



April 4, 2012

Mr. Stephen Edmonds
Executive Director
City of Austin Employees' Retirement System
418 E. Highland Mall Blvd.
Austin, TX 78752

Dear Mr. Edmonds:

Subject: Actuarial Valuation as of December 31, 2011

We are pleased to present our report on the actuarial valuation of the City of Austin Employees' Retirement System. Based upon this actuarial valuation as of December 31, 2011, it is our opinion that these results reasonably reflect the funded status of the System.

As you know, the employee and employer contribution rates are set by statute. It is expected that these contribution rates will remain level as a percentage of payroll. The funding objective of the plan is for the contribution rates to be sufficient to cover the normal cost of the plan and to amortize any unfunded actuarial accrued liabilities over a period not to exceed 30 years.

This is the first valuation to reflect the new tier of benefits. As a result, the normal cost has decreased and the plan's contribution rate is sufficient to amortize the System's unfunded liabilities in less than 30 years. Therefore, the funding objective is currently being met.

In 2010 the City of Austin adopted the Amended Supplemental Funding Plan (ASFP). The ASFP provides for a City contribution rate of up to a maximum of 10.0% above the base 8.0% rate. The City is now contributing an additional 8.0% or a total rate of 16.0%. The additional contribution rate is intended to stay in place until the ASFP is amended or repealed.

In addition to the actuarial valuation results, various accounting and statistical tables are also included which should help you compare the results of this plan year with prior years. The information presented in the trend data schedules of this report has been prepared by Gabriel, Roeder, Smith & Company. The information for years 1993 through 2000 was prepared by Watson Wyatt & Company. Information in these schedules prior to 1993 was determined by another actuarial firm.

GRS provided COAERS with the information used in preparing the following trend schedules in the financial section of the CAFR: Required Supplementary Information Schedule of Funding Progress, Required Supplementary Information Schedule of Employer Contributions, and Notes to Required Supplementary Information. GRS provided no additional assistance in the preparation of any other schedules in the financial section of the CAFR.

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Actuarial assumptions and methods are set by the Board of Trustees, based upon recommendations made by the plan's actuary. An experience investigation was performed for the five year period ending December 31, 2006. As a result of that study, revised assumptions were adopted by the Board to be effective with the valuation as of December 31, 2006. We believe the assumptions are internally consistent, reasonable, and where appropriate based on the actual experience of COA ERS. (An experience study is being performed in 2012 which will establish new assumptions for the next valuation).

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates and funding periods. The actuarial calculations are intended to provide information for rational decision making.

Member data for retired, active and inactive participants was supplied as of December 31, 2011, by the City of Austin Employees' Retirement System staff. We have not subjected this data to any auditing procedures, but have examined the data for reasonableness and consistency with the prior year's data. Asset information was also supplied by the City of Austin Employees' Retirement System staff.

The last actuarial valuation of the City of Austin Employees' Retirement System was prepared as of December 31, 2010 by Gabriel, Roeder, Smith & Company. Valuations are prepared annually as of December 31st.

The undersigned are independent actuaries and consultants. Mr. Newton is an Enrolled Actuary and a Member of the American Academy of Actuaries and he meets the Qualification Standards of the American Academy of Actuaries. Both Mr. Newton and Mr. Ward are experienced in performing valuations for large public retirement systems.

We would like to thank you and your staff for your assistance in providing all necessary information to complete this valuation. Your courteous help is very much appreciated. We look forward to discussing this actuarial valuation report with you at your convenience. Please do not hesitate to let us know if you have any questions or need additional information.

Sincerely,



Lewis Ward
Consultant



Joseph P. Newton, F.S.A
Senior Consultant

aap

Gabriel Roeder Smith & Company

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EXECUTIVE SUMMARY

The key results from the valuation of the City of Austin Employees' Retirement System as of December 31, 2011 may be summarized as follows:

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
	(1)	(2)
• Members		
— Actives	8,348	8,270
— Retirees and beneficiaries (and disabled)	4,542	4,335
— Vested - terminated*	922	941
— Proportional PSEM and CCSD	<u>134</u>	<u>150</u>
— Total	13,946	13,696
• Covered payroll	\$ 451,831,198	\$ 438,877,002
• Normal cost	\$ 51,058,270	\$ 68,893,836
— As % of payroll	11.74%	16.31%
• Actuarial accrued liability	\$ 2,723,844,815	\$ 2,460,664,794
• Present actuarial value of assets	\$ 1,790,902,641	\$ 1,711,577,229
• Unfunded actuarial accrued liability (UAAL)	\$ 932,942,173	\$ 749,087,565
• Estimated yield on assets		
— Actuarial value basis	5.94%	4.03%
— Market value basis	-1.42%	15.23%
• Contribution rate		
— Employee	8.00%	8.00%
— Employer	16.00% **	14.00% **
• Benefit and refund payments	\$ 129,669,752	\$ 121,714,749
• Amortization period of unfunded actuarial accrued liability	27.1 years	Infinite
• GASB No. 25 disclosure		
— UAAL as a % of Payroll	206.5%	170.7%
— GASB funded ratio	65.7%	69.6%
— GASB Annual Required Contribution (ARC)	15.80%	18.28%

* Includes proportionate members of PSEM and CCSD, 112 in 2011 and 125 in 2010

** Employer rate increased to 14% effective October 1, 2010 and 16% effective October 1, 2011.

INTRODUCTION

This December 31, 2011 actuarial valuation of the City of Austin Employees' Retirement System has been prepared by Gabriel, Roeder, Smith & Company. The primary purpose of the valuation is to value the liabilities of the System as of December 31, 2011, determine the funding period of any unfunded liability for the plan year beginning January 1, 2012, and to provide certain required disclosure information. We are pleased to have the privilege of working for the Board, and look forward to discussing the results with you at your convenience.

Section C of this report provides the current funded status of the plan and reviews the valuation results. Assets are discussed in Section D, while Section E contains an analysis of the actuarial gains and losses during the past year.

Section F discusses some of the historical comparisons and statistical summaries for the plan. Governmental Accounting Standards Board Statement No. 25 (GASB No. 25) information in the report is discussed in Section G, and Section H provides a summary of the valuation results along with other comments.

Various tables supporting the report are contained in Sections I and J, including any change in benefit provisions since the last valuation.

FUNDED STATUS OF THE PLAN

The funded status of the plan is shown in Table 1, Table 2, and Table 3. Table 1 summarizes the various cost items from the current year's and prior year's actuarial valuations, while Table 2 provides an allocation of the normal cost by its various components. Table 3 shows the components of the actuarial liability.

Reviewing the composition of normal cost of the System, Table 2 indicates that the employer normal cost as of December 31, 2011, is 11.74% of pay. This compares with 16.31% of pay as of the last valuation of December 31, 2010. This normal cost is developed based on the Entry Age Normal (EAN) actuarial cost method. As may be seen in Item 1, the normal cost for the retirement benefits is 7.77% of pay. The normal cost for the deferred termination benefits is 0.41% and 2.50% for refunds of terminated employees (both vested and non-vested). The normal cost for disability benefits is 0.44%, and the normal cost for death benefits is 0.62%.

Table 1 illustrates a number of the key actuarial items for the 2011 valuation. As mentioned above, the total normal cost rate is 11.74% of covered payroll. The actuarial accrued liability is \$2,723.8 million as shown in Item 5 and as detailed in Table 3. The actuarial value of assets equals \$1,790.9 million, as shown in Item 6. Item 7 of Table 1 shows that the plan has a \$932.9 million unfunded liability (i.e. liabilities exceed plan assets) as of the valuation date. As of the last valuation (December 31, 2010), the System was underfunded by \$749.1 million.

As of October 1, 2011, the City is contributing 16% of payroll and the employees are contributing 8% of payroll. Combining the employees' contributions with the City contribution, the System will have 24% of payroll to fund benefits. The current normal cost of the plan is 11.74%, which means that the System is currently receiving contributions in excess of the normal cost equal to 12.26% of pay (24.00% less 11.74%). These excess contributions are available to amortize any unfunded actuarial accrued liability. Based on these contribution rates, if all assumptions are exactly met then the current unfunded liability will be fully amortized over the next 27.1 years.

Under the Amended Supplemental Funding Plan (ASFP) the total City contribution rate has increased to 16.0% of pay (the maximum City rate under the ASFP is 18.0%). The additional contribution is intended to stay in place until the ASFP is amended or repealed.

**FUNDED STATUS OF THE PLAN
(Continued)**

Furthermore, based on the benefit changes enacted by the 2011 Texas Legislature, the funding period has decreased from infinite in the prior valuation to less than 30 years as of the current valuation.

The GASB annual required contribution (ARC) is also developed in Item 10 on Table 1. The ARC for the 2012 plan year, as determined by the 2011 valuation, is 15.80%.

The reader may notice a significant drop in the normal cost and the ARC of the System. This is due to the reflection of the new benefit tier (Group B). The normal cost was determined using the Ultimate Normal Cost (or Replacement Life) method. This method determines the normal cost for all employees on an individual basis but assumes that all members are in the benefit tier that applies to new hires. This causes an immediate decrease in the Normal Cost percentage to the percentage the plan would be expected to ultimately reach as the new tier employees (Group B) replace all of the old tier employees (Group A). Because the Group A employees benefits are still based on the old tier there is a corresponding increase in the accrued liability for these employees (reflecting that the present value of their benefits remains unchanged). This methodology produces a more level contribution rate over time than the alternative method of determining the normal cost of each employee under their own benefit structure, which would trend towards the lower normal cost rate over time as the Group B employees replace the Group A employees.

CHANGE IN ASSETS

Table 4 and Table 5 show the development of the actuarial value of assets. Item 6 of Table 4, shows that the actuarial value of assets as of December 31, 2011 is \$1,790.9 million.

Table 4 develops the actuarial value of assets under the actuarial asset valuation method adopted by the Board in conjunction with the change to reporting the System's disclosure information under GASB No. 25. While the method has not been changed, the deferred gains and losses were fully recognized in the December 31, 2010 valuation as a result of marking the actuarial value of assets to the market value. As a result, only one year of deferred gains and losses are included in the determination of the actuarial value of assets as of December 31, 2011.

The total deferral of all Excess/(Shortfall) investment income for the year (shown in Table 4, Item 2.e.) is (\$125.1) million. Table 5 shows the development of the Excess (Shortfall) of investment income for the past five years.

An analysis of the change in the System's market value of assets for the last two plan years and an estimate of the return on assets for the System are included in Table 6. The estimated average annual rate of return for the year ending December 31, 2011, assuming that income, revenue, and expenditures are evenly distributed throughout the year is -1.42% on a market value of assets basis. The rate of return for the year ending December 31, 2011, on an actuarial value basis was 5.94%. This compares with the actuarial assumed investment return of 7.75%.

Table 7 shows the development of the gain/(loss) on the actuarial value of assets for the prior plan year. As may be seen in Item 9, the System had a loss on an actuarial asset basis of \$31.3 million in 2011. This compares to the \$50.1 million loss in 2010.

ACTUARIAL GAINS AND LOSSES

An important part of the change in unfunded actuarial accrued liability from year to year is due to the impact of actuarial gains and losses of the System. This section summarizes the combined asset and liability experience changes since the prior valuation on December 31, 2010.

As can be seen in Item 7 of Table 8, the expected value of the unfunded actuarial accrued liability as of December 31, 2011, is an underfunded position of \$772.6 million. This expected value reflects an assumed investment return assumption of 7.75% on the beginning of year unfunded actuarial accrued liability, normal cost, and contributions during 2011.

Since the actual unfunded actuarial accrued liability as of December 31, 2011 is \$932.9 million, it represents a total net loss for the period of \$160.4 million, as shown in Item 9 of Table 8. That is, the unfunded actuarial accrued liability is greater than expected. The net actuarial loss includes an asset loss of \$31.3 million as shown in Table 7, a gain on the liability side equal to \$6.8 million, and a method loss of \$135.8 million due to the recognition of the Group B benefit tier using the Ultimate Normal Cost method under the Entry-Age Normal actuarial cost method. The experience liability loss is broken out by source in Items 16-23 of Table 8. As can be seen on Table 8, there were many offsetting gains and losses with the largest liability gain was due to lower than expected salary increases and the largest liability loss due to lower than expected number of withdrawals.

This valuation is the first valuation to reflect the new benefit tier for employees hired after December 31, 2011. While no active members were in the new benefit tier on the valuation date, the new tier has been reflected using the Ultimate Normal Cost method as previously discussed. Please see Table 15 for a more detailed description of the plan provisions.

While the actuarial assets were marked to market last year, the underlying asset method has not changed. Please see Table 14 for a more detailed description of the assumptions and methods.

HISTORICAL COMPARISONS AND STATISTICAL SUMMARIES

Various statistical data on the System is shown in the tables contained in Section J. In addition, Tables 9 through 12 of Section I contain certain actuarial trend information which may be of interest.

Table 9 relates the size of the unfunded actuarial accrued liability (UAAL) to three different measurements. In Columns 3 and 4 the UAAL is related to the covered payroll of the System. Columns 5 and 6 relate the UAAL to the actuarial value of assets, while Columns 7 and 8 relate the UAAL to the total actuarial liabilities of the System.

Tables 10 through 12 provide information which should be included in your annual report. Table 10 provides a schedule of active member valuation data. Table 11 provides a schedule of retirees and beneficiaries added to and removed from payment rolls. Solvency test results are presented in Table 12.

GASB NO. 25 DISCLOSURE

The Governmental Accounting Standards Board (GASB) has issued Statement No. 25 which provides the manner in which the actuarial condition of a public sector retirement plan is to be disclosed. COAERS was required to comply with GASB No. 25 beginning January 1, 1997.

The required schedule of funding progress is shown in Table 13a. Table 13b is the schedule of annual required contributions required by GASB No. 25. Table 13c provides notes to the required supplementary information.

Assets used for GASB No. 25 disclosure are based on the actuarial value used for this valuation. Plan liabilities are based on the Entry Age Normal (EAN) funding method which is the same method used for determining plan liabilities for valuation purposes, as required by GASB No. 25.

SUMMARY AND CLOSING COMMENTS

It is our opinion that the results of this valuation provide a reasonable reflection of the funded status of the System. The System's contributions are currently sufficient to amortize the unfunded liability of the System. However, this valuation does not reflect any proposed assumption changes that may be considered as part of the 2012 experience investigation. If more conservative assumptions are adopted, the current contribution rates may no longer amortize the unfunded liabilities over a period of 30 years or less.

As previously mentioned, in 2010 the City of Austin adopted an Amended Supplemental Funding Plan (ASFP) which provides for an additional contribution from the City, above the 8.0% base rate, which will continue to gradually increase the City's total contribution rate to the System to 18.0%. This additional contribution is intended to remain in place until the ASFP is either amended or repealed.

The overall funded position of the System decreased from 69.6% at the prior valuation to 65.7% at this valuation. Based on the new benefit provisions and the current actuarial assumptions, it is expected that the ASFP will be sufficient to enable the System to maintain a position where the contributions to the System produce a funding period over which the unfunded liabilities can be amortized.

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City of Austin Employees' Retirement System
Actuarial Valuation - December 31, 2011

TABLE 1

SUMMARY OF COST ITEMS

	December 31, 2011		December 31, 2010	
	Cost Item (1)	Cost as % of Pay (2)	Cost Item (3)	Cost as % of Pay (4)
1. Participants				
a. Active	8,348		8,270	
b. Terminated vested	922		941	
c. Retired participants and beneficiaries	4,455		4,251	
d. Disabled	87		84	
e. Proportional PSEM and CCSD	<u>134</u>		<u>150</u>	
f. Total	13,946		13,696	
2. Covered Payroll	\$ 451,831,198		\$ 438,877,002	
3. Averages for Active Participants				
a. Average age	44.9		44.7	
b. Average years of service	9.7		9.5	
c. Average pay	\$ 54,124		\$ 53,069	
4. Total Normal Cost	\$ 51,058,270	11.74% *	\$ 68,893,836	16.31% *
5. Actuarial Accrued Liability				
a. Active participants	\$ 1,383,791,695		\$ 1,195,884,813	
b. Terminated vested participants	49,504,249		44,676,183	
c. Refunds of terminated nonvested participants	8,252,703		8,136,512	
d. Retired participants and beneficiaries	1,255,155,557		1,183,234,695	
e. Disabled participants	12,311,797		12,093,520	
f. Proportional PSEM and CCSD	<u>14,828,814</u>		<u>16,639,071</u>	
g. Total	\$ 2,723,844,815	602.85%	\$ 2,460,664,794	560.67%
6. Present Actuarial Assets	\$ 1,790,902,641	396.37%	\$ 1,711,577,229	389.99%
7. Unfunded Actuarial Accrued Liability (UAAL)	\$ 932,942,173	206.48%	\$ 749,087,565	170.68%
8. Relative Size of UAAL				
a. As percent of actuarial assets	52.09%		43.77%	
b. As percent of covered payroll	206.48%		170.68%	
9. 30-year amortization of UAAL as % of covered payroll	12.06%		9.97%	
10. GASB Annual Required Contribution (ARC)				
a. Total contribution rate (Item 4 as % of Pay + Item 9)	23.80%		26.28%	
b. Employee contribution rate	8.00%		8.00%	
c. ARC (10a. - 10b.)	15.80%		18.28%	
* as % of expected payroll				

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ANALYSIS OF NORMAL COST BY COMPONENT

Benefit Component	Cost as % of Pay	
	December 31, 2011	December 31, 2010
(1)	(2)	(3)
1. Retirement Benefits	7.77%	11.56%
2. Termination - Deferred Benefits	0.41%	1.87%
3. Termination - Refund Benefits	2.50%	2.15%
4. Disability Benefits	0.44%	0.27%
5. Death Benefits	<u>0.62%</u>	<u>0.46%</u>
6. Normal Cost	11.74%	16.31%

City of Austin Employees' Retirement System
Actuarial Valuation - December 31, 2011

TABLE 3

**ACTUARIAL PRESENT VALUE OF FUTURE BENEFITS
AND CALCULATION OF ACTUARIAL ACCRUED LIABILITY**

	December 31, 2011 (1)	December 31, 2010 (2)
A. Present Value of Future Benefits		
1. Active participants		
a. Retirement benefits	\$ 1,504,879,327	\$ 1,447,051,004
b. Deferred termination benefits	125,250,051	121,051,426
c. Refund of nonvested terminations	41,536,148	41,789,373
d. Disability benefits	16,332,483	15,850,982
e. Death benefits	<u>38,914,835</u>	<u>37,394,209</u>
f. Total	\$ 1,726,912,844	\$ 1,663,136,994
2. Retired participants		
a. Service retirements and beneficiaries	\$ 1,255,155,557	\$ 1,183,234,695
b. Disability retirements	<u>12,311,797</u>	<u>12,093,520</u>
c. Total	\$ 1,267,467,354	\$ 1,195,328,215
3. Inactive participants		
a. Vested terminations with deferred benefits	\$ 49,504,249	\$ 44,676,183
b. Nonvested terminations with refunds payable	<u>8,252,703</u>	<u>8,136,512</u>
c. Total	\$ 57,756,952	\$ 52,812,695
4. Proportional PSEM and CCSD	\$ 14,828,814	\$ 16,639,071
5. Total actuarial present value of future benefits	\$ 3,066,965,963	\$ 2,927,916,976
B. Present Value of Future Pay	\$ 2,922,667,372	\$ 2,864,820,236
C. Normal Cost Rate	11.74%	16.31%
D. Present Value of Future Normal Costs	\$ 343,121,149	\$ 467,252,181
E. Actuarial Accrued Liability for Active Members		
1. Present value of future benefits (Item A.1.f.)	\$ 1,726,912,844	\$ 1,663,136,994
2. Less present value of future normal costs (Item D)	<u>343,121,149</u>	<u>467,252,181</u>
3. Actuarial accrued liability	\$ 1,383,791,695	\$ 1,195,884,813
F. Total Actuarial Accrued Liability (Item A.2.c + Item A.3.c + Item A.4. + Item E.3)	\$ 2,723,844,815	\$ 2,460,664,794

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DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

Item (1)	Valuation as of December 31, 2011 (2)
1. Excess (shortfall) of investment income for current year and previous three years (see Table 5):	
a. Current year	\$ (156,410,273)
b. Current year - 1	111,546,005
c. Current year - 2	214,007,186
d. Current year - 3	(568,702,657)
2. Deferral of excess (shortfall) of investment income for:	
a. Current year (80% deferral)	\$ (125,128,218)
b. Current year - 1 (60% deferral)*	0
c. Current year - 2 (40% deferral)*	0
d. Current year - 3 (20% deferral)*	<u>0</u>
e. Total deferred for year	\$ (125,128,218)
3. Market value of plan assets, end of year	\$ 1,665,774,423
4. Preliminary actuarial value of plan assets, end of year (Item 3 - Item 2.e)	\$ 1,790,902,641
5. Actuarial value of assets corridor	
a. 80% of market value of assets, end of year	\$ 1,332,619,539
b. 120% of market value of assets, end of year	\$ 1,998,929,308
6. Final actuarial value of plan assets, end of year (Item 4, but not less than Item 5.a., or greater than Item 5.b.)	\$ 1,790,902,641
* All deferred shortfalls and excess in deferred investment income recognized due to "Mark to Market as of January 1, 2011"	

City of Austin Employees' Retirement System
Actuarial Valuation - December 31, 2011

TABLE 5

CALCULATION OF EXCESS INVESTMENT INCOME FOR ACTUARIAL VALUE OF ASSETS

Item	Plan Year Ending December 31,				
	2011	2010	2009	2008	2007
(1)	(2)	(3)	(4)	(5)	(6)
1. Net Investment Income					
a. Interest and Dividends	\$ 36,426,488	\$ 33,547,879	\$ 32,149,786	\$ 43,788,389	\$ 46,831,701
b. Realized and unrealized gains and losses*	(58,390,622)	196,554,737	278,694,631	(479,655,717)	68,099,136
c. Administrative expenses	(2,217,980)	(2,113,013)	(2,031,815)	(1,882,839)	(1,776,035)
d. Total	\$ (24,182,115)	\$ 227,989,603	\$ 308,812,601	\$ (437,750,166)	\$ 113,154,802
2. Market value of assets, beginning of year	\$ 1,711,577,229	\$ 1,511,265,550	\$ 1,234,481,199	\$ 1,698,196,892	\$ 1,608,943,244
3. Contributions during year	\$ 108,049,060	\$ 94,036,824	\$ 83,858,352	\$ 81,924,719	\$ 76,413,416
4. Benefits and refunds paid during year	\$ (129,669,752)	\$ (121,714,749)	\$ (115,886,602)	\$ (107,890,245)	\$ (100,314,570)
5. Other	\$ -	\$ -	\$ -	\$ -	\$ -
6. Expected net investment income at	7.75%	7.75%	7.75%	7.75%	7.75%
a. Market value of assets, beginning of year	\$ 132,647,235	\$ 117,123,080	\$ 95,672,293	\$ 131,610,259	\$ 124,693,101
b. Contributions	4,186,901	3,643,927	3,249,511	3,174,583	2,961,020
c. Benefits and refunds	(4,605,978)	(4,323,409)	(4,116,389)	(3,832,351)	(3,563,257)
d. Other	-	-	-	-	-
e. Total	\$ 132,228,158	\$ 116,443,598	\$ 94,805,415	\$ 130,952,491	\$ 124,090,864
7. Excess investment income for year (Item 1.d. - Item 6.e.)	\$ (156,410,273)	\$ 111,546,005	\$ 214,007,186	\$ (568,702,657)	\$ (10,936,062)

*Includes investment expenses

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CHANGE IN NET ASSETS

	Valuation Period Ending December 31,	
	2011 (1)	2010 (2)
1. Assets in plan at beginning of year (A)	\$ 1,711,577,229	\$ 1,511,265,550
2. Employer contributions	66,545,903	53,407,848
3. Employee contributions	41,503,157	40,628,977
4. Benefit payments made*	125,869,030	117,509,738
5. Refunds of contributions	3,800,721	4,205,011
6. Expenses paid from trust	2,217,980	2,113,013
7. Investment return	(21,964,134)	230,102,616
8. Other	0	0
9. Assets in plan at end of year (B) (1 + 2 + 3 - 4 - 5 - 6 + 7 + 8)	\$ 1,665,774,423	\$ 1,711,577,229
10. Approximate rate of return on average invested assets		
a. Net investment income (7 - 6 = I)	\$ (24,182,115)	\$ 227,989,603
b. Estimated yield based on $(2I)/(A + B - I)$	-1.42%	15.23%

* Notes: Benefit payments exclude any distributions from the 415 Restoration Plan
Columns may not add due to rounding

ACTUAL VERSUS EXPECTED ACTUARIAL ASSETS

Item (1)	Plan Year Ending	
	December 31, 2011 (2)	December 31, 2010 (3)
1. Actuarial assets, beginning of year (December 31, 2011 after Mark to Market)	\$ 1,711,577,229	\$ 1,672,470,344
2. Contributions during year	\$ 108,049,060	\$ 94,036,825
3. Benefits paid during year	\$ (125,869,030)	\$ (117,509,738)
4. Refunds paid during year	\$ (3,800,721)	\$ (4,205,011)
5. Other	\$ 0	\$ 0
6. Assumed net investment income at	7.75%	7.75%
a. Beginning of year assets	\$ 132,647,235	\$ 129,616,452
b. Contributions	4,186,901	3,643,927
c. Benefits	(4,470,973)	(4,174,044)
d. Refunds	(135,005)	(149,367)
e. Other	0	0
f. Total	\$ 132,228,158	\$ 128,936,968
7. Expected actuarial assets, end of year (Sum of Items 1 through 6)	\$ 1,822,184,696	\$ 1,773,729,388
8. Actuarial assets, end of year (December 31, 2010 before Mark to Market)	\$ 1,790,902,641	\$ 1,723,604,387
9. Asset gain/(loss) (Item 8 - Item 7)	\$ (31,282,055)	\$ (50,125,001)

Gabriel Roeder Smith & Company

ACTUARIAL GAIN OR LOSS AS OF DECEMBER 31, 2011

<u>CALCULATION OF TOTAL ACTUARIAL GAIN OR LOSS</u>	<u>2011</u>	<u>2010</u>
1. Unfunded actuarial accrued liability (UAAL) as of prior year	\$ 749,087,565	\$ 658,466,636
2. Actual normal cost paid during year	74,772,885	72,305,922
3. Subtotal (1 + 2)	\$ 823,860,450	\$ 730,772,558
4. Interest at prior valuation's rate of 7.75%	60,951,736	53,833,020
5. Contributions during year	(108,049,060)	(94,036,825)
6. Interest on contributions for one-half year	(4,186,901)	(3,643,927)
7. Expected UAAL as of December 31st (3 + 4 + 5 + 6)	\$ 772,576,225	\$ 686,924,826
8. Actual UAAL as of December 31st	932,942,173	749,087,565
9. Actuarial gain/(loss) for the period (7 - 8)	\$ (160,365,948)	\$ (62,162,739)
 <u>SOURCE OF GAINS AND LOSSES</u>		
10. Asset gain/(loss) (See Table 7)	\$ (31,282,055)	\$ (50,125,001)
11. Total liability gain/(loss) for the period (9-10)	(129,083,893)	(12,037,738)
12. Gain/(loss) due to benefit enhancements	0	0
13. Gain/(loss) due to Proportional PSEM and CCSD	0	0
14. Gain/(loss) due to assumption & method changes	(135,857,198)	(12,027,158)
15. Liability experience gain/(loss) (11 - 12 - 13 - 14)	\$ 6,773,305	\$ (10,580)
 <u>SOURCE OF LIABILITY GAINS AND LOSSES</u>		
16. Salary Increases	\$ 29,621,427	\$ 21,593,658
17. Service Retirement	4,664,933	3,285,176
18. Withdrawal	(20,664,724)	(16,054,506)
19. Disability Retirement	(296,243)	(331,357)
20. Active Mortality	(299,641)	(686,576)
21. Retiree Mortality	529,889	(4,716,148)
22. Rehires	(5,077,225)	(3,400,870)
23. Other (Data)	(1,705,111)	300,043
24. Total Liability Experience Gain/(Loss)	\$ 6,773,305	\$ (10,580)

TABLE 9

**City of Austin Employees' Retirement System
Actuarial Valuation - December 31, 2011**

RELATIVE SIZE OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

Valuation as of 31-Dec (1)	Unfunded/ (Overfunded) Actuarial Accrued Liability (2)	Relative to Covered Payroll		Relative to Actuarial Value of Present Assets		Relative to Total Actuarial Accrued Liability	
		Covered Payroll (3)	Percent of Covered Payroll (4)	Present Assets (5)	Percent of Present Assets (6)	Actuarial Accrued Liability (7)	Percent of Actuarial Accrued Liability (8)
1993	(\$37,919,161)	\$ 235,227,565	(16.1%)	\$ 579,092,507	(6.5%)	\$ 541,173,346	(7.0%)
1995	(84,343,636)	221,001,903	(38.2%)	707,317,679	(11.9%)	622,974,043	(13.5%)
1997	(24,282,232)	219,207,826	(11.1%)	856,422,516	(2.8%)	832,140,284	(2.9%)
1998	(74,816,812)	219,326,742	(34.1%)	952,634,480	(7.9%)	877,817,668	(8.5%)
1999	(60,632,797)	244,538,110	(24.8%)	1,105,121,657	(5.5%)	1,044,488,860	(5.8%)
2000	(18,353,201)	268,635,564	(6.8%)	1,230,971,746	(1.5%)	1,212,618,545	(1.5%)
2001	48,980,941	316,793,390	15.5%	1,311,288,668	3.7%	1,360,269,609	3.6%
2002	189,347,298	322,007,672	58.8%	1,250,851,348	15.1%	1,440,198,646	13.1%
2003	203,040,300	312,790,966	64.9%	1,348,790,502	15.1%	1,551,830,802	13.1%
2004	321,383,795	326,590,164	98.4%	1,356,797,448	23.7%	1,678,181,243	19.2%
2005	395,382,953	348,619,141	113.4%	1,398,798,722	28.3%	1,794,181,675	22.0%
2006	476,226,660	390,963,991	121.8%	1,497,783,958	31.8%	1,974,010,618	24.1%
2007	459,277,808	417,450,797	110.0%	1,653,533,484	27.8%	2,112,811,292	21.7%
2008	765,526,422	448,740,469	170.6%	1,481,377,439	51.7%	2,246,903,861	34.1%
2009	658,466,636	422,539,199	155.8%	1,672,470,344	39.4%	2,330,936,980	28.2%
2010	749,087,565	438,877,002	170.7%	1,711,577,229	43.8%	2,460,664,794	30.4%
2011	932,942,173	451,831,198	206.5%	1,790,902,641	52.1%	2,723,844,815	34.3%

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SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Year Ending 31-Dec	Active Participants	Covered Payroll	Average Salary	Percent Increase
(1)	(2)	(3)	(4)	(5)
1991	6,968	\$194,588,280	\$27,926	7.7%
1993	7,761	235,227,565	30,309	4.2%*
1995	7,190	221,001,903	30,737	0.7%*
1997	6,798	219,207,826	32,246	2.4%*
1998	6,311	219,326,742	34,753	7.8%
1999	6,512	244,538,110	37,552	8.1%
2000	6,894	268,635,564	38,967	3.8%
2001	7,713	316,793,390	41,073	5.4%
2002	7,647	322,007,672	42,109	2.5%
2003	7,432	312,790,966	42,087	-0.1%
2004	7,489	326,590,164	43,609	3.6%
2005	7,638	348,619,141	45,643	4.7%
2006	8,055	390,963,991	48,537	6.3%
2007	8,358	417,450,797	49,946	2.9%
2008	8,643	448,740,469	51,920	4.0%
2009	8,142	422,539,199	51,896	0.0%
2010	8,270	438,877,002	53,069	2.3%
2011	8,348	451,831,198	54,124	2.0%

* Average annual increase/(decrease) over two-year period.

TABLE 11
City of Austin Employees' Retirement System
Actuarial Valuation - December 31, 2011

SCHEDULE OF RETIREES AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS

Year Ending December 31	Added to Rolls		Removed from Rolls		Rolls-End of Year			Average Annual Allowances
	Number (2)	Annual Allowances (3)	Number (4)	Annual Allowances (5)	Number (6)	Annual Allowances (7)	% Increase in Annual Allowances (8)	
1999	259	\$ 10,757,697	57	\$ 1,152,275	2,297	\$ 53,097,238	21.9%	\$ 23,116
2000	241	5,552,629	75	1,403,412	2,463	60,817,825	14.5%	24,693
2001	224	5,278,490	95	2,046,233	2,592	65,647,094	7.9%	25,327
2002	309	7,754,803	118	2,534,050	2,783	72,520,159	10.5%	26,058
2003	271	7,706,066	59	1,502,757	2,995	78,596,302	8.4%	26,243
2004	227	5,619,478	85	1,741,624	3,137	82,121,249	4.5%	26,178
2005	258	6,699,023	98	2,438,555	3,297	85,324,686	3.9%	25,879
2006	259	6,788,190	89	1,883,938	3,467	90,312,037	5.8%	26,049
2007	289	8,523,459	123	2,262,126	3,633	96,071,149	6.4%	26,444
2008	290	8,299,468	88	2,056,217	3,835	101,840,870	6.0%	26,556
2009	331	9,953,411	80	1,630,148	4,086	109,656,152	7.7%	26,837
2010	341	10,495,807	92	2,029,423	4,335	117,954,059	7.6%	27,210
2011	324	9,851,119	117	2,785,375	4,542	124,748,580	5.8%	27,466

Gabriel Roeder Smith & Company

City of Austin Employees' Retirement System
Actuarial Valuation - December 31, 2011

TABLE 12

SOLVENCY TEST

Valuation Date	Aggregated Accrued Liabilities for				Reported Assets	Portions of Accrued Liabilities Covered by Reported Assets		
	Active and Inactive Members Contributions	Retirees and Beneficiaries	Active and Inactive Members (Employer Financed Portion)	(2)		(5)	(6)	(7)
(1)	(2)	(3)	(4)	(5)	(5)/(2)	(6)/(5)	(7)/(5)	[(5)-(2)-(3)]/(4)
December 31, 1999	\$ 230,542,295	\$ 536,835,240	\$ 277,111,325	\$ 1,105,121,657	100.0%	100.0%	100.0%	100.0%
December 31, 2000	221,908,346	629,257,941	361,452,258	1,230,971,746	100.0%	100.0%	100.0%	100.0%
December 31, 2001	248,579,180	654,307,118	457,383,311	1,311,288,668	100.0%	100.0%	100.0%	89.3%
December 31, 2002	265,812,595	718,187,586	456,198,465	1,250,851,348	100.0%	100.0%	100.0%	58.5%
December 31, 2003	252,182,701	777,100,825	522,547,276	1,348,790,502	100.0%	100.0%	100.0%	61.1%
December 31, 2004	261,905,526	812,266,336	604,009,381	1,356,797,448	100.0%	100.0%	100.0%	46.8%
December 31, 2005	280,994,642	848,185,652	665,001,381	1,398,798,722	100.0%	100.0%	100.0%	40.5%
December 31, 2006	295,166,238	904,166,079	774,678,301	1,497,783,958	100.0%	100.0%	100.0%	38.5%
December 31, 2007	333,340,167	968,493,997	810,977,128	1,653,533,484	100.0%	100.0%	100.0%	43.4%
December 31, 2008	357,423,035	1,025,407,475	864,073,351	1,481,377,439	100.0%	100.0%	100.0%	11.4%
December 31, 2009	362,288,592	1,109,773,550	858,874,838	1,672,470,344	100.0%	100.0%	100.0%	23.3%
December 31, 2010	377,651,365	1,195,328,215	887,685,214	1,711,577,229	100.0%	100.0%	100.0%	15.6%
December 31, 2011	413,944,399	1,267,467,354	1,042,433,062	1,790,902,641	100.0%	100.0%	100.0%	10.5%

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TABLE 13a

**City of Austin Employees' Retirement System
Actuarial Valuation - December 31, 2011**

Valuation Date (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Value of Assets (AVA) (2)	Actuarial Value of Assets (AVA) (2)	Unfunded Actuarial		Funded Ratio (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as % of Payroll (4)/(6) (7)
				Liability (AAL) (3)	Accrued Liability (UAAL) (3) - (2) (4)			
December 31, 1995	\$ 707.3	\$ 623.0	\$ (84.3)	113.5%	\$221.0	(38.2%)		
December 31, 1997	856.4	832.1	(24.3)	102.9%	219.2	(11.1%)		
December 31, 1998	952.6	877.8	(74.8)	108.5%	219.3	(34.1%)		
December 31, 1999	1,105.1	1,044.5	(60.6)	105.8%	244.5	(24.8%)		
December 31, 2000	1,231.0	1,212.6	(18.4)	101.5%	268.6	(6.8%)		
December 31, 2001	1,311.3	1,360.3	49.0	96.4%	316.8	15.5%		
December 31, 2002	1,250.9	1,440.2	189.3	86.9%	322.0	58.8%		
December 31, 2003	1,348.8	1,551.8	203.0	86.9%	312.8	64.9%		
December 31, 2004	1,356.8	1,678.2	321.4	80.8%	326.6	98.4%		
December 31, 2005	1,398.8	1,794.2	395.4	78.0%	348.6	113.4%		
December 31, 2006	1,497.8	1,974.0	476.2	75.9%	391.0	121.8%		
December 31, 2007	1,653.5	2,112.8	459.3	78.3%	417.5	110.0%		
December 31, 2008	1,481.4	2,246.9	765.5	65.9%	448.7	170.6%		
December 31, 2009	1,672.5	2,330.9	658.5	71.8%	422.5	155.8%		
December 31, 2010	1,711.6	2,460.7	749.1	69.6%	438.9	170.7%		
December 31, 2011	1,790.9	2,723.8	932.9	65.7%	451.8	206.5%		

Note: Dollar amount in millions.

Gabriel Roeder Smith & Company

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(as required by GASB #25)

Fiscal Year	Annual Required Contribution	Percentage Contributed
(1)	(2)	(3)
1994	\$17,005,695	100.00%
1995	\$16,983,178	100.00%
1996	\$15,738,068	100.00%
1997	\$15,313,819	100.00%
1998	\$16,126,014	100.00%
1999	\$18,224,558	100.00%
2000	\$21,531,859	100.00%
2001	\$24,831,016	100.00%
2002	\$26,375,274	100.00%
2003	\$30,660,538	81.05%
2004	\$32,733,243	82.30%
2005	\$41,610,470	65.20%
2006	\$49,390,658	61.84%
2007	\$56,080,689	64.98%
2008	\$57,937,202	70.18%
2009	\$78,184,719	57.69%
2010	\$74,172,819	72.00%
2011	\$83,893,732	79.32%

Gabriel Roeder Smith & Company

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	December 31, 2011
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Pay, open
Payroll growth rate for amortization	3.50%
Remaining amortization period	27.1 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.75%
Projected salary increases	5.00% to 6.00%
*Includes inflation at	3.25%
Cost-of-living adjustments	None assumed

STATEMENT OF ACTUARIAL METHODS AND ASSUMPTIONS
(Effective as of December 31, 2011)

A. ACTUARIAL ASSUMPTIONS

1. Investment Return Rate (adopted effective December 31, 2002)

7.75% per annum, compounded annually (net of expenses).

2. Mortality

a. Nondisabled (adopted effective December 31, 1997)

Rate of Decrement: 1994 Group Annuity Mortality Table for males and females. No age setbacks.

b. Disabled (adopted effective December 31, 2002)

Mortality tables from Revenue Ruling 96-7 for males and females disabled after December 31, 1994. No age setbacks.

Age	Rates of Mortality					
	Nondisabled				Disabled	
	Rate of Decrement		Post-Retirement		Male	Female
	Male	Female	Male	Female		
20	.000507	.000284	.000507	.000284	.024583	.009650
25	.000661	.000291	.000661	.000291	.027457	.011974
30	.000801	.000351	.000801	.000351	.030661	.014843
35	.000851	.000478	.000851	.000478	.034184	.017654
40	.001072	.000709	.001072	.000709	.038373	.020579
45	.001578	.000973	.001578	.000973	.043033	.023988
50	.002579	.001428	.002579	.001428	.048004	.027961
55	.004425	.002294	.004425	.002294	.053120	.032594
60	.007976	.004439	.007976	.004439	.058118	.037993
65	.014535	.008636	.014535	.008636	.063669	.044287
70	.023730	.013730	.023730	.013730	.073284	.051331

Gabriel Roeder Smith & Company

STATEMENT OF ACTUARIAL METHODS AND ASSUMPTIONS
(EFFECTIVE AS OF December 31, 2011)
(Continued)

3. Retirement Rates: (adopted effective December 31, 2006)
The following rates of retirement are assumed for members eligible for normal retirement.

<u>Age</u>	<u>Rates of Retirement</u>	
	<u>Males</u>	<u>Females</u>
45 & under	35.0%	35.0%
46	35.0%	27.5%
47	35.0%	27.5%
48	40.0%	27.5%
49	40.0%	27.5%
50	40.0%	27.5%
51	40.0%	27.5%
52	35.0%	27.5%
53	35.0%	27.5%
54	35.0%	27.5%
55	35.0%	35.0%
56	27.5%	35.0%
57	27.5%	35.0%
58	27.5%	35.0%
59	27.5%	35.0%
60	27.5%	40.0%
61	27.5%	25.0%
62	30.0%	40.0%
63	25.0%	32.5%
64	25.0%	25.0%
65	40.0%	30.0%
66	25.0%	25.0%
67	25.0%	20.0%
68	20.0%	20.0%
69	20.0%	20.0%
70 & older	100.0%	100.0%

Group B members are assumed to retire at twice the applicable rate upon the first year they attain eligibility for normal retirement and at a rate of 50% at age 65. Early retirement rates (of 1% at age 55 increasing by 1% every two years to 5% at ages 63 and 64) apply for Group B members.

STATEMENT OF ACTUARIAL METHODS AND ASSUMPTIONS
(EFFECTIVE AS OF December 31, 2011)
(Continued)

4. Rates of Decrement Due to Withdrawal (adopted effective December 31, 1997)

Age	Males					
	Years of Service					
	0	1	2	3	4	5+
25	0.2214	0.1936	0.1860	0.1568	0.1402	0.0923
30	0.2013	0.1760	0.1691	0.1425	0.1274	0.0839
35	0.1915	0.1674	0.1491	0.1171	0.1002	0.0680
40	0.1736	0.1518	0.1296	0.1008	0.0883	0.0529
45	0.1570	0.1372	0.1158	0.0925	0.0844	0.0385
50	0.1444	0.1263	0.1100	0.0912	0.0837	0.0268
55	0.1368	0.1196	0.1123	0.0958	0.0835	0.0208
60	0.1406	0.1229	0.1216	0.1053	0.0835	0.0233

Age	Females					
	Years of Service					
	0	1	2	3	4	5+
25	0.2181	0.2038	0.1956	0.1873	0.1281	0.1256
30	0.2118	0.1980	0.1899	0.1818	0.1233	0.1130
35	0.2105	0.1968	0.1837	0.1567	0.1079	0.0827
40	0.1939	0.1812	0.1649	0.1394	0.0990	0.0649
45	0.1728	0.1615	0.1495	0.1309	0.0990	0.0594
50	0.1454	0.1359	0.1341	0.1251	0.1004	0.0546
55	0.1399	0.1333	0.1269	0.1168	0.1067	0.0560
60	0.1478	0.1408	0.1340	0.1289	0.1238	0.0596

STATEMENT OF ACTUARIAL METHODS AND ASSUMPTIONS
(EFFECTIVE AS OF December 31, 2011)
(Continued)

5. Disability Rates* (adopted effective December 31, 2006)

Sample rates are shown below:

Age	Rates of Decrement Due to Disability	
	Males	Females
20	.000039	.000016
25	.000048	.000023
30	.000101	.000050
35	.000304	.000152
40	.000837	.000419
45	.001759	.000880
50	.003109	.001554
55	.005079	.002542
60	.007497	.003726

* Rates are for disability due to all causes, occupational disability rates are assumed to be 10% of all causes.

6. Rates of Salary Increase (adopted effective December 31, 2006)

Years of Service	Promotional Rate of Increase	Total Annual Rate of Increase Including 3.25% Inflation Component and 1.75% Productivity Component
1 – 8	1.00%	6.00%
9	0.75%	5.75%
10	0.50%	5.50%
11 - 19	0.25%	5.25%
20 or more	0.00%	5.00%

7. DROP Participation: (adopted effective December 31, 2002)

It was assumed that 20% of retiring active members with at least 20 years of service would elect a "Back-end" DROP. It is assumed that all members who Back Drop will elect to DROP back to the date that would provide the greatest actuarial value to the member.

STATEMENT OF ACTUARIAL METHODS AND ASSUMPTIONS
(EFFECTIVE AS OF December 31, 2011)
(Continued)

8. Married Percentage: (adopted effective December 31, 1997)

100% of the active members are assumed to be married. Spouses are assumed to be the same age as the member.

9. Normal Form of Payment: (adopted effective December 31, 1997)

It is assumed that all retiring members will elect the Life only form of payment with a guaranteed return of accumulated employee contributions.

10. Interest Crediting Rate on Employee Contributions: (adopted effective December 31, 2002)

It is assumed that the interest credit rate on employee contributions will be 6.0%.

11. Payroll Growth Rate: (adopted December 31, 2002)

It is assumed that payroll will grow at 3.50% annually.

12. Mortality Improvement:

To account for future mortality improvement, the healthy mortality rates were chosen so that the assumed mortality rates are smaller than the rates observed in the most recent experience study (dated 3-27-2007). The margin at the time of the study was 14%-19% for non-disabled annuitants. No future mortality improvement after the measurement date is assumed except as described above.

B. ACTUARIAL VALUE OF ASSETS

The actuarial value of assets is equal to the market value of assets less a five-year phase in of the Excess (Shortfall) between expected investment return and actual income with the resulting value not being less than 80% or more than 120% of the market value of assets. The expected investment return each year is calculated based on the market value of assets with the difference from actual income smoothed in over five years in 20% increments. The actuarial value of assets was marked to the market value of assets as of the December 31, 2010 valuation.

STATEMENT OF ACTUARIAL METHODS AND ASSUMPTIONS
(EFFECTIVE AS OF December 31, 2011)
(Continued)

C. ACTUARIAL FUNDING METHOD

The funding period required to amortize the unfunded actuarial accrued liability is determined using the Entry Age Normal actuarial cost method. This method assigns the System's total actuarial present value of future benefits to various periods. The actuarial accrued liability is assigned to years prior to the valuation and the normal cost is assigned to the year following the valuation. The remaining costs are assigned to future years.

The normal cost is determined on an individual basis using the Ultimate Normal Cost method. The actuarial accrued liability is the difference between the total present value of future benefits and the actuarial present value of future normal costs where future normal costs are based on the Group B benefit provisions as if they were applicable for all members. The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of assets.

**SUMMARY OF BENEFIT PROVISIONS
OF THE RETIREMENT PLAN AS OF DECEMBER 31, 2011**

A. EFFECTIVE DATE

January 1, 1941.

B. ELIGIBILITY AND PARTICIPATION

Any regular and permanent employee of the City of Austin, excluding all civil service commissioned police officers and firefighters, the Mayor and members of the City Council and all part-time employees who work less than 75 percent of a normal work week.

Members originally hired prior to January 1, 2012 are classified as Group A members and members hired on or after January 1, 2012 are classified as Group B members.

Unless noted otherwise, the provisions for Group A and Group B are the same.

C. MEMBERSHIP SERVICE

The period of time during which an eligible employee pays into and keeps on deposit the contribution prescribed to be paid by the employee into the System.

D. AVERAGE FINAL COMPENSATION

The average of the monthly compensation for the 36 calendar months of highest compensation during the last 120 months prior to termination. The monthly compensation used in the determination of benefits cannot exceed the compensation limits of Internal Revenue Code §401(a)(17) for the applicable period. The limit for 2011 is up to \$20,416.67 for persons who first become members after 1995 (members hired prior to 1996 have no limit on their compensation).

E. CITY AND MEMBER CONTRIBUTION RATES

The City currently contributes a base rate of 8.00% of pay for each active member. Under the Amended Supplemental Funding Plan, the City is providing an additional contribution for each active member. Beginning October 1, 2011, this additional contribution became 8% of pay, for a total city contribution of 16%. Each active member contributes 8.00% of pay. These employee contributions are made under a pre-tax 401(h) pick-up arrangement.

**SUMMARY OF BENEFIT PROVISIONS
OF THE RETIREMENT PLAN AS OF DECEMBER 31, 2011
(Continued)**

F. RETIREMENT BENEFITS

1. Normal Retirement

a. Eligibility:

Group A – A participant may retire upon attaining age 62, or any age with 23 years of service, or attaining age 55 with 20 years of service.

Group B – A participant may retire upon attaining age 62 with 30 years of service, or at age 65 with 5 years of service.

b. Monthly Benefit:

Group A – 3.00% of average final compensation times years of service.

Group B – 2.50% of average final compensation times years of service.

c. Payment Form: Benefits are paid as a monthly life annuity to the participant, with a provision that should the participant die prior to receiving monthly payments whose sum is greater than or equal to the participant's accumulated employee contributions, then the participant's beneficiary shall receive a lump-sum equal to the excess of the participant's accumulated employee contributions with interest over the sum of the monthly payments received.

d. Optional Forms of Payment:

- i) Joint and contingent annuity with either 100%, 66 2/3%, or 50% of the reduced retirement income payable for the life of the contingent annuitant upon the death of the retiring participant, with the provision that, should the contingent annuitant predecease the participant, the monthly annuity will revert to the amount that would have been payable under the normal form of payment,
- ii) Joint and 66 2/3% last survivor provides a reduced retirement income payable as long as both the member and the joint annuitant are alive, and upon the death of either the member or the joint annuitant, the benefit reduces to 2/3 of such amount for the remainder of the life of the last survivor,

**SUMMARY OF BENEFIT PROVISIONS
OF THE RETIREMENT PLAN AS OF DECEMBER 31, 2011
(Continued)**

- i) Period certain and life annuity with 15 years of payments guaranteed, or
- e. Deferred Retirement Option Program (DROP): A member may elect to retroactively participate in the System's DROP (i.e. a Back End DROP). The member would receive a lump-sum payment equal to 90% of the sum of the monthly annuities the participant would have received if the member had retired at the DROP entry date. No COLAs are included but changes in the benefit multiplier are reflected. The maximum period a member may retroactively elect under the DROP is 60 months.
- 2. Early Retirement:
 - a. Eligibility:
 - Group A – Currently there are no reduced retirement benefits under the plan.
 - Group B – A participant may retire with a reduced benefit upon attaining age 55 with 10 years of service.
 - b. Monthly Benefit:
 - Group A – Not applicable.
 - Group B – the same formula benefit as determined under normal retirement multiplied by an actuarial equivalent early retirement reduction factor.

G. DISABILITY RETIREMENT

- 1. Eligibility: If the employee is terminated by reason of a total and permanent disability which prevents the employee from engaging in any employment duties. If the employee has less than five years of service, the disability must be job related.
- 2. Monthly Benefit: Same as Normal Retirement benefit using pay and service at date of disability.
- 3. Form of Payment: The normal form of payment that is available to a member taking normal retirement and the optional forms of payments described in F.1.d.i) and F.1.d.ii) above.

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**SUMMARY OF BENEFIT PROVISIONS
OF THE RETIREMENT PLAN AS OF DECEMBER 31, 2011
(Continued)**

H. VESTING OF BENEFITS

1. Vesting

An employee is vested according to the following schedule:

<u>Years of Vesting Service</u>	<u>Vested Percentage</u>
Less than 5	0%
5 or more	100%

Benefits Upon Vesting

A vested participant is entitled to the retirement benefit payable at normal retirement earned to the date of participant's termination multiplied by his/her vested percentage, or a refund of the employee's accumulated employee contributions with interest.

I. DEATH IN SERVICE

1. Eligibility: All active members.
2. Benefit: The amount of the benefit payable to the beneficiary is:
 - a. Employee eligible for retirement at date of death:

The surviving spouse if any may elect to receive an annuity equal to the monthly benefit as if the member had retired under any retirement option that would have been available to the member at the end of the month in which the member died. If there is no surviving spouse, then the beneficiary may elect to receive a 15 years certain and life annuity. The surviving spouse or beneficiary instead of electing the annuity may elect to receive a death benefit equal to twice the member's accumulated employee contributions with interest.

- b. Employee not eligible for retirement at date of death:

A refund of the member's accumulated deposits (with interest) plus a death benefit from COA ERS equal to the member's accumulated deposits (with interest), but excluding any purchases

**SUMMARY OF BENEFIT PROVISIONS
OF THE RETIREMENT PLAN AS OF DECEMBER 31, 2011
(Continued)**

for Non-contributory time, prior military service purchases, or Permissive Time.

J. RETIREE LUMP-SUM DEATH BENEFIT

Upon death of a retired member, a \$10,000 lump-sum death benefit is payable. This benefit is also payable upon the death of an active member eligible for retirement whose surviving spouse or beneficiary elects to receive an annuity.

K. COST-OF-LIVING ADJUSTMENT (COLA)

On January 1 of each year the Board may approve a cost-of-living adjustment for those retirees who retired on or before December 31 of the previous year. The maximum adjustment which can be approved is 6%. The amount of the adjustment is set by the Board upon recommendation by the System's actuary that such an adjustment will not make the Fund financially unsound, and the adjustment is not inconsistent with the Code. The adjustment is prorated for any benefit which has been in effect for less than a year, with the proration being 1/12 for each monthly payment received during the prior year.

L. LUMP-SUM ADDITIONAL BENEFIT PAYMENT

Once each year the Board may approve a lump-sum additional benefit payment to be paid to those members and beneficiaries currently in payment status. The additional payment would be equal to a percentage of the member's monthly annuity with a maximum percentage of 100%.

M. LEGISLATED PLAN CHANGES ENACTED BY 1995 LEGISLATURE

1. 2.3% Multiplier

The benefit multiplier was increased from 2.2% per year of service to 2.3% per year of service effective October 1995.

2. 2.3% Retiree Gross-up

Effective October 1995, current retirees received an increase in their benefit amount to bring their retirement benefit amount up to what it would be currently if they had retired under the 2.3% multiplier.

**SUMMARY OF BENEFIT PROVISIONS
OF THE RETIREMENT PLAN AS OF DECEMBER 31, 2011
(Continued)**

3. \$10,000 Retiree Lump-Sum Death Benefit

The lump-sum death benefit payable upon the death of a retiree was increased from \$2,000 to \$10,000.

4. Plan Participation Begins at Date of Hire

The six-month service requirement for participation was eliminated. Current active members were granted service for the period between their date of hire and their date of participation, up to six months.

N. LEGISLATED PLAN CHANGES ENACTED BY 1997 LEGISLATURE

1. 2.6% Multiplier

The benefit multiplier was increased from 2.3% per year of service to 2.6% per year of service effective October 1997.

2. 2.6% Retiree Gross-up

Effective October 1997, current retirees received an increase in their benefit amount to bring their retirement benefit amount up to what it would be currently if they had retired under the 2.6% multiplier.

3. Military Service Purchase

Increased the number of months of military service that may be purchased from 24 to 48.

4. Noncontributory Service Purchase

Allowed an employee to purchase noncontributory service for the following periods of time: (1) while employee was on workers' compensation leave, (2) while employee was on an authorized leave of absence, and (3) while employee performed service for the employer in a position for which the service was not otherwise creditable. The employee pays the full actuarial cost of the service purchase.

**SUMMARY OF BENEFIT PROVISIONS
OF THE RETIREMENT PLAN AS OF DECEMBER 31, 2011
(Continued)**

5. Employer Purchase of Creditable Service

Allowed the employer to purchase the amount of service required to qualify an employee for an unreduced retirement benefit at age 55. To be eligible for the purchase, the employee must never have been a highly compensated employee within the meaning of IRC Section 414(q). The cost of the service purchase is the full actuarial cost of both the benefit and the retirement eligibility.

O. LEGISLATED PLAN CHANGES ENACTED BY 1999 LEGISLATURE

1. 2.7% Multiplier

The benefit multiplier was increased from 2.6% per year of service to 2.7% per year of service effective October 1999.

2. 2.7% Retiree Gross-up

Effective October 1999, current retirees received an increase in their benefit amount to bring their retirement benefit amount up to what it would be currently if they had retired under the 2.7% multiplier.

3. 23 & Out Provision

The service requirement at which a participant may retire with an unreduced retirement benefit was decreased from 25 years of Creditable Service to 23 years of Creditable Service.

4. Pop-Up Provisions for Certain Joint and Survivor Payment Options

Certain optional forms of payment which extend coverage to a joint annuitant (Options I, II, and III) were amended so that, should the contingent annuitant predecease the participant, the monthly annuity will revert to the amount that would have been payable under the normal form of payment.

5. LUMP-SUM ADDITIONAL BENEFIT PAYMENT

The Board was given the ability to make an additional payment to members and beneficiaries in payment status in the form of a lump-sum additional benefit payment. The additional payment would be a percentage of the current monthly payment with a maximum percentage of 100%.

**SUMMARY OF BENEFIT PROVISIONS
OF THE RETIREMENT PLAN AS OF DECEMBER 31, 2011
(Continued)**

6. EMPLOYER PURCHASE OF CREDITABLE SERVICE

Limitations on employer purchases of Creditable Service for a Member before actual retirement were removed.

P. BENEFIT ENHANCEMENTS ENACTED BY THE BOARD OF TRUSTEES IN 2000

1. "415 Restoration of Retirement Income Plan"

Certain highly compensated members may have their retirement annuity limited because of Section 415(b)(1) of the Internal Revenue Code. A plan amendment effective January 1, 2000, provides for COA ERS to pay a benefit payment that exceeds the maximum benefit limitation imposed by the Internal Revenue Code from a separate, non-qualified, pay-as-you-go "Restoration of Retirement Income Plan."

2. 2.98% Multiplier

The benefit multiplier was increased from 2.7% per year of service to 2.98% per year of service effective April 2000.

3. 2.98% Retiree Gross-up

Effective April 2000, current retirees received an increase in their benefit amount to bring their retirement benefit amount up to what it would be currently if they had retired under the 2.98% multiplier.

4. "Pop-up" Benefit Amendment

The "pop-up" benefit is extended to retirees who selected the actuarial equivalent of Life Annuity option with underlying options of I, II, or III.

Q. BENEFIT ENHANCEMENTS ENACTED BY THE BOARD OF TRUSTEES IN 2001

None

**SUMMARY OF BENEFIT PROVISIONS
OF THE RETIREMENT PLAN AS OF DECEMBER 31, 2011
(Continued)**

R. BENEFIT ENHANCEMENTS ENACTED BY THE BOARD OF TRUSTEES IN 2002

1. 3.00% Multiplier

Benefit multiplier was increased from 2.98% per year of service to 3.00% per year of service effective January 2002.

2. 3.00% Retiree Gross-up

Effective January 2002, current retirees received an increase in their benefit amount to bring their retirement benefit amount up to what it would be currently if they had retired under the 3.00% multiplier.

3. Deferred Retirement Option Program

A "Back End" DROP was added as an optional benefit effective in 2002. The retiring member may elect to retroactively participate in a DROP. The member would receive a lump-sum payment equal to 90% of the sum of the monthly annuities the participant would have received if the member had retired at the DROP entry date. No COLAs are included but changes in the benefit multiplier are reflected.

4. Purchase of Permissive Time

A member may purchase up to five years of Permissive Time. The purchase price charged to the member is the anticipated actuarial cost to the System for the additional service. Minimum purchase is one month with a maximum of 60 months (5 years) or the number of months needed to reach first eligibility for retirement whichever is less.

5. Conversion of Unused Sick Leave

At retirement an employee may elect to purchase Creditable Service for unused sick leave. The Board requires payment by the Member, and then by the City of the equivalent amount of retirement contributions that would have been made had the sick hours been exercised as sick hours. An employee must already be eligible for retirement to purchase the service.

**SUMMARY OF BENEFIT PROVISIONS
OF THE RETIREMENT PLAN AS OF DECEMBER 31, 2011
(Continued)**

S. BENEFIT ENHANCEMENTS ENACTED BY THE BOARD OF TRUSTEES IN 2003

1. “Pop-up” Benefit Amendment

“Pop-up” benefit was extended to any Joint and Survivor option (including level income options), other than Joint and Last Survivor.

2. Permissive Time Amendment

Permissive Time resolution was amended removing the provision that restricts members from purchasing Permissive Time in excess of the amount needed to reach first retirement eligibility.

T. BENEFIT ENHANCEMENTS ENACTED BY THE BOARD OF TRUSTEES IN 2004

None

U. BENEFIT ENHANCEMENTS ENACTED BY THE BOARD OF TRUSTEES IN 2005

None

V. BENEFIT ENHANCEMENTS ENACTED BY THE BOARD OF TRUSTEES IN 2006

None

W. BENEFIT ENHANCEMENTS ENACTED BY THE BOARD OF TRUSTEES IN 2007

None

X. BENEFIT ENHANCEMENTS ENACTED BY THE BOARD OF TRUSTEES IN 2008

None

Y. BENEFIT ENHANCEMENTS ENACTED BY THE BOARD OF TRUSTEES IN 2009

None

Z. BENEFIT ENHANCEMENTS ENACTED BY THE BOARD OF TRUSTEES IN 2010

None

**SUMMARY OF BENEFIT PROVISIONS
OF THE RETIREMENT PLAN AS OF DECEMBER 31, 2011
(Continued)**

AA. LEGISLATED PLAN CHANGES ENACTED BY THE 2011 LEGISLATURE

1. Retirement Provisions

For members hired on after January 1, 2012 (Group B members), changed the eligibility for normal retirement to age 65 with 5 years of service, or age 62 with 30 years of service. Also for members hired on or after January 1, 2012, added an eligibility for early retirement upon age 55 with 10 years of service.

2. Benefit Multiplier

For members hired on after January 1, 2012, the benefit multiplier was changed to 2.5% per year of service. Early retirement benefits would be reduced on an actuarially equivalent basis.

DEFINITION OF TERMS**1. *Actuarial Cost Method***

A method for determining the actuarial present value of future benefits and allocating such value to time periods in the form of a normal cost and an actuarial accrued liability.

2. *Present Value of Future Benefits*

This is computed by projecting the total future benefit cash flow from the System, using actuarial assumptions, and then discounting the cash flow to the valuation date.

3. *Normal Cost*

Computed differently under different actuarial cost methods, the normal cost generally represents the value of the portion of the participant's anticipated retirement, termination, and/or death and disability benefits accrued during a year.

4. *Actuarial Accrued Liability*

Computed differently under different actuarial cost methods. Generally actuarial accrued liability represents the value of the portion of the participant's anticipated retirement, termination, and/or death and disability benefits accrued as of the valuation date.

5. *Entry Age Actuarial Cost Method*

A method under which a participant's actuarial present value of future benefits is allocated on a level basis over the earnings of the participant between his/her entry into the System and his/her assumed exit.

6. *Unfunded Actuarial Accrued Liability*

The difference between total actuarial present value of future benefits over the sum of the tangible assets of the System and the actuarial present value of the members' future normal costs. The System is underfunded if the difference is positive and overfunded if the difference is negative.

7. *Actuarial Value of Assets*

The value of cash, investments, and other property belonging to the System, as valued by the actuary for purposes of the actuarial valuation.

DEFINITION OF TERMS
(Continued)**8. Actuarial Gain or Loss**

From one valuation to the next, if the experience of the plan differs from that anticipated by the actuarial assumptions, an actuarial gain or loss occurs. For example, an actuarial gain would occur if the assets in the trust had a yield of 12% based on actuarial value, while the assumed yield on the actuarial value of assets was 7.75%.

The Statistical Section provides additional historical perspective, context, and detail to assist the reader in using the information in the financial statements and note disclosures to understand and assess the economic condition of the City of Austin Employees' Retirement System (COA ERS). In compliance with *GASB Statement No. 44, Economic Condition Reporting: The Statistical Section*, schedules are classified into the following categories: Demographic and Economic Information, Operating Information, and Financial Trends.

STATISTICAL TABLES

Table Number	Content of Tables	Page
	Demographic and Economic Information – designed to assist the reader in understanding the environment in which COA ERS operates.	
17	Distribution of All Active Participants by Age and Length of Service	120
18	Distribution of All Active Participants by Service and Current Rate of Pay	121
	Operating Information – provides contextual information to help the reader understand how COA ERS' financial information relates to the services it provides and the activities it performs.	
19	Schedule of Average Benefit Payments, Last Ten Years	122
20	Retired Members by Type of Benefit	123
21	Schedule of Participating Employers	124
	Financial Trends – schedules to help users understand and assess changes in COA ERS' financial position over time.	
22	Change in Net Assets, Last Ten Fiscal Years	125
23	Benefit and Refund Deductions from Net Assets by Type, Last Ten Fiscal Years	126

Sources: Schedules and data are provided by the consulting actuary, Gabriel Roeder Smith & Company, unless otherwise noted.

City of Austin Employees' Retirement System
Actuarial Valuation - December 31, 2011

TABLE 17

DISTRIBUTION OF ALL ACTIVE PARTICIPANTS BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2011

Attained Age	Number of Employees											Average Annual Salary			
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34		35+		
Under 25	52	29	14	14	4	2	0	0	0	0	0	0	0	115	\$ 32,417
25-29	139	125	50	67	90	99	8	0	0	0	0	0	0	578	37,699
30-34	102	127	73	118	128	288	110	1	0	0	0	0	0	947	44,298
35-39	75	88	71	90	102	335	234	60	1	0	0	0	0	1,056	49,660
40-44	65	72	75	111	103	293	324	185	57	3	0	0	0	1,288	54,299
45-49	56	77	44	80	72	244	316	225	131	54	1	0	0	1,300	57,511
50-54	50	54	27	63	79	250	302	222	189	113	9	1	1	1,359	60,812
55-59	41	36	34	48	36	198	226	159	127	70	25	1	1	1,001	61,430
60-64	13	15	13	17	23	110	138	95	68	41	9	4	4	546	62,282
65 & Over	4	3	3	7	12	26	42	28	19	8	5	1	1	158	57,471
All Ages	597	626	404	615	649	1,845	1,700	975	592	289	49	7	7	8,348	\$ 54,124

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**DISTRIBUTION OF ALL ACTIVE PARTICIPANTS BY SERVICE AND
CURRENT RATE OF PAY AS OF DECEMBER 31, 2011**

<u>Completed Years of Service</u>	<u>Number of Employees</u>	<u>Total Average Salary</u>
0	597	\$ 43,228
1	626	45,567
2	404	50,629
3	615	47,858
4	649	48,127
5-9	1,845	51,023
10-14	1,700	57,048
15-19	975	62,466
20-24	592	67,670
25-29	289	70,403
30-34	49	69,974
35+	<u>7</u>	<u>73,849</u>
All Years	8,348	\$ 54,124

TABLE 19

City of Austin Employees' Retirement System
Actuarial Valuation - December 31, 2011

SCHEDULE OF AVERAGE BENEFIT PAYMENTS

Retirement Effective Dates	Years Creditable Service						
	0-4	5-9	10-14	15-19	20-24	25-29	30+
January 1, 2006 to December 31, 2011							
Period 01/01/2006 to 12/31/2006							
Average Monthly Benefit	\$289	\$620	\$1,413	\$1,826	\$2,939	\$3,720	\$4,854
Average Final Salary	\$46,003	\$39,609	\$53,356	\$49,024	\$55,322	\$61,669	\$64,402
Number of Active Retirees	10	41	15	29	101	24	8
Period 01/01/2007 to 12/31/2007							
Average Monthly Benefit	\$236	\$873	\$1,343	\$2,543	\$3,317	\$4,477	\$6,268
Average Final Salary	\$32,326	\$45,231	\$43,699	\$57,605	\$57,877	\$65,793	\$78,161
Number of Active Retirees	13	23	24	31	117	20	8
Period 01/01/2008 to 12/31/2008							
Average Monthly Benefit	\$347	\$827	\$1,529	\$2,461	\$3,110	\$3,641	\$4,677
Average Final Salary	\$42,430	\$43,523	\$55,998	\$59,644	\$58,147	\$60,404	\$62,389
Number of Active Retirees	17	36	34	20	113	27	13
Period 01/01/2009 to 12/31/2009							
Average Monthly Benefit	\$308	\$925	\$1,439	\$2,133	\$3,211	\$3,804	\$4,158
Average Final Salary	\$40,780	\$53,705	\$51,213	\$54,996	\$62,085	\$61,276	\$53,537
Number of Active Retirees	17	35	34	39	124	46	9
Period 01/01/2010 to 12/31/2010							
Average Monthly Benefit	\$257	\$740	\$1,600	\$2,089	\$3,134	\$4,115	\$5,936
Average Final Salary	\$44,138	\$44,485	\$55,981	\$53,598	\$58,538	\$66,432	\$84,299
Number of Active Retirees	22	40	35	31	96	64	15
Period 01/01/2011 to 12/31/2011							
Average Monthly Benefit	\$206	\$798	\$1,409	\$2,431	\$3,273	\$4,622	\$4,891
Average Final Salary	\$39,835	\$47,423	\$53,714	\$61,051	\$63,401	\$73,660	\$67,047
Number of Active Retirees	22	42	32	32	98	50	9

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TABLE 20

City of Austin Employees' Retirement System
Actuarial Valuation - December 31, 2011

RETIRED MEMBERS BY TYPE OF BENEFIT (AS OF DECEMBER 31, 2011)

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement ^a				Option Selected ^b													
		1	2	3	4	Unmod.	1	2	3	4	5	6	7	8	9				
Deferred																			
\$1-250	132	108	9	3	12	810	78	45	4	2									
251-500	220	175	22	11	12	98	81	13	9	4									
501-750	247	188	37	11	11	105	84	23	14	3	4	1	14						
751-1,000	278	206	48	15	9	109	85	26	22	7	5	13	6	1					
1,001-1,250	263	203	42	13	5	76	91	17	14	8	18	15	8						
1,251-1,500	340	282	44	12	2	92	126	28	19	4	22	20	12						
1,501-1,750	365	321	37	6	1	103	125	32	24	5	22	26	13	2					
1,751-2,000	362	315	36	9	2	102	120	36	23	3	27	27	7						
Over \$2,000	2,335	2,217	106	7	5	623	923	188	162	28	111	100	78	12					
Total	4,542	4,015	381	87	59	2,196	1,680	367	289	62	209	203	151	16	179				

Notes:
^a Type of Retirement
 1. Normal retirement for age and service
 2. Beneficiary payment, normal retirement or death in service
 3. Disability retirement
 4. QDRO - alternate payee

^b Option Selected:
 Unmodified Plan: life annuity
 The following options reduce the retired member's monthly benefit:
 Option 1 - Beneficiary receives 100 percent of member's reduced monthly benefit
 Option 2 - Beneficiary receives 50 percent of member's reduced monthly benefit
 Option 3 - Beneficiary receives 66-2/3 percent of member's reduced monthly benefit
 Option 4 - Survivor receives 66-2/3 percent of member's reduced monthly benefit upon first death
 Option 5 - Level income option payable for life of retiree
 Option 6 - Level income option, beneficiary receives 66-2/3 percent of member's monthly benefit
 Option 7 - Life annuity with 15 years guarantee
 Option 8 - Other participant created actuarial equivalent forms of payment
 Option 9 - Level income option, beneficiary receives 100 percent of member's monthly benefit

*The number of Retired Members and the number of options selected are not equal due to the inclusion of 810 deferred vested members in the Unmodified option selection.

SCHEDULE OF PARTICIPATING EMPLOYERS

The City of Austin and the City of Austin Employees' Retirement System are the only participating employers in the plan.

TABLE 22

**City of Austin Employees' Retirement System
Actuarial Valuation - December 31, 2011**

CHANGE IN NET ASSETS, LAST TEN FISCAL YEARS

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Additions										
Member Contributions	\$33,794	\$30,449	\$32,272	\$33,334	\$35,791	\$39,971	\$41,263	\$38,752	\$40,629	\$41,503
Employer Contributions	26,375	24,907	27,008	27,168	30,610	36,521	40,786	45,263	53,576	66,718
Investment Income (net of expenses)	(112,995)	246,069	145,631	118,154	179,952	114,931	(435,867)	310,844	230,102	(21,964)
Total additions to plan net assets	(52,826)	301,426	204,911	178,656	246,353	191,423	(353,818)	394,859	\$324,307	\$86,257
Deductions										
Benefit Payments	71,023	77,187	81,426	85,851	90,116	94,627	100,707	108,090	115,665	123,558
Refunds	3,958	4,477	5,112	3,775	4,196	4,438	4,285	4,858	4,205	3,801
Administrative Expenses	1,642	1,553	1,555	1,497	1,671	1,776	1,883	2,032	2,113	2,218
Lump-sum Payments	266	1,029	1,343	1,798	2,178	1,328	3,022	3,095	2,013	2,483
Total deductions from plan net assets	76,888	84,246	89,436	92,921	98,161	102,169	109,897	118,075	123,996	132,060
Change in net assets	(\$129,715)	\$217,180	\$115,475	\$85,735	\$148,192	\$89,254	(\$463,715)	\$276,784	\$200,311	(\$45,803)

Notes: Dollar amounts in thousands

Columns may not add due to rounding

Includes contributions to and benefit payments from 415 Restoration Plan

Gabriel Roeder Smith & Company

TABLE 23

City of Austin Employees' Retirement System
Actuarial Valuation - December 31, 2011

BENEFIT AND REFUND DEDUCTIONS FROM NET ASSETS BY TYPE, LAST TEN FISCAL YEARS

Type of Benefit	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Age and service benefits:										
Retirees ^a	\$70,094	\$75,527	\$80,152	\$84,003	\$88,513	\$93,049	\$99,219	\$106,148	\$114,244	\$121,366
Beneficiaries ^a										
Lump-sum payments	\$266	\$1,029	\$1,343	\$1,798	\$2,178	\$1,328	\$3,022	\$3,095	\$2,011	\$2,483
In service death benefits: ^b	\$929	\$1,660	\$1,274	\$1,848	\$1,603	\$1,578	\$1,489	\$1,942	\$1,421	\$2,192
Disability benefits: ^c										
Total benefits	\$71,289	\$78,216	\$82,769	\$87,649	\$92,294	\$95,955	\$103,730	\$111,185	\$117,676	\$126,041
Type of Refund										
Death ^b										
Separation	\$3,958	\$4,477	\$5,112	\$3,775	\$4,196	\$4,438	\$4,285	\$4,858	\$4,205	\$3,801
Total refunds	\$3,958	\$4,477	\$5,112	\$3,775	\$4,196	\$4,438	\$4,285	\$4,858	\$4,205	\$3,801

Notes: Dollar amounts in thousands

^a Segregation of age benefits for beneficiaries not currently available

^b Segregation of death benefits between refunds and in service death benefits not currently available

^c Segregation of disability benefits from age and service benefits not currently available

Includes benefit payments from 415 Restoration Plan

Excludes administrative expenses