURITIES INC	14,810	396.40	0.03
AVONDALE PARTNERS, LLC	4,019	160.76	0.04
BAIRD ROBERT W & CO INC	284,906	7,426.04	0.03
BARCLAYS CAPITAL INC/LE	1,775,044	40,954.08	0.02
BAY CREST PARTNERS LLC	82,100	1,642.00	0.02
BAYPOINT TRADING LLC	150,195	5,501.50	0.04
BLAIR WILLIAM & COMPANY LLC	217,758	8,012.31	0.04
BLAYLOCK & CO INC	15,590	602.70	0.04
BLEY INVESTMENT GROUP	53,710	1,611.30	0.03
BLOOMBERG TRADEBOOK LLC	939,388	20,831.55	0.02
BNP PARIBAS SECURITIES CORP IB	41,000	820.00	0.02
BNY BROKERAGE INC	135,496	6,334.94	0.05
BNY CONVERGEX EXEC SOLUTIONS	1,299,880	44,981.62	0.03
BOE SECS INC/BROADCORT CAP	29,819	1,192.76	0.04
BOENNING & SCATTERGOOD INC.	13,570	108.50	0.01
BREAN MURRAY CARRET& CO. LLC	1,275	63.75	0.05
BREAN MURRAY FOSTER SECS	2,650	86.75	0.03
BROADCORT CAPITAL CORP-SUB OF	365,849	9,340.37	0.03
BUCKINGHAM RESEARCH GROUP INC	88,508	4,299.31	0.05
CABRERA CAPITAL MARKETS	696,313	25,526.15	0.04
CALYON SECS USA INC	28,007	587.12	0.02
CANACORO ADAMS INC	56,291	1,981.64	0.04
CANTOR FITZGERALD & CO . INC	465,701	10,292.03	0.02
CANTOR FITZGERALD/CASTLEOAK	106,802	3,269.83	0.03
CANTOR FITZGERALD/CLEARING SVC	12,200	233.10	0.02
CAP INSTL SVCS INC-EQUITIES	110,793	4,858.64	0.04
CARIS AND COMPANY INC.	54,910	2,207.28	0.04
CARLIN EQUITIES	100,833	2,016.66	0.02
CHAPDELAINE INSTITUTIONAL	1,800	54.00	0.03
CHEEVERS & CO INC	650,654	19,845.06	0.03
CITATION GROUP/BCC CLRG	245,612	7,063.00	0.03
CITIGROUP GLOBAL MARKETS INC	1,381,975	32,028.30	0.02
CLEARVIEW CORRESPONDENT SVCS	70,707	2,966.58	0.04
COLLINS STEWART INC	17,970	597.80	0.03
COLLINS STEWART LLC	91,935	3,493.90	0.04
COWEN & CO LLC	341,906	8,991.00	0.03
CRAIG - HALLUM	36,234	1,449.36	0.04
CREDIT RESEARCH TRADING L.L.C	13,600	272.00	0.02
CREDIT SUISSE FIRST BOSTON	4,102,387	36,634.59	0.01
CUTTONE & CO. INC	93,640	2,457.60	0.03

## Schedule of Broker's Commissions

For Fiscal Year ended June 30, 2010

Schedule 6

Equities Brokerage Firm	Number of Shares Traded	Commissions Paid	Average cost Per Share
DAHLMAN ROSE & COMPANY, LLC	11,150	557.50	0.05
DAVIDSON D.A & CO INC NSCC	90,846	3,852.34	0.04
DEUTSCHE BANC/ALEX BROWN	6,771,063	32,404.61	0.00
DIRECT ACCESS PARTNERS LLC	2,740	109.60	0.04
DIRECT TRADING INSTITUTIONAL I	27,560	275.60	0.01
DIVINE CAPITAL MARKETS LLC - E	35,522	1,339.76	0.04
DOUGHERTY COMPANY	71,561	3,042.64	0.04
FIDELITY CAPITAL MARKETS	210,627	4,141.88	0.02
FINACORP SECURITIES	28,700	861.00	0.03
FIRST ANALYSIS SECS CORP	11,470	511.55	0.04
FIRST CLEARING, LLC	5,609	224.36	0.04
FOX-PITT KELTON INC.	5,752	230.08	0.04
FRANK RUSSELL SEC/BROADCORT	14,000	560.00	0.04
FRIEDMAN, BILLINGS & RAMSEY	123,764	4,883.18	0.04
GARDNER RICH & COMPANY	185,699	5,059.71	0.03
GOLDMAN SACHS & CO	1,736,659	23,622.19	0.01
GOLDMAN SACHS EXECUTION & CL	688,854	11,151.63	0.02
GREEN STREET ADVISORS	98,360	4,010.30	0.04
GREENTREE BROKERAGE SERVICES	312,254	11,268.49	0.04
GUZMAN & COMPANY	424,910	10,628.66	0.03
HIBERNIA SOUTHCOAST CAPITAL	3,710	148.40	0.04
HOWARD WEIL INCORPORATED	19,918	995.90	0.05
INSTINET CORPORATION	1,115,061	15,016.57	0.01
INVESTMENT TECHNOLOGY GROUP	5,660,078	70,028.83	0.01
ISI GROUP, INC.	140,255	5,736.71	0.04
ISLAND TRADER SECURITIES INC	1,010	40.40	0.04
ITG INC	222,350	1,706.87	0.01
IVY SECURITIES, INC	472,600	18,594.00	0.04
J.P MORGAN SECURITIES INC.	2,485,040	52,941.28	0.02
JANNEY MONTGOMERY SCOTT INC.	74,652	3,632.10	0.05
JEFFERIES & COMPANY, INC.	4,785,584	87,578.90	0.02
JMP SECURITIES	73,594	2,889.26	0.04
JNK SECURITIES INC	125,400	2,508.00	0.02
JOHNSON RICE & CO	53,526	715.90	0.01
JONESTRADING INST SVCS LLC	171,381	5,530.04	0.03
KAUFMAN BROTHERS	17,965	868.25	0.05
KEEFE BRUYETTE & WOODS INC.	118,179	4,954.70	0.04
KELLOGG PARTNERS	128,190	5,127.60	0.04
KELLY & CHRISTENSEN INC.	257,900	5,158.00	0.02
KEYBANC CAPITAL MARKETS	214,420	5,407.75	0.03
KING, CL, & ASSOCIATES	109,637	4,413.85	0.04
KNIGHT SECURITIES	107,626	2,799.22	0.03
LABRANCHE FINANCIAL SVCS LLC	71,400	1,428.00	0.02
LADENBURG THALMAN & CO	37,650	1,317.75	0.04

## Schedule of Broker's Commissions

For Fiscal Year ended June 30, 2010

Schedule 6

Equities Brokerage Firm	Number of Shares Traded	Commissions Paid	Average cost Per Share
LAZARD FRERES & COMPANY	141,244	5,317.26	0.04
LEERINK SWANN AND COMPANY	132,892	5,979.78	0.04
LEGENT CLEARING CORP	4,500	147.75	0.03
LIGHTHOUSE FINANCIAL GROUP LLC	98,676	2,608.86	0.03
LIQUIDNET INC	2,544,477	56,831.46	0.02
LONGBOW SECURITIES LLC	40,539	1,621.56	0.04
LOOP CAPITAL MKTS,LLC	2,276,745	58,359.04	0.03
LYNCH JONES & RYAN INC	8,788	225.59	0.03
M. RAMSEY KING SECURITIES	17,780	622.30	0.04
MACQUARIE SECS USA INC	12,910	571.30	0.04
MAGNA SECURITIES CORPORATION	425,800	10,522.13	0.02
MELVIN SECURITIES	3,700	55.50	0.02
MELVIN SECURITIES LLC	72,460	983.78	0.01
MERRILL LYNCH PIERCE FENNER	5,808,739	62,852.45	0.01
MERRILL LYNCH PROFESSIONAL	214,411	5,967.32	0.03
MERRIMAN CURHAN FORD & CO	10,050	438.50	0.04
MESIROW FINANCIAL,INC.	8,620	344.80	0.04
MIDWOOD SECURITIES	117,794	4,711.76	0.04
MISC NOFEE BROKERS 13	3,750,286	0.00	0.00
MISCHLER FINANCIAL GROUP, INC	7,219	275.89	0.04
MKM PARTNERS LLC	134,305	4,484.45	0.03
MOGAVERO LEE & CO.,INC	37,380	1,471.20	0.04
MONNESS CRESPI HARDT & CO INC	75,890	3,794.50	0.05
MONTECITO ADVISORS	2,254	69.47	0.03
MONTROSE SECURITIES EQUITIES	300,004	5,148.04	0.02
MORGAN JOSEPH & CO. INC	5,430	217.20	0.04
MORGAN KEEGAN & COMPANY, INC.	280,939	13,924.30	0.05
MORGAN STANLEY & CO	3,433,725	37,887.58	0.01
MORGAN STANLEY DW INC	28,543	1,141.72	0.04
MR BEAL & COMPANY	475,218	15,489.71	0.03
MULTITRADE SECURITIES LLC	76,174	2,397.65	0.03
NATL FINANCIAL SERVICES CORP	182,516	6,109.03	0.03
NEEDHAM & CO	81,898	3,669.66	0.04
NOMURA SECURITIES INTL INC	7,200	35.50	0.00
NORTH SOUTH CAPITAL LLC	6,646	233.42	0.04
NORTHLAND SECURITIES INC.	650	32.50	0.05
NYFIX TRANSACTION SERVICES #2	1,100	16.50	0.02
O'NEIL, WILLIAM & CO/BCC CLRG	13,500	560.00	0.04
OPPENHEIMER AND CO INC	223,310	8,738.04	0.04
PACIFIC AMERICAN SECS LLC	298,163	8,361.60	0.03
PACIFIC CREST SECS	175,573	7,361.67	0.04
PALI CAPITAL INC	1,500	67.50	0.05
PENSON FINANCIAL SERVICES INC	14,390	635.50	0.04
PENSON FINANCIL SER INC./RIDGE	227,751	4,558.42	0.02

## Schedule of Broker's Commissions

For Fiscal Year ended June 30, 2010

Schedule 6

Equities Brokerage Firm	Number of Shares Traded	Commissions Paid	Average cost Per Share
PERCIVAL FINANCIAL PARTNERS	380	11.40	0.03
PERSHING & COMPANY	803,107	17,689.07	0.02
PICKERING ENERGY PARTNERS INC	8,330	333.20	0.04
PIPELINE TRADING SYSTEMS LLC	544,275	9,065.31	0.02
PIPER JAFFRAY & CO	599,437	18,000.81	0.03
PODESTA & CO	2,725	73.25	0.03
PRITCHARD CAPITAL PARTNERS LLC	5,361	261.46	0.05
PULSE TRADING LLC	112,698	2,303.97	0.02
RAYMOND, JAMES & ASSOC., INC.	285,218	11,815.43	0.04
RBC CAPITAL MARKETS CORP	307,694	10,991.02	0.04
ROBERTS & RYAN INVESTMENTS INC	5,397	215.88	0.04
ROCHDALE SECURITIES CORP	49,922	1,030.44	0.02
RODMAN & RENSHAW LLC	3,625	103.75	0.03
ROSENBLATT SECURITIES LLC	18,700	335.00	0.02
ROTH CAPITAL PARTNERS, LLC	21,350	755.60	0.04
SANDERS MORRIS MUNDY	4,225	111.25	0.03
SANDLER O'NEILL & PARTNERS LP	97,439	4,667.30	0.05
SANFORD C BERNSTEIN & CO.,LLC	774,724	18,761.54	0.02
SESLIA SECURITIES	18,000	270.00	0.02
SG AMERICAS SECURITIES LLC	581,200	5,719.00	0.01
SIDOTI & COMPANY, LLC	78,187	3,488.38	0.04
SOLEIL SECURITIES CORP.	12,620	307.00	0.02
SOUND SECURITIES LLC - EQUITIE	82,652	2,479.56	0.03
SOURCE CAPITAL GROUP, INC.	11,290	564.50	0.05
STATE STREET GLOBAL MKTS LLC	257,657	2,496.58	0.01
STEPHENS, INC.	3,870	81.27	0.02
STERNE AGEE & LEACH INC	18,369	867.31	0.05
STIFEL NICHOLAUS & CO, INC	272,399	11,176.98	0.04
STUART FRANKEL & CO INC	77,330	2,659.20	0.03
SUNTRUST CAPITAL MARKETS, INC	122,104	5,748.17	0.05
THE BENCHMARK CO LLC	7,480	352.00	0.05
THE WILLIAMS CAPITAL GROUP LP	1,151,228	37,269.58	0.03
THINKEQUITY PARTNERS LLC	8,675	395.50	0.05
THOMAS WEISEL PARTNERS LLC	240,437	5,797.91	0.02
TOUSSAINT CAPITAL PARTNERS LLC	1,466	38.28	0.03
UBS SECURITIES LLC	1,262,389	25,087.01	0.02
VANDHAM SECURITIES CORP	6,150	211.20	0.03
VDM INSTITUTIONAL BROKERAGE	11,070	442.80	0.04
WAVE SECURITIES	53,690	268.45	0.01
WEDBUSH MORGAN SECURITIES, INC.	127,273	5,923.15	0.05
WEEDEN & CO	2,295,300	47,439.15	0.02
WELLS FARGO SECS LLC	236,370	5,446.95	0.02
WESTMINSTER RESEARCH	7,050	105.75	0.02
WHITE CAP TRADING LLC	3,800	57.00	0.02

## Schedule of Broker's Commissions

For Fiscal Year ended June 30, 2010

Schedule 6

Equities Brokerage Firm	Number of Shares Traded	Commissions Paid	Average cost Per Share
WUNDERLICH SECURITIES INC	37,316	1,483.84	0.04
YAMNER & COMPANY, INC.	56,000	560.00	0.01
<b>Total</b>	<b>74,131,513</b>	<b>1,351,283</b>	<b>0.02</b>

Fixed Investments Brokerage Firm	Number of shares traded	Commissions paid	Average cost per share
BARCLAYS CAPITAL INC/LE	89,322,102	970.55	0.0
BARCLAYS BZWSIFED	1,142,468,582	0.00	0.0
BAYPOINT TRADING LLC	1,997	19.97	0.0
BK OF AMERICA NA	1,280,937,066	0.0	0.0
BNP SECURITIES	543,256,638	0.00	0.0
CHASE SECURITIES, INC.	15,895,000.00	0.00	0.0
CITIGROUP GLOBAL MARKETS INC	2,311,571,625	572.60	0.0
CREDIT SUISSE FIRST BOSTON	4,866,446,172	332.85	0.0
DEUTSCHE BANC/ALEX BROWN	137,639,160	115.50	0.0
DEUTSCHE BANK	3,326,011,419	0.00	0.0
GOLDMAN SACHS & CO	4,369,949,725	197.55	0.0
GREENWICH CAPITALMKT	399,870,045	0.00	0.0
HSBC SECURITIES (USA)INC	45,770,000.00	0.00	0.0
IMPERIAL CAPITAL LLC	1,070,507	20.28	0.0
ISI GROUP, INC.	937	28.11	0.0
J.P MORGAN SECURITIES INC.	2,426,527,855	1.20	0.0
JEFFERIES & CO INC/OSCAR GRUSS	360	7.20	0.0
JEFFERIES & COMPANY, INC.	56,186,290	76.00	0.0
LAZARD FRERES & COMPANY	79,487	82.35	0.0
MERRILL LYNCH PIERCE FENNER	574,000,538	1,141.73	0.0
MISC NOFEE BROKERS 96	765,270,857	0.00	0.0
MORGAN STANLEY & CO	3,807,840,044	42.40	0.0
QUICK & REILLY (FED)	1,119,900,000	0.00	0.0
RBC CAPITAL MARKETS CORP	61,043,772	12.00	0.0
SANFORD C BERNSTEIN & CO.,LLC	1,163	39.65	0.0
UBS SECURITIES LLC	668,969,536	0.00	0.0
WELLS FARGO SECS LLC	47,469,045	124.00	0.0
<b>Total</b>	<b>28,057,499,922</b>	<b>3,783.94</b>	<b>0.00</b>

## Schedule of Broker's Commissions

For Fiscal Year ended June 30, 2010

Schedule 6

International Group Brokerage Firm	Number of shares traded	Commissions paid	Average cost per share
ABG SECURITIES AS NORGE, STOCKHOLM	1,254.51	444.93	0.4
ABG SECURITIES, OSLO	32,376.96	825.03	0.0
ABN AMRO ASIA EQUITIES INDIA LTD	1,029.48	466.56	0.5
ABN AMRO BANK N.V., LONDON	17,563.39	97.82	0.0
ABN AMRO EQUITIES AUSTRALIA LIMITED	21,245.21	811.01	0.0
ABN AMRO HG KG(SECS TRADING)	35,537.70	1,025.53	0.0
AGORA COR DE TITUL E VAL MOB	2,860.36	108.62	0.0
ALPHA BROKERAGE AE, ATHENS	70,968.40	3,661.75	0.1
ARBUTHNOT SECURITIES LIMITED	6,958.02	146.61	0.0
ARDEN PARTNERS LIMITED	2,983.64	33.30	0.0
BANCO PORTUGUES DE INVESTIMENTO SA	51,921.30	459.71	0.0
BANCO SANTANDER CENTRAL HISPANO SA	3,537.79	274.72	0.1
BANK OF NEW YORK MELLON BRUSSELS	2,962.64	487.65	0.2
BANK OF NYC JAMES CAPEL	2,797.44	55.95	0.0
BANK VONTOBEL AG, ZURICH	41,792.00	6,721.96	0.2
BARCLAYS CAPITAL INC/LE	24,424.55	695.86	0.0
BARCLAYS CAPITAL SECS, LONDON	1,003,611.33	15,492.85	0.0
BERENBERG BANK, HAMBURG	7,845.10	537.62	0.1
BNP PARIBAS BROKERAGE SVCS	50,295.44	1,593.55	0.0
BNP PARIBAS EQUITIES	55,447.80	181.47	0.0
BNP PARIBAS PEREGRINE SECS HK	3,168.33	89.56	0.0
BNP PARIBAS SECS SERVICES, LDN	32,999.66	237.76	0.0
BRADESCO S A CTVM	1,228.34	97.84	0.1
BROCKHOUSE AND COOPER MONTREAL	1,841,658.97	8,039.74	0.0
BROCKHOUSE COOPER SA PTY	4,355.07	965.74	0.2
CAI CHEUVREUX NORDIC AB	936.23	23.45	0.0
CANTOR FITZGERALD EUROPE	194,371.87	791.25	0.0
CANTOR, FITZGERALD and CO INC	9,284.16	185.68	0.0
CARNEGIE AS OSLO	1,793.98	279.63	0.2
CARNEGIE BANK A S COPENHAGEN	1,778.20	806.83	0.5
CAZENOVE AND CO. LTD	302,855.04	1,803.01	0.0
CHARLES STANLEY AND CO LTD, LONDON	97,870.18	327.33	0.0
CHINA INTL CAP CORP HK SEC LTD	20,804.84	1,816.68	0.1
CIBC LONDON	11,714.44	404.02	0.0
CIBC WORLD MARKETS INC	6,352.32	254.09	0.0
CIMB-GK SECURITIES PTE. LTD.	6,988.09	6.98	0.0
CITIBANK NA, LONDON	166,905.07	571.18	0.0
CITIGROUP GLOBAL MARKETS INC	197,396.80	8,459.49	0.0
CITIGROUP GLOBAL MARKETS INDIA PRV	2,953.24	412.13	0.1
CITIGROUP GLOBAL MARKETS LTD, LDN	546,864.70	8,825.59	0.0
CITIGROUP GLOBAL MARKETS UK EQ LTD	641,503.29	4,685.79	0.0
CLSA GUERNSEY LIMITED, GUERNSEY	5,506.98	2,089.04	0.4
CLSA LTD, HONG KONG	120,753.73	4,890.52	0.0
CLSA SINGAPORE PTE LTD	74,232.51	4,852.76	0.1



## Schedule of Broker's Commissions

For Fiscal Year ended June 30, 2010

Schedule 6

International Group Brokerage Firm	Number of shares traded	Commissions paid	Average cost per share
COLLINS STEWART (CSCS)+CO, LONDON	25,592.99	263.84	0.0
COMMERZBANK AG, FRANKFURT	8,194.88	355.40	0.0
CONCORDIA SA CVMCC	2,601.62	132.62	0.1
CREDIT AGRICOLE	154,663.70	2,558.08	0.0
CREDIT AGRICOLE CHEUVREUX	727,954.31	9,883.50	0.0
CREDIT AGRICOLE INDOSUEZ LONDON	3,203.36	180.24	0.1
CREDIT AGRICOLE INDOSUEZ, MADRID	99,907.14	798.42	0.0
CREDIT AGRICOLE SECURITIES USA INC	1,505,394.85	14,016.24	0.0
CREDIT LYONNAIS SECS LENDING	248,795.18	4,779.10	0.0
CREDIT SUISSE	2,659,589.32	16,717.79	0.0
CREDIT SUISSE 1ST BOSTON CORP,NY	3,720,601.16	18,069.87	0.0
CREDIT SUISSE FIRST BOSTON HK	414.90	2,211.54	5.3
CREDIT SUISSE FIRST BOSTON SA CTVM	81,200.17	3,289.26	0.0
CREDIT SUISSE FIRST BOSTON, LDN	4,762.23	110.58	0.0
CS FIRST BOSTON INDIA SEC PTE LTD	6,437.65	2,280.15	0.4
CSFB AUSTRALIA SECURITIES LTD, MEL	116,017.05	1,066.24	0.0
D. CARNEGIE AB FINLAND BR,HELSINKI	18,336.77	406.87	0.0
DAISHIN SECURITIES CO LTD,SEOUL	3.04	394.99	129.9
DAIWA SECURITIES AMERICA	3,719.90	5,164.45	1.4
DAIWA SECURITIES SMBC HK LTD	125,517.06	335.91	0.0
DANSKE BANK AS COPENHAGEN	66.68	38.55	0.6
DAVY STOCKBROKERS, DUBLIN	65,341.82	907.95	0.0
DBS VICKERS SECURITIES (S) PTE LTD	175,230.57	2,485.27	0.0
DEUTSCHE BANC SECURITIES INC, NY	1,582,154.25	14,229.83	0.0
DEUTSCHE BANC/ALEX BROWN	100,055.47	3,109.83	0.0
DEUTSCHE BANK AG, LONDON	265,333.24	6,464.80	0.0
DEUTSCHE SECURITIES ASIA LTD, HK	12,864.53	542.82	0.0
DEUTSCHE SECURITIES AUST LTD, SYD	49,380.72	656.97	0.0
DNB NOR MARKETS CUSTODY	1,307.45	203.98	0.2
EVOLUTION BEESON GREGORY LTD, LDN	169,654.57	2,395.09	0.0
EXANE PARIS	123,608.29	3,410.79	0.0
FONDSFINANS A S, OSLO	206.91	32.69	0.2
FOX-PITT KELTON LTD	32,234.53	156.37	0.0
GK GOH SECURITIES (HK) LTD HONGKONG	13,974.97	131.37	0.0
GLOBAL EQUITIES	57,331.71	656.60	0.0
GOLDMAN SACHS BANK AG, ZURICH	468.16	25.89	0.1
GOLDMAN SACHS CO, NY	1,024,696.01	18,468.77	0.0
GOLDMAN SACHS EQTY SECS CREST 303	552.30	2.09	0.0
GOLDMAN SACHS EXECUTION AND CLEAR	40,731.03	515.54	0.0
GOLDMAN SACHS INTL LONDON	979,228.45	7,419.22	0.0
GOODBODY STOCKBROKERS DUBLIN	16,646.03	382.60	0.0
G-TRADE SERVICES LTD	260,520.72	3,259.06	0.0
HEDGING GRIFFO COR DE VAL S A, SAO	598.71	21.68	0.0
HSBC BANK PLC (JC HIB SETTLEMENT)	809,496.52	8,493.24	0.0

## Schedule of Broker's Commissions

For Fiscal Year ended June 30, 2010

Schedule 6

International Group Brokerage Firm	Number of shares traded	Commissions paid	Average cost per share
HSBC BROKERAGE (USA)	39,044.85	1,293.92	0.0
HSBC LTD SEOUL SECURITIES BRANCH	2.15	19.38	9.0
HSBC SECS BROKERS(ASIA) LTD	2,561.80	385.89	0.2
HSBC SECURITIES USA INC	17,531.80	440.92	0.0
ICAP SECURITIES LTD LONDON	187,973.49	577.37	0.0
ICHIYOSHI SECURITIES CO LTD TOKYO	1.97	7.08	3.6
ING BANK NV LONDON	11,572.05	134.10	0.0
INSTINET AUSTRALIA CLEARING SERV	27,905.59	216.74	0.0
INSTINET CLEARING SERVICES INC	101,927.50	2,165.27	0.0
INSTINET EUROPE LTD, LONDON	2,110,420.06	13,408.87	0.0
INSTINET FRANCE S.A.	14,599.88	396.03	0.0
INSTINET PACIFIC LTD	38,537.55	1,492.96	0.0
INSTINET SINGAPORE SERVICES PTE LTD	44,044.88	136.97	0.0
INVESTEC SECURITIES, LONDON (331)	18,999.98	278.78	0.0
INVESTMENT TECHN GROUP, DUBLIN	233,915.59	840.45	0.0
ITAU UNIBANCO SA	298.88	23.78	0.1
ITG AUSTRALIA LIMITED	29,564.60	180.35	0.0
ITG CANADA CORP, TORONTO	2,092.28	45.02	0.0
ITG HOENIG LIMITED, HONG KONG	420,976.99	3,836.70	0.0
ITG INC	11,940.37	114.72	0.0
IXIS SECURITIES	454.50	12.37	0.0
J P MORGAN CLEARING CORP	1,822,058.54	11,748.80	0.0
J.P.MORGAN SECURITIES (FAR EAST) LT	15.88	4,133.60	260.3
JEFFERIES + COMPANY, INC	6,515.74	260.62	0.0
JEFFERIES AND COMPANIES INC JERSEY	50,443.13	179.43	0.0
JEFFRIES INTERNATIONAL LTD LONDON	28,590.27	392.03	0.0
JONES AND ASSOCIATES USA	7,289.71	218.69	0.0
JP MORGAN CHASE BANK	916.61	70.78	0.1
JP MORGAN SEC LTD, LONDON	2,682,078.42	20,310.52	0.0
JP MORGAN SECS AUST LTD PID 2972	46,943.25	1,055.76	0.0
JP MORGAN SECS INC NEW YORK	26,321.59	619.41	0.0
JPMORGAN SECURIT (ASIA PACIFIC), HK	103,017.72	1,693.42	0.0
KAS BANK N.V, AMSTERDAM	4,070.11	142.03	0.0
KBC FINANCIAL PRODUCTS UK, LONDON	65.81	84.28	1.3
KEEFE BRUYETTE AND WOOD LIMITED	18,812.84	579.74	0.0
KEMPEN AND CO NV AMSTERDAM	140,853.83	4,603.49	0.0
KEPLER EQUITIES FRANKFURT BRANCH	5,759.95	346.89	0.1
KEPLER EQUITIES ZURICH BRANCH	32,856.22	694.35	0.0
KEPLER EQUITIES, PARIS	9,380.43	169.77	0.0
KEPLER EQUITIES, SUCURSAL EN ESPANA	3,828.06	29.66	0.0
KNIGHT SECURITIES LONDON	52,839.96	287.33	0.0
KNIGHT SECURITIES LP	10,486.30	38.90	0.0
LANDESBK BADEN-WUERTEMBERG,ST	1,357.82	52.31	0.0
LIQUIDNET ASIA LIMITED	416.29	21.83	0.1

**Schedule of Broker's Commissions**  
For Fiscal Year ended June 30, 2010

Schedule 6

International Group Brokerage Firm	Number of shares traded	Commissions paid	Average cost per share
MACQUARIE BANK LIMITED SYDNEY	12,778.25	1,051.46	0.1
MACQUARIE BANK LTD, LONDON	7,120.66	372.93	0.1
MACQUARIE CAPITAL (EUROPE) LIMITED	127,592.42	2,320.89	0.0
MACQUARIE EQUITIES LTD SYDNEY	186,574.30	2,980.12	0.0
MACQUARIE SECS (SINGAPORE) PTE LTD	626,389.59	590.80	0.0
MACQUARIE SECURITIES LTD, HONG KONG	152,884.81	7,460.78	0.0
MAINFIRST BANK AG, FRANKFURT	791.76	56.80	0.1
MAN FINANCIAL LIMITED, LDN	4,670.14	160.33	0.0
MERRILL LYNCH CO INC (AGS), NY	54,234.20	186.73	0.0
MERRILL LYNCH INTERNATIONAL	2,617,824.65	18,671.03	0.0
MERRILL LYNCH INTERNATIONAL LTD, GB	375,327.96	5,176.18	0.0
MERRILL LYNCH INTL LTD EQUIT SETTL	2,774,227.75	20,852.49	0.0
MERRILL LYNCH PIERCE FENNER	84,620.16	2,477.64	0.0
MERRILL LYNCH, PIERCE, FENNER, SMITH	461,367.56	12,431.08	0.0
MITSUBISHI UFJ SECURITIES (USA) IN	687.25	1,367.02	2.0
MIZUHO SECURITIES USA INC, NY	557.13	1,516.06	2.7
MONUMENT SECURITIES LIMITED	9,379.16	244.21	0.0
MORGAN STANLEY	122,208.46	3,291.84	0.0
MORGAN STANLEY AND CO	157,979.76	6,220.80	0.0
MORGAN STANLEY CO INC NEW YORK	3,221,918.43	39,394.03	0.0
MORGAN STANLEY SECURITIES, LONDON	339,051.12	3,351.27	0.0
NCB STOCKBROKERS LIMITED	3,936.29	68.55	0.0
NEONET SECURITIES AB, STOCKHOLM	84,968.71	1,553.37	0.0
NOMURA INTERNATIONAL (HK) LTD	96,756.19	927.12	0.0
NOMURA INTERNATIONAL PLC LONDON	519,039.95	6,472.49	0.0
NOMURA SECURITIES INTERNATIONAL INC	8,336.63	333.44	0.0
NOMURA SECURITIES INTL INC NY	610,004.27	15,200.75	0.0
NUMIS SECURITIES LIMITED LONDON	48,242.05	63.62	0.0
NZB NEUE ZUERCHER BANK	973.43	139.23	0.1
ODDO ET CIE, PARIS	33,107.49	906.71	0.0
OKASAN INTL (ASIA) LTD, HONG KONG	3.48	51.36	14.8
ORIEL SECURITIES LTD, LONDON	5,466.29	50.30	0.0
PAREL, PARIS	2,491.55	366.16	0.1
PATERSONS SECURITIES LIMITED	117,666.74	477.57	0.0
PENSON FINANCIAL SERV CANADA INC	16,500.34	442.28	0.0
PERSHING AND COMPANY	47,423.03	1,422.29	0.0
PERSHING SECURITIES LONDON	578,087.28	3,153.53	0.0
PERSHING, JERSEY CITY	3,099,350.39	13,498.04	0.0
PETERCAM SA SOC DE BOURSE BRUSSELS	17,419.48	417.86	0.0
RBC DAIN RAUSCHER INC BK NYC	38,167.55	1,086.98	0.0
RBC DOMINION SECURITIES TORONTO	77,493.17	3,099.73	0.0
RBS SECURITIES INC	7,769.09	94.10	0.0
REDBURN PARTNERS LLP	968.76	37.98	0.0
RESULT OF BONUS RIGHTS SALE	26,520.59	203.79	0.0

**Schedule of Broker's Commissions**  
For Fiscal Year ended June 30, 2010

Schedule 6

International Group Brokerage Firm	Number of shares traded	Commissions paid	Average cost per share
RIDGE CLEARING AND OUTSOURCING	47,322.31	1,517.41	0.0
SALOMONS NOMINEES Austracr SALS20	90,436.17	2,001.52	0.0
SAMSUNG SECURITIES CO LTD SEOUL	7.31	50.39	6.9
SANFORD C BERNSTEIN AND CO INC	21,668.80	270.86	0.0
SANFORD C. BERNSTEIN LONDON	1,471,848.52	11,994.70	0.0
SANTANDER CENTRAL HISPANO BOLSA	11,759.45	198.02	0.0
SCOTIA CAPITAL MKTS, TORONTO	36,469.31	1,458.77	0.0
SG COWEN SECURITIES CORP, NEW YORK	6,825.81	137.10	0.0
SG SECURITIES (HK) LIMITED	548,989.01	4,972.11	0.0
SIS SEGA INTERSETTLE AG, ZURICH	2,422.08	395.91	0.2
SKANDINAVISKA ENSKILDA BANKEN	1,566.24	364.35	0.2
SOCIETE GENERALE LONDON BRANCH, LDN	629,812.11	5,937.03	0.0
SOCIETE GENERALE PARIS, ZURICH	4,666.53	1,583.14	0.3
SOCIETE GENERALE, PARIS	1,703.80	832.11	0.5
SVENSKA HANDELSBANKEN LONDON	180,684.02	1,644.86	0.0
SVENSKA HANDELSBANKEN NEW YORK	9,961.00	244.87	0.0
SVENSKA HANDELSBANKEN, STOCKHOLM	10,227.89	560.30	0.1
TACHIBANA SECURITIES HONG KONG LTD	107.02	53.17	0.5
TD WATERHOUSE INVESTOR SERVICES INC	20,967.54	419.35	0.0
THE BANK OF NEW YORK	22,640.32	1,132.00	0.0
THE ROYAL BANK OF SCOTLAND N.V.	1,742,393.61	11,527.36	0.0
U.S. CLEARING CORP. SANTANDERS	588.96	23.56	0.0
UBS AG	58,979.58	313.78	0.0
UBS AG (LONDON BRANCH)	1,910,416.55	27,662.89	0.0
UBS SECURITIES ASIA LTD	625,663.83	5,999.43	0.0
UBS SECURITIES LLC	27,789.77	564.16	0.0
UBS SECURITIES LLC, STAMFORD	9,461.52	509.28	0.1
UNITED OVERSEAS BANK LTD, SINGAPORE	4,937.69	7.22	0.0
VALORES FINAMEX MEXICO	6,606.88	574.45	0.1
WESTDEUTSCHE LANDESBANK, DUESSELDORF	1,428.76	32.03	0.0
<b>Total</b>	<b>53,682,795.92</b>	<b>579,029.86</b>	<b>0.0</b>

## Schedule of Broker's Commissions

For Fiscal Year ended June 30, 2010

Schedule 6

Emerging Markets Brokerage Firm	Number of shares traded	Commissions paid	Average cost per share
BAIRD ROBERT W AND CO INC	10,546.37	947.35	0.09
BARCLAYS CAPITAL INC/LE	41,961.54	287.15	0.01
BARCLAYS CAPITAL SECS, LONDON	220,556.75	945.43	0.00
CITIGROUP GLOBAL MARKETS INC	128,853.28	2,188.84	0.02
CITIGROUP GLOBAL MARKETS KOREA SEC	2.12	-	-
CITIGROUP GLOBAL MARKETS LTD, LDN	615,318.49	2,206.91	0.00
CITIGROUP GLOBAL MARKETS UK EQ LTD	332,725.01	584.66	0.00
CLSA LTD, HONG KONG	108,326.82	1,687.77	0.02
CLSA SINGAPORE PTE LTD	1,881.94	3,384.72	1.80
FIRST CLEARING CORP	21,880.84	1,855.41	0.08
J P MORGAN CLEARING CORP	43,661.13	2,671.28	0.06
JANNEY MONTGOMERY SCOTT INC	82,251.47	3,336.79	0.04
MERRILL LYNCH PIERCE FENNER	5,315.96	-	-
MORGAN STANLEY	192,172.64	1,050.82	0.01
MORGAN STANLEY AND CO	65,131.10	538.97	0.01
MORGAN STANLEY AND CO INTL LTD, LDN	335,744.08	1,937.25	0.01
MORGAN STANLEY AND CO INTL, SEOUL	4.73	212.87	45.00
MORGAN STANLEY SECURITIES, LONDON	577,334.44	649.15	0.00
NCB STOCKBROKERS LIMITED	543,448.33	2,933.45	0.01
NOMURA INTERNATIONAL PLC LONDON	30,418.00	51.41	0.00
PENSON FINANCIAL SERVICES INC	61,637.32	934.47	0.02
PERSHING AND COMPANY	327,276.41	13,470.78	0.04
PERSHING, JERSEY CITY	16,672.16	174.06	0.01
RIDGE CLEARING AND OUTSOURCING	25,855.84	694.27	0.03
<b>Total</b>	<b>3,788,976.77</b>	<b>42,743.81</b>	<b>0.01</b>

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# **New York City Fire Pension Fund**

## **Comprehensive Annual Financial Report**

### **A Pension Trust Fund of the City of New York**



## **Investment Section**

### **Part III**

**Fiscal Year Ended June 30, 2010**

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## **INVESTMENT REPORT**

This report is prepared by management on the basis of information provided by the investment managers of the New York City Fire Pension Fund and the Comptroller of the City of New York. The Comptroller administers the Funds' investment portfolio subject to the direction and control of the Board of Trustees. The Board of Trustees assumes the responsibility of ensuring that assets of the Plan are managed efficiently and prudently, in full compliance with the Administrative code of the City of New York (ACNY) and the State Retirement and Social Security Laws, for the benefit of the Fund's membership.

### **Investment Policy**

The Fund's primary purpose is to provide retirement benefits for members and their beneficiaries. These benefits are financed through the accumulation of employer and member contributions and earnings from the Fund's investment portfolio. The Board of Trustees therefore sets investment objectives to assure adequate accumulation of reserves and also to protect the portfolio from depreciation during adverse market conditions. The Board's overall philosophy on strategic factors, i.e. risk tolerance, returns, diversification and liquidity requirements determines the objectives of the investment policy adopted. Listed below is a brief outline of key objectives and philosophy:

- To assure that members and beneficiaries receive benefits now and in the future, the level of investment risk in the portfolio will be prudent and not exceed levels that may jeopardize objectives.
- To enhance portfolio returns moderate risk levels are assumed, as over the long term there is a relationship between the level of risk taken and the rate of return realized.
- Due to the long-term nature the Fund's obligations, assets are invested with a long term horizon. In addition, equity investments although volatile, provide superior returns over the long term.
- Diversification through investing in a broad array of investments reduces portfolio risk. This is achieved by allocating funds among many asset categories, industries and geographic locations.
- Liquidity requirements are maintained through the structuring of cash flows from contributions, investment income and short term investments, this assures timely payment of benefits.

Additionally, except for certain private equity and real estate investments where registration is not required, all assets are managed by registered investment advisors, pursuant to applicable laws and guidelines issued by the Comptroller. Fund managers are periodically reviewed for ongoing performance and adherence to investment guidelines. The overall policy adopted is therefore one that minimizes credit and market risks while maintaining a competitive yield on the investment portfolio. Over the long run this strategy will assure the safety of assets and enhance benefits enjoyed by members.

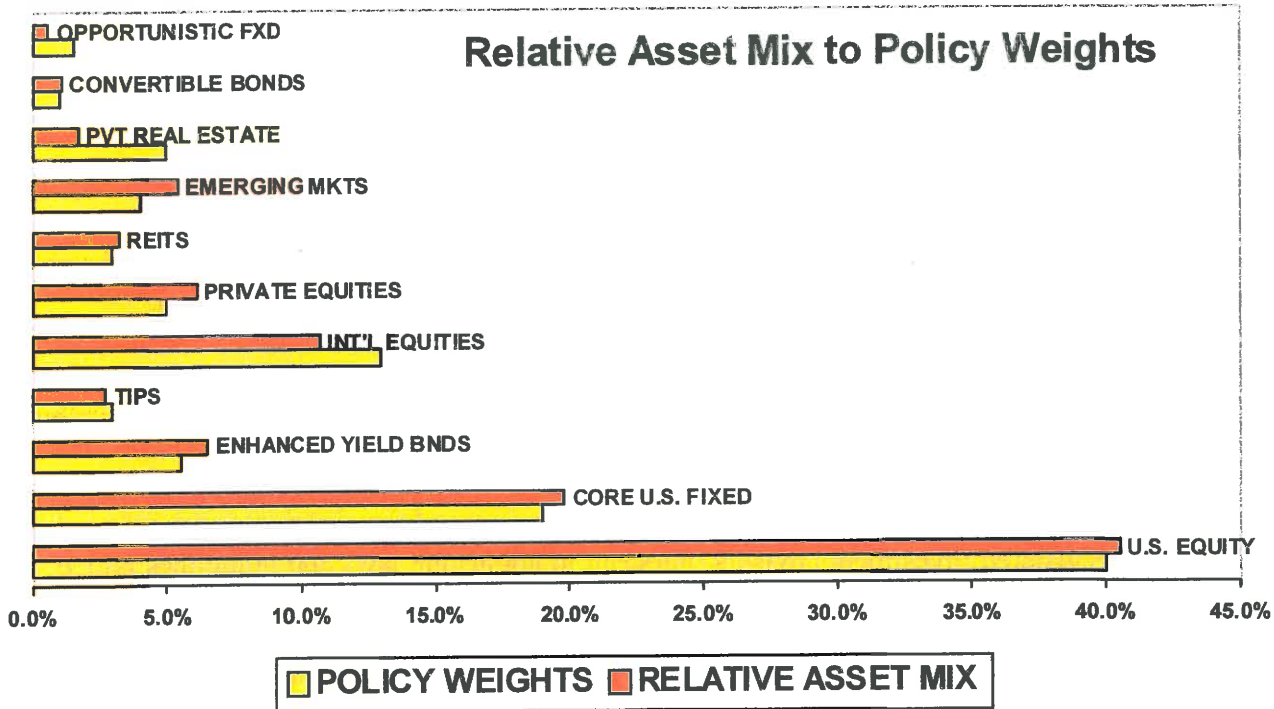
### **Investment Criteria and Asset Allocation**

The Board's investment policy is implemented using a strategic allocation of assets that meet the objectives of the Fund, while working within the confines of the legislative guidelines. The guidelines dictate that Fixed income investments may be made in securities guaranteed by the U.S Government or U.S. Government agencies, or in companies rated BBB or better by both Standard and Poor's Corporation and Moody's Investors service, Inc., and any bond that meets the qualifications of The New York State Retirement and Social Security Laws (RSSL), the New York State Banking Law and the ACNY.

Equity investments may be made only in those stocks that meet the qualifications of the (RSSL), the New York State Banking Law and the ACNY. Short-term investments may be made in U.S. Government securities, Commercial paper rated A1, P1 or F1 by Standard & Poor Corporation, Moody's Investors service inc. or Fitch respectively. Additionally, up to 25% of total pension fund assets may be made in instruments not specifically covered by RSSL. For further discussion on investment criteria see note 3, of Notes to financial statements.

The Fund's asset allocation policy is constructed to meet both short-term funding requirements and long-term pension obligations. Investments are therefore made in a broad array of financial instruments including domestic stocks, bonds and international securities through a collective fund investment vehicle. The percentages assigned each category of assets held in the Fund are determined based on the results of a study, which indicates the expected rates of return and levels of risk for various asset allocations. These allocations are reviewed periodically to address fluctuating market events and new investment opportunities.

The current policy mix implemented is comprised of items in the following major categories: U.S equities, Core U.S. fixed income, Enhanced yield bonds, Treasury inflation protected securities (TIPS), International equities, Private equities, Real estate investments trusts (REITS), Emerging markets, Private Real Estate investments, Convertible Bonds, Opportunistic Fixed and Targeted Bonds.



The chart above shows a comparison of relative asset mix to policy weights as at June 30, 2010. Although the Fund's assets are periodically re-balanced to keep in line with long term asset allocation objectives, actual allocation may vary from policy weights as market values shift and investments are added or terminated. As indicated in the chart, the Fund exceeded targeted allocations of U.S. equity, Emerging markets, Real estate investments trusts, Private Equity, Core U.S. Fixed, Enhanced Yield bonds and Convertible bonds by .5, 1.4, 2.1, 1.1, .8, 1.0, and .1 percentage points respectively. While, International equity, Private Real Estate, Treasury Inflation Protected securities and Opportunistic fixed investments fell below the current targeted allocations by approximately 2.3, 3.3, .3, and .9 percentage points respectively. Actual asset allocation in effect on 6/30/2010 is presented in the chart titled "Asset Allocation" (Exhibit 1). Changes in actual asset allocation over a period of ten years covering June 2001 through June 2010 are presented in an area graph showing the major categories and amount of assets held at the end of each fiscal period (also Exhibit 1).

## Summary of Investment Results for fiscal year 2010

Fiscal year ended June 2010 closed on a positive note; the Fund's investment portfolio posted an overall gain of 14.7 %<sup>1</sup>. The results were well above the actuarial assumed rate of return at 8.0%, but fell slightly below the gain of 15.1% posted by the Fund's policy benchmark over the same fiscal period. Positive results improve long term performance and enhance the real value of the Fund's assets held in trust for pension benefits.

The overall gain for fiscal year ended June 30, 2010 was driven by strong performances in the equities markets over the period. In spite of the negative results posted for the quarter ended June 30, 2010, most asset classes ended the fiscal year with overall gains. U.S. equities, the largest segment in the portfolio, ended the period with overall gains of 15.6 %, despite negative returns of 11.2% for the quarter ended June 2010. These results were in line with the Russell 3000 index, a broad measure of the U.S stock market, which posted slightly higher gains of 15.7% during the fiscal year, but declined 11.3% for the quarter ended June 30, 2010.

Performance results for international equities as a group were varied. Investments from the developed international markets in the portfolio gained 10.2%, outperforming the benchmark, the MSCI Europe, Australia and Far East (EAFE) Index which posted gains of 5.9 percent. Similarly, the emerging markets equities in the portfolio gained 25.2%, compared to its benchmark, the MSCI Emerging markets index which gained 23.4% for the same period.

Overall, the domestic fixed income composite portfolio, a steady performer among the asset classes, closed fiscal year 2010 with gains of 13.4%. Within this category, the structured or core investment grade fixed income group posted gains of 12.5%, outperforming the return of 10.5% posted by its benchmark the New York City core plus 5 index, for the same period. Enhanced Yield bonds were among the best performers in this category, posting gains of 20.7%, compared to its benchmark Citigroup BB&B which posted gains of 19.4%. Treasury Inflation Protected securities, among the lower performers in this category posted gains of 9.9%, slightly ahead of its benchmark, the Barclays Capital US TIPS index, which posted gains of 9.6% for the period. For the five-year period ended June 30, 2010 the Fund's annualized returns stood at 2.9 %, just ahead of the portfolio policy benchmark return at 2.8%.

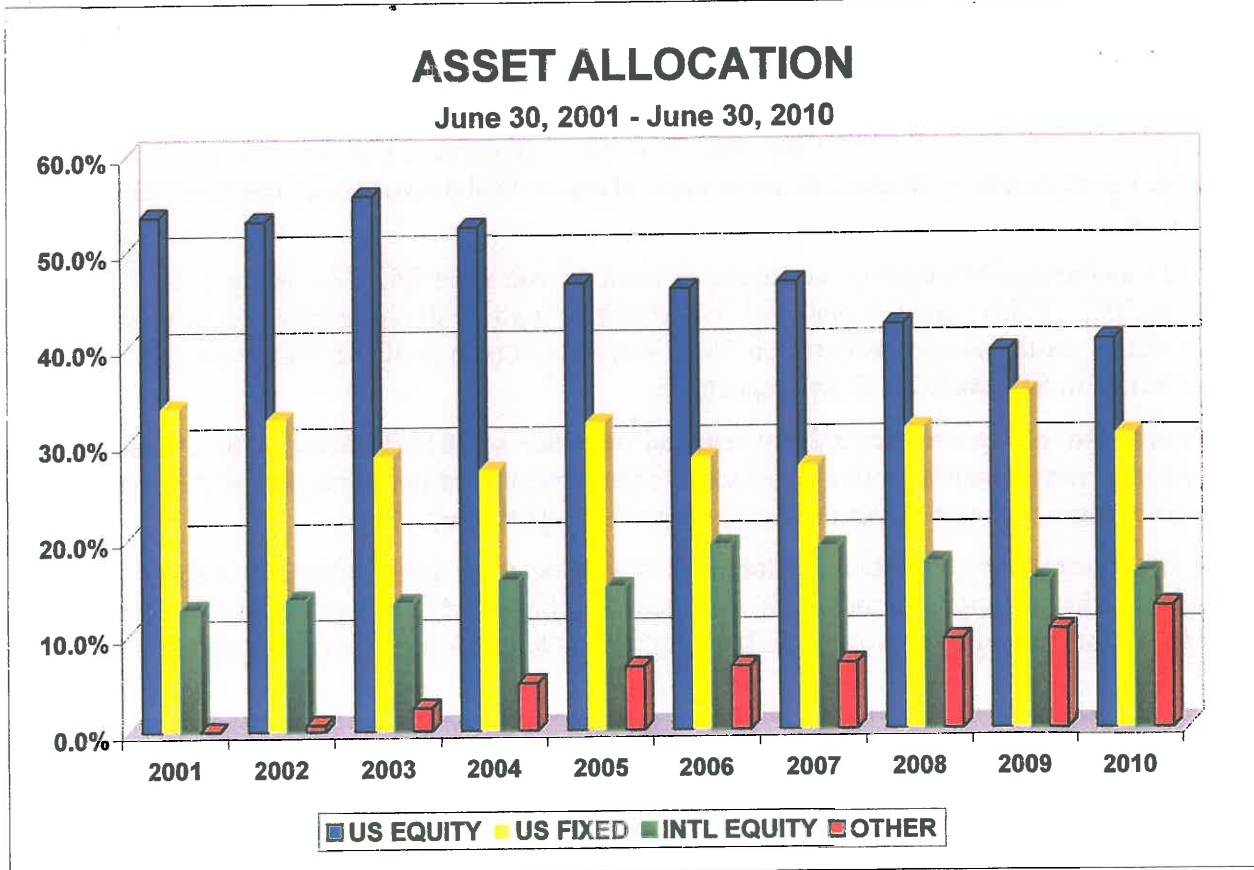
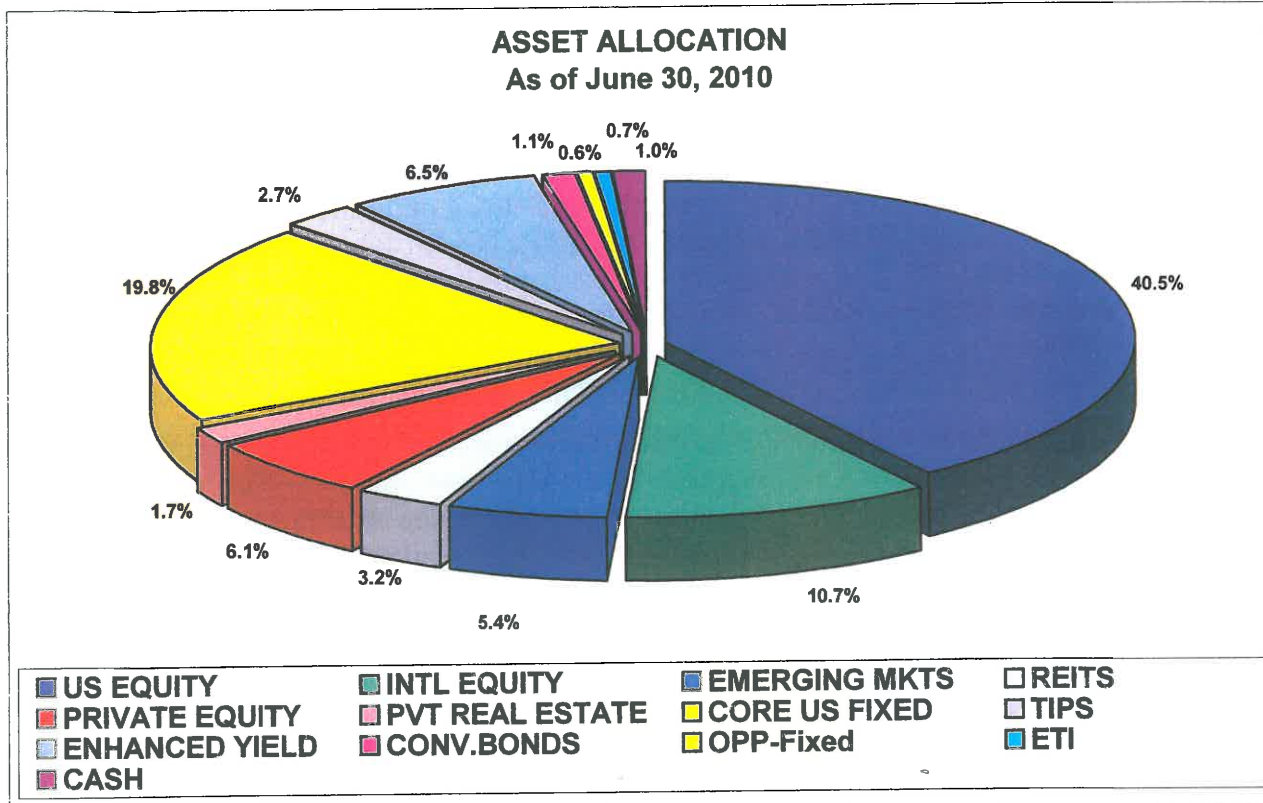
**Schedule 1A** presents our Consolidated Performance Report, displaying the percentage of portfolio market value and returns for each major investment asset class along with the returns for corresponding benchmarks through June 30, 2010.

Total investments including Collateral from securities lending rose from \$6,577.1 million to \$7,315.5 million, during fiscal year 2010. This change is depicted in **Exhibit 2**, a chart showing changes in total investment at market value over the ten fiscal periods between 2001 and 2010. Listings of the Fund's largest bond and stock holdings are presented in **Schedule 2A & 3A** respectively.

Portfolio assets invested during fiscal year 2010 returned net gains of \$818.2 million. The overall gain was due mainly to a significant net appreciation in the fair value of the investment portfolio. **Exhibit 3** shows a summary of the changes in investment income over the ten-year period 2001 through 2010.

The Summary of investments presented in **Schedule 4A** shows the overall market values of each major investment asset class in the portfolio, including short-term holdings and collateral from securities lending. The schedule also shows the percentage value of each category in relation to total investments for the period under review.

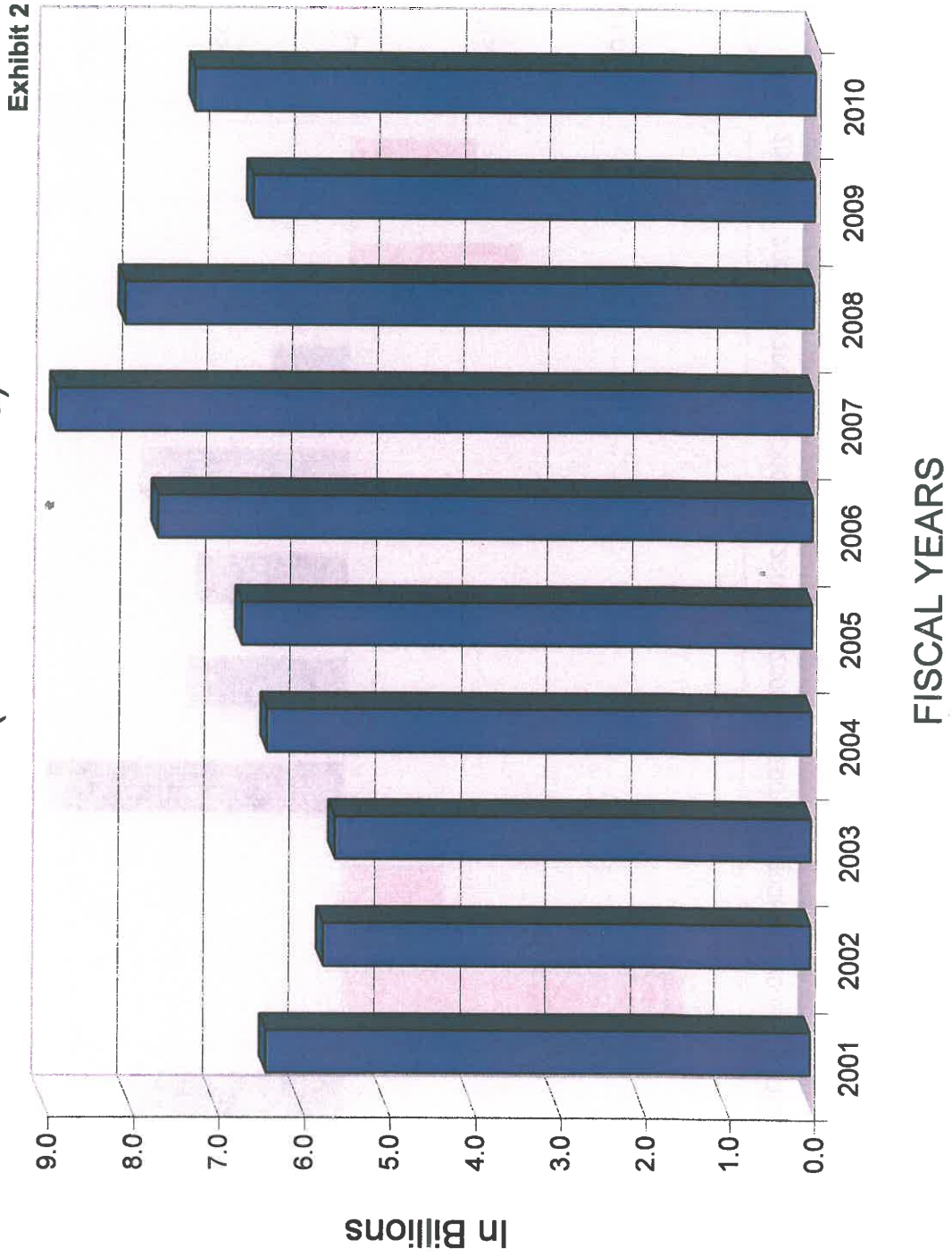
<sup>1</sup> Calculations on the rate of return for investments were prepared using a time -weighted rate of return, based on the market rate of return consistent with Global Investment Performance Standards (GIPS).





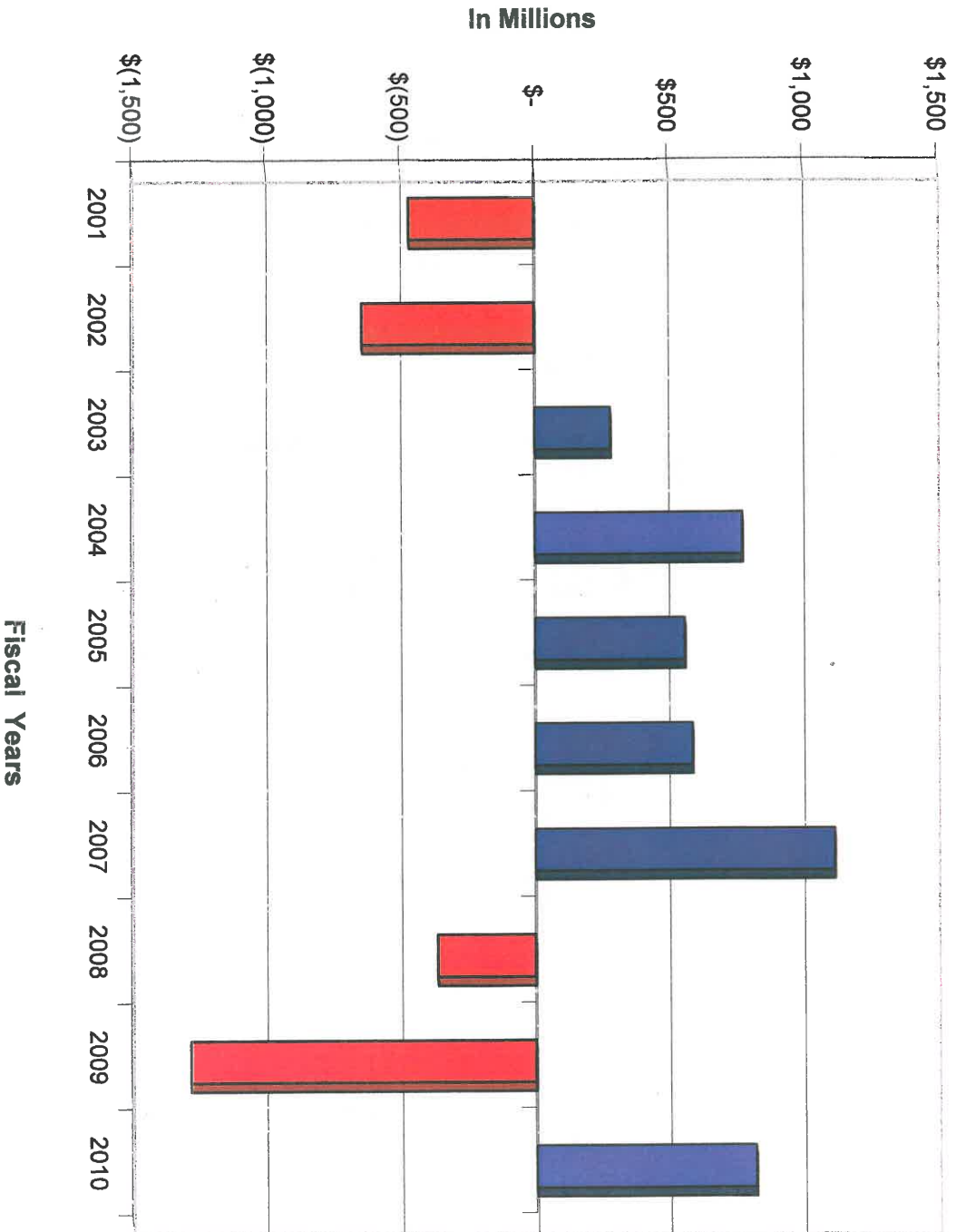
# TOTAL INVESTMENTS

(At Market - Value)



INVESTMENT INCOME

Exhibit 3



**Schedule of Portfolio Returns\***  
**June 30, 2010**

Schedule 1A

Asset Class			3 Mos	YTD	1 YR	3 YRS	5 YRS	10 YRS
			Apr-10 Jun-10	Jan-10 Jun-10	Jul-09 Jun-10	Jul-07 Jun-10	Jul-05 Jun-10	Jul-00 Jun-10
<b>2,577.49</b>	<b>40.50</b>	<b>U.S. Equities</b>	<b>-11.17</b>	<b>-5.95</b>	<b>15.56</b>	<b>-9.54</b>	<b>-0.69</b>	<b>-0.82</b>
112.84	1.77	Total Small Cap Russell 2000	-8.43 -9.82	-6.31 -1.95	17.91 21.48	-11.99 -8.60	-2.65 0.37	n/a n/a
163.47	2.57	Total Mid Cap Russell Mid Cap	-9.79 -9.88	-1.48 -2.06	24.06 25.13	-9.78 -8.19	-0.94 1.22	n/a n/a
624.50	9.81	Total Large Cap Russell 1000	-11.87 -11.44	-7.37 -6.40	13.07 15.24	-9.10 -9.54	-0.97 -0.56	n/a n/a
79.59	1.26	Total Emerging Managers Russell 3000	-11.44 -11.32	-6.31 -6.05	15.44 15.72	-8.75 -9.47	0.37 -0.48	n/a n/a
17.48	0.27	Total US Activist Russell 2000+200BP per year	-6.59 -9.60	3.23 -1.08	14.13 23.48	-11.25 -6.56	n/a n/a	n/a n/a
1,579.61	24.82	Total Passive Domestic Equity Russell 3000	-11.28 -11.32	-5.99 -6.05	15.75 15.72	-9.29 -9.47	-0.39 -0.48	-0.79 -0.92
<b>1,020.71</b>	<b>16.04</b>	<b>Total International Equities</b>	<b>-10.66</b>	<b>-8.92</b>	<b>13.34</b>	<b>-10.01</b>	<b>4.53</b>	<b>2.11</b>
632.28	9.93	Total Developed Markets MSCI EAFE(Net dividend) Benchmark International Equity Median Benchmark	-11.28 -13.97 -12.17	-9.62 -13.23 -10.77	10.19 5.92 9.11	-11.92 -13.38 10.96	2.10 0.88 2.80	0.35 0.16 2.34
31.52	0.50	Non-US Environmental MSCI World Index	-14.11 -12.49	-15.97 -9.56	-3.92 10.77	n/a n/a	n/a n/a	n/a n/a
15.96	0.25	Non US Activist MSCI Europe SMID Cap	-9.15 -13.73	-2.66 -11.94	32.15 12.79	n/a n/a	n/a n/a	n/a n/a
340.95	5.36	Total Emerging Markets MSCI Emerging Markets Free-Benchmark Emerging Market Median Benchmark	-8.43 -8.29 -8.08	-6.19 -6.04 -5.49	25.20 23.48 23.39	-2.80 -2.22 -0.80	13.09 13.07 13.04	11.32 10.33 11.19
<b>203.60</b>	<b>3.20</b>	<b>Total Real Estate Securities(REITS)</b>	<b>-2.76</b>	<b>7.76</b>	<b>54.22</b>	<b>-10.62</b>	<b>0.77</b>	<b>n/a</b>
		D J Wilshire Real Estate Securities Index	-4.31	5.40	56.11	-10.52	-0.50	n/a
<b>388.79</b>	<b>6.11</b>	<b>Private Equity</b>	n/a	n/a	n/a	n/a	n/a	n/a
<b>110.32</b>	<b>1.73</b>	<b>Private Real Estate</b>	n/a	n/a	n/a	n/a	n/a	n/a
<b>2,053.14</b>	<b>32.25</b>	<b>U.S. Fixed Income</b>	<b>2.78</b>	<b>5.24</b>	<b>13.38</b>	<b>7.41</b>	<b>5.92</b>	<b>6.85</b>
1,250.91	19.65	Total Structured Program NYC Core Plus Five Index	4.19 4.19	6.52 6.00	12.47 10.49	8.27 8.51	6.03 6.03	7.15 7.01
413.24	6.49	Enhanced Yield Citigroup BB & B Citigroup BB & B Capped index	0.32 0.27 0.39	4.10 3.74 3.72	20.65 19.38 19.63	6.22 2.95 4.22	6.75 4.66 5.24	6.61 5.90 n/a
9.12	0.14	Total Global Fixed income Barclays Capital U S Aggregate bond index	2.52 3.49	5.19 5.33	11.19 9.50	n/a n/a	n/a n/a	n/a n/a
173.53	2.73	Total Tips Managers Barclays Capital US Tips index	4.06 3.88	4.63 4.47	9.87 9.58	7.91 7.64	5.25 4.99	n/a n/a
68.47	1.08	Total Convertible Bonds ML All Convertibles Ex Mandatory index	-4.64 -5.35	-0.31 -0.34	18.45 21.95	n/a n/a	n/a n/a	n/a n/a
37.83	0.59	Total opportunistic fixed NYC Core plus 5+ 200bps	2.21 4.61	9.71 6.92	48.49 12.49	n/a n/a	n/a n/a	n/a n/a
46.36	0.73	Total Targeted(with cash) Barclays Capital Aggregate	2.47 3.49	4.47 5.33	7.43 9.50	7.57 7.54	5.61 5.54	6.20 6.47
53.68	0.84	State Street Short Term	0.21	0.40	0.91	2.77	3.60	3.38
<b>6.18</b>	<b>0.10</b>	<b>Securities Lending</b>	n/a	n/a	n/a	n/a	n/a	n/a
<b>4.69</b>	<b>0.07</b>	<b>Bank of New York -CD</b>	n/a	n/a	n/a	n/a	n/a	n/a
<b>6,364.92</b>	<b>100.00</b>	<b>Total Portfolio</b>	<b>-5.51</b>	<b>-1.67</b>	<b>14.70</b>	<b>-4.05</b>	<b>2.89</b>	<b>2.73</b>
		<b>Policy Benchmark</b>	<b>-6.86</b>	<b>-2.97</b>	<b>15.11</b>	<b>-4.02</b>	<b>2.75</b>	<b>2.44</b>

\*Calculations on the rate of return for Investments were prepared using a time weighted rate of return, based on the market rate of return consistent with Global Investment Performance Standards (GIPS).

## Largest Bond Holdings by Market Value as of June 30, 2010

Cusip Number	Security Description	Interest Rate	Maturity Date	Par/Face Value	Market Value
S99993000	NYC CUSTOM STIF			203,680,965	203,700,654.75
S86253410	TIPS POSITION HELD AT BLACKROCK			1	66,120,704.57
912795U74	U S TREASURY BILLS		29-Jul-10	65,200,000	65,191,524.00
S86253430	TIPS POSITION HELD AT PIMCO			1	63,335,847.76
S86924920	AFL-CIO HOUSING INV TRUST			31,352	35,836,424.18
02R042678	FHLMC TBA 30YR GOLD SFM 04.50% JUL	4.5%	01-Jul-34	34,505,000	35,734,240.63
912795VC2	U S TREASURY BILLS	-	30-Sep-10	33,000,000	32,985,480.00
01F052672	FNMA TBA 30YR 5.50% JUL	5.5%	01-Jul-39	24,520,000	26,328,830.57
31418RQK0	FEDERAL NAT'L MTGE ASSN POOL # AD4057	4.5%	01-May-40	22,000,000	22,826,671.93
01F050676	FNMA TBA 30YR 5.00% JUL	5.0%	01-Jul-39	18,575,000	19,666,033.43
02R042686	FHLMC TBA 30YR GOLD SFM 04.50% AUG	4.5%	01-Aug-31	17,800,000	18,439,687.50
01F042673	FNMA TBA 30YR SFM 04.50% JUL	4.5%	01-Jul-39	16,935,000	17,560,639.84
01F060683	FNMA TBA 30YR SFM 06.00% AUG	6.0%	01-Aug-34	12,800,000	13,869,466.67
01F042681	FNMA TBA 30YR SFM 04.50% AUG	4.5%	01-Aug-33	13,000,000	13,424,531.25
31283HXS9	FED'L HOME LOAN MTGE CORP GRP # G01589	5.0%	01-Sep-33	29,135,000	12,463,498.50
01N060676	GNMA TBA 30 YR 6.00% JUL	6.0%	01-Jul-39	10,400,000	11,347,416.66
312938ZZ9	FED'L HOME LOAN MTGE CORP GRP # A90760	4.0%	01-Jan-40	11,102,113	11,185,056.15
S86885060	VANGUARD TOTAL BOND MKT INDEX FUND			1,019,733	10,921,343.28
01N050677	GNMA I TBA 30YR SFM 05.00% JUL	5.0%	01-Jul-39	10,200,000	10,879,038.19
31416CE93	FEDERAL NAT'L MTGE ASSN POOL # 995760	5.5%	01-Jan-38	13,090,440	10,795,458.57
31402CPL0	FEDERAL NAT'L MTGE ASSN POOL # 725027	5.0%	01-Nov-33	21,800,000	10,173,877.11
912828ND8	UNITED STATES TREAS NTS	3.5%	15-May-20	9,281,000	9,754,633.56
01F042475	FNMA TBA 15YR SFM 04.50% JUL	4.5%	01-Jul-24	9,170,000	9,688,667.19
912795X30	U S TREASURY BILLS		09-Dec-10	9,600,000	9,591,648.00
912828MP2	UNITED STATES TREAS NTS	3.6%	15-Feb-20	8,430,000	9,021,628.19
912810QD3	U S TREASURY BONDS	4.4%	15-Nov-39	7,670,000	8,322,861.85
31292KYF8	FED'L HOME LOAN MTGE CORP GRP # C03410	5.0%	01-Sep-39	8,127,834	8,217,200.12
02R060688	FHLMC TBA 30YR GOLD SFM 06.00% AUG	6.0%	01-Aug-34	7,500,000	8,124,656.25
912833KX7	U S TREAS NTS SEC STRIPPED		15-Nov-19	10,600,000	7,893,184.00
912828JR2	UNITED STATES TREAS NTS	3.8%	15-Nov-18	7,165,000	7,754,603.56
31418M2S0	FEDERAL NAT'L MTGE ASSN POOL # AD0784	6.0%	01-Mar-40	8,742,412	7,699,493.44
01F062689	FNMA TBA 30YR SFM 06.50% AUG	6.5%	01-Aug-37	6,900,000	7,550,876.05
01F052680	FNMA TBA 30YR SFM 05.50% AUG	5.5%	01-Aug-34	6,700,000	7,171,856.94
912828MK3	UNITED STATES TREAS NTS	3.3%	31-Jan-17	6,700,000	7,096,592.09
01N052681	GNMA I TBA 30YR SFM 05.50% AUG	5.5%	01-Aug-33	6,300,000	6,803,606.25
912828EN6	UNITED STATES TREAS NTS	4.5%	15-Nov-15	5,780,000	6,595,325.53
912810EE4	U S TREASURY BONDS	8.5%	15-Feb-20	4,345,000	6,512,323.81
31417QKE3	FEDERAL NAT'L MTGE ASSN POOL # AC4792	4.0%	01-Oct-39	6,468,600	6,428,787.79
01N062672	GNMA I TBA 30YR SFM 06.50% JUL	6.5%	01-Jul-39	5,500,000	6,053,532.99
912810FB9	U S TREASURY BOND	6.1%	15-Nov-27	4,500,000	5,958,327.11
36297FRC8	GOV'T NAT'L MTGE ASSN POOL # 710683	4.5%	15-Jul-39	5,290,000	5,408,472.74
912810QE1	UNITED STATES TREAS BDS	4.6%	15-Feb-40	4,695,000	5,359,052.30
912828KQ2	UNITED STATES TREAS NTS	3.1%	15-May-19	5,180,000	5,308,729.01
912828HZ6	UNITED STATES TREAS NTS	3.9%	15-May-18	4,790,000	5,259,026.21
912828NL0	UNITED STATES TREAS NTS	1.9%	30-Jun-15	5,200,000	5,220,180.95
912810EP9	U S TREASURY BONDS	7.1%	15-Feb-23	3,605,000	5,087,733.62
31418MPH9	FEDERAL NAT'L MTGE ASSN POOL # AD0423	5.5%	01-Mar-39	5,480,000	5,013,290.84
912795UY5	U S TREASURY BILLS		15-Jul-10	5,000,000	4,999,800.00
912828DV9	UNITED STATES TREAS NTS	4.1%	15-May-15	4,425,000	4,939,575.90
912810DS4	U S TREASURY BONDS	10.6%	15-Aug-15	3,350,000	4,925,528.88

A complete listing of the portfolio holdings is available from our office upon request



## Largest Stock Holdings by Market Value as of June 30, 2010

Cusip Number	Security Description	Number of Shares	Market Value
S86792830	GR TR EAFE POS HELD AT PIA	1,001	79,266,319
30231G102	EXXON MOBIL CORP	898,927	51,301,764
037833100	APPLE INC COM	166,256	41,818,372
46625H100	JPMORGAN CHASE & CO	931,616	34,106,462
594918104	MICROSOFT CORP COM	1,470,426	33,834,502
478160104	JOHNSON & JOHNSON COM	541,847	32,001,484
459200101	INTERNATIONAL BUSINESS MACHINES CORP	242,356	29,926,119
166764100	CHEVRON CORPORATION	431,071	29,252,478
060505104	BANK OF AMER CORP	1,947,052	27,979,137
742718109	PROCTER & GAMBLE CO COM	458,443	27,497,411
17275R102	CISCO SYS INC	1,251,488	26,669,209
949746101	WELLS FARGO & CO NEW	1,028,937	26,340,787
00206R102	AT&T INC	1,076,797	26,047,719
828806109	SIMON PPTY GROUP INC NEW	310,281	25,055,191
369604103	GENERAL ELECTRIC CO	1,650,693	23,971,931
458140100	INTEL CORPORATION	1,070,585	20,822,878
084670702	BERKSHIRE HATHAWAY INC DEL	260,252	20,739,482
428236103	HEWLETT PACKARD COMPANY	473,009	20,510,908
38259P508	GOOGLE INC	45,939	20,440,558
931142103	WAL MART STORES INC	404,241	19,431,865
68389X105	ORACLE CORPORATION	903,750	19,394,475
58933Y105	MERCK & CO INC NEW	544,630	19,259,002
S86968860	BLACKROCK CARBON CAPIII COINVESTMENTSLLC	2	18,645,663
29476L107	EQUITY RESIDENTIAL	436,383	18,318,267
717081103	PFIZER INC COM	1,259,580	17,961,611
191216100	COCA-COLA CO	344,274	17,424,290
713448108	PEPSICO INC COM	273,804	16,688,354
031162100	AMGEN INC	275,159	14,473,363
20825C104	CONOCOPHILLIPS	294,299	14,447,138
806857108	SCHLUMBERGER LIMITED COM	260,159	14,444,916
580135101	MC DONALDS CORPORATION COMMON	218,350	14,382,715
929042109	VORNADO RLTY TR COM	194,519	14,190,161
718172109	PHILIP MORRIS INTL INC	299,912	13,926,954
88579Y101	3M CO	171,422	13,540,624
74460D109	PUBLIC STORAGE	151,521	13,320,211
92343V104	VERIZON COMMUNICATIONS INC	460,595	12,905,872
172967101	CITIGROUP INC	3,392,389	12,755,383
38141G104	GOLDMAN SACHS GROUP INC	96,206	12,628,962
002824100	ABBOTT LABORATORIES	269,310	12,598,322
674599105	OCCIDENTAL PETROLEUM CORPORATION COMMON	156,066	12,102,908
101121101	BOSTON PPTYS INC	167,902	12,062,080
40414L109	HCP INC	333,717	10,762,373
747525103	QUALCOMM INC	314,728	10,335,668
053484101	AVALONBAY CMNTYS INC	106,382	10,027,833
025816109	AMERICAN EXPRESS COMPANY	248,200	9,898,216
254687106	DISNEY (WALT) COMPANY .	313,709	9,881,834
268648102	EMC CORP(MASS)	535,968	9,808,214
20030N101	COMCAST CORP NEW CL A	544,239	9,453,431
023135106	AMAZON COM INC	86,175	9,415,481
85590A401	STARWOOD HOTELS & RESORTS	227,159	9,411,197

A complete of the portfolio holdings is available from our office upon request

# Investment Summary

Year ended June 30, 2010

(Dollar amount in thousands)

	<u>Market Value</u>	<u>Percent of total market value</u>
<b>Type of Investment:</b>		
<b>Short Term Investments:</b>		
Short Term Investments	\$ 236,905	3.24%
Commercial paper	170,747	2.33%
<b>Total Short-Term</b>	<u>407,652</u>	<u>5.57%</u>
<b>Fixed Income:</b>		
Corporate Bonds	885,582	12.11%
U.S. Govt Securities	860,846	11.77%
Yankee Bonds	6,278	0.10%
<b>Total Fixed Income</b>	<u>1,752,706</u>	<u>23.96%</u>
<b>Domestic Equities:</b>	<u>2,746,864</u>	<u>37.55%</u>
<b>Private Equity</b>	<u>446,855</u>	<u>6.11%</u>
<b>Private Equity-real estate</b>	<u>110,183</u>	<u>1.51%</u>
<b>Mutual Funds:</b>		
International Equity	1,011,471	13.84%
Domestic Equity	15,078	0.22%
Mortgage Debt	43,385	0.59%
Treasury Inflation -protected securities	173,527	2.61%
<b>Total Mutual funds</b>	<u>1,243,461</u>	<u>17.00%</u>
<b>Promissory Notes</b>	<u>2,852</u>	<u>0.04%</u>
<b>Collateral from securities lending</b>	<u>604,956</u>	<u>8.27%</u>
<b>Total Market value</b>	<u>\$ 7,315,529</u>	<u>100.00%</u>

# **New York City Fire Pension Fund**

## **Comprehensive Annual Financial Report**

### **A Pension Trust Fund of the City of New York**



## **Actuarial Section**

### **Part IV**

**Fiscal Year Ended June 30, 2010**

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## OFFICE OF THE ACTUARY

75 PARK PLACE • 9<sup>TH</sup> FLOOR  
NEW YORK, NY 10007  
(212) 442-5775 • FAX: (212) 442-5777

**ROBERT C. NORTH, JR.**  
CHIEF ACTUARY

December 9, 2010

Board of Trustees  
New York City Fire Department  
Pension Fund  
9 Metrotech Center  
Brooklyn, NY 11201-3857

Re: Actuarial Information for the Comprehensive Annual Financial Report (“CAFR”) for the Fiscal Year Ended June 30, 2010

Dear Members:

The financial objective of the New York City Fire Department Pension Fund (the “Plan”) is to fund members’ retirement benefits during their active service and to establish employer normal contribution rates that, expressed as a percentage of active member annualized covered payroll, would remain approximately level over the future working lifetimes of those active members and, together with member contributions and investment income, would ultimately be sufficient to accumulate assets to pay benefits when due.

An actuarial valuation of the Plan is performed annually as of the second June 30 preceding each fiscal year to determine the Employer Contributions to be paid for that fiscal year (i.e., June 30, 2008 (Lag) actuarial valuation to determine Fiscal Year 2010 Employer Contributions).

Under current law, the City of New York is required to contribute statutorily-required contributions (“Statutory Contributions”) and these contributions are generally funded by the City of New York within the appropriate fiscal year.

Statutory Contributions for Fiscal Year 2010 were equal to the Annual Required Contributions as defined under Governmental Accounting Standards Board (“GASB”) Statement Number 25 (“GASB 25”) as amended by GASB Statement No. 50 (“GASB 50”).

The Annual Required Contributions were computed in accordance with GASB 25 as amended by GASB 50 and are consistent with generally accepted actuarial principles.

### Actuarial Assumptions and Methods

Provided in this Actuarial Section of the CAFR is a “Summary of Actuarial Assumptions and Methods in Effect for the June 30, 2008 (Lag) Actuarial Valuation.” These actuarial assumptions and methods were first employed in the June 30, 2004 (Lag) actuarial valuation that was used to determine Fiscal Year 2006 Employer Contributions to the Plan and are referenced in the summary of Actuarial Assumptions and Methods as the August 2005 Report.

These actuarial assumptions and methods are unchanged from those employed in the June 30, 2007 (Lag) actuarial valuation that was used to determine Fiscal Year 2009 Employer Contributions to the Plan.

### Benefits and Census Data

A summary of the benefits applicable to Plan members included in the June 30, 2008 (Lag) actuarial valuation is shown earlier in the Introductory Section of the CAFR.

Census data are submitted by the Plan’s administrative staff and by the employer’s payroll facilities and are reviewed by the Office of the Actuary (“OA”) for consistency and reasonability.

A summary of the census data used in the June 30, 2008 (Lag) actuarial valuation is included in this CAFR. A summary of the census data used in the June 30, 2007 (Lag) actuarial valuation of the Plan is available in the June 30, 2009 CAFR.

### Funded Status

The Funded Status of the Plan is usually expressed in various relationships of Assets to Liabilities.

With respect to the Funded Status of the Plan, included in the Financial Section of the CAFR is a Schedule of Funding Progress (Schedule 1).

Included in the Actuarial Section of the CAFR is a Solvency Test (i.e., Comparative Summary of Actuarial Values and Percentages Covered by Actuarial Value of Assets) as prescribed by the Government Finance Officers Association (“GFOA”). This Solvency Test represents an alternative approach to describing progress toward funding objectives.

In addition to the Schedule of Funding Progress and the Solvency Test, included for informational purposes in the Actuarial Section of the CAFR (following the Solvency Test) is an Additional Discussion of Plan Funding and Other Measures of Funded Status that provides different comparisons between the Assets and Liabilities of the Plan. Included in this Other Measures of Funded Status discussion is information consistent with the disclosure expectations of GASB 50.

#### Presentation Style and Sources of Information

The actuarial information herein is being presented in a manner believed to be consistent with the requirements of the GFOA and, where applicable, with GASB 25 which was adopted for financial reporting purposes beginning Fiscal Year 1995 and with GASB 50 which was adopted for financial reporting purposes beginning Fiscal Year 2008.

The Additional Discussion of Plan Funding and Other Measures of Funded Status represents additional information provided by the Actuary to assist those users who desire alternative disclosures.

As prescribed by GASB 25 as amended by GASB 50, included in the Financial Section of the CAFR are the following schedules prepared by the OA:

- Schedule of Funding Progress.
- Schedule of Employer Contributions.
- Schedule of Actuarial Assumptions and Methods.

The following schedules in the Actuarial Section of the CAFR were prepared by the OA:

- Summary of Actuarial Assumptions and Methods in Effect for the June 30, 2008 (Lag) Actuarial Valuation.
- Active Member Valuation Data.
- Summary of Plan Membership.
- Retirants and Beneficiaries Added to and Removed from Rolls.

Board of Trustees  
New York City Fire Department  
Pension Fund  
December 9, 2010  
Page 4

- Statutory vs. Annual Required Contributions.
- Comparative Summary of Actuarial Values and Percentages Covered by Actuarial Value of Assets – Solvency Test.
- Additional Discussion of Plan Funding and Other Measures of Funded Status.

The Summary of Plan Membership in the Financial Section of the CAFR was prepared by the OA.

If you have any questions about any of the information in this Actuarial Section or any of the actuarial information elsewhere presented in this CAFR, please do not hesitate to contact Mr. John R. Gibney, Jr., Mr. Edward Hue or me.

I, Robert C. North, Jr., am the Chief Actuary for the New York City Retirement Systems. I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,



Robert C. North, Jr., FSA, MAAA  
Chief Actuary

EH/bs

Att.

cc: Ms. M.E. Basso  
Mr. A.G. Garcia  
Mr. J.R. Gibney  
Mr. E. Hue

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## NEW YORK CITY FIRE DEPARTMENT PENSION FUND

### SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT FOR THE JUNE 30, 2008 (LAG) ACTUARIAL VALUATION

- (1) Based, in part, upon a review of an October 2003 experience study by Gabriel, Roeder, Smith & Company ("GRS"), the Actuary issued an August 31, 2005 Report entitled "Proposed Changes in Actuarial Assumptions and Methods for Determining Employer Contributions for Fiscal Years Beginning on and After July 1, 2005 for the New York City Fire Pension Fund" ("August 2005 Report"). Where required, the Board of Trustees of the Plan adopted those changes to actuarial assumptions that required Board approval and the State Legislature and the Governor enacted Chapter 152 of the Laws of 2006 ("Chapter 152/06") to provide for those changes to the actuarial assumptions and methods that required legislation, including the Actuarial Interest Rate ("AIR") assumption of 8.0% per annum.  
  
Chapter 152/06 provided for the changes in actuarial assumptions and methods that require legislation, including the continuation of the AIR assumption of 8.0% per annum and continuation of the current Frozen Initial Liability ("FIL") Actuarial Cost Method and the existing Unfunded Actuarial Accrued Liability ("UAAL"). In addition, Chapter 152/06 provided for elimination of the use of the ten-year phase-in of Chapter 278 of the Laws of 2002 ("Chapter 278/02") for funding the additional actuarial liabilities created by the benefits provided by Chapter 125 of the Laws of 2000 ("Chapter 125/00").
- (2) The investment rate of return assumption is 8.0% per annum.
- (3) The mortality tables for service and disability pensioners were developed from an experience study of the Plan's and the predecessor Plan's pensioners. Sample probabilities are shown in Table 1.
- (4) Active Service tables are used to estimate various withdrawals from Active Service. Sample probabilities are shown in Table 2 for members withdrawing from active service due to Death or Disability, in Table 3 for members withdrawing from Active Service without employer-provided benefits or with Vested Benefits, and in Table 4 for members withdrawing from Active Service for Service Retirement.
- (5) A Salary Scale is used to estimate salaries at termination, retirement or death. Sample percentage increases are shown in Table 5. The Salary Scale includes a General Wage Increase ("GWI") assumption of 3.0% per annum.
- (6) The economic assumptions (i.e., the assumed investment return rate, GWI rate and Cost-of-Living Adjustments ("COLA")) were developed assuming a long-term Consumer Price Inflation ("CPI") assumption of 2.5% per annum. The COLA assumption is 1.3% per annum.
- (7) The valuation assumes a closed group of members. Salaries of members on the valuation date are assumed to increase in accordance with the Salary Scale.

NEW YORK CITY FIRE DEPARTMENT PENSION FUND

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS  
IN EFFECT FOR THE JUNE 30, 2008 (LAG) ACTUARIAL VALUATION  
(Cont'd)

- (8) The Frozen Initial Liability Actuarial Cost Method is utilized by the Plan's Actuary to calculate the employer contribution. Under this Actuarial Cost Method, the Initial Liability was reestablished under the Entry Age Actuarial Cost Method as of June 30, 1999 but with the UAAL not less than \$0.

Under this method, the excess of the Actuarial Present Value ("APV") of projected benefits of members as of the valuation date, over the sum of the Actuarial Asset Value ("AAV") plus UAAL, if any, and APV of future employee contributions, is allocated on a level basis over the future earnings of members who are on payroll as of the valuation date. Actuarial gains and losses are reflected in the employer normal contribution rate.

All outstanding components of the UAAL are being amortized over closed periods.

Chapter 85 of the Laws of 2000 ("Chapter 85/00") reestablished the UAAL and eliminated the Balance Sheet Liability ("BSL") for actuarial purposes as of June 30, 1999.

The schedule of payments toward the reestablished UAAL provides that the UAAL be amortized over a period of 11 years beginning Fiscal Year 2000, where each annual payment after the first annual payment equals 103% of its preceding annual payment.

Note: Because the UAAL was established under the Entry Age Actuarial Cost Method, the financial results using the Frozen Initial Liability Actuarial Cost Method are the same as those that would be produced using the Frozen Entry Age Actuarial Cost Method.

- (9) One-Year Lag Methodology uses a June 30, 2008 ("Lag") valuation date to determine Fiscal Year 2010 Employer Contributions.

This methodology requires technical adjustments to certain components used to determine Fiscal Year 2010 Employer Contributions as follows:

- Present Value of Future Salary ("PVFS")

The PVFS at June 30, 2008 is reduced by the value of salary projected to be paid during Fiscal Year 2009.

- Salary for Determining Employer Contributions

Salary used to determine the employer Normal Cost is the salary projected to be paid during Fiscal Year 2010 to members on payroll at June 30, 2008.

- Present Value of Future Normal Costs ("PVFNC")

The PVFNC at June 30, 2008 is reduced by the discounted value of the Fiscal Year 2009 Employer Contribution (after offsetting for any UAAL payments).

## NEW YORK CITY FIRE DEPARTMENT PENSION FUND

### SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT FOR THE JUNE 30, 2008 (LAG) ACTUARIAL VALUATION (Cont'd)

- (10) Beginning with the June 30, 2004 (Lag) actuarial valuation, the Actuarial Asset Valuation Method ("AAVM") was changed to a method that reset the AAV to Market Value (i.e., "Market Value Restart") as of June 30, 1999. As of each June 30 thereafter the AAVM recognizes investment returns greater or less than expected over a period of six years.

Under this revised AAVM, any Unexpected Investment Returns ("UIR") for Fiscal Years 2000 and later are phased into the AAV beginning the following June 30 at a rate of 15%, 15%, 15%, 15%, 20% and 20% per year (or cumulative rates of 15%, 30%, 45%, 60%, 80% and 100% over a period of six years).

These revised averaging factors were applied against the UIR computed under the prior five-year AAVM used for Fiscal Years 2000 to 2004.

The revised AAVM was utilized for the first time in the June 30, 2004 (Lag) actuarial valuation to determine the Fiscal Year 2006 Employer Contribution in conjunction with the One-Year Lag Methodology and the revised economic and noneconomic assumptions.

The AAVM in effect for the June 30, 2008 (Lag) actuarial valuation is unchanged from the AAVM used in the June 30, 2007 (Lag) actuarial valuation.

- (11) The obligations of the Plan to the Firefighters' Variable Supplements Fund ("FFVSF") and the Fire Officers' Variable Supplements Fund ("FOVSF") are recognized through the Liability Valuation Method.

Under this method the APV of Future SKIM from the Plan to the FFVSF and FOVSF is included directly as an actuarial liability to the Plan. SKIM is all or a portion of the excess earnings on equity securities of the Plan which are transferable to the FFVSF and FOVSF. The APV of Future SKIM is computed as the excess, if any, of the APV of benefits of the FFVSF and FOVSF offset by the AAV of the FFVSF and FOVSF, respectively.

- (12) Distinct male and female probabilities for mortality are used effective June 30, 1995.

## NEW YORK CITY FIRE DEPARTMENT PENSION FUND

### SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT FOR THE JUNE 30, 2008 (LAG) ACTUARIAL VALUATION (Cont'd)

- (13) A Dual Overtime assumption (i.e., a Baseline Overtime assumption for most years and a separate overtime assumption for the years included in the calculation of Final Salary or Final Average Salary) was introduced as of June 30, 1995. A Baseline Overtime of 12% is assumed.

Additionally, a separate overtime assumption of 16% is utilized when calculating the Final Salary or Final Average Salary for Service Retirements, 6% for Disability Retirements, except that 10% is used for Tier 2 Ordinary Disability Retirements with over 20 years of service, and 12% for all other benefits.

- (14) The Actuarial Present Value of Future Benefits ("APVB") as of June 30, 2008, used to determine the Fiscal Year 2010 Employer Contributions, includes estimates of liabilities for:

- World Trade Center Disability Benefits
- World Trade Center Death Benefits

- (15) The Actuarial Assumptions and Methods are generally unchanged from the June 30, 2007 (Lag) actuarial valuation.

**NEW YORK CITY FIRE DEPARTMENT PENSION FUND**

**SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS  
IN EFFECT FOR THE JUNE 30, 2008 (LAG) ACTUARIAL VALUATION  
(Cont'd)**

**Table 1**

**Deaths among Service and Disability Pensioners**

**Percentage of Pensioners Dying within Next Year**

<u>Age</u>	<u>Service Pensioners</u>		<u>Disability Pensioners</u>	
	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>
40	.1151%	.0677%	.1373%	.0817%
45	.1706	.1185	.1927	.1545
50	.2259	.2205	.3396	.2788
55	.5102	.3840	.6239	.5040
60	.7945	.7143	.9082	.8895
65	1.1726	1.1649	1.4072	1.3978
70	1.8926	1.7416	2.3594	2.1653
75	3.2837	2.8009	3.8999	3.5260
80	5.6138	4.6138	6.7564	5.6527
85	10.0295	7.2110	12.2116	9.2358
90	14.7990	12.2729	16.6428	15.1220
95	23.3253	19.4640	27.2620	22.8306
100	31.5403	28.6331	36.7152	34.8130
105	49.9036	47.3182	62.8438	59.5880
110*	100.0000	100.0000	100.0000	100.0000

\* Tables end at age 108 for Disability Pensioners.

**NEW YORK CITY FIRE DEPARTMENT PENSION FUND**

**SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS  
IN EFFECT FOR THE JUNE 30, 2008 (LAG) ACTUARIAL VALUATION  
(Cont'd)**

**Table 2**

**Withdrawals from Active Service (Due to Death or Disability)**

**Percentage of Active Members Separating within Next Year**

<u>Age</u>	<u>Accidental Disability</u>	<u>Ordinary Disability</u>	<u>Ordinary Death</u>		<u>Accidental Death</u>
			<u>Males</u>	<u>Females</u>	
20	0.02%	0.01%	.030%	.015%	.02%
25	0.02	0.01	.040	.020	.02
30	0.10	0.05	.050	.025	.02
35	0.60	0.10	.060	.030	.02
40	1.30	0.15	.080	.040	.05
45	2.30	0.15	.150	.075	.10
50	4.00	0.20	.250	.125	.15
55	7.50	1.00	.400	.200	.20
60	14.50	6.00	.600	.300	.35
63	NA	NA	NA	NA	NA

**NEW YORK CITY FIRE DEPARTMENT PENSION FUND**

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS  
IN EFFECT FOR THE JUNE 30, 2008 (LAG) ACTUARIAL VALUATION  
(Cont'd)

**Table 3**

**Withdrawals from Active Service**

Percentage of Active Members Withdrawing within Next Year

<u>Years of Service</u>	<u>Probability of Withdrawal</u>
0	1.00%
5	0.20
10	0.20
15	0.20
* 20	NA*

\* Not applicable as all members with 20 or more years of service can retire.

**Table 4**

**Withdrawals from Active Service (for Service Retirement)**

Percentage of Eligible Active Members Retiring within Next Year

<u>Age</u>	<u>Years of Service Since First Eligible</u>		
	<u>0-1</u>	<u>1-2</u>	<u>2+</u>
40	15.00%	6.00%	5.00%
45	15.00	6.00	5.00
50	15.00	10.00	5.00
55	20.00	15.00	10.00
60	25.00	20.00	15.00
63	100.00	100.00	100.00

**NEW YORK CITY FIRE DEPARTMENT PENSION FUND**

**SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS  
IN EFFECT FOR THE JUNE 30, 2008 (LAG) ACTUARIAL VALUATION  
(Cont'd)**

**Table 5**

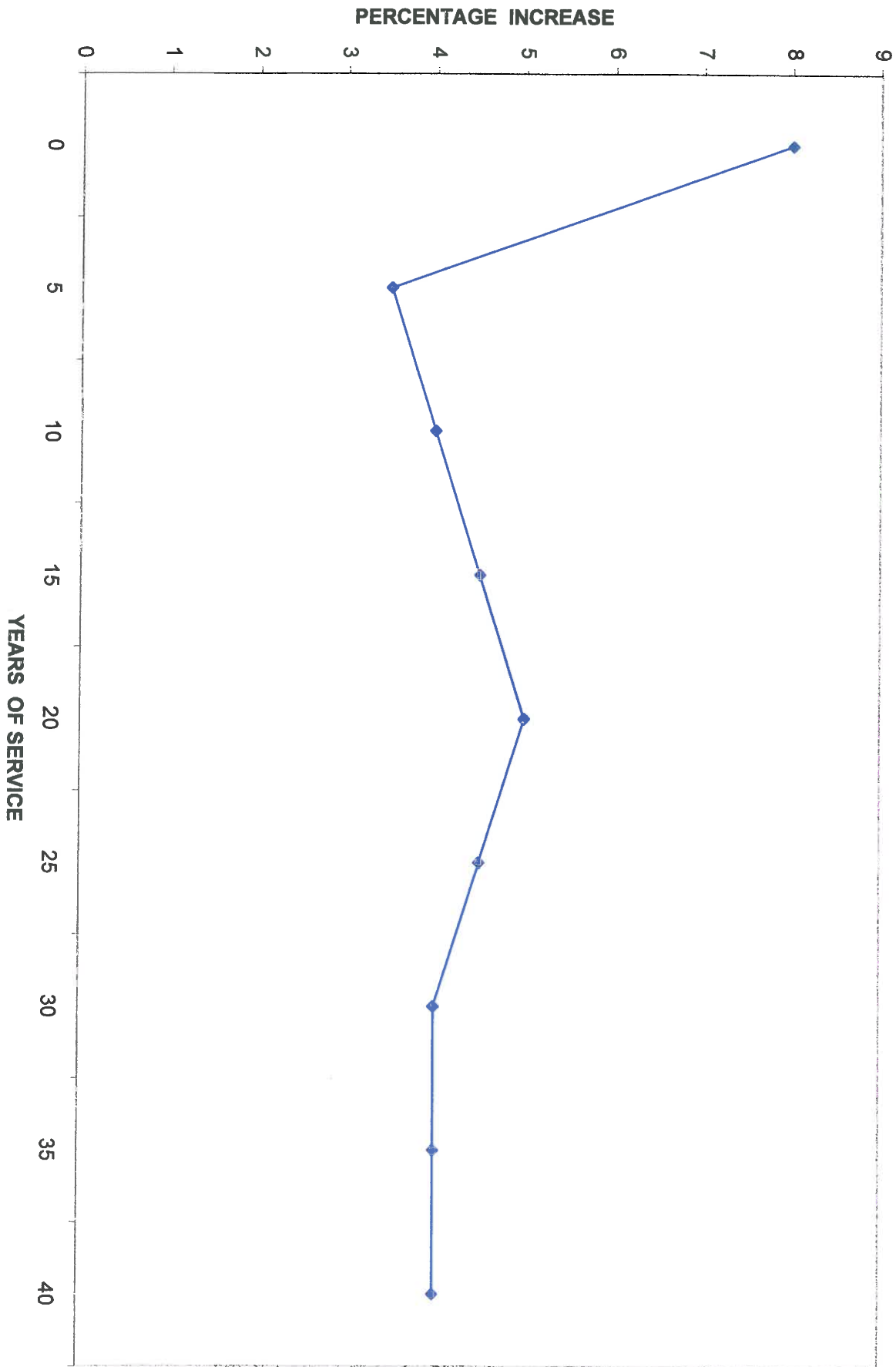
**Salary Scale**

<b><u>Years of Service</u></b>	<b><u>Assumed Annual Percentage Increases Within Next Year*</u></b>
0	8.00%
5	3.50
10	4.00
15	4.50
20	5.00
25	4.50
30	4.00
35	4.00
40	4.00

\* Salary Scale includes a General Wage Increase assumption of 3.0% per annum.



**SALARY SCALE**  
(From Table 5 Data)



# NEW YORK CITY FIRE DEPARTMENT PENSION FUND

## ACTIVE MEMBER VALUATION DATA

<u>Valuation Date</u>	<u>Number</u>	<u>Annual Payroll<sup>(1)</sup></u>	<u>Annual Average Pay</u>	<u>Percentage Increase (Decrease) in Average Pay</u>
6/30/99	11,477	\$ 729,726,243	\$63,582	5.6%
6/30/00	11,492	741,486,584	64,522	1.5
6/30/01	11,333	799,232,008	70,523	9.3
6/30/02	11,271	789,694,432	70,064	(0.7)
6/30/03	10,860	748,763,008	68,947	(1.6)
6/30/04	11,239	804,974,081	71,623	3.9
6/30/04 (Lag)	11,239	864,824,737 <sup>(2)</sup>	76,948	11.6 <sup>(3)</sup>
6/30/05 (Lag)	11,470	908,261,197	79,186	2.9
6/30/06 (Lag)	11,641	932,730,174	80,125	1.2
6/30/07 (Lag)	11,528	1,000,383,326	86,779	8.3
6/30/08 (Lag)	11,574	1,051,591,517	90,858	4.7
6/30/09 (Lag) <sup>(4)</sup>	11,460	1,079,682,340	94,213	3.7

- (1) Annual Payroll was increased by a percentage to reflect overtime earnings, and, where applicable, adjusted to be consistent with collective bargaining agreements estimated to be achieved.
- (2) The annualized covered payroll under the One-Year Lag Methodology as of June 30, 2004 used for the Fiscal Year 2006 Employer Contributions differs from that used to compute Fiscal Year 2005 Employer Contributions due to changes in actuarial assumptions and updated information on labor contract settlements.
- (3) Increase from June 30, 2003.
- (4) Preliminary.

## SUMMARY OF PLAN MEMBERSHIP

As of the June 30, 2008 (Lag) and June 30, 2007 (Lag) actuarial valuations, the Plan's Membership consisted of:

<u>Group</u>	<u>2008 (Lag)</u>	<u>2007 (Lag)</u>
Retirees and beneficiaries currently receiving benefits	17,404	17,479
Terminated vested members not yet receiving benefits	32	35
Other Inactives*	53	28
Active members	<u>11,574</u>	<u>11,528</u>
Total	<u>29,063</u>	<u>29,070</u>

\* Represents members who are no longer on payroll but not otherwise classified.

**NEW YORK CITY FIRE DEPARTMENT PENSION FUND**

**RETIRANTS AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS**

(Dollar Amounts in Thousands)

Year Ended	Added to Rolls		Removed from Rolls		Rolls End of Year		% Increase In Annual Allowances
	Number	Annual Allowances**	Number	Annual Allowances	Number	Annual Allowances*	
6/30/99	524	\$40,336	558	\$ 9,525	16,146	\$457,102	7.2%
6/30/00	576	31,757	559	10,724	16,163	478,136	4.6
6/30/01	599	81,850	607	11,301	16,155	548,685	14.8
6/30/02	1,123	56,005	563	13,109	16,715	591,581	7.8
6/30/03	1,310	79,286	616	15,236	17,409	655,631	10.8
6/30/04***	619	47,404	569	15,596	17,459	687,439	4.9
6/30/05 (Lag)	725	51,588	741	23,571	17,443	715,456	4.1
6/30/06 (Lag)	756	55,146	714	21,538	17,485	749,064	4.7
6/30/07 (Lag)	777	71,664	783	26,221	17,479	794,507	6.1
6/30/08 (Lag)	616	62,100	691	23,260	17,404	833,347	4.9

\* Allowances shown in table are those used in the actuarial valuation for the given fiscal year and are not adjusted for anticipated changes due to finalization of benefit calculation or contract settlements.

\*\* Balancing Item - Amounts shown include changes due to benefit finalization, change in benefit type (e.g. Service to Accidental Disability), COLA increases and other changes.

\*\*\* Same amounts apply for June 30, 2004 (Lag) actuarial valuation.

**NEW YORK CITY FIRE DEPARTMENT PENSION FUND**

**STATUTORY VS. ANNUAL REQUIRED CONTRIBUTIONS**

(Dollar Amounts in Thousands)

<b><u>Fiscal Year Ended</u></b>	<b><u>Statutory Contribution*</u></b>	<b><u>Annual Required Contribution</u></b>	<b><u>Employer Rate of Contribution**</u></b>
6/30/00	\$182,854	\$182,854	25.058%
6/30/01	241,311	298,897	32.544
6/30/02	302,318	346,220	37.826
6/30/03	316,967	389,502	40.138
6/30/04	392,693	427,660	52.446
6/30/05	489,508	518,398	60.810
6/30/06	608,771	608,771	69.774
6/30/07	683,193	683,193	74.537
6/30/08	780,202	780,202	82.608
6/30/09	843,751	843,751	83.238
6/30/10	874,331	874,331	82.491

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\* Represents total employer contributions accrued for fiscal year.

The Statutory Contributions for Fiscal Years 2001 and 2002 were computed in accordance with Chapter 125/00 which provided for a five-year phase-in of the additional actuarial liabilities attributable to Chapter 125/00.

The Statutory Contributions for Fiscal Years 2003 through 2005 were computed in accordance with Chapter 278/02 which extended from five to ten years the phase-in period for the funding of the additional actuarial liabilities attributable to Chapter 125/00.

Beginning Fiscal Year 2006, the Statutory Contributions were computed using a One-Year Lag Methodology in accordance with Chapter 152/06 which also eliminated the use of ten-year phase-in of Chapter 278/02 for the additional actuarial liabilities attributable to Chapter 125/00.

\*\* The employer rates of contribution equal the Statutory Contributions as percentages of the salaries of members who were on payroll or projected to be on payroll (under One-Year Lag Methodology) as of the preceding June 30 increased to reflect overtime earnings and adjusted, where applicable, to be consistent with collective bargaining agreements estimated to be achieved.

# NEW YORK CITY FIRE DEPARTMENT PENSION FUND

## COMPARATIVE SUMMARY OF ACTUARIAL VALUES AND PERCENTAGES COVERED BY ACTUARIAL VALUE OF ASSETS

### SOLVENCY TEST (Dollar Amounts in Thousands)

As of June 30	<u>Aggregate Accrued Liabilities for</u>				Actuarial Value of Assets (D)	Percentage of Actuarial Values Covered by <u>Actuarial Value of Assets</u> (B) (C)
	<u>Accumulated Member Contributions</u> (A)	<u>Current Retirees and Beneficiaries</u> (B)	<u>Active Members' Employer Financed Portion</u> (C)	(A)		
1999	\$370,092	\$4,005,134	\$2,117,282	\$6,179,799	100%	85%
2000	396,418	4,773,314	2,267,706	6,388,132	100	54
2001	446,921	4,939,847	2,467,328	6,525,746	100	46
2002	496,972	5,457,660	2,357,209	6,612,273	100	28
2003	537,841	6,159,223	2,026,273	6,441,534	100	0
2004	582,691	6,474,286	2,115,777	6,185,754	100	0
2004 (Lag)	582,691	6,534,286	2,667,287	6,277,298	100	0
2005 (Lag)	582,259	6,740,143	2,832,468	6,169,209	100	0
2006 (Lag)	661,712	7,319,033	2,915,997	6,174,111	100	0
2007 (Lag)	724,662	7,672,323	3,145,238	6,459,130	100	0
2008 (Lag)	784,897	7,961,318	3,352,573	6,942,992	100	0

Also, see following "SOLVENCY TEST - NOTES."

## NEW YORK CITY FIRE DEPARTMENT PENSION FUND

### COMPARATIVE SUMMARY OF ACTUARIAL VALUES AND PERCENTAGES COVERED BY ACTUARIAL VALUE OF ASSETS

#### SOLVENCY TEST - NOTES

The ultimate test of financial soundness in a retirement system is its ability to pay all of its promised benefits when due. The retirement system's progress in accumulating assets to pay all promised benefits can be measured by comparing the Actuarial Value of Assets of the retirement system with the Aggregate Accrued Liabilities for:

- (A) Accumulated Member Contributions;
- (B) Current Retirants and Beneficiaries; and
- (C) Active Members' Employer Financed Portion.

The Aggregate Accrued Liabilities are the APV of projected benefits produced by the projected benefit attribution approach prorated on service. The Aggregate Accrued Liabilities were calculated in accordance with Governmental Accounting Standards Board Statement No. 5 ("GASB 5").

This comparative summary allocated assets as if they were priority groups, somewhat similar to (but not identical to) the priority categories of Section 4044 of the Employee Retirement Income Security Act of 1974 ("ERISA").

The values in the table are dependent upon census data, benefit levels (which have changed on occasion over the past years), and the actuarial assumptions and methods employed at each valuation date. The most recent change in assumptions and methods occurred in the June 30, 2004 (Lag) valuation used to compute the employer contribution for Fiscal Year 2006. These underlying bases can be found within the Comprehensive Annual Financial Report for each respective year.

To fully evaluate trends in financial soundness, changes in assumptions need to be evaluated. For the valuation dates shown in the table, the Actuarial Interest Rate and General Wage Increase assumptions were all equal to 8.0% per annum and 3.0% per annum, respectively.

## NEW YORK CITY FIRE DEPARTMENT PENSION FUND

### ADDITIONAL DISCUSSION OF PLAN FUNDING AND OTHER MEASURES OF FUNDED STATUS

#### On-Going Funding of the Plan

Under the basic equation of pension funding, Contributions plus Investment Earnings pay for Benefits plus Expenses.

There are three major sources for financing those Benefits and Expenses paid from the Plan.

First, Member Contributions are established by statute and paid as percentages of member salaries.

Second, Investment Earnings reflect the rates of return achieved on the amounts of assets held in different asset classes in the Trust.

Third, Employer Contributions are determined by actuarial methodology to finance the Benefits payable by the Plan that are not provided by either Member Contributions or Investment Earnings and for the Administrative and Investment Expenses of the Plan.

This actuarial methodology includes demographic and certain tabular assumptions recommended by the Actuary and adopted by the Board of Trustees, and certain economic assumptions and financing methods recommended by the Actuary, supported by the Board of Trustees and, where required, enacted into law by the New York State Legislature and Governor.

Employer Contributions are particularly responsive to Investment Earnings and increase (decrease) on a smoothed basis whenever Investment Earnings are less (more) than expected.

For example, during Fiscal Years 2001 to 2003, the Assets of the Plan decreased because they earned less than expected. Consequently, over the following several years, the actuarial methodology responds by increasing Employer Contributions in order to bring the overall financial status of the Plan back into balance.

The New York City Charter requires an independent actuary to conduct an experience review of the Plan every two years. The Actuary utilizes this information and regularly proposes changes in actuarial assumptions and methods, most recently during Fiscal Year 2006.

These most recent changes, approved by the Board of Trustees and implemented during Fiscal Year 2006, include (1) updated demographic assumptions, (2) full recognition of all Obligations of the Plan (i.e., removing the statutory phase-in of certain liabilities), and (3) revised methodologies for smoothing changes in Employer Contributions due to Plan experience. Together, these changes further enhance the long-term financial integrity of the Plan.

The ongoing process of actuarial rebalancing and periodic reviews of actuarial assumptions and methods by the Actuary and the Board of Trustees, coupled with a financially responsible, long-duration employer like the City of New York (the "City") that can afford some variability of Employer Contributions, help provide financial security for the Plan and its participants and reasonable intergenerational budget equity for taxpayers.

With the City that has always paid and is expected to continue to pay the statutorily-required Employer Contributions as calculated by the Actuary and approved by the Board of Trustees, changes in Employer Contributions represent the source for rebalancing the basic equation of pension funding.



## NEW YORK CITY FIRE DEPARTMENT PENSION FUND

### ADDITIONAL DISCUSSION OF PLAN FUNDING AND OTHER MEASURES OF FUNDED STATUS (Cont'd)

#### Other Measures of Funded Status

Measures of Funded Status of the Plan are determined at specific points in time and are usually expressed in various relationships of Assets to Obligations. Assets as percentages of Obligations are referred to as Funded Ratios.

Comparisons of Funded Status over time provide insight into the evolving financial condition of the Plan.

The Other Measures of Funded Status presented herein provide somewhat different insights into the financial condition of the Plan and comparisons amongst these Other Measures of Funded Status can provide even more.

As noted, there are multiple, possible definitions of the Plan's Assets and Obligations. Some of these definitions of and comments on Assets and Obligations are set forth immediately hereafter. Additional observations about the meanings and usefulness of and the relationships amongst certain of the Funded Ratios are provided following the table of Funded Ratios.

#### Definition of and Comments on Assets

With respect to Assets, both Market Value of Assets ("MVA") and the Actuarial Value of Assets (or Actuarial Asset Value ("AAV")) are used to determine Funded Ratios.

In the case of the Plan, the AAVM currently in use provides for smoothing of the MVA by phasing any Unexpected Investment Returns (i.e., Investment Earnings greater or less than those expected under the actuarial assumption of 8.0% of AAV each year) into the AAV over a period of six years.

The advantage of using MVA is that it represents the tradable value of the Assets of the Plan at any point in time.

The advantage of using AAV is that it is smoothed to remove the volatility of MVA. The disadvantage of AAV is that it is not the tradable value of Assets in the marketplace and, therefore, does not show the volatility of the Assets.

## NEW YORK CITY FIRE DEPARTMENT PENSION FUND

### ADDITIONAL DISCUSSION OF PLAN FUNDING AND OTHER MEASURES OF FUNDED STATUS (Cont'd)

#### Definition of and Comments on Obligations

With respect to Obligations, the Actuarial Accrued Liability ("AAL") under any particular Actuarial Cost Method ("ACM") is that portion of the APV of projected benefits which is not provided by future normal costs (employer and employee).

With respect to the Plan, where the ACM is the Frozen Initial Liability ("FIL") ACM, the AAL mathematically can be recast as the Unfunded AAL ("UAAL") plus the AAV. To the extent that the UAAL does not change much year to year, then the related AAL remains relatively consistent in value with the AAV each year.

With respect to the ongoing funding of the Plan, the use of the FIL ACM provides for amortizing actuarial gains and losses over the future working lifetimes of active employees. As used by the Plan, the FIL ACM generally results in funding that is more conservative (i.e., greater Employer Contributions) than that of most other Public Pension Plans.

The Entry Age Accrued Liability ("EAAL") is defined as the APV of projected benefits less the sum of the APV of future employee contributions and the APV of future employer entry age normal costs.

The EAAL is a required disclosure in accordance with Governmental Accounting Standards Board ("GASB") Statement Number 43 ("GASB 43") and GASB Statement Number 45 ("GASB 45") for Other Post-Employment Benefits ("OPEB") under certain ACM.

In accordance with GASB Statement Number 50 ("GASB 50"), beginning with Fiscal Year 2008, the EAAL is a required disclosure for Public Pension Plans that determine employer contributions using the Aggregate ACM.

The Entry Age ACM is the most-commonly utilized ACM for funding Public Pension Plans.

The Projected Benefit Obligation ("PBO") is defined as the proportion of APV of all benefits attributed by the Plan's benefit formula to employee service rendered prior to the valuation date. The PBO was required reporting under GASB Statement Number 5 ("GASB 5") prior to its replacement by GASB 25 and GASB 27.

The Accumulated Benefit Obligation ("ABO") is determined in the same manner as the PBO but without assuming future salary increases.

The Market Value Accumulated Benefit Obligation ("MVABO") is determined in the same manner as an ABO using the same actuarial assumptions except that projected benefit payments are discounted using annual yields on U.S. Treasury securities of like duration. The MVABO is sometimes described as a Mark-to-Market measure of Obligations or a Market Value of Liabilities ("MVL").

## NEW YORK CITY FIRE DEPARTMENT PENSION FUND

### ADDITIONAL DISCUSSION OF PLAN FUNDING AND OTHER MEASURES OF FUNDED STATUS (Cont'd)

#### Table of Asset and Obligation Values

The following table presents the values of Assets and Obligations used to calculate alternative Funded Ratios.

Component Measures of Funded Status									
(Dollar Amounts in Millions)									
Valuation Date June 30,	Market Value of Assets (MVA)	Actuarial Asset Value (AAV) <sup>(1)</sup>	Actuarial Accrued Liability (AAL) <sup>(2)</sup>	Entry Age Accrued Liability (EAL) <sup>(3)</sup>	Projected Benefit Obligation (PBO) <sup>(3)</sup>	Accumulated Benefit Obligation (ABO) <sup>(3)</sup>	Market Value Accumulated Benefit Obligation (MVABO) <sup>(4)</sup>	MVABO Equiv. Discount Yield Per Annum	MVABO Weighted Average Duration (Years)
1999	\$6,179.8	\$6,179.8	\$6,328.7	\$6,321.5	\$6,492.5	\$5,938.1	\$7,248.6	6.0%	10.6
2000	6,419.6	6,388.1	6,530.6	7,284.3	7,437.4	6,961.3	8,482.9	6.0	11.0
2001	5,690.8	6,525.7	6,660.8	7,707.3	7,854.1	7,213.2	9,111.2	5.7	10.8
2002	4,878.4	6,612.3	6,738.7	8,218.5	8,311.8	7,791.7	9,821.4	5.7	10.3
2003	4,859.6	6,441.5	6,558.0	8,697.9	8,723.3	8,306.4	11,902.2	4.6	11.2
2004	5,351.2	6,185.8	6,290.9	9,200.4	9,172.8	8,687.5	11,180.4	5.5	10.6
2004 (Lag)	5,351.2	6,277.3	6,382.5	9,817.1	9,784.3	9,109.5	11,660.7	5.5	10.6
2005 (Lag)	5,661.6	6,169.2	6,261.6	10,236.4	10,154.9	9,480.5	14,156.3	4.2	12.4
2006 (Lag)	6,165.3	6,174.1	6,252.0	11,061.5	10,896.7	10,381.4	13,477.5	5.4	11.5
2007 (Lag)	7,202.7	6,459.1	6,520.7	11,731.1	11,542.2	10,900.9	14,429.6	5.2	11.6
2008 (Lag)	6,817.3	6,943.0	6,986.2	12,313.2	12,098.8	11,493.4	16,649.7	4.5	11.9
2009 (Lag) <sup>(5)</sup>	5,576.8	7,304.8	7,327.6	12,865.0	12,578.6	12,011.9	18,140.4	4.1	12.1

- (1) The AAV used for the June 30, 1999 to June 30, 2004 actuarial valuations assumes the AAV was reset to MVA as of June 30, 1999. As of each June 30 thereafter, the AAV recognizes Investment Returns greater or less than expected over a period of five years (six years beginning with the June 30, 2004 (Lag) actuarial valuation).
- (2) Calculated in accordance with the Actuarial Cost Method (i.e., Frozen Initial Liability) and actuarial assumptions used for determining Employer Contributions.
- (3) Calculated based on actuarial assumptions used for determining Employer Contributions.
- (4) Calculated based on actuarial assumptions used for determining Employer Contributions except that projected benefit payments are discounted using annual yields derived from U.S. Treasury Spot Rates as published by the U.S. Department of the Treasury Office of Thrift Supervision in its Selected Asset and Liability Price Tables. Also shown are the related MVABO Equivalent Discount Yield and the MVABO Weighted Average Duration.
- (5) The June 30, 2009 (Lag) figures are preliminary and are generally based on the same census data, actuarial assumptions and methods used to develop published, preliminary Fiscal Year 2011 Employer Contributions.

# NEW YORK CITY FIRE DEPARTMENT PENSION FUND

## ADDITIONAL DISCUSSION OF PLAN FUNDING AND OTHER MEASURES OF FUNDED STATUS (Cont'd)

### Table of Funded Ratios

The following table presents alternative Funded Ratios comparing Assets to Obligations, including: (1) AAV divided by AAL, (2) AAV divided by EAAL, (3) MVA divided by EAAL, (4) AAV divided by PBO, (5) MVA divided by PBO, (6) AAV divided by ABO, (7) MVA divided by ABO and (8) MVA divided by MVABO.

Funded Ratios								
Valuation Date	AAV/AAL	AAV/EAAL	MVA/EAAL	AAV/PBO	MVA/PBO	AAV/ABO	MVA/ABO	MVA/MVABO
6/30/99	98%	98%	98%	95%	95%	104%	104%	85%
6/30/00	98	88	88	86	86	92	92	76
6/30/01	98	85	74	83	72	90	79	62
6/30/02	98	80	59	80	59	85	63	50
6/30/03	98	74	56	74	56	78	59	41
6/30/04	98	67	58	67	58	71	62	48
6/30/04 (Lag)	98	64	55	64	55	69	59	46
6/30/05 (Lag)	99	60	55	61	56	65	60	40
6/30/06 (Lag)	99	56	56	57	57	59	59	46
6/30/07 (Lag)	99	55	61	56	62	59	66	50
6/30/08 (Lag)	99	56	55	57	56	60	59	41
6/30/09 (Lag) <sup>#</sup>	100	57	43	58	44	61	46	31

# Preliminary.

### Comments on Funded Ratios and Funding Methodology

With respect to the different Funded Ratios shown in the preceding table, the ratio of AAV/AAL is from the Schedule of Funding Progress (Schedule 1) presented in the Financial Section of this CAFR.

## NEW YORK CITY FIRE DEPARTMENT PENSION FUND

### ADDITIONAL DISCUSSION OF PLAN FUNDING AND OTHER MEASURES OF FUNDED STATUS

(Cont'd)

Due to the mathematics of the FIL ACM where AAL equals AAV plus UAAL, the AAV/AAL Funded Ratios tend to remain relatively constant from year to year and provide limited insight into the ongoing financial performance of the Plan.

The Other Measures of Funded Status shown in the preceding table provide different relationships between the Assets and Obligations of the Plan and are designed to offer additional insight into the Funded Status of the Plan that the Actuary believes useful to some users.

The ratios of AAV/EAAL reflect information that is now a required disclosure for certain Public Pension Plans that utilize the Aggregate ACM. This requirement also exists for certain OPEB plans under GASB 43 and GASB 45.

The ratios of AAV/PBO present information that was previously required under GASB 5 and is a comparable but somewhat different representation of the information shown in the Solvency Test presented earlier in this Section of the CAFR.

The ratios of MVA/MVABO provide information on Funded Status that is (1) independent of the asset allocation of the Plan, (2) exclusive of any advance recognition of expected asset risk premia (e.g., equity risk premium) and (3) absent any smoothing of asset values.

Inherent in its design, the MVA/MVABO Funded Ratio is expected to be volatile due to the impact of asset gains and losses without smoothing and the impact of changes in interest rates in the economy. Such volatility is a reflection of markets and can provide useful disclosure information. However, such volatility is not consistent with the needs of budgeting. Those budgeting needs are met by the actuarial assumptions and FIL ACM currently in use to determine Employer Contributions.

Comparing the MVA/EAAL to AAV/EAAL, MVA/PBO to AAV/PBO or MVA/ABO to AAV/ABO provides an opportunity to evaluate the degree of smoothing provided by the Actuarial Asset Valuation Method.

## NEW YORK CITY FIRE DEPARTMENT PENSION FUND

### ADDITIONAL DISCUSSION OF PLAN FUNDING AND OTHER MEASURES OF FUNDED STATUS (Cont'd)

Comparing Funded Ratios based on the same Assets (i.e., MVA or AAV) but different definitions of Obligations (e.g., EAAL versus PBO versus ABO) provides an opportunity to evaluate the differences in those different definitions of Obligations.

Comparing AAV/PBO with AAV/ABO provides insight into the impact of expected salary growth on the value of benefits earned to date.

Comparing MVA/ABO with MVA/MVABO provides an opportunity to compare the impact of alternative interest rates on discounting the ABO.

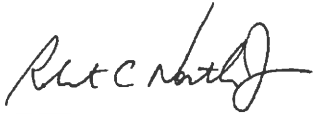
It should also be noted that Measures of Funded Status are best examined with more consideration of their trends over time than their values at any given point in time.

Finally, over time, it should be noted that as the City pays into the Plan the actuarially-determined Employer Contributions, all Funded Ratios can be expected to increase from their current levels.

NEW YORK CITY FIRE DEPARTMENT PENSION FUND  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2010

ACKNOWLEDGEMENT OF QUALIFICATION

I, Robert C. North, Jr., am the Chief Actuary for the New York City Retirement Systems. I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



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Robert C. North, Jr., FSA, FSPA, FCA, MAAA, EA  
Chief Actuary  
New York City Retirement Systems  
December 9, 2010

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**New York City Fire Pension Fund**  
**Comprehensive Annual Financial Report**  
**A Pension Trust Fund of the City of New York**



**Appendix A**

**Census Data for Active Members**

**As of June 30, 2010**

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NEW YORK CITY FIRE DEPARTMENT PENSION FUND  
 DATA USED IN THE JUNE 30, 2008 (LAG) ACTUARIAL VALUATION  
 FOR DETERMINING FISCAL YEAR 2010 EMPLOYER CONTRIBUTIONS  
 SUMMARY OF ACTIVES BY AGE AND SERVICE  
 MALES

AGE \ SVC	UNDER 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & UP	ALL YEARS
NUMBER:										
UNDER 20	0	0	0	0	0	0	0	0	0	0
20 TO 24	359	3	0	0	0	0	0	0	0	362
25 TO 29	1,436	392	2	0	0	0	0	0	0	1,830
30 TO 34	1,030	1,139	203	1	0	0	0	0	0	2,373
35 TO 39	211	944	800	226	0	0	0	0	0	2,181
40 TO 44	6	368	767	656	215	3	0	0	0	2,015
45 TO 49	1	30	225	533	531	200	1	0	0	1,521
50 TO 54	0	2	2	139	280	524	29	2	0	978
55 TO 59	2	1	2	1	29	94	77	21	2	229
60 TO 64	0	1	0	1	1	5	8	17	11	44
65 TO 69	0	0	1	0	0	0	0	0	0	1
70 & UP	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>3,045</b>	<b>2,880</b>	<b>2,002</b>	<b>1,557</b>	<b>1,056</b>	<b>826</b>	<b>115</b>	<b>40</b>	<b>13</b>	<b>11,534</b>

## SALARIES ( IN THOUSANDS):

UNDER 20	0	0	0	0	0	0	0	0	0	0
20 TO 24	19,049	249	0	0	0	0	0	0	0	19,299
25 TO 29	84,011	34,772	183	0	0	0	0	0	0	118,966
30 TO 34	65,191	103,013	19,119	49	0	0	0	0	0	187,371
35 TO 39	14,928	86,587	78,786	23,399	0	0	0	0	0	203,701
40 TO 44	402	34,070	75,453	69,726	24,827	307	0	0	0	204,785
45 TO 49	129	2,765	22,115	56,054	60,266	24,047	93	0	0	165,468
50 TO 54	0	249	186	13,916	30,231	65,566	3,508	281	0	113,938
55 TO 59	168	133	269	118	3,085	11,341	10,484	2,878	312	28,789
60 TO 64	0	133	0	136	137	553	1,020	2,350	1,622	5,949
65 TO 69	0	0	135	0	0	0	0	0	0	135
70 & UP	0	0	0	0	0	0	0	0	0	0
<b>TOTAL *</b>	<b>183,878</b>	<b>261,973</b>	<b>196,245</b>	<b>163,398</b>	<b>118,545</b>	<b>101,813</b>	<b>15,105</b>	<b>5,509</b>	<b>1,934</b>	<b>1,048,400</b>

## AVERAGE SALARIES: \*\*

UNDER 20	0	0	0	0	0	0	0	0	0	0
20 TO 24	53,062	83,155	0	0	0	0	0	0	0	53,311
25 TO 29	58,503	88,704	91,497	0	0	0	0	0	0	65,009
30 TO 34	63,292	90,441	94,183	48,555	0	0	0	0	0	78,960
35 TO 39	70,751	91,724	98,483	103,534	0	0	0	0	0	93,398
40 TO 44	66,954	92,582	98,374	106,290	115,475	102,362	0	0	0	101,630
45 TO 49	129,098	92,157	98,288	105,167	113,494	120,234	93,113	0	0	108,789
50 TO 54	0	124,744	92,927	100,117	107,968	125,126	120,973	140,634	0	116,501
55 TO 59	84,033	133,328	134,507	118,491	106,368	120,648	136,159	137,065	156,062	125,717
60 TO 64	0	133,423	0	135,592	136,676	110,502	127,462	138,206	147,460	135,215
65 TO 69	0	0	134,507	0	0	0	0	0	0	134,507
70 & UP	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>60,387</b>	<b>90,963</b>	<b>98,024</b>	<b>104,944</b>	<b>112,258</b>	<b>123,260</b>	<b>131,350</b>	<b>137,728</b>	<b>148,783</b>	<b>90,897</b>

\* Total may not add up due to rounding.

\*\* Average based on actual unrounded salary.

NEW YORK CITY FIRE DEPARTMENT PENSION FUND  
 DATA USED IN THE JUNE 30, 2008 (LAG) ACTUARIAL VALUATION  
 FOR DETERMINING FISCAL YEAR 2010 EMPLOYER CONTRIBUTIONS  
 SUMMARY OF ACTIVES BY AGE AND SERVICE  
 FEMALES

AGE \ SVC	UNDER 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & UP	ALL YEARS
NUMBER:										
UNDER 20	0	0	0	0	0	0	0	0	0	0
20 TO 24	0	0	0	0	0	0	0	0	0	0
25 TO 29	10	1	0	0	0	0	0	0	0	11
30 TO 34	13	5	0	0	0	0	0	0	0	18
35 TO 39	1	3	3	0	0	0	0	0	0	7
40 TO 44	0	0	0	0	0	0	0	0	0	0
45 TO 49	0	0	0	1	0	0	0	0	0	1
50 TO 54	0	0	0	0	0	1	0	0	0	1
55 TO 59	0	0	0	0	0	1	1	0	0	2
60 TO 64	0	0	0	0	0	0	0	0	0	0
65 TO 69	0	0	0	0	0	0	0	0	0	0
70 & UP	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>24</b>	<b>9</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>40</b>

## SALARIES ( IN THOUSANDS):

UNDER 20	0	0	0	0	0	0	0	0	0	0
20 TO 24	0	0	0	0	0	0	0	0	0	0
25 TO 29	643	72	0	0	0	0	0	0	0	715
30 TO 34	751	410	0	0	0	0	0	0	0	1,161
35 TO 39	72	324	294	0	0	0	0	0	0	690
40 TO 44	0	0	0	0	0	0	0	0	0	0
45 TO 49	0	0	0	155	0	0	0	0	0	155
50 TO 54	0	0	0	0	0	156	0	0	0	156
55 TO 59	0	0	0	0	0	130	184	0	0	314
60 TO 64	0	0	0	0	0	0	0	0	0	0
65 TO 69	0	0	0	0	0	0	0	0	0	0
70 & UP	0	0	0	0	0	0	0	0	0	0
<b>TOTAL *</b>	<b>1,466</b>	<b>806</b>	<b>294</b>	<b>155</b>	<b>0</b>	<b>286</b>	<b>184</b>	<b>0</b>	<b>0</b>	<b>3,191</b>

## AVERAGE SALARIES: \*\*

UNDER 20	0	0	0	0	0	0	0	0	0	0
20 TO 24	0	0	0	0	0	0	0	0	0	0
25 TO 29	64,308	71,918	0	0	0	0	0	0	0	65,000
30 TO 34	57,761	82,012	0	0	0	0	0	0	0	64,498
35 TO 39	71,849	108,163	97,963	0	0	0	0	0	0	98,604
40 TO 44	0	0	0	0	0	0	0	0	0	0
45 TO 49	0	0	0	155,035	0	0	0	0	0	155,035
50 TO 54	0	0	0	0	0	156,010	0	0	0	156,010
55 TO 59	0	0	0	0	0	130,115	183,827	0	0	156,971
60 TO 64	0	0	0	0	0	0	0	0	0	0
65 TO 69	0	0	0	0	0	0	0	0	0	0
70 & UP	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>61,076</b>	<b>89,607</b>	<b>97,963</b>	<b>155,035</b>	<b>0</b>	<b>143,063</b>	<b>183,827</b>	<b>0</b>	<b>0</b>	<b>79,779</b>

\* Total may not add up due to rounding.

\*\* Average based on actual unrounded salary.

NEW YORK CITY FIRE DEPARTMENT PENSION FUND  
 DATA USED IN THE JUNE 30, 2008 (LAG) ACTUARIAL VALUATION  
 FOR DETERMINING FISCAL YEAR 2010 EMPLOYER CONTRIBUTIONS  
 SUMMARY OF ACTIVES BY AGE AND SERVICE  
 MALES AND FEMALES

AGE \ SVC	UNDER 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & UP	ALL YEARS
NUMBER:										
UNDER 20	0	0	0	0	0	0	0	0	0	0
20 TO 24	359	3	0	0	0	0	0	0	0	362
25 TO 29	1,446	393	2	0	0	0	0	0	0	1,841
30 TO 34	1,043	1,144	203	1	0	0	0	0	0	2,391
35 TO 39	212	947	803	226	0	0	0	0	0	2,188
40 TO 44	6	368	767	656	215	3	0	0	0	2,015
45 TO 49	1	30	225	534	531	200	1	0	0	1,522
50 TO 54	0	2	2	139	280	525	29	2	0	979
55 TO 59	2	1	2	1	29	95	78	21	2	231
60 TO 64	0	1	0	1	1	5	8	17	11	44
65 TO 69	0	0	1	0	0	0	0	0	0	1
70 & UP	0	0	0	0	0	0	0	0	0	0
TOTAL	3,069	2,889	2,005	1,558	1,056	828	116	40	13	11,574

## SALARIES ( IN THOUSANDS):

UNDER 20	0	0	0	0	0	0	0	0	0	0
20 TO 24	19,049	249	0	0	0	0	0	0	0	19,299
25 TO 29	84,654	34,844	183	0	0	0	0	0	0	119,681
30 TO 34	65,942	103,423	19,119	49	0	0	0	0	0	188,532
35 TO 39	15,000	86,912	79,080	23,399	0	0	0	0	0	204,391
40 TO 44	402	34,070	75,453	69,726	24,827	307	0	0	0	204,785
45 TO 49	129	2,765	22,115	56,209	60,266	24,047	93	0	0	165,623
50 TO 54	0	249	186	13,916	30,231	65,722	3,508	281	0	114,094
55 TO 59	168	133	269	118	3,085	11,471	10,668	2,878	312	29,103
60 TO 64	0	133	0	136	137	553	1,020	2,350	1,622	5,949
65 TO 69	0	0	135	0	0	0	0	0	0	135
70 & UP	0	0	0	0	0	0	0	0	0	0
TOTAL *	185,344	262,779	196,539	163,553	118,545	102,099	15,289	5,509	1,934	1,051,592

## AVERAGE SALARIES: \*\*

UNDER 20	0	0	0	0	0	0	0	0	0	0
20 TO 24	53,062	83,155	0	0	0	0	0	0	0	53,311
25 TO 29	58,543	88,662	91,497	0	0	0	0	0	0	65,009
30 TO 34	63,223	90,404	94,183	48,555	0	0	0	0	0	78,851
35 TO 39	70,756	91,776	98,481	103,534	0	0	0	0	0	93,414
40 TO 44	66,954	92,582	98,374	106,290	115,475	102,362	0	0	0	101,630
45 TO 49	129,098	92,157	98,288	105,260	113,494	120,234	93,113	0	0	108,819
50 TO 54	0	124,744	92,927	100,117	107,968	125,184	120,973	140,634	0	116,541
55 TO 59	84,033	133,328	134,507	118,491	106,368	120,748	136,770	137,065	156,062	125,988
60 TO 64	0	133,423	0	135,592	136,676	110,502	127,462	138,206	147,460	135,215
65 TO 69	0	0	134,507	0	0	0	0	0	0	134,507
70 & UP	0	0	0	0	0	0	0	0	0	0
TOTAL	60,392	90,958	98,024	104,976	112,258	123,308	131,802	137,728	148,783	90,858

\* Total may not add up due to rounding.

\*\* Average based on actual unrounded salary.

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**New York City Fire Pension Fund**  
**Comprehensive Annual Financial Report**  
**A Pension Trust Fund of the City of New York**



**Appendix B**

**Census Data for Pensioners**

**As of June 30, 2010**

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NEW YORK CITY FIRE DEPARTMENT PENSION FUND  
 DATA USED IN THE JUNE 30, 2008 (LAG) ACTUARIAL VALUATION  
 FOR DETERMINING FISCAL YEAR 2010 EMPLOYER CONTRIBUTIONS  
 SUMMARY OF PENSIONERS BY CAUSE, AGE AND GENDER

AGE	MALE			FEMALE			BOTH MALE & FEMALE		
	NUMBER	BENEFITS	AVERAGE	NUMBER	BENEFITS	AVERAGE	NUMBER	BENEFITS	AVERAGE
<b>ACCIDENTAL DISABILITY:</b>									
UNDER 30	2	89,110	44,555	0	0	0	2	89,110	44,555
30 TO 34	19	1,099,397	57,863	0	0	0	19	1,099,397	57,863
35 TO 39	161	10,121,983	62,869	1	67,860	67,860	162	10,189,843	62,900
40 TO 44	472	32,344,682	68,527	1	92,520	92,520	473	32,437,202	68,578
45 TO 49	923	65,762,711	71,249	2	119,757	59,879	925	65,882,468	71,224
50 TO 54	1,399	101,186,985	72,328	8	555,066	69,383	1,407	101,742,051	72,311
55 TO 59	901	64,065,127	71,104	6	415,324	69,221	907	64,480,451	71,092
60 TO 64	865	56,350,512	65,145	0	0	0	865	56,350,512	65,145
65 TO 69	1,020	57,465,451	56,339	0	0	0	1,020	57,465,451	56,339
70 TO 74	1,094	51,976,972	47,511	1	64,714	64,714	1,095	52,041,686	47,527
75 TO 79	626	27,414,964	43,794	0	0	0	626	27,414,964	43,794
80 TO 84	398	16,668,651	41,881	0	0	0	398	16,668,651	41,881
85 TO 89	182	7,407,499	40,701	0	0	0	182	7,407,499	40,701
90 & UP	68	2,392,893	35,190	0	0	0	68	2,392,893	35,190
<b>TOTAL</b>	<b>8,130</b>	<b>494,346,937</b>	<b>60,805</b>	<b>19</b>	<b>1,315,241</b>	<b>69,223</b>	<b>8,149</b>	<b>495,662,178</b>	<b>60,825</b>
<b>ORDINARY DISABILITY:</b>									
UNDER 30	0	0	0	0	0	0	0	0	0
30 TO 34	2	39,540	19,770	0	0	0	2	39,540	19,770
35 TO 39	2	31,799	15,900	0	0	0	2	31,799	15,900
40 TO 44	13	393,144	30,242	0	0	0	13	393,144	30,242
45 TO 49	24	616,737	25,697	0	0	0	24	616,737	25,697
50 TO 54	58	1,367,761	23,582	1	27,168	27,168	59	1,394,929	23,643
55 TO 59	48	1,570,514	32,719	0	0	0	48	1,570,514	32,719
60 TO 64	61	4,050,707	66,405	0	0	0	61	4,050,707	66,405
65 TO 69	194	10,908,687	56,230	0	0	0	194	10,908,687	56,230
70 TO 74	272	14,696,796	54,032	0	0	0	272	14,696,796	54,032
75 TO 79	254	12,169,109	47,910	0	0	0	254	12,169,109	47,910
80 TO 84	199	8,293,630	41,677	0	0	0	199	8,293,630	41,677
85 TO 89	111	4,152,250	37,408	0	0	0	111	4,152,250	37,408
90 & UP	45	1,367,409	30,387	0	0	0	45	1,367,409	30,387
<b>TOTAL</b>	<b>1,283</b>	<b>59,658,083</b>	<b>46,499</b>	<b>1</b>	<b>27,168</b>	<b>27,168</b>	<b>1,284</b>	<b>59,685,251</b>	<b>46,484</b>
<b>SERVICE RETIREMENT:</b>									
UNDER 30	0	0	0	0	0	0	0	0	0
30 TO 34	0	0	0	0	0	0	0	0	0
35 TO 39	1	35,760	35,760	0	0	0	1	35,760	35,760
40 TO 44	46	2,203,622	47,905	0	0	0	46	2,203,622	47,905
45 TO 49	245	11,545,189	47,123	1	41,760	41,760	246	11,586,949	47,101
50 TO 54	604	28,802,262	47,686	6	258,140	43,023	610	29,060,402	47,640
55 TO 59	612	29,497,110	48,198	3	97,403	32,468	615	29,594,513	48,121
60 TO 64	765	34,804,694	45,496	0	0	0	765	34,804,694	45,496
65 TO 69	1,092	44,050,553	40,339	0	0	0	1,092	44,050,553	40,339
70 TO 74	1,133	39,989,281	35,295	1	32,960	32,960	1,134	40,022,241	35,293
75 TO 79	784	25,612,382	32,669	0	0	0	784	25,612,382	32,669
80 TO 84	551	16,628,654	30,179	0	0	0	551	16,628,654	30,179
85 TO 89	295	8,811,830	29,871	0	0	0	295	8,811,830	29,871
90 & UP	214	5,849,738	27,335	0	0	0	214	5,849,738	27,335
<b>TOTAL</b>	<b>6,342</b>	<b>247,831,075</b>	<b>39,078</b>	<b>11</b>	<b>430,263</b>	<b>39,115</b>	<b>6,353</b>	<b>248,261,338</b>	<b>39,078</b>

NEW YORK CITY FIRE DEPARTMENT PENSION FUND  
 DATA USED IN THE JUNE 30, 2008 (LAG) ACTUARIAL VALUATION  
 FOR DETERMINING FISCAL YEAR 2010 EMPLOYER CONTRIBUTIONS  
 SUMMARY OF PENSIONERS BY CAUSE, AGE AND GENDER

AGE	MALE			FEMALE			BOTH MALE & FEMALE		
	NUMBER	BENEFITS	AVERAGE	NUMBER	BENEFITS	AVERAGE	NUMBER	BENEFITS	AVERAGE
<b>ACCIDENTAL DEATH:</b>									
UNDER 30	0	0	0	2	65,996	32,998	2	65,996	32,998
30 TO 34	0	0	0	24	808,365	33,682	24	808,365	33,682
35 TO 39	0	0	0	67	2,345,628	35,009	67	2,345,628	35,009
40 TO 44	0	0	0	85	3,078,705	36,220	85	3,078,705	36,220
45 TO 49	0	0	0	100	3,767,057	37,671	100	3,767,057	37,671
50 TO 54	0	0	0	69	2,758,944	39,985	69	2,758,944	39,985
55 TO 59	0	0	0	52	1,861,503	35,798	52	1,861,503	35,798
60 TO 64	0	0	0	37	1,275,931	34,485	37	1,275,931	34,485
65 TO 69	0	0	0	56	1,656,623	29,583	56	1,656,623	29,583
70 TO 74	0	0	0	47	1,184,891	25,210	47	1,184,891	25,210
75 TO 79	0	0	0	33	796,797	24,145	33	796,797	24,145
80 TO 84	0	0	0	20	455,834	22,792	20	455,834	22,792
85 TO 89	0	0	0	22	502,107	22,823	22	502,107	22,823
90 & UP	0	0	0	25	615,680	24,627	25	615,680	24,627
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>639</b>	<b>21,174,061</b>	<b>33,136</b>	<b>639</b>	<b>21,174,061</b>	<b>33,136</b>
<b>OTHER BENEFICIARIES:</b>									
UNDER 30	1	58,517	58,517	2	109,186	54,593	3	167,703	55,901
30 TO 34	0	0	0	0	0	0	0	0	0
35 TO 39	0	0	0	0	0	0	0	0	0
40 TO 44	0	0	0	1	33,681	33,681	1	33,681	33,681
45 TO 49	1	62,516	62,516	8	339,918	42,490	9	402,434	44,715
50 TO 54	0	0	0	10	322,660	32,266	10	322,660	32,266
55 TO 59	0	0	0	18	602,531	33,474	18	602,531	33,474
60 TO 64	0	0	0	21	746,330	35,540	21	746,330	35,540
65 TO 69	0	0	0	26	687,624	26,447	26	687,624	26,447
70 TO 74	0	0	0	42	840,842	20,020	42	840,842	20,020
75 TO 79	0	0	0	48	566,579	11,804	48	566,579	11,804
80 TO 84	0	0	0	122	1,080,275	8,855	122	1,080,275	8,855
85 TO 89	0	0	0	244	1,324,551	5,428	244	1,324,551	5,428
90 & UP	0	0	0	435	1,789,121	4,113	435	1,789,121	4,113
<b>TOTAL</b>	<b>2</b>	<b>121,033</b>	<b>60,517</b>	<b>977</b>	<b>8,443,298</b>	<b>8,642</b>	<b>979</b>	<b>8,564,331</b>	<b>8,748</b>
<b>ALL PENSIONERS AND BENEFICIARIES:</b>									
UNDER 30	3	147,627	49,209	4	175,182	43,796	7	322,809	46,116
30 TO 34	21	1,138,937	54,235	24	808,365	33,682	45	1,947,302	43,273
35 TO 39	164	10,189,542	62,131	68	2,413,488	35,492	232	12,603,030	54,323
40 TO 44	531	34,941,448	65,803	87	3,204,906	36,838	618	38,146,354	61,725
45 TO 49	1,193	77,987,153	65,371	111	4,268,492	38,455	1,304	82,255,645	63,079
50 TO 54	2,061	131,357,008	63,735	94	3,921,978	41,723	2,155	135,278,986	62,774
55 TO 59	1,561	95,132,751	60,943	79	2,976,761	37,681	1,640	98,109,512	59,823
60 TO 64	1,691	95,205,913	56,302	58	2,022,261	34,867	1,749	97,228,174	55,591
65 TO 69	2,306	112,424,691	48,753	82	2,344,247	28,588	2,388	114,768,938	48,061
70 TO 74	2,499	106,663,049	42,682	91	2,123,407	23,334	2,590	108,786,456	42,002
75 TO 79	1,664	65,196,455	39,181	81	1,363,376	16,832	1,745	66,559,831	38,143
80 TO 84	1,148	41,590,935	36,229	142	1,536,109	10,818	1,290	43,127,044	33,432
85 TO 89	588	20,371,579	34,646	266	1,826,658	6,867	854	22,198,237	25,993
90 & UP	327	9,610,040	29,389	460	2,404,801	5,228	787	12,014,841	15,267
<b>TOTAL</b>	<b>15,757</b>	<b>801,957,128</b>	<b>50,895</b>	<b>1,647</b>	<b>31,390,031</b>	<b>19,059</b>	<b>17,404</b>	<b>833,347,159</b>	<b>47,883</b>

# **New York City Fire Pension Fund**

## **Comprehensive Annual Financial Report**

### **A Pension Trust Fund of the City of New York**



## **Statistical Section**

### **Part V**

**Fiscal Year Ended June 30, 2010**

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## **The Statistical Section Narrative**

The Statistical section of the New York City Fire Pension Fund's Comprehensive Annual Financial Report presents detailed information related to the financial statements, as well as highlights of the actuarial valuations. The data provided is a useful source in determining the fund's economic condition. The schedules are organized into four categories: Operating information, Demographic and economic information, Financial trends and Revenue capacity.

### **Operating information**

The operating information gives users an indication of how the information in the financial statements relate to the activities of the fund. The schedules show data on benefit ranges, years of credited service, types of retirement and options selected and the amount of monthly, annual or average benefit paid to each group of retirees and beneficiaries. The data is presented for the fiscal period or over a ten year period.

### **Demographic and economic information**

The demographic and economic categories present data to give users an understanding of the environment in which the pension plan operates. This is done mainly through the breakdown of the population groups in the plan membership. The schedules present the number of members and beneficiaries grouped according to several indicators including average monthly or annual salaries or age participating in the pension the plan, for the fiscal period or over a ten-year period.

### **Financial Trends**

The schedules of trend data provide financial and actuarial data for the most current ten-year period. This data shows the changes in benefit types and changes in the plan's performance over time, as relates to revenues received benefits and expenses paid and net assets.

### **Revenue Capacity**

Revenue capacity information helps users evaluate the different sources of revenues for the plan. The schedules show the sources and the changes in the level of revenues over time. The main sources of revenues for the plan are investment income and employer contributions.

Statistical Section

New York City Fire Pension Fund

**TABLE OF BENEFIT EXPENSES BY TYPE**

(In thousands)

FISCAL YEAR	Service Retirement Payments	Ordinary Disability Payments	Accidental Disability Payments	Payments for Death in Duty	Payments of Deceased Service or Disability	Death Benefits Lump Sum Payments	Other Benefits *	Total
2001	205,107	64,281	262,324	8,328	8,645	3,020	(522)	551,183
2002	219,347	64,435	280,766	18,564	8,469	5,736	24,135	621,452
2003	255,487	64,287	308,978	18,524	8,355	3,271	24,078	682,980
2004	256,676	63,868	338,051	20,267	8,578	4,672	58,847	750,959
2005	253,706	63,615	369,126	20,374	8,635	3,138	123,634	842,228
2006	254,777	62,603	402,335	20,639	8,707	4,944	46,970	800,975
2007	253,902	61,397	449,918	20,727	8,563	3,539	73,431	871,477
2008	248,262	59,685	495,662	21,174	8,564	2,339	79,539	915,225
2009	249,084	58,392	524,425	51,974	14,353	4,219	26,006	928,453
2010	244,502	56,905	552,814	54,069	14,426	3,454	28,603	954,773

\* This represents City Supplements and other payments.

**TABLE OF RETIRED MEMBERS AND BENEFICIARIES BY TYPE OF BENEFIT**

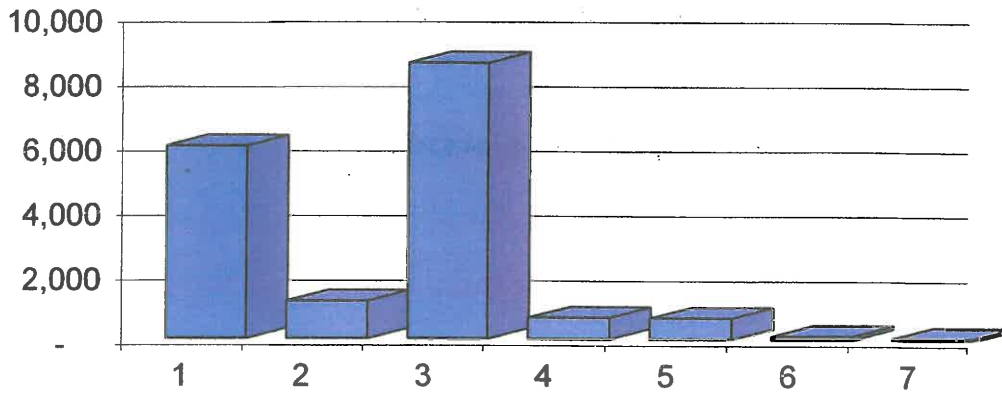
**FISCAL YEAR 2010**

<b>TOTAL NUMBERS RETIRES AND BENEFICIARIES</b>	<b>SERVICE RETIRES (1)</b>	<b>ORDINARY DISABILITY RETIRES (1)</b>	<b>ACCIDENTAL DISABILITY RETIRES (1)</b>	<b>LINE OF DUTY BENEFITS</b>	<b>SERVICE BENEFICIARIES</b>	<b>ACCIDENTAL BENEFICIARIES</b>	<b>ORDINARY BENEFICIARIES</b>
17,160	5,971	1,168	8,557	662	656	102	44

**ANNUAL PAYROLL AMOUNT**  
(in thousands)

\$ 922,716	\$ 244,502	\$ 56,905	\$ 552,814	\$ 54,069	\$ 10,040	\$ 3,454	\$ 932
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**RETIRED MEMBERS BY TYPE OF BENEFIT**



SEE RETIREMENT BENEFIT BELOW

Type of Retirement

- 1 - Service retirement (20 yrs or over)
- 2 - Ordinary Disability ( Non - Line of Duty)
- 3 - Accidental Disability (Line of Duty)
- 4 - Line of Duty benefits for surviving spouse
- 5 - Survivors of Service Retirees
- 6 - Survivors of Accidental Disability retirees
- 7 - Survivors of Ordinary Disability retirees

( 1 ) Includes Maximum Allowance and Options.

**TABLE OF RETIRED MEMBERS AND BENEFICIARIES BY TYPE OF OPTION SELECTED \***

**FISCAL YEAR 2010**

<b>TOTAL NUMBER OF RETIRES AND BENEFICIARIES</b>	<b>MAXIMUM ALLOWANCE (1)</b>	<b>OPTION ONE</b>	<b>OPTION TWO</b>	<b>OPTION THREE</b>	<b>OPTION FOUR</b>	<b>POP - UP OPTION</b>	<b>LINE OF DUTY BENEFICIARIES (1)</b>	<b>BENEFICIARIES</b>
17,160	14,794	12	226	328	546	10	662	582

**ANNUAL PAYROLL AMOUNT**

\$ 914,235	\$ 798,553	\$ 495	\$ 10,261	\$ 15,689	\$ 34,634	\$ 534	\$ 54,069	\$ 8,481
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(1) Includes Subchapter I and II.

Note: Option figures include Retirees and Beneficiaries.





New York City Fire Pension Fund  
Average Benefit Payments  
Last Ten Years

Exhibit 5

Age Credited Service

Retirement Effective Dates	Under 30	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90 & Up
<b>Period 7/1/00 to 6/30/01</b>														
Average monthly benefit	\$ 2,570	\$ 2,855	\$ 3,320	\$ 3,311	\$ 3,335	\$ 3,293	\$ 3,507	\$ 3,467	\$ 3,169	\$ 2,924	\$ 2,536	\$ 1,791	\$ 1,427	\$ 1,052
Average final salary	\$ 30,840	\$ 34,257	\$ 39,834	\$ 39,731	\$ 40,020	\$ 39,510	\$ 42,080	\$ 41,607	\$ 38,030	\$ 35,085	\$ 30,435	\$ 21,492	\$ 17,124	\$ 12,624
Number of retired members	1	11	94	432	671	934	1,689	2,657	2,726	1,912	1,599	1,441	1,446	542
<b>Period 7/1/01 to 6/30/02</b>														
Average monthly benefit	\$ 2,192	\$ 2,423	\$ 2,976	\$ 3,368	\$ 3,409	\$ 3,515	\$ 3,690	\$ 3,593	\$ 3,273	\$ 3,006	\$ 2,647	\$ 1,994	\$ 1,404	\$ 1,125
Average final salary	\$ 26,301	\$ 29,076	\$ 35,710	\$ 40,419	\$ 40,908	\$ 42,185	\$ 44,274	\$ 43,120	\$ 39,279	\$ 36,069	\$ 31,764	\$ 23,927	\$ 16,851	\$ 13,500
Number of retired members	19	57	187	496	979	1,036	1,585	2,591	2,775	1,956	1,677	1,374	1,368	615
<b>Period 7/1/02 to 6/30/03</b>														
Average monthly benefit	\$ 2,195	\$ 2,607	\$ 3,153	\$ 3,656	\$ 3,711	\$ 3,826	\$ 4,026	\$ 3,747	\$ 3,398	\$ 3,077	\$ 2,731	\$ 2,159	\$ 1,413	\$ 1,229
Average final salary	\$ 26,344	\$ 31,280	\$ 37,830	\$ 43,866	\$ 44,527	\$ 45,910	\$ 48,314	\$ 44,960	\$ 40,772	\$ 36,918	\$ 32,772	\$ 25,907	\$ 16,959	\$ 14,743
Number of retired members	14	64	179	501	1,410	1,301	1,662	2,412	2,857	2,094	1,641	1,307	1,275	692
<b>Period 7/1/03 to 6/30/04</b>														
Average monthly benefit	\$ 2,500	\$ 2,936	\$ 3,582	\$ 3,885	\$ 3,961	\$ 4,040	\$ 4,186	\$ 3,900	\$ 3,502	\$ 3,138	\$ 2,830	\$ 2,320	\$ 1,493	\$ 1,207
Average final salary	\$ 29,994	\$ 35,228	\$ 42,982	\$ 46,617	\$ 47,537	\$ 48,479	\$ 50,233	\$ 46,799	\$ 42,028	\$ 37,654	\$ 33,965	\$ 27,842	\$ 17,919	\$ 14,484
Number of retired members	12	71	185	478	1,571	1,402	1,650	2,181	2,871	2,227	1,598	1,299	1,181	733
<b>Period 7/1/04 to 6/30/05</b>														
Average monthly benefit	\$ 2,897	\$ 3,213	\$ 3,822	\$ 4,157	\$ 4,201	\$ 4,282	\$ 4,285	\$ 4,066	\$ 3,627	\$ 3,191	\$ 2,928	\$ 2,478	\$ 1,625	\$ 1,274
Average final salary	\$ 34,760	\$ 38,561	\$ 45,858	\$ 49,886	\$ 50,409	\$ 51,395	\$ 51,425	\$ 48,787	\$ 43,522	\$ 38,289	\$ 35,130	\$ 29,709	\$ 19,497	\$ 15,286
Number of retired members	6	63	187	537	1,504	1,570	1,593	2,019	2,774	2,393	1,618	1,256	1,101	822
<b>Period 7/1/05 to 6/30/06</b>														
Average monthly benefit	\$ 3,421	\$ 3,264	\$ 3,995	\$ 4,394	\$ 4,423	\$ 4,505	\$ 4,414	\$ 4,266	\$ 3,762	\$ 3,270	\$ 3,052	\$ 2,604	\$ 1,827	\$ 1,260
Average final salary	\$ 41,054	\$ 39,165	\$ 47,945	\$ 52,733	\$ 53,081	\$ 54,059	\$ 52,973	\$ 51,187	\$ 45,143	\$ 39,244	\$ 36,619	\$ 31,250	\$ 21,920	\$ 15,120
Number of retired members	7	59	208	584	1,401	1,814	1,524	1,959	2,612	2,515	1,649	1,290	998	865
<b>Period 7/1/06 to 6/30/07</b>														
Average monthly benefit	\$ 3,375	\$ 3,611	\$ 4,284	\$ 4,716	\$ 4,862	\$ 4,895	\$ 4,715	\$ 4,424	\$ 3,879	\$ 3,341	\$ 3,117	\$ 2,689	\$ 1,971	\$ 1,210
Average final salary	\$ 40,499	\$ 43,327	\$ 51,409	\$ 56,588	\$ 58,345	\$ 58,735	\$ 56,579	\$ 53,083	\$ 46,553	\$ 40,093	\$ 37,402	\$ 32,267	\$ 23,651	\$ 14,524
Number of retired members	8	59	229	638	1,420	1,981	1,570	1,900	2,570	2,482	1,643	1,283	902	794
<b>Period 7/1/07 to 6/30/08</b>														
Average monthly benefit	\$ 3,843	\$ 3,606	\$ 4,527	\$ 5,144	\$ 5,257	\$ 5,232	\$ 4,967	\$ 4,633	\$ 4,005	\$ 3,500	\$ 3,179	\$ 2,786	\$ 2,166	\$ 1,276
Average final salary	\$ 46,116	\$ 43,273	\$ 54,323	\$ 61,725	\$ 63,079	\$ 62,786	\$ 59,844	\$ 55,591	\$ 48,061	\$ 42,002	\$ 38,143	\$ 33,432	\$ 25,993	\$ 15,308
Number of retired members	7	45	232	618	1,304	2,154	1,639	1,749	2,388	2,590	1,745	1,290	854	789
<b>Period 7/1/08 to 6/30/09</b>														
Average monthly benefit	\$ 3,881	\$ 3,642	\$ 4,572	\$ 5,195	\$ 5,309	\$ 5,284	\$ 5,037	\$ 4,679	\$ 4,045	\$ 3,535	\$ 3,210	\$ 2,814	\$ 2,188	\$ 1,288
Average final salary	\$ 46,577	\$ 43,706	\$ 54,866	\$ 62,342	\$ 63,710	\$ 63,414	\$ 60,442	\$ 56,147	\$ 48,542	\$ 42,422	\$ 38,524	\$ 33,766	\$ 26,253	\$ 15,461
Number of retired members	7	43	234	629	1,306	2,230	1,734	1,823	2,270	2,585	1,739	1,266	816	764
<b>Period 7/1/09 to 6/30/10</b>														
Average monthly benefit	\$ 3,843	\$ 3,606	\$ 4,527	\$ 5,144	\$ 5,257	\$ 5,231	\$ 4,985	\$ 4,633	\$ 4,005	\$ 3,500	\$ 3,179	\$ 2,786	\$ 2,166	\$ 1,272
Average final salary	\$ 46,116	\$ 43,273	\$ 54,323	\$ 61,725	\$ 63,079	\$ 62,774	\$ 59,823	\$ 55,591	\$ 48,061	\$ 42,002	\$ 38,143	\$ 33,432	\$ 25,993	\$ 15,262
Number of retired members	7	45	232	618	1,304	2,155	1,640	1,749	2,268	2,466	1,745	1,290	854	787

New York City Fire Pension Fund

Last Ten Fiscal Years  
(In thousands)

Exhibit 6

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Type of Benefit</b>										
Age and service benefits:										
Retirees	\$ 205,107	\$ 219,347	\$ 255,487	\$ 256,676	253,706	254,777	253,902	248,262	249,084	244,502
Survivors	6,376	6,188	5,879	5,720	5,363	5,290	4,926	4,666	10,212	10,040
Death in service benefits	8,328	18,564	18,524	20,267	20,374	20,639	20,727	21,174	51,974	54,069
Disability benefits:										
Retirees - duty	262,324	280,766	308,978	338,051	369,126	402,335	449,918	495,662	524,425	552,814
Retirees - nonduty	64,281	64,435	64,287	63,868	63,615	62,603	61,397	59,685	58,392	56,905
Survivors	2,269	2,281	2,476	2,858	3,272	3,417	3,637	3,898	4,141	4,386
<b>Total benefits</b>	<b>\$ 548,685</b>	<b>\$ 591,581</b>	<b>\$ 655,631</b>	<b>\$ 687,440</b>	<b>\$ 715,456</b>	<b>\$ 749,061</b>	<b>\$ 794,507</b>	<b>\$ 833,347</b>	<b>\$ 898,228</b>	<b>\$ 922,716</b>
<b>Type of Refunds</b>										
Death	\$ 3,020	\$ 5,736	\$ 3,271	\$ 4,672	\$ 3,138	4,944	3,539	2,339	4,219	3,454
Other benefits	\$ (522) *	\$ 24,135	\$ 24,078	\$ 58,847	123,634	46,970	73,431	79,539	26,006	28,603
<b>Total refunds</b>	<b>\$ 2,498</b>	<b>\$ 29,871</b>	<b>\$ 27,349</b>	<b>\$ 63,519</b>	<b>\$ 126,772</b>	<b>\$ 51,914</b>	<b>\$ 76,970</b>	<b>\$ 81,878</b>	<b>\$ 30,225</b>	<b>\$ 32,057</b>
<b>Total Benefits and Refunds</b>	<b>\$ 551,183</b>	<b>\$ 621,452</b>	<b>\$ 682,980</b>	<b>\$ 750,959</b>	<b>\$ 842,228</b>	<b>\$ 800,975</b>	<b>\$ 871,477</b>	<b>\$ 915,225</b>	<b>\$ 928,453</b>	<b>\$ 954,773</b>

\* Includes elimination of long - term employer contribution receivable of \$490,635.

## EXPLANATION OF OPTIONS

The member has two choices for selecting how his or her retirement allowance may be paid; the Maximum Allowance (no Option) or the selection of an Option.

### MAXIMUM ALLOWANCE

The Maximum Allowance is the highest amount of retirement allowance that a member can receive. However, upon the member's death, after having received the first pension check, the Maximum Allowance does not provide for any benefit for the surviving spouse, children or to her designated beneficiaries.

## OPTIONS

An Option is an arrangement whereby the member accepts a reduced retirement allowance in exchange for the payment, upon his or her death, of a benefit to the designated beneficiary or estate. This may be done by selecting one of the options outlined below. It is important to note that whatever option the member has chosen, once it is in effect, it can never be changed.

### OPTION 1

Provides a member with a retirement allowance payable for life which is less than the Maximum Allowance. This option guarantees that the amount of the total reserve set up at retirement under Option 1 will be paid to the member and upon his or her death, if any reserve remains, to his or her beneficiary.

A summary of option 1 retirement allowance;

- 1) Is a reduced benefit.
- 2) Is payable for life to the member.
- 3) The reserve balance is constantly decreasing for as long as the member continues to receive a retirement allowance.
- 4) Upon the member's death, his or her beneficiary may be paid in a lump sum or in the form of an annuity equal and up to the remaining balance (if any) in the reserve.
- 5) The member is allowed to change beneficiaries at any time.

**FIVE-YEAR OR TEN-YEAR CERTAIN**

A reduced retirement allowance is paid to the retiree, with a provision that upon his or her death within five (ten) years of retirement, the balance that would have been payable had the member survived for five (ten) years shall be paid to the designated beneficiary or estate. The five-year or ten-year certain options are only available to Article II members (those member appointed after July 1, 1973).

A summary of Five (Ten) Year Certain retirement allowance:

- 1) Is a reduced benefit.
- 2) Is payable for life to the member.
- 3) Permits the member to change the beneficiary at any time.
- 4) Upon the member's death the beneficiary may be paid the remaining balance in a lump sum or in monthly payments until five (ten) years are up.

**OPTION 2**

Provides a member with a reduced retirement allowance with the provision that upon his or her death the same allowance will continue to be paid to his or her beneficiary for life.

A summary of option 2 retirement allowance;

- 1) Is a reduced benefit.
- 2) Is payable for life to the member.
- 3) Guarantees that the same benefit is payable to the members surviving beneficiary for life.
- 4) Will cease after the death of both the member and his or her beneficiary.
- 5) The member is not allowed to change beneficiary.

**OPTION 3**

Provides a member with a retirement allowance reduced from the Maximum Allowance, with the provision that one half of the allowance that was paid to the member will continue to be paid to the member's beneficiary for life.

A summary of option 3 retirement allowance;

- 1) Is a reduced benefit.
- 2) Is payable for life to the member.
- 3) Guarantees that one half ( 1/2) of the member's benefit is payable to his or her beneficiary for life.
- 4) Will cease after the death of both the member and his or her beneficiary.
- 5) The member is not allowed to change beneficiary

**OPTION 4**

This option provides, upon the member's death, payment of a specified benefit or benefits actuarially sound and approved by the Actuary and the Board of Trustees.

**EXAMPLE:** The member may select a fixed amount payable at his or her death to the member's beneficiary or beneficiaries. Payment may be either a lump sum or a percentage of the member's retirement allowance to be paid monthly. The member may change the beneficiary at any time during his or her lifetime, but not the option, on or after the effective retirement date.

At the time of the member's death, the beneficiary may elect to receive the lump sum benefit, or may elect to receive an annuity in lieu of the lump sum.

**"POP-UP" OPTIONS**

Option 4-2 and Option 4-3 are known as the "Pop-Up" Option. These are called the "Pop-Ups" because they are variations of Option 2 and 3 and provide that if the beneficiary predeceases the retiree, then the retirement allowance will "Pop-Up" to the level of the Maximum Retirement Allowance.

Member's should keep in mind that the retirement allowance will be subject to a greater reduction under the "Pop-Up" Options than under Options 2 or 3 because of the increase in retirement allowance if the designated beneficiary predeceases the member.

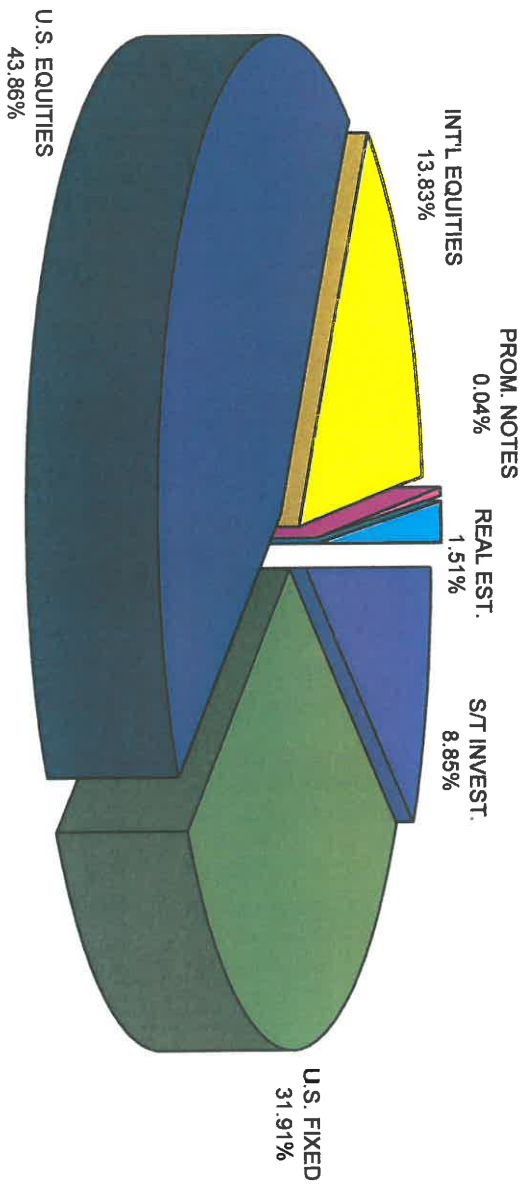
SCHEDULE OF AVERAGE ANNUAL BENEFIT PAYMENT AMOUNTS

Fiscal Year	Service Retirement Benefits		Accidental ( Duty) Disability Benefits		Ordinary (Non Duty) Disability Benefits		Survivor's Benefits *	
	Numbers	Average Annual Allowance	Number	Average Annual Allowance	Number	Average Annual Allowance	Number	Average Annual Allowance
2001	6,485	\$ 31,628	5,998	\$ 43,735	1,631	\$ 39,412	2,041	\$ 8,316
2002	6,669	32,890	6,204	45,255	1,587	40,602	2,255	11,988
2003	7,237	35,303	6,503	47,513	1,535	41,881	2,134	12,595
2004 (Lag)	7,148	35,909	6,780	49,860	1,488	42,922	2,043	14,119
2005 (Lag)	6,965	36,426	7,103	51,968	1,448	43,933	1,927	19,316
2006 (Lag)	6,839	37,254	7,420	54,223	1,398	44,780	1,828	19,767
2007 (Lag)	6,606	38,435	7,816	57,564	1,339	45,853	1,718	17,208
2008 (Lag)	6,353	39,078	8,149	60,825	1,284	46,484	1,618	20,942
2009	6,193	40,220	8,301	63,176	1,218	47,941	1,593	41,637
2010	5,971	40,948	8,557	64,604	1,168	48,720	1,464	46,786

\* Includes World Trade Center Benefits

Exhibit 7

# TOTAL INVESTMENTS FISCAL YEAR 2010 (At Market Value)





## NEW YORK CITY FIRE PENSION FUND

## Schedule of Changes in Net Assets

(In thousands)

Year Ended	Additions to Plan Net Assets					Deductions from Plan Net Assets					Change in Net Assets
	Member Contributions	Employer Contributions	Net Investment Income/(Loss)	Other Income	Total Additions	Benefit Payments	Refunds	Administrative Expenses	Other Deductions	Total Deductions	
2001	28,503	241,311	(465,519)	18,081	(177,624)	551,060	123	-	-	551,183	(728,807)
2002	40,872	302,318	(641,079)	18,021	(279,868)	621,303	149	-	-	621,452	(901,320)
2003	42,296	316,967	283,435	21,426	664,124	681,959	1,021	-	-	682,980	(18,856)
2004	42,529	392,693	774,109	33,257	1,242,588	750,742	217	-	-	750,959	491,629
2005	52,680	489,508	560,821	49,662	1,152,671	841,648	319	-	261	842,228	310,443
2006	76,548	608,771	590,395	28,971	1,304,685	800,552	-	413	10	800,975	503,710
2007	71,614	683,193	1,117,227	36,770	1,908,804	870,841	444	172	20	871,477	1,037,327
2008	75,974	780,202	(366,390)	40,103	529,889	914,569	418	200	38	915,225	(385,336)
2009	84,357	843,751	(1,282,917)	42,729	(312,080)	927,819	325	248	61	928,453	(1,240,533)
2010	89,223	874,331	818,201	34,990	1,816,745	953,990	510	237	36	954,773	861,972

NEW YORK CITY FIRE PENSION FUND

SCHEDULE OF REVENUES BY SOURCE

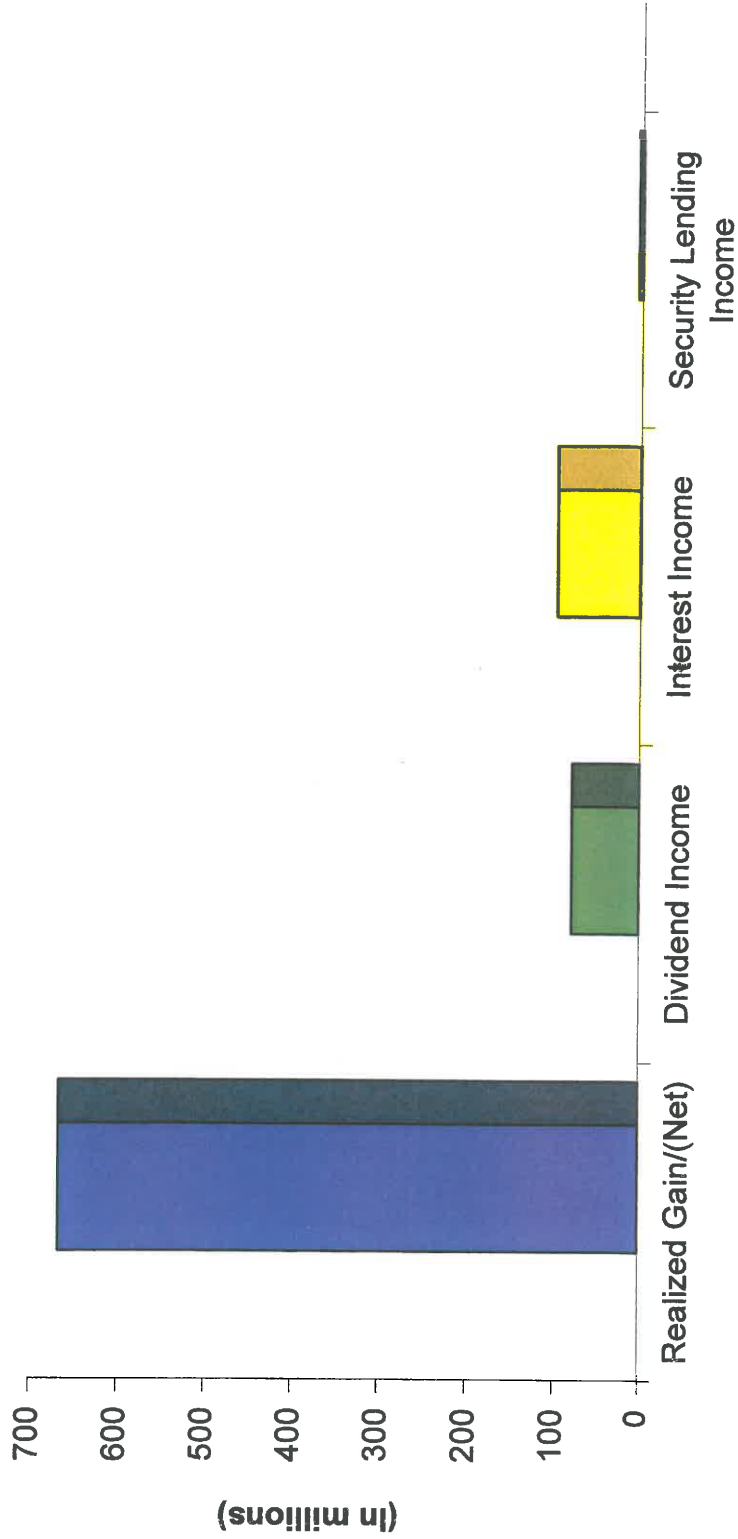
(in thousands)

Fiscal Year Ended June 30	Member Contributions	Employer Contributions	Other Income	Interest and Dividends	Appreciation in fair value of investments	% of Annual Covered Payroll	
						Total	Total
2001	\$ 28,503	\$ 241,311	\$ 18,081	\$ 159,790	\$ (625,309)	\$ (177,624)	N/A
2002	40,872	302,318	18,021	159,021	(800,100)	(279,868)	N/A
2003	42,296	316,967	5,404	128,984	170,473	664,124	N/A
2004	42,529	392,693	22,673	124,437	660,256	1,242,588	N/A
2005	52,680	489,508	40,443	147,184	422,856	1,152,671	N/A
2006	76,548	608,771	17,450	164,325	437,591	1,304,685	N/A
2007	71,614	683,193	21,868	185,836	946,293	1,908,804	N/A
2008	75,974	780,202	28,393	210,151	(564,831)	529,889	N/A
2009	84,357	843,751	30,545	187,040	(1,457,773)	(312,080)	N/A
2010	89,223	874,331	10,319	176,097	666,775	1,816,745	N/A

Source: Statement of Changes in Plan Net Assets

# INVESTMENT INCOME

Fiscal Year 2010



NEW YORK CITY FIRE PENSION FUND

SCHEDULE OF EXPENSES BY TYPE

(in thousands)

Fiscal Year Ended June 30	Benefit Payments	Refunds	Administrative		Other Payments	Total
			Expenses	Expenses		
2001	\$ 551,060	\$ 123	\$ -	\$ -	-	\$ 551,183
2002	621,303	149	-	-	-	621,452
2003	681,959	1,021	-	-	-	682,980
2004	750,742	217	-	-	-	750,959
2005	841,648	319	-	-	261	842,228
2006	800,552	-	413	10	20	800,975
2007	870,841	444	172	20	38	871,477
2008	914,569	418	200	38	61	915,225
2009	927,819	325	248	61	36	928,453
2010	953,990	510	237	36		954,773

**Table of Compensation to  
Administrative Officials and Commissions & Payments  
To Brokers and Consultants  
Fiscal Year Ended June 30, 2010**

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<u>Official Plan Position</u>	<u>Salary or Allowance Paid</u>
Pension Fund Administrative Personnel	\$ 1,643,556
Comptroller's Office Executive Management Costs	18,584
First Deputy Personal Service Cost	97,507
Financial Information Service Agency (FISA)	534,460
Office of Payroll Administration (OPA)	231,175
Deputy Comptroller Asset Management (Personal Service Cost)	482,913
Deputy Comptroller Asset Management (Outside Service Costs)	301,290
Administrative Support Cost	2,523
Office of Management and Budget	114,693
Legal Advisor	350,036
Investments Advisor	28,376,573 *
Securities Lending Fees	723,757 *
Total	<u>32,877,067</u>

\* Except for investment advisor and Securities Lending fees these expenses were charged to other City Agencies on behalf of the New York Fire Pension Fund.

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