

AUSTIN FIREFIGHTERS'
RELIEF AND RETIREMENT FUND

ACTUARIAL VALUATION
AS OF DECEMBER 31, 2013





July 11, 2014

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 (AFRRF). 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 AFRRF staff, 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.

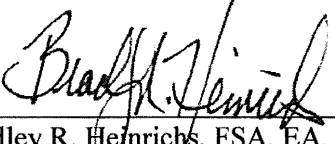
The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the 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 AFRRF. 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: 
Bradley R. Heinrichs, FSA, EA, MAAA
Enrolled Actuary #14-6901

BRH/lke

Enclosures

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SUMMARY OF REPORT

The regular biennial actuarial valuation of the Austin Firefighters' Relief and Retirement Fund, performed as of December 31, 2013, has been completed and the results are presented in this Report.

The pension costs, compared with those developed in the December 31, 2011 actuarial valuation, are as follows:

Valuation Date	<u>12/31/13</u>	<u>12/31/11</u>
Normal Cost % of Total Annual Payroll	31.18%	31.25%
Expected Member Contributions * % of Total Annual Payroll	17.33%	16.33%
City Normal Cost Rate % of Total Annual Payroll	13.85%	14.92%
Funding Period To Amortize UAAL * (expressed in number of years)	10.51	20.91

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

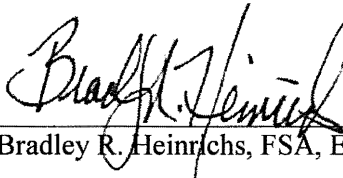
As can be seen above, the funding period required to amortize the Unfunded Actuarial Accrued Liability decreased from 20.91 to 10.51 years since the prior valuation. This decrease is primarily the result of net favorable actuarial experience over the past two years. The main contributing component of favorable experience included an average individual salary increase of 2.6% per year, well below the assumed rates. These liability gains were partially offset by an average investment return (Actuarial Asset Basis) of 7.2% per year, falling short of the 7.75% assumption.

In addition to the actuarial gain, the required funding period decrease is attributable to the fact that the average increase in covered payroll was 5.5% per year, which exceeded the 3.5% assumption. Also, the total contribution rate from City and Member sources has increased from the level that was in effect at the time that the previous valuation was performed.

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 answer any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER INC.

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

CHANGES SINCE PRIOR VALUATION

Fund Changes

There have been no changes in benefit provisions since the prior valuation.

Actuarial Assumption/Method Changes

There has been no change in assumptions since the prior valuation. However, for purposes of determining the funding period required to amortize the Unfunded Actuarial Accrued Liability, a covered payroll which considers new entrants replacing those participants expected to retire in the first year following the valuation date is now being utilized. In order to determine the Normal Cost rate, the methodology of using the payroll under assumed retirement age has been retained.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>12/31/2013</u>	<u>12/31/2011</u>
A. Participant Data		
Actives	1,074	955
Service Retirees + DROP	506	464
Beneficiaries	82	79
QDRO	37	31
Disability Retirees	15	17
Terminated Vested	5	5
	<hr/>	<hr/>
Total	1,719	1,551
Covered Payroll	85,377,451	76,700,157
Payroll Under Assumed Ret. Age	84,036,628	76,700,157
Annual Rate of Payments to:		
Service Retirees	27,213,153	23,785,865
Beneficiaries	2,678,184	2,465,151
QDRO	686,464	560,444
Disability Retirees	559,365	597,611
Terminated Vested	183,774	157,112
B. Assets		
Actuarial Value	742,073,494	651,557,181
Market Value	752,621,826	581,534,268
C. Liabilities *		
Present Value of Benefits		
Active Members		
Retirement Benefits	679,124,892	632,248,298
Vested Benefits	1,303,558	1,176,529
Death Benefits	8,008,429	7,360,590
Disability Benefits	21,505,991	19,489,678
Refund of Contributions	1,132,388	609,752
Service Retirees + DROP	333,655,263	284,795,266
Beneficiaries	19,838,978	18,254,676
QDRO	7,655,264	6,380,958
Disability Retirees	5,017,819	5,358,264
Terminated Vested	1,685,633	1,374,992
	<hr/>	<hr/>
Total	1,078,928,215	977,049,003

* Liabilities shown represent present value of future payments.

	<u>12/31/2013</u>	<u>12/31/2011</u>
C. Liabilities - (Continued)		
Present Value of Future Salaries	902,853,032	769,821,490
Normal Cost (Entry Age Normal)		
Retirement Benefits	23,289,621	21,379,598
Vested Benefits	118,037	97,589
Death Benefits	536,474	483,882
Disability Benefits	1,095,045	987,590
Refund of Contributions	183,125	124,340
Total Normal Cost	<u>25,222,302</u>	<u>23,072,999</u>
Present Value of Future Normal Costs	270,157,062	230,905,824
Actuarial Accrued Liability		
Retirement Benefits	428,034,601	417,043,200
Vested Benefits	476,547	544,051
Death Benefits	2,604,614	2,746,603
Disability Benefits	9,693,321	9,533,803
Refund of Contributions	109,113	111,366
Inactives	367,852,957	316,164,156
Total Actuarial Accrued Liability	<u>808,771,153</u>	<u>746,143,179</u>
Unfunded Actuarial Accrued Liability (UAAL)	66,697,659	94,585,998
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives	367,852,957	316,164,156
Actives	118,281,176	109,222,800
Member Contributions	<u>192,832,799</u>	<u>169,240,637</u>
Total	678,966,932	594,627,593
Non-vested Accrued Benefits	20,306,478	19,151,050
Total Present Value Accrued Benefits	<u>699,273,410</u>	<u>613,778,643</u>

Valuation Date	<u>12/31/2013</u>	<u>12/31/2011</u>
E. Pension Cost		
Normal Cost		
% of Payroll under Assumed Ret. Age*	31.18	31.25
Expected Member Contributions ***		
% of Payroll under Assumed Ret. Age*	17.33	16.33
City Normal Cost Rate		
% of Payroll under Assumed Ret. Age*	13.85	14.92
Funding Period to Amortize UAAL **	10.51 years	20.91 years

F. 30-Year Funding Cost

Normal Cost		
% of Payroll under Assumed Ret. Age*	31.18	31.25
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years		
% of Covered Payroll	4.57	7.21
Total 30-Year Funding Cost		
% of Covered Payroll	35.75	38.46

* Contributions developed as of 12/31/13 are expressed as a percentage of projected payroll under assumed retirement age at 12/31/13 of \$84,036,628 and assumed to be made mid-year

** The City is currently scheduled to make annual contributions to the Fund of 22.05% of pensionable payroll.

*** Active Members are currently scheduled to make regular contributions to the Fund as follows:

- 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

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.



Bradley R. Heinrichs, FSA, EA, MAAA
Enrolled Actuary #14-6901

GAIN/LOSS ANALYSIS

a. Total Gain/(Loss)

1. Unfunded Actuarial Accrued Liability as of December 31, 2011	94,585,998
2. Normal Cost applicable for 2012	23,072,999
3. Normal Cost applicable for 2013	24,480,452
4. Interest on (1), (2), and (3)	20,841,069
5. Contributions made during 2012	28,913,194
6. Contributions made during 2013	31,787,008
7. Interest on (5) and (6)	4,634,227
8. Expected UAAL as of December 31, 2013: (1)+(2)+(3)+(4)-(5)-(6)-(7)	97,646,089
9. Actual UAAL as of December 31, 2013	66,697,659
 Total Actuarial Gain/(Loss)	 30,948,430

b. Gain/(Loss) on Assets

1. Actuarial Value of Assets as of December 31, 2011	651,557,181
2. Contributions Less Benefit Payments	(7,149,143)
3. Expected Investment Earnings	104,311,754
4. Expected AVA as of December 31, 2013: (1)+(2)+(3)	748,719,792
5. Actual Actuarial Value of Assets as of December 31, 2013	742,073,494
 Gain/(Loss) on Assets	 (6,646,298)

c. Gain/(Loss) on Liabilities

1. Expected Actuarial Accrued Liability: a(8)+b(4)	846,365,881
2. Actual Actuarial Accrued Liability	808,771,153
 Gain/(Loss) on Liabilities	 37,594,728

ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rates – Healthy Lives</u>	RP2000 (Fully Generational using Scale AA) 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 tables below.
<u>Termination Rates</u>	See tables below.
<u>Disability Rates</u>	See tables below.
<u>Interest Rate</u>	7.75% per year, compounded annually, net of all expenses.
<u>Salary Increases</u>	See tables below.
<u>Inflation (Payroll Growth)</u>	3.5% per year for amortization of the Unfunded Actuarial Accrued Liability.
<u>Marital Status</u>	100% of actives are assumed to be married at time of benefit commencement. Females are assumed to be 3 years younger than Males. Additionally, 50% are assumed to have dependent children. The age of the youngest child is assumed to be one year.
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method.
<u>Asset Valuation Method</u>	The actuarial asset value is equal to the expected actuarial value of assets adjusted with a 20% difference between the expected actuarial value and the actual market value.

Termination Rates

<u>Years of Service</u>	<u>Termination Probability</u>
0	1.5%
5	0.9
10	0.6
15	0.1
20	0

Retirement Rates

<u>Number of Years After First Eligibility for Early Retirement</u>	<u>Probability of 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

Disability Rates

<u>Age</u>	<u>Probability of Disablement</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
<u>30</u>	<u>1.0</u>

* Expected increase in salary in addition to inflation assumption.

VALUATION NOTES

Payroll under Assumed Retirement Age is the projected rate of pay as of the valuation date of all active participants who are not subject to a 100% probability of retirement in the first year following the valuation date, discounted to take into account the probability of remaining an active participant, along with interest for the middle of year timing.

Covered Payroll is equal to the Payroll under Assumed Retirement Age, with an addition for the projected rate of pay for the active participants who are subject to a 100% probability of retirement in the first year following the valuation date, discounted to take into account interest for middle of year timing.

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.

STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2012

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Property, Furniture & Equipment	271,584.24
Checking Account - Expenses	14,025.79
Checking Account - Benefits	938,928.54
Cash	5,431,203.48
 Total Cash and Equivalents	 6,655,742.05
Receivables:	
From Broker for Investments Sold	10,613.92
Investment Income	314,630.81
 Total Receivable	 325,244.73
Investments:	
State Street Securities	648,520,297.86
 Total Investments	 648,520,297.86
 Total Assets	 655,501,284.64
 <u>LIABILITIES</u>	
Payables:	
Investment Expenses	492,716.78
To Broker for Investments Purchased	155,949.57
 Total Liabilities	 648,666.35
 NET POSITION RESTRICTED FOR PENSIONS	 654,852,618.29

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2012
Market Value Basis

ADDITIONS

Contributions:

Member	12,889,162.49
City	16,024,031.83

Total Contributions 28,913,194.32

Investment Income:

Net Increase in Fair Value of Investments	65,147,665.42
Interest & Dividends	15,010,789.45
Less Investment Expense ¹	(2,504,144.96)

Net Investment Income 77,654,309.91

Total Additions 106,567,504.23

DEDUCTIONS

Distributions to Members:

Benefit Payments	28,220,191.40
Lump Sum DROP Distributions	4,680,709.54
Refunds of Member Contributions	4,527.18

Total Distributions 32,905,428.12

Administrative Expense 343,726.00

Total Deductions 33,249,154.12

Net Increase in Net Position 73,318,350.11

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 581,534,268.18

End of the Year 654,852,618.29

¹Investment Related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
DECEMBER 31, 2012

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, 12/31/2011	581,534,268
Actuarial Value of Assets, 12/31/2011	651,557,181
Contributions Less Benefit Payments	(3,992,234)
Expected Investment Earnings on Actuarial Value*	<u>50,340,982</u>
Expected Actuarial Value of Assets (AVA), 12/31/2012	697,905,930
Actual Market Value of Assets (MVA), 12/31/2012	654,852,618
Excess/(Shortfall) of Actual MVA over Expected AVA	(43,053,311)

*Expected Investment Earnings = $0.0775 * (651,557,181 - .5 * 3,992,234)$

Development of Actuarial Value of Assets

Expected Actuarial Value of Assets, 12/31/2012	697,905,930
Adjustment to Expected Value (20% of Excess/(Shortfall))	<u>(8,610,662)</u>
Actuarial Value of Assets, 12/31/2012	689,295,267

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

(I) Net Investment Income:

1. Interest and Dividends	15,226,637
2. Realized Gains (Losses)	10,150,721
3. Change in Actuarial Value	19,200,833
4. Investment and Administrative Expenses	<u>(2,847,871)</u>

Total 41,730,320

(B) 12/31/2012 Actuarial Assets 689,295,267

Actuarial Assets Rate of Return = $2I/(A+B-I)$: 6.4%

Market Value of Assets Rate of Return: 13.3%

12/31/12 Limited Actuarial Assets 689,295,267

(Lesser of Actuarial Assets or 120% of Market Value)

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2012
Actuarial Asset Basis

REVENUES

Contributions:		
Member	12,889,162.49	
City	16,024,031.83	
Total Contributions		28,913,194.32
Earnings from Investments:		
Interest & Dividends	15,010,789.45	
Miscellaneous Income	215,847.44	
Net Realized Gain (Loss)	10,150,720.87	
Change in Actuarial Value	19,200,832.94	
Total Earnings and Investment Gains		44,578,190.70

EXPENDITURES

Distributions to Members:		
Benefit Payments	28,220,191.40	
Lump Sum DROP Distributions	4,680,709.54	
Refunds of Member Contributions	4,527.18	
Total Distributions		32,905,428.12
Expenses:		
Investment Related ¹	2,504,144.96	
Administrative	343,726.00	
Total Expenses		2,847,870.96
Change in Net Assets for the Year		37,738,085.94
Net Assets Beginning of the Year		651,557,181.38
Net Assets End of the Year²		689,295,267.32

¹Investment Related expenses include investment advisory, custodial and performance monitoring fees.

²Net Assets may be limited for actuarial consideration.

STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2013

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Property, Furniture & Equipment	261,912.74
Checking Account - Expenses	196,954.52
Checking Account - Benefits	473,033.84
Cash	21,203,773.80
 Total Cash and Equivalents	 22,135,674.90
Receivables:	
From Broker for Investments Sold	993,836.68
Investment Income	186,730.17
 Total Receivable	 1,180,566.85
Investments:	
State Street Securities	730,937,981.55
 Total Investments	 730,937,981.55
 Total Assets	 754,254,223.30
 <u>LIABILITIES</u>	
Payables:	
Investment Expenses	461,363.00
To Broker for Investments Purchased	1,171,034.10
 Total Liabilities	 1,632,397.10
 NET POSITION RESTRICTED FOR PENSIONS	 752,621,826.20

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2013
Market Value Basis

ADDITIONS

Contributions:

Member	14,000,513.69	
City	17,786,494.05	

Total Contributions		31,787,007.74
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Investment Income:

Net Increase in Fair Value of Investments	95,125,641.61	
Interest & Dividends	9,010,670.52	
Less Investment Expense ¹	(2,847,145.38)	

Net Investment Income		101,289,166.75
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Total Additions		133,076,174.49
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DEDUCTIONS

Distributions to Members:

Benefit Payments	30,478,524.55	
Lump Sum DROP Distributions	4,390,753.42	
Refunds of Member Contributions	74,638.61	

Total Distributions		34,943,916.58
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Administrative Expense		363,050.00
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Total Deductions		35,306,966.58
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Net Increase in Net Position		97,769,207.91
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		654,852,618.29
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End of the Year		752,621,826.20
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¹Investment Related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
DECEMBER 31, 2013

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, 12/31/2012	654,852,618
Actuarial Value of Assets, 12/31/2012	689,295,267
Contributions Less Benefit Payments	(3,156,909)
Expected Investment Earnings on Actuarial Value*	53,298,053
Expected Actuarial Value of Assets (AVA), 12/31/2013	<u>739,436,411</u>
Actual Market Value of Assets (MVA), 12/31/2013	752,621,826
Excess/(Shortfall) of Actual MVA over Expected AVA	13,185,415

*Expected Investment Earnings = $0.0775 * (689,295,267 - .5 * 3,156,909)$

Development of Actuarial Value of Assets

Expected Actuarial Value of Assets, 12/31/2013	739,436,411
Adjustment to Expected Value (20% of Excess/(Shortfall))	<u>2,637,083</u>
Actuarial Value of Assets, 12/31/2013	742,073,494
(A) 12/31/2012 Actuarial Assets	689,295,267
(I) Net Investment Income:	
1. Interest and Dividends	9,150,183
2. Realized Gains (Losses)	46,708,184
3. Change in Actuarial Value	3,286,964
4. Investment and Administrative Expenses	<u>(3,210,195)</u>
Total	55,935,136

(B) 12/31/2013 Actuarial Assets 742,073,494

Actuarial Assets Rate of Return = $2I/(A+B-I)$: 8.1%
Market Value of Assets Rate of Return: 13.9%

12/31/13 Limited Actuarial Assets 742,073,494
(Lesser of Actuarial Assets or 120% of Market Value)

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2013
Actuarial Asset Basis

REVENUES

Contributions:		
Member	14,000,513.69	
City	17,786,494.05	
Total Contributions		31,787,007.74
Earnings from Investments:		
Interest & Dividends	9,010,670.52	
Miscellaneous Income	139,512.91	
Net Realized Gain (Loss)	46,708,184.11	
Change in Actuarial Value	3,286,963.85	
Total Earnings and Investment Gains		59,145,331.39
EXPENDITURES		
Distributions to Members:		
Benefit Payments	30,478,524.55	
Lump Sum DROP Distributions	4,390,753.42	
Refunds of Member Contributions	74,638.61	
Total Distributions		34,943,916.58
Expenses:		
Investment Related ¹	2,847,145.38	
Administrative	363,050.00	
Total Expenses		3,210,195.38
Change in Net Assets for the Year		52,778,227.17
Net Assets Beginning of the Year		689,295,267.00
Net Assets End of the Year ²		742,073,494.17

¹Investment Related expenses include investment advisory, custodial and performance monitoring fees.

²Net Assets may be limited for actuarial consideration.

STATISTICAL DATA

	<u>12/31/2011</u>	<u>12/31/2013</u>
Actives	955	1,074
Average Current Age	42.8	42.2
Average Age at Employment	27.5	28.2
Average Past Service	15.3	14.0
Average Annual Salary	\$85,946	\$84,512

* 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	6	0	0	0	0	0	0	0	0	0	0	6
25 - 29	45	11	0	0	5	4	0	0	0	0	0	65
30 - 34	30	30	0	0	25	38	12	0	0	0	0	135
35 - 39	15	36	0	0	17	67	80	5	0	0	0	220
40 - 44	0	5	0	0	3	46	92	59	5	0	0	210
45 - 49	0	0	0	0	0	8	38	86	46	16	0	194
50 - 54	0	0	0	0	0	0	5	21	39	101	4	170
55 - 59	0	0	0	0	0	0	0	0	1	53	9	63
60 - 64	0	0	0	0	0	0	0	0	0	2	9	11
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	96	82	0	0	50	163	227	171	91	172	22	1,074

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>	17.20% of Salary (as of 12/31/2013). See schedule of rates on Page 10.
<u>City Contributions</u>	22.05% or payroll.
<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 times Service (\$1,200 minimum). Effective July 1, 2012, the minimum benefit was increased to \$2,000 per month for all retirees and surviving spouses currently receiving normal or disability retirement benefits which commenced prior to January 1, 1994.
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)
12/31/13	742,073,494	808,771,153	66,697,659	91.75%	85,377,451	78.12%
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%

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 September 30	Annual Required Contribution (% of Pay)	City Contribution (% of Pay)	Percentage Contributed
2013	21.76%	21.13%	97.10%
2012	22.26%	20.05%	90.07%
2011	20.06%	19.05%	94.97%
2010	20.06%	18.05%	89.98%
2009	13.32%	18.05%	135.51%