

**RETIREMENT PLAN FOR THE EMPLOYEES' RETIREMENT  
FUND OF THE CITY OF DALLAS  
ACTUARIAL VALUATION REPORT  
AS OF DECEMBER 31, 2008**



April 30, 2009

Board of Trustees  
Employees' Retirement Fund of the City of Dallas, Texas  
600 North Pearl Street  
Suite 2450  
Dallas, Texas 75201

Dear Members of the Board:

We are pleased to present our report of the actuarial valuation of the Employees' Retirement Fund of the City of Dallas, Texas ("ERF" or the "Fund") as of December 31, 2008.

This valuation provides information on the funding status of ERF. It includes a determination of the actuarially calculated contribution rates for the 2009 calendar year. In addition, it also contains the information necessary to determine the current total obligation rate and the current adjusted total obligation rate for the fiscal year beginning October 1, 2009 per City Ordinance. This rate is a function of the previous year's adjusted total obligation rate, this year's actuarially calculated contribution rate, and the rate necessary to make the debt service payment on the previously issued pension obligation bonds for fiscal year 2010.

This valuation is based on the provisions of ERF in effect as of the valuation date, data on the ERF membership and information on the asset values of the Fund as of December 31, 2008. The member, annuitant and asset data used in the valuation were all prepared and furnished by ERF staff. While certain checks for reasonableness were performed, the data used was not audited.

There were no changes in the actuarial assumptions and methods since the prior valuation. All actuarial assumptions and methods are described under Section N of this report and meet the parameters of Governmental Accounting Standards Board Statement No. 25. We believe the actuarial assumptions individually and collectively represent reasonable expectations of experience over the long-term future.

To the best of our knowledge, this report is complete and accurate and was conducted in accordance with the Actuarial Standards of Practice as set forth by the Actuarial Standards Board and in compliance with the provisions of the City Ordinance. The actuarial valuation was produced under the supervision of a Member of the American Academy of Actuaries and both signatories have significant experience valuing large public employee retirement systems.

Respectfully submitted,

Lewis Ward  
Consultant

Mark R. Randall, MAAA, FCA, EA  
Executive Vice President & Senior Consultant

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**SECTION A**

**EXECUTIVE SUMMARY**

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**EXECUTIVE SUMMARY**

(\$ in 000's)

The key results from the actuarial valuation of the Employees' Retirement Fund of the City of Dallas as of December 31, 2008, may be summarized as follows:

	December 31, 2007 (1)	December 31, 2008 (2)
• Members		
- Actives	8,117	8,371
- Benefit recipients	5,304	5,476
- Deferred vested*	576	583
- Other terminated*	467	509
- Total	14,464	14,939
• Projected payroll (including overtime)	\$ 359,369	\$ 378,021
• Normal cost	\$ 57,396	\$ 60,689
as % of payroll	16.22%	16.34%
• Actuarial accrued liability	\$ 2,915,163	\$ 3,075,385
• Actuarial value of assets	\$ 3,183,260	\$ 2,957,506
• Market value of assets	\$ 3,185,216	\$ 2,096,850
• Unfunded actuarial accrued liability (UAAL)	\$ (268,097)	\$ 117,879
• Estimated yield on assets (market value basis)	3.56%	(31.31)%
• Estimated yield on assets (actuarial value basis)	9.58%	(3.76)%
• Contribution Rates		
- Prior Adjusted Total Obligation Rate	22.71%	22.71%
- Current Total Obligation Rate	20.21%	26.81%
- Current Adjusted Total Obligation Rate	22.71%	24.76%
• Actuarial gains/(losses)		
- Assets	\$ 39,193	\$ (375,992)
- Actuarial liability experience	\$ (21,738)	\$ (29,249)
- Assumption changes	\$ -	\$ -
• 30-year level % of pay funding cost	\$ 42,637	\$ 71,615
as % of payroll (Employee + City)	12.25%	19.17%
• Funded ratio		
- Based on actuarial value of assets	109.2%	96.2%
- Based on market value of assets	109.3%	68.2%

\* *Deferred vested are members who have applied for a deferred pension. Other terminations are other members who have terminated and still have contribution balances in the Fund.*

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**SECTION B**

**PURPOSES OF THE ACTUARIAL VALUATION**

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## PURPOSES OF THE ACTUARIAL VALUATION

At your request, we have performed the actuarial valuation of the Employees' Retirement Fund of the City of Dallas ("ERF" or the "Fund") as of December 31, 2008.

The purposes of an actuarial valuation are as follows:

- To determine the funding status of ERF as of the valuation date;
- To develop the actuarially determined level of contributions for ERF for the 2009 calendar year; and
- To develop the current total obligation rate and the current adjusted total obligation rate for the fiscal year beginning October 1, 2009.

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**SECTION C**

**REPORT HIGHLIGHTS**

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## REPORT HIGHLIGHTS

The following is a set of key actuarial results from the prior year's valuation as compared to the current year:

	(\$ in 000's)	
	<u>2008</u>	<u>2009</u>
<b>Contribution Rates (% of Payroll)</b>		
Normal Cost (including administrative expense)	16.96%	17.20%
Total Actuarial Contribution Rate	12.25%	19.17%
Total Projected Actuarial Contribution	\$42,637	\$71,615
<b>Funded Status</b>	<u>12/31/07</u>	<u>12/31/08</u>
Actuarial Accrued Liability	\$2,915,164	\$3,075,385
Actuarial Value of Assets	3,183,260	2,957,506
Unfunded Actuarial Accrued Liability	(268,096)	117,879
Funded Ratio	109.20%	96.17%

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**SECTION D**  
**FUNDING PROCESS**

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## FUNDING PROCESS

Based on the previous work of the Employees' Retirement Fund Study Committee, that was ratified by both the City Council and the voters of Dallas, a new funding process commenced October 1, 2005. From this date forward, a new "current adjusted total obligation rate" will be contributed jointly by the City (63%) and the Membership (37%). This current adjusted total obligation rate will cover both the debt service tied to the pension obligation bonds issued in 2005 and the contributions to the ERF. In subsequent years, the contribution rate changes only if the actuarial valuation develops a "current total obligation rate" which differs from the "prior adjusted total obligation rate" by more than 3.00%.

As shown in Table 3 (under Section L) and discussed later in this report, the "current total obligation rate" differs from the "prior adjusted total obligation rate" by more than 3.00% as of December 31, 2008. This means that the "current adjusted total obligation rate" will increase from 22.71% to 24.76% of active member payroll effective October 1, 2009.

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**SECTION E**

**ACTUARIAL CONTRIBUTIONS**

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## ACTUARIAL CONTRIBUTION

The Actuarially Required Contribution Rate developed in this actuarial valuation is 19.17% of active member payroll. This rate excludes the amount needed to make the City's debt service payment on the pension obligation bonds in fiscal year 2010. As shown in Section L -Table 3 of this report, the debt service payment is determined to be 7.64% of projected payroll. The sum of these rates is 26.81% (the Current Total Obligation Rate) which is 4.10% more than the Prior Adjusted Total Obligation Rate of 22.71%. Because the difference is more than 3.00%, the total contribution rate in fiscal year 2010 (the Current Adjusted Total Obligation Rate) to fund the ERF and make the debt service payment on the pension obligation bonds will increase to 24.76% which is the average of the Prior Adjusted Total Obligation Rate of 22.71% and the Current Total Obligation Rate of 26.81%.

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**SECTION F**

ACTUARIAL ASSUMPTIONS

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## ACTUARIAL ASSUMPTIONS

Section N of this report includes a summary of the actuarial assumptions and methods used in this valuation. In short, costs are determined using the Entry Age Normal actuarial cost method. The assumed annual investment return rate is 8.25% including an annual assumed rate of inflation of 3.00%.

There were no changes in the actuarial assumptions since the prior valuation report. Please see Section N for a complete description of the actuarial assumptions and methods currently being employed.

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**SECTION G**  
**ERF BENEFITS**

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## ERF BENEFITS

There were no changes in the benefit provisions of ERF since the prior valuation. Please see Section O for a summary description of the ERF benefits.

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**SECTION H**

**EXPERIENCE DURING PREVIOUS YEAR**

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### EXPERIENCE DURING 2008

An Actuarial (Gain)/Loss Analysis [(G)/L] reviews the effects of the actual experience that differs from the assumed experience based on the actual results for the year. If any difference increases assets or reduces liabilities, we have an actuarial gain. The reverse is an actuarial loss.

On a market value return basis, the Fund lost approximately -31.31% (calculated on a dollar-weighted basis, net of investment expenses). Given this negative return, the actual investment income was less than the expected investment income on the actuarial value of assets; therefore, an investment income loss is being partially recognized this year (1/3) and partially deferred into the near future (2/3). Recognizing prior years' deferred investment gains and losses (years 2006 and 2007), there was an overall actuarial loss of approximately \$376 million on the actuarial value of assets as of December 31, 2008. The rate of return on the actuarial value of assets for 2008 was -3.76% (calculated on a dollar-weighted basis, net of investment expenses). This result was less than the current investment return assumption of 8.25% per annum.

In addition, during 2008, there was an aggregate actuarial loss of about \$29 million derived from demographic assumptions and non-investment economic assumption (salary increases) losses. As seen below, ERF experienced an overall actuarial loss in calendar year 2008 following recent year-by-year gains. This year's overall actuarial loss amounted to approximately \$405 million.

The total actuarial (G)/L is the net of the (G)/L from asset performance and the (G)/L from liability experience. The total (G)/L for the prior 4 years is broken down as follows (\$ in millions):

	2005	2006	2007	2008
1) Actuarial (Gain)/Loss on Assets	(\$133.36)	(\$128.75)	(\$39.19)	\$375.99
2) Actuarial (Gain)/Loss on Liabilities	(0.64)	9.35	21.73	29.25
3) Total Actuarial (Gain) or Loss (1+2)	(134.00)	(119.40)	(17.46)	405.24

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**SECTION I**

**ASSET INFORMATION**

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## ASSET INFORMATION

The assets of the Fund (on a market value basis) decreased from \$3,185 million as of December 31, 2007 to \$2,097 million as of December 31, 2008.

The assets recognized for actuarial valuation purposes (known as “the actuarial value of assets”) are the product of a three-year market smoothing asset method. The purpose of such a smoothing method is to allow the use of market values, but to dampen the effect of the typical year-to-year market fluctuations. See Table 6 in Section L of this report for the determination of the actuarial value of assets as of December 31, 2008.

The actuarial value of assets has decreased from \$3,183 million to \$2,958 million during 2008. The rate of return on investments for 2008 on the actuarial value of assets was -3.76% compared to 9.58% in 2007. The detailed determinations of asset values utilized in this valuation and the change in assets in the last year are exhibited in Tables 4 and 5 of Section L of this report.

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**SECTION J**  
**FUNDED STATUS**

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## FUNDED STATUS

The funded status of ERF is measured by the Funded Ratio and the Unfunded Actuarial Accrued Liability (UAAL). The Funded Ratio is the ratio of the actuarial value of assets available for benefits to the actuarial accrued liability (AAL) of the Fund. Therefore, it reflects the portion of the AAL that is covered by ERF assets. The UAAL is the difference between these two amounts.

A Funded Ratio of 100% means that the funding of ERF is precisely on schedule. In addition, an increasing funded ratio from year-to-year also means that the funding of ERF is on schedule. By monitoring changes in the Funding Ratio each year we can determine whether or not funding progress is being made.

Based on the actuarial value of assets, the Funded Ratio of ERF decreased from 109% as of December 31, 2007 to 96% as of December 31, 2008 due to the significant downturn in the investment markets during 4<sup>th</sup> quarter of 2008. This followed three years of increasing Funded Ratios all of which were above 100%.

The UAAL increased from -\$268.1 million (surplus) as of December 31, 2007 to \$117.9 million (shortfall) as of December 31, 2008. Since the UAAL is now positive, this implies the actuarial accrued liabilities exceed the actuarial assets of the Fund as of December 31, 2008.

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**SECTION K**  
**GASB DISCLOSURE**

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## GASB DISCLOSURE

Governmental Accounting Standards Board (GASB) Statement Numbers 25 and 27 detail the current accounting standards for ERF and the Fund's sponsor, the City of Dallas. Tables 10a, 10b, and 10c located in Section L of this report provide footnotes and/or Required Supplemental Information tables required to be disclosed by these statements.

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**SECTION L**  
ACTUARIAL TABLES

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**ACTUARIAL TABLES**

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Summary of Actuarial Values  
As of December 31, 2008  
(\$ in 000's)

	APV* of Projected Benefits	Entry Age Actuarial Values		
		Actuarial Accrued Liability (AAL)	Normal Cost \$	Normal Cost % of Pay**
<b>1 Active Members</b>				
a. Retirement	\$ 1,480,660	\$ 1,215,941	\$ 41,639	11.21%
b. Death	36,505	23,647	2,078	0.56%
c. Disability	18,340	8,416	1,577	0.43%
d. Termination	103,050	19,850	12,706	3.42%
e. Health Subsidy	52,889	37,759	2,689	0.72%
<b>Total</b>	<b>1,691,444</b>	<b>1,305,613</b>	<b>60,689</b>	<b>16.34%</b>
<b>2 Benefit Recipients</b>	1,707,599	1,707,599		
<b>3 Other Inactive</b>	62,173	62,173		
<b>4 Total Actuarial Values of Benefits</b>	<b>3,461,216</b>	<b>3,075,385</b>	<b>60,689</b>	<b>16.34%</b>
<b>5 Actuarial Value of Assets</b>		2,957,506		
<b>6 Unfunded Actuarial Accrued Liability (4 - 5)</b>		117,879		
<b>7 Funding Ratio</b>		96.17%		

\* APV – Actuarial Present Value

\*\* Percentage of expected payroll for continuing active members.

Development of Actuarially Required Contribution for FY 2010  
(\$ in 000's)

	<u>\$</u>	<u>% of Pay</u>
<b>1 Actuarial Requirement</b>		
a. Payment to Amortize UAAL over 30 years*	\$ 7,670	1.97%
b. Normal Cost	60,689	16.34%
c. Administrative Expense	<u>3,256</u>	<u>0.86%</u>
<b>Total</b>	<b>\$ 71,615</b>	<b>19.17%</b>

\* Amortization is determined as a level percentage of projected payroll

Information for Ordinance 25695  
 For the Fiscal Year Commencing October 1, 2009

<b>1 Prior Adjusted Total Obligation Rate</b>	22.71%
<b>2 Actuarially Required Contribution Rate</b>	19.17%
<b>3 Debt Service</b>	
<b>a Scheduled Debt Service Payment for FY 2010</b>	29,749,562
<b>b Projected Payroll</b>	389,361,532
<b>c Pension Obligation Bond Credit Rate (a/b)</b>	7.64%
<b>4 Current Total Obligation Rate (2 + 3c)</b>	26.81%
<b>5 Current Adjusted Total Obligation Rate</b>	24.76% *
<b>6 Allocation of Contribution Rates for FY 2009</b>	
<b>a Employee (5 x .37)</b>	9.16%
<b>b City (5 x .63)</b>	15.60%

\* If the absolute value of the difference between the Prior Adjusted Total Obligation Rate (PATOR) and the Current Total Obligation Rate (CTOR) is less than or equal to 3.0% then:  
 Current Adjusted Total Obligation Rate (CATOR) = PATOR  
 otherwise:  
 1) If  $PATOR - CTOR > 3.00\%$  then the CATOR is set equal to the greater of:  
     a) the average of the Prior Adjusted Total Obligation Rate and the Current Total Obligation Rate; or  
     b) 90% of the Prior Adjusted Total Obligation Rate  
 or  
 2) If  $PATOR - CTOR < -3.00\%$  then the CATOR is set equal to the lesser of:  
     a) the average of the Prior Adjusted Total Obligation Rate and the Current Total Obligation Rate; or  
     b) 110% of the Prior Adjusted Total Obligation Rate

### Excerpts from City Ordinance 25695

**ACTUARIALLY REQUIRED CONTRIBUTION RATE** – means, for any fiscal year, a rate of contribution to the fund, expressed as a percentage of members' projected wages for such fiscal year, which is the sum of the following as determined in the actuarial valuation report for the preceding plan year:

- (A) the actuarial present value of the pension plan benefits and expenses that are allocated to a valuation period by the actuarial cost method; and
- (B) the contribution that will amortize the difference between the actuarial accrued liability of the fund and the actuarial value of the assets of the fund over the period of years required by generally accepted accounting principles.

**CITY CONTRIBUTIONS** – means, for each pay period ending during a transition year, the city shall contribute to the retirement fund an amount equal to:

- (A) 63% times the current total obligation rate for that fiscal year times the members' wages for the pay period, minus
- (B) The pension obligation bond credit rate for that fiscal year times the members' wages for the pay period;

and, for each pay period ending during each fiscal year, except for a transition year, the city shall contribute to the retirement fund an amount equal to:

- (C) 63% times the current adjusted total obligation rate for that fiscal year times the members' wages for the pay period, minus
- (D) The pension obligation bond credit rate for that fiscal year times the members' wages for the pay period.

**EMPLOYEE CONTRIBUTIONS** – means, for each pay period ending during a transition year, each member shall contribute to the retirement fund an amount equal to:

- (A) 37% times the current total obligation rate for that fiscal year times the member's wages for the pay period;

and, for each pay period ending during each fiscal year, except for a transition year, the member shall contribute to the retirement fund an amount equal to:

- (B) 37% times the current adjusted total obligation rate for that fiscal year times the member's wages for the pay period.

**CURRENT ADJUSTED TOTAL OBLIGATION RATE** – means, for any fiscal year, the rate determined by the board as follows, using whichever formula is applicable:

- (A) If the current total obligation rate minus the prior adjusted total obligation rate is greater than three, then the current adjusted total obligation rate for such fiscal year is equal to the lesser of:
- (i) the prior adjusted total obligation rate plus one-half times the difference of the current total obligation rate minus the prior adjusted total obligation rate; or
  - (ii) 110 percent times the prior adjusted total obligation rate; or
  - (iii) 36 percent.
- (B) If the difference between the current total obligation rate and the prior adjusted total obligation rate is less than three, then the current adjusted total obligation rate for such fiscal year is equal to the prior adjusted total obligation rate.
- (C) If the prior adjusted total obligation rate minus the current total obligation rate is greater than three, then the current adjusted total obligation rate for such fiscal year is equal to the greater of:
- (i) the prior adjusted total obligation rate minus one-half times the difference of the prior adjusted total obligation rate minus the current total obligation rate; or
  - (ii) 90 percent times the prior adjusted total obligation rate.

**CURRENT TOTAL OBLIGATION RATE** – means, for any fiscal year, the rate adopted by the board that is equal to the sum of the pension obligation bond credit rate for such fiscal year plus the actuarially required contribution rate for such fiscal year.

**PENSION OBLIGATION BOND CREDIT RATE** – means, for any fiscal year, the rate adopted by the board that is a percentage calculated by dividing:

- (A) the debt service due during such fiscal year on any pension obligation bonds, the proceeds of which have been deposited in the fund, by:
- (B) the total members' projected wages for such fiscal year, as reported in the relevant actuarial valuation report.

**PRIOR ADJUSTED TOTAL OBLIGATION RATE** – means:

- (A) for the fiscal year commencing October 1, 2008, the current total obligation rate that was effective for the prior fiscal year; and
- (B) for each fiscal year commencing on or after October 1, 2009, the current adjusted total obligation rate that was effective for the prior fiscal year.



**PROJECTED PAYROLL** – means the covered payroll for the valuation proceeding the fiscal year multiplied by the payroll growth assumption.

**TRANSITION YEAR** – means each of the following:

- (A) the first fiscal year in which debt service payments related to pension obligation bonds are due from the city;
- (B) the first fiscal year in which no debt service payments related to pension obligation bonds are due from the city; and
- (C) the fiscal year beginning October 1, 2005.

<b>Net Assets Available for Benefits</b>		
(\$ in 000's)		
	<u>December 31, 2007</u>	<u>December 31, 2008</u>
<b>Assets</b>		
Cash & Short-Term	\$133,987	\$183,207
<b>Receivables</b>		
Accrued Investment Income	16,230	13,008
Securities Sold	31,045	20,707
Employer Contribution	641	1,001
Employee Contribution	907	1,325
Pending Contracts	289	0
	<u>49,112</u>	<u>36,041</u>
<b>Investments</b>		
Index Funds	132,433	81,083
Fixed Income	869,911	601,494
Equities	2,080,157	1,235,558
Real Estate	0	0
Venture Capital	38	5
	<u>3,082,539</u>	<u>1,918,140</u>
<b>Total Assets</b>	<b>3,265,638</b>	<b>2,137,388</b>
<b>Liabilities</b>		
Accounts Payable	3,344	3,692
Investment Transactions	77,078	36,846
	<u>80,422</u>	<u>40,538</u>
<b>Net Assets Available For Benefits</b>	<b><u><u>3,185,216</u></u></b>	<b><u><u>2,096,850</u></u></b>

**Change in Assets Available for Benefits**  
**Fiscal Year Ending December 31, 2008**  
(\$ in 000's)

	<u>2007</u>	<u>2008</u>
<b>1 Assets Available at Beginning of Year</b>	\$ 3,171,542	\$ 3,185,216
Adjustment *	<u>(8)</u>	<u>194</u>
	3,171,534	3,185,410
<b>2 Revenues</b>		
a. Employer Contributions	23,413	22,720
b. Employee Contributions	31,692	31,839
c. Investment Income	98,876	101,668
d. Investment Expense	(12,477)	(10,730)
e. Realized and Unrealized Gains (Losses)	22,766	(1,074,528)
f. Other (Security Lending)	<u>1,953</u>	<u>3,044</u>
Total Revenues	166,223	(925,987)
<b>3 Expenses</b>		
a. Benefits	146,810	156,575
b. Refunds	3,056	2,742
c. Administration Expense	<u>2,675</u>	<u>3,256</u>
Total Expense	152,541	162,573
<b>4 Assets Available at End of Year (1 + 2 - 3)</b>	<u>3,185,216</u>	<u>2,096,850</u>

\* Change due to difference between unaudited asset value used for prior valuation and audited asset value reported the following year.

Development of Actuarial Value of Assets  
As of December 31, 2008  
(S in 000's)

	<u>Market Value</u>	<u>Actuarial Value</u>
<b>1 Value of Assets @ 12-31-2007</b>	\$ 3,185,216	\$ 3,183,260
<b>2 Non-Investment Cash Flows during 2008</b>		
a. Employer Contributions	22,720	22,720
b. Employee Contributions	31,839	31,839
c. Benefits (including refunds)	(159,317)	(159,317)
d. Administrative Expenses	(3,256)	(3,256)
<b>Total</b>	<u>(108,014)</u>	<u>(108,014)</u>
<b>3 Expected Investment Returns @ 8.25%</b>	258,252	258,252
<b>4 Expected Assets @ 12-31-2008 (1 + 2 + 3)</b>	3,335,454	3,333,498
<b>5 Actual Assets Available for Benefits</b>	2,096,850	
<b>6 Gain/ (Loss) From Investment Returns (5 - 4)</b>	(1,238,604)	
<b>7 Recognition of Gains / (Losses)</b>		
a. One-third of Current Year Gain/(Loss) (one-third of 6)		(412,868)
b. One-third of 2007 Gain/(Loss)		(44,098)
c. One-third of 2006 Gain/(Loss)		80,974
<b>Total</b>		<u>(375,992)</u>
<b>8 Actuarial Value of Assets @ 12-31-2008 (4 + 7)</b>		<u><u>2,957,506</u></u>

**Historical Investment Performance**  
**Dollar Weighted Basis Net of Investment Expenses**

<u>Calendar Year</u>	<u>On Market Value</u>	<u>On Actuarial Value</u>
1997	20.48%	12.49%
1998	16.99%	15.17%
1999	16.74%	17.69%
2000	-3.45%	9.59%
2001	-5.46%	2.76%
2002	-9.81%	-5.37%
2003	27.05%	2.03%
2004	15.22%	9.38%
2005	7.93%	13.71%
2006	16.90%	13.03%
2007	3.56%	9.58%
2008	-31.31%	-3.76%

**Analysis of Change in Unfunded  
Actuarial Accrued Liability  
For the Year Ending December 31, 2008  
(\$ in 000's)**

<b>1 UAAL as of December 31, 2007</b>		<b>\$ (268,096)</b>
<b>2 Expected Change in UAAL during 2008</b>		
a. Normal Cost for 2008 based on actual payroll	\$ 57,298	
b. Contributions 2008	(54,559)	
c. Interest adjustments on 1, 2a, & 2b to Year End @ 8.25%	<u>(22,005)</u>	
d. Expected change in UAAL		(19,266)
<b>3 Net Actuarial Experience (Gains) &amp; Losses</b>		<b>405,241</b>
<b>4 Assumption Changes and Audit Recommendations</b>		<b>0</b>
<b>5 UAAL as of December 31, 2008</b>		<b>\$ 117,879</b>

Analysis of Actuarial (Gains) and Losses  
For 2008  
(\$ in 000's)

	<u>2008</u>
Investment Return	\$ 375,992
Salary Increase	\$ 3,351
Age and Service Retirement	\$(6,290)
General Employment Termination	\$ 7,026
Disability Incidence	\$(344)
Active Mortality	\$ 619
Benefit Recipient Mortality	\$ 2,451
Actual vs. Expected Cost of Living Adjustment (COLA)*	\$ 19,224
Other	\$ 3,212
Change in Member Contribution Rate	<u>-</u>
Total Actuarial (Gain) Loss	\$ 405,241

\*Actual COLA of 4.817% versus expected COLA of 3.000%

Schedule of Funding Status  
(As Required by GASB #25)  
(\$ in 000's)

End of Year	Actuarial Value of Assets (a)	AAL (b)	UAAL (b-a)	Funding Ratio (a/b)	Payroll*	UAAL as % of Payroll (b-a)/c
1992	\$854,000	\$1,107,000	\$253,000	77.15%	\$200,000	126.50%
1993	945,000	1,123,000	178,000	84.15%	200,000	89.00%
1994	991,000	1,199,000	208,000	82.65%	208,000	100.00%
1995	1,176,000	1,459,000	283,000	80.60%	243,357	116.30%
1996	1,310,081	1,585,081	275,000	82.65%	257,169	106.90%
1997	1,437,533	1,673,761	236,228	85.89%	261,799	90.20%
1998	1,617,468	1,750,430	132,962	92.40%	275,547	48.30%
1999	1,862,644	1,873,998	11,353	99.39%	282,127	4.00%
2000	1,997,828	2,038,078	40,250	98.03%	298,355	13.50%
2001	2,017,041	2,276,488	259,447	88.60%	332,842	77.90%
2002	1,863,701	2,399,569	535,868	77.67%	324,615	165.08%
2003	1,843,099	2,489,071	645,972	74.05%	318,492	202.82%
2004	2,482,082	2,488,270	6,188	99.75%	331,201	1.87%
2005	2,739,269	2,606,173	(133,096)	105.11%	332,446	-40.04%
2006	2,998,099	2,761,404	(236,695)	108.57%	344,997	-68.61%
2007	3,183,260	2,915,164	(268,096)	109.20%	370,150	-72.43%
2008	2,957,506	3,075,385	117,879	96.17%	389,362	30.27%

\* Projected to following year.



**Schedule of Employer Contributions**  
**(As Required by GASB #25)**  
**(\$ in 000's)**

<b>Year</b>	<b>Total ARC*</b>	<b>Member Contributions</b>	<b>Net City ARC</b>	<b>Actual City Contributions</b>	<b>City Cont. as Percent of Net ARC</b>
1997	\$58,095	\$13,193	\$44,902	\$22,404	49.90 %
1998	61,339	14,001	47,338	23,762	50.20 %
1999	57,159	14,932	42,227	25,217	59.72 %
2000	50,142	16,460	33,682	27,847	82.68 %
2001	52,535	20,814	31,728	35,182	110.91 %
2002	71,246	21,771	49,475	36,606	73.99 %
2003	86,429	20,580	65,849	34,729	52.74 %
2004	92,278	20,896	71,382	35,251	49.38 %
2005	51,290	23,392	27,898	565,569	2027.29 %
2006	44,503	30,123	14,380	23,000	159.94 %
2007	41,079	31,692	9,387	23,413	249.42 %
2008	42,637	31,839	10,798	22,720	210.41 %
2009	71,615	32,706 **	38,909 **		

\* ARC – Annual Required Contribution as defined in GASB Statements No. 25 and No. 27.

\*\* Estimated.

Note 1: Data for years prior to 1998 are based on prior actuarial work product.

Note 2: GASB Statements 25 and 27 are standards for accounting for public retirement systems and employers. They are not designed to limit the funding decisions of plan sponsors.

Notes to Required Supplementary Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation for GASB 25 purposes is as follows:

Valuation Date	December 31, 2008
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent Open
Payroll Growth Rate for Amortization	3.00%
Remaining Amortization Period	30 years
Asset Valuation Method	3-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return*	8.25%
Projected Salary Increases*	3.5% - 8.0%
*Includes Inflation at	3.00%
Cost-of-Living Adjustments	3.00%

Summary of Data Characteristics

	December 31, 2006	December 31, 2007	December 31, 2008
<b>Active Members</b>			
Number	7,772	8,117	8,371
Total Annualized Earnings of Members as of 12/31 (000's)	\$334,949	\$359,369	\$378,021
Average Earnings	43,097	44,274	45,158
<b>Benefit Recipients</b>			
Number	5,197	5,304	5,476
Total Annual Retirement Income (000's)	\$133,532	\$142,267	\$154,693
Total Annual Health Supplement (000's)	\$7,614	\$7,784	\$7,988
Average Total Annual Benefit	\$27,159	\$28,283	\$29,708
<b>Inactive Members</b>			
Number	980	1,043	1,092*

\* The number of inactives on 12/31/2008 includes 583 members who have applied for a deferred pension and 509 other members who have terminated and still have contribution balances in the Fund.

**Employees' Retirement Fund of  
The City of Dallas  
Actuarial Valuation – December 31, 2008**

**TABLE 12**

**Distribution of Active Members and Payroll by Age and Years of Service  
as of December 31, 2008**

Age	Under 1	Years of Service							Totals
		1-4	5-9	10-14	15-19	20-24	25-29	30 & Over	
Under20	11	1	-	-	-	-	-	-	12
	235,769	18,852	-	-	-	-	-	-	254,621
20-24	128	127	1	-	-	-	-	-	256
	3,654,732	3,406,470	44,186	-	-	-	-	-	7,105,388
25-29	177	368	41	5	-	-	-	-	591
	5,744,031	12,571,416	1,460,421	181,114	-	-	-	-	19,956,982
30-34	149	381	166	78	3	-	-	-	777
	5,284,014	14,577,768	6,950,933	3,163,720	106,045	-	-	-	30,082,480
35-39	118	349	196	183	53	4	-	-	903
	4,288,963	13,635,807	7,767,005	8,128,535	2,388,495	194,308	-	-	36,403,113
40-44	115	345	226	233	161	106	11	-	1,197
	4,097,941	13,789,426	9,700,500	10,887,609	8,315,363	5,878,113	564,028	-	53,232,980
45-49	131	361	228	271	184	236	183	10	1,604
	4,972,336	14,143,845	10,082,714	12,634,340	9,826,533	13,680,872	10,095,844	624,569	76,061,053
50-54	75	243	195	220	170	239	200	50	1,392
	3,066,106	10,288,821	8,829,796	10,277,640	9,456,442	14,177,894	12,273,791	2,882,982	71,253,472
55-59	59	163	146	201	135	140	99	59	1,002
	2,377,669	7,413,518	7,395,003	9,540,154	7,248,106	7,886,854	5,953,742	3,512,678	51,327,724
60-64	12	83	76	89	71	57	43	33	464
	390,171	3,371,700	3,520,544	4,522,637	3,776,744	3,333,707	2,659,776	2,336,716	23,911,995
65&Over	6	22	34	31	35	22	11	12	173
	236,638	1,103,331	1,666,697	1,534,989	1,626,491	1,203,008	459,366	600,577	8,431,097
<b>Totals</b>	<b>981</b>	<b>2,443</b>	<b>1,309</b>	<b>1,311</b>	<b>812</b>	<b>804</b>	<b>547</b>	<b>164</b>	<b>8,371</b>
	<b>34,348,370</b>	<b>94,320,954</b>	<b>57,417,799</b>	<b>60,870,738</b>	<b>42,744,219</b>	<b>46,354,756</b>	<b>32,006,547</b>	<b>9,957,522</b>	<b>378,020,905</b>

**Distribution of Benefit Recipients  
 as of December 31, 2008**

<b>Age</b>	<b>Number</b>	<b>Annual Benefit*</b>	<b>Annual Average Benefit*</b>
<b>Under 50</b>	103	1,489,377	14,460
<b>50-54</b>	350	12,895,051	36,843
<b>55-59</b>	834	32,872,795	39,416
<b>60-64</b>	1,150	39,334,072	34,204
<b>65-69</b>	869	23,390,126	26,916
<b>70-74</b>	680	16,922,292	24,886
<b>75-79</b>	591	12,377,285	20,943
<b>80-84</b>	439	8,678,592	19,769
<b>85-89</b>	305	4,901,052	16,069
<b>90 &amp; Over</b>	155	1,832,203	11,821
<b>Total</b>	<b>5,476</b>	<b>154,692,846</b>	<b>28,249</b>

\* Does not include Health Benefit Supplement.

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**SECTION M**

**EXPERIENCE TABLES**

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**EXPERIENCE TABLES**

<u>Table Number</u>	<u>Content of Tables</u>	<u>Page</u>
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**Pay Experience for Employees who are Active at  
 Beginning and End of Year  
 Valuation Pay Analysis  
 Analyzed by Years of Service**

Service Beginning of Year	Experience for 2008			
	Number	Expected Pay	Actual Pay	Ratio A/E
Under 5	2,208	85,556,685	84,733,295	99.04%
5-9	1,301	56,170,502	55,776,389	99.30%
10-14	1,412	65,512,498	65,624,246	100.17%
15-19	807	41,515,349	41,667,279	100.37%
20-24	792	45,695,732	45,603,875	99.80%
25-29	606	35,319,990	35,378,526	100.17%
30 & Over	205	12,310,755	12,320,968	100.08%
<b>Total</b>	<b>7,331</b>	<b>\$ 342,081,511</b>	<b>\$ 341,104,578</b>	<b>99.71%</b>
<b>Over 10 Years</b>	<b>3,822</b>	<b>\$ 200,354,324</b>	<b>\$ 200,594,894</b>	<b>100.12%</b>

Service Beginning of Year	Experience for 2006/2008			
	Number	Expected Pay	Actual Pay	Ratio A/E
Under 5	5,655	213,752,662	213,393,404	99.83%
5-9	4,301	178,112,443	179,583,523	100.83%
10-14	3,877	172,247,832	174,595,042	101.36%
15-19	2,393	121,626,473	123,077,375	101.19%
20-24	2,639	144,435,659	145,901,649	101.01%
25-29	1,738	97,770,434	98,481,379	100.73%
30 & Over	528	30,587,996	30,798,057	100.69%
<b>Total</b>	<b>21,131</b>	<b>\$ 958,533,499</b>	<b>\$ 965,830,429</b>	<b>100.76%</b>
<b>Over 10 Years</b>	<b>11,175</b>	<b>\$ 566,668,394</b>	<b>\$ 572,853,502</b>	<b>101.09%</b>



Analysis of Retirement Experience

Age	2008 Retirement			2006/2008 Retirement		
	Actual	Expected	Ratio A/E	Actual	Expected	Ratio A/E
46	-	-	N/A	-	-	N/A
47	-	-	N/A	-	-	N/A
48	-	0.30	0.00%	-	1.10	0.00%
49	2	1.30	153.85%	3	3.40	88.24%
50	20	21.60	92.59%	44	54.75	80.37%
51	11	17.50	62.86%	44	54.74	80.38%
52	17	22.75	74.73%	46	60.30	76.29%
53	14	18.85	74.27%	41	53.95	76.00%
54	14	21.30	65.73%	46	59.25	77.64%
55	12	20.55	58.39%	35	65.25	53.64%
56	17	21.03	80.84%	44	58.64	75.03%
57	9	19.73	45.62%	41	64.27	63.79%
58	11	18.84	58.39%	34	54.88	61.95%
59	9	18.00	50.00%	32	47.84	66.89%
60	13	32.42	40.10%	42	78.74	53.34%
61	14	20.52	68.23%	36	56.86	63.31%
62	15	19.09	78.58%	29	47.61	60.91%
63	8	12.74	62.79%	29	37.44	77.46%
64	7	9.09	77.01%	18	31.14	57.80%
65	7	17.80	39.33%	22	45.70	48.14%
66	5	10.85	46.08%	19	25.70	73.93%
67	7	7.05	99.29%	17	17.45	97.42%
68	2	3.85	51.95%	6	9.80	61.22%
69	1	3.30	30.30%	4	7.45	53.69%
70 & Over	2	39.00	5.13%	16	117.00	13.68%
<b>Total</b>	<b>217</b>	<b>377.46</b>	<b>57.49%</b>	<b>648</b>	<b>1,053.26</b>	<b>61.52%</b>
<b>Total Under 70</b>	<b>215</b>	<b>338.46</b>	<b>63.52%</b>	<b>632</b>	<b>936.26</b>	<b>67.50%</b>

Analysis of Retirement Experience  
 Age Groups

Age Group	2008 Retirements			2006/2008 Retirements		
	Actual	Expected	Ratio A/E	Actual	Expected	Ratio A/E
Under 55	78	103.60	75.29%	224	287.49	77.92%
55-59	58	98.15	59.09%	186	290.88	63.94%
60-64	57	93.86	60.73%	154	251.79	61.16%
65-69	22	42.85	51.34%	68	106.10	64.09%
70 & Over	2	39.00	5.13%	16	117.00	13.68%
<b>Total</b>	<b>217</b>	<b>377.46</b>	<b>57.49%</b>	<b>648</b>	<b>1,053.26</b>	<b>61.52%</b>
<b>Total Under 70</b>	<b>215</b>	<b>338.46</b>	<b>63.52%</b>	<b>632</b>	<b>936.26</b>	<b>67.50%</b>

Analysis of Turnover Experience

Years of Service	2008 Quits			2006/2008 Quits		
	Actual	Expected	Ratio A/E	Actual	Expected	Ratio A/E
0-4	411	391.90	104.87%	1,289	1,048.79	122.90%
5-9	80	83.27	96.07%	299	271.98	109.93%
10-14	33	53.12	62.13%	135	148.38	90.98%
15-19	7	18.82	37.20%	41	57.06	71.85%
20-24	8	10.80	74.06%	32	35.50	90.14%
25-29	1	1.80	55.65%	2	5.26	38.04%
<b>Total</b>	<b>540</b>	<b>559.70</b>	<b>96.48%</b>	<b>1,798</b>	<b>1,566.97</b>	<b>114.74%</b>

Analysis of Active Mortality Experience

Age	2008 Deaths			2006/2008 Deaths		
	Actual	Expected	Ratio A/E	Actual	Expected	Ratio A/E
20-24	-	0	0.00%	-	0	0.00%
25-29	-	0	0.00%	-	0	0.00%
30-34	1	0	326.33%	2	1	222.35%
35-39	-	0	0.00%	-	2	0.00%
40-44	1	1	99.48%	2	3	64.87%
45-49	3	2	155.63%	9	6	156.44%
50-54	6	3	202.43%	13	9	151.49%
55-59	5	4	140.43%	8	10	76.75%
60 and Over	1	5	20.98%	4	13	31.62%
<b>Total</b>	<b>17</b>	<b>15.22</b>	<b>111.73%</b>	<b>38</b>	<b>43.43</b>	<b>87.49%</b>

Analysis of Disability Experience

Age	2008 Disabilities			2006/2008 Disabilities		
	Actual	Expected	Ratio A/E	Actual	Expected	Ratio A/E
20-24	-	0	0.00%	-	0	0.00%
25-29	-	0	0.00%	-	0	0.00%
30-34	-	0	0.00%	-	0	0.00%
35-39	1	0	422.94%	2	1	222.36%
40-44	1	1	163.50%	3	2	127.89%
45-49	1	2	63.75%	4	6	67.12%
50-54	4	2	178.26%	10	8	121.32%
55-59	-	2	0.00%	5	7	66.72%
60 and Over	-	1	0.00%	1	3	35.51%
<b>Total</b>	<b>7</b>	<b>8.10</b>	<b>86.43%</b>	<b>25</b>	<b>28.37</b>	<b>88.13%</b>

Analysis of Retiree Mortality Experience\*

Age	2008 Experience			2006/2008 Experience		
	Actual	Expected	Ratio A/E	Actual	Expected	Ratio A/E
Under 60	8	5.57	143.64%	20	17.18	116.42%
60-64	12	10.46	114.69%	33	28.20	117.02%
65-69	10	14.15	70.67%	34	40.53	83.89%
70-74	14	18.03	77.66%	46	51.83	88.76%
75-79	14	23.63	59.25%	66	72.62	90.88%
80-84	22	28.40	77.47%	63	82.20	76.65%
85-89	22	25.19	87.34%	88	78.10	112.68%
90 & over	18	19.50	92.32%	60	59.12	101.48%
<b>Total</b>	<b>120</b>	<b>144.92</b>	<b>82.80%</b>	<b>410</b>	<b>429.77</b>	<b>95.40%</b>

\*This analysis does not include beneficiary, QDRO, or disabled deaths.

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**SECTION N**

**ACTUARIAL METHOD AND ASSUMPTIONS**

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## ACTUARIAL METHOD AND ASSUMPTIONS ENTRY AGE NORMAL METHOD

The Entry Age Normal actuarial cost method is the actuarial valuation method used for all purposes under ERF.

The concept of this method is that funding of benefits for each member should be effected as a, theoretically, level contribution (as a level percentage of pay) from entry into ERF to termination of active status.

The Normal Cost (NC) for a fiscal year under this method is determined as described in the prior paragraph for each member. The ERF NC for the year is the total of individual normal costs determined for each active member.

The Actuarial Accrued Liability (AAL) under this method is the theoretical asset balance of the normal costs that would have accumulated to date based upon current actuarial assumptions. To the extent that the assets of the fund are insufficient to cover the AAL, an Unfunded Actuarial Accrued Liability (UAAL) develops.

The actuarially calculated contribution for a year is the Normal Cost for that year plus an amount to amortize the UAAL over 30 years as a level percentage of pay.

## ACTUARIAL VALUE OF ASSET METHOD

The actuarial value of assets is equal to the expected actuarial value of assets adjusted for a three-year phase-in of actual investment return in excess of (or less than) expected investment return. The actual return is calculated net of investment expenses, and the expected investment return is equal to the assumed investment return rate multiplied by the prior year's actuarial value of assets, adjusted for contributions, benefits paid, and refunds.



**ACTUARIAL ASSUMPTIONS (AS OF DECEMBER 31, 2008)**

*Annual Rate of Investment Return.* For all purposes under the Fund, the rate of investment return is assumed to be 8.25% per annum, net of investment expenses. This rate includes an annual assumed rate of inflation of 3.00%. In addition, annual cost-of-living adjustments are assumed to occur on average at the rate of 3.00% per annum.

*Annual Compensation Increases.* Each member's compensation is assumed to increase in accordance with a table based on actual ERF experience. Sample rates follow.

<u>Years of Service</u>	<u>Merit, Promotion, Longevity</u>		<u>General</u>		<u>Total</u>	
0	4.50	%	3.50	%	8.00	%
1	4.00		3.50		7.50	
2	3.25		3.50		6.75	
3	2.00		3.50		5.50	
4	1.75		3.50		5.25	
5	1.50		3.50		5.00	
6	1.00		3.50		4.50	
7	0.75		3.50		4.25	
8	0.50		3.50		4.00	
9 & Over	0.00		3.50		3.50	

Actuarial Assumptions (cont.)

**Mortality:**

Disabled Lives: 1965 Railroad Retirement Board Disabled Annuity Mortality Table  
 (without select rates). For females, the rates are multiplied by 60%.

Sample rates follow (rate per 1,000):

Age	Disability Mortality Rate	
	Male	Female
20	44	26
30	44	26
40	44	26
50	45	27
60	53	32
70	75	45
80	130	78
90	240	144

Other Benefit Recipients:

- a. Males – 1994 Uninsured Pension Mortality Table for males, set forward two years.
- b. Females – 1994 Uninsured Pension Mortality Table for females, base table rates are multiplied by 125% for ages less than 85 and multiplied by 135% for ages 85 and up.

Sample rates follow (rate per 1,000).

Age	Mortality Rate	
	Male	Female
30	0.9	0.5
40	1.3	1.0
50	3.5	1.9
60	10.9	6.0
70	30.6	18.5
80	81.2	53.0
90	196.0	168.8

**Actuarial Assumptions (cont.)**

***Mortality:***

**Active Members:**

a. Males – 1994 Uninsured Pension Mortality Table for males, base table rates are multiplied by 87%.

b. Females – 1994 Uninsured Pension Mortality Table for females, base table rates are multiplied by 125%.

Sample rates follow (rate per 1,000).

Age	Mortality Rate	
	Male	Female
30	0.7	0.5
40	1.0	1.0
50	2.4	1.9
60	7.5	6.0
70	22.2	18.5
80	58.0	53.0
90	143.1	156.3

15% of active deaths are assumed to be service related.

***Disability:*** A client-specific table of disability incidence with sample rates follows (rate per 1,000).

Age	Disability Rate
30	0.3
40	0.6
50	2.4
60	6.0

35% of disabilities are assumed to be service related.

Actuarial Assumptions (cont.)

*Retirement:* Upon eligibility, active members are assumed to retire as follows (rate per 1,000).

Age	Male		Female	
	First Year Eligible	Thereafter	First Year Eligible	Thereafter
48-49	100	100	100	100
50	550	550	400	400
51	420	420	500	500
52	350	300	500	500
53	350	300	350	350
54	450	300	300	300
55	450	350	400	400
56	450	280	300	300
57	450	280	280	280
58-59	400	280	280	280
	<u>Service &lt; 18 yrs.</u>	<u>Service 18 yrs.+</u>	<u>Service &lt; 18 yrs.</u>	<u>Service 18 yrs. +</u>
60	100	280	150	400
61	110	300	150	350
62	160	300	150	250
63	140	300	150	250
64	200	300	70	170
65	250	500	300	300
66-69	250	400	200	300
70	1,000	1,000	1,000	1,000

**Actuarial Assumptions (cont.)**

*General Turnover:* A table of termination rates based on ERF experience. A sample of the ultimate rates follows.

<u>Years of Service</u>	<u>Terminations (per 1,000)</u>
0	210.0
1	160.0
2	130.0
3	105.0
4	85.0
5	67.5
6	62.5
7	57.5
8	49.0
9	46.0
10-14	37.0
15-19	22.0
20 & Over	14.0

There is 0.00% assumption of termination for members eligible for retirement.

*Refunds of Contributions:* Members are assumed to choose the most valuable termination benefit.

*Operational Expenses:* The amount of estimated administrative expenses expected in the next year is assumed to be equal to the prior year's expenses and is incorporated in the Normal Cost.

*Marital Status:* 80% of active members are assumed to be married.

*Vacation Leave Conversions:* Members with 20 to 29 years of service are assumed to convert unused vacation leave to 1 month of service. Members with 30 or more years of service are assumed to convert unused vacation leave to 2 months of service. No vacation leave conversion is assumed for disability retirement.

*Spouse Age:* The female spouse is assumed to be 3 years younger than the male spouse.

**Actuarial Assumptions (cont.)**

**Payroll Growth Rate:** In determining the level percent amortization of UAAL rate, the payroll of the entire system is assumed to increase at 3% each year.

**Member's Pay:** In determining the member's valuation salary, gross pay is used unless gross pay is less than 90% of the member's rate of compensation. If gross pay is less than 90% of the member's rate of compensation, the member's valuation salary is set to the member's rate of compensation.

**Form of Payment:** It is assumed that 43.75% of married active members will elect a Joint & 50% Survivor form of payment and that 56.25% of married active members will elect a Joint & 100% Survivor form of payment.

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**SECTION O**

**SUMMARY OF BENEFIT PROVISIONS**

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**SUMMARY OF BENEFIT PROVISIONS**

**Employees' Retirement Fund of the City of Dallas  
as of December 31, 2008**

<b>Membership</b>	An employee becomes a member upon permanent employment and contributes to the Fund.
<b>Contributions</b>	Member: 37% of the current adjusted total obligation rate. New rates effective October 1 after the valuation date.  City: 63% of the current adjusted total obligation rate. New rates effective October 1 after the valuation date.
<b>Definitions</b>	Final Average Salary: Average monthly salary over the member's highest three years of service.  Credited Service: Length of time as an employee of the City of Dallas and while making contributions to the Fund.
<b>Retirement Pension</b>	Eligibility:  a. Attainment of age 60; or b. Attainment of age 55 (if credited service began before May 9, 1972); or c. At any age after completion of 30 years of credited service with a reduced benefit before age 50; or d. Attainment of age 50, if the sum of an active member's age and credited service is at least equal to 78.



## Summary of Benefit Provisions (cont.)

**Retirement Benefits:** The retirement benefit equals 2-3/4% multiplied by average monthly earnings multiplied by credited service limited to a maximum of 36.3636 years plus a monthly \$125 health supplement (prorated for service less than 5 years).

**Form of Payment:** An unreduced pension benefit under a joint and one-half survivor option or a ten-year certain and life option. An actuarially equivalent joint and full survivor option is also available.

### Deferred Retirement

**Eligibility:** Deferred retirement pension benefit commencing at age 60 or at age 55, if employment commenced prior to May 9, 1972, with at least five (5) years of credited service, and accumulated contributions are left on deposit with the Fund.

**Monthly Benefit:** The deferred retirement benefit is equal to the retirement pension based on earnings and credited service at the time of termination.

### Disability Retirement Pension

**Non-Service Disability:**

1. **Eligibility:** Five (5) years of service and totally and permanently incapacitated for duty.
2. **Monthly Benefit:** Computed based on average monthly earnings and credited service at time of disability but not less than 10 times the percentage multiplier multiplied by the average monthly earnings.

## Summary of Benefit Provisions (cont.)

### Service Disability:

1. Eligibility: Totally and permanently incapacitated from the further performance of duty as a result of injury while in the course of employment for the City.
2. Monthly Benefit: Calculated as a non-service disability pension but not less than \$500 per month.

### Death Benefits

Form: Benefit paid in accordance with the option on file, or the eligible option, or if no eligible beneficiary, a lump sum equivalent of 10 years of benefit payments to the member's estate.

Monthly Benefit: Based on average monthly earnings and credited service at death but not less than 10 times the percentage multiplier multiplied by the average monthly earnings.

Minimum Service Death Benefit: Not less than \$500 per month if death resulted from a service related injury.

### Return of Accumulated Contributions

A member at the time of termination is entitled to be paid accumulated contributions without interest.

### Cost-of-Living Adjustments

An annual cost-of-living adjustment to the base pension benefit shall be made based on the greater of:

- a. The percentage of change in the price index for October of the current year over October of the previous year, up to 5%, or
- b. The percentage of annual average change in the price index for the 12-month period ending with the effective date of the adjustment, up to 5%.