



***RETIREMENT PLAN FOR EMPLOYEES  
OF THE TOWN OF WEST WARWICK***

***ACTUARIAL VALUATION***

***AS OF JULY 1, 2010  
FOR FISCAL YEAR 2011-12***



80 Lambertson Road  
Windsor, CT 06095  
USA

Main +1 860 687 2110  
Fax +1 860 687 2111

June 13, 2011

milliman.com

***PERSONAL & CONFIDENTIAL***

Pension Board  
Town of West Warwick  
1170 Main Street  
West Warwick, RI 02893

Re: Retirement Plan for Employees of the Town of West Warwick

Dear Members of the Board:

We are pleased to present the July 1, 2010 actuarial valuation for the Retirement Plan for Employees of the Town of West Warwick. The Annual Required Contribution for Fiscal Year 2011-12 is \$7,888,010, or 48.4% of covered payroll.

The Annual Required Contribution (ARC) is the amount needed to pay for the pension benefits being earned each year by active members of the Plan, plus an additional amount to bring the Plan up to 100% funded over thirty years. If the Town contributes less than the ARC in any year, the ARC in the following year will be higher to make up for the shortfall. Paying the ARC ensures that there are funds on hand to pay for each member's benefits as they retire. Paying the ARC also means that the right generation of taxpayers are funding the Plan, because the cost of pension benefits is being paid for during each employee's career by the taxpayers benefiting from that employee's services to the Town. Finally, paying the ARC saves the Town money in the long term, because the pool of Plan assets that is built up over time generates investment returns that pay for a significant portion of the pension benefits.

The contributions that the Town has paid to the Plan have historically been less, and in some years significantly less, than the ARC. For Fiscal Year 2009-10, for instance, the ARC was \$5,799,056 but the Town contributed just \$2,500,000. This chronic underfunding is a major factor contributing to the Plan's funded ratio falling from 96.4% as of July 1, 1999 to just 26.3% as of July 1, 2010, and the ARC increasing from \$564,818 for Fiscal Year 1999-00 to \$7,888,010 for Fiscal Year 2011-12. Please see pages 16 and 17 of our report for additional historical information.

June 13, 2011  
West Warwick Pension Board  
Page 2

Over the past several years, we have discussed the importance of closing this contribution shortfall. This discussion has taken on more urgency now in light of current conditions:

- The recent market decline decreased the Plan's assets from \$40 million as of July 1, 2008 to just \$30 million as of July 1, 2009; the market value of assets as of July 1, 2010 is up modestly to \$32 million.
- Benefit payments to retirees were \$6.4 million in Fiscal Year 2009-10; as more members retire and as pensions increase with cost of living adjustments, annual benefit payments are expected to top \$10 million by Fiscal Year 2017-18.
- As the Plan's assets become further depleted, there is less ability for investment earnings to help pay for benefits.

If the previous years' low level of funding continues, the current benefits provisions and plan population remain unchanged, and our actuarial assumptions are realized, it is likely that the Plan will have no assets left within an eight to ten year period. If Plan investments underperform relative to our 8% long-term rate of return assumption, this period will be even shorter. At the point there are no more Plan assets, the Town will need to fund pensions directly out of general revenues, at a cost of \$10 million or more per year.

We strongly recommend that the Town appropriate sufficient funds to the Plan to improve the funded status of the Plan and increase benefit security for the members. The longer action is delayed to address this funding shortfall, the higher the ultimate annual cost will be and the greater the risk of the Plan's assets being exhausted.

Respectfully submitted,



Rebecca A. Sielman, FSA  
Consulting Actuary

RAS:sc 10 waw2010ValReport.doc

<b>RETIREMENT PLAN FOR EMPLOYEES OF THE TOWN OF WEST WARWICK</b>
----------------------------------------------------------------------

**TABLE OF CONTENTS**

---

<u>Section</u>	<u>Page</u>
<i>Letter of Transmittal</i>	
<b>I</b>	<b><i>Executive Summary</i></b>
A.	<i>Introduction</i> <span style="float: right;">1</span>
B.	<i>Certification</i> <span style="float: right;">2</span>
C.	<i>Discussion of Valuation Results</i> <span style="float: right;">3</span>
D.	<i>Summary of Principal Results</i> <span style="float: right;">9</span>
<b>II</b>	<b><i>Summary of Valuation Results</i></b>
A.	<i>Assets and Liabilities</i> <span style="float: right;">10</span>
B.	<i>Annual Required Contribution</i> <span style="float: right;">11</span>
<b>III</b>	<b><i>Plan Assets</i></b>
A.	<i>Summary of Fund Transactions - Market Value</i> <span style="float: right;">12</span>
B.	<i>Allocation of Plan Assets</i> <span style="float: right;">13</span>
C.	<i>Determination of Asset Gain/(Loss) and Actuarial Value of Assets</i> <span style="float: right;">14</span>
<b>IV</b>	<b><i>GASB #25 Information</i></b>
A.	<i>Introduction</i> <span style="float: right;">15</span>
B.	<i>Schedule of Funding Progress</i> <span style="float: right;">16</span>
C.	<i>Schedule of Employer Contributions</i> <span style="float: right;">17</span>
D.	<i>Summary of Membership</i> <span style="float: right;">18</span>
<b>V</b>	<b><i>Membership Data</i></b>
A.	<i>Summary of Active Membership</i> <span style="float: right;">19</span>
B.	<i>Summary of Inactive Membership</i> <span style="float: right;">20</span>
C.	<i>Reconciliation of Membership Data</i> <span style="float: right;">21</span>
D.	<i>Distribution of Active Members – Count</i> <span style="float: right;">22</span>
E.	<i>Distribution of Active Members – Average Salaries</i> <span style="float: right;">29</span>
F.	<i>Distribution of Inactive Members</i> <span style="float: right;">36</span>
<b>VI</b>	<b><i>Actuarial Method and Assumptions</i></b>
A.	<i>Actuarial Funding Method</i> <span style="float: right;">39</span>
B.	<i>Actuarial Assumptions</i> <span style="float: right;">40</span>
<b>VII</b>	<b><i>Summary of Plan Provisions</i></b> <span style="float: right;">42</span>

**RETIREMENT PLAN FOR EMPLOYEES OF  
TOWN OF WEST WARWICK**

**SECTION I  
EXECUTIVE SUMMARY**

**A. Introduction**

The pension plan promises to pay employees monthly retirement benefits. Some of those benefits are currently being paid to retirees, and some of those benefits will not be paid for many years. The purpose of the actuarial valuation is to determine how much the Town should contribute to the pension plan during the coming fiscal year and in future fiscal years so that there will be enough assets to pay for all the promised benefits. The principal purpose of this report is to set forth an actuarial recommendation of the contribution, or range of contributions, which will properly fund the plan. In addition, this report provides:

- A valuation of plan assets and liabilities to review the year-to-year progress of funding.
- Information needed to meet disclosure requirements.
- Documentation of the current status of plan investments.
- Review of plan experience for the previous year to ascertain whether the assumptions and methods employed for valuation purposes are reflective of actual events and remain appropriate for prospective application.
- Assessment of the relative funded position of the Plan, i.e., through a comparison of plan assets and projected plan liabilities.
- Comments on any other matters which may be of assistance in the funding and operation of the plan.

Milliman's work is prepared solely for the internal business use of the Town. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exception(s): (a) the Town may provide a copy of Milliman's work, in its entirety, to the Town's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the Town; and (b) the Town may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law. No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

**RETIREMENT PLAN FOR EMPLOYEES OF  
TOWN OF WEST WARWICK**

**SECTION I  
EXECUTIVE SUMMARY**

**B. Certification**

At your request, we have completed an actuarial valuation of the Retirement Plan for Employees of Town of West Warwick as of July 1, 2010 to determine the contribution for FY11-12. Our findings are discussed in this report.

In preparing this report, we relied without audit upon the employee and beneficiary data furnished by the Town of West Warwick. We believe this information is sufficient and reliable for the purposes of our calculations. We relied on the plan provisions which were provided to us by the Town of West Warwick. We also relied on the financial statements supplied by Citizen's Bank which have not yet been audited. The asset information appears to be reasonable for the purpose of this report. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

On the basis of the foregoing, we hereby certify that this report is complete and accurate to the best of our knowledge and belief. The report has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable Standards of Practice adopted by the Actuarial Standards Board of the American Academy of Actuaries. We further certify that, to the best of our knowledge, this report is complete and accurate and all costs and liabilities were determined in conformance with generally accepted actuarial principles and practices based on the actuarial methods and assumptions adopted by the Retirement Board. Nevertheless, the emerging costs of the Plan will vary from those presented in this report to the extent that actual experience differs from that projected by the actuarial assumptions. The Retirement Board has the final decision regarding the appropriateness of the assumptions.

Actuarial computations presented in this report are for purposes of determining the recommended funding levels for the Retirement Plan for Employees of Town of West Warwick. Actuarial computations under GASB Statement No. 25 are for purposes of fulfilling financial accounting requirements. The computations in this report have been made on a basis consistent with our understanding of the funding policies and GASB Statement No. 25.

Determinations of purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, different determinations may be needed for other purposes. Any distribution of the enclosed report must be in its entirety including this certification, unless prior written consent is obtained from Milliman.

Milliman has been engaged by the Town of West Warwick as an independent actuary. The undersigned are members of the American Academy of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained in this report.

**MILLIMAN, INC**



Rebecca A. Sielman, FSA  
Consulting Actuary

<b>RETIREMENT PLAN FOR EMPLOYEES OF THE TOWN OF WEST WARWICK</b>
----------------------------------------------------------------------

**SECTION I  
EXECUTIVE SUMMARY**

**C. Discussion of Valuation Results**

**Membership**

The Town provides us with information concerning the Plan's population as of each July 1. Some of the characteristics of the participant group are summarized below:

	<i>July 1, 2009</i>	<i>July 1, 2010</i>
<b><i>Active Members</i></b>		
Number	374	348
Average Age	44.9	45.2
Average Service	11.4	12.0
Total Payroll	\$16,891,909	\$16,303,378
Average Salary	\$45,170	\$46,850
<b><i>Retired and Disabled Members and Beneficiaries of Deceased Members</i></b>		
Number	268	289
Average Annual Benefits	\$22,344	\$23,183
Average Age	64.8	65.3
<b><i>Terminated Vested and Inactive Members</i></b>		
Number	8	6
Average Annual Benefits	\$15,719	\$12,197
Average Age	54.4	52.5
<b><i>Nonvested Members Due Refunds</i></b>	<b>4</b>	<b>11</b>
<b><i>Total Size of Membership</i></b>	<b>654</b>	<b>654</b>

The active population decreased from 374 members on July 1, 2009 to 348 members on July 1, 2010. The number of members in pay status grew, from 268 to 289. The total payroll decreased from \$16,891,909 to \$16,303,378. Average salary increased from \$45,170 to \$46,850.

Average salary for active members who were included in both the 2009 and 2010 valuations increased by 3.1%. Our salary growth assumption is 3.5%, therefore the plan had very modest gains from salary experience. Because there were pay raises effective January 1, 2010 and July 1, 2010 for police and fire employees, there were higher than expected benefit increases for disability retirees in 2009-10, which resulted in losses for the plan. There were also losses from the unusually high number of retirements.

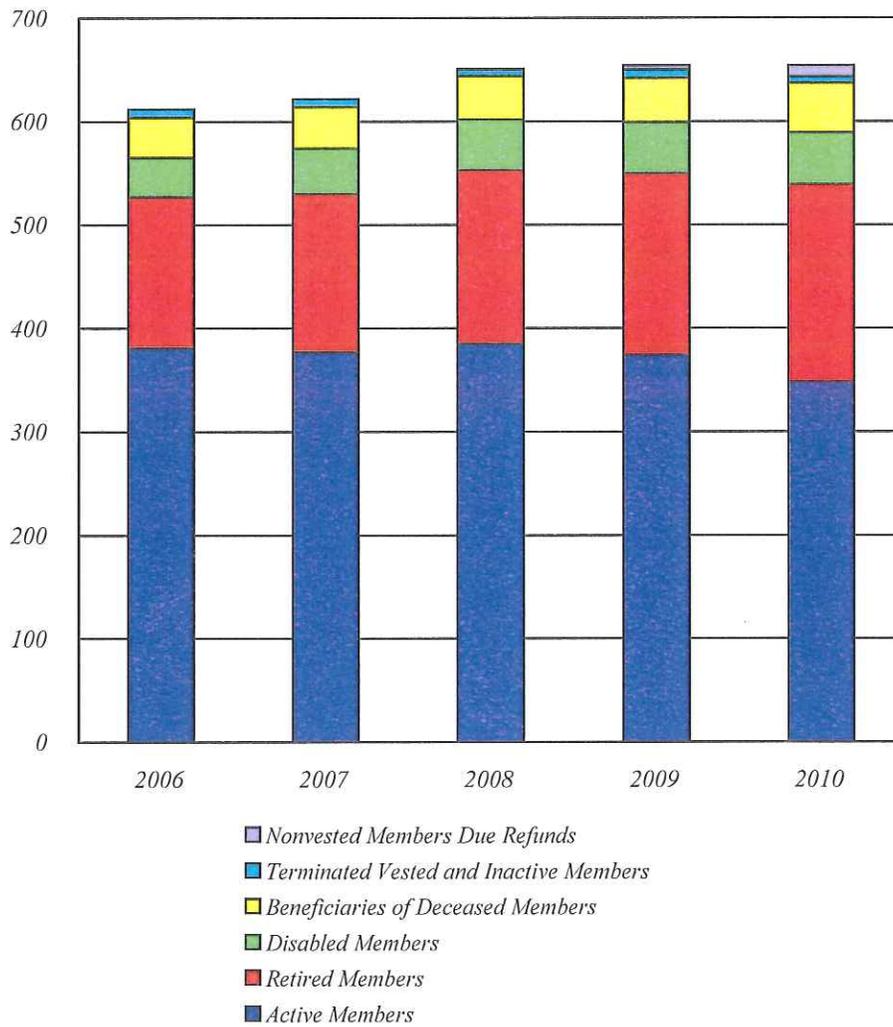
More information on the plan membership can be found in Section V.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

**SECTION I  
EXECUTIVE SUMMARY**

**C. Discussion of Valuation Results**

**Membership**



**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

**SECTION I  
EXECUTIVE SUMMARY**

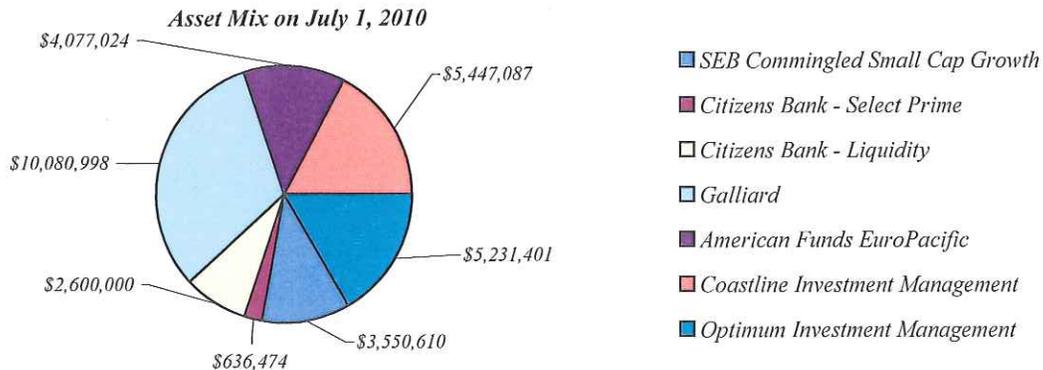
**C. Discussion of Valuation Results**

**Assets**

The Market Value of Assets as of July 1, 2010 was \$31,623,594, compared to \$30,946,121 as of July 1, 2009:

<b>Market Value, July 1, 2009</b>	\$30,946,121
Town Contributions	2,500,000
Employee Contributions	1,316,733
Investment Income	3,243,999
Benefit Payments and Employee Refunds	(6,383,259)
<b>Market Value, July 1, 2010</b>	<b>31,623,594</b>

The estimated return, net of investment fees, for 2009-2010 was 10.94%, reflecting the market conditions during this period.



For valuation purposes we calculate an Actuarial Value of Assets that smoothes out market fluctuations over a five year period. The Actuarial Value of Assets as of July 1, 2010 was \$35,007,723. On this basis, the rate of return was 5.79%, reflecting the delayed recognitions of market gains and losses in previous years. Please note that the Actuarial Value currently exceeds the Market Value by \$3,400,000. This figure represents investment losses that will be gradually recognized over the next five years. This process will exert upward pressure on the Town's contribution, unless there are offsetting market gains.

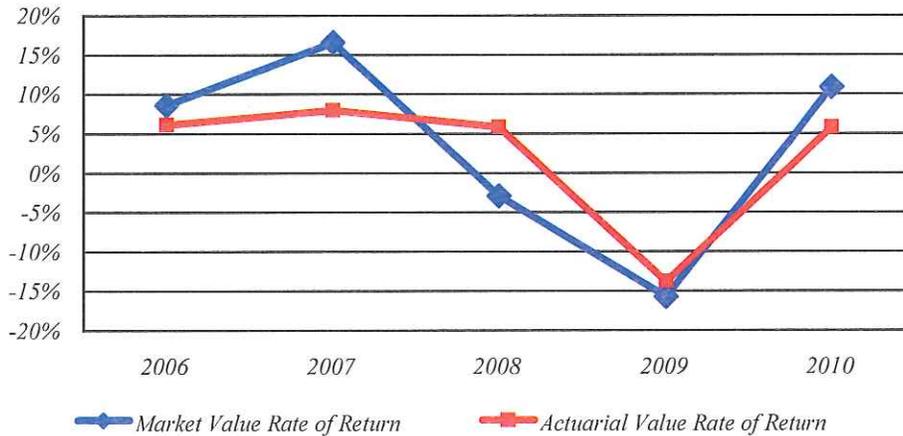
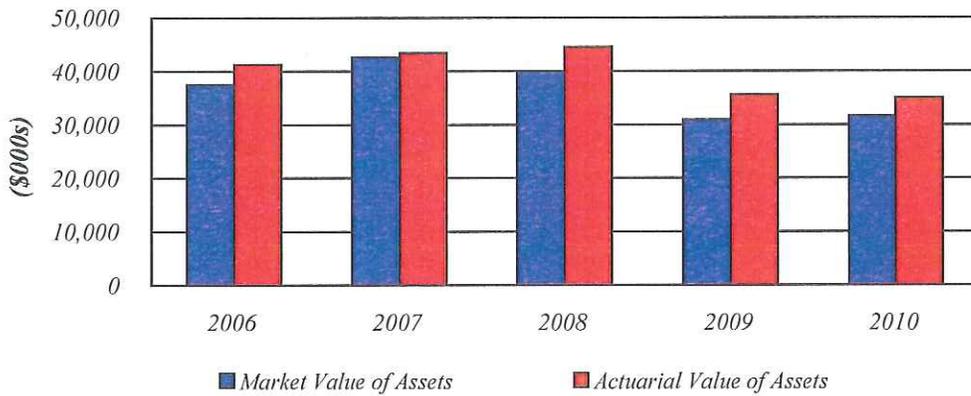
**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

**SECTION I  
EXECUTIVE SUMMARY**

**C. Discussion of Valuation Results**

**Assets**

The charts below compare the market value of assets to the actuarial value of assets over the last five years.



**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

**SECTION I  
EXECUTIVE SUMMARY**

---

**C. Discussion of Valuation Results**

**Actuarial Method and Assumption Changes**

In order to better anticipate future plan experience, we have made several changes to the actuarial method and assumptions:

We have lowered the interest rate assumption from 8.25% to 8.00%, to reflect generally lower expectations about future equity returns.

We have lowered the payroll growth rate (which is used to amortize the Unfunded Accrued Liability) from 5.00% to 3.50% to be in line with our salary scale assumption (which is used to project future individual compensation levels for active members).

We have lengthened the amortization period from 20 years to 25 years.

The combined impact of these changes was to increase the Unfunded Accrued Liability by \$3.9 million and increase the Annual Required Contribution by \$196,000.

**Plan Changes**

None.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

**SECTION I  
EXECUTIVE SUMMARY**

**C. Discussion of Valuation Results**

**Contribution Summary**

	<i>July 1, 2009</i>	<i>July 1, 2010</i>
1. Normal Cost	\$1,573,424	\$1,652,779
2. Past Service Cost	5,338,686	6,235,231
3. Annual Required Contribution: (1) + (2)	6,912,110	7,888,010
4. Total Payroll	16,891,909	16,303,378
5. Annual Required Contribution as a percent of payroll: (3) / (4)	40.9%	48.4%

The Annual Required Contribution continues to climb each year due to increases in the Past Service Cost. The Past Service Cost has increased due to actuarial and investment losses and also due to contribution shortfalls. For the past several years, the Town has contributed only a portion of the Annual Required Contribution (see Section IV-C).

More information on the contribution, including a breakdown of the contribution between Police, Fire, Library, School, Town and Waste Water Employees can be found in Section II.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

**SECTION I  
EXECUTIVE SUMMARY**

***D. Summary of Principal Results***

	<i>July 1, 2009</i>	<i>July 1, 2010</i>
<b><i>Membership</i></b>		
Active Membership		
Number of Members	374	348
Payroll	\$16,891,909	\$16,303,378
Average Pay	45,170	46,850
Inactive Membership		
Former Employees Due Benefits	12	17
Members in Pay Status	268	289
Average Annual Benefit in pay status	\$22,344	\$23,183
<b><i>Assets and Liabilities</i></b>		
Assets		
Market Value	\$30,946,121	\$31,623,594
Actuarial Value	35,588,039	35,007,723
Accrued Liability		
Active Members	\$47,953,983	\$51,560,137
Former Employees Due Benefits	1,081,104	626,569
Members in Pay Status	70,622,929	80,827,462
Total Accrued Liability	119,658,016	133,014,168
Unfunded Accrued Liability	84,069,977	98,006,445
Funded Ratio	29.7%	26.3%
<b><i>Annual Required Contribution (for following FY)</i></b>		
Annual Required Contribution		
Normal Cost	\$1,573,424	\$1,652,779
Past Service Cost	<u>5,338,686</u>	<u>6,235,231</u>
Annual Required Contribution	6,912,110	7,888,010
Annual Required Contribution as a Percent of Payroll		
Normal Cost	9.3%	10.1%
Past Service Cost	<u>31.6%</u>	<u>38.3%</u>
Total Annual Required Contribution Percentage	40.9%	48.4%

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

**SECTION II  
SUMMARY OF VALUATION RESULTS**

**A. Assets and Liabilities**

For determining the past service cost, the Unfunded Accrued Liability is amortized over a decreasing period starting at 25 years as of July 1, 2010, with payments calculated to increase 3.5% annually so as to remain approximately level as a percent of payroll.

*As of July 1, 2010*

	<i>Library</i>	<i>Waste Water</i>	<i>School</i>	<i>Municipal</i>	<i>Fire</i>	<i>Police</i>	<i>Total</i>
Actuarial Value of Assets (see Section III C)*	\$677,021	\$1,576,471	\$5,735,049	\$6,839,164	\$10,481,427	\$9,698,591	\$35,007,723
Entry Age Normal Accrued Liability							
Active Members	1,228,917	2,774,293	10,964,973	8,238,588	15,658,325	12,695,041	51,560,137
Retired Members	1,340,378	2,979,948	9,396,819	14,423,434	9,851,966	11,780,357	49,772,902
Disabled Members	0	0	537,864	2,127,500	13,421,194	11,248,431	27,334,989
Beneficiaries of Deceased Members	0	235,667	683,086	812,623	893,391	1,094,804	3,719,571
Terminated Vested / Inactive Members	<u>3,092</u>	<u>0</u>	<u>207,959</u>	<u>383,712</u>	<u>0</u>	<u>31,806</u>	<u>626,569</u>
Total Accrued Liability	2,572,387	5,989,908	21,790,701	25,985,857	39,824,876	36,850,439	133,014,168
Unfunded Accrued Liability	1,895,366	4,413,437	16,055,652	19,146,693	29,343,449	27,151,848	98,006,445
Amortization Period (years)	25	25	25	25	25	25	25
Past Service Cost	120,584	280,786	1,021,471	1,218,125	1,866,848	1,727,417	6,235,231

\* Allocated to each employee group in proportion to Total Accrued Liability.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

**SECTION II  
SUMMARY OF VALUATION RESULTS**

**B. Annual Required Contribution**

*As of July 1, 2010 for FY 2011-2012*

	<i>Library</i>	<i>Waste Water</i>	<i>School</i>	<i>Municipal</i>	<i>Fire</i>	<i>Police</i>	<i>Total</i>
1. Total Normal Cost	\$67,341	\$157,177	\$610,273	\$431,965	\$967,245	\$754,867	\$2,988,868
2. Expected Employee Contributions	31,456	83,626	309,502	263,812	345,422	302,271	1,336,089
3. Net Normal Cost: (1) - (2)	35,885	73,551	300,771	168,153	621,823	452,596	1,652,779
4. Past Service Cost (see Section II A)	120,584	280,786	1,021,471	1,218,125	1,866,848	1,727,417	6,235,231
5. Annual Required Contribution: (3) + (4), but not less than \$0	156,469	354,337	1,322,242	1,386,278	2,488,671	2,180,013	7,888,010
6. Total Payroll	407,127	1,041,046	3,939,839	3,317,124	4,152,881	3,445,361	16,303,378
7. Annual Required Contribution as a % of payroll: (5) / (6)	38.4%	34.0%	33.6%	41.8%	59.9%	63.3%	48.4%

This work product was prepared solely for the Town of West Warwick for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

Milliman

<b>RETIREMENT PLAN FOR EMPLOYEES OF THE TOWN OF WEST WARWICK</b>
----------------------------------------------------------------------

**SECTION III  
PLAN ASSETS**

**A. Summary of Fund Transactions - Market Value**

<b>Market Value as of July 1, 2009</b>		\$30,946,121
<b>Income Items</b>		
Town Contributions	\$2,500,000	
Employee Contributions	1,316,733	
Interest	789,388	
Dividends	0	
Change in Accrued Income	0	
Realized Gains/(Losses)	1,342,946	
Unrealized Gains/(losses)	1,400,688	
Other Income	44,234	
		7,393,989
<b>Deduction Items</b>		
Benefit Payments	(\$6,383,259)	
Expenses	(333,257)	
		(6,716,516)
<b>Market Value as of July 1, 2010</b>		31,623,594

Approximate Net Rate of Return: 10.94%

*Note* The rate shown here is not the dollar or time weighted investment yield rate which measures investment performance. It is an approximate net return assuming all activity occurred on average midway through the fiscal year.

<b>RETIREMENT PLAN FOR EMPLOYEES OF THE TOWN OF WEST WARWICK</b>
----------------------------------------------------------------------

**SECTION III  
PLAN ASSETS**

**B. Allocation of Plan Assets**

	<i>July 1, 2009</i>	<i>July 1, 2010</i>
<b><i>Allocation by Fund</i></b>		
SEB Commingled Small Cap Growth	\$3,228,705	\$3,550,610
Citizens Bank - Select Prime	543,285	636,474
Citizens Bank - Liquidity	640,944	2,600,000
Galliard	10,980,763	10,080,998
American Funds EuroPacific	4,498,984	4,077,024
Coastline Investment Management	5,399,860	5,447,087
Optimum Investment Management	<u>5,653,580</u>	<u>5,231,401</u>
Total Market Value	\$30,946,121	\$31,623,594
<b><i>Allocation by Investment Type</i></b>		
Cash & money funds	\$0	(\$147,756)
Money Market Funds	2,583,053	3,778,361
US Treasury Obligations	299,388	941,290
US Government Agencies	4,681,529	4,061,584
Corporate & Foreign Bonds	4,191,127	3,796,425
Municipal Obligations	957,006	900,387
Common Equity Securities	0	10,491,186
Equity Mutual Funds	14,898,207	4,157,864
Other Assets	3,228,636	3,550,541
Accrued Income	<u>107,175</u>	<u>93,712</u>
Total Market Value	\$30,946,121	\$31,623,594

<b>RETIREMENT PLAN FOR EMPLOYEES OF THE TOWN OF WEST WARWICK</b>
----------------------------------------------------------------------

**SECTION III  
PLAN ASSETS**

**C. Determination of Asset Gain/(Loss) and Actuarial Value of Assets**

The Actuarial Value of Assets as of July 1, 2010 is derived as follows:

	<i>Market Value</i>	<i>Actuarial Value</i>
1. Value on July 1, 2009	\$30,946,121	\$35,588,039
2. Employer Contributions	2,500,000	2,500,000
3. Employee Contributions	1,316,733	1,316,733
4. Benefit Payments during 2009-10	(6,383,259)	(6,383,259)
5. Expected Investment Income at 8.25% on (1) through (4)	2,449,284	2,832,242
6. Expected Value on June 30, 2010: Sum of (1) through (5)	30,828,879	35,853,755
7. Market Value of Assets on June 30, 2010	31,623,594	N/A
8. Market Value (Gain)/Loss: (6) - (7)	(794,715)	N/A
9. Actual Market Value - Expected Actuarial Value on June 30, 2010	N/A	(4,230,161)
10. Preliminary Actuarial Value: (6) + 20% of (9)	N/A	35,007,723
11. Final Value on June 30, 2010: (10) within +/- 15% of (7)	N/A	35,007,723
12. Approximate Actuarial Rate of Return	10.94%	5.79%

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

**SECTION IV  
GASB #25 INFORMATION**

---

***A. Introduction***

---

Government Accounting Standards Board Statement No. 25 requires that The Town of West Warwick disclose certain information on an annual basis regarding the funding of the Retirement Plan for Employees of The Town of West Warwick.

The Retirement Plan for The Town of West Warwick was created by The Town of West Warwick to provide defined benefit pensions to its employees.

The Town's funding policy has been to contribute each year an amount equal to the normal cost plus a past service payment representing amortization of the Unfunded Accrued Liability. The actuarial assumptions used to calculate the figures reported herein are the same as those used to calculate the contribution level.

The Town's funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to accumulate the assets needed to pay benefits when due.

---

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

**SECTION IV  
GASB #25 INFORMATION**

**B. Schedule of Funding Progress**

<i>Actuarial Valuation Date</i>	<i>(1) Actuarial Value of Assets</i>	<i>(2) Actuarial Accrued Liability (AAL)*</i>	<i>(3) Unfunded AAL (UAAL)* (2) - (1)</i>	<i>(4) Funded Ratio (1) / (2)</i>	<i>(5) Covered Payroll</i>	<i>(6) UAAL as a Percentage of Covered Payroll (3) / (5)</i>
July 1, 1999	\$43,809,218	\$45,438,520	\$1,629,302	96.41%	\$8,998,303	18.11%
July 1, 2000	47,719,865	53,282,256	5,562,391	89.56%	10,613,594	52.41%
July 1, 2001	43,461,393	56,428,256	12,966,863	77.02%	10,782,972	120.25%
July 1, 2002	40,507,658	63,983,831	23,476,173	63.31%	11,698,142	200.68%
July 1, 2003	39,809,352	70,391,979	30,582,627	56.55%	13,344,655	229.18%
July 1, 2004	40,173,416	77,478,434	37,305,018	51.85%	14,354,371	259.89%
July 1, 2005	40,301,196	84,051,416	43,750,220	47.95%	14,781,683	295.98%
July 1, 2006	41,254,601	91,322,808	50,068,207	45.17%	15,720,077	318.50%
July 1, 2007	43,413,194	100,619,756	57,206,562	43.15%	16,862,318	339.26%
July 1, 2008	44,536,601	112,769,635	68,233,034	39.49%	17,047,080	400.26%
July 1, 2009	35,588,039	119,658,016	84,069,977	29.74%	16,891,909	497.69%
July 1, 2010	35,007,723	133,014,168	98,006,445	26.32%	16,303,378	601.14%

\* The actuarial funding method prior to July 1, 2000 was the Frozen Entry Age Normal Cost Method.

Under this method, the Actuarial Accrued Liability is not calculated and the Unfunded Actuarial Accrued Liability is frozen. The Actuarial Accrued Liability is determined by adding the frozen Unfunded Actuarial Accrued Liability to the plan assets.

As of July 1, 2000, the funding method changed from a Frozen Entry Age Normal Cost Method to the Entry Age Normal Cost Method. Starting July 1, 2000, the Actuarial Accrued Liability is calculated directly and the UAAL equals the AAL minus the Assets.

This work product was prepared solely for the Town of West Warwick for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

Milliman

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

**SECTION IV  
GASB #25 INFORMATION**

**C. Schedule of Employer Contributions**

<i>Fiscal Year</i> <i>Ending</i> <i>June 30</i>	<i>Annual</i> <i>Required</i> <i>Contribution</i>	<i>Actual</i> <i>Contribution</i>	<i>Percent</i> <i>Funded</i>
2000	\$564,518	\$50,000	9%
2001	564,518	550,000	97%
2002	1,138,367	220,700	19%
2003	1,552,933	497,950	32%
2004	2,066,960	500,000	24%
2005	2,617,422	500,000	19%
2006	3,100,394	1,470,276	47%
2007	3,553,780	2,051,206	58%
2008	4,082,436	2,279,340	56%
2009	4,676,096	1,475,000	32%
2010	5,799,056	2,500,000	43%
2011	6,912,110	N/A	N/A
2012	7,888,010	N/A	N/A

<b>RETIREMENT PLAN FOR EMPLOYEES OF THE TOWN OF WEST WARWICK</b>
----------------------------------------------------------------------

**SECTION IV  
GASB #25 INFORMATION**

**D. Summary of Membership**

	<i>July 1, 2009</i>	<i>July 1, 2010</i>
<b><i>Active Members</i></b>		
Number vested	195	192
Number not yet vested	<u>179</u>	<u>156</u>
Total	374	348
<b><i>Retired Members</i></b>	176	191
<b><i>Disabled Members</i></b>	49	50
<b><i>Beneficiaries of Deceased Members</i></b>	43	48
<b><i>Terminated Vested and Inactive Members</i></b>	8	6
<b><i>Nonvested Members Due Refunds</i></b>	4	11
<b><i>Total Members</i></b>	654	654

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

**SECTION V  
MEMBERSHIP DATA**

**A. Summary of Active Membership**

	<i>July 1, 2009</i>	<i>July 1, 2010</i>	<i>Change</i>	<i>Percent Change</i>
<b><i>Number of Members</i></b>				
Library	11	10	(1)	(9.09)
Waste Water	28	24	(4)	(14.29)
School	120	110	(10)	(8.33)
Municipal	86	81	(5)	(5.81)
Fire	71	69	(2)	(2.82)
Police	58	54	(4)	(6.90)
Total	374	348	(26)	(6.95)
<b><i>Total Annual Compensation</i></b>				
Library	\$450,071	\$407,127	(\$42,944)	(9.54)
Waste Water	1,148,692	1,041,046	(107,646)	(9.37)
School	4,103,970	3,939,839	(164,131)	(4.00)
Municipal	3,415,983	3,317,124	(98,859)	(2.89)
Fire	4,241,821	4,152,881	(88,940)	(2.10)
Police	3,531,372	3,445,361	(86,011)	(2.44)
Total	16,891,909	16,303,378	(588,531)	(3.48)
<b><i>Average Compensation</i></b>				
Library	\$40,920	\$40,710	(\$210)	(0.51)
Waste Water	41,020	43,380	2,360	5.75
School	34,200	35,820	1,620	4.74
Municipal	39,720	40,950	1,230	3.10
Fire	59,740	60,190	450	0.75
Police	60,890	63,800	2,910	4.78
Total	45,170	46,850	1,680	3.72
<b><i>Average Age</i></b>				
Library	53.8	54.1	0.3	0.56
Waste Water	48.0	48.5	0.5	1.04
School	50.2	50.7	0.5	1.00
Municipal	43.3	42.9	(0.4)	(0.92)
Fire	41.3	42.0	0.7	1.69
Police	37.5	38.2	0.7	1.87
Total	44.9	45.2	0.3	0.60
<b><i>Average Service</i></b>				
Library	12.3	10.3	(2.0)	(16.26)
Waste Water	11.7	11.3	(0.4)	(3.42)
School	10.2	11.1	0.9	8.82
Municipal	10.4	10.9	0.5	4.81
Fire	13.2	14.2	1.0	7.58
Police	12.7	13.3	0.6	4.72
Total	11.4	12.0	0.6	5.48

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

**SECTION V  
MEMBERSHIP DATA**

***B. Summary of Inactive Membership***

*July 1, 2010*

	<i>Library</i>	<i>Waste Water</i>	<i>School</i>	<i>Municipal</i>	<i>Fire</i>	<i>Police</i>	<i>Total</i>
<b><i>Retired Members</i></b>							
Number	5	12	53	63	27	31	191
Total Annual Benefit	\$106,784	\$255,773	\$847,569	\$1,277,328	\$877,229	\$1,001,342	\$4,366,025
Average Annual Benefit	21,357	21,314	15,992	20,275	32,490	32,301	22,859
Average Age	62.6	65.2	70.1	66.6	62.8	61.7	66.0
<b><i>Disabled Members</i></b>							
Number	0	0	4	7	21	18	50
Total Annual Benefit	\$0	\$0	\$37,346	\$147,749	\$925,402	\$782,357	\$1,892,854
Average Annual Benefit	0	0	9,337	21,107	44,067	43,464	37,857
Average Age	0.0	0.0	55.0	53.6	52.2	53.1	52.9
<b><i>Beneficiaries of Deceased Members</i></b>							
Number	0	5	9	12	9	13	48
Total Annual Benefit	\$0	\$26,248	\$75,132	\$93,927	\$109,048	\$136,546	\$440,901
Average Annual Benefit	0	5,250	8,348	7,827	12,116	10,504	9,185
Average Age	0.0	66.4	75.1	71.8	72.8	80.0	74.3
<b><i>Terminated Vested and Inactive Members</i></b>							
Number	1	0	10	5	0	1	17
Total Annual Benefit	\$0	\$0	\$29,515	\$43,668	\$0	\$0	\$73,183
Average Annual Benefit	0	0	9,838	14,556	0	0	12,197
Average Age	0.0	0.0	53.0	52.0	0.0	0.0	52.5

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

**SECTION VI  
MEMBERSHIP DATA**

**C. Reconciliation of Membership**

	<u>Active</u>	<u>Terminated Vested*</u>	<u>Retired</u>	<u>Disabled</u>	<u>Beneficiaries</u>	<u>Total</u>
<b>Total Active Members as of July 1, 2009</b>	374	12	176	49	43	654
Retired	(16)	(2)	18			0
Terminated Vested						0
Terminated Not Vested, Due Refund	(8)	8				0
Disabled	(2)			2		0
Died without beneficiary					(1)	(1)
Died with beneficiary	(2)		(3)	(1)	6	0
Paid Lump Sum	(3)	(1)				(4)
Correction						0
Rehired	1					1
New Members	4					4
<b>Total Active Members as of July 1, 2010</b>	348	17	191	50	48	654

\* Includes terminated not vested participants who are due their employee contributions with interest.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

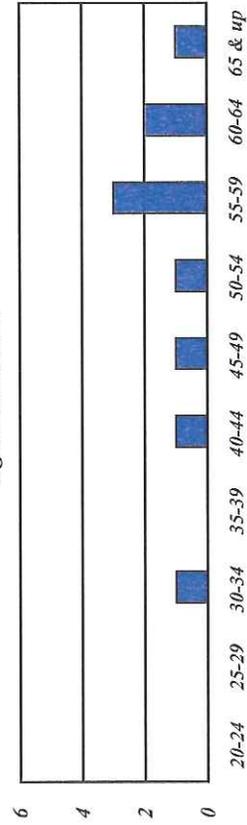
**SECTION V  
MEMBERSHIP DATA**

**D. Distribution of Active Members - Count - Library**

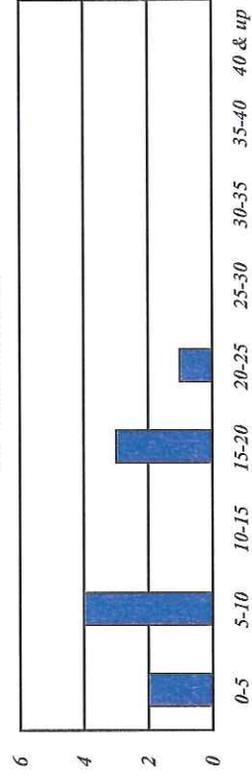
*Years of Service*

Age	0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	40 & up	All Years
Under 20	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0
30-34	0	1	0	0	0	0	0	0	0	1
35-39	0	0	0	0	0	0	0	0	0	0
40-44	0	1	0	0	0	0	0	0	0	1
45-49	0	1	0	0	0	0	0	0	0	1
50-54	0	0	0	1	0	0	0	0	0	1
55-59	2	0	0	0	1	0	0	0	0	3
60-64	0	0	0	2	0	0	0	0	0	2
65 & up	0	1	0	0	0	0	0	0	0	1
All Ages	2	4	0	3	1	0	0	0	0	10

*Age Distribution*



*Service Distribution*



This work product was prepared solely for the Town of West Warwick for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

Milliman

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

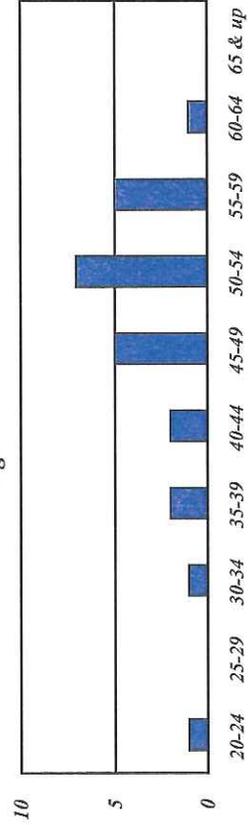
**SECTION V  
MEMBERSHIP DATA**

**D. Distribution of Active Members - Count - Waste Water**

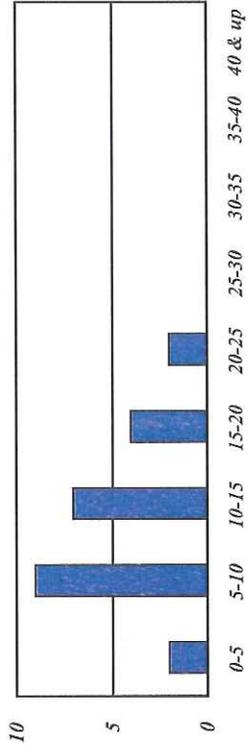
*Years of Service*

Age	0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	40 & up	All Years
Under 20	0	0	0	0	0	0	0	0	0	0
20-24	1	0	0	0	0	0	0	0	0	1
25-29	0	0	0	0	0	0	0	0	0	0
30-34	1	0	0	0	0	0	0	0	0	1
35-39	0	2	0	0	0	0	0	0	0	2
40-44	0	0	1	0	1	0	0	0	0	2
45-49	0	3	1	1	0	0	0	0	0	5
50-54	0	0	4	2	1	0	0	0	0	7
55-59	0	3	1	1	0	0	0	0	0	5
60-64	0	1	0	0	0	0	0	0	0	1
65 & up	0	0	0	0	0	0	0	0	0	0
All Ages	2	9	7	4	2	0	0	0	0	24

**Age Distribution**



**Service Distribution**



This work product was prepared solely for the Town of West Warwick for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

Milliman

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

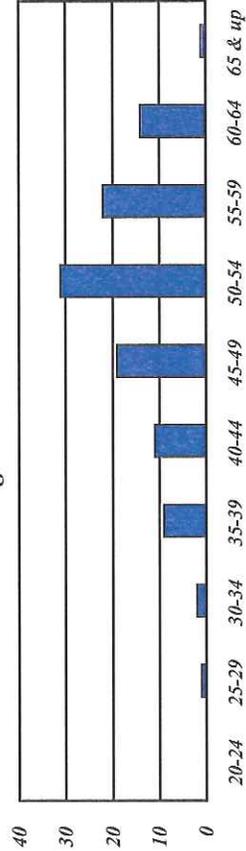
**SECTION V  
MEMBERSHIP DATA**

**D. Distribution of Active Members - Count - School**

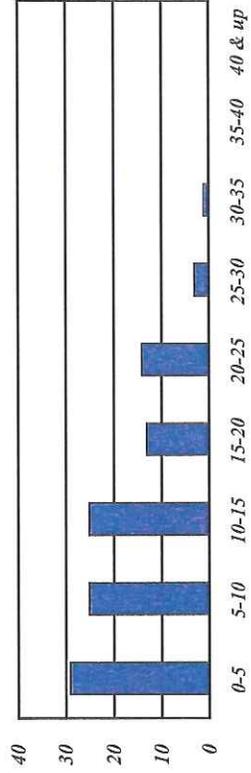
*Years of Service*

Age	0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	40 & up	All Years
Under 20	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0
25-29	0	1	0	0	0	0	0	0	0	1
30-34	1	0	1	0	0	0	0	0	0	2
35-39	3	1	4	1	0	0	0	0	0	9
40-44	5	2	2	0	2	0	0	0	0	11
45-49	7	9	1	2	0	0	0	0	0	19
50-54	6	5	9	5	4	1	1	0	0	31
55-59	3	3	8	2	5	1	0	0	0	22
60-64	3	4	0	3	3	1	0	0	0	14
65 & up	1	0	0	0	0	0	0	0	0	1
All Ages	29	25	25	13	14	3	1	0	0	110

*Age Distribution*



*Service Distribution*



This work product was prepared solely for the Town of West Warwick for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

Milliman

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

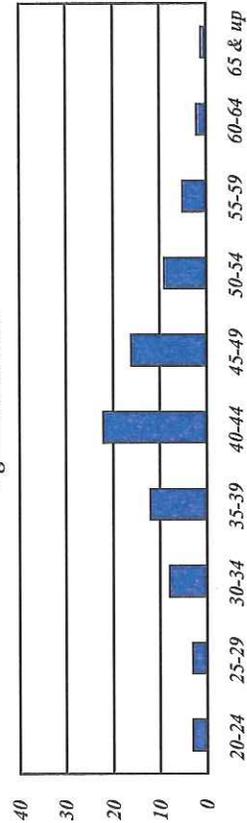
**SECTION V  
MEMBERSHIP DATA**

**D. Distribution of Active Members - Count - Municipal**

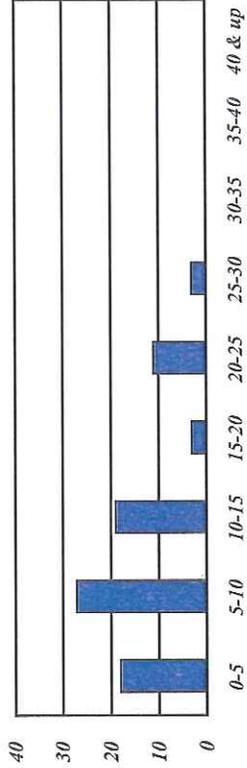
*Years of Service*

Age	0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	40 & up	All Years
Under 20	0	0	0	0	0	0	0	0	0	0
20-24	3	0	0	0	0	0	0	0	0	3
25-29	2	1	0	0	0	0	0	0	0	3
30-34	2	5	1	0	0	0	0	0	0	8
35-39	4	4	4	0	0	0	0	0	0	12
40-44	5	7	2	2	6	0	0	0	0	22
45-49	0	6	5	1	2	2	0	0	0	16
50-54	1	2	3	0	2	1	0	0	0	9
55-59	1	1	3	0	0	0	0	0	0	5
60-64	0	1	0	0	1	0	0	0	0	2
65 & up	0	0	1	0	0	0	0	0	0	1
All Ages	18	27	19	3	11	3	0	0	0	81

*Age Distribution*



*Service Distribution*



This work product was prepared solely for the Town of West Warwick for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

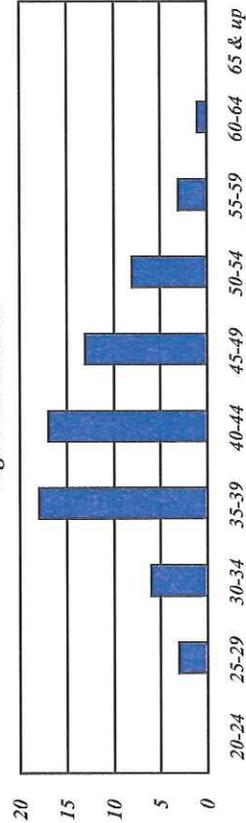
**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

**SECTION V  
MEMBERSHIP DATA**

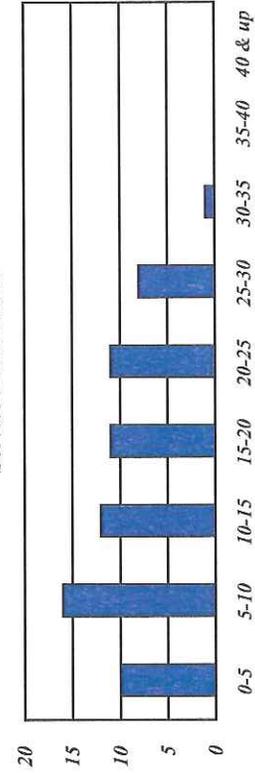
**D. Distribution of Active Members - Count - Fire**

Age	Years of Service											All Years	
	0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	40 & up				
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29	3	0	0	0	0	0	0	0	0	0	0	0	3
30-34	1	4	1	0	0	0	0	0	0	0	0	0	6
35-39	1	7	8	2	0	0	0	0	0	0	0	0	18
40-44	1	4	3	5	4	0	0	0	0	0	0	0	17
45-49	2	0	0	3	5	3	0	0	0	0	0	0	13
50-54	1	0	0	1	1	4	1	0	0	0	0	0	8
55-59	1	1	0	0	0	1	0	0	0	0	0	0	3
60-64	0	0	0	0	1	0	0	0	0	0	0	0	1
65 & up	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>All Ages</b>	<b>10</b>	<b>16</b>	<b>12</b>	<b>11</b>	<b>11</b>	<b>8</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>69</b>

**Age Distribution**



**Service Distribution**



This work product was prepared solely for the Town of West Warwick for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

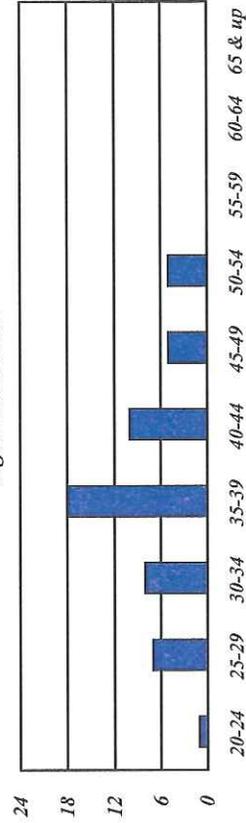
**SECTION V  
MEMBERSHIP DATA**

**D. Distribution of Active Members - Count - Police**

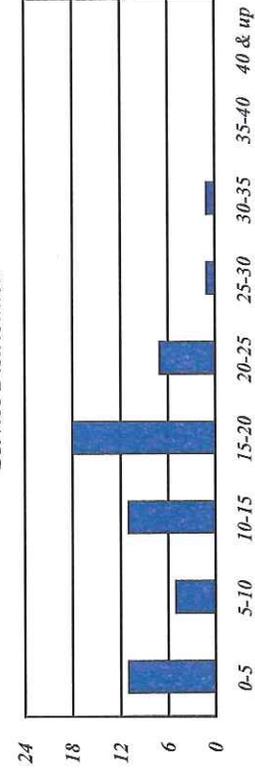
*Years of Service*

Age	0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	40 & up	All Years
Under 20	0	0	0	0	0	0	0	0	0	0
20-24	1	0	0	0	0	0	0	0	0	1
25-29	6	1	0	0	0	0	0	0	0	7
30-34	4	3	1	0	0	0	0	0	0	8
35-39	0	1	10	7	0	0	0	0	0	18
40-44	0	0	0	7	3	0	0	0	0	10
45-49	0	0	0	3	2	0	0	0	0	5
50-54	0	0	0	1	2	1	1	0	0	5
55-59	0	0	0	0	0	0	0	0	0	0
60-64	0	0	0	0	0	0	0	0	0	0
65 & up	0	0	0	0	0	0	0	0	0	0
All Ages	11	5	11	18	7	1	1	0	0	54

*Age Distribution*



*Service Distribution*



This work product was prepared solely for the Town of West Warwick for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

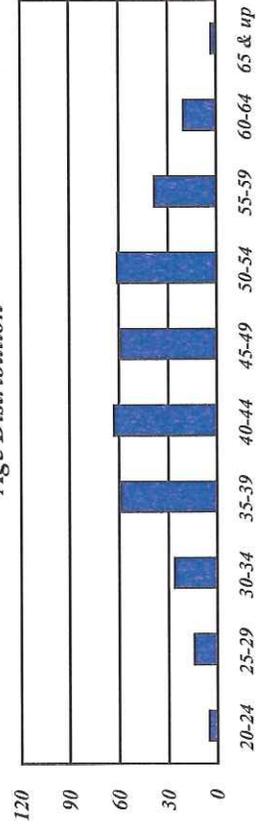
**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

**SECTION V  
MEMBERSHIP DATA**

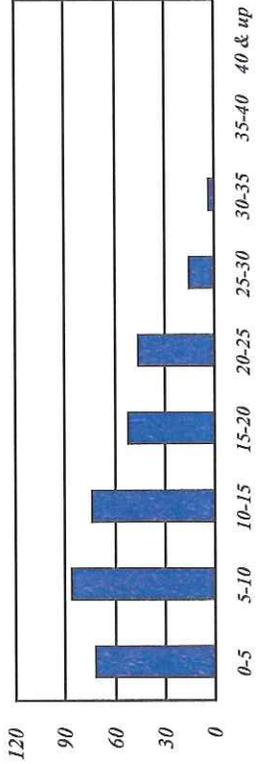
**D. Distribution of Active Members - Count - Total**

Age	Years of Service											All Years		
	0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	40 & up					
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	5	0	0	0	0	0	0	0	0	0	0	0	0	5
25-29	11	3	0	0	0	0	0	0	0	0	0	0	0	14
30-34	9	13	4	0	0	0	0	0	0	0	0	0	0	26
35-39	8	15	26	10	0	0	0	0	0	0	0	0	0	59
40-44	11	14	8	14	16	0	0	0	0	0	0	0	0	63
45-49	9	19	7	10	9	5	0	0	0	0	0	0	0	59
50-54	8	7	16	10	10	7	3	0	0	0	0	0	0	61
55-59	7	8	12	3	6	2	0	0	0	0	0	0	0	38
60-64	3	6	0	5	5	1	0	0	0	0	0	0	0	20
65 & up	1	1	1	0	0	0	0	0	0	0	0	0	0	3
<b>All Ages</b>	<b>72</b>	<b>86</b>	<b>74</b>	<b>52</b>	<b>46</b>	<b>15</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>348</b>

**Age Distribution**



**Service Distribution**



This work product was prepared solely for the Town of West Warwick for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

**SECTION V  
MEMBERSHIP DATA**

**E. Distribution of Active Members - Average Salaries - Library**

Age	Years of Service											All Years			
	0 to 5	5 to 10	10 to 15	15 to 20	20 to 25	25 to 30	30 to 35	35 to 40	40 & up	\$0	\$0				
Under 20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20 to 24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	0	35,078	0	0	0	0	0	0	0	0	0	0	0	0	35,078
35 to 39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
40 to 44	0	35,845	0	0	0	0	0	0	0	0	0	0	0	0	35,845
45 to 49	0	39,370	0	0	0	0	0	0	0	0	0	0	0	0	39,370
50 to 54	0	0	0	57,921	0	0	0	0	0	0	0	0	0	0	57,921
55 to 59	30,067	0	0	0	50,186	0	0	0	0	0	0	0	0	0	36,773
60 to 64	0	0	0	57,103	0	0	0	0	0	0	0	0	0	0	57,103
65 & up	0	14,388	0	0	0	0	0	0	0	0	0	0	0	0	14,388
<b>All Ages</b>	<b>30,067</b>	<b>31,170</b>	<b>0</b>	<b>57,375</b>	<b>50,186</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40,713</b>						

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

**SECTION V  
MEMBERSHIP DATA**

**E. Distribution of Active Members - Average Salaries - Waste Water**

Age	Years of Service											All Years			
	0 to 5	5 to 10	10 to 15	15 to 20	20 to 25	25 to 30	30 to 35	35 to 40	40 & up	\$0	\$0				
Under 20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20 to 24	38,981	0	0	0	0	0	0	0	0	0	0	0	0	0	38,981
25 to 29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	42,594	0	0	0	0	0	0	0	0	0	0	0	0	0	42,594
35 to 39	0	39,621	0	0	0	0	0	0	0	0	0	0	0	0	39,621
40 to 44	0	0	45,020	0	45,538	0	0	0	0	0	0	0	0	0	45,279
45 to 49	0	29,295	43,563	45,344	0	0	0	0	0	0	0	0	0	0	35,359
50 to 54	0	0	40,934	48,115	80,054	0	0	0	0	0	0	0	0	0	48,574
55 to 59	0	47,019	45,783	43,602	0	0	0	0	0	0	0	0	0	0	46,089
60 to 64	0	42,415	0	0	0	0	0	0	0	0	0	0	0	0	42,415
65 & up	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>All Ages</b>	<b>40,788</b>	<b>38,956</b>	<b>42,586</b>	<b>46,294</b>	<b>62,796</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>43,377</b>						

This work product was prepared solely for the Town of West Warwick for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

Milliman

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

**SECTION V  
MEMBERSHIP DATA**

**E. Distribution of Active Members - Average Salaries - School**

Age	Years of Service											All Years			
	0 to 5	5 to 10	10 to 15	15 to 20	20 to 25	25 to 30	30 to 35	35 to 40	40 & up	\$0	\$0				
Under 20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20 to 24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	0	32,096	0	0	0	0	0	0	0	0	0	0	0	0	32,096
30 to 34	37,074	0	33,871	0	0	0	0	0	0	0	0	0	0	0	35,473
35 to 39	25,892	46,062	31,299	47,085	0	0	0	0	0	0	0	0	0	0	32,891
40 to 44	24,357	41,476	44,039	0	37,577	0	0	0	0	0	0	0	0	0	33,452
45 to 49	21,888	33,984	61,870	59,296	0	0	0	0	0	0	0	0	0	0	33,660
50 to 54	36,919	33,118	34,322	35,507	47,510	37,316	48,972	0	0	0	0	0	0	0	37,093
55 to 59	30,731	49,990	33,632	37,037	29,650	44,029	0	0	0	0	0	0	0	0	35,344
60 to 64	30,051	44,666	0	33,485	44,321	42,768	0	0	0	0	0	0	0	0	38,929
65 & up	60,832	0	0	0	0	0	0	0	0	0	0	0	0	0	60,832
All Ages	29,464	38,448	35,479	39,826	39,029	41,371	48,972	0	0	0	0	0	0	0	35,817

This work product was prepared solely for the Town of West Warwick for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

Milliman

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

**SECTION V  
MEMBERSHIP DATA**

**E. Distribution of Active Members - Average Salaries - Municipal Employees**

Age	Years of Service											All Years		
	0 to 5	5 to 10	10 to 15	15 to 20	20 to 25	25 to 30	30 to 35	35 to 40	40 & up	\$0	\$0			
Under 20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20 to 24	21,345	0	0	0	0	0	0	0	0	0	0	0	0	21,345
25 to 29	37,795	36,482	0	0	0	0	0	0	0	0	0	0	0	37,357
30 to 34	25,873	33,758	41,871	0	0	0	0	0	0	0	0	0	0	32,801
35 to 39	33,302	38,406	41,980	0	0	0	0	0	0	0	0	0	0	37,896
40 to 44	28,854	31,414	43,561	41,315	42,462	0	0	0	0	0	0	0	0	35,849
45 to 49	0	50,135	39,091	32,447	39,536	87,971	0	0	0	0	0	0	0	48,983
50 to 54	82,333	26,080	36,059	0	57,540	47,836	0	0	0	0	0	0	0	45,065
55 to 59	42,446	72,334	59,513	0	0	0	0	0	0	0	0	0	0	58,664
60 to 64	0	51,301	0	0	42,608	0	0	0	0	0	0	0	0	46,955
65 & up	0	0	58,641	0	0	0	0	0	0	0	0	0	0	58,641
<b>All Ages</b>	<b>32,979</b>	<b>39,089</b>	<b>44,091</b>	<b>38,359</b>	<b>44,685</b>	<b>74,593</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40,952</b>

This work product was prepared solely for the Town of West Warwick for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

Milliman

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

**SECTION V  
MEMBERSHIP DATA**

**E. Distribution of Active Members - Average Salaries - Fire**

Age	Years of Service											All Years			
	0 to 5	5 to 10	10 to 15	15 to 20	20 to 25	25 to 30	30 to 35	35 to 40	40 & up	\$0	\$0				
Under 20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20 to 24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	57,478	0	0	0	0	0	0	0	0	0	0	0	0	0	57,478
30 to 34	55,943	60,709	61,076	0	0	0	0	0	0	0	0	0	0	0	59,976
35 to 39	58,187	58,738	63,908	59,029	0	0	0	0	0	0	0	0	0	0	61,037
40 to 44	57,936	52,641	63,946	60,893	69,162	0	0	0	0	0	0	0	0	0	61,262
45 to 49	48,135	0	0	53,041	71,062	67,981	0	0	0	0	0	0	0	0	62,665
50 to 54	38,319	0	0	62,648	67,959	54,523	74,226	0	0	0	0	0	0	0	57,656
55 to 59	38,336	40,742	0	0	0	80,263	0	0	0	0	0	0	0	0	53,114
60 to 64	0	0	0	0	45,239	0	0	0	0	0	0	0	0	0	45,239
65 & up	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>All Ages</b>	<b>51,743</b>	<b>56,582</b>	<b>63,681</b>	<b>58,572</b>	<b>67,742</b>	<b>62,787</b>	<b>74,226</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>60,187</b>

This work product was prepared solely for the Town of West Warwick for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

**SECTION V  
MEMBERSHIP DATA**

**E. Distribution of Active Members - Average Salaries - Police**

Age	Years of Service											
	0 to 5	5 to 10	10 to 15	15 to 20	20 to 25	25 to 30	30 to 35	35 to 40	40 & up	All Years		
Under 20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20 to 24	45,542	0	0	0	0	0	0	0	0	0	0	45,542
25 to 29	58,194	60,424	0	0	0	0	0	0	0	0	0	58,513
30 to 34	58,583	58,481	60,075	0	0	0	0	0	0	0	0	58,731
35 to 39	0	58,658	61,537	62,280	0	0	0	0	0	0	0	61,666
40 to 44	0	0	0	63,531	78,220	0	0	0	0	0	0	67,937
45 to 49	0	0	0	70,037	78,907	0	0	0	0	0	0	73,585
50 to 54	0	0	0	65,987	78,531	72,576	67,466	0	0	0	0	72,618
55 to 59	0	0	0	0	0	0	0	0	0	0	0	0
60 to 64	0	0	0	0	0	0	0	0	0	0	0	0
65 & up	0	0	0	0	0	0	0	0	0	0	0	0
<b>All Ages</b>	<b>57,185</b>	<b>58,905</b>	<b>61,404</b>	<b>64,265</b>	<b>78,505</b>	<b>72,576</b>	<b>67,466</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>63,803</b>

This work product was prepared solely for the Town of West Warwick for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

Milliman

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

**SECTION V  
MEMBERSHIP DATA**

**E. Distribution of Active Members - Average Salaries - Total**

Age	Years of Service											All Years			
	0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	40 & up						
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	29,712	0	0	0	0	0	0	0	0	0	0	0	0	0	29,712
25-29	54,290	43,001	0	0	0	0	0	0	0	0	0	0	0	0	51,871
30-34	46,854	47,858	49,223	0	0	0	0	0	0	0	0	0	0	0	47,720
35-39	33,634	49,917	54,606	60,111	0	0	0	0	0	0	0	0	0	0	51,503
40-44	29,454	39,233	51,507	59,415	55,423	0	0	0	0	0	0	0	0	0	47,681
45-49	27,721	38,627	42,984	56,561	65,799	75,977	0	0	0	0	0	0	0	0	47,830
50-54	42,771	31,107	36,301	46,032	61,020	53,689	63,555	0	0	0	0	0	0	0	45,537
55-59	33,501	50,513	41,115	39,225	33,072	62,146	0	0	0	0	0	0	0	0	41,342
60-64	30,051	45,397	41,115	42,932	44,162	42,768	0	0	0	0	0	0	0	0	42,039
65 & up	60,832	14,388	58,641	0	0	0	0	0	0	0	0	0	0	0	44,620
<b>All Ages</b>	<b>38,003</b>	<b>42,927</b>	<b>46,789</b>	<b>53,677</b>	<b>54,531</b>	<b>61,518</b>	<b>63,555</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>46,850</b>

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

**SECTION V  
MEMBERSHIP DATA**

**F. Distribution of Inactive Members as of July 1, 2010 - Municipal**

	<i>Age</i>	<i>Number</i>	<i>Total Monthly Benefits</i>
<b><i>Terminated Vested Members *</i></b>			
	< 30	0	0.00
	30 - 34	1	0.00
	35 - 39	5	0.00
	40 - 44	4	924.50
	45 - 49	1	1,059.17
	50 - 54	2	1,825.00
	55 - 59	3	2,289.92
	60 - 64	0	0.00
	65 +	0	0.00
	Total	16	6,098.58
<b><i>Members in Pay Status</i></b>			
	< 30	0	0.00
	30 - 39	1	1,669.42
	40 - 49	7	16,217.75
	50 - 59	31	64,309.00
	60 - 69	56	89,927.17
	70 - 79	45	45,178.42
	80 - 89	24	14,340.42
	90 - 99	3	1,995.67
	100 +	3	5,349.92
	Total	170	238,987.75

\* Includes former members due a return of contributions.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

**SECTION V  
MEMBERSHIP DATA**

**F. Distribution of Inactive Members as of July 1, 2010 - Fire**

	<i>Age</i>	<i>Number</i>	<i>Total Monthly Benefits</i>
<b><i>Terminated Vested Members*</i></b>			
	< 30	0	0.00
	30 - 34	0	0.00
	35 - 39	0	0.00
	40 - 44	0	0.00
	45 - 49	0	0.00
	50 - 54	0	0.00
	55 - 59	0	0.00
	60 - 64	0	0.00
	65 +	0	0.00
	Total	0	0.00
<b><i>Members in Pay Status</i></b>			
	< 30	0	0.00
	30 - 39	2	6,761.58
	40 - 49	9	26,187.67
	50 - 59	16	57,989.50
	60 - 69	18	47,397.33
	70 - 79	6	14,123.25
	80 - 89	6	6,847.33
	90 - 99	0	0.00
	100 +	0	0.00
	Total	57	159,306.67

\* Includes former members due a return of contributions.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF WEST WARWICK**

**SECTION V  
MEMBERSHIP DATA**

***F. Distribution of Inactive Members as of July 1, 2010 - Police***

	<i>Age</i>	<i>Number</i>	<i>Total Monthly Benefits</i>
<b><i>Terminated Vested Members*</i></b>			
	< 30	0	0.00
	30 - 34	0	0.00
	35 - 39	0	0.00
	40 - 44	1	0.00
	45 - 49	0	0.00
	50 - 54	0	0.00
	55 - 59	0	0.00
	60 - 64	0	0.00
	65 +	0	0.00
	Total	1	0.00
<b><i>Members in Pay Status</i></b>			
	< 30	0	0.00
	30 - 39	2	7,538.50
	40 - 49	10	30,996.92
	50 - 59	10	35,647.75
	60 - 69	24	67,364.17
	70 - 79	6	11,763.67
	80 - 89	8	5,960.33
	90 - 99	1	614.17
	100 +	1	134.92
	Total	62	160,020.42

\* Includes former members due a return of contributions.

**RETIREMENT PLAN FOR EMPLOYEES OF  
TOWN OF WEST WARWICK**

**SECTION VI  
ACTUARIAL METHOD AND ASSUMPTIONS**

***A. Actuarial Cost Method***

The job of the plan's pension actuary is to use a "cost method" to distribute the cost of the pension benefits over each employee's working lifetime. The actuarial cost method used for this valuation is the *Entry Age Normal Cost Method*. The actuarial cost method can be thought of as a budgeting process that allocates the cost of benefits to all years, both past and future. This is done through a series of actuarial calculations:

1. The first step is to determine the plan's liability for the promised benefits. For employees, this involves estimating how large benefits will be when employees reach retirement age, and estimating how many employees will actually stay with the Town long enough to receive those benefits. Once benefits start being paid, an estimate must be made as to how long the retiree will live and continue to collect benefits. All of those future benefit payments are then stated in terms of today's dollars, and the end result is termed the *present value of future benefits*.
2. For current employees, a portion of those *future benefits* have already been earned, and the rest will be earned over their remaining working lifetime. The actuarial cost method divides the *present value of future benefits* into three pieces: the *accrued liability*, which is the portion allocated to past years, the *normal cost*, which is the piece allocated to the current year, and the *present value of future normal costs*, which is the piece allocated to future years.
3. For terminated employees and retirees, all benefits have already been earned, so the actuarial cost method assigns the entire *present value of future benefits* to the *accrued liability*.
4. Once the liabilities have been determined, the next step is to look at the plan's assets. These are held in a trust and are invested in a variety of stocks and bonds. Because of financial market conditions, the market value of the plan's assets can be volatile. The actuaries calculate an *actuarial value of assets* that smoothes out this volatility so that the Town's contribution does not swing about as much as the stock market does. Beginning July 1, 2001, the *actuarial value of assets* is determined by first projecting the *actuarial value* from the beginning of the prior fiscal year based on the actual cash flow during the fiscal year and the assumed interest rate. The difference between this expected *actuarial value* and the actual market value is recognized over a five year period, subject to the *actuarial value* remaining within  $\pm 15\%$  of the Market Value. For prior years, the *actuarial value of assets* was equal to the Market Value of Assets.
5. The plan's assets represent the accumulation of all contributions that have been made in past years. Similarly, the plan's accrued liability represents the accumulation of all benefits that have been earned in past years. If the assets exceed the liabilities, the Town has in effect paid more than necessary in past years, and so can pay *less* in future years. Likewise, if the assets are smaller than the liabilities, then the Town should pay *more* in future years to make up the shortfall. The actuarial cost method factors this into the contribution via the *past service cost*. First, we subtract the *actuarial value of assets* from the *accrued liability*. The result is called the *unfunded accrued liability*. The *unfunded accrued liability* is then amortized as a level percent of payroll over a decreasing 30 year period (reset to 25 years starting with the July 1, 2010 valuation) to determine the *past service cost*.
6. The Annual Required Contribution is then calculated by adding together the *normal cost* and the *past service cost*. The Annual Required Contribution is divided by the current annual payroll to get a *contribution rate*. The contribution rate should remain relatively stable over the years, unless there are unexpected changes in the employee and retiree populations, unusual investment results, or changes in the benefit provisions.

<b>RETIREMENT PLAN FOR EMPLOYEES OF TOWN OF WEST WARWICK</b>
------------------------------------------------------------------

**SECTION VI  
ACTUARIAL METHOD AND ASSUMPTIONS**

---

**B. Actuarial Assumptions**

<b><i>Investment Return:</i></b>	Current year - 8.00% Prior year – 8.25%
<b><i>Plan Expenses:</i></b>	None.
<b><i>Payroll Growth Rate:</i></b>	Current year – 3.50% Prior year – 5.00%
<b><i>Salary Increases:</i></b>	3.50%
<b><i>COLA for Police and Fire Disability Pensions:</i></b>	90% of assumed active salary increase rate.
<b><i>Healthy Mortality:</i></b>	RP-2000 Combined Healthy Mortality Table with generational projection per Scale AA.
<b><i>Disabled Mortality:</i></b>	RP-2000 Disabled Mortality Table with generational projection per Scale AA.
<b><i>Retirement Rates:</i></b>	
<b><i>Police and Fire:</i></b>	25% at age 62; 25% at 20 years of service; 50% at 25 years of service; 100% at age 62; 5% at all other ages.
<b><i>Others:</i></b>	Per the following table:

<i>Age</i>	<i>Rate</i>
0 – 55	2%
56 – 59	4%
60	25%
61	10%
62 - 64	30%
65 - 66	25%
67 - 69	50%
70	100%

**RETIREMENT PLAN FOR EMPLOYEES OF  
TOWN OF WEST WARWICK**

**SECTION VI  
ACTUARIAL METHOD AND ASSUMPTIONS**

**B. Actuarial Assumptions (continued)**

**Disability:** Rates for ages over 55 were eliminated for Others.

**Police and Fire:** 3 times the 1985 Pension Disability Table.

**Others:** 1985 Pension Disability Table through age 54.

<i>Age</i>	<i>Police and Fire</i>	<i>Others</i>
25	0.28%	0.09%
30	0.44	0.15
35	0.66	0.22
40	0.99	0.33
45	1.53	0.51
50	2.51	0.84
55	4.49	0.00
60	6.32	0.00
65	0.00	0.00

**Turnover:**

**Police and Fire:** None.

**Others:** Crocker-Sarason T-3.

<i>Age</i>	<i>T-3</i>	<i>T-5</i>
25	5.27%	7.72%
30	4.84	7.22
35	4.48	6.28
40	3.85	5.15
45	3.23	3.98
50	1.53	2.56
55	0.34	0.94
60	0.00	0.09

**Surviving Spouses:** 80% of members are assumed to be married; wives are assumed to be 3 years younger than husbands.

**RETIREMENT PLAN FOR EMPLOYEES OF  
TOWN OF WEST WARWICK**

**SECTION VII  
SUMMARY OF PLAN PROVISIONS**

This exhibit summarizes the major provisions of the Plan. It is not intended to be, nor should it be interpreted as a complete statement of all plan provisions. All eligibility requirements and benefit amounts shall be determined in strict accordance with the plan document itself. To the extent that this summary does not accurately reflect the plan provisions, then the results of this valuation may not be accurate.

**Effective Date:**

**Police and Fire:** April 1, 1957

**School:** March 1, 1970

**Others:** July 1, 1969

**Eligibility:**

**Police and Fire:** Upon date of hire.

**Others:** Upon date of hire.

**Average Annual Compensation:**

**Police:** Average of basic earnings, longevity pay (excluding overtime and other extra payments) and 104 hours of holiday pay over the highest 12 months of employment.

**Fire:** Average of basic earnings, longevity pay (excluding overtime and other extra payments) and 147 hours of holiday pay over the highest 12 months of employment.

**Others:** Average of basic earnings and longevity pay (excluding overtime and other extra payments) over the highest 12 (prior valuation 36) months of employment.

**Continuous Service:** Number of years and completed months of uninterrupted service.

**Normal Retirement Date:**

**Police and Fire:** 20 years of service or age 62.

**Others:** 25 years of service or age 60 with ten years of service.

**RETIREMENT PLAN FOR EMPLOYEES OF  
TOWN OF WEST WARWICK**

**SECTION VII  
SUMMARY OF PLAN PROVISIONS**

---

***Early Retirement Date:***

***Police and Fire:*** Age 50 and 10 years of service.

***Others:*** Department head after age 50 and 10 years of service.

***Pension Benefit:***

***Police and Fire:*** 2.5% of Average Annual Compensation for each year of service. Maximum benefit of 70% of Average Annual Compensation.

***Others:*** 2.5% of Average Annual Compensation for each year of service.

***Normal Form of Benefit:***

67.50% Joint & Survivor Annuity with guaranteed return of employee contributions accumulated at 4.0% interest to retirement.

***Disability Retirement:***

All disability pensions are reduced by Workers Compensation Payments.

***Occupational Disability:***

66 2/3% of Average Annual Compensation. For Police and Fire, payments are increased by percentage increases in pay of active employees in the position held at time of disability retirement.

***Non-Occupational Disability:***

Completed 7 years of continuous service. On and after age 65, not eligible for disability pension.

***Police and Fire:***

Amount equal to accrued normal retirement benefit. Minimum amount equal to 50% of Average Annual Compensation.

***Others:***

Amount equal to accrued normal retirement benefit.

***Partial Disability - Others:***

2% of Average Annual Compensation times years of service.

***Death Benefits:***

***Pre-Retirement:***

A lump sum equal to \$400 times years of service, with a minimum of \$2,000 and a maximum of \$8,000. If a survivor's pension is not payable, an additional amount equal to employee contributions with credited interest.

If the employee dies after 10 years of service and while married, his spouse will receive a monthly pension equal to the amount which would be payable if he had retired with a 50% joint & survivor annuity.

**RETIREMENT PLAN FOR EMPLOYEES OF  
TOWN OF WEST WARWICK**

**SECTION VII  
SUMMARY OF PLAN PROVISIONS**

---

<b>Post-Retirement:</b>	<p>A lump sum equal to \$400 times years of service, with a maximum of \$8,000, reducing by 25% per year following retirement, to a minimum of \$2,000.</p> <p>In addition, if no other option is elected, a spouse's pension equal to 67.50% of the participant's pension is payable until the earlier of the spouse's death or remarriage, or to surviving dependent children under age 18.</p> <p>Accumulated Contributions in excess of benefits paid will be paid to the estate.</p>
<b>Employee Contributions:</b>	Accumulate at 4.0% per year.
<b>Police:</b>	9.0% of Compensation. Contributions stop after 28 years of service.
<b>Fire:</b>	9.0% of Compensation. Contributions stop after 28 years of service.
<b>Others:</b>	8.0% of Compensation.
<b>Vesting:</b>	<p>Upon termination after 10 years of service, Member has accrued the following benefits:</p> <p>If the employee has 10 or more years of service and does not elect a refund of contributions, a monthly pension at normal retirement date equal to his accrued normal retirement benefit.</p> <p>Upon termination prior to vesting, Member contributions are returned with interest.</p>
<b>Cost of Living Increases:</b>	
<b>Police:</b>	2.00% for 10 years effective July 1, 1991. 2.25% for 15 years effective July 1, 2000.
<b>Fire:</b>	2.00% for 10 years effective July 1, 1991. 2.25% for 15 years effective July 1, 2002.
<b>Others:</b>	2.00% for 5 years effective July 1, 1999. 2.25% for 15 years effective July 1, 2002.
	No Cost of Living Increases are paid on survivor benefits.