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Ohio Police and Fire Pension Fund

*Actuarial Valuation and Review
as of January 1, 2002*

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July 24, 2002

Board of Trustees
Ohio Police and Fire Pension Fund
140 East Town Street
Columbus, Ohio 43215

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of January 1, 2002. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2002 and analyzes the preceding year's experience.

The census information on which our calculations were based was prepared by the Fund and the financial information was provided by the Fund. That assistance is gratefully acknowledged. The actuarial calculations were completed under our supervision.


This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and the expectations for the Fund.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

THE SEGAL COMPANY

By: 
John J. Garrett, A.S.A., M.A.A.A.
Vice President and Consulting Actuary


Leslie L. Thompson, A.S.A., M.A.A.A., E.A.
Senior Vice President and Consulting Actuary

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SECTION 1: Valuation Summary for the Ohio Police and Fire Pension Fund

Purpose

This report has been prepared by The Segal Company to present a valuation of the Ohio Police and Fire Pension Fund as of January 1, 2002. The valuation was performed to determine if the assets and contributions are sufficient to provide the prescribed benefits. The funding period presented in this report is based on:

- The benefit provisions of the Pension Fund, as administered by the Board,
- The characteristics of covered active participants, inactive vested participants, and retired participants and beneficiaries as of January 1, 2002, provided by the Fund;
- The assets of the Fund as of December 31, 2001, provided by the Fund;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Significant Issues in Valuation Year

1. Assumption Changes and Method – As approved by the Board, we have made changes to the Actuarial Assumptions and Methods used in developing the January 1, 2002 Actuarial Valuation results. Most significant among these changes are:
 - The method used to develop the actuarial value of assets;
 - Lower post retirement and beneficiary mortality rates;
 - Lower withdrawal rates;
 - Inclusion of all pension administrative expenses included in normal cost.
2. The expected rate of return on the actuarial value of assets was 8.25%, however the actual rate of return for 2001 was 1.97%. This actuarial loss due to investment experience for 2001 has increased the UAAL by \$526,722,518 and represents a 15 year increase to the funding period.
3. This actuarial valuation recognizes the increased employer contribution to the Health Care Stabilization Fund (HCSF) from 7.50% to 7.75% of active member payroll. This results in a four year increase to the funding period.

SECTION 1: Valuation Summary for the Ohio Police and Fire Pension Fund

Summary of Key Valuation Results

	January 1, 2002	January 1, 2001
Funding elements for plan year beginning January 1:		
Normal cost, including administrative expenses	\$308,070,266	\$268,246,000
Market value of assets	8,251,335,534	8,839,159,384
Actuarial value of assets*	9,076,469,088	8,498,069,000
Actuarial accrued liability **	9,785,766,191	9,506,283,000
Unfunded/(Overfunded) actuarial accrued liability	709,297,103	1,008,214,000
Funding Period	28 years	30 years
GASB 25/27 for plan year beginning January 1:		
Annual statutory contributions	\$213,436,804 ***	\$205,979,830
Actual contributions	--	205,979,830
Percentage contributed	--	100.00%
Funded ratio	92.75%	89.39%
Covered payroll	1,534,336,093	1,407,542,000
Demographic data for plan year beginning January 1:		
Number of retired participants and beneficiaries	23,413	22,870
Number of rehired retirees	105	103
Number of vested former participants	133	143
Number of active participants	28,223	27,833
Valuation total payroll	\$1,534,336,093	\$1,407,542,000

*The Actuarial Value of Assets for January 1, 2001, includes the Present Value of Employer Accrued Liability.

**The Actuarial Accrued Liability for January 1, 2002, is net of the Present Value of Employer Accrued Liability.

*** Anticipated statutory contribution is the sum of statutory rates for Police and Firefighters applied to the valuation payroll for 2002, plus the expected State Subsidy.

SECTION 2: Valuation Results for the Ohio Police and Fire Pension Fund

A. PARTICIPANT DATA

The Actuarial Valuation and Review considers the number and demographics of covered participants, including active participants, vested terminated participants, retired participants and beneficiaries.

This section presents a summary of significant statistical data on these participant groups.

More detailed information, including Police and Firefighters summarized separately, for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the participant population has changed over the past three valuations can be seen in this chart.

CHART 1
Participant Population: 1999 – 2001

Year Ended December 31	Active Participants	Rehired Retirees**	Vested Terminated Participants*	Retired Participants and Beneficiaries	Ratio of Non- Actives to Actives
1999	27,556	86	115	22,274	0.81
2000	27,833	103	143	22,870	0.83
2001	28,223	105	133	23,413	0.83

*Excludes terminated participants due a refund of employee contributions.

** The counts for rehired retirees are included in the retired participants and beneficiaries count.

SECTION 2: Valuation Results for the Ohio Police and Fire Pension Fund

Active Participants

Fund costs are affected by the age, years of service and payroll of active participants. In this year's valuation, there are 28,223 active participants with an average age of 38.9, average years of service of 11.8 years and average valuation payroll of \$54,365. The 27,833 active participants in the prior valuation had an average age of 38.7, average service of 11.7 years and average valuation payroll of \$50,571. The increase in the average valuation payroll is partially due to the changes in method used to develop the average valuation payroll.

Inactive Participants

In this year's valuation, there were 133 participants with a vested right to a deferred or immediate benefit.

In addition, there were 1,823 participants entitled to a return of their employee contributions.

The graphs below show distributions for the total Fund population. The information splits between police and firefighters is shown in Exhibit B.

These graphs show a distribution of active participants by age and by years of service.

CHART 2

Distribution of Active Participants by Age as of December 31, 2001

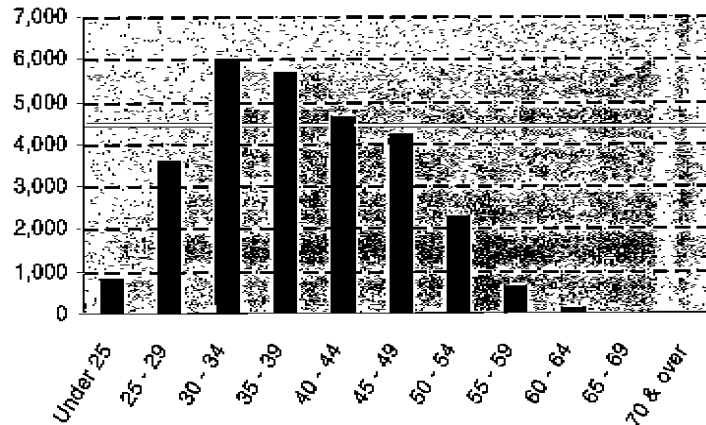
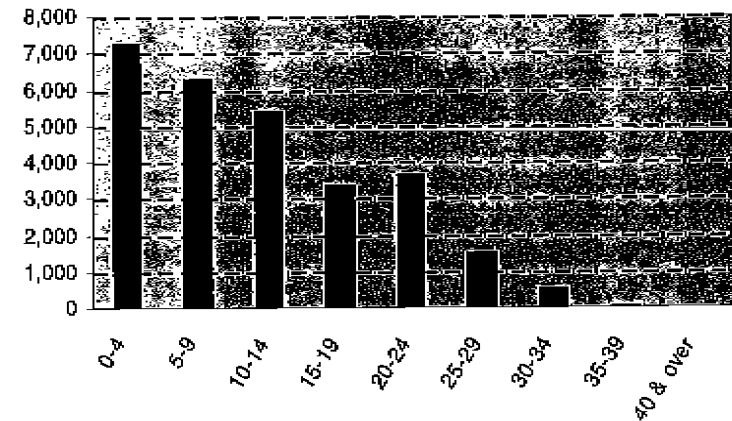


CHART 3

Distribution of Active Participants by Years of Service as of December 31, 2001



SECTION 2: Valuation Results for the Ohio Police and Fire Pension Fund

Retired Participants and Beneficiaries

As of December 31, 2001, 16,619 retired participants and 6,794 beneficiaries were receiving total monthly benefits of \$42,506,689. For comparison, in the previous valuation, there were 16,223 retired participants and 6,647 beneficiaries receiving monthly benefits of \$39,865,233.

These graphs show a distribution of the current retired participants and beneficiaries based on their monthly amount and age, by type of pension.

CHART 4

Distribution of Retired Participants and Disabilities by Type and by Monthly Amount as of December 31, 2001

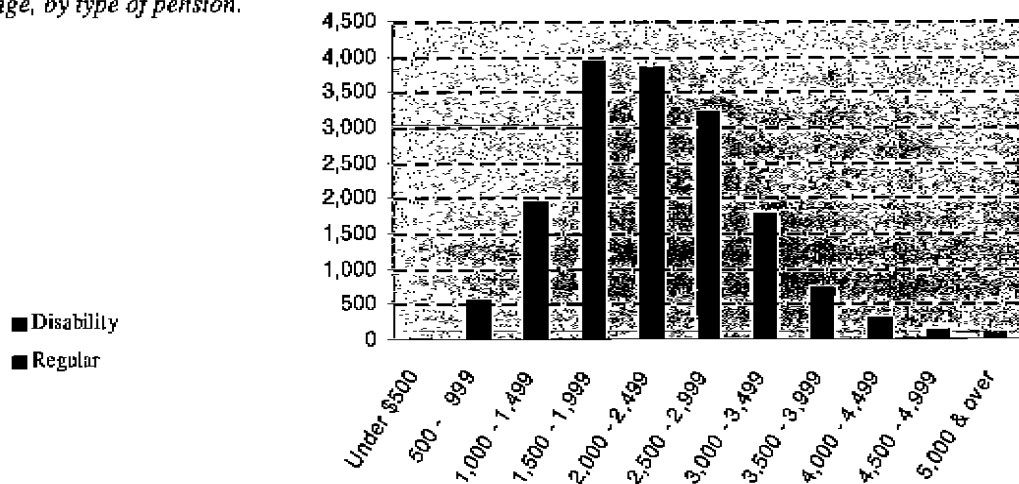
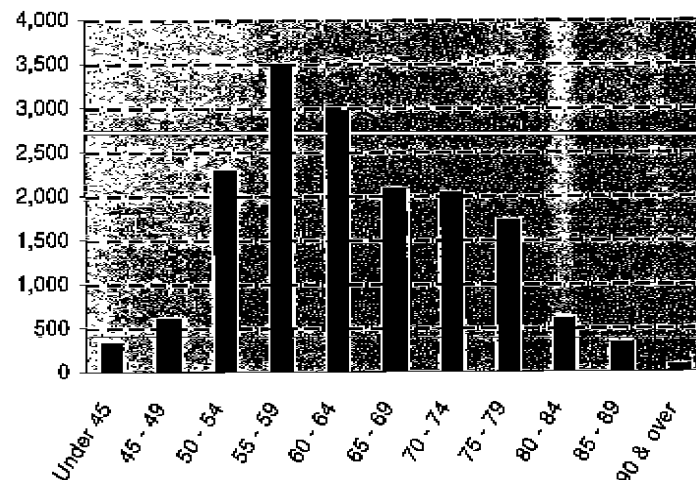


CHART 5

Distribution of Retired Participants and Disabilities by Type and by Age as of December 31, 2001



SECTION 2: Valuation Results for the Ohio Police and Fire Pension Fund

B. FINANCIAL INFORMATION

Retirement plan funding anticipates that, over the long term, both net contributions (less administrative expenses) and net investment earnings (less investment fees) will be needed to cover benefit payments.

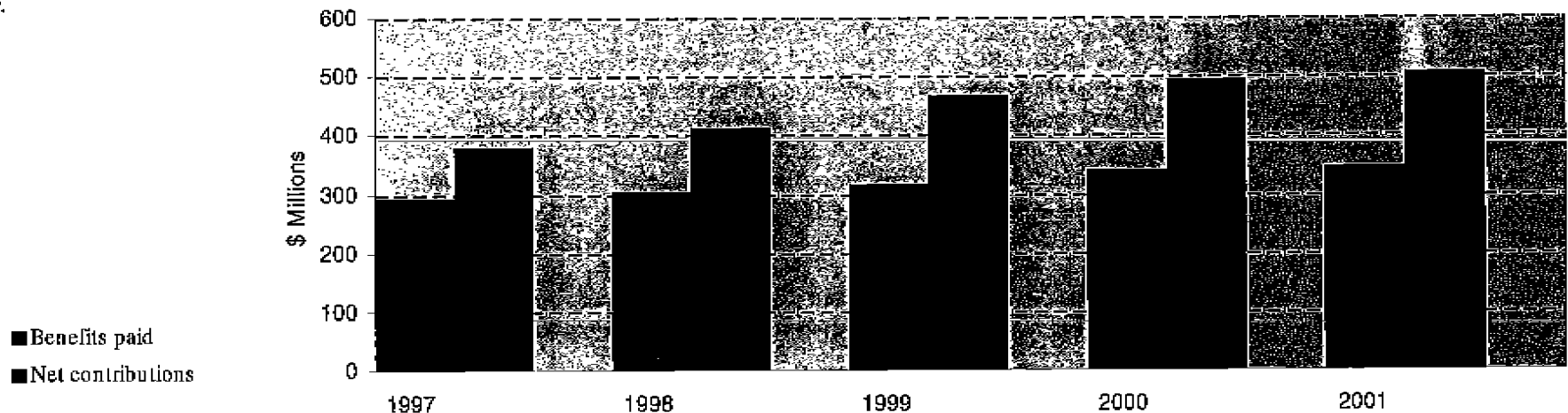
Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D, E and F.

The negative cash flow for 2000 and 2001 is (\$154,339,146) and (\$161,104,372), respectively. This represents 1.69% and 1.82% of the beginning of year market value of assets for 2000 and 2001, respectively.

The chart depicts the components of changes in the actuarial value of assets over the last five years.

CHART 6

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended December 31, 1997 – 2001



SECTION 2: Valuation Results for the Ohio Police and Fire Pension Fund

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year but spread over five years and, as a result, the asset value and the plan costs are more stable.

Under a typical asset smoothing method there is a limit to the percent that the actuarial value of assets can vary from

the market value of assets. Most commonly this corridor is 20% of the market value, however for conservatism the corridor for the January 1, 2002 valuation is 10% of market value and 20% thereafter.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The chart shows the determination of the actuarial value of assets as of the valuation date.

**CHART 7
Actuarial Value of Assets for Year Ended December 31, 2001**

A. Determination of Actuarial Value of Assets			December 31, 2001
1.	Market value of assets to be written up		\$8,251,335,534
2.	Calculation of Deferral Gains and Losses*	Original Gain/(Loss) To be Spread	
	(a) Year ended December 31, 2001	-\$1,149,304,572	80
	(b) Year ended December 31, 2000	-902,599,887	60
	(c) Year ended December 31, 1999	418,112,372	40
	(d) Year ended December 31, 1998	292,950,186	20
	(e) Total Amount Deferred		-1,235,168,604
3.	Preliminary actuarial value: (1) - (2e)		9,486,504,138
4.	Adjustment to be within 10% of market value **		-410,035,050
5.	Actuarial value of assets: (3) + (4)		<u>\$9,076,469,088</u>
6.	Actuarial value as a percentage of market value: (5) ÷ (1)		110.0%

*Actual return minus expected return on a market value basis.

** Methodology reflects a 10% market value corridor for 2002.

SECTION 2: Valuation Results for the Ohio Police and Fire Pension Fund

CHART 7 (continued)

Actuarial Value of Assets for Year Ended December 31, 2001

B. Income and Expense		
1.	Contributions	
	Employee	\$150,531,967
	Employer	203,048,580
2.	Interest, Dividends, and other income	243,688,852
3.	Appreciation/(Depreciation)	(652,898,420)
4.	Investment Expenses	(17,509,910)
5.	Administrative Expenses (net of state subsidy)	(8,126,889)
6.	Benefit Payments	(506,558,030)
C. Calculation of Current Year Gain/(Loss) to be Spread		
1.	Market Value of Assets at the beginning of the year	\$8,839,159,384
2.	Market Value of Assets at the end of the year	8,251,335,534
3.	Net New Money: (1) + B(5) - B(6)	(161,104,372)
4.	Expected return (Market basis): [(3) x .5 + (1)] x 8.25%	722,585,094
5.	2001 Gain/(Loss) to be spread (2) - (1) - (3) - (4)	\$(1,149,304,572)

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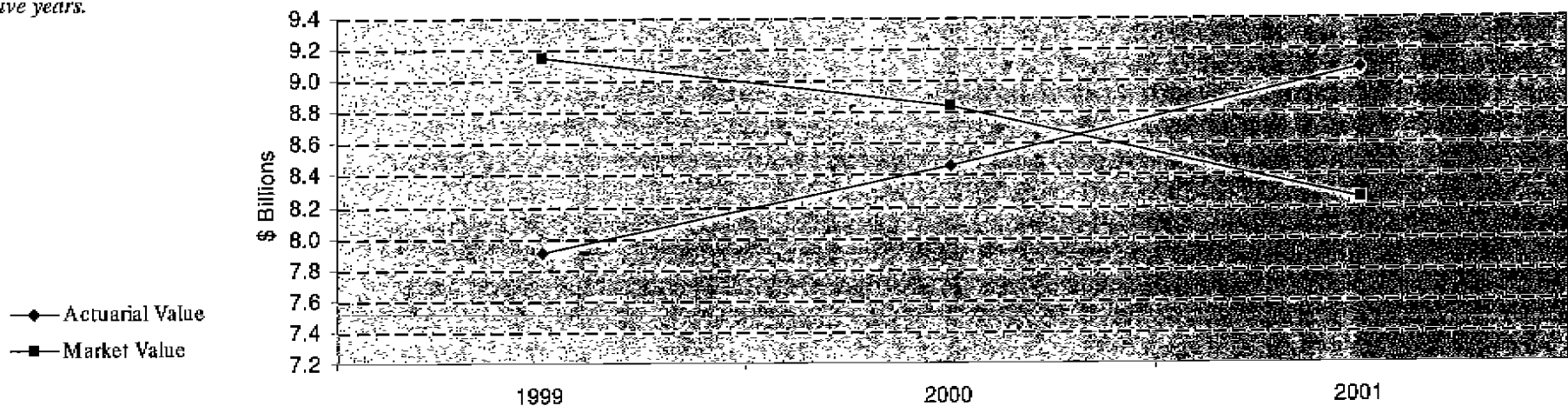
SECTION 2: Valuation Results for the Ohio Police and Fire Pension Fund

Both the actuarial value and market value of assets are representations of the Fund's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the Fund's liabilities are compared to its assets to determine what portion, if any, remains unfunded. The period required to amortize the unfunded liability is the funding period.

This chart shows the change in the actuarial value of assets versus the market value over the past five years.

CHART 6

Actuarial Value of Assets vs. Market Value of Assets for Years Ended December 31, 1999 – 2001



SECTION 2: Valuation Results for the Ohio Police and Fire Pension Fund

C. ACTUARIAL EXPERIENCE

To calculate the funding period, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the funding period will decrease more than expected. On the other hand, the funding period may increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For the funding period to remain stable, assumptions should approximate experience.

If assumptions are changed, the funding period is adjusted to take into account a change in experience anticipated for all future years.

This experience loss was offset by a decrease in the Unfunded Actuarial Accrued Liability (UAAL) due to changes in actuarial assumptions and methods. These changes were recommended to and approved by the Board of Trustees after the review of the most recent experience study. The decrease to the UAAL due to these changes totaled \$875,727,205 and is shown in Exhibit G.

The total gain/(loss) is (\$571,422,103), (\$526,722,518) from investments and (\$44,699,584) from all other sources. The net experience variation from individual sources other than investments was 0.5% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 9
Actuarial Experience for Year Ended December 31, 2001

1. Net gain/(loss) from investments*	-\$526,722,518
2. Net gain/(loss) from non-investment experience	-44,699,584
3. Net experience gain/(loss): (1) + (2) + (3)	-\$571,422,103

* Details in Chart 10

SECTION 2: Valuation Results for the Ohio Police and Fire Pension Fund

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the Fund's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 8.25%. The actual rate of return on the actuarial value of assets for the 2001 plan year was 1.97%.

Since the actual return for the year was less than the assumed return, the Fund experienced an actuarial loss during the year ended December 31, 2001 with regard to its investments.

This chart shows the gain/(loss) due to investment experience.

CHART 10
Investment Experience for Year Ended December 31, 2001

1. Actual return	\$164,884,372
2. Average Actuarial Value of Assets	8,383,113,814
3. Actual rate of return: (1) ÷ (2)	1.97%
4. Assumed rate of return	8.25%
5. Expected return: (2) x (4)	691,606,890
6. Actuarial gain/(loss): (1) - (5)	<u>-\$526,722,518</u>

SECTION 2: Valuation Results for the Ohio Police and Fire Pension Fund

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last three years. These returns are calculated net of investment related expenses.

CHART 11
Investment Return – Actuarial Value vs. Market Value

Year Ended December 31	Net Actuarial Value Investment Return Percent	Net Market Value Investment Return Percent
1999	11.15	13.31
2000	7.48	-1.96
2001	1.97	-4.87

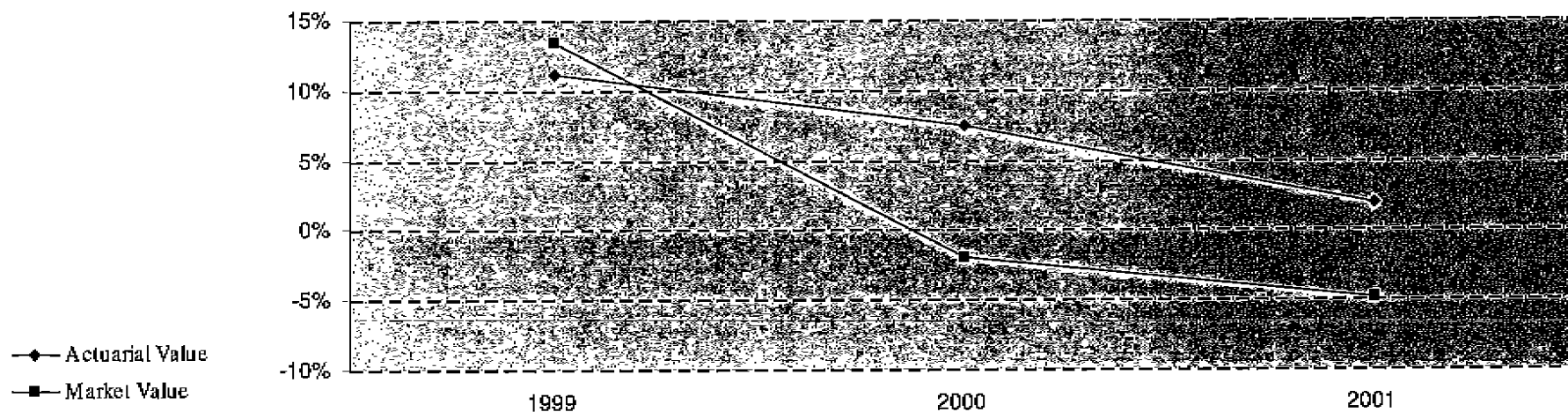
Note: Each year's yield is weighted by the average asset value in that year.

SECTION 2: Valuation Results for the Ohio Police and Fire Pension Fund

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

This chart illustrates how this leveling effect has actually worked over the years 1999 - 2001 .

CHART 12
Market and Actuarial Rates of Return for Years Ended December 31, 1999 - 2001



SECTION 2: Valuation Results for the Ohio Police and Fire Pension Fund

D. CALCULATION OF FUNDING PERIOD

The statutory contribution rates for Police and Fire participants are reduced first by the percent of pay allocated to the Health Care Stabilization Fund, and then by the applicable employer normal cost rate (net of pension administrative expenses). The remaining percentage of payroll is the amount available to amortize the unfunded actuarial accrued liability (UAAL). The resulting number of years required to amortize the UAAL with the level percent of payroll available is the funding period. Senate Bill No. 82 requires that the funding period does not exceed 30 years for valuations performed as of January 1, 2007 and later.

Currently under the Governmental Accounting Standards Board (GASB), a plan is deemed actuarially sound if its funding period is no greater than 40 years. GASB statement number 27 reduces this period to 30 years effective for the January 1, 2007 valuation and later.

Chart 13 summarizes this information on the next page.

SECTION 2: Valuation Results for the Ohio Police and Fire Pension Fund

CHART 13
Calculation of the Funding Period

	Police	Firefighters	Total
A. Normal Cost			
1. Dollar Normal Cost	\$160,637,000	\$131,215,000	\$291,852,000
2. Administrative Expenses	8,917,000	7,283,000	16,200,000
3. Estimated Annualized Payroll	858,608,000	675,728,000	1,534,336,000
4. Normal Cost Rate	20.55%	21.33%	20.89%
5. Member Rate	10.00%	10.00%	10.00%
6. Employer Normal Cost Rate	10.55%	11.33%	10.89%
B. Actuarial Accrued Liability			
1. Active Members	\$2,395,437,000	\$1,998,352,000	\$4,393,789,000
2. Inactive Members	18,984,000	8,473,000	27,457,000
3. Rehired Retirees	3,071,000	1,094,000	4,165,000
4. Retirees	2,844,012,000	2,084,199,000	4,928,211,000
5. Beneficiaries & Survivors	255,616,000	191,768,000	447,384,000
6. Contributions Refund Due	7,367,000	1,983,000	9,350,000
7. Employer Accrued Liability	<u>(14,087,000)</u>	<u>(10,503,000)</u>	<u>(24,590,000)</u>
8. Total	\$5,510,400,000	\$4,275,366,000	\$9,785,766,000
C. Present Value of Future Benefit			
1. Active Members	\$4,049,783,000	\$3,382,073,000	\$7,431,856,000
2. Inactive Members	18,984,000	8,473,000	27,457,000
3. Rehired Retirees	3,071,000	1,094,000	4,165,000
4. Retirees	2,844,012,000	2,084,199,000	4,928,211,000
5. Beneficiaries & Survivors	255,616,000	191,768,000	447,384,000
6. Contributions refund due	<u>7,367,000</u>	<u>1,983,000</u>	<u>9,350,000</u>
7. Total	\$7,178,833,000	\$5,669,590,000	\$12,848,423,000
D. Statutory Employer Contribution Rate			
	19.50%	24.00%	

SECTION 2: Valuation Results for the Ohio Police and Fire Pension Fund

CHART 13 (continued)

Calculation of the Funding Period

	January 1, 2002	January 1, 2001
A. Actuarial Accrued Liability	\$9,785,766,000	\$9,506,283,000
B. Actuarial Value of Assets	\$9,076,469,000	\$8,498,069,000
C. Unfunded Actuarial Accrued Liability (UAAL)	\$709,297,000	\$1,008,214,000
D. Amortization of Unfunded Actuarial Accrued Liability		
1. Statutory Employer Contribution Rates	21.48%	21.47%
2. Health Care Allocation	7.75%	7.50%
3. Employer Normal Cost Rate	10.89%	9.83%
4. Percentage of payroll available to amortize the UAAL. (1 - 2 - 3)	2.84%	4.14%
E. Funding Period	28 years	30 years

Note: The funding period is the number of years required to amortize the UAAL (Item C) with the available level percentage of payroll (Item D4).

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SECTION 2: Valuation Results for the Ohio Police and Fire Pension Fund

The calculation of the funding period as of January 1, 2002 is based on all of the data described in the previous sections, the actuarial assumptions and methods described in Section 4, and the Fund's plan provisions as of the valuation date. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Funding Period Calculation

The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation.

The chart reconciles the funding period from the prior valuation to the funding period determined in this valuation.

CHART 14

Reconciliation of Funding Period Calculation from January 1, 2001 to January 1, 2002

Funding Period as of January 1, 2001	30 years
Effect of amortization of UAAL	(1)
Effect of change in actuarial assumptions and methods (not including asset method)	(7)
Effect of change in asset method	(20)
Effect of increase in HCSF contribution to 7.75% of payroll	4
Effect of investment (gain)/loss	15
Effect of net other changes	7
Funding Period as of January 1, 2002	28 years

SECTION 2: Valuation Results for the Ohio Police and Fire Pension Fund

CHART 7 (continued)

Actuarial Value of Assets for Year Ended December 31, 2001

B. Income and Expense		
1.	Contributions	
	Employee	\$150,531,967
	Employer	203,048,580
2.	Interest, Dividends, and other income	243,688,852
3.	Appreciation/(Depreciation)	(652,898,420)
4.	Investment Expenses	(17,509,910)
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6.	Benefit Payments	(506,558,030)
C. Calculation of Current Year Gain/(Loss) to be Spread		
1.	Market Value of Assets at the beginning of the year	\$8,839,159,384
2.	Market Value of Assets at the end of the year	8,251,335,534
3.	Net New Money: (1) + B(5) - B(6)	(161,104,372)
4.	Expected return (Market basis): [(3) x .5 + (1)] x 8.25%	722,585,094
5.	2001 Gain/(Loss) to be spread (2) - (1) - (3) - (4)	\$(1,149,304,572)

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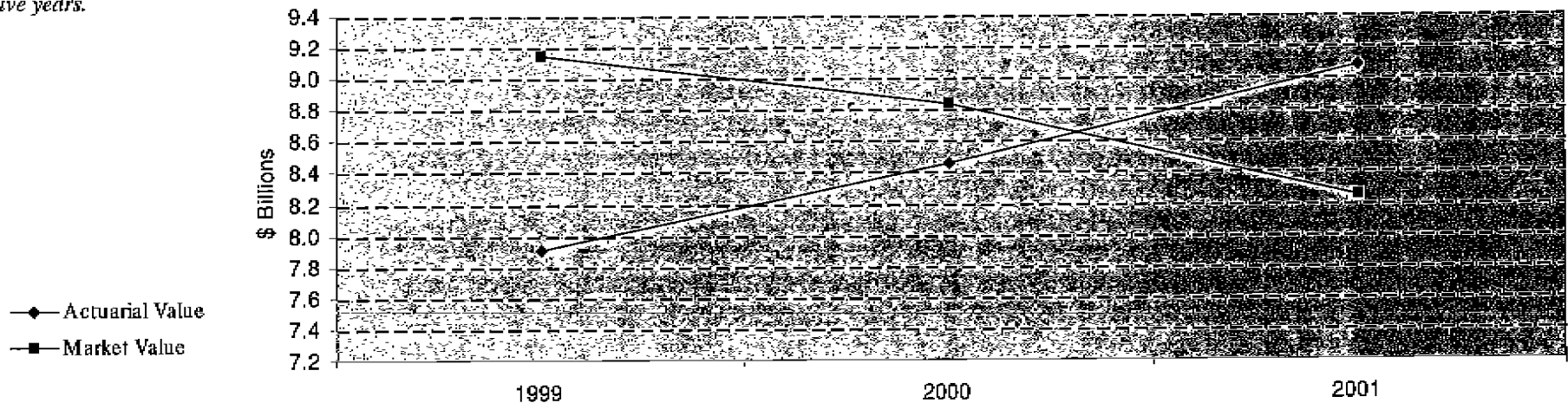
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SECTION 2: Valuation Results for the Ohio Police and Fire Pension Fund

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This chart shows the change in the actuarial value of assets versus the market value over the past five years.

CHART 6
Actuarial Value of Assets vs. Market Value of Assets for Years Ended December 31, 1999 – 2001



SECTION 2: Valuation Results for the Ohio Police and Fire Pension Fund

C. ACTUARIAL EXPERIENCE

To calculate the funding period, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the funding period will decrease more than expected. On the other hand, the funding period may increase if overall actuarial experience is less favorable than expected (an actuarial loss).

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If assumptions are changed, the funding period is adjusted to take into account a change in experience anticipated for all future years.

This experience loss was offset by a decrease in the Unfunded Actuarial Accrued Liability (UAAL) due to changes in actuarial assumptions and methods. These changes were recommended to and approved by the Board of Trustees after the review of the most recent experience study. The decrease to the UAAL due to these changes totaled \$875,727,205 and is shown in Exhibit G.

The total gain/(loss) is (\$571,422,103), (\$526,722,518) from investments and (\$44,699,584) from all other sources. The net experience variation from individual sources other than investments was 0.5% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 9
Actuarial Experience for Year Ended December 31, 2001

1. Net gain/(loss) from investments*	-\$526,722,518
2. Net gain/(loss) from non-investment experience	-44,699,584
3. Net experience gain/(loss): (1) + (2) + (3)	-\$571,422,103

* Details in Chart 10

SECTION 2: Valuation Results for the Ohio Police and Fire Pension Fund

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the Fund's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 8.25%. The actual rate of return on the actuarial value of assets for the 2001 plan year was 1.97%.

Since the actual return for the year was less than the assumed return, the Fund experienced an actuarial loss during the year ended December 31, 2001 with regard to its investments.

This chart shows the gain/(loss) due to investment experience.

**CHART 10
Investment Experience for Year Ended December 31, 2001**

1. Actual return	\$164,884,372
2. Average Actuarial Value of Assets	8,383,113,814
3. Actual rate of return: (1) ÷ (2)	1.97%
4. Assumed rate of return	8.25%
5. Expected return: (2) x (4)	691,606,890
6. Actuarial gain/(loss): (1) – (5)	<u>-\$526,722,518</u>

SECTION 2: Valuation Results for the Ohio Police and Fire Pension Fund

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last three years. These returns are calculated net of investment related expenses.

CHART 11
Investment Return – Actuarial Value vs. Market Value

Year Ended December 31	Net Actuarial Value Investment Return Percent	Net Market Value Investment Return Percent
1999	11.15	13.31
2000	7.48	-1.96
2001	1.97	-4.87

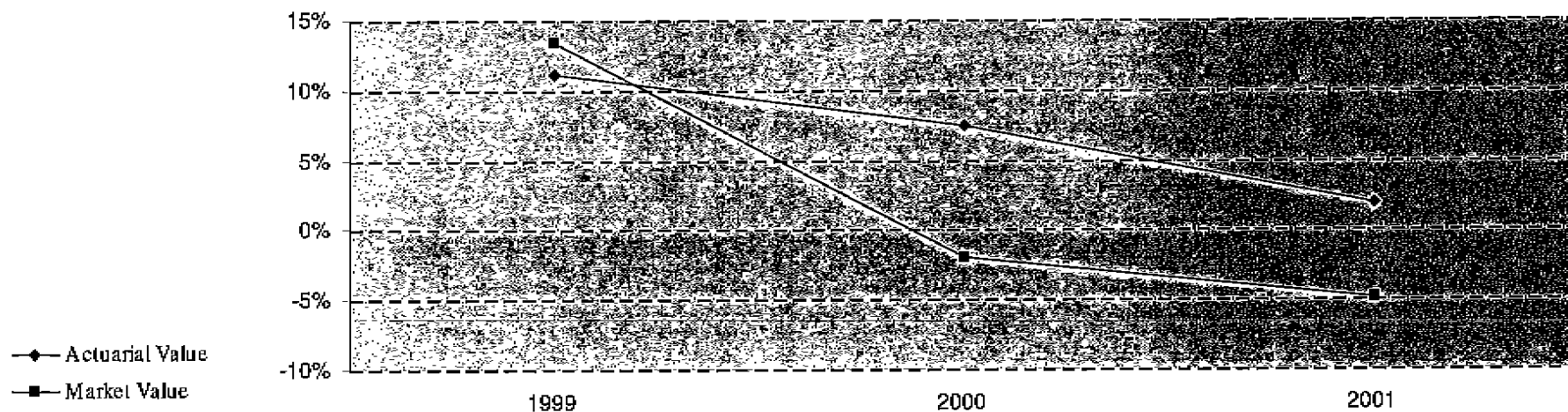
Note: Each year's yield is weighted by the average asset value in that year.

SECTION 2: Valuation Results for the Ohio Police and Fire Pension Fund

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

This chart illustrates how this leveling effect has actually worked over the years 1999 - 2001 .

CHART 12
Market and Actuarial Rates of Return for Years Ended December 31, 1999 - 2001



SECTION 2: Valuation Results for the Ohio Police and Fire Pension Fund

D. CALCULATION OF FUNDING PERIOD

The statutory contribution rates for Police and Fire participants are reduced first by the percent of pay allocated to the Health Care Stabilization Fund, and then by the applicable employer normal cost rate (net of pension administrative expenses). The remaining percentage of payroll is the amount available to amortize the unfunded actuarial accrued liability (UAAL). The resulting number of years required to amortize the UAAL with the level percent of payroll available is the funding period. Senate Bill No. 82 requires that the funding period does not exceed 30 years for valuations performed as of January 1, 2007 and later.

Currently under the Governmental Accounting Standards Board (GASB), a plan is deemed actuarially sound if its funding period is no greater than 40 years. GASB statement number 27 reduces this period to 30 years effective for the January 1, 2007 valuation and later.

Chart 13 summarizes this information on the next page.

SECTION 2: Valuation Results for the Ohio Police and Fire Pension Fund

CHART 13
Calculation of the Funding Period

	Police	Firefighters	Total
A. Normal Cost			
1. Dollar Normal Cost	\$160,637,000	\$131,215,000	\$291,852,000
2. Administrative Expenses	8,917,000	7,283,000	16,200,000
3. Estimated Annualized Payroll	858,608,000	675,728,000	1,534,336,000
4. Normal Cost Rate	20.55%	21.33%	20.89%
5. Member Rate	10.00%	10.00%	10.00%
6. Employer Normal Cost Rate	10.55%	11.33%	10.89%
B. Actuarial Accrued Liability			
1. Active Members	\$2,395,437,000	\$1,998,352,000	\$4,393,789,000
2. Inactive Members	18,984,000	8,473,000	27,457,000
3. Rehired Retirees	3,071,000	1,094,000	4,165,000
4. Retirees	2,844,012,000	2,084,199,000	4,928,211,000
5. Beneficiaries & Survivors	255,616,000	191,768,000	447,384,000
6. Contributions Refund Due	7,367,000	1,983,000	9,350,000
7. Employer Accrued Liability	<u>(14,087,000)</u>	<u>(10,503,000)</u>	<u>(24,590,000)</u>
8. Total	\$5,510,400,000	\$4,275,366,000	\$9,785,766,000
C. Present Value of Future Benefit			
1. Active Members	\$4,049,783,000	\$3,382,073,000	\$7,431,856,000
2. Inactive Members	18,984,000	8,473,000	27,457,000
3. Rehired Retirees	3,071,000	1,094,000	4,165,000
4. Retirees	2,844,012,000	2,084,199,000	4,928,211,000
5. Beneficiaries & Survivors	255,616,000	191,768,000	447,384,000
6. Contributions refund due	<u>7,367,000</u>	<u>1,983,000</u>	<u>9,350,000</u>
7. Total	\$7,178,833,000	\$5,669,590,000	\$12,848,423,000
D. Statutory Employer Contribution Rate	19.50%	24.00%	

SECTION 2: Valuation Results for the Ohio Police and Fire Pension Fund

CHART 13 (continued)

Calculation of the Funding Period

	January 1, 2002	January 1, 2001
A. Actuarial Accrued Liability	\$9,785,766,000	\$9,506,283,000
B. Actuarial Value of Assets	\$9,076,469,000	\$8,498,069,000
C. Unfunded Actuarial Accrued Liability (UAAL)	\$709,297,000	\$1,008,214,000
D. Amortization of Unfunded Actuarial Accrued Liability		
1. Statutory Employer Contribution Rates	21.48%	21.47%
2. Health Care Allocation	7.75%	7.50%
3. Employer Normal Cost Rate	10.89%	9.83%
4. Percentage of payroll available to amortize the UAAL. (1 - 2 - 3)	2.84%	4.14%
E. Funding Period	28 years	30 years

Note: The funding period is the number of years required to amortize the UAAL (Item C) with the available level percentage of payroll (Item D4).

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SECTION 2: Valuation Results for the Ohio Police and Fire Pension Fund

The calculation of the funding period as of January 1, 2002 is based on all of the data described in the previous sections, the actuarial assumptions and methods described in Section 4, and the Fund's plan provisions as of the valuation date. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Funding Period Calculation

The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation.

The chart reconciles the funding period from the prior valuation to the funding period determined in this valuation.

CHART 14

Reconciliation of Funding Period Calculation from January 1, 2001 to January 1, 2002

Funding Period as of January 1, 2001	30 years
Effect of amortization of UAAL	(1)
Effect of change in actuarial assumptions and methods (not including asset method)	(7)
Effect of change in asset method	(20)
Effect of increase in HCSF contribution to 7.75% of payroll	4
Effect of investment (gain)/loss	15
Effect of net other changes	7
Funding Period as of January 1, 2002	28 years

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SECTION 2: Valuation Results for the Ohio Police and Fire Pension Fund

E. INFORMATION REQUIRED BY THE GASB

Government Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to GASB is the historical comparison of the GASB required contribution to the actual contributions. This comparison demonstrates whether a plan is being funded on an actuarially sound basis and in accordance with the GASB funding requirements. Chart 16 below presents a graphical representation of this information for the Fund.

The other critical piece of information regarding the Fund's financial status is the funded ratio. This ratio compares the assets of the plan to the liabilities of the plan as calculated under GASB. High ratios indicate a well-funded plan with assets sufficient to pay most benefits. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other changes.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits II, III, and IV.

These graphs show key GASB factors.

CHART 15
Required Versus Actual Contributions

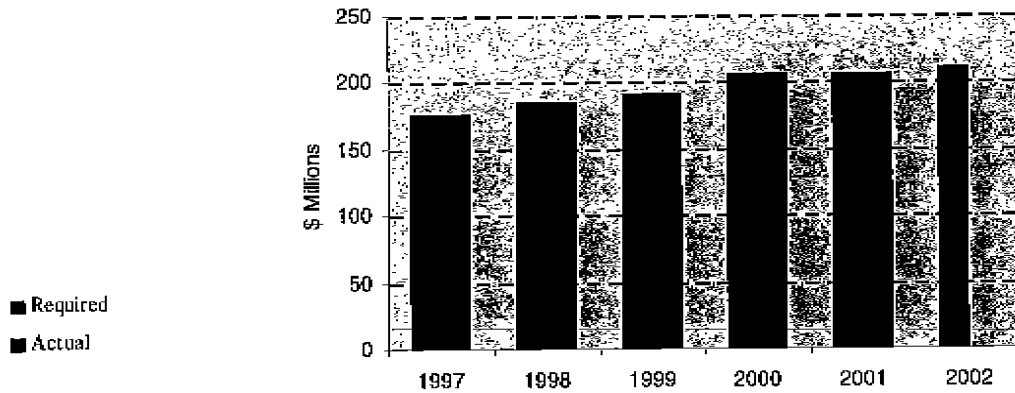
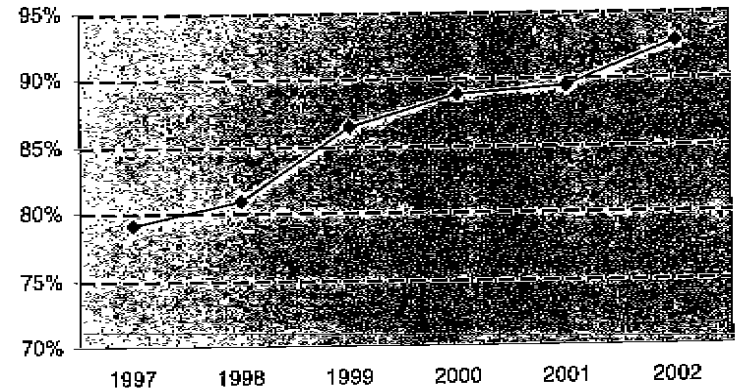


CHART 16
Funded Ratio



SECTION 3: Supplemental Information for the Ohio Police and Fire Pension Fund

**EXHIBIT A-1 (Police)
Table of Fund Coverage**

Category	Year Ended December 31		Change From Prior Year
	2001	2000	
Active participants in valuation			
Number	15,802	15,702	0.6%
Average age	38.6	38.4	0.5%
Average service	11.7	11.5	1.7%
Valuation total payroll	\$858,607,894	\$791,784,000	8.4%
Valuation average payroll	54,335	50,426	7.8%
Total active vested participants	5,017	4,993	0.5%
Vested terminated participants	93	99	-6.1%
Rehired retirees	75	76	-1.3%
Retired participants			
Number in pay status	6,321	6,188	2.1%
Average age	64.4	64.2	0.3%
Average monthly benefit	\$2,433	\$2,338	4.1%
Disabled participants			
Number in pay status	3,055	2,926	4.4%
Average age	57.9	57.6	0.5%
Average monthly benefit	\$2,078	\$1,979	5.0%
Beneficiaries in pay status	3,798	3,719	2.1%

SECTION 3: Supplemental Information for the Ohio Police and Fire Pension Fund

EXHIBIT A-2 (Firefighters)

Table of Fund Coverage

Category	Year Ended December 31		Change From Prior Year
	2001	2000	
Active participants in valuation			
Number	12,421	12,131	2.4%
Average age	39.2	39.1	0.3%
Average service	12.0	11.9	0.8%
Valuation total payroll	\$675,728,199	\$615,758,000	9.7%
Valuation average payroll	54,402	50,759	7.2%
Total active vested participants	4,189	4,186	0.1%
Vested terminated participants	40	44	-9.1%
Rehired retirees	30	27	11.1%
Refired participants			
Number in pay status	5,155	5,102	1.0%
Average age	66.6	66.4	0.3%
Average monthly benefit	\$2,354	\$2,265	3.9%
Disabled participants			
Number in pay status	2,088	2,007	4.0%
Average age	60.4	60.4	N/A
Average monthly benefit	\$2,154	\$2,051	5.0%
Beneficiaries in pay status	2,996	2,928	2.3%

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SECTION 3: Supplemental Information for the Ohio Police and Fire Pension Fund

EXHIBIT B-1 (Police)

**Participants in Active Service During Year Ended December 31, 2001
By Age, Years of Service, and Average Payroll**

Age	Years of Service									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	436	436	--	--	--	--	--	--	--	--
	\$38,193	\$38,193	--	--	--	--	--	--	--	--
25 - 29	2,135	1,707	425	3	--	--	--	--	--	--
	45,690	44,042	\$52,286	\$48,912	--	--	--	--	--	--
30 - 34	3,698	1,336	1,924	435	3	--	--	--	--	--
	51,804	45,510	54,886	57,602	\$50,425	--	--	--	--	--
35 - 39	3,136	423	906	1,469	332	6	--	--	--	--
	54,957	44,899	53,370	57,928	58,937	\$55,887	--	--	--	--
40 - 44	2,327	114	286	642	824	453	8	--	--	--
	57,192	42,741	53,168	55,720	59,343	61,990	\$67,502	--	--	--
45 - 49	2,296	62	117	263	444	1,082	317	11	--	--
	60,625	44,082	49,829	53,921	57,645	63,202	67,864	\$87,157	--	--
50 - 54	1,277	31	46	86	127	384	435	165	3	--
	61,466	42,021	48,606	52,211	54,581	59,170	66,766	70,060	\$68,951	--
55 - 59	381	9	18	28	41	51	65	148	21	--
	60,146	35,513	42,746	51,169	51,985	54,153	65,223	66,134	70,163	--
60 - 64	92	4	4	7	14	8	7	21	25	2
	57,275	39,132	39,605	45,345	47,477	52,278	59,156	63,842	64,578	\$92,430
65 - 69	16	--	1	1	1	--	1	1	2	9
	65,410	--	30,587	49,443	43,607	--	39,872	61,294	46,403	80,994
70 & over	8	2	1	--	--	--	--	--	--	5
	61,245	45,331	59,446	--	--	--	--	--	--	67,971
Total	15,802	4,124	3,728	2,934	1,786	1,984	833	346	51	16
	\$54,335	\$43,914	\$53,686	\$56,763	\$58,221	\$61,846	\$66,974	\$68,521	\$66,422	\$78,354

SECTION 3: Supplemental Information for the Ohio Police and Fire Pension Fund

EXHIBIT B-2 (Firefighters)

**Participants in Active Service During Year Ended December 31, 2001
By Age, Years of Service, and Average Payroll**

Age	Years of Service									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	403	402	1	--	--	--	--	--	--	--
	\$40,084	\$40,056	\$51,459	--	--	--	--	--	--	--
25 - 29	1,496	1,211	276	3	--	--	--	--	--	--
	45,374	43,811	\$51,801	\$58,479	--	--	--	--	--	--
30 - 34	2,325	945	1,013	366	1	--	--	--	--	--
	50,197	44,969	53,070	55,729	\$55,916	--	--	--	--	--
35 - 39	2,559	399	801	1,061	287	11	--	--	--	--
	54,184	45,340	53,821	55,637	61,878	\$60,610	--	--	--	--
40 - 44	2,333	144	326	723	696	434	10	--	--	--
	57,696	46,372	54,019	55,903	59,682	63,825	\$66,077	--	--	--
45 - 49	1,939	49	107	233	464	860	221	5	--	--
	60,163	47,730	53,098	55,021	57,676	62,603	67,326	\$67,489	--	--
50 - 54	1,046	15	37	73	119	348	373	78	3	--
	62,149	46,563	58,711	54,932	56,819	59,943	66,730	69,169	\$73,166	--
55 - 59	262	8	11	15	18	41	72	88	9	--
	62,700	55,171	58,984	56,270	51,742	58,732	64,638	66,525	71,742	--
60 - 64	52	1	--	2	3	8	4	14	18	2
	65,008	50,896	--	66,951	65,637	62,165	70,315	57,788	71,589	\$61,248
65 - 69	4	--	1	2	--	--	1	--	--	--
	45,065	--	37,308	40,445	--	--	62,060	--	--	--
70 & over	2	2	--	--	--	--	--	--	--	--
	35,675	35,675	--	--	--	--	--	--	--	--
Total	12,421	3,176	2,573	2,484	1,588	1,702	681	185	30	2
	\$54,402	\$44,088	\$53,389	\$55,661	\$59,198	\$62,263	\$66,707	\$67,005	\$71,793	\$61,248

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SECTION 3: Supplemental Information for the Ohio Police and Fire Pension Fund

EXHIBIT C-1 (Police)

Reconciliation of Participant Data

	Active Participants	Vested Former Participants	Rehired Retirees	Disableds	Pensioners	Beneficiaries	Total
Number as of January 1, 2001	15,702	99	76	2,926	6,188	3,719	28,710
New participants	859	N/A	0	0	N/A	N/A	859
Terminations – with vested rights	-32	32	0	0	0	0	0
Terminations – without vested rights	-369	N/A	0	0	N/A	N/A	-369
Retirements	-277	-11	0	0	288	N/A	0
New disabilities	-158	-8	0	180	0	N/A	14
Return to work	0	0	0	0	0	N/A	0
Died with beneficiary	-21	0	0	-51	-155	300	73
Died without beneficiary	0	0	0	0	0	-221	-221
Lump sum payoffs	0	-6	0	0	0	0	-6
Rehired	98	-13	0	0	0	N/A	85
Certain period expired	N/A	N/A	0	0	0	0	0
Data adjustments	0	0	-1	0	0	0	-1
Active participants no longer accruing benefits	0	0	0	0	N/A	N/A	0
Number as of January 1, 2002	15,802	93	75	3,055	6,321	3,798	29,144

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SECTION 3: Supplemental Information for the Ohio Police and Fire Pension Fund

EXHIBIT C-2 (Firefighters)

Reconciliation of Participant Data

	Active Participants	Vested Former Participants	Rehired Retirees	Disableds	Pensioners	Beneficiaries	Total
Number as of January 1, 2001	12,131	44	27	2,007	5,102	2,928	22,239
New participants	658	N/A	0	0	N/A	N/A	658
Terminations – with vested rights	-86	15	0	0	0	0	-71
Terminations – without vested rights	-15	N/A	0	0	N/A	N/A	-15
Retirements	-187	-9	0	0	196	N/A	0
New disabilities	-121	-5	0	133	0	N/A	7
Return to work	0	0	0	0	0	N/A	0
Died with beneficiary	-7	0	0	-52	-143	220	18
Died without beneficiary	0	0	0	0	0	-152	-152
Lump sum payoffs	0	-4	0	0	0	0	-4
Rehired	48	-1	0	0	0	N/A	47
Certain period expired	N/A	N/A	0	0	0	0	0
Data adjustments	0	0	3	0	0	0	3
Active participants no longer accruing benefits	0	0	0	0	N/A	N/A	0
Number as of January 1, 2002	12,421	40	30	2,088	5,155	2,996	22,730

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SECTION 3: Supplemental Information for the Ohio Police and Fire Pension Fund

EXHIBIT D

Summary Statement of Income and Expenses

	Year Ended December 31, 2001	Year Ended December 31, 2000
Contribution income:		
Employer contributions	\$203,048,580	\$203,684,242
Employee contributions	150,531,967	144,967,340
Less administrative expenses	<u>-8,126,889</u>	<u>-7,633,160</u>
Net contribution income	\$345,453,658	\$341,018,422
Investment income:		
Interest, dividends and other income	\$243,688,852	\$270,989,944
Recognition of capital appreciation	-61,294,570	-6,928,410
Less investment fees	<u>-17,509,910</u>	<u>-15,606,722</u>
Net investment income	164,884,372	248,454,812
Total income available for benefits	\$500,525,030	\$589,473,234
Less benefit payments:		
Contribution refunds	\$10,438,362	\$22,321,629
Benefit payments	<u>496,119,668</u>	<u>473,035,939</u>
Net benefit payments	-506,558,030	-495,357,568
Change in actuarial asset method	584,433,088	0
Change in reserve for future benefits	\$578,400,088	\$94,115,666

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SECTION 3: Supplemental Information for the Ohio Police and Fire Pension Fund

**EXHIBIT E
Table of Financial Information**

	Year Ended December 31, 2001	Year Ended December 31, 2000
Cash equivalents	\$309,416,673	\$332,900,088
Accounts receivable:	175,791,805	198,828,521
Investments:		
Investments at Fair Value	\$7,982,595,509	\$8,456,807,834
Fixed Assets and prepaid expenses	<u>22,244,445</u>	<u>20,570,984</u>
Total investments at market value	<u>8,004,839,954</u>	<u>8,477,378,818</u>
Total assets	<u>\$8,490,048,432</u>	<u>\$9,009,107,427</u>
Less accounts payable:	-\$238,712,898	-\$169,948,043
Net assets at market value	<u>\$8,251,335,534</u>	<u>\$8,839,159,384</u>
Net assets at actuarial value	<u>\$9,076,469,088</u>	<u>\$8,463,665,784</u>
Actuarial value as a % of market value	110.0%	95.75%

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SECTION 3: Supplemental Information for the Ohio Police and Fire Pension Fund

EXHIBIT F

Development of the Fund Through December 31, 2001

Year Ended December 31	Employer Contributions	Employee Contributions	State Subsidy	Administration Expenses	Benefit Payments	Valuation Assets at End of Year
1999	\$188,364,861	\$135,814,320	\$3,281,554	\$9,618,945	\$465,991,200	\$7,905,186,329
2000	203,684,242	144,967,340	3,112,366	10,745,526	495,357,568	8,463,665,784
2001	203,048,580	150,531,967	2,931,250	11,058,139	506,558,030	9,076,469,088

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SECTION 3: Supplemental Information for the Ohio Police and Fire Pension Fund

EXHIBIT G

Development of Unfunded Actuarial Accrued Liability

	Year Ended December 31, 2001
1. Unfunded actuarial accrued liability at beginning of year	\$1,008,214,000
2. Normal cost at beginning of year	268,246,000
3. Total contributions	-353,580,547
4. Interest	
(a) For whole year on (1) + (2)	\$105,307,950
(b) For half year on (3)	-14,585,198
(c) Total interest	<u>90,722,752</u>
5. Expected unfunded actuarial accrued liability	\$1,013,602,205
6. Changes due to:	
(a) Actuarial (Gain)/Loss (from chart 9)	\$571,422,103
(b) Assumptions and methods	-875,727,205
(c) Total changes	<u>-304,305,102</u>
7. Unfunded actuarial accrued liability at end of year	<u>\$709,297,103</u>

SECTION 3: Supplemental Information for the Ohio Police and Fire Pension Fund

EXHIBIT H

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions:

The estimates on which the cost of the Fund is calculated including:

- (a) Investment return — the rate of investment yield which the Fund will earn over the long-term future; (net of investment related expenses)
- (b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;
- (c) Retirement rates — the rate or probability of retirement at a given age;
- (d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost:

The amount of contributions required to fund the benefit allocated to the current year of service, including anticipated administrative expenses for the year.

Actuarial Accrued Liability For Actives:

The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial Accrued Liability For Pensioners:

The single sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and of the interest which the sum is expected to earn before it is entirely paid out in benefits.

Actuarial Accrued Liability:

Sum of Actuarial Accrued Liability for Actives and Pensioners.

Unfunded Actuarial Accrued Liability:

The extent to which the actuarial accrued liability of the Fund exceeds the assets of the Fund. There is a wide range of approaches to paying off the unfunded actuarial

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Administrative Expenses:	The Normal Cost is increased by all pension administrative expenses budgeted, net of the State subsidy received.
Actuarial Value of Assets:	The difference between actual market value and expected market value is recognized over five years (20% per year). The actuarial value is the market value adjusted by the total unrecognized gains or losses incurred during the five year period, further adjusted if necessary to be within 10% of the market value for 2002 and 20% of the market value thereafter.
Subsidy State Credit:	The subsidy received from the State of Ohio during the valuation year is an offset to the Administrative Expenses.
Actuarial Cost Method:	Entry Age Normal Actuarial Cost Method. Entry Age is the age at the time the participant would have commenced participation if the plan had always been in existence. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by service, with Normal Cost determined as if the current benefit accrual rate had always been in effect. For 2002 and future valuations, the Actuarial Accrued Liability is net of the present value of employer accrued liability, instead of being included in the valuation assets.
Changes in Assumptions and Actuarial Cost Method	Based on the most recent experience study, the following changes in actuarial assumptions have been made since the last valuation. Details of these assumptions are shown in the experience study report.
<i>Mortality Rates</i>	The 1994 Group Annuity Mortality Table was used for all rates. The assumption changes made were to the age adjustment and use of the female table.
<i>Withdrawal Rates</i>	The change in assumption of an age related table in the prior year to an age and service related table for the current year.
<i>Retirement Rates</i>	The rates decreased for some ages and increased for ages 59 and 60 under Police.
<i>Disability Rates</i>	The rates decreased from the prior valuation.

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Occurrence of Disability

The assumptions (which are the same for Police and Firefighters), changed from the prior valuation as follows:

	<u>Prior Year</u>	<u>Current Year</u>
On duty permanent and total	20%	35%
On duty partial	76	61
Off duty Ordinary	4	4

Salary Increases

The assumptions changed from an age related table for the prior year to a service related table for the current year.

Dependent Children

Change in assumption from one-third of dependent children continue as students beyond age 18 to age 22, to all dependent children continue as students to age 22.

Administrative Expense Loading

Change in assumption of the expense load to Normal Cost from by the amount of pension administrative expense budgeted in excess of .05% of market value assets and net of the State Subsidy received, to loading the Normal Cost by all pension administrative expense budgeted, net of the State Subsidy received.

Actuarial Cost Method

Change from the Fund to Decrement version of the Entry Age Normal Cost Method to the Fund to Maximum Retirement Age version of the Entry Age Normal Cost Method.

Annual Valuation Payroll

Change from assuming that the member pay reported for the prior year increased by one-half a year of salary increase to assuming a full year of salary increase.

Actuarial Value of Market Assets Methodology

The prior year method developed an actuarial value of assets under a four - year Adjustment Method. The current year method calculates the assets under the five - year expected market value technique with a 10.0% corridor of the market value.

Present Value of Employer Accrued Liability

For 2001, the present value of employer accrued liability was added to the Actuarial of Assets. For 2002, the present value of employer accrued liability was deducted from the Actuarial Accrued Liability.

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EXHIBIT VI

Summary of Fund's Plan Provisions

This exhibit summarizes the major provisions of the Fund included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year: January 1 through December 31

Normal Retirement:

<i>Age Requirement</i>	48
<i>Service Requirement</i>	25 years of service
<i>Amount</i>	An annual pension equal to a percentage of the average annual salary, where the percentage equals 2.5% for each of the first 20 years of service, 2% for each of the next five years of service, and 1.5% for service in excess of 25 years, to a maximum of 72% of the average annual salary. Average annual salary means one-third of the total salary during the three years for which the total earnings were greatest.

**Normal Retirement
for Late Hires:**

<i>Age Requirement</i>	62
<i>Service Requirement</i>	15 years of service
<i>Amount</i>	The same as the Normal Retirement Benefit

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**Permanent and Total Disability
(On Duty):**

<i>Age Requirement</i>	None
<i>Service Requirement</i>	None
<i>Amount</i>	An annual pension equal to 72% of the Average Annual Salary. Average Annual Salary means one-third of the total salary during the three years for which total earnings were greatest.

**Partial Disability
(On Duty):**

<i>Age Requirement</i>	None
<i>Service Requirement</i>	None
<i>Amount</i>	An annual pension to be fixed by the Board of Trustees, but not to exceed 60% of the Average Annual Salary; provided that if the member has 25 or more years of service the annual disability pension is equal to the accrued Normal Retirement Benefit. Average Annual Salary means one-third of the total salary during the three years for which the total earnings were greatest.

Presumptive Disability:

<i>Age Requirement</i>	None
<i>Service Requirement</i>	None
<i>Amount</i>	An annual pension in an amount determined in accordance with the benefit provisions of Permanent and Total Disability or Partial Disability, as the case may be.

**Ordinary Disability
(Off Duty):**

<i>Age Requirement</i>	None
<i>Service Requirement</i>	Five years of service
<i>Amount</i>	An annual pension to be fixed by the Board, but not to exceed 60% of the Average Annual Salary. Average Annual Salary means one-third of the total salary during the three years for which the total earnings were greatest.

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Termination Prior to Retirement: One of the following benefits depending upon the particular circumstances:

Non-vested (Service less than 15 years):

Age Requirement None

Service Requirement None

Amount A lump sum amount equal to the contributions made by the member to the Fund.

Vesting (Service on or after 15 years):

Age Requirement None

Service Requirement 15 years of service or more

Amount Commencing at age 48 plus 25 years from full-time hire date, whichever is later; an annual pension equal to 1.5% of the Average Annual Salary multiplied by the number of full years of service. Average Annual Salary means one-third of the total salary during the three years for which the total earnings were greatest.

Vesting (Service on or after 25 years):

Age Requirement None

Service Requirement 25 years of service or more

Amount Commencing at age 48, the accrued Normal Retirement Benefit.

Spouse's Pre-Retirement Death Benefit:

Age Requirement None

Service Requirement Upon death before retirement but after having satisfied the requirements for normal service or age service commuted retirement.

Amount The surviving spouse or contingent dependent beneficiary will receive 50% of the benefit that the deceased member would have been entitled to had he retired on the day of his death under the 50% Joint & Survivor annuity form.

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Flat Death Benefits:

Age Requirement - None

Service Requirement Upon death to any member of the Fund, active or retired.

Amount Surviving Spouse's Benefit – An annual amount equal to \$6,600, payable to the spouse's lifetime.

The benefit will be subject to an increase each July 1, beginning at July 1, 2000. The increase will be a percentage of the original benefit amount, equaling the percentage increase in the CPI plus unused prior increases, to a maximum of 3%.

Surviving Children – An annual amount equal to \$1,800, payable until such child attains age 18 or marries, whichever occurs first. (Similar payments made, regardless of age, to disabled children.) An annual amount equal to \$1,800 will continue beyond age 18 up to age 22 while child is a full-time student.

Dependent Parents – An annual amount of \$2,400 to one dependent parent or \$1,200 each to two dependent parents, during their lifetime or until dependency ceases or until remarriage, provided that the deceased member leaves no surviving spouse or surviving children.

Member Contributions:

Lump-sum Benefit 10% of salary.

The total pension payments to a member and his survivors/beneficiaries may not be less than the member's contributions.

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Pension Increases for Certain Retirees:

Commencing January 1, 1974, the pensions of persons who retired between July 1, 1968 and June 30, 1971 were increased by \$2.00 per month times the number of years on retirement as of June 30, 1973.

Effective January 1, 1977, annual pensions (except those arising from volunteer or part-time service, or early vested service) were increased as follows:

If the annual pension was less than \$2,700, then the pension was increased to \$3,000. If the annual pension was \$2,700 or more, the increase was \$300 per year. These increases do not apply to benefits being paid under pre-1947 plans with an automatic escalating provision.

Effective July 1, 1979, retirees (excluding those with escalating benefits) who retired prior to January 1, 1974, received pension increases of 5% of the first \$5,000 of annual pension.

Effective January 1, 1982, retirees (excluding those with escalating benefits) who retired prior to February 28, 1980, received pension increases of \$46 per month.

Effective August 1, 1988, members who retired prior to February 28, 1984, and who were receiving an annual benefit of less than \$13,000 have pension increases of \$50 per month, or if larger, the amount needed to increase the current annual pension to \$4,200.

Effective July 1, 1999, the minimum annual pension for current retirees with 25 or more years of service is \$6,600, excluding those with escalating benefits.

Retirees prior to July 24, 1986, whose annual straight life pension is less than \$18,000 will receive an increase in their annual pension of \$360, actuarially adjusted to reflect optional annuity forms of benefits. The increase is paid only if the annual increase in the Consumer Price Index, plus unused prior increases, equals or exceeds 3%. The first increase is paid July 1, 1988. Beginning in 1989, the \$18,000 limit is increased by \$500 each year. Effective July 1, 1996, a prorated portion of the \$360 will be granted if there is an increase in the CPL including unused prior increases, of less than 3%. Effective July 1, 2000 the \$18,000 (indexed) limit is removed.

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**Group Health Insurance
and Medicare:**

Commencing January 1, 1974, the Board may contract for group health insurance on the basis of part or all of the cost of the premium for the coverage to be paid by the Fund.

Effective January 1, 1977, the Fund will pay the premium for supplemental Medicare (Part B).

Effective July 1, 1992, pensioners and survivors make monthly medical benefit contributions, which are credited to the Health Care Stabilization Fund. Monthly contributions range from \$0 to \$50 depending on the type and amount of the participant's pension. Effective July 1, 2001 these contributions are revised, with total contributions designed to equal 6% of gross health care costs.

COLA or Terminal Pay:

Members retiring after July 24, 1986, and who have 15 or more years of service as of January 1, 1989, are allowed to select between (1) a pension calculated on the basis of average salary which is increased to reflect terminal pay adjustments, or (2) a pension based on average salary excluding the terminal pay adjustment, but increasing by 3% of the initial pension each retirement anniversary after July 1, 1989. The 3% addition is paid only if the annual increase in the Consumer Price Index, plus unused prior increases, equals or exceeds 3%. This additive 3% COLA annuity without terminal pay adjustment is the automatic form for active members with less than 15 years of service as of January 1, 1989.

Effective July 1, 1996, the COLA percentage equals the actual increase in the CPI, plus unused prior increases, to a maximum of 3%.

Optional Forms of Payment:

Effective February 28, 1980, retiring members may elect to have actuarially reduced benefits payable under certain and continuous and joint and survivor annuity forms. The maximum certain period is 20 years, and the continuation percentage under the joint and survivor form is limited to 100%.

Effective September 26, 1984, members who retired before February 28, 1980, may make a one-time election to have their benefits reduced and paid under the joint and survivor annuity form with the surviving spouse as survivor annuitant.

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Effective September 9, 1989, elected options may be canceled within one year after benefits commence.

Effective September 16, 1998 the standard form of benefit is the 50% joint and survivor annuity, unless the member's spouse provides written consent for a lower survivor benefit.

Changes in Plan Provisions:

There have been no changes in plan provisions since the last valuation.