

REPORT OF THE ACTUARY

There are presented herewith the results of a valuation of the System as of June 30, 1970. The pension roll at the close of the year was as follows:

	<u>Male</u>	<u>Female</u>
Number on pension roll	397	83
Annual payments	\$646,731.00	\$129,566.00
Average annual payment	\$1,629.00	\$1,561.00
Average age	68.4	67.6
Actuarial reserve requirements	\$5,704,185.00	\$1,304,366.00

The actuarial reserve requirements at June 30, 1970 on account of the pensioners amounted to \$7,008,551.00. This compares with the balance in the Retirement Reserve at that date of \$7,475,310.00. This is evidence of financial solvency with respect to the retirement allowances entered upon according to the 1951 Group Annuity Mortality Table and an interest rate assumption of 4% per annum.

OBLIGATIONS OF MUNICIPALITIES

Under the law, the participating cities and towns, and the several special governmental units, have assumed the following obligations on account of their employees who are members of the System: (a) the accrued liability for service rendered by the members prior to the effective date of participation,

designated as "prior service"; and (b) the accruing cost for future service commonly designated as "normal cost".

In the case of each municipality, the liability for prior service was determined at the time of participation upon the basis of the service rendered by their employees. As required by law, a prior service contribution rate was fixed, as a percentage of payroll, at a rate deemed sufficient to amortize the total accrued liability over a period of 25 years from the effective date of participation.

Normal cost was calculated upon the basis of total membership giving full effect to the age and service characteristics of the membership of each municipality. This rate also was fixed as a percentage of payroll. The rate is to be applied by each municipality in determining the amount of its contributions to the System for such service, additional to the annual amortization payment on account of the accrued liability.

The prior service and current service contribution rates are in the preceding pages of this annual report. The following statement shows, for the several participating municipalities and special units, the unfunded accrued liability at June 30, 1970:

Code	Municipality - General Employees	Year of entry	Plan	Unfunded Accrued Liability
1	Barrington	1957	2%	\$ 227,454
2	Bristol	1957	1-2/3	36,328
3	Burrillville	1968	1-2/3	278,348
7	Cranston	1963	2	1,324,159
9	East Greenwich	1957	2	53,546
10	East Providence	1961	1-2/3	719,539
14	Hopkinton	1969	1-2/3	63,032
15	Jamestown	1964	2	44,925
16	Johnston	1968	2	79,380
21	Newport	1966	1-2/3	1,142,247
23	North Kingstown	1957	1-2/3	92,639
24	North Providence	1961	2	194,511
25	North Smithfield	1964	2	71,113
26	Pawtucket	1962	1-2/3	1,859,239
30	Scituate	1967	2	239,565
31	Smithfield	1959	2	44,344
32	South Kingston	1957	2	28,918
33	Tiverton	1964	1-2/3	180,023
34	Warren	1957	1-2/3	107,978
39	Woonsocket	1962	1-2/3	1,164,463
<u>Housing Authority</u>				
51	Cranston Housing Authority	1968	2	5,046
52	East Providence Housing Authority	1968	2	8,426
53	Pawtucket Housing Authority	1968	1-2/3	169,469
56	Cumberland Housing Authority	1969	1-2/3	1,687
57	Lincoln Housing Authority	1969	1-2/3	3,518
59	Bristol Housing Authority	1970	2	2,518
<u>Policemen & Firemen</u>				
50	East Greenwich Fire District	1967	2	11,513
54	East Greenwich Policemen	1968	2	N.A.
55	North Kingstown Policemen & Firemen	1968	2	N.A.
58	North Providence Policemen	1968	2	N.A.
60	Barrington Policemen & Firemen	1970	2	N.A.
62	Warren Policemen	1970	2	N.A.
Total				<u>\$8,153,928</u>

AMENDMENTS

The cost increase occasioned by the 1969 amendment increasing the rate of pension credit from 1-2/3% to 2% per year of service, subject to acceptance by each participating municipality, is reflected in this report in the case of those municipalities that have elected this higher rate of pension for their employees.

The amendments enacted at the 1970 session of the General Assembly eliminating the extension of compulsory retirement beyond age 70 and providing for an interchange of pension credits between this system and the Employees' Retirement System of the State, at the option of the member, were considered in the preparation of this report.

NEGATIVE RESERVE BALANCES

As forecast in our previous reports, the negative reserve balance in the Employers' Contribution Reserve has now been removed. While some of the participating cities still have a deficiency in this reserve, this deficiency too will be eliminated in the course of time as the effect of retirements occurring shortly after the dates of participation in the System wears off and revenues continue to accrue to the System.

CONCLUSION

The results of operations indicated by this report disclose gratifying progress in the development of the System. A sound financial condition is being maintained. Progressive policies in the management and administration of the System are in effect designed to effectuate its stated objectives in full measure.

A. A. Weinberg,
Actuary

January 22, 1971