Gabriel Roeder Smith & Company
Consultants & Actuaries

CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM

ACTUARIAL VALUATION REPORT

FOR THE YEAR ENDING DECEMBER 31, 2012

GRS Gabriel Roeder Smith & Company
Consultants & Actuaries

5605 N. MacArthur Blvd.
Suite 870
Irving, TX 75038-2631

469.524.0000 phone
469.524.0003 fax
www.gabrielroeder.com

March 28, 2013

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, 2012

We are pleased to present our report on the actuarial valuation of the City of Austin Employees' Retirement System (COAERS or the System). Based upon this actuarial valuation as of December 31, 2012, 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.

Currently, the total 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 an additional City contribution rate of up to a maximum of 10.0% above the base 8.0% rate. The City is now contributing an additional 10.0%, or a total rate of 18.0%. The additional contribution rate is intended to stay in place until the ASFP is amended or repealed.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.

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, 2011. As a result of that study, revised assumptions were adopted by the Board to be effective with this valuation as of December 31, 2012. We believe the assumptions are internally consistent, reasonable, and, where appropriate, based on the actual experience of COAERS.

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, 2012, by the COAERS 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 COAERS staff.

The last actuarial valuation of COAERS was prepared as of December 31, 2011 by Gabriel, Roeder, Smith & Company. Valuations are prepared annually as of December 31st.

The undersigned are independent actuaries and consultants. Mr. Newton and Mr. Falls are Enrolled Actuaries and Members of the American Academy of Actuaries and both meet the Qualification Standards of the American Academy of Actuaries. Both they 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

Lewis Ward
Consultant

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

R. Ryan Falls, F.S.A
Senior Consultant

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EXECUTIVE SUMMARY

The key results from the valuation of the City of Austin Employees' Retirement System as of December 31, 2012 may be summarized as follows:

	December 31, 2012 (1)	December 31, 2011 (2)
• Members		
— Actives	8,387	8,348
— Retirees and beneficiaries (and disabled)	4,831	4,542
— Vested - terminated*	924	922
— Proportional PSEM and CCSD	124	134
— Total	14,266	13,946
• Covered payroll	$ 470,231,969	$ 451,831,198
• Normal cost	$ 54,554,538	$ 51,058,270
— As % of payroll	11.86%	11.74%
• Actuarial accrued liability	$ 2,968,379,692	$ 2,723,844,815
• Actuarial value of assets	$ 1,897,722,867	$ 1,790,902,641
• Unfunded actuarial accrued liability (UAAL)	$ 1,070,656,825	$ 932,942,173
• Estimated yield on assets		
— Actuarial value basis	7.13%	5.94%
— Market value basis	13.16%	-1.42%
• Contribution rate		
— Employee	8.00%	8.00%
— Employer	18.00% **	16.00% **
• Benefit and refund payments	$ 140,200,299	$ 129,669,752
• Amortization period of unfunded actuarial accrued liability	27 years	27 years
• GASB No. 25 disclosure		
— UAAL as a % of Payroll	227.7%	206.5%
— GASB funded ratio	63.9%	65.7%
— GASB Annual Required Contribution (ARC)	17.16%	15.80%

* Includes proportionate members of PSEM and CCSD, 100 in 2012 and 112 in 2011
** Employer rate increased to 16% effective October 1, 2011 and 18% effective October 1, 2012.

INTRODUCTION

This December 31, 2012 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, 2012, determine the funding period of any unfunded liability for the plan year beginning January 1, 2013, 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.

This valuation reflects the revised actuarial assumptions adopted by the Board in November 2012 following the completion of a five-year experience study. The most significant changes are shown below:

- Mortality rates were modified to reflect full generational mortality
- Rates of turnover were decreased
- Rates of salary increase were decreased
- Rates of retirement were decreased

For full details of the analysis and changes in the actuarial assumptions, please see our Experience Study dated March 30, 2012.

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, 2012, is 11.86% of pay. This compares with 11.74% of pay as of the last valuation of December 31, 2011. 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 8.25% of pay. The normal cost for the deferred termination benefits is 0.69% and 2.18% for refunds of terminated employees (both vested and non-vested). The normal cost for disability benefits is 0.51%, and the normal cost for death benefits is 0.23%.

Table 1 illustrates a number of the key actuarial items for the 2012 valuation. As mentioned above, the total normal cost rate is 11.86% of covered payroll. The actuarial accrued liability is $2,968.4 million as shown in Item 5 and as detailed in Table 3. The actuarial value of assets equals $1,897.7 million, as shown in Item 6. Item 7 of Table 1 shows that the plan has a $1,070.7 million unfunded liability (i.e. liabilities exceed plan assets) as of the valuation date. As of the last valuation (December 31, 2011), the System was underfunded by $932.9 million.

As of October 1, 2012, the City is contributing 18% of payroll and the employees are contributing 8% of payroll. Combining the employees' contributions with the City contribution, the System will have 26.0% of payroll to fund benefits. The current normal cost of the plan is 11.86%, which means that the System is currently receiving contributions in excess of the normal cost equal to14.14% of pay (26.0% less 11.86%). 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 years.

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

FUNDED STATUS OF THE PLAN
(Continued)

The funding period of 27 years is the same as the prior valuation.

The GASB annual required contribution (ARC) is also developed in Item 10 on Table 1. The ARC for the 2013 plan year, as determined by the 2012 valuation, is 17.16%.

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.

The reader may notice a slight increase in the normal cost of the System. This is due to the reflection of the new assumptions effective with the December 31, 2012 valuation. The new actuarial assumptions also increased the accrued liabilities of the system by $104.8 million, as shown on Table 8 (see Table 14 for a full listing of the actuarial assumptions).

CHANGE IN ASSETS

Table 4 and Table 5 show the development of the actuarial value of assets. Item 8 of Table 4, shows that the actuarial value of assets as of December 31, 2012 is $1,897.7 million.

The total deferral of all Excess/(Shortfall) investment income for the year (shown in Table 5, Item 5.f.) is ($34.3) million.

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, 2012, assuming that income, revenue, and expenditures are evenly distributed throughout the year is 13.16% on a market value of assets basis. The rate of return for the year ending December 31, 2012, on an actuarial value basis was 7.13%. 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 $11.4 million in 2012. This compares to the $31.3 million loss in 2011.

As part of the Experience Study, the method for determining the actuarial value of assets was modified. The new method offsets excess or shortfalls in the current year's investment income dollar for dollar against prior years' deferred gains or losses. Any remaining amounts from the current or prior years continue to be recognized over a five year period.

Because the system was deferring shortfalls in investment income and 2012 produced excess investment income, the change in the asset method resulted in an increase in the actuarial value of assets of approximately $11.7 million when compared to the asset value that would have been produced by the old method.

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, 2011.

As can be seen in Item 7 of Table 8, the expected value of the unfunded actuarial accrued liability as of December 31, 2012, was an underfunded position of $941.2 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 2012.

Since the actual unfunded actuarial accrued liability as of December 31, 2012 is $1,070.7 million, it represents a total net loss for the period of $129.4 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 $11.4 million as shown in Table 7, a loss on the liability side equal to $13.2 million, and an assumption loss of $104.8 million due to the new actuarial assumptions. 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.

As stated previously, the actuarial assumptions and the actuarial asset method have been revised since the previous valuation. 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. COA ERS 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.

As the reader may abe aware, GASB has recently issued new statements regarding disclosure requirements for governmental pension plans and their sponsors. These disclosure requirements will become effective for COA ERS in calendar year 2014 and for the City in fiscal year 2015.

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.

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 65.7% at the prior valuation to 63.9% at this valuation. Based on the new benefit provisions and the new 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 amortize the unfunded liabilities of the system over a period of less than 30 years, assuming all valuation assumptions are realized in the future. Of course this could change with the addition of any unfunded liabilities (such as cost of living adjustments) or if there is a significant downturn in the financial markets.

ACTUARIAL TABLES

 TABLE 1

SUMMARY OF COST ITEMS

	December 31, 2012		December 31, 2011	
	Cost Item	Cost as % of Pay	Cost Item	Cost as % of Pay
	(1)	(2)	(3)	(4)
1. Participants				
a. Active	8,387		8,348	
b. Terminated vested	924		922	
c. Retired participants and beneficiaries	4,741		4,455	
d. Disabled	90		87	
e. Proportional PSEM and CCSD	124		134	
f. Total	14,266		13,946	
2. Covered Payroll	$ 470,231,969		$ 451,831,198	
3. Averages for Active Participants				
a. Average age	45.1		44.9	
b. Average years of service	9.7		9.7	
c. Average pay	$ 56,067		$ 54,124	
4. Total Normal Cost	$ 54,554,538	11.86% *	$ 51,058,270	11.74% *
5. Actuarial Accrued Liability				
a. Active participants	$ 1,520,835,021		$ 1,383,791,695	
b. Terminated vested participants	50,142,940		49,504,249	
c. Refunds of terminated nonvested participants	9,375,936		8,252,703	
d. Retired participants and beneficiaries	1,362,279,838		1,255,155,557	
e. Disabled participants	12,964,872		12,311,797	
f. Proportional PSEM and CCSD	12,781,085		14,828,814	
g. Total	$ 2,968,379,692	631.26%	$ 2,723,844,815	602.85%
6. Actuarial Assets	$ 1,897,722,867	403.57%	$ 1,790,902,641	396.37%
7. Unfunded Actuarial Accrued Liability (UAAL)	$ 1,070,656,825	227.69%	$ 932,942,173	206.48%
8. Relative Size of UAAL				
a. As percent of actuarial assets	56.42%		52.09%	
b. As percent of covered payroll	227.69%		206.48%	
9. 30-year amortization of UAAL as % of covered payroll	13.30%		12.06%	
10. GASB Annual Required Contribution (ARC)				
a. Total contribution rate (Item 4 as % of Pay + Item 9)	25.16%		23.80%	
b. Employee contribution rate	8.00%		8.00%	
c. ARC (10a. - 10b.)	17.16%		15.80%	

* as % of expected payroll for current active members

TABLE 2

ANALYSIS OF NORMAL COST BY COMPONENT

	Cost as % of Pay	
Benefit Component	December 31, 2012	December 31, 2011
(1)	(2)	(3)
1. Retirement Benefits	8.25%	7.77%
2. Termination - Deferred Benefits	0.69%	0.41%
3. Termination - Refund Benefits	2.18%	2.50%
4. Disability Benefits	0.51%	0.44%
5. Death Benefits	0.23%	0.62%
6. Normal Cost	11.86%	11.74%

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

	December 31, 2012 (1)	December 31, 2011 (2)
A. Present Value of Future Benefits		
1. Active participants		
a. Retirement benefits	$ 1,786,567,058	$ 1,504,879,327
b. Deferred termination benefits	79,534,766	125,250,051
c. Refund of nonvested terminations	29,405,665	41,536,148
d. Disability benefits	20,963,438	16,332,483
e. Death benefits	22,241,237	38,914,835
f. Total	$ 1,938,712,164	$ 1,726,912,844
2. Retired participants		
a. Service retirements and beneficiaries	$ 1,362,279,838	$ 1,255,155,557
b. Disability retirements	12,964,872	12,311,797
c. Total	$ 1,375,244,710	$ 1,267,467,354
3. Inactive participants		
a. Vested terminations with deferred benefits	$ 50,142,940	$ 49,504,249
b. Nonvested terminations with refunds payable	9,375,936	8,252,703
c. Total	$ 59,518,876	$ 57,756,952
4. Proportional PSEM and CCSD	$ 12,781,085	$ 14,828,814
5. Total actuarial present value of future benefits	$ 3,386,256,835	$ 3,066,965,963
B. Present Value of Future Pay	$ 3,523,416,046	$ 2,922,667,372
C. Normal Cost Rate	11.86%	11.74%
D. Present Value of Future Normal Costs	$ 417,877,143	$ 343,121,149
E. Actuarial Accrued Liability for Active Members		
1. Present value of future benefits (Item A.1.f.)	$ 1,938,712,164	$ 1,726,912,844
2. Less present value of future normal costs (Item D)	417,877,143	343,121,149
3. Actuarial accrued liability	$ 1,520,835,021	$ 1,383,791,695
F. Total Actuarial Accrued Liability (Item A.2.c + Item A.3.c + Item A.4. + Item E.3)	$ 2,968,379,692	$ 2,723,844,815

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

Item	Plan Year Ending December 31, 2012
(1)	(2)
1. Actuarial value of assets, beginning of year	$ 1,790,902,641
2. Cash flow during the year	
a. Contribution	$ 119,974,844
b. Benefits and Refund Paid	(140,200,299)
c. Total	$ (20,225,455)
3. Expected net investment income at 7.75% earned on:	
a. Actuarial value of assets, beginning of year	$ 138,794,955
b. Cash Flow	(331,006)
c. Total	138,463,949
4. Expected actuarial value of assets, end of year	$ 1,909,141,135
5. Market value of plan net assets, end of year	$ 1,863,468,061
6. Difference between expected actuarial assets and market value of assets (Item 5 - Item 4)	$ (45,673,074)
7. Excess/(shortfall) recognized (Table 4b Item 6)	$ (11,418,268)
8. Preliminary actuarial value of plan assets, end of year (Item 4 + Item 7)	$ 1,897,722,867
9. Actuarial value of assets corridor	
a. 80% of market value, end of year	$ 1,490,774,449
b. 120% of market value, end of year	$ 2,236,161,673
10. Final actuarial value of plan net assets, end of year (Item 8, but recognize 1/3 of any deferred gains or losses outside of Item 9)	$ 1,897,722,867
11. Asset gain (loss) for year (Item 10 - Item 4)	$ (11,418,268)

DEVELOPMENT OF AMOUNTS TO BE RECOGNIZED IN THE ACTUARIAL VALUE OF ASSETS

Item	Plan Year Ending December 31, 2012
(1)	(2)
1. Remaining deferrals of excess (shortfall) of investment income from prior years	
a. Current year - 4	$ -
b. Current year - 3	-
c. Current year - 2	-
d. Current year - 1	(125,128,218)
e. Total	$ (125,128,218)
2. Current year (Table 4a Item 6 - Table 4b Item 1)	$ 79,455,144
3. Amounts to be immediately recognized by due to an offsetting experience	
a. Current year - 4	$ -
b. Current year - 3	-
c. Current year - 2	-
d. Current year - 1	(79,455,144)
e. Current Year	79,455,144
f. Total	$ -
4. Remaining prior year deferrals:	
a. Current year - 4	$ -
b. Current year - 3	-
c. Current year - 2	-
d. Current year - 1	(45,673,074)
e. Current year	-
f. Total	$ (45,673,074)
5. Deferral of excess (shortfall) of investment income for:	
a. Current year - 4 (0% of Item 4.a.)	$ -
b. Current year - 3 (50% of Item 4.b.)	-
c. Current year - 2 (67% of Item 4.c.)	-
d. Current year - 1 (75% of Item 4.d.)	(34,254,806)
e. Current year (80% of Item 4.e.)	-
f. Total	$ (34,254,806)
6. Total amount recognized in actuarial value of assets (Item 3.f. + Item 4.f. - Item 5.f.)	$ (11,418,268)

TABLE 6

CHANGE IN NET ASSETS

		Valuation Period Ending December 31, 2012 (1)	Valuation Period Ending December 31, 2011 (2)
1.	Assets in plan at beginning of year **(A)**	$ 1,665,774,423	$ 1,711,577,229
2.	Employer contributions	76,052,464	66,545,903
3.	Employee contributions	43,922,380	41,503,157
4.	Benefit payments made*	135,284,635	125,869,030
5.	Refunds of contributions	4,915,664	3,800,721
6.	Expenses paid from trust	2,279,609	2,217,980
7.	Investment return	220,198,702	(21,964,134)
8.	Other	0	0
9.	Assets in plan at end of year **(B)** (1 + 2 + 3 - 4 - 5 - 6 + 7 + 8)	$ 1,863,468,061	$ 1,665,774,423
10.	Approximate rate of return on average invested assets		
	a. Net investment income (7 - 6 = **I**)	$ 217,919,093	$ (24,182,115)
	b. Estimated yield based on **(2I/(A + B - I))**	13.16%	-1.42%

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

ACTUAL VERSUS EXPECTED ACTUARIAL ASSETS

Item	Plan Year Ending December 31, 2012	Plan Year Ending December 31, 2011
(1)	(2)	(3)
1. Actuarial assets, beginning of year (December 31, 2011 after Mark to Market)	$ 1,790,902,641	$ 1,711,577,229
2. Contributions during year	$ 119,974,844	$ 108,049,060
3. Benefits paid during year	$ (135,284,635)	$ (125,869,030)
4. Refunds paid during year	$ (4,915,664)	$ (3,800,721)
5. Other	$ 0	$ 0
6. Assumed net investment income at	7.75%	7.75%
a. Beginning of year assets	$ 138,794,955	$ 132,647,235
b. Contributions	4,649,025	4,186,901
c. Benefits	(4,805,423)	(4,470,973)
d. Refunds	(174,608)	(135,005)
e. Other	0	0
f. Total	$ 138,463,949	$ 132,228,158
7. Expected actuarial assets, end of year (Sum of Items 1 through 6)	$ 1,909,141,135	$ 1,822,184,696
8. Actuarial assets, end of year	$ 1,897,722,867	$ 1,790,902,641
9. Asset gain/(loss) (Item 8 - Item 7)	$ (11,418,268)	$ (31,282,055)

ACTUARIAL GAIN OR LOSS AS OF DECEMBER 31, 2012

	CALCULATION OF TOTAL ACTUARIAL GAIN OR LOSS	2012	2011
1.	Unfunded actuarial accrued liability (UAAL) as of prior year	$ 932,942,173	$ 749,087,565
2.	Actual normal cost paid during year	58,353,144	74,772,885
3.	Subtotal (1 + 2)	$ 991,295,317	$ 823,860,450
4.	Interest at prior valuation's rate of 7.75%	74,564,203	60,951,736
5.	Contributions during year	(119,974,844)	(108,049,060)
6.	Interest on contributions for one-half year	(4,649,025)	(4,186,901)
7.	Expected UAAL as of December 31st (3 + 4 + 5 + 6)	$ 941,235,651	$ 772,576,225
8.	Actual UAAL as of December 31st	1,070,656,825	932,942,173
9.	Actuarial gain/(loss) for the period (7 - 8)	$ (129,421,174)	$ (160,365,948)
	SOURCE OF GAINS AND LOSSES		
10.	Asset gain/(loss) (See Table 7)	$ (11,418,268)	$ (31,282,055)
11.	Total liability gain/(loss) for the period (9-10)	(118,002,906)	(129,083,893)
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	(104,778,999)	(135,857,198)
15.	Liability experience gain/(loss) (11 - 12 - 13 - 14)	$ (13,223,907)	$ 6,773,305
	SOURCE OF LIABILITY GAINS AND LOSSES		
16.	Salary Increases	$ 1,813,440	$ 29,621,427
17.	Service Retirement	(296,878)	4,664,933
18.	Withdrawal	(5,559,620)	(20,664,724)
19.	Disability Retirement	(391,551)	(296,243)
20.	Active Mortality	(105,128)	(299,641)
21.	Retiree Mortality	464,354	529,889
22.	Rehires	(5,203,734)	(5,077,225)
23.	Other (Data) including proportionate program	(3,944,790)	(1,705,111)
24.	Total Liability Experience Gain/(Loss)	$ (13,223,907)	$ 6,773,305

RELATIVE SIZE OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

		Relative to Covered Payroll		Relative to Actuarial Value of Present Assets		Relative to Total Actuarial Accrued Liability	
Valuation as of 31-Dec	Unfunded/ (Overfunded) Actuarial Accrued Liability	Covered Payroll	Percent of Covered Payroll	Present Assets	Percent of Present Assets	Actuarial Accrued Liability	Percent of Actuarial Accrued Liability
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(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%
2012	1,070,656,825	470,231,969	227.7%	1,897,722,867	56.4%	2,968,379,692	36.1%

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%
2012	8,387	470,231,969	56,067	3.6%

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

SCHEDULE OF RETIREES AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS

	Added to Rolls		Removed from Rolls		Rolls-End of Year			
Year Ending December 31	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	% Increase in Annual Allowances	Average Annual Allowances
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
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
2012	405	13,035,228	116	3,011,032	4,831	134,653,163	7.9%	27,873

TABLE 12

SOLVENCY TEST

	Aggregated Accrued Liabilities for				Portions of Accrued Liabilities Covered by Reported Assets		
Valuation Date	Active and Inactive Members Contributions	Retirees and Beneficiaries	Active and Inactive Members (Employer Financed Portion)	Reported Assets	(5)/(2)	[(5)-(2)]/3	[(5)-(2)-(3)]/(4)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
December 31, 1999	$ 230,542,295	$ 536,835,240	$ 277,111,325	$ 1,105,121,657	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%
December 31, 2001	248,579,180	654,307,118	457,383,311	1,311,288,668	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%	58.5%
December 31, 2003	252,182,701	777,100,825	522,547,276	1,348,790,502	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%	46.8%
December 31, 2005	280,994,642	848,185,652	665,001,381	1,398,798,722	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%	38.5%
December 31, 2007	333,340,167	968,493,997	810,977,128	1,653,533,484	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%	11.4%
December 31, 2009	362,288,592	1,109,773,550	858,874,838	1,672,470,344	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%	15.6%
December 31, 2011	413,944,399	1,267,467,354	1,042,433,062	1,790,902,641	100.0%	100.0%	10.5%
December 31, 2012	417,481,360	1,375,244,710	1,175,653,622	1,897,722,867	100.0%	100.0%	8.9%

TABLE 13a

SCHEDULE OF FUNDING PROGRESS
(As required by GASB #25)

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
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%
December 31, 2012	1,897.7	2,968.4	1,070.7	63.9%	470.2	227.7%

Note: Dollar amount in millions.

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%
2012	$72,825,996	104.43%

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, 2012
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Pay, open
Payroll growth rate for amortization	3.50%
Remaining amortization period	27 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.75%
Projected salary increases	4.50% 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, 2012)

A. ACTUARIAL ASSUMPTIONS

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

   Nominal Return of 7.75% : Includes inflation of 3.25%, gross real return of 4.63%, administrative expenses of -0.13%, investment expenses of -0.30%, and additional return of 0.30% due to alpha.

2. Mortality

   a. Nondisabled annuitants (adopted effective December 31, 2012)

      Healthy retirees and beneficiaries – The RP-2000 Mortality Table with the White Collar adjustment projected using the AA projection table with multipliers based on plan experience. The following are sample rates for the year 2000:

Nondisabled Annuity Mortality Rates Before Projection (but after Multiplier Applied)		
Age	Males	Females
50	0.2176%	0.1907%
55	0.3632%	0.3103%
60	0.6141%	0.5612%
65	1.2167%	1.0381%
70	2.1203%	1.8222%
75	3.6997%	3.0860%
80	6.5353%	5.1696%
85	11.5132%	8.9032%
90	19.6100%	15.1381%
Multiplier	110%	120%

STATEMENT OF ACTUARIAL METHODS AND ASSUMPTIONS
(EFFECTIVE AS OF December 31, 2012)
(Continued)

b. Disabled (adopted effective December 31, 2002)

Disabled annuitants – The RP-2000 Mortality Table for Disabled lives projected using the AA projection table with multipliers based on plan experience. The following are sample rates for the year 2000:

Disabled Annuity Mortality Rates Before Projection (but after Multiplier Applied)		
Age	Males	Females
50	4.3463%	1.3842%
55	5.3163%	1.9853%
60	6.3063%	2.6207%
65	7.5261%	3.3631%
70	9.3875%	4.5162%
75	12.3101%	6.2676%
80	16.4058%	8.6774%
85	21.2405%	12.0244%
90	27.5112%	16.8059%
Multiplier	150%	120%

c. Active members (adopted effective December 31, 2012)

Active employees – The RP-2000 Mortality Table for employees projected using the AA projection table with multipliers based on plan experience. The following are sample rates for 2000:

Active Employee Mortality Rates Before Projection (but after Multiplier Applied)		
Age	Males	Females
25	0.0263%	0.0145%
30	0.0311%	0.0185%
35	0.0541%	0.0333%
40	0.0755%	0.0494%
45	0.1056%	0.0787%
50	0.1497%	0.1173%
55	0.2120%	0.1768%
60	0.3415%	0.2752%
65	0.5301%	0.4075%
Multiplier	70%	70%

STATEMENT OF ACTUARIAL METHODS AND ASSUMPTIONS
(EFFECTIVE AS OF December 31, 2012)
(Continued)

3. Retirement Rates: (adopted effective December 31, 2012)
   The following rates of retirement are assumed for members eligible for normal retirement.

Age	Rates of Retirement	
	Males	Females
45 & under	25.0%	27.0%
46	25.0%	27.0%
47	25.0%	27.0%
48	25.0%	27.0%
49	25.0%	27.0%
50	25.0%	26.0%
51	25.0%	26.0%
52	25.0%	26.0%
53	25.0%	26.0%
54	25.0%	26.0%
55	25.0%	25.0%
56	25.0%	25.0%
57	25.0%	25.0%
58	25.0%	25.0%
59	25.0%	25.0%
60	25.0%	24.0%
61	25.0%	24.0%
62	25.0%	24.0%
63	25.0%	24.0%
64	25.0%	24.0%
65	25.0%	21.0%
66	25.0%	21.0%
67	25.0%	21.0%
68	25.0%	21.0%
69	25.0%	21.0%
70	25.0%	20.0%
71	25.0%	20.0%
72	25.0%	20.0%
73	25.0%	20.0%
74 & 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, 2012)
(Continued)

4. Rates of Decrement Due to Withdrawal (adopted effective December 31, 2012)

Rates of withdrawal are comprised of a select period for the first 5 years of employment and ultimate rates based on years of service from retirement after the end of the select period. Sample rates during the select period are shown below:

	Males				
	Year of Employment				
Age	1	2	3	4	5
25	0.1771	0.1549	0.1358	0.1145	0.1122
30	0.1610	0.1408	0.1234	0.1040	0.1019
35	0.1532	0.1339	0.1088	0.0855	0.0802
40	0.1389	0.1214	0.0946	0.0736	0.0706
45	0.1256	0.1098	0.0845	0.0675	0.0675
50	0.1155	0.1010	0.0803	0.0666	0.0670
55	0.1094	0.0957	0.0820	0.0699	0.0668
60	0.1125	0.0983	0.0888	0.0769	0.0668

	Females				
	Year of Employment				
Age	1	2	3	4	5
25	0.2072	0.1936	0.1760	0.1461	0.0999
30	0.2012	0.1881	0.1709	0.1418	0.0962
35	0.2000	0.1870	0.1653	0.1222	0.0842
40	0.1842	0.1721	0.1484	0.1087	0.0772
45	0.1642	0.1534	0.1346	0.1021	0.0772
50	0.1381	0.1291	0.1207	0.0976	0.0783
55	0.1329	0.1266	0.1142	0.0911	0.0832
60	0.1404	0.1338	0.1206	0.1005	0.0966

STATEMENT OF ACTUARIAL METHODS AND ASSUMPTIONS (EFFECTIVE AS OF December 31, 2012) (Continued)

After the select period ends, rates of withdrawal are based on the number of years from employment. Sample rates are shown below for males and females

Years from Eligibility for Unreduced Retirement	Rates of Withdrawal After Select Period	
	Males	Females
1	0.0112	0.0108
2	0.0153	0.0160
3	0.0182	0.0201
4	0.0207	0.0237
5	0.0228	0.0270
6	0.0248	0.0299
7	0.0265	0.0326
8	0.0281	0.0352
9	0.0296	0.0377
10	0.0310	0.0400
11	0.0323	0.0422
12	0.0336	0.0444
13	0.0348	0.0465
14	0.0360	0.0485
15	0.0371	0.0504
16	0.0381	0.0523
17	0.0392	0.0541
18	0.0402	0.0559
19	0.0411	0.0577
20	0.0421	0.0594
21	0.0430	0.0610
22	0.0439	0.0627
23	0.0448	0.0643
24	0.0456	0.0659
25	0.0464	0.0674

STATEMENT OF ACTUARIAL METHODS AND ASSUMPTIONS (EFFECTIVE AS OF December 31, 2012) (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, 2012)

Years of Service	Promotional Rate of Increase	Total Annual Rate of Increase Including 3.25% Inflation Component and 1.75% Productivity Component
1 – 7	1.50%	6.00%
8	1.25%	5.75%
9	0.75%	5.25%
10	0.50%	5.00%
11 - 19	0.25%	4.75%
20 or more	0.00%	4.50%

7. DROP Participation: (adopted effective December 31, 2012)

It was assumed that 15% 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, 2012)
(Continued)

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

   100% of the active members are assumed to be married.

9. There will be no recoveries once disabled: (adopted effective December 31, 1997)

10. Spousal Age Difference: (adopted effective December 31, 2012)

    Males are assumed to be three years older than their spouses.

11. 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.

12. 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%.

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

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

14. Individual salaries used to project benefits: (adopted effective December 31, 1997)

    Rates of pay as of the valuation date are reported for all employees.

15. Pay increase timing: (adopted effective December 31, 1997)

    Middle of calendar year.

16. Decrement timing: (adopted effective December 31, 1997)

    Decrements of all types are assumed to occur mid-year.

17. Eligibility testing: (adopted effective December 31, 2002)

    Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.

STATEMENT OF ACTUARIAL METHODS AND ASSUMPTIONS
(EFFECTIVE AS OF December 31, 2012)
(Continued)

18. Decrement relativity: (adopted effective December 31, 2002)

    Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.

19. Incidence of Contributions: (adopted effective December 31, 2002)

    Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.

20. Benefit Service: (adopted December 31, 1997)

    All members are assumed to accrue 1 year of eligibility service each year.

21. Mortality Improvement:

    The base mortality tables are anchored at the year 2000. To account for future mortality improvement, the base mortality rates shown in Item 2 are projected forward using scale AA for all future years.

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. The expected investment return each year is calculated based on the actuarial value of assets with the difference from actual income smoothed in over five years in 20% increments. If the current year’s difference is opposite sign of any of the prior years’ deferred Excesses/(Shortfalls), then the prior years’ bases (starting with the oldest) are reduced dollar for dollar along with the current year’s base. Any remaining bases are then recognized over five years (20% per year) from their initial creation.

If the resulting preliminary asset value is less than 80% or more than 120% of the market value of assets, then 1/3 of the amount outside of the 80%-120% corridor is recognized in the final actuarial value of assets.

STATEMENT OF ACTUARIAL METHODS AND ASSUMPTIONS (EFFECTIVE AS OF December 31, 2012) (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, 2012

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, 2012, this additional contribution became 10% of pay, for a total city contribution of 18%. 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, 2012 (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, 2012 (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.

SUMMARY OF BENEFIT PROVISIONS
OF THE RETIREMENT PLAN AS OF DECEMBER 31, 2012
(Continued)

H. VESTING OF BENEFITS

1. Vesting

An employee is vested according to the following schedule:

Years of Vesting Service	Vested Percentage
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, 2012 (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, 2012 (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, 2012 (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, 2012 (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, 2012 (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, 2012
(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, 2012 (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.

BB. BENEFIT ENHANCEMENTS ENACTED BY THE BOARD OF TRUSTEES IN 2012

None

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

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

DISTRIBUTION OF ALL ACTIVE PARTICIPANTS BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2012

Attained Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Number of Employees	Average Annual Salary
Under 25	53	30	12	8	4	0	0	0	0	0	0	0	107	$ 32,413
25-29	143	120	100	41	48	116	0	0	0	0	0	0	568	38,442
30-34	135	96	107	57	106	352	92	2	0	0	0	0	947	45,404
35-39	110	74	87	60	83	353	258	56	2	0	0	0	1,083	52,229
40-44	87	62	59	77	107	320	329	161	52	1	0	0	1,255	56,197
45-49	70	48	67	46	85	276	301	235	142	43	1	0	1,314	59,674
50-54	41	59	51	33	62	266	303	229	177	103	13	0	1,337	62,400
55-59	32	40	37	28	46	205	210	175	152	70	19	1	1,015	63,128
60-64	13	17	17	16	25	121	140	97	70	35	16	4	571	65,101
65 & Over	2	5	6	2	8	42	57	32	21	6	6	3	190	61,856
All Ages	686	551	543	368	574	2,051	1,690	987	616	258	55	8	8,387	$ 56,067

DISTRIBUTION OF GROUP A ACTIVE PARTICIPANTS BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2012

Attained Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Number of Employees	Average Annual Salary
Under 25	0	30	12	8	4	0	0	0	0	0	0	0	54	$ 34,290
25-29	0	120	100	41	48	116	0	0	0	0	0	0	425	39,216
30-34	0	96	107	57	106	352	92	2	0	0	0	0	812	46,359
35-39	1	74	87	60	83	353	258	56	2	0	0	0	974	53,122
40-44	0	61	59	77	107	320	329	161	52	1	0	0	1,167	57,106
45-49	0	48	67	46	85	276	301	235	142	43	1	0	1,244	60,336
50-54	0	59	51	33	62	265	303	229	177	103	13	0	1,295	62,611
55-59	0	40	37	28	46	205	210	175	152	70	19	1	983	63,449
60-64	0	17	17	16	25	121	140	97	70	35	16	4	558	65,219
65 & Over	0	5	5	2	8	42	57	32	21	6	6	3	187	61,709
All Ages	1	550	542	368	574	2,050	1,690	987	616	258	55	8	7,699	$ 57,279

DISTRIBUTION OF GROUP B ACTIVE PARTICIPANTS BY AGE AND LENGTH OF SERVICE AS OF DECEMBER 31, 2012

Attained Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Number of Employees	Average Annual Salary
Under 25	53	0	0	0	0	0	0	0	0	0	0	0	53	$ 30,501
25-29	143	0	0	0	0	0	0	0	0	0	0	0	143	36,143
30-34	135	0	0	0	0	0	0	0	0	0	0	0	135	39,658
35-39	109	0	0	0	0	0	0	0	0	0	0	0	109	44,253
40-44	87	1	0	0	0	0	0	0	0	0	0	0	88	44,137
45-49	70	0	0	0	0	0	0	0	0	0	0	0	70	47,903
50-54	41	0	0	0	0	1	0	0	0	0	0	0	42	55,877
55-59	32	0	0	0	0	0	0	0	0	0	0	0	32	53,261
60-64	13	0	0	0	0	0	0	0	0	0	0	0	13	60,027
65 & Over	2	0	1	0	0	0	0	0	0	0	0	0	3	71,025
All Ages	685	1	1	0	0	1	0	0	0	0	0	0	688	$ 42,506

DISTRIBUTION OF ALL ACTIVE PARTICIPANTS BY SERVICE AND CURRENT RATE OF PAY AS OF DECEMBER 31, 2012

Completed Years of Service	Number of Employees	Total Average Salary
0	686	$ 42,411
1	551	47,111
2	543	49,775
3	368	54,614
4	574	51,533
5-9	2,051	52,891
10-14	1,690	59,731
15-19	987	63,382
20-24	616	69,852
25-29	258	73,249
30-34	55	69,478
35+	8	93,031
All Years	8,387	$ 56,067

SCHEDULE OF AVERAGE BENEFIT PAYMENTS

Retirement Effective Dates January 1, 2007 to December 31, 2012	Years Creditable Service 0-4	5-9	10-14	15-19	20-24	25-29	30+
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
Period 01/01/2012 to 12/31/2012							
Average Monthly Benefit	$263	$890	$1,591	$2,366	$3,158	$4,669	$4,490
Average Final Salary	$41,271	$50,472	$55,358	$57,742	$61,017	$74,302	$60,811
Number of Active Retirees	12	46	52	33	109	73	17

TABLE 20

RETIRED MEMBERS BY TYPE OF BENEFIT (AS OF DECEMBER 31, 2012)

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						824									
$1-250	141	117	9	3	12	83	46	6	2				4		
251-500	230	181	25	11	13	105	83	14	8	4		1	14	1	
501-750	262	196	41	11	14	111	88	25	16	4	4	1	10	1	2
751-1,000	292	217	47	16	12	119	88	26	22	6	5	13	8	1	4
1,001-1,250	279	214	46	14	5	83	98	17	15	8	17	14	10		17
1,251-1,500	362	301	46	13	2	100	137	28	22	4	22	20	12	1	16
1,501-1,750	366	324	35	6	1	104	128	29	24	5	21	25	15	2	13
1,751-2,000	380	330	38	9	3	107	133	38	21	3	27	27	7		17
Over $2,000	2,519	2,379	127	7	6	689	1,011	209	169	31	106	99	82	13	110
Total	**4,831**	**4,259**	**414**	**90**	**68**	**2,325**	**1,812**	**392**	**299**	**65**	**202**	**200**	**162**	**19**	**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 guaranteed
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 824 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.

CHANGE IN NET ASSETS, LAST TEN FISCAL YEARS

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Additions										
Member Contributions	$30,449	$32,272	$33,334	$35,791	$39,971	$41,263	$38,752	$40,629	$41,503	$43,922
Employer Contributions	24,907	27,008	27,168	30,610	36,521	40,786	45,263	53,576	66,718	76,217
Investment Income (net of expenses)	246,069	145,631	118,154	179,952	114,931	(435,867)	310,844	230,102	(21,964)	220,199
Total additions to plan net assets	301,426	204,911	178,656	246,353	191,423	(353,818)	394,859	$324,307	$86,257	$340,338
Deductions										
Benefit Payments	77,187	81,426	85,851	90,116	94,627	100,707	108,090	115,665	123,558	131,606
Refunds	4,477	5,112	3,775	4,196	4,438	4,285	4,858	4,205	3,801	4,916
Administrative Expenses	1,553	1,555	1,497	1,671	1,776	1,883	2,032	2,113	2,218	2,280
Lump-sum Payments	1,029	1,343	1,798	2,178	1,328	3,022	3,095	2,013	2,483	3,843
Total deductions from plan net assets	84,246	89,436	92,921	98,161	102,169	109,897	118,075	123,996	132,060	142,645
Change in net assets	$217,180	$115,475	$85,735	$148,192	$89,254	($463,715)	$276,784	$200,311	($45,803)	$197,693

Notes: Dollar amounts in thousands
Columns may not add due to rounding
Includes contributions to and benefit payments from 415 Restoration Plan

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Type of Benefit										
Age and service benefits:										
Retirees [a]	$75,527	$80,152	$84,003	$88,513	$93,049	$99,219	$106,148	$114,244	$121,366	$130,019
Beneficiaries [a]										
Lump-sum payments	$1,029	$1,343	$1,798	$2,178	$1,328	$3,022	$3,095	$2,011	$2,483	$3,843
In service death benefits: [b]	$1,660	$1,274	$1,848	$1,603	$1,578	$1,489	$1,942	$1,421	$2,192	$1,587
Disability benefits: [c]										
Total benefits	$78,216	$82,769	$87,649	$92,294	$95,955	$103,730	$111,185	$117,676	$126,041	$135,449
Type of Refund										
Death [b]										
Separation	$4,477	$5,112	$3,775	$4,196	$4,438	$4,285	$4,858	$4,205	$3,801	$4,916
Total refunds	$4,477	$5,112	$3,775	$4,196	$4,438	$4,285	$4,858	$4,205	$3,801	$4,916

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