

DALLAS POLICE AND FIRE PENSION SYSTEM

ACTUARIAL VALUATION

AS OF JANUARY 1, 2006



May 19, 2006

Mr. Richard L. Tettamant
Administrator
Dallas Police and Fire Pension System
2301 N. Akard Street, Suite 200
Dallas, TX 75201

Re: Dallas Police and Fire Pension System Actuarial Valuation as of January 1, 2006

Dear Mr. Tettamant:

We certify that the information contained in this report is accurate and fairly presents the actuarial position of the Dallas Police and Fire Pension System (the System) as of January 1, 2006.

Actuarial Valuation

The primary purpose of the valuation report is to determine the adequacy of the current City's contribution rate, to describe the current financial condition of the System, and to analyze changes in the System's condition. In addition, the report provides information required by the City of Dallas in connection with Governmental Accounting Standards Board Statements Number 25 and Number 27.

Basis for Funding

The member and City contribution rates are established by statute. The City's and the members' contributions are intended to be sufficient to pay the normal cost and to amortize the System's unfunded actuarial accrued liability.

Funding Progress

As of January 1, 2006, the employer contribution rate needed in order to pay the normal cost and fund the Unfunded Actuarial Accrued Liability over 30 years is 23.62%. This amount is less than the 25.86% 40-year employer contribution rate calculated as of January 1, 2005. The current contribution rate covers the normal cost and the amortization of the Unfunded Actuarial Accrued Liability (UAAL) over 20 years.



Benefit Provisions

The actuarial valuation reflects the benefit and contribution provisions set forth in the System's statutes. There are no significant benefits which were not taken into account in this valuation. The valuation is based on the same benefit provisions as the previous valuation, except that the removal of the Automatic Adjustment for new Members after December 31, 2006 was reflected.

Assumptions and Methods

The actuarial assumptions and methods used in the valuation are presented in Schedule C. There were no changes in actuarial assumptions since the last actuarial valuation.

The assumptions used are individually reasonable and reasonable in the aggregate.

Data

Asset information and member data for retired, active, and inactive members was supplied as of January 1, 2006 by the Administrator. 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.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Richard A. Mackesey', written over a light blue horizontal line.

Richard A. Mackesey, F.S.A.
Principal and Consulting Actuary

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Enclosures

	<u>PAGE</u>
Section 1 - Summary of Principal Results	1
Section 2 - Comments on the Valuation	2
Section 3 - Actuarial Funding Requirements	5
Section 4 - Accounting Information	10
Section 5 - Summary of Asset Information	12
Schedule A - Membership Data	15
Schedule B - Summary of Benefits Provisions	19
Schedule C - Summary of Actuarial Methods and Assumptions	31
Schedule D - Comparison of Actual Experience and Actuarial Expectations ...	35
Table 1 - The Number and Annual Average Compensation of Active (excluding DROP) Members Distributed by Fifth Age and Service	
Police	39
Fire	40
Police and Fire	41
Table 2 - The Number and Annual Average Compensation of Active (including DROP) Members Distributed by Fifth Age and Service	
Police	42
Fire	43
Police and Fire	44

	<u>PAGE</u>
Table 3 - Number and Annual Retirement Allowance of Retired Members by Age	45
Table 4 - Number and Annual Retirement Allowance of Disabled Members by Age	47
Table 5 - Number and Annual Retirement Allowance of Beneficiaries by Age	49
Table 6 - Number and Annual Retirement Allowance of Retired Members, Disabled Members and Beneficiaries in Receipt by Age	52
Table 7 - Number and Future Annual Allowance of Terminated Members Entitled to a Future Benefit by Age	55
Table 8 - Number, Annual Retirement Allowance and Account Balance of DROP Members by Age	56

Summary of Principal Results

	January 1, 2006	January 1, 2005
Membership		
Active	4,648	4,597
Terminated with deferred benefits	141	156
Retired members and beneficiaries	3,121	3,034
Compensation		
Total	\$ 294,986,390	\$ 281,569,096
Average	\$ 63,465	\$ 61,251
Assets		
Market value	\$ 2,745,954,071	\$ 2,484,994,949
Actuarial value	\$ 2,700,136,105	\$ 2,484,994,949
Valuation Results		
Unfunded actuarial accrued liability	\$ 582,084,793	\$ 589,053,564
Funding period	20	29
GASB No. 25		
Actuarial accrued liability (AAL)	\$ 3,282,220,898	\$ 3,074,048,513
Assets (actuarial)	\$ 2,700,136,105	\$ 2,484,994,949
GASB ratio	82.3%	80.8%
Unfunded AAL	\$ 582,084,793	\$ 589,053,564

Comments on the Valuation

Overview

The current contribution rates are sufficient to keep the System actuarially sound, based on the current membership data, the current financial data, the current benefit provisions and the actuarial assumptions and methods used to determine liabilities and costs.

The overall funding of the Plan remains sound. The funding period decreased to 20 years from 29 years. This decrease was primarily due to a gain on the actuarial value of assets and the amendment to eliminate the Automatic Adjustment for new Members after December 31, 2006.

Section 3 shows in more detail the changes to the 30-year funding cost and the funding period based on the current contribution rates.

Funding status

There are two significant measures of the funding status of the System. The first is the 30-year funding cost. This is the City contribution rate required to pay the normal cost and to amortize the UAAL over a 30-year period. This rate is currently 23.62% compared with the City's actual contribution rate of 27.50% and with the 40-year funding cost in 2005 of 25.86%. Section 3 shows a reconciliation of the changes between the 2005 and 2006 figures.

The other measure is the funding period. This is the length of time in years that will be required to amortize the current UAAL based on the current contribution rate. The current contribution rate is sufficient to pay the normal cost and amortize the UAAL over 20 years.

The UAAL is the excess of the liability assigned to prior years (the actuarial accrued liability) over the value of assets. Section 3 shows a reconciliation of this amount between 2005 and 2006.

GASB Statements

Section 4 provides the information required for reporting under GASB No. 25.

Benefit Provisions

Schedule B summarizes all the benefit provisions of the System. There are no significant benefits which were not taken into account in this valuation. The valuation is based on the same benefit provisions as the previous valuation, except that the removal of the Automatic Adjustment for members hired on or after January 1, 2007 was reflected.

Actuarial Assumptions and Methods

The actuarial assumptions and methods used in the valuation are presented in Schedule C. There were no changes in actuarial assumptions since the last actuarial valuation.

The assumptions used are individually reasonable and reasonable in the aggregate.

Schedule D compares the assumptions to the recent experience of the system and describes the adequacy of the assumptions.

GASB Statement No. 27

Under GASB Statement No. 27, employers must determine a pension expense based on a 40-year amortization of the UAAL for fiscal years beginning after June 15, 1996. The amortization can assume payroll growth due to inflation, but no membership growth. After a 10-year transition period, the required amortization period will drop to 30 years. If the actual contribution rate is less than the rate required by GASB No. 27, the excess must be expensed. This will result in the employer showing an accrued but unpaid liability for pension benefits on its financial statements.

A City Contribution rate of 23.62% will be required for the City to avoid showing an accrued pension liability on its financial statements for the fiscal year beginning in 2006 if not for the fact that previous contributions have exceeded the GASB requirements. At the current rate of contribution, and assuming no other changes, the City will not be required to show an accrued but unpaid pension liability for the System on its financial statement in the future.

Financial Data

The financial data used in this report was supplied by the System.

Section 5 reconciles the System's assets between 2005 and 2006 and shows the development of the actuarial value of assets (AVA). Rather than using the market value for cost calculations, an adjusted market value, which phases in gains and losses (compared to the assumed investment return rate) over five years, is used. For the 2005 valuation, the actuarial value of assets was reset to the market value of assets and a five-year phase in of gains and losses will

begin with the asset gains and losses that occur after December 31, 2005. For the 2006 valuation, 20% of the asset gain for 2005 is reflected in the actuarial value of assets. The estimated rate of return for 2005 is 10.81% for the market value of assets, and 8.96% for the actuarial value of assets.

Membership Statistics

Data on active members and on retired members was supplied by the Administrator. Growth among active members was relatively flat and growth of the total payroll for active members was moderate during the last year. The active membership increased from 4,597 members as of January 1, 2005 to 4,648 members as of January 1, 2006. The total active payroll increased from \$281,569,096 to \$294,986,390 over the same period, a 4.8% increase. Schedule A shows a summary of the membership data.

Experience

Schedule D compares the actual experience of the system with the actuarial expectations.

Actuarial Cost, Margin and Funding Period

	<u>January 1, 2006</u>	<u>January 1, 2005</u>
1. Covered Payroll		
a. Active members excluding DROP	\$ 212,052,320	\$ 206,722,304
b. DROP members	\$ <u>82,934,070</u>	\$ <u>74,846,792</u>
c. Total	\$ 294,986,390	\$ 281,569,096
2. Actuarial value of future pay		
a. Active members excluding DROP	\$ 1,490,851,870	\$ 1,458,889,300
b. DROP members	\$ <u>1,134,387,500</u>	\$ <u>1,079,666,600</u>
c. Total	\$ 2,625,239,370	\$ 2,538,555,900
3. Current contribution rates		
a. City	27.50%	27.50%
b. Member	<u>8.50%</u>	<u>8.50%</u>
c. Total	36.00%	36.00%
4. Actuarial present value of future benefits	\$ 3,887,670,934	\$ 3,659,649,234
5. Actuarial present value of future normal costs		
a. Total	\$ 605,450,036	\$ 585,600,721
b. Member (3b x 2a)	\$ 126,722,409	\$ 124,005,591
c. City (5a - 5b)	\$ 478,727,627	\$ 461,595,130
6. Actuarial accrued liability (4 - 5a)	\$ 3,282,220,898	\$ 3,074,048,513
7. Actuarial value of assets	\$ 2,700,136,105	\$ 2,484,994,949
8. Unfunded actuarial accrued liability (UAAL) (6 - 7)	\$ 582,084,793	\$ 589,053,564
9. Normal cost		
a. Normal cost percentage (5a ÷ 2c)	23.06%	23.07%
b. Total normal cost (1c x 9a)	\$ 68,023,862	\$ 64,957,990
c. Member normal cost (1a x 3b)	\$ 18,024,447	\$ 17,571,396
d. City normal cost (9b - 9c)	\$ 49,999,415	\$ 47,386,594
e. City normal rate (9d ÷ [1c x 1.07])	15.84%	15.73%

Actuarial Cost, Margin and Funding Period
(continued)

	<u>January 1, 2006</u>	<u>January 1, 2005</u>
10. 30/40-year funding cost*		
a. City normal cost rate**	15.84%	15.73%
b. Amortization rate	<u>7.78%</u>	<u>10.13%</u>
c. Total	23.62%	25.86%
11. Margin over/(under) 30/40-year cost* (3a - 10c)	3.88%	1.64%
12. Funding period to amortize UAAL	20	29

* 30-year funding cost (40-year funding cost for fiscal years beginning before 2006) is necessary for accounting purposes only. The actual funding period is calculated each year based on level contributions and is currently 20 years.

** The city normal cost rate shown is for current active employees only. This rate will decrease over time as more active members become subject to the plan amendment that eliminates the Automatic Adjustment.

Analysis of Change in UAAL

1. UAAL as of January 1, 2005	\$ 589,053,564
2. Changes due to:	
a. Expected increase (negative amortization)	\$ 12,326,969
b. Actual contributions greater than expected	(4,898,135)
c. Liability experience	(2,943,114)
d. Asset experience	(11,454,491)
e. Plan amendment	<u>0</u>
f. Total changes	\$ (6,968,771)
3. UAAL as of January 1, 2006	\$ 582,084,793

Analysis of Change in Funding Cost

1. 40-year funding cost* as of January 1, 2005	25.86%
2. Changes due to:	
a. Resetting of amortization from prior year	(0.19)
b. Actual contributions greater than expected	(0.08)
c. Liability experience	(0.01)
d. Asset experience	(0.19)
e. Plan amendment	(3.49)
f. Changing amortization period to 30 years from 40 years	<u>1.72</u>
g. Total	(2.24)
3. 30-year funding cost* as of January 1, 2006	23.62%

* 30/40-year funding cost is necessary for accounting purposes only. The actual funding period is calculated each year based on level contributions and is currently 20 years.

Analysis of Change in Funding Period

1. Funding period as of January 1, 2005	29
2. Changes due to:	
a. Passage of time	(1)
b. Actual contributions greater than expected	0
c. Liability experience	0
d. Plan amendment	(7)
e. Asset experience	<u>(1)</u>
f. Total	(9)
3. Funding period as of January 1, 2006	20

Historical Trend Information

(As required by GASB #25 - Amounts are in millions of dollars)

	Actuarial Value of <u>Assets</u>	Actuarial Accrued Liability (AAL) <u>Entry Age</u>	Unfunded AAL (UAAL)	Funded <u>Ratio</u>	Covered <u>Payroll</u>	UAAL as a Percentage of Covered <u>Payroll</u>
January 1, 2001	2,005	2,328	323	86.1%	224	144.2%
January 1, 2002	2,158	2,554	396	84.5%	251	157.8%
January 1, 2003	1,992	2,738	746	72.8%	270	276.3%
January 1, 2004	2,286	2,889	603	79.1%	265	227.5%
January 1, 2005	2,485	3,074	589	80.8%	282	208.9%
January 1, 2006	2,700	3,282	582	82.3%	295	197.3%

**GASB #25 Schedule of Employer Contributions
 for Year Ending December 31, 2005**

<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
27.50% of Pay	100.0%

Summary of Accumulated Benefits
(FASB #35)

Accumulated Benefits at January 1, 2006

Vested benefits of participants and beneficiaries currently receiving payments		\$ 1,413,468,914
Other vested benefits		1,534,491,044
Nonvested benefits		<u>143,276,347</u>
Total benefits		\$ 3,091,236,305

FASB #35 Reconciliation

Accumulated benefits at January 1, 2005		\$ 2,885,674,444
Benefits accumulated	\$ 77,309,286	
Interest	240,604,733	
Benefits paid	(112,352,158)	
Assumption change	0	
Plan amendments	<u>0</u>	
Total Change		<u>205,561,861</u>
Accumulated benefits at January 1, 2006		\$ 3,091,236,305

Reconciliation of Fund Assets

	<u>Year Ending</u> <u>December 31, 2005</u>
1. Value of fund at beginning of year	\$ 2,484,994,949
2. Contributions	
a. City	87,373,312
b. Member	<u>17,748,241</u>
c. Total	\$ 105,121,553
3. Benefit payments	(111,282,300)
4. Refunds	(1,069,858)
5. Earnings	286,195,551
6. Expenses	(18,005,824)
7. Value of assets at end of year	\$ 2,745,954,071
8. Estimated rate of return	10.81%

Determination of Excess Earnings To Be Deferred

	Year Ending December 31, 2005
1. Market value at beginning of year*	\$ 2,484,994,949
2. Net new investments	
a. Contributions	\$ 105,121,553
b. Benefit payments	(111,282,300)
c. Refunds	<u>(1,069,858)</u>
d. Total	\$ (7,230,605)
3. Market value at end of year	\$ 2,745,954,071
4. Yield (3 - 1 - 2d)	\$ 268,189,727
5. Average balance [1 + ½ x (2d)]	2,481,379,646
6. Assumed investment return rate	8.50%
7. Expected net return (5 x 6)	\$ 210,917,270
8. Gains/(losses) subject to deferral (4 - 7)	\$ 57,272,457

* The actual market value of assets as of December 31, 2004 are \$8,808,978 higher than those reported to us at the time last year's valuation was completed.

Calculation of Actuarial Value of Assets

1.	Market value of assets as of January 1, 2006			\$2,745,954,071	
2.	Deferral amounts*				
		<u>Year</u>	<u>Total Gain/(Loss)</u>	<u>Percent Deferred</u>	<u>Deferral Amount</u>
a.	2005	\$ 57,272,457	80%	\$ 45,817,966	
b.	N/A	N/A	60%	N/A	
c.	N/A	N/A	40%	N/A	
d.	N/A	N/A	20%	N/A	
e.	Total			\$ 45,817,966	
3.	Preliminary actuarial value of assets (1 - 2e)			2,700,136,105	
4.	80% of Market value			2,196,763,257	
5.	120% of Market value			3,295,144,885	
6.	Actuarial value of assets (3, not less than 4 or more than 5)			2,700,136,105	
7.	Rate of return on actuarial value of assets			8.96%	

* This method is being phased in effective January 1, 2005.

Membership Data

	<u>January 1, 2006</u>	<u>January 1, 2005</u>
1. Active members (excluding DROP)		
a. Police and Fire		
1. Number	3,592	3,619
2. Covered payroll	\$ 212,052,320	\$ 206,722,304
3. Average annual pay	\$ 59,035	\$ 57,121
4. Average age	38.42	38.42
5. Average service (years)	12.13	12.25
b. Police		
1. Number	2,416	2,400
2. Covered payroll	\$ 142,031,361	\$ 136,678,036
3. Average annual pay	\$ 58,788	\$ 56,949
4. Average age	38.23	38.20
5. Average service (years)	11.94	12.01
c. Fire		
1. Number	1,176	1,219
2. Covered payroll	\$ 70,020,959	\$ 70,044,268
3. Average annual pay	\$ 59,542	\$ 57,460
4. Average age	38.81	38.85
5. Average service (years)	12.52	12.72

Membership Data
 (continued)

	<u>January 1, 2006</u>	<u>January 1, 2005</u>
2. Active members (DROP only)		
a. Police and Fire		
1. Number	1,056	978
2. Covered payroll	\$ 82,934,070	\$ 74,846,792
3. Average annual pay	\$ 78,536	\$ 76,530
4. Average age	54.34	54.30
5. Average total service (years)	28.80	28.29
6. Average time in DROP (years)	4.28	4.17
7. DROP account balance	\$ 235,952,968	\$ 200,704,549
b. Police		
1. Number	556	518
2. Covered payroll	\$ 43,549,770	\$ 39,612,098
3. Average annual pay	\$ 78,327	\$ 76,471
4. Average age	54.33	54.22
5. Average total service (years)	28.48	27.74
6. Average time in DROP (years)	4.15	4.00
7. DROP account balance	\$ 116,441,681	\$ 98,218,447
c. Fire		
1. Number	500	460
2. Covered payroll	\$ 39,384,300	\$ 35,234,694
3. Average annual pay	\$ 78,769	\$ 76,597
4. Average age	54.36	54.40
5. Average service (years)	29.16	28.90
6. Average time in DROP (years)	4.42	4.35
7. DROP account balance	\$ 119,511,287	\$ 102,486,102

Membership Data
 (continued)

	<u>January 1, 2006</u>	<u>January 1, 2005</u>
3. Active members (including DROP)		
a. Police and Fire		
1. Number	4,648	4,597
2. Covered payroll	\$ 294,986,390	\$ 281,569,096
3. Average annual pay	\$ 63,465	\$ 61,251
4. Average age	42.04	41.80
5. Average service (years)	15.92	15.66
6. DROP account balance	\$ 235,952,968	\$ 200,704,549
b. Police		
1. Number	2,972	2,918
2. Covered payroll	\$ 185,581,131	\$ 176,290,134
3. Average annual pay	\$ 62,443	\$ 60,415
4. Average age	41.24	41.04
5. Average service (years)	15.03	14.80
6. DROP account balance	\$ 116,441,681	\$ 98,218,447
c. Fire		
1. Number	1,676	1,679
2. Covered payroll	\$ 109,405,259	\$ 105,278,962
3. Average annual pay	\$ 65,278	\$ 62,703
4. Average age	43.45	43.11
5. Average service (years)	17.48	17.15
6. DROP account balance	\$ 119,511,287	\$ 102,486,102

Membership Data
 (continued)

	<u>January 1, 2006</u>	<u>January 1, 2005</u>
4. Inactive members		
a. Retired members	2,380	2,316
b. Beneficiaries	741	718
c. Number entitled to deferred benefits	<u>141</u>	<u>156</u>
d. Total number of inactive members	3,262	3,190
e. Total annual benefit	\$ 107,482,545	\$ 102,384,942
f. Average annual benefit	\$ 32,950	\$ 32,096

**Summary of Benefit Provisions
As of January 1, 2006
For Actuarial Calculations**

Group A

Definitions

Base Pay: The annualized maximum monthly civil service pay established by the City for a police officer or fire fighter exclusive of any and all other forms of compensation.

City Service Incentive Pay: Additional annualized salary granted to Member under the authority of the City Charter.

Longevity Pay (Service Pay): Additional annualized salary granted to Member under provisions of Section 141.032, Local Government Code, for each year of service completed by such Member.

Pension Service: Time in years (prorated for fractional years) that Member made contributions under the terms of the Combined Pension Plan or under any Pension Plan within the Pension System.

Pension System: The Dallas Police and Fire Pension System

Qualified Surviving Spouse: The Member's legal spouse at time of death providing the marriage occurred prior to the Member's termination of employment (entering DROP is not considered termination of employment) and continued until the member's death.

Qualified Surviving Children: All surviving unmarried children under 19 years of age (23 for a disabled child) provided they were born or adopted before Member terminated his employment.

Contribution Rates

The Member contribution rate is 6.5%. Members contribute for a maximum of 32 years.

The City's contribution rate is a function of the highest Member contribution rate of any pension plan within the Pension System (currently Group B) as follows:

<u>City</u>	<u>Member</u>
28.5%	9.0%
27.5	8.5
26.0	8.0
24.5	7.5
23.0	7.0
21.5	6.5

Service Retirement Benefits

Annual Normal Retirement Pension

Greater of I or II:

I. Condition for Retirement: Age 50 with 20 years of Pension Service.

Amount of Pension Benefit: 50% of Base Pay, plus 50% of Longevity Pay, plus 50% City Service Incentive Pay. Pension is increased annually to reflect changes in the rate of

Longevity Pay and City Service Incentive Pay based on Member's Pension Service and status at date of retirement.

Member may retire as early as age 45 with 20 years of Pension Service. Pension benefit will be reduced by 2/3 of 1% per month of retirement prior to age 50.

II. Condition for Retirement: Age 55 with 20 years of Pension Service.

Amount of Pension Benefit: 3% of Base Pay for each year of Pension Service (maximum of 32 years), plus 50% of Longevity Pay, plus 50% of City Service Incentive Pay. Pension is increased annually by 4% of the original pension benefit.

Member may retire as early as age 50 with 20 years of Pension Service. Pension benefit will be reduced by 2/3 of 1% for each month of retirement prior to age 55.

Disability Retirement Benefits

Condition for Retirement: Disability preventing Member from performing his or her duties with his or her department and lasting for a period of not less than 90 days.

Annual Amount of Pension

Greater of I or II:

I. Same as Normal Retirement Pension (I).

II. Depending on Source of Disability

- a. Service Related Disability: 3% of Base Pay for each year of Pension Service (minimum of 20 years, maximum of 32 years), plus 50% of Longevity Pay, plus 50% of City Service Incentive Pay. Benefit is increased annually by 4% of the original amount, or
- b. Non-Service Related Disability: 3% of Base Pay for each year of Pension Service (maximum 32 years), plus 50% of Longevity Pay, plus 50% of City Service Incentive Pay. Benefit is increased annually by 4% of the original amount.

Survivor Benefits

Survivor Benefits for Qualified Surviving Spouse: Death in Active Service: 50% of Service Retirement Pension calculated with a minimum of 20 years of Pension Service.

Survivor Benefits when no Qualified Surviving Spouse: Death in Active Service: 50% of Service Retirement Pension calculated with a minimum of 20 years of Pension Service. The benefit will be paid as a lump sum equal to the value of the lesser of a 10-year benefit or the remainder of the 10-year period if Qualified Surviving Children receive benefit.

Survivor Benefits After Retirement: The Qualifying Surviving Spouse shall receive 50% of any benefits paid to the Member. The percentage is increased if the Qualified Surviving Spouse has attained age 55, there are no Qualified Surviving Children who are eligible for death benefits, the member retired after age 55 with 20 years of Pension Service or the Member's age plus Pension Service at retirement was at least 78 and the Member was receiving a benefit based on the former Plan A formulas.

Survivor Benefits After Retirement or Termination for a Non-Qualifying Surviving Spouse: The Surviving Spouse shall receive 50% of any benefits paid to the Member. However, the Member's benefit will be reduced for this coverage.

Survivor Benefits for Qualified Surviving Children: An amount equal to the amount paid to the Qualified Surviving Spouse divided among the Qualified Surviving Children. Amount paid as long as one or more children continue to qualify.

Survivor Benefits After December 17, 2001: For Members leaving active service after December 17, 2001, a Member may elect to receive an actuarially reduced benefit in order to provide a greater survivor percentage to the qualified spouse. Minimum benefits do not apply.

Minimum Benefits

The minimum benefit is \$2,200 monthly for 20 years of Pension Service at retirement, and \$1,200 monthly for Qualified Surviving Spouses, if there are no Qualified Surviving Children receiving benefits. The minimum benefit is \$1,100 monthly for Qualified Surviving Children and Qualified Surviving Spouses if Qualified Surviving Children are receiving benefits. This minimum does not affect the base benefit. The benefit will not increase until the base retirement benefit with annual increases exceeds the minimum.

Benefit Supplement

If a Member retires with 20 years of Pension Service or if a Member is receiving a service related disability the Member or the Member's Qualified Surviving Spouse is entitled to receive the greater of \$75 or 3% of the monthly benefit payable to the member when the Member or the Qualified Surviving Spouse attains age 55. This supplement is also available for both the

Member or the Member's Non-Qualifying Surviving Spouse for a member who has elected a reduced benefit to obtain coverage for a Non-Qualifying Surviving Spouse.

Group B

Definitions

Computation Pay: The annualized monthly rate of pay for the highest civil service rank held by a Member plus Educational Incentive Pay plus Longevity Pay plus City Service Incentive Pay.

Average Computation Pay: Computation Pay averaged over 36 months.

City Service Incentive Pay: Additional annualized salary granted to Member under the authority of the City Charter.

Longevity Pay: Additional annualized salary granted to Members under a provision of Section 141.032, Local Government Code, for each year of service completed by such Member.

Pension Service: The period, in years, months, and days, during which the Member made contributions under the terms of the Combined Plan or any Pension Plan within the Pension System.

Qualified Surviving Spouse: The Member's legal spouse at the time of death providing the marriage occurred prior to the Member's termination of employment (entering DROP is not considered termination of employment).

Pension System: The Dallas Police and Fire Pension System.

Qualified Surviving Children: All surviving unmarried children under 19 years of age (23 for a disabled child) provided they were born or adopted before the Member terminated his employment.

Educational Incentive Pay: Additional annualized salary granted to reward completion of college credits.

Contribution Rates

The City's contribution percentage is a function of the Member's contribution percentage as shown below:

<u>City</u>	<u>Member</u>
28.5%	9.0%
27.5	8.5
26.0	8.0
24.5	7.5
23.0	7.0
21.5	6.5

The Member contribution rate is currently 8.50%. Members contribute for a maximum of 32 years.

Service Retirement Benefits

Annual Normal Retirement Pension

Condition for Retirement: Attainment of age 50 and five years of Pension Service.

Amount for Allowance: 3% of Average Computation Pay for each year of Pension Service to a maximum of 32 such years.

Early Retirement Pension

Condition for Retirement:

- a. Attainment of age 45 and five years of Pension Service.

Amount of Pension: 3% of Average Computation Pay for each year of Pension Service reduced 2/3 of 1% for each month by which retirement precedes age 50.

- b. 20 years of Pension Service

Amount of Pension: 20 & Out multiplier of Average Compensation Pay for each year of Pension Service.

<u>Age</u>	<u>20 & Out Multiplier</u>
50 & above	3.00%
49	3.00% reduced by 2/3 of 1% for each month prior to age 50
48	2.75%
47	2.50
46	2.25
45 & below	2.00

Special Rule for Members of former Old Plan or Plan A

Group B Members who formerly were Members of either the former Old Plan or Plan A may elect to receive Group A benefits and receive a reimbursement of the additional contributions paid under Group B provisions in excess of the contributions that would have been made under Group A.

Disability Retirement Benefits

Service-Related Disability

Condition for Retirement: Disability preventing the Member from performing his or her duties with his or her department and lasting for a period of not less than 90 days.

Amount of Pension: 60% plus 3% for each year of Pension Service (maximum of 32 years) over 20, of Average Computation Pay.

Non-Service Related Disability

Condition for Retirement: Disability preventing the Member from performing his or her duties with his or her department and lasting for a period of not less than 90 days.

Amount of Pension: 3% of Average Computation Pay for each year of Pension Service (maximum 32 years).

Survivor Benefits

Survivor Benefits for Qualified Surviving Spouse: Death in Active Service: 1.50% of the Member's Average Computation Pay for each year of Pension Service with a minimum of 20 such years and a maximum of 32 such years.

Survivor benefits for Qualified Surviving Spouse: Death in Active Service: 50% of Service Retirement Pension calculated with a minimum of 20 years of Pension Service. The benefit will be paid as a lump sum equal to the value of the lesser of a 10-year benefit or the remainder of the 10-year period if Qualifying Surviving Children receive benefit.

Survivor Benefits After Retirement: The Qualified Surviving Spouse shall receive 50% of any benefits paid to the Member. The percentage is increased if the Qualified Surviving Spouse has attained age 55, there are no Qualified Surviving Children who are eligible for death benefits and the Member retired after age 55 with 20 years of Pension Service or if the Member's age plus Pension Service at retirement was at least 78.

Survivor Benefits After Retirement or Termination for a Non-Qualifying Surviving Spouse: The Surviving Spouse shall receive 50% of any benefits paid to the Member. However, the Member's benefit will be reduced for this coverage.

Survivor Benefits for Qualified Surviving Children: An amount equal to the amount paid to a Qualified Surviving Spouse is divided among the Qualified Surviving Children and continues to be paid as long as one or more of the children continue to qualify.

Survivor Benefits After December 17, 2001: For Members leaving active service after December 17, 2001, a Member may elect to receive an actuarially reduced benefit in order to provide a greater survivor percentage to the qualified spouse. Minimum benefits do not apply.

Post-Retirement Adjustments

Annually, on the first day of October, benefits in pay status will be increased by an amount equal to 4% of the original pension amount. New Members hired after December 31, 2006 will not be eligible for an automatic increase.

Minimum Benefits

The minimum benefit for normal retirement is \$2,200 monthly (prorated if less than 20 years at retirement) and \$1,200 monthly for Qualified Surviving Spouses, if there are no Qualified Surviving Children receiving benefits. The minimum benefit is \$1,100 monthly for Qualified

Surviving Children and Qualified Surviving Spouses if Qualified Surviving Children are receiving benefits. This benefit does not affect the base benefit. The benefit will not increase until the base retirement benefit with annual increases exceeds the minimum.

Benefit Supplement

If a Member retires with 20 years of Pension Service or if a Member is receiving a service related disability the Member or the Member's Qualified Surviving Spouse is entitled to receive the greater of \$75 or 3% of the monthly benefit payable to the Member when the Member or the Qualified Surviving Spouse attains age 55. This supplement is also available for both the Member or the Member's Non-Qualifying Surviving Spouse for a member who has elected a reduced benefit to obtain coverage for a Non-Qualifying Surviving Spouse.

Deferred Retirement Option Plan

As of January 1, 1993, at normal retirement age, a member may elect to enter the Deferred Retirement Option Plan (DROP). As of January 1, 1999, a member may also elect to enter DROP after 20 years of Pension Service. Retirement benefits will be calculated as if the Member retired on that date. Employee contributions made under the Combined Pension Plan will cease as will accruals under the Combined Pension Plan. Each month, the retirement benefit will be accumulated in an account earning interest based on a ten-year weighted average of the System's actual market return. Upon termination of employment, the Member will have the balance in account in addition to the monthly benefit payable as though the Member retired at the date the Member entered DROP.

**Statement of Actuarial Methods and Assumptions
 (Effective as of January 1, 2006)**

Investment Return: 8.50% per annum, compounded annually, net all expenses including administrative expenses. This rate reflects an underlying inflation rate of 4.00% and a real rate of return of 4.50%.

DROP balances are assumed to earn 9.00% per annum.

Separations Before Normal Retirement: Representative values of the assumed annual rates of withdrawal, death, and disability are as follows:

Age	<u>Annual Rate per 1,000 Members</u>							
	<u>Withdrawal</u>		<u>Mortality - Disableds</u>		<u>Mortality - Other</u>		<u>Disability</u>	
	<u>Police</u>	<u>Fire</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Police</u>	<u>Fire</u>
20	47.0	23.0	48.30	26.30	.51	.28	.35	.70
25	47.0	23.0	48.30	26.30	.66	.29	.37	.75
30	35.0	18.0	36.20	23.70	.80	.35	.42	.84
35	25.0	18.0	27.80	21.40	.85	.48	.48	.96
40	25.0	18.0	28.20	20.90	1.07	.71	.57	1.15
45	25.0	18.0	32.20	22.40	1.58	.97	.79	1.58
50	NA	NA	38.30	25.70	2.58	1.43	NA	NA
60	NA	NA	60.30	33.10	7.98	4.44	NA	NA
70	NA	NA	73.90	41.10	23.73	13.73	NA	NA
75	NA	NA	84.20	49.20	37.21	22.69	NA	NA

Salary Increases: Representative values of the assumed annual rates of future salary increase attributable to seniority and promotion are as follows:

Age	Annual Rate of Salary Increase
20	10.00%
30	5.23
40	4.57
50	4.37
60	4.33

Total payroll is assumed to increase 4.00% per year. New hires are assumed to replace terminations.

Overtime is assumed to be 7% of base pay. The city contributes on total pay including overtime. This assumption is consistent with past experience and the city's budget.

Retirement Rates: The percentage of population assumed to retire at various ages is as follows:

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
38	2%	48	2%	58	20%
39	2	49	2	59	20
40	2	50	4	60	20
41	2	51	3	61	20
42	2	52	3	62	20
43	2	53	3	63	20
44	2	54	3	64	20
45	2	55	25	65	100
46	2	56	20		
47	2	57	20		

Rates are applied when a member is eligible to retire. That is, age 50 with five years or 20 years for Plan B, age 55 with 20 years for Plan A, and age 50 with 20 years for Old Plan.

Postretirement Mortality: According to the 1994 Group Annuity Mortality Table for males and females.

DROP Election: Members are assumed to elect DROP at age 50 with five years for Plan B, age 55 with 20 years for Plan A, and age 50 with 20 years for Old Plan. Any active members who satisfy this criteria and have not entered DROP are assumed to never join DROP.

Spouses: 80% of active members are assumed to be married with the male three years older than the female. The age of the youngest child is assumed to be one year.

Assumption as to Choice of Plan Provisions: Those Members eligible to elect between Plan B and the Old Plan are assumed to elect in a manner which maximizes the benefit they receive.

Assumed Post Retirement Cost of Living:

Plan A and Plan B: 4% of original pension annually for eligible Members

Old Plan: 4% compounded annually

Future Expenses: All expenses, investment and administration, are paid from the Fund. The 8.50% assumed rate of return is net of these expenses.

Valuation Method: The method used to determine Normal Cost and Accrued Actuarial Liability is the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, an annual Normal Cost is determined for each covered active Member which is the contribution required to provide all the projected pension benefits assuming this contribution is payable over a period ending on the date of retirement (separation from active service) and expressed as a level percentage of compensation. The Actuarial Accrued Liability is determined as the excess of the total present value of all pension benefits over the total present value of future Normal Costs. The Unfunded Actuarial Accrued Liability as of the valuation date is determined as the excess of the Actuarial Accrued Liability over the assets of the Fund.

The Normal Cost and Accrued Actuarial Liability are derived by making certain assumptions as to the rates of interest, mortality, turnover, etc., which are assumed to reflect experience for many years into the future. Since actual experience will differ from the assumptions, the costs determined must be regarded as estimates of the true costs of the Plan. The effects of any actuarial gains or losses are immediately reflected in the Unfunded Actuarial Accrued Liability and the Normal Cost.

Actuarial Value of Assets: The actuarial value of assets is calculated based on the following formula.

The actuarial value of assets is calculated based on the following formula:

$$\begin{aligned} MV - (4/5) \times G/(L)_1 - (3/5) \times G/(L)_2 \\ - (2/5) \times G/(L)_3 - (1/5) \times G/(L)_4 \end{aligned}$$

where:

MV = the market value of assets as of the valuation date

$G/(L)_i$ = the asset gain or (loss) (i.e., actual return on assets less expected return on assets) for the i-th year preceding the valuation date.

This method is being phased in effective January 1, 2005. Asset gains or losses prior to January 1, 2005, are fully reflected in the calculation of the Actuarial Value of Assets. In no event is the actuarial value of assets less than 80% nor more than 120% of the market value of assets.

**Comparison of Actual Experience
 and Actuarial Expectations**

Demographic Assumptions

The demographic assumptions used to value the liabilities of the System are used to estimate the timing and duration of the member contributions and benefit payments of the System. The main demographic assumptions used to value the liabilities of the System consist of termination prior to retirement, disability, retirement, death and DROP age. A comparison of the actual experience of the System to each of these assumptions follows.

Terminations Prior to Retirement			
This assumption was last changed as of January 1, 2005 to better reflect the actual experience of the System and to better anticipate future expectations. The ratio of actual terminations prior to retirement to the expected terminations prior to retirement for the period January 1, 2004 through December 31, 2005 shows that during this period there have been about 24% more terminations than expected.			
January 1, 2004 through December 31, 2005			
	<u>Actual</u>	<u>Expected</u>	<u>Actual/Expected</u>
Termination Prior to Retirement	188	152	124%

Disability			
This assumption was last changed as of January 1, 1999 to better reflect the actual experience of the System and to better anticipate future expectations. The ratio of actual disability retirements to the expected disability retirements for the period January 1, 2001 through December 31, 2005 shows that during this period there have been exactly the same number of disability retirements as expected. Since there is not assumed disability retirements and actual disability retirements, we do not feel that any change in this assumption is necessary at this time.			
January 1, 2001 through December 31, 2005			
	<u>Actual</u>	<u>Expected</u>	<u>Actual/Expected</u>
Disability Retirements	13	13	100%

Retirement (Leaving Active Service)			
<p>This assumption was changed as of January 1, 2005 to better reflect the actual experience of the System and to better anticipate future expectations. The ratio of actual retirements to the expected retirements using the new retirement rates for the period January 1, 2004 through December 31, 2005 shows that during this period there have been about 48% more retirements than expected.</p>			
January 1, 2004 through December 31, 2005			
Retirement	<u>Actual</u> 381	<u>Expected</u> 257	<u>Actual/Expected</u> 148%

Death			
<p>This assumption was last changed as of January 1, 2001 to better reflect the actual experience of the System and to better anticipate future expectations. The ratio of actual deaths to the expected deaths for the period January 1, 2001 through December 31, 2005 shows that during this period there have been about 5% more deaths than expected. Since the difference in assumed deaths and actual deaths is small we do not feel that any change in this assumption is necessary at this time.</p>			
January 1, 2001 through December 31, 2005			
Death	<u>Actual</u> 450	<u>Expected</u> 427	<u>Actual/Expected</u> 105%

Age at DROP			
<p>This assumption has not changed since the implementation of DROP in 1993. The actual age at DROP is the same as the assumed age of 50. We do not feel any change in assumption is necessary at this time since there is no difference in the assumed age at DROP and the actual age at DROP.</p>			
January 1, 1996 through December 31, 2005			
Age at DROP	<u>Actual</u> 50.0	<u>Expected</u> 50.0	<u>Actual/Expected</u> 100%

Economic Assumptions

The economic assumptions used to value the liabilities of the System are used to estimate the amount and cost of the benefit payments of the System. Economic assumptions are generally based on a building block approach with the inflation rate used as the initial basis. For example, in setting the long-term rate of return, the expected inflation rate is added to the expected real-rate of return to determine the nominal rate of return. This nominal rate of return is then used to determine the present value of future benefit payment amounts. The main economic assumptions used to value the liabilities of the System consist of inflation, long-term rate of return and salary increase rate. A discussion of these assumptions follows.

Inflation			
The inflation assumption used to value the liabilities of the System is 4%. This assumption was last changed as of January 1, 1999 to better anticipate future expectations. The average annual inflation rate (as measured by CPI-U) over the 60 years ending December 31, 2005 has been 4.06%. We feel that given the history of inflation rates and reasonable expectations of the future that the 4% inflation rate assumption is reasonable.			
January 1, 1946 through December 31, 2005			
Inflation	<u>Actual</u> 4.06%	<u>Expected</u> 4.00%	<u>Actual/Expected</u> 101%

Salary Increases			
The salary increase assumption used to value the liabilities of the System varies by the age of the Member. This assumption was last changed as of January 1, 1999 to reflect the change in the inflation rate. Based on our expectations of future promotional and merit salary increases and the assumed rate of inflation, we feel that the current salary increase rates are reasonable. A summary of the actual valuation earnings to the expected valuation earnings over the period January 1, 2001 through December 31, 2005 follows.			
January 1, 2001 through December 31, 2005			
Valuation Compensation	<u>Actual</u> \$1,307,526,650	<u>Expected</u> \$1,283,367,799	<u>Actual/Expected</u> 102%

Long-Term Rate of Return on Plan Assets			
<p>The long-term rate of return on plan assets used to value the liabilities of the System is 8.5%. This assumption was last changed as of January 1, 1999 to better anticipate future expectations and to reflect the change in the inflation rate. Based on the asset allocation policy, expectations of future real rates of return and the expected administrative expenses of the System, we feel that an 8.5% long-term rate of return is reasonable. A summary of the nominal rates of return over the period October 1, 1988 through December 31, 2005 follows.</p>			
<u>Period</u>			<u>Annualized Rate of Return</u>
10/1/1988	through	9/30/1989	25.40%
10/1/1989	through	9/30/1990	(6.53)
10/1/1990	through	12/31/1991	20.73
1/1/1992	through	12/31/1992	2.94
1/1/1993	through	12/31/1993	14.06
1/1/1994	through	12/31/1994	2.78
1/1/1995	through	12/31/1995	24.33
1/1/1996	through	12/31/1996	16.69
1/1/1997	through	12/31/1997	13.84
1/1/1998	through	12/31/1998	13.68
1/1/1999	through	12/31/1999	24.39
1/1/2000	through	12/31/2000	(1.52)
1/1/2001	through	12/31/2001	(7.76)
1/1/2002	through	12/31/2002	(12.26)
1/1/2003	through	12/31/2003	31.65
1/1/2004	through	12/31/2004	13.96
1/1/2005	through	12/31/2005	10.81
10/1/1988	through	12/31/2005	10.48%

Effective for years beginning on October 1, 2002 and each October 1 thereafter, the DROP interest rate will be determined at a daily rate based on the arithmetic average of the annual market return on the System's investments for the preceding ten calendar years. However, the rate shall not be more than 25 basis points different from the prior year and shall not be less than 8% nor more than 10%. The ten-year arithmetic average of the annual market return on the System's investments for the preceding ten calendar years is 10.35%. Last year's DROP interest rate was 9.50%. Therefore, the annual DROP interest rate for October 1, 2006 is 9.75%.

TABLE 1

THE NUMBER AND ANNUAL AVERAGE COMPENSATION OF ACTIVE
(excluding DROP) MEMBERS DISTRIBUTED BY FIFTH AGE AND SERVICE
AS OF JANUARY 1, 2006

POLICE

ATTAINED AGE	YEARS OF SERVICE																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & up	
	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp
Under 25	47	39,888	42	42,328	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	49	39,865	177	45,187	56	49,745	3	44,312	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	31	40,317	147	45,751	193	51,871	41	57,757	0	0	0	0	0	0	0	0	0	0	0	0
35 to 39	14	39,904	64	46,352	112	52,811	219	60,310	137	65,185	3	68,159	0	0	0	0	0	0	0	0
40 to 44	6	39,736	32	47,249	28	53,974	109	61,792	290	68,009	112	72,938	0	0	0	0	0	0	0	0
45 to 49	2	40,207	9	46,267	10	56,403	31	59,487	121	68,780	206	73,916	74	75,231	0	0	0	0	0	0
50 to 54	0	0	2	62,336	2	58,013	7	62,094	13	68,583	5	65,567	10	67,416	0	0	0	0	0	0
55 to 59	1	77,070	2	111,135	1	65,252	1	72,036	6	68,247	0	0	0	0	0	0	0	0	0	0
60 to 64	0	0	1	47,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
65 to 69	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
70 & up	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

TABLE 1

THE NUMBER AND ANNUAL AVERAGE COMPENSATION OF ACTIVE
(excluding DROP) MEMBERS DISTRIBUTED BY FIFTH AGE AND SERVICE
AS OF JANUARY 1, 2006

FIRE

ATTAINED AGE	YEARS OF SERVICE																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & up	
	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp
Under 25	5	39,675	4	39,931	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	18	39,773	88	43,240	40	50,142	1	52,882	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	19	39,817	84	45,056	123	52,954	24	60,613	1	48,535	0	0	0	0	0	0	0	0	0	0
35 to 39	4	39,897	29	44,408	59	52,927	70	60,762	31	68,412	1	77,172	0	0	0	0	0	0	0	0
40 to 44	3	40,255	15	43,867	16	52,242	54	61,815	107	69,768	94	73,093	0	0	0	0	0	0	0	0
45 to 49	1	39,606	1	41,318	3	54,962	23	61,904	56	69,447	131	72,385	51	74,747	0	0	0	0	0	0
50 to 54	0	0	0	0	0	0	2	63,685	4	69,793	5	67,486	6	69,222	0	0	0	0	0	0
55 to 59	0	0	0	0	0	0	1	65,574	1	65,554	0	0	1	72,016	0	0	0	0	0	0
60 to 64	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
65 to 69	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
70 & up	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

TABLE 1

THE NUMBER AND ANNUAL AVERAGE COMPENSATION OF ACTIVE
(excluding DROP) MEMBERS DISTRIBUTED BY FIFTH AGE AND SERVICE
AS OF JANUARY 1, 2006

POLICE AND FIRE

ATTAINED AGE	YEARS OF SERVICE																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & up	
	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp
Under 25	52	39,867	46	42,120	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	67	39,840	265	44,540	96	49,910	4	46,455	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	50	40,127	231	45,498	316	52,293	65	58,812	1	48,535	0	0	0	0	0	0	0	0	0	0
35 to 39	18	39,903	93	45,746	171	52,851	289	60,419	168	65,781	4	70,412	0	0	0	0	0	0	0	0
40 to 44	9	39,908	47	46,170	44	53,344	163	61,799	397	68,483	206	73,009	0	0	0	0	0	0	0	0
45 to 49	3	40,006	10	45,772	13	56,070	54	60,517	177	68,991	337	73,320	125	75,034	0	0	0	0	0	0
50 to 54	0	0	2	62,336	2	58,013	9	62,448	17	68,867	10	66,527	16	68,093	0	0	0	0	0	0
55 to 59	1	77,070	2	111,135	1	65,252	2	68,806	7	67,862	0	0	1	72,016	0	0	0	0	0	0
60 to 64	0	0	1	47,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
65 to 69	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
70 & up	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

TABLE 2

THE NUMBER AND ANNUAL AVERAGE COMPENSATION OF ACTIVE
(including DROP) MEMBERS DISTRIBUTED BY FIFTH AGE AND SERVICE
AS OF JANUARY 1, 2006

POLICE

ATTAINED AGE	YEARS OF SERVICE																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & up	
	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp
Under 25	47	39,888	42	42,328	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	49	39,865	177	45,187	56	49,745	3	44,312	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	31	40,317	147	45,751	193	51,871	41	57,757	0	0	0	0	0	0	0	0	0	0	0	0
35 to 39	14	39,904	64	46,352	112	52,811	219	60,310	137	65,185	3	68,159	0	0	0	0	0	0	0	0
40 to 44	6	39,736	32	47,249	28	53,974	109	61,792	290	68,009	114	72,913	0	0	0	0	0	0	0	0
45 to 49	2	40,207	9	46,267	10	56,403	32	58,866	124	68,497	221	74,178	85	75,667	1	73,400	0	0	0	0
50 to 54	0	0	2	62,336	2	58,013	9	63,724	33	70,330	60	77,201	138	77,637	96	79,954	6	80,671	0	0
55 to 59	1	77,070	2	111,135	1	65,252	1	72,036	19	69,475	21	80,360	37	79,434	77	80,677	35	77,717	1	67,144
60 to 64	0	0	1	47,000	0	0	0	0	3	79,153	2	76,641	5	76,035	5	76,433	10	78,099	1	81,682
65 to 69	0	0	0	0	0	0	0	0	1	67,102	1	69,237	0	0	1	87,250	1	79,040	2	82,159
70 & up	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

TABLE 2

THE NUMBER AND ANNUAL AVERAGE COMPENSATION OF ACTIVE
(including DROP) MEMBERS DISTRIBUTED BY FIFTH AGE AND SERVICE
AS OF JANUARY 1, 2006

FIRE

ATTAINED AGE	YEARS OF SERVICE																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & up	
	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp
Under 25	5	39,675	4	39,931	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	18	39,773	88	43,240	40	50,142	1	52,882	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	19	39,817	84	45,056	123	52,954	24	60,613	1	48,535	0	0	0	0	0	0	0	0	0	0
35 to 39	4	39,897	29	44,408	59	52,927	70	60,762	31	68,412	1	77,172	0	0	0	0	0	0	0	0
40 to 44	3	40,255	15	43,867	16	52,242	54	61,815	107	69,768	96	73,069	0	0	0	0	0	0	0	0
45 to 49	1	39,606	1	41,318	3	54,962	23	61,904	56	69,447	152	72,165	61	73,718	0	0	0	0	0	0
50 to 54	0	0	0	0	0	0	4	66,994	16	72,111	57	77,388	114	79,080	87	78,404	4	77,868	0	0
55 to 59	0	0	0	0	1	62,789	1	65,574	4	70,192	7	78,167	49	78,081	90	79,611	27	82,649	0	0
60 to 64	0	0	0	0	0	0	0	0	0	0	0	0	0	13	87,536	4	69,450	6	100,872	0
65 to 69	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	89,236	2	80,905	0
70 & up	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

TABLE 2

THE NUMBER AND ANNUAL AVERAGE COMPENSATION OF ACTIVE
(including DROP) MEMBERS DISTRIBUTED BY FIFTH AGE AND SERVICE
AS OF JANUARY 1, 2006

POLICE AND FIRE

ATTAINED AGE	YEARS OF SERVICE																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & up	
	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp
Under 25	52	39,867	46	42,120	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	67	39,840	265	44,540	96	49,910	4	46,455	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	50	40,127	231	45,498	316	52,293	65	58,812	1	48,535	0	0	0	0	0	0	0	0	0	0
35 to 39	18	39,903	93	45,746	171	52,851	289	60,419	168	65,781	4	70,412	0	0	0	0	0	0	0	0
40 to 44	9	39,908	47	46,170	44	53,344	163	61,799	397	68,483	210	72,984	0	0	0	0	0	0	0	0
45 to 49	3	40,006	10	45,772	13	56,070	55	60,136	180	68,792	373	73,358	146	74,853	1	73,400	0	0	0	0
50 to 54	0	0	2	62,336	2	58,013	13	64,730	49	70,912	117	77,292	252	78,290	183	79,217	10	79,550	0	0
55 to 59	1	77,070	2	111,135	2	64,021	2	68,806	23	69,599	28	79,812	86	78,663	167	80,102	62	79,865	1	67,144
60 to 64	0	0	1	47,000	0	0	0	0	3	79,153	2	76,641	5	76,035	18	84,452	14	75,628	7	98,131
65 to 69	0	0	0	0	0	0	0	0	1	67,102	1	69,237	0	0	1	87,250	2	84,138	4	81,532
70 & up	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

TABLE 3

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF RETIRED MEMBERS
BY AGE AS OF JANUARY 1, 2006

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
43	1	\$ 30,023	\$ 30,023
44	3	92,666	30,889
45	2	31,862	15,931
46	12	303,058	25,255
47	5	136,084	27,217
48	6	193,583	32,264
49	3	50,670	16,890
50	12	316,240	26,353
51	21	682,458	32,498
52	17	508,542	29,914
53	20	778,801	38,940
54	32	1,309,202	40,913
55	36	1,449,763	40,271
56	75	3,343,004	44,573
57	82	3,304,799	40,302
58	115	4,745,151	41,262
59	121	5,178,731	42,799
60	95	3,794,440	39,941
61	83	3,262,059	39,302
62	94	3,982,387	42,366
63	107	4,419,030	41,299
64	75	3,228,132	43,042
65	104	4,210,610	40,487
66	86	3,667,429	42,645
67	90	3,955,159	43,946
68	75	3,327,680	44,369
69	65	2,606,282	40,097
70	67	2,636,074	39,344
71	68	2,548,061	37,471
72	65	2,354,303	36,220
73	62	2,474,525	39,912
74	67	2,249,122	33,569
75	62	2,151,056	34,694
76	60	1,989,540	33,159

TABLE 3

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF RETIRED MEMBERS
BY AGE AS OF JANUARY 1, 2006
CONTINUED

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
77	51	\$ 1,720,821	\$ 33,742
78	43	1,537,042	35,745
79	30	1,050,057	35,002
80	31	991,172	31,973
81	35	1,228,433	35,098
82	23	788,514	34,283
83	13	405,542	31,196
84	12	377,979	31,498
85	17	583,587	34,329
86	16	515,579	32,224
87	5	171,266	34,253
88	8	253,447	31,681
89	4	136,284	34,071
90	1	32,254	32,254
92	1	29,427	29,427
93	1	31,788	31,788
94	1	32,328	32,328
95	1	27,300	27,300
TOTAL	2,181	\$ 85,223,346	\$ 39,075
POLICE	1,273	\$ 47,359,874	\$ 37,203
FIRE	908	\$ 37,863,472	\$ 41,700

TABLE 4

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF DISABLED MEMBERS
BY AGE AS OF JANUARY 1, 2006

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
33	1	\$ 30,245	\$ 30,245
38	2	54,199	27,100
39	1	27,618	27,618
40	1	32,757	32,757
41	2	57,766	28,883
42	3	84,714	28,238
43	3	88,671	29,557
44	2	47,507	23,754
45	3	82,254	27,418
46	2	68,280	34,140
48	3	87,056	29,019
49	4	114,630	28,658
50	3	82,119	27,373
51	5	148,671	29,734
52	2	59,118	29,559
53	1	31,043	31,043
54	6	208,694	34,782
55	6	197,987	32,998
56	6	256,409	42,735
57	6	187,567	31,261
58	7	249,723	35,675
59	4	102,091	25,523
60	2	41,890	20,945
61	6	193,125	32,188
62	2	72,424	36,212
63	4	179,677	44,919
64	3	91,724	30,575
65	7	271,507	38,787
66	12	513,247	42,771
67	6	238,774	39,796
68	6	224,199	37,367
69	6	181,708	30,285
70	5	201,619	40,324
71	5	190,058	38,012

TABLE 4

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF DISABLED MEMBERS
BY AGE AS OF JANUARY 1, 2006
CONTINUED

POLICE AND FIRE

AGE	NUMBER		BENEFIT		AVERAGE BENEFIT
72	4	\$	129,367	\$	32,342
73	4		142,055		35,514
74	4		123,719		30,930
75	5		212,451		42,490
76	6		199,259		33,210
77	4		136,981		34,245
78	4		128,817		32,204
79	6		192,905		32,151
80	5		161,318		32,264
81	5		170,713		34,143
82	3		91,882		30,627
83	4		117,304		29,326
84	3		86,878		28,959
85	2		64,408		32,204
86	1		32,081		32,081
88	1		31,784		31,784
93	1		32,229		32,229
TOTAL	199	\$	6,753,222	\$	33,936
POLICE	73	\$	2,188,472	\$	29,979
FIRE	126	\$	4,564,750	\$	36,228

TABLE 5

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF BENEFICIARIES
BY AGE AS OF JANUARY 1, 2006

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
5	2	\$ 13,070	\$ 6,535
6	3	21,783	7,261
7	3	19,098	6,366
8	3	17,836	5,945
9	5	24,971	4,994
11	4	33,415	8,354
12	2	21,692	10,846
13	3	16,553	5,518
14	4	35,593	8,898
15	3	64,527	21,509
16	6	101,575	16,929
17	4	63,238	15,810
18	7	83,907	11,987
19	1	7,211	7,211
22	1	13,200	13,200
32	2	28,761	14,381
34	2	34,100	17,050
35	1	14,457	14,457
36	2	29,697	14,849
37	1	14,421	14,421
38	3	46,105	15,368
39	2	27,600	13,800
40	1	14,400	14,400
41	3	46,421	15,474
43	1	36,238	36,238
44	3	56,402	18,801
45	3	44,047	14,682
46	4	87,390	21,848
47	3	47,649	15,883
48	4	68,742	17,186
49	3	46,209	15,403
50	4	65,386	16,347
51	7	124,519	17,788
52	9	156,696	17,411

TABLE 5

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF BENEFICIARIES
BY AGE AS OF JANUARY 1, 2006
CONTINUED

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
53	3	\$ 51,232	\$ 17,077
54	6	124,221	20,704
55	8	165,256	20,657
56	6	151,149	25,192
57	15	303,471	20,231
58	10	234,799	23,480
59	17	316,271	18,604
60	12	260,126	21,677
61	7	146,775	20,968
62	14	295,385	21,099
63	9	215,871	23,986
64	16	338,567	21,160
65	10	168,745	16,875
66	23	528,763	22,990
67	19	425,748	22,408
68	16	427,351	26,709
69	15	340,963	22,731
70	21	415,227	19,773
71	17	277,346	16,314
72	18	297,295	16,516
73	23	377,028	16,393
74	17	348,663	20,510
75	24	401,807	16,742
76	22	371,754	16,898
77	31	626,368	20,205
78	23	386,492	16,804
79	28	498,718	17,811
80	16	288,452	18,028
81	29	478,703	16,507
82	24	428,667	17,861
83	18	332,163	18,454
84	23	405,123	17,614
85	9	146,971	16,330
86	16	271,798	16,987

TABLE 5

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF BENEFICIARIES
BY AGE AS OF JANUARY 1, 2006
CONTINUED

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
87	16	\$ 261,314	\$ 16,332
88	9	144,519	16,058
89	9	146,539	16,282
90	8	172,077	21,510
91	9	147,896	16,433
92	2	33,138	16,569
93	3	48,426	16,142
94	3	49,731	16,577
95	4	65,067	16,267
96	1	16,545	16,545
97	3	48,486	16,162
TOTAL	741	\$ 13,507,915	\$ 18,229
POLICE	406	\$ 7,205,438	\$ 17,747
FIRE	335	\$ 6,302,477	\$ 18,813

TABLE 6

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF RETIRED MEMBERS,
DISABLED MEMBERS AND BENEFICIARIES
BY AGE AS OF JANUARY 1, 2006

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
5	2	\$ 13,070	\$ 6,535
6	3	21,783	7,261
7	3	19,098	6,366
8	3	17,836	5,945
9	5	24,971	4,994
11	4	33,415	8,354
12	2	21,692	10,846
13	3	16,553	5,518
14	4	35,593	8,898
15	3	64,527	21,509
16	6	101,575	16,929
17	4	63,238	15,810
18	7	83,907	11,987
19	1	7,211	7,211
22	1	13,200	13,200
32	2	28,761	14,381
33	1	30,245	30,245
34	2	34,100	17,050
35	1	14,457	14,457
36	2	29,697	14,849
37	1	14,421	14,421
38	5	100,304	20,061
39	3	55,218	18,406
40	2	47,157	23,579
41	5	104,187	20,837
42	3	84,714	28,238
43	5	154,932	30,986
44	8	196,575	24,572
45	8	158,163	19,770
46	18	458,728	25,485
47	8	183,733	22,967
48	13	349,381	26,875
49	10	211,509	21,151
50	19	463,745	24,408

TABLE 6

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF RETIRED MEMBERS,
DISABLED MEMBERS AND BENEFICIARIES
BY AGE AS OF JANUARY 1, 2006
CONTINUED

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
51	33	\$ 955,648	\$ 28,959
52	28	724,356	25,870
53	24	861,076	35,878
54	44	1,642,117	37,321
55	50	1,813,006	36,260
56	87	3,750,562	43,110
57	103	3,795,837	36,853
58	132	5,229,673	39,619
59	142	5,597,093	39,416
60	109	4,096,456	37,582
61	96	3,601,959	37,520
62	110	4,350,196	39,547
63	120	4,814,578	40,121
64	94	3,658,423	38,919
65	121	4,650,862	38,437
66	121	4,709,439	38,921
67	115	4,619,681	40,171
68	97	3,979,230	41,023
69	86	3,128,953	36,383
70	93	3,252,920	34,978
71	90	3,015,465	33,505
72	87	2,780,965	31,965
73	89	2,993,608	33,636
74	88	2,721,504	30,926
75	91	2,765,314	30,388
76	88	2,560,553	29,097
77	86	2,484,170	28,886
78	70	2,052,351	29,319
79	64	1,741,680	27,214
80	52	1,440,942	27,710
81	69	1,877,849	27,215
82	50	1,309,063	26,181
83	35	855,009	24,429
84	38	869,980	22,894

TABLE 6

THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCE OF RETIRED MEMBERS,
DISABLED MEMBERS AND BENEFICIARIES
BY AGE AS OF JANUARY 1, 2006
CONTINUED

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
85	28	\$ 794,966	\$ 28,392
86	33	819,458	24,832
87	21	432,580	20,599
88	18	429,750	23,875
89	13	282,823	21,756
90	9	204,331	22,703
91	9	147,896	16,433
92	3	62,565	20,855
93	5	112,443	22,489
94	4	82,059	20,515
95	5	92,367	18,473
96	1	16,545	16,545
97	3	48,486	16,162
TOTAL	3,121	\$ 105,484,483	\$ 33,798
POLICE	1,752	\$ 56,753,784	\$ 32,394
FIRE	1,369	\$ 48,730,699	\$ 35,596

TABLE 7

THE NUMBER AND FUTURE ANNUAL
ALLOWANCE OF TERMINATED MEMBERS
ENTITLED TO A FUTURE BENEFIT
BY AGE AS OF JANUARY 1, 2006

POLICE AND FIRE

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
28	1	\$ 7,405	\$ 7,405
29	1	5,004	5,004
30	1	7,223	7,223
31	4	35,366	8,842
32	2	12,436	6,218
33	3	25,223	8,408
34	4	40,627	10,157
35	6	44,523	7,421
36	10	104,593	10,459
37	6	70,116	11,686
38	6	95,352	15,892
39	6	52,571	8,762
40	13	160,122	12,317
41	7	129,066	18,438
42	11	151,526	13,775
43	15	291,789	19,453
44	7	84,428	12,061
45	10	175,324	17,532
46	6	166,503	27,751
47	6	127,378	21,230
48	7	102,721	14,674
49	7	70,266	10,038
50	1	17,297	17,297
52	1	21,164	21,164
TOTAL	141	\$ 1,998,023	\$ 14,170
POLICE	113	\$ 1,614,342	\$ 14,286
FIRE	28	\$ 383,681	\$ 13,703

TABLE 8

THE NUMBER, ANNUAL RETIREMENT
ALLOWANCE AND ACCOUNT BALANCE
OF DROP MEMBERS
BY AGE AS OF JANUARY 1, 2006

POLICE AND FIRE
DROP

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT	ACCOUNT BALANCE	AVERAGE ACCOUNT BALANCE
41	1	\$ 30,320	\$ 30,320	\$ 7,638	\$ 7,638
42	1	27,208	27,208	9,085	9,085
43	1	27,129	27,129	15,830	15,830
44	1	24,520	24,520	2,043	2,043
45	2	51,177	25,589	174,000	87,000
46	6	175,135	29,189	272,035	45,339
47	2	88,843	44,422	22,394	11,197
48	11	469,432	42,676	167,625	15,239
49	31	1,323,869	42,705	1,137,854	36,705
50	52	2,409,772	46,342	2,146,787	41,284
51	119	5,840,696	49,081	7,518,657	63,182
52	104	5,144,176	49,463	11,415,449	109,764
53	118	6,147,276	52,096	19,676,274	166,748
54	139	6,987,132	50,267	30,011,434	215,910
55	110	5,055,605	45,960	26,473,753	240,670
56	96	4,511,916	46,999	29,526,670	307,569
57	73	3,143,476	43,061	23,899,967	327,397
58	71	2,990,476	42,119	27,020,053	380,564
59	46	1,841,408	40,031	17,689,333	384,551
60	24	1,077,262	44,886	11,476,597	478,192
61	13	583,785	44,907	7,089,765	545,367
62	13	532,827	40,987	7,217,102	555,162
63	13	522,191	40,169	7,778,952	598,381
65	3	120,155	40,052	1,707,118	569,039
66	2	41,593	20,797	581,559	290,780
67	1	19,281	19,281	233,862	233,862
68	2	111,792	55,896	2,159,866	1,079,933
70	1	84,574	84,574	521,283	521,283
TOTAL	1,056	\$ 49,383,026	\$ 46,764	\$ 235,952,985	\$ 223,440
POLICE	556	\$ 25,975,198	\$ 46,718	\$ 116,441,690	\$ 209,428
FIRE	500	\$ 23,407,828	\$ 46,816	\$ 119,511,295	\$ 239,023