

AUSTIN FIREFIGHTERS'  
RELIEF AND RETIREMENT FUND

ACTUARIAL VALUATION  
AS OF DECEMBER 31, 2011

May 11, 2012

Mr. William E. Stefka  
Austin Firefighters'  
Relief and Retirement Fund  
4101 Parkstone Heights Drive, Suite 270  
Austin, TX 78746

Re: Austin Firefighters' Relief and Retirement Fund

Dear Mr. Stefka:

We are pleased to present to the Board this report of the biennial actuarial valuation of the Austin Firefighters' Relief and Retirement Fund. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year(s).

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of the Texas Local Fire Fighters' Retirement Act (TLFFRA) and Vernon's Texas Civil Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

In conducting the valuation, we have relied on personnel, plan design, financial reports, and asset information supplied by the city of Austin, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

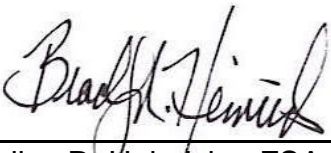
To our knowledge, no associate of Foster & Foster Inc. working on valuations of the program has any direct financial interest or indirect material interest in the city of Austin, nor does anyone at Foster & Foster Inc. act as a member of the Board of Trustees of the Austin Firefighters' Relief and Retirement Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster Inc.

By:

  
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Bradley R. Heinrichs, FSA, EA, MAAA  
Enrolled Actuary #11-6901

BRH/rv

Enclosures

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## SUMMARY OF REPORT

The regular annual actuarial valuation of the Austin Firefighters' Relief and Retirement Fund, performed as of December 31, 2011, has been completed and the results are presented in this Report.

The pension costs, compared with those developed in the December 31, 2009 actuarial valuation performed by Buck Consultants, are as follows:

Valuation Date	<u>12/31/11</u>	<u>12/31/09</u>
Normal Cost % of Total Annual Payroll	31.25%	30.22%
Expected Member Contributions * % of Total Annual Payroll	16.33%	15.70%
City Normal Cost Rate % of Total Annual Payroll	14.92%	14.52%
Funding Period To Amortize UAAL * (expressed in number of years)	20.91	20.50

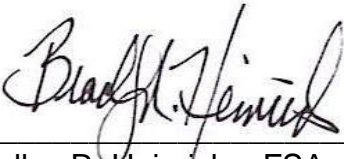
\* A detailed list of the currently scheduled contribution rates for the City and Members can be found on page 10.

This is our first actuarial valuation performed for the Austin Firefighters' Relief and Retirement Fund. Since much of the historical data typically shown in our report is not readily available, we are not able to provide all of the information we would like to include. As a result, we have shown an "N/A" where the data was not available. In future years, the N/A's will be replaced with actual results.

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board of Trustees in order to discuss the Report and any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER INC.

By:   
Bradley R. Heinrichs, FSA, EA, MAAA

### Fund Changes Since Prior Valuation

Since the prior valuation, an Act was adopted that outlines a schedule for increasing the contribution requirements for both the City and the Members of the Fund. A detailed listing of the scheduled contribution requirements can be found on page 10 of the report.

Additionally, the Board recently adopted a resolution to the Fund providing that all retirees and surviving spouses who are currently receiving normal service retirement or disability benefits that initially commenced prior to January 1, 1994, shall be entitled to receive a benefit that is not less than \$2,000 per month, effective July 1, 2012. Please also note that any future surviving spouse that is predeceased by a retiree as classified above shall also be entitled to receive a benefit that is not less than \$2,000 per month.

It is our opinion that the amount necessary to fund the above stated cost-of-living adjustment will not impair the Fund's financial stability in compliance with Section 9.04 of the Fund Statutes.

### Actuarial Assumption/Method Changes Since Prior Valuation

There has been no change in assumptions or methods since the prior valuation.

## Comparative Summary of Principal Valuation Results

	<u>New Benefits</u> <u>12/31/2011</u>	<u>Old Benefits</u> <u>12/31/2011</u>	<u>Old Benefits</u> <u>12/31/2009</u>
<b>A. Participant Data</b>			
Actives	955	955	1,025
Service Retirees + DROP	464	464	451
Beneficiaries	79	79	74
QDRO **	31	31	N/A
Disability Retirees **	17	17	N/A
Terminated Vested	5	5	5
	1,551	1,551	1,555
Total Annual Payroll	82,078,344	82,078,344	78,979,991
Payroll Under Assumed Ret. Age	76,700,157	76,700,157	78,979,991
<b>Annual Rate of Payments to:</b>			
Service Retirees **	23,785,865	23,784,383	N/A
Beneficiaries **	2,465,151	2,389,497	N/A
QDRO **	560,444	560,444	N/A
Disability Retirees **	597,611	593,166	N/A
Terminated Vested **	157,112	157,112	N/A
<b>B. Assets</b>			
Actuarial Value	651,557,181	651,557,181	589,261,001
Market Value	581,534,268	581,534,268	530,927,802
<b>C. Liabilities</b>			
<b>Present Value of Benefits **</b>			
<b>Active Members</b>			
Retirement Benefits	632,248,298	632,248,298	N/A
Vested Benefits	1,176,529	1,176,529	N/A
Death Benefits	7,360,590	7,360,590	N/A
Disability Benefits	19,489,678	19,489,678	N/A
Refund of Contributions	609,752	609,752	N/A
Service Retirees + DROP	284,795,266	284,768,102	N/A
Beneficiaries	18,254,676	17,829,606	N/A
QDRO	6,380,958	6,380,958	N/A
Disability Retirees	5,358,264	5,254,061	N/A
Terminated Vested	1,374,992	1,374,992	N/A
	977,049,003	976,492,566	895,123,489

\* Liabilities shown represent present value of future payments.

\*\* The December 31, 2009 actuarial valuation report provided by Buck Consultants does not include this specific information



	New Benefits <u>12/31/2011</u>	Old Benefits <u>12/31/2011</u>	Old Benefits <u>12/31/2009</u>
C. Liabilities - (Continued)			
Present Value of Future Salaries	769,821,490	769,821,490	764,130,719
Normal Cost (Entry Age Normal) *			
Retirement Benefits	21,379,598	21,379,598	N/A
Vested Benefits	97,589	97,589	N/A
Death Benefits	483,882	483,882	N/A
Disability Benefits	987,590	987,590	N/A
Refund of Contributions	124,340	124,340	N/A
Total Normal Cost	<u>23,072,999</u>	<u>23,072,999</u>	<u>23,867,753</u>
Present Value of Future Normal Costs	230,905,824	230,905,824	230,938,249
Actuarial Accrued Liability *			
Retirement Benefits	417,043,200	417,043,200	N/A
Vested Benefits	544,051	544,051	N/A
Death Benefits	2,746,603	2,746,603	N/A
Disability Benefits	9,533,803	9,533,803	N/A
Refund of Contributions	111,366	111,366	N/A
Inactives	316,164,156	315,607,719	N/A
Total Actuarial Accrued Liability	<u>746,143,179</u>	<u>745,586,742</u>	<u>664,185,240</u>
Unfunded Actuarial Accrued Liability (UAAL)	94,585,998	94,029,561	74,924,239
D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits *			
Inactives	316,164,156	315,607,719	N/A
Actives	109,222,800	109,222,800	N/A
Member Contributions	<u>169,240,637</u>	<u>169,240,637</u>	<u>N/A</u>
Total	594,627,593	594,071,156	N/A
Non-vested Accrued Benefits *	19,151,050	19,151,050	N/A
Total Present Value Accrued Benefits *	<u>613,778,643</u>	<u>613,222,206</u>	<u>N/A</u>

\* The December 31, 2009 actuarial valuation report provided by Buck Consultants does not include this specific information

Valuation Date	<u>New Benefits</u> <u>12/31/2011</u>	<u>Old Benefits</u> <u>12/31/2011</u>	<u>Old Benefits</u> <u>12/31/2009</u>
E. Pension Cost			
Normal Cost % of Total Annual Payroll*	31.25	31.25	30.22
Expected Member Contributions *** % of Total Annual Payroll*	16.33	16.33	15.70
City Normal Cost Rate % of Total Annual Payroll*	14.92	14.92	14.52
Funding Period to Amortize UAAL **	20.91 years	20.75 years	20.5 years

F. 30-Year Funding Cost

Normal Cost % of Total Annual Payroll*	31.25	31.25	30.22
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years % of Total Annual Payroll*	7.21	7.17	5.54
Total 30-Year Funding Cost % of Total Annual Payroll*	38.46	38.42	35.76

\* Contributions developed as of 12/31/11 are expressed as a percentage of projected payroll under assumed retirement age at 12/31/11 of \$76,700,157 and assumed to be made mid-year

\*\* The City is currently scheduled to make annual contributions to the Fund as follows:  
 20.05% of total payroll from 10/1/2011 to 9/30/2012  
 21.05% of total payroll beginning 10/1/2012 and for 24 pay dates thereafter  
 22.05% of total payroll beginning with the 25th pay date of the 2013 fiscal year

\*\*\* Active Members are currently scheduled to make regular contributions to the Fund as follows:  
 16.20% of Compensation from 10/1/2011 to 9/30/2012  
 16.70% of Compensation from 10/1/2012 to 9/30/2013  
 17.20% of Compensation from 10/1/2013 to 9/30/2014  
 17.70% of Compensation from 10/1/2014 to 9/30/2015  
 18.20% of Compensation from 10/1/2015 to 9/30/2016  
 18.70% of Compensation on and after 10/1/2016

Valuation Date	New Benefits <u>12/31/2011</u>	Old Benefits <u>12/31/2011</u>
G. Two-Year Projection of Funding Period to Amortize UAAL		
Normal Cost Rate % of Total Annual Payroll	31.26	31.26
City Contribution Rate (Fiscal 2014) % of Total Annual Payroll	22.05	22.05
Member Contribution Rate (Fiscal 2014) % of Total Annual Payroll	17.33	17.33
City Normal Cost Rate % of Total Annual Payroll	13.93	13.93
Projected Funding Period to Amortize UAAL (as of December 31, 2013)	25.00 years	24.79 years

### Statement by Enrolled Actuary

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of the Texas Local Fire Fighters' Retirement Act (TLFFRA), Vernon's Texas Civil Statutes, and adhere to the Actuarial Standards of Practice. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.



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Bradley R. Heinrichs, FSA, EA, MAAA  
Enrolled Actuary #11-6901

## ACTUARIAL ASSUMPTIONS AND FUNDING METHODS

<u>Mortality Rates – Healthy Lives</u>	RP2000 (Fully Generational) set back two years for males and females -- Sex Distinct.
<u>Mortality Rates – Disabled Lives</u>	RP2000 Disability Mortality Table
<u>Retirement Age</u>	See table below.
<u>Termination Rates</u>	See table on next page.
<u>Disability Rates</u>	See table on next page.
<u>Interest Rate</u>	7.75% per year, compounded annually, net of investment related expenses.
<u>Salary Increases</u>	See table on next page.
<u>Inflation (Payroll Growth)</u>	3.5% per year for amortization of the Unfunded Actuarial Accrued Liability.
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method
<u>Marital Status</u>	100% of actives are assumed to be married at time of benefit commencement

### Retirement Rates

<u>Number of Years After First Eligibility For Early Retirement</u>	<u>Probability of Normal Retirement</u>
0	6.0%
1	2.0%
2	2.0%
3	2.0%
4	2.0%
5	5.0%
6	10.0%
7	10.0%
8	10.0%
9	15.0%
10	15.0%
11	15.0%
12	15.0%
13	30.0%
14	50.0%
15	100.0%

ACTUARIAL ASSUMPTIONS AND FUNDING METHODS  
(Continued)

Termination Rates

<u>Years of Service</u>	<u>% of Active Members Separating Within Next Year</u>
0	1.5%
5	0.9%
10	0.6%
15	0.1%
20	0.0%

Disability Rates

<u>Age</u>	<u>% Becoming Disabled During the Year</u>
20	0.014%
25	0.019%
30	0.031%
35	0.052%
40	0.092%
45	0.209%
50	0.379%
55	0.490%
60	0.911%

% Increase in Salary\*

<u>Years of Service</u>	<u>Increase</u>
0	9.28%
1	13.10%
2	12.73%
3	1.0%
4	1.0%
5	6.0%
10	1.0%
15	1.0%
20	6.0%
25	1.0%
30	1.0%

\* Expected increase in salary in addition to inflation assumption

## VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay as of the valuation date of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Individual Entry Age Normal Actuarial Cost Method (Level Percent of Compensation) is the method used to determine required contributions under the Fund. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Accrued (Past Service) Liability. The actuarial accrued liability for active participants is the difference between the present value of future benefits and the present value of future Normal Costs. The actuarial accrued liability for inactive participants is the present value of future benefits.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the actuarial value of assets.

Austin FireFighters'  
Relief and Retirement Fund

BALANCE SHEET  
December 31, 2010

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Property, Furniture & Equipment	302,239.01	302,239.01
Checking Account - Expenses	184,793.24	184,793.24
Checking Account - Benefits	496,684.37	496,684.37
Pending Trades Payable	(34,538.94)	(34,538.94)
Cash	7,643,707.37	7,643,707.37
Total Cash and Equivalents	8,592,885.05	8,592,885.05
Receivable:		
Accrued Income	423,623.53	423,623.53
Total Receivable	423,623.53	423,623.53
Investments:		
State Street Securities	531,731,956.03	593,345,116.77
Total Investments	531,731,956.03	593,345,116.77
TOTAL ASSETS	540,748,464.61	602,361,625.35
<u>LIABILITIES AND NET ASSETS</u>		
Total Liabilities	0.00	0.00
Net Assets:		
Active and Retired Members' Equity	540,748,464.61	602,361,625.35
Total Net Assets	540,748,464.61	602,361,625.35
TOTAL LIABILITIES AND NET ASSETS	540,748,464.61	602,361,625.35



Austin FireFighters'  
Relief and Retirement Fund

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
December 31, 2010  
Market Value Basis

INCOME

Contributions:		
Member	11,866,663.40	
City	13,847,406.21	
Total Contributions		25,714,069.61
Earnings from Investments		
Interest & Dividends	13,894,762.98	
Miscellaneous Income	3,127,807.29	
Net Realized Gain (Loss)	54,898,491.16	
Unrealized Gain (Loss)	5,597,397.40	
Total Earnings and Investment Gains		77,518,458.83
	EXPENSES	
Administrative Expenses:		
Investment Related*	2,482,626.43	
Other	776,215.85	
Total Expenses		3,258,842.28
Distributions to Members:		
Benefit Payments	24,641,781.12	
Lump Sum DROP Balances	3,898,081.69	
Termination Payments	0.00	
Total Distributions		28,539,862.81
Change in Net Assets for the Year		71,433,823.35
Net Assets Beginning of the Year		530,927,802.00
Net Assets End of the Year		602,361,625.35

\*Investment Related expenses include investment advisory, custodial and performance monitoring fees.

Austin FireFighters'  
Relief and Retirement Fund

ACTUARIAL ASSET VALUATION  
December 31, 2010

Actuarial Assets are developed by recognizing 20% of the investment gain or loss, after taking into consideration contributions, benefit payments, and the expected investment earnings. The actuarial investment gain or loss is defined as the actual Market Value of Assets minus the expected Actuarial Value of Assets. The Actuarial Value used for funding purposes cannot exceed 120% or be less than 80% of the Market Value of Assets.

Development of Investment Gain/Loss

Market Value of Assets, 12/31/2009	530,927,802
Actuarial Value of Assets, 12/31/2009	589,261,001
Contributions Less Benefit Payments	(2,825,793)
Expected Investment Earnings on Actuarial Value*	45,558,228
Expected Actuarial Value of Assets (AVA), 12/31/2010	631,993,436
Actual Market Value of Assets (MVA), 12/31/2010	602,361,625
Excess/(Shortfall) of Actual MVA over Expected AVA	(29,631,810)

\*Expected Investment Earnings =  $0.0775 * (589,261,001 - .5 * 2,825,793)$

Development of Actuarial Value of Assets

Expected Actuarial Value of Assets, 12/31/2010	631,993,436
Adjustment to Expected Value (20% of Excess/(Shortfall))	(5,926,362)
Actuarial Value of Assets, 12/31/2010	626,067,074

(A) 12/31/2009 Actuarial Assets 589,261,001

(I) Net Investment Income:

1. Interest and Dividends	17,022,570
2. Realized Gains (Losses)	54,898,491
3. Change in Actuarial Value	(29,030,353)
4. Investment and Administrative Expenses	(3,258,842)
Total	39,631,866

(B) 12/31/2010 Actuarial Assets 626,067,074

Actuarial Assets Rate of Return = $2I/(A+B-I)$ :	6.7%
Market Value of Assets Rate of Return:	14.2%

12/31/10 Limited Actuarial Assets	626,067,074
(Lesser of Actuarial Assets or 120% of Market Value)	

Austin FireFighters'  
Relief and Retirement Fund

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
December 31, 2010  
Actuarial Asset Basis

INCOME

Contributions:		
Member	11,866,663.40	
City	13,847,406.21	
Total Contributions		25,714,069.61
Earnings from Investments		
Interest & Dividends	13,894,762.98	
Miscellaneous Income	3,127,807.29	
Net Realized Gain (Loss)	54,898,491.16	
Change in Actuarial Value	(29,030,353.24)	
Total Earnings and Investment Gains		42,890,708.19
	EXPENSES	
Administrative Expenses:		
Investment Related*	2,482,626.43	
Other	776,215.85	
Total Administrative Expenses		3,258,842.28
Distributions to Members:		
Benefit Payments	24,641,781.12	
Lump Sum DROP Balances	3,898,081.69	
Termination Payments	0.00	
Total Distributions		28,539,862.81
Change in Net Assets for the Year		36,806,072.71
Net Assets Beginning of the Year		589,261,001.00
Net Assets End of the Year**		626,067,073.71

\*Investment Related expenses include investment advisory, custodial and performance monitoring fees.

\*\*Net Assets may be limited for actuarial consideration

Austin FireFighters'  
Relief and Retirement Fund

BALANCE SHEET  
December 31, 2011

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Property, Furniture & Equipment	302,239.01	302,239.01
Checking Account - Expenses	129,721.45	129,721.45
Checking Account - Benefits	428,165.35	428,165.35
Pending Trades Payable	(79,257.60)	(79,257.60)
Cash	(465,995.17)	(465,995.17)
Total Cash and Equivalents	314,873.04	314,873.04
Receivable:		
Accrued Income	391,372.62	391,372.62
Total Receivable	391,372.62	391,372.62
Investments:		
State Street Securities	575,373,862.28	580,828,022.52
Total Investments	575,373,862.28	580,828,022.52
TOTAL ASSETS	576,080,107.94	581,534,268.18
<u>LIABILITIES AND NET ASSETS</u>		
Total Liabilities	0.00	0.00
Net Assets:		
Active and Retired Members' Equity	576,080,107.94	581,534,268.18
Total Net Assets	576,080,107.94	581,534,268.18
TOTAL LIABILITIES AND NET ASSETS	576,080,107.94	581,534,268.18

Austin FireFighters'  
Relief and Retirement Fund

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
December 31, 2011  
Market Value Basis

REVENUES

Contributions:		
Member	11,961,097.87	
City	14,583,154.33	
<b>Total Contributions</b>		<b>26,544,252.20</b>
Earnings from Investments		
Interest & Dividends	13,070,199.72	
Miscellaneous Income	108,077.69	
Net Realized Gain (Loss)	30,430,425.73	
Unrealized Gain (Loss)	(56,159,000.50)	
<b>Total Earnings and Investment Gains</b>		<b>(12,550,297.36)</b>
	<b>EXPENDITURES</b>	
Expenses:		
Investment Related*	2,448,433.71	
Administrative	510,347.07	
<b>Total Expenses</b>		<b>2,958,780.78</b>
Distributions to Members:		
Benefit Payments	26,527,786.90	
Lump Sum DROP Balances	4,700,800.03	
Termination Payments	633,944.30	
<b>Total Distributions</b>		<b>31,862,531.23</b>
<b>Change in Net Assets for the Year</b>		<b>(20,827,357.17)</b>
<b>Net Assets Beginning of the Year</b>		<b>602,361,625.35</b>
<b>Net Assets End of the Year</b>		<b>581,534,268.18</b>

\*Investment Related expenses include investment advisory, custodial and performance monitoring fees.

Austin FireFighters'  
Relief and Retirement Fund

ACTUARIAL ASSET VALUATION  
December 31, 2011

Actuarial Assets are developed by recognizing 20% of the investment gain or loss, after taking into consideration contributions, benefit payments, and the expected investment earnings. The actuarial investment gain or loss is defined as the actual Market Value of Assets minus the expected Actuarial Value of Assets. In addition, the Actuarial Value used for funding purposes cannot exceed 120% or be less than 80% of the Market Value of Assets.

Development of Investment Gain/Loss

Market Value of Assets, 12/31/2010	602,361,625
Actuarial Value of Assets, 12/31/2010	626,067,074
Contributions Less Benefit Payments	(5,318,279)
Expected Investment Earnings on Actuarial Value*	48,314,115
Expected Actuarial Value of Assets (AVA), 12/31/2011	669,062,910
Actual Market Value of Assets (MVA), 12/31/2011	581,534,268
Excess/(Shortfall) of Actual MVA over Expected AVA	(87,528,642)

\*Expected Investment Earnings = 0.0775 \* (626,067,074 - .5 \* 5,318,279)

Development of Actuarial Value of Assets

Expected Actuarial Value of Assets, 12/31/2011	669,062,910
Adjustment to Expected Value (20% of Excess/(Shortfall))	(17,505,728)
Actuarial Value of Assets, 12/31/2011	651,557,181

(A) 12/31/2010 Actuarial Assets 626,067,074

(I) Net Investment Income:

1. Interest and Dividends	13,178,277
2. Realized Gains (Losses)	30,430,426
3. Change in Actuarial Value	(9,841,536)
4. Investment and Administrative Expenses	(2,958,781)
Total	30,808,387

(B) 12/31/2011 Actuarial Assets 651,557,181

Actuarial Assets Rate of Return = 2I/(A+B-I):	4.9%
Market Value of Assets Rate of Return:	-2.5%

12/31/11 Limited Actuarial Assets	651,557,181
(Lesser of Actuarial Assets or 120% of Market Value)	

Austin FireFighters'  
Relief and Retirement Fund

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
December 31, 2011  
Actuarial Asset Basis

REVENUES

Contributions:		
Member	11,961,097.87	
City	14,583,154.33	
Total Contributions		26,544,252.20
Earnings from Investments		
Interest & Dividends	13,070,199.72	
Miscellaneous Income	108,077.69	
Net Realized Gain (Loss)	30,430,425.73	
Change in Actuarial Value	(9,841,535.66)	
Total Earnings and Investment Gains		33,767,167.48
	EXPENDITURES	
Expenses:		
Investment Related*	2,448,433.71	
Administrative	510,347.07	
Total Expenses		2,958,780.78
Distributions to Members:		
Benefit Payments	26,527,786.90	
Lump Sum DROP Balances	4,700,800.03	
Termination Payments	633,944.30	
Total Distributions		31,862,531.23
Change in Net Assets for the Year		25,490,107.67
Net Assets Beginning of the Year		626,067,073.71
Net Assets End of the Year**		651,557,181.38

\*Investment Related expenses include investment advisory, custodial and performance monitoring fees.

\*\*Net Assets may be limited for actuarial consideration

## STATISTICAL DATA

	<u>12/31/2011</u>
Actives	955
Average Current Age	42.8
Average Age at Employment	27.5
Average Past Service	15.3
Average Annual Salary	\$85,946

\* Foster & Foster does not have enough historical data to include data prior to 10/1/2011.  
We will add historical data going forward



## AGE AND SERVICE DISTRIBUTION

### PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	2	0	0	0	0	0	0	0	0	2
25 - 29	0	0	14	0	13	4	0	0	0	0	0	31
30 - 34	0	0	24	0	48	41	14	0	0	0	0	127
35 - 39	0	0	10	0	28	68	58	13	0	0	0	177
40 - 44	0	0	1	0	11	48	68	87	7	0	0	222
45 - 49	0	0	0	0	0	4	23	70	74	25	0	196
50 - 54	0	0	0	0	0	0	0	7	57	72	12	148
55 - 59	0	0	0	0	0	0	0	0	3	28	16	47
60 - 64	0	0	0	0	0	0	0	0	0	0	5	5
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	51	0	100	165	163	177	141	125	33	955

AUSTIN FIREFIGHTERS'  
RELIEF AND RETIREMENT FUND  
SUMMARY OF BENEFIT PROVISIONS

<u>Service</u>	Total years and completed months during which a Member makes contributions to the Fund.
<u>Average Monthly Compensation</u>	Average Salary for the highest 36 months of service.
<u>Member Contributions</u>	16.20% of Salary (as of 12/31/2011). See schedule of rates on Page 10.
<u>City Contributions</u>	20.05% (as of 12/31/2011). See schedule of rates on Page 10.
<u>Normal Retirement</u>	
Date	Earlier of age 50 and 10 years of Service, or 25 years of Service, regardless of age.
Benefit	3.30% of Average Monthly Compensation <u>times</u> Service (\$1,200 minimum).
Form of Benefit	<u>Married</u> : Life Annuity with 75% continued to Surviving Spouse  <u>Single</u> : Life Annuity
<u>Early Retirement</u>	
Date	Earlier of age 45 and 10 years of Service, or 20 years of Service, regardless of age.
Benefit	Same for Normal Retirement as shown above. Members who retire under Early Retirement are not eligible to receive any COLA adjustments until the date they would have met Normal Retirement eligibility requirements.

## Vesting

Schedule	100% after 10 years of Service.
Benefit Amount	Member will receive his (her) accrued benefit payable at age 50 or the date they would have completed 25 years of Service had they remained employed.  Non-vested members receive a refund of member contributions accumulated with 5.0% interest.

## Disability

Eligibility	Disability preventing the Member from performing the duties of a firefighter during the two and one-half years after becoming disabled or any employment after the two and one-half years after becoming disabled.
Benefit	Accrued benefit at date of disability, but not less than 66% of Average Monthly Compensation.
Form of Benefit	<u>Married</u> : Life Annuity with 75% continued to Surviving Spouse  <u>Single</u> : Life Annuity

## Death Benefits

Surviving Spouse of Member:	75% of Member's accrued benefit at date of death, but not less than 49.5% of Average Monthly Compensation.
Dependent Children of Member: (with Surviving Spouse)	Each child is entitled to 15% of the payment paid to the surviving spouse as shown directly above.
Dependent Children of Member: (with no Surviving Spouse)	75% of the payment that would have been paid to a surviving spouse as shown above, split equally among each dependent child.

Cost of Living Adjustment

Eligibility

Normal Retirement.

Amount

Determined by the actuary if providing a COLA will not impair financial stability of the Fund.

DISCLOSURE INFORMATION PER STATEMENT NO. 25 OF THE  
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

The schedule provided below has been prepared in accordance with the requirements  
of paragraph 37 of Statement No. 25 of the Governmental Accounting Standards Board.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/11	651,557,181	746,143,179	94,585,998	87.32%	76,700,157	123.32%
12/31/09	589,261,001	664,185,240	74,924,239	88.72%	78,979,991	94.86%
12/31/07	584,419,830	586,802,156	2,382,326	99.59%	76,556,061	3.11%

The schedule provided below has been prepared in accordance with the requirements  
of paragraph 38 of Statement No. 25 of the Governmental Accounting Standards Board.

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Year Ended December 31	Annual Required Contribution (% of Pay)	City Contribution (% of Pay)	Percentage Contributed
2011	20.06%	19.30%	96.21%
2010	20.06%	18.30%	91.23%
2009	13.32%	18.05%	135.51%