

The logo for nyhart, featuring the word "nyhart" in a lowercase, sans-serif font. The letters are white and are set against a solid black rectangular background. A vertical red line is positioned to the left of the black box, extending from the top to the bottom of the page.

nyhart

Pension Plan of Town of West Warwick

***Management Summary of
7/1/2014 Actuarial Valuation***

January 12, 2015

Table of Contents

Certification	2
Significant Changes for 2014	3
Impact of Changes for 2014 - Accrued Liability	4
Impact of Changes for 2014 - Contribution Recommendation	5
Participant Information	6
Participant Information - by Division	7
Annual Benefit Payments	8
2013-2014 Asset Reconciliation	9
Annual Investment Return Rates	10
Asset Class Allocation	11
Funded Status	12
Accrued Liability – by Division	13
Accrued Liability – by Status	14
Normal Cost Percentage	15
Contribution Recommendation	16
Contribution Recommendation – by Division	17
New Required Disclosures	18
Summary Results - Accounting	19
What's Ahead?	20
Cost Projections	21
Appendix	

This report has been prepared for the primary purpose of summarizing the actuarial valuation for the Pension Plan of Town of West Warwick as of July 1, 2014, the GASB 67 accounting report as of June 30, 2014, and various other matters to be discussed with the Pension Board. To the best of our knowledge, the reports summarized herein present fair positions of the funded status of the plan in accordance with the Actuarial Standards of Practice as described by the American Academy of Actuaries, and are based on the plan provisions and assumptions summarized within each report.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such facts as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or other additional cost or contribution requirement based on the plan's funded status); and changes in plan provisions of applicable law. The scope of our assignment did not include an analysis of the potential range of future measurements.

Neither Nyhart nor any of its employees have any relationship with the plan or its sponsor which could impair or appear to impair the objectivity of this report. To the extent that this report or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law.

The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States.

To our knowledge there have been no significant events prior to the current year's measurement date or as of the date of this report which could materially affect the results contained herein.

Nyhart

Prepared by:



Matt Sherertz, ASA, EA
8415 Allison Pointe Blvd, Ste. 300
Indianapolis, IN 46250
317-845-3588
www.nyhart.com

Reviewed by:



Tayt V. Odom, FSA, EA, MAAA
8415 Allison Pointe Blvd, Ste. 300
Indianapolis, IN 46250
317-845-3571
www.nyhart.com

January 12, 2015
Date

- **Benefit Changes – Active Employees as of July 1, 2014**
 - Increased retirement age (Fire, Municipal Union, Waste Water, and School)
 - Reduced benefit formula (Fire, Police, Municipal Union & Non-Union, Waste Water, and School)
 - Extended period for Average Pay (Fire, Municipal Union & Non-Union, Waste Water, and School)
 - Suspended/reduced COLA (Fire, Police, Municipal Union & Non-Union, Waste Water, and School)
 - Increased employee contributions (Fire, Police, Municipal Union & Non-Union, Waste Water, and School)

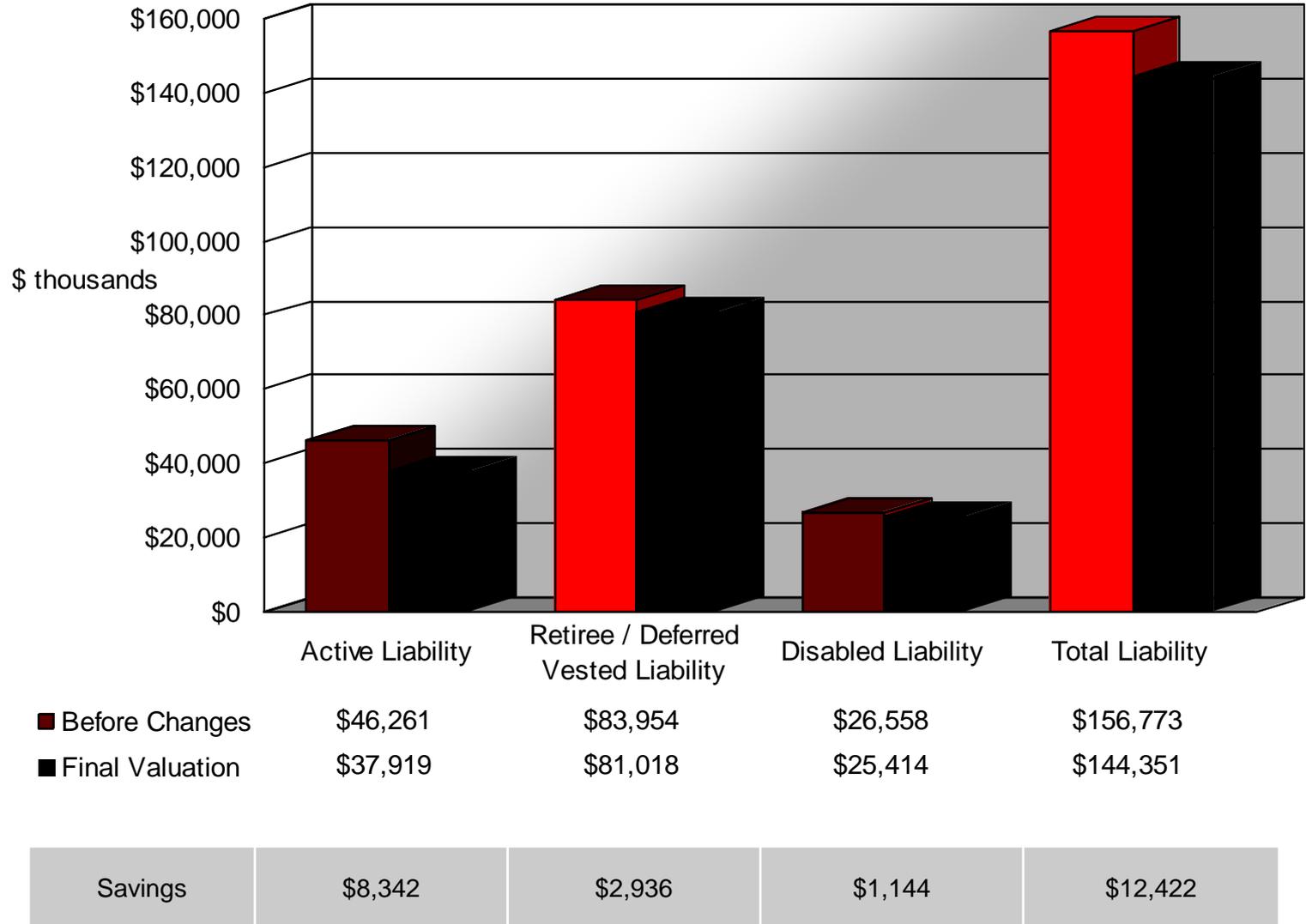
- **Benefit Changes – Inactive Participants as of July 1, 2014**
 - Retirement and Disability COLA suspended for 5 years effective July 1, 2014
 - After July 1, 2028, disabled former Police and Fire members will receive no further COLA increases

- **Actuarial Assumptions and Methods**
 - The unfunded liability was re-amortized as of July 1, 2014 based on a 25-year level percent of pay closed amortization with payments increasing at 3.50% per year.
 - Retirement rates have been adjusted due to retirement age changes.

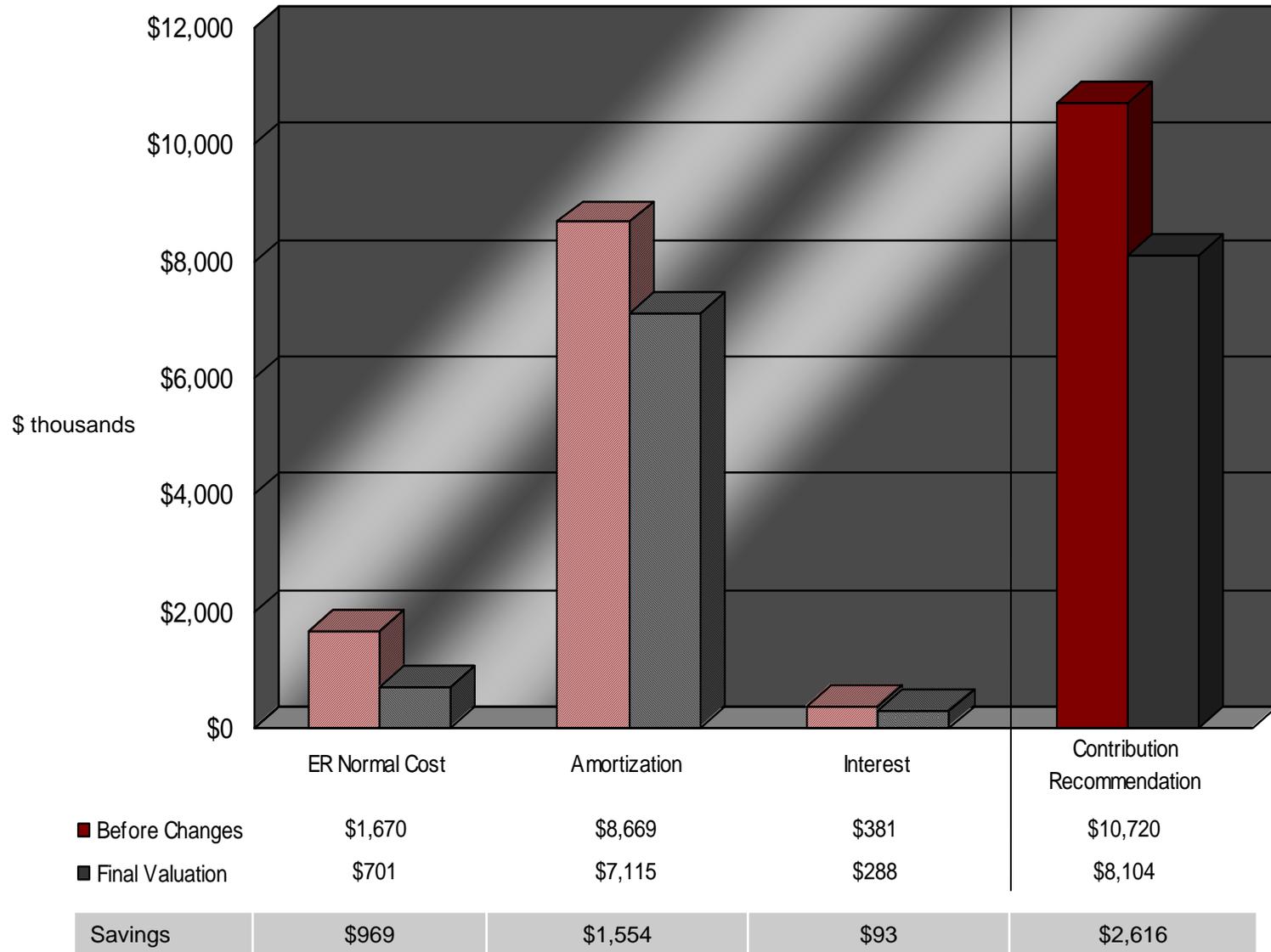
- **Population Changes**

The number of active participants has been declining in recent years. At the same time, the number of inactive participants has been steadily increasing.

Impact of Changes for 2014 – Accrued Liability

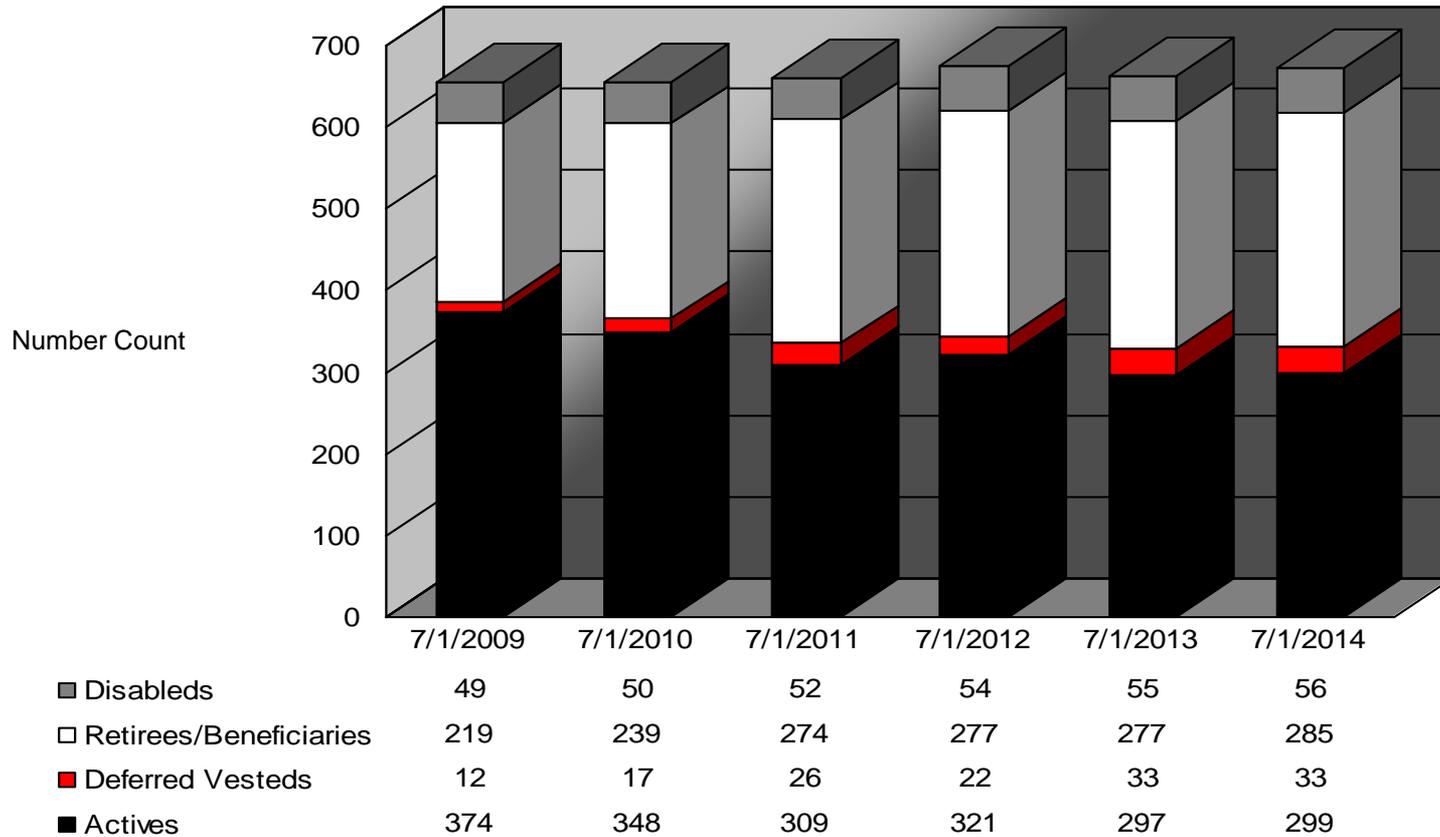


Impact of Changes for 2014 – Contribution Recommendation



Actuary's Comment – Of the \$2,616,000 in savings on the Contribution Recommendation, approximately \$829,000 is attributed to savings from the re-amortization of the unfunded liability as of July 1, 2014.

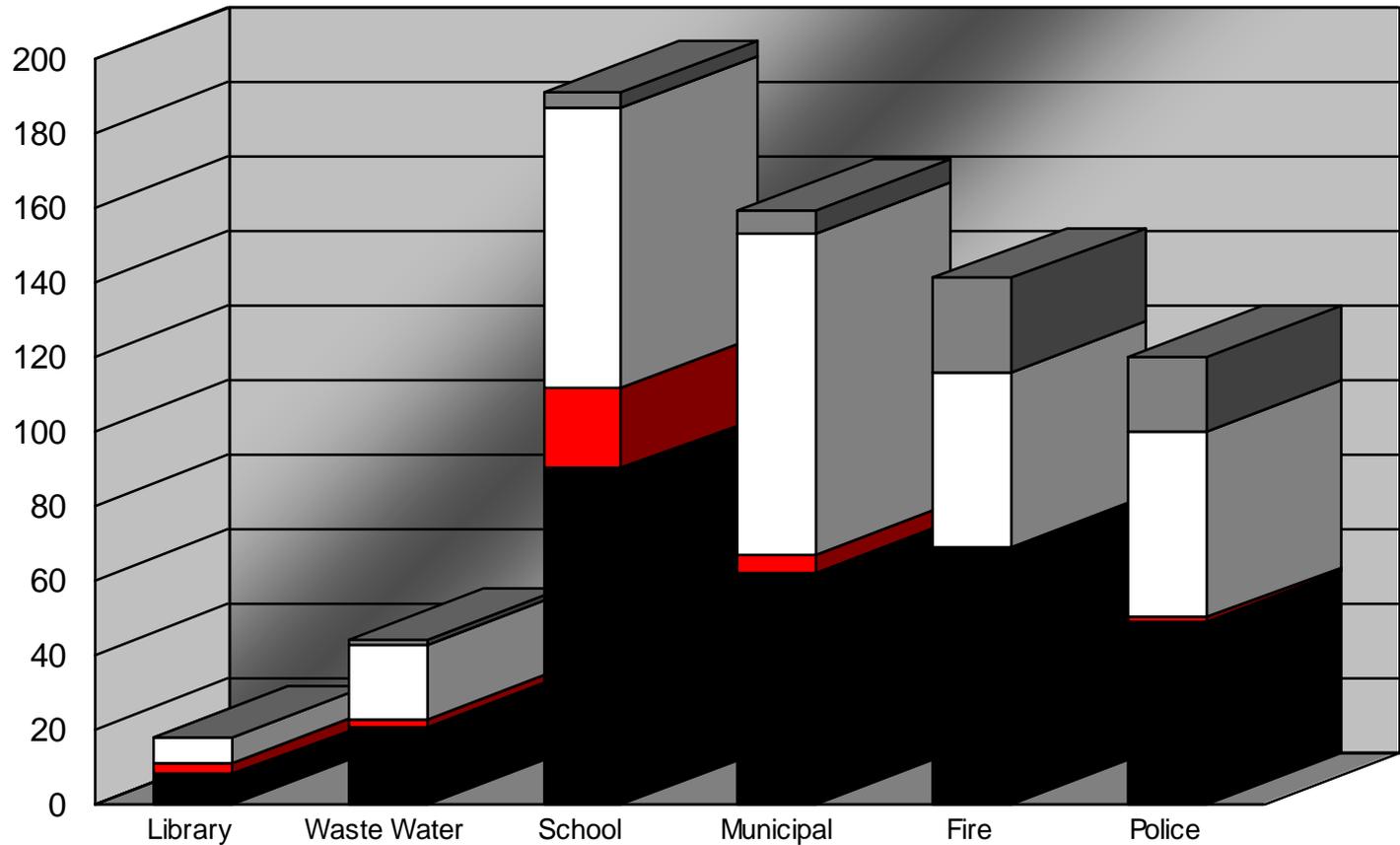
Participant Information



Active Demographics

Average Age	44.9	45.2	44.8	44.5	45.0	45.2
Average Service	11.4	12.0	11.1	10.9	11.8	11.9
Average Plan Compensation	\$45,170	\$46,850	\$49,078	\$46,278	\$46,991	\$47,503
Active Payroll (\$000's)	\$16,892	\$16,303	\$15,165	\$14,855	\$13,956	\$14,203

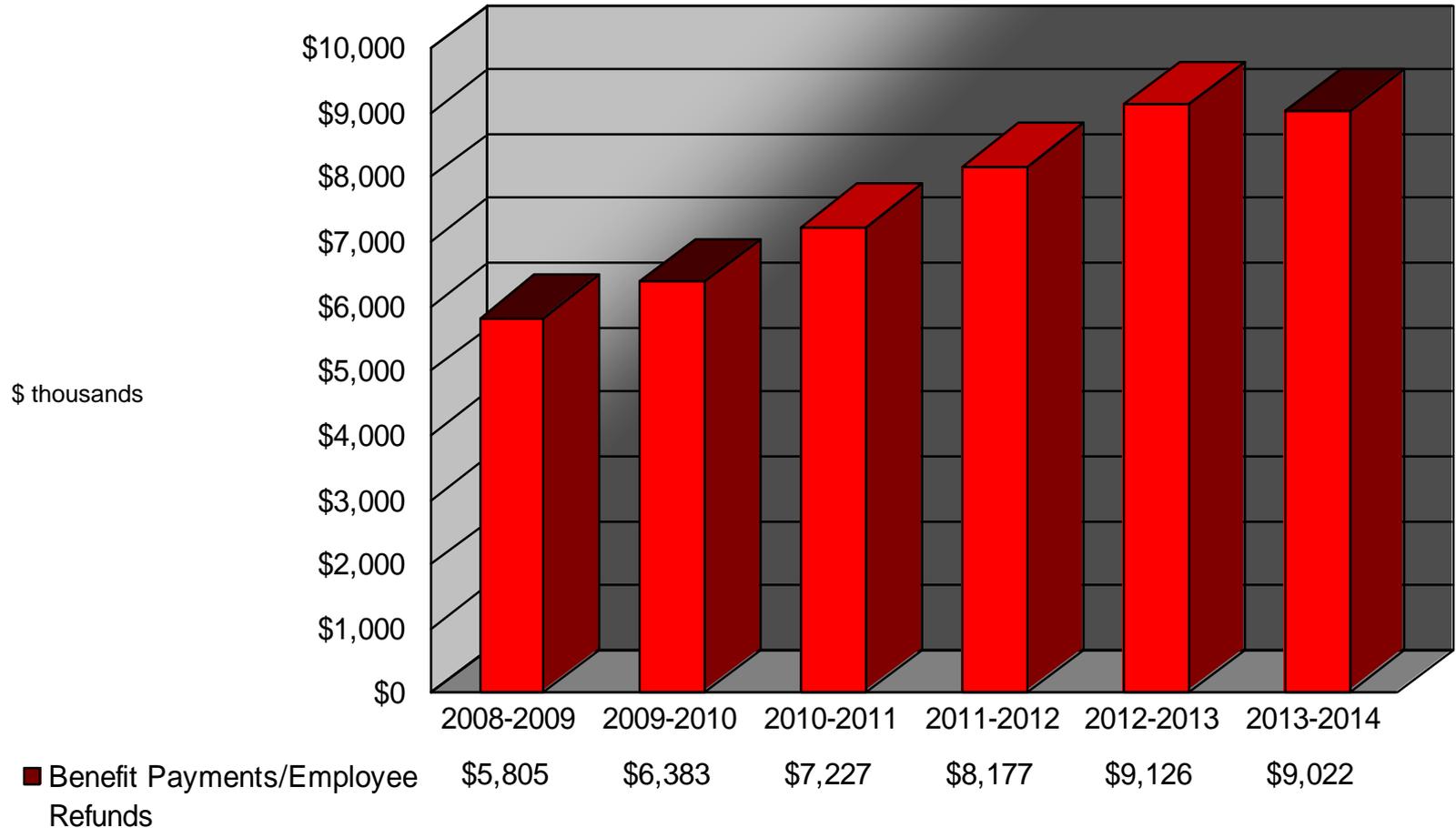
Participant Information – by Division



■ Disableds	0	1	4	6	25	20
□ Retirees/Beneficiaries	7	20	75	86	47	50
■ Deferred Vesteds	3	2	22	5	0	1
■ Actives	8	21	90	62	69	49

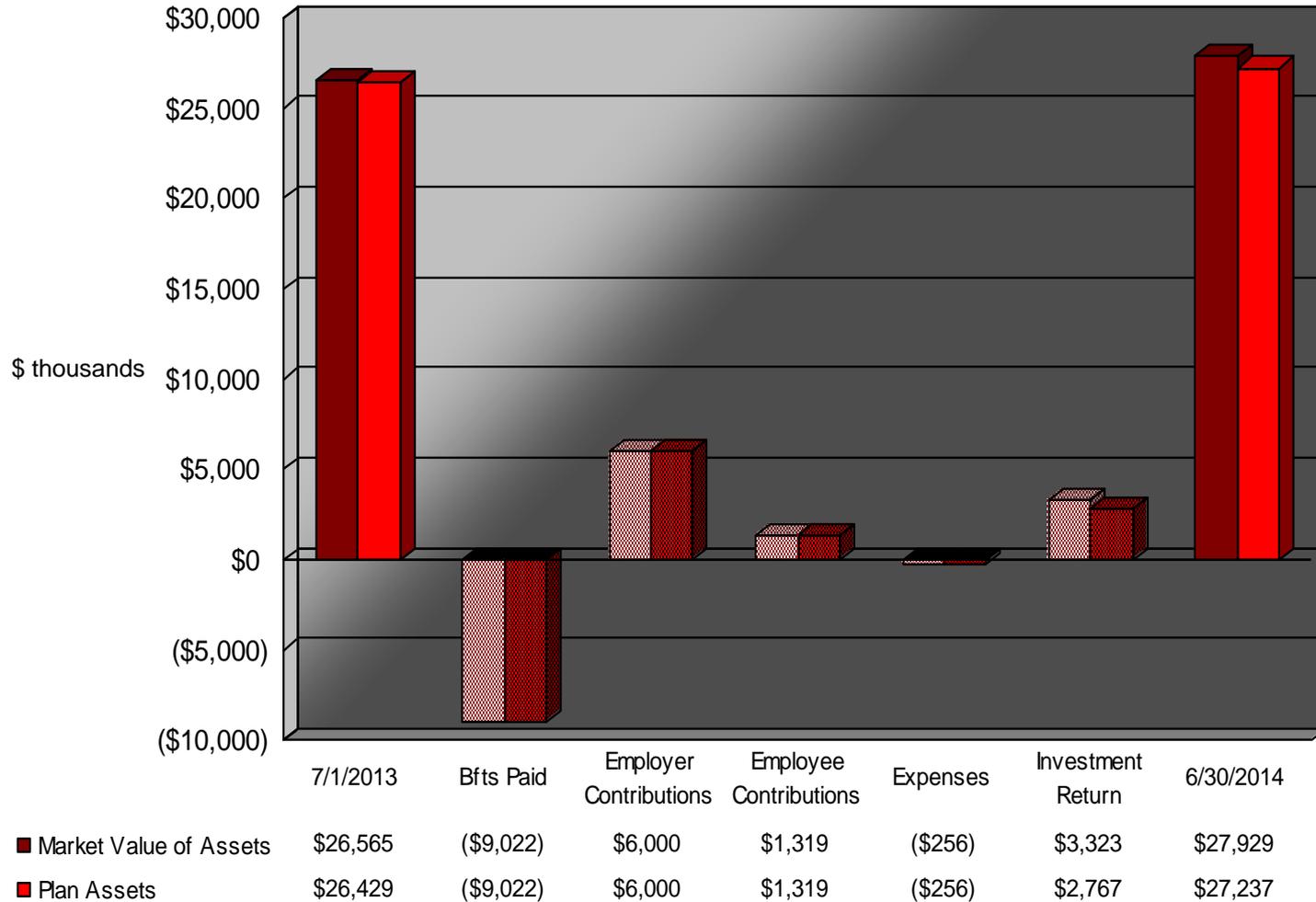
Actuary's Comment – The cost projection reports we have created for the Town have been grouped by individual unions and do not necessarily match the groupings shown in the actuarial report and above. Of the 62 active Municipal members, 7 are "non-union."

Annual Benefit Payments



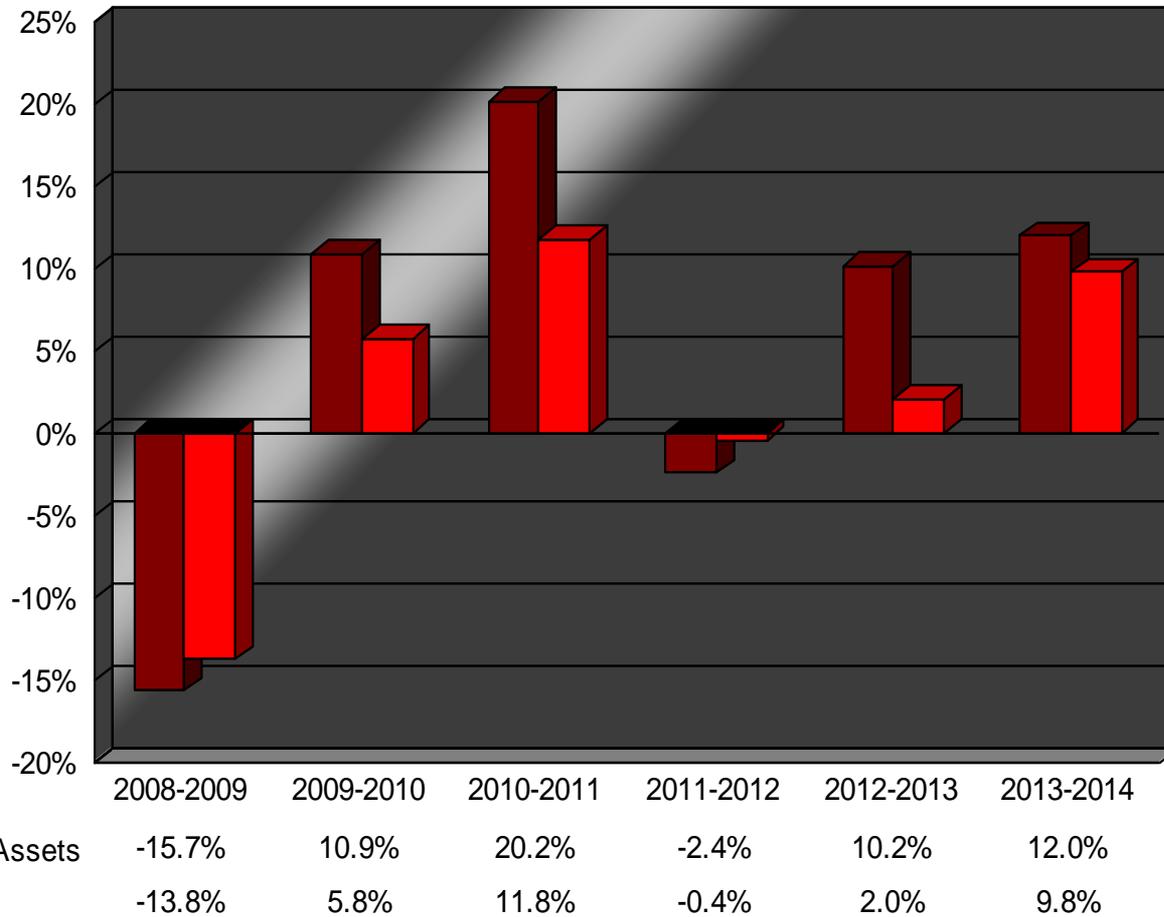
Actuary's Comment – Annual benefit payments have steadily been increasing up through the 2012-2013 plan year. Benefit payments decreased in the 2013-2014 plan year due to the reduction in monthly payments for disabled Fire members and a decrease in payouts of employee contributions. While benefit payments are still expected to increase, the rate of increase is expected to be lower than the increases shown over the last 6 years due to the suspension and reductions in COLA increases beginning 7/1/2014.

2013 - 2014 Asset Reconciliation



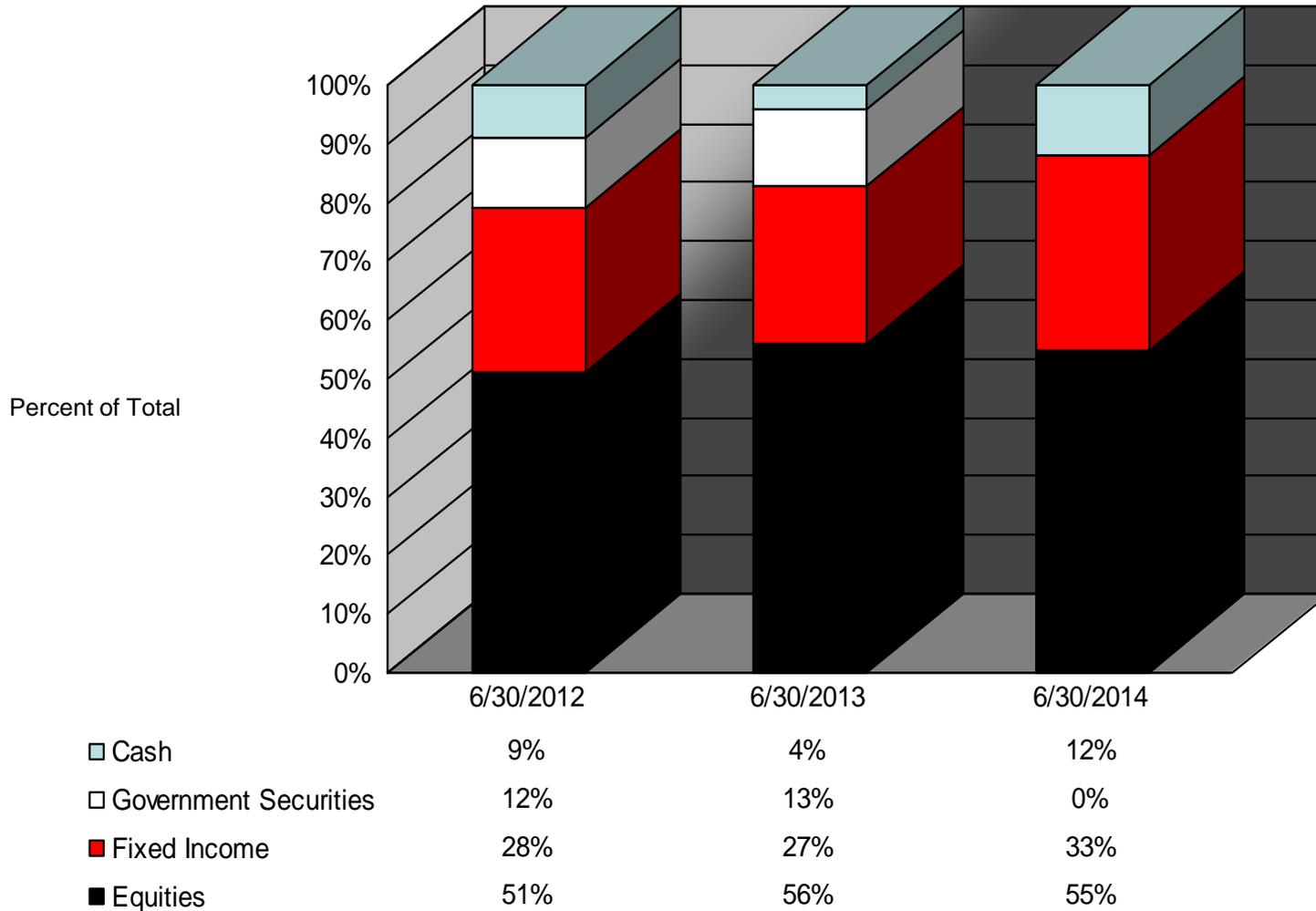
Actuary's Comment – The 2013-2014 return was approximately 12%, resulting in a market value of assets which is approximately \$1.1 million higher than projected under last year's valuation. The plan's funding requirements are based on the Plan Assets, not the Market Value of Assets. While this "smoothing" approach will not reduce long-term costs, it will change the timing at which costs are accounted for. The theoretical rationale for this approach is that gains and losses will offset one another before they must be paid for.

Annual Investment Return Rates



Actuary's Comment – Over the past six plan years, the plan's average annual investment return was 5.2%.

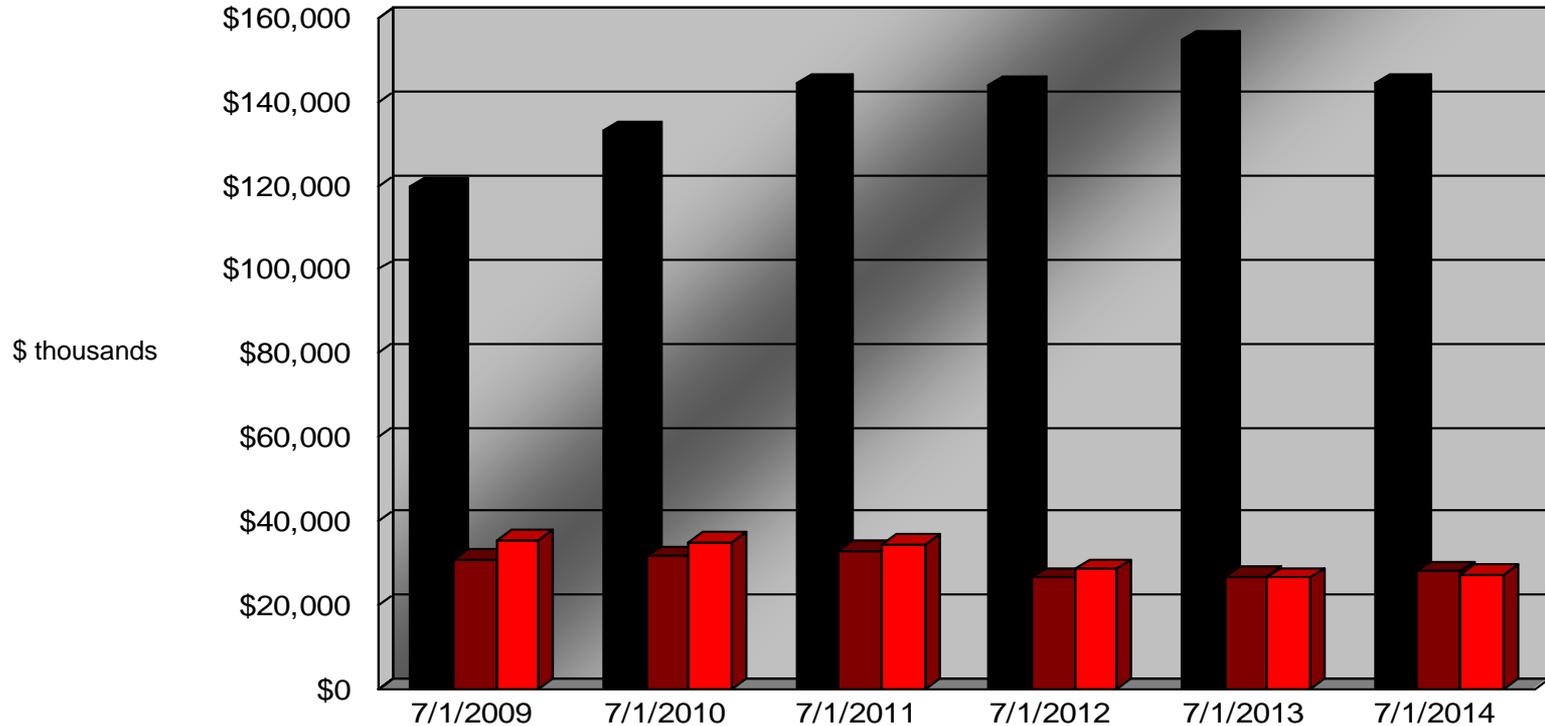
Asset Class Allocation



Actuary's Comment – The plan asset mix should be considered when setting the expected investment return assumption.

Funded Status

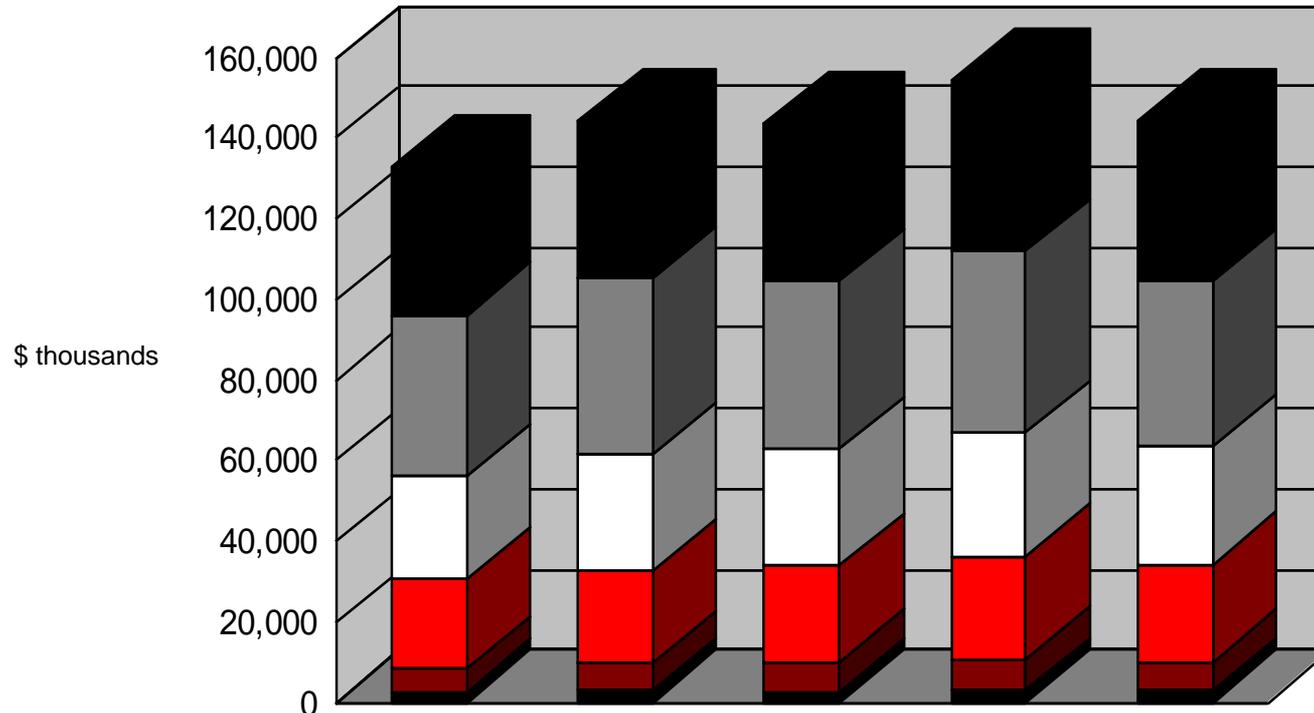
The Accrued Liability is the present value of benefits to be paid in the future, based on pay and service earned to date. The future benefits are discounted at the valuation interest rate.



■ Accrued Liability	\$119,658	\$133,014	\$144,369	\$143,760	\$154,589	\$144,351
■ Market Value of Assets	\$30,946	\$31,624	\$32,976	\$26,528	\$26,565	\$27,929
■ Plan Assets	\$35,588	\$35,008	\$34,278	\$28,421	\$26,429	\$27,237

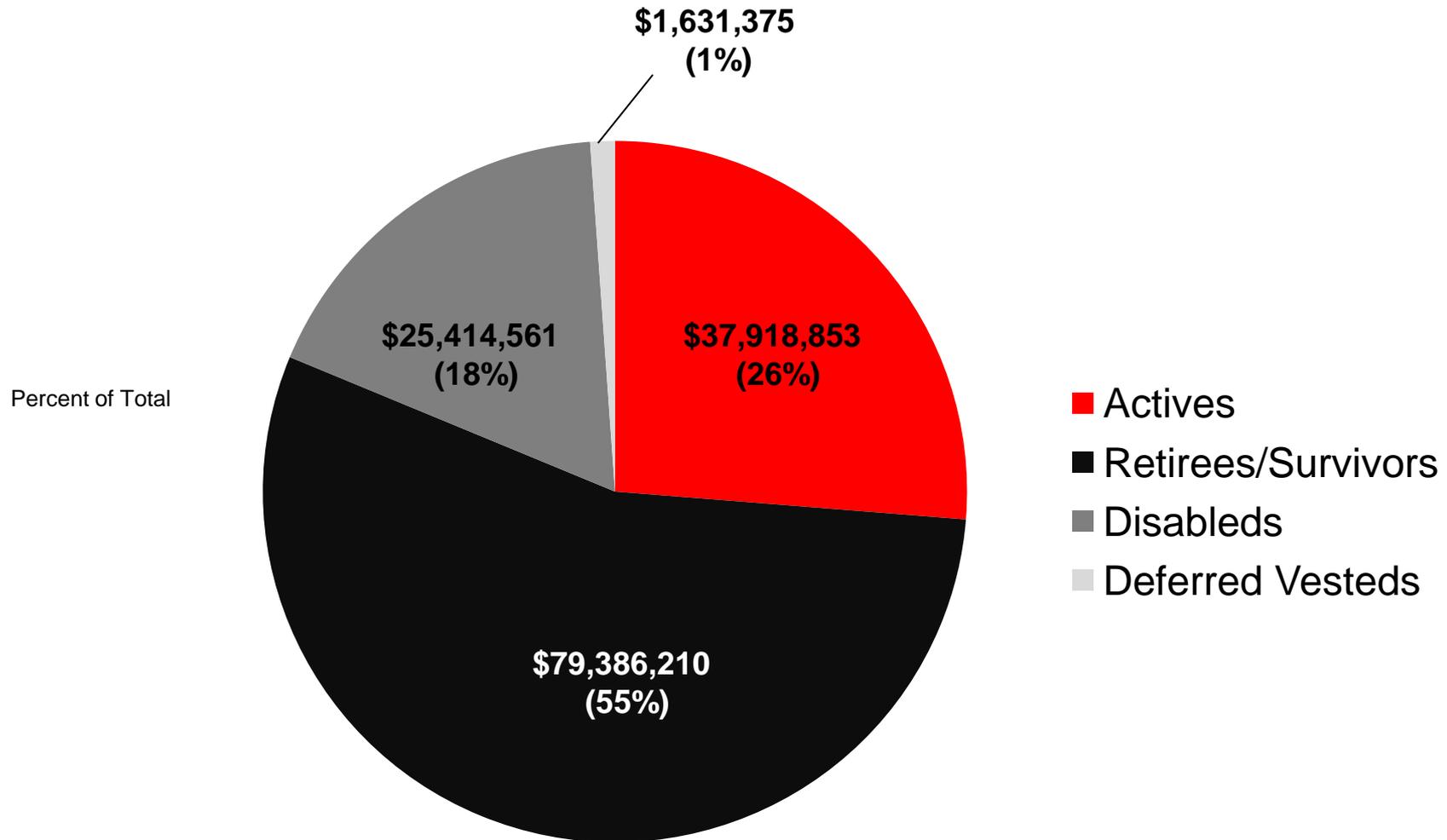
Funded Percentage	7/1/2009	7/1/2010	7/1/2011	7/1/2012	7/1/2013	7/1/2014
Market Value	25.9%	23.8%	22.8%	18.5%	17.2%	19.3%
Plan Assets	29.7%	26.3%	23.7%	19.8%	17.1%	18.9%

Accrued Liability- by Division



	7/1/2010	7/1/2011	7/1/2012	7/1/2013	7/1/2014
■ Police	\$36,850	\$39,149	\$39,329	\$42,821	\$39,715
■ Fire	\$39,825	\$43,896	\$41,803	\$44,801	\$41,142
□ Municipal	\$25,986	\$28,699	\$28,662	\$30,727	\$29,185
■ School	\$21,791	\$22,768	\$24,025	\$25,613	\$24,217
■ Waste Water	\$5,990	\$7,119	\$7,311	\$7,684	\$7,219
■ Library	\$2,572	\$2,738	\$2,630	\$2,943	\$2,873

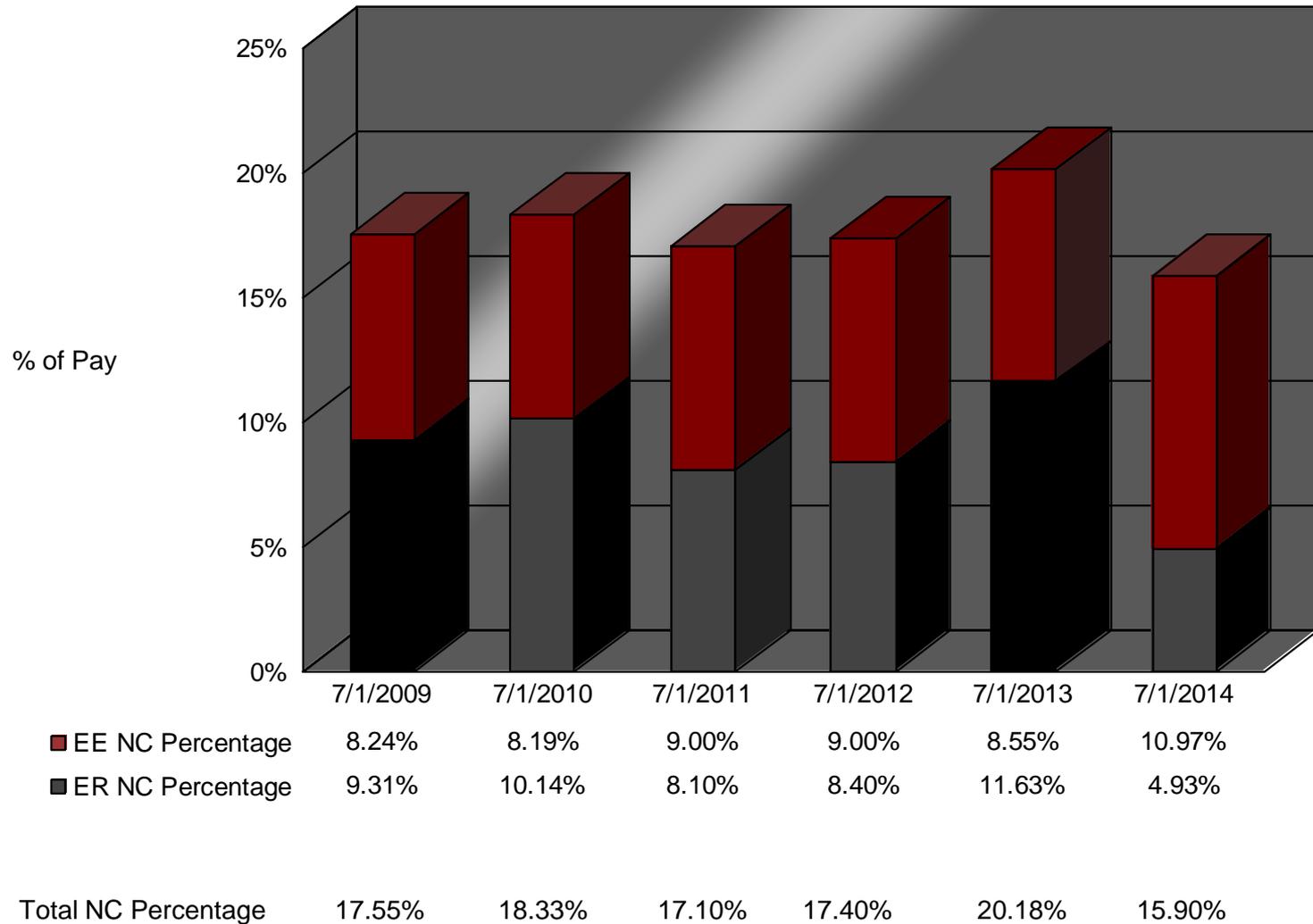
Accrued Liability- by Status



Actuary's Comment – Over 70% of the plan's liability is for participants who no longer work for the Town. This makes the plan very leveraged and highly volatile with regards to asset returns.

Normal Cost Percentage

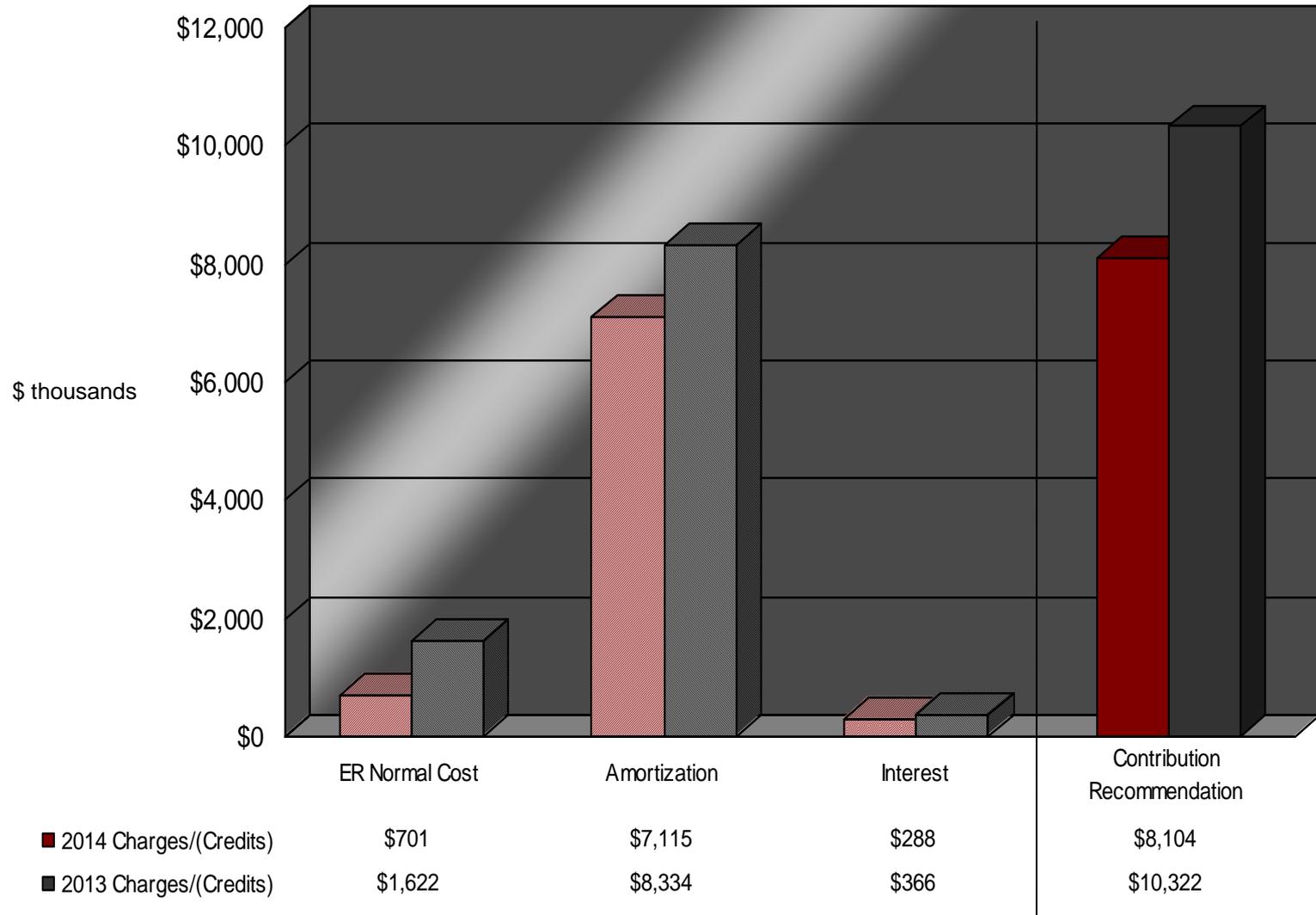
The Normal Cost Percentage is the ratio of present value of benefits earned during the current year to the active participant payroll.



Actuary's Comment – The Normal Cost Percentage indicates the cost of benefits earned in the current year as a percentage of pay. The decrease in Total Normal Cost Percentage from 2013 to 2014 is largely due to the benefit changes implemented and made effective 7/1/2014.

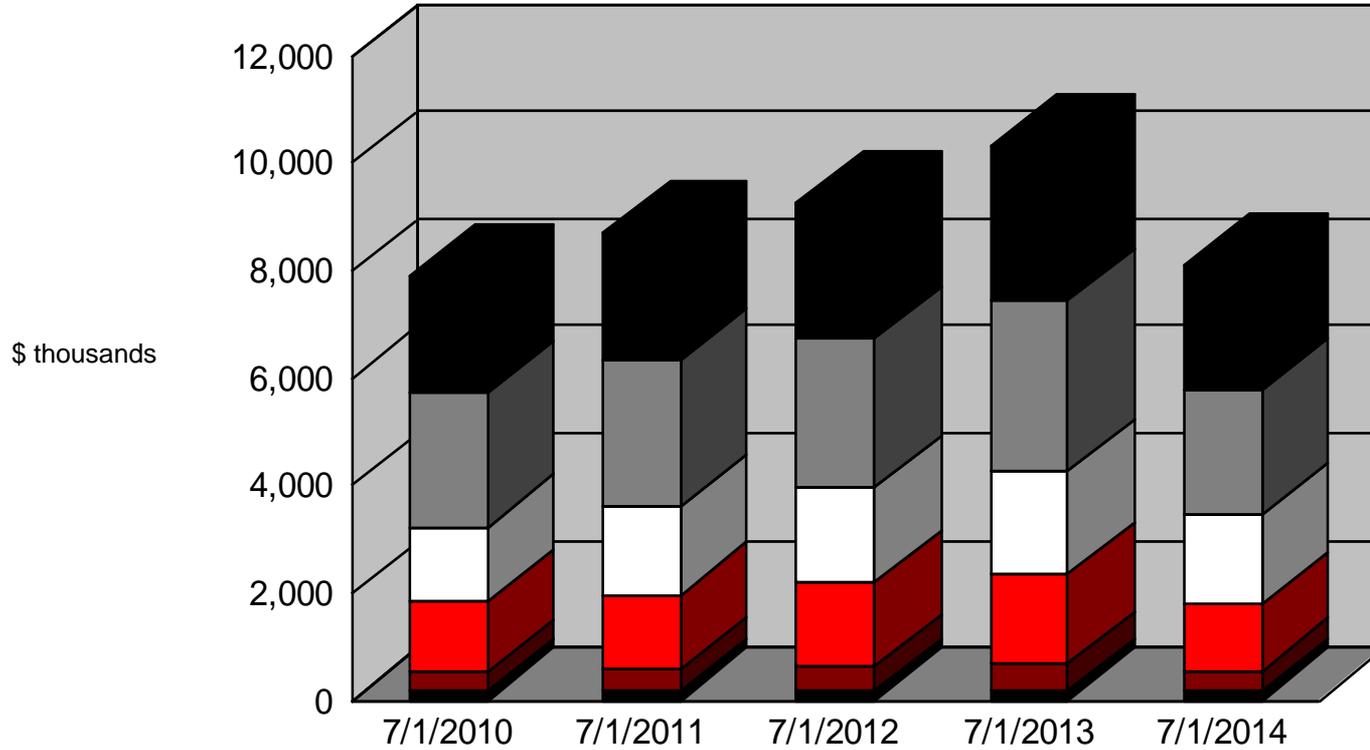
Contribution Recommendation

The contribution recommendation consists of the annual normal cost and an amortization (over a closed 25-year period as a level % of pay) of past service liability. These components add up (along with interest to the middle of the plan year) to determine the contribution recommendation for the year.



Actuary's Comment – As of July 1, 2014, the unfunded liability is re-amortized over a closed 25-year period as a level percent of pay with payments increasing at 3.50% per year.

Contribution Recommendation - by Division



	7/1/2010	7/1/2011	7/1/2012	7/1/2013	7/1/2014
■ Police	\$2,180	\$2,379	\$2,551	\$2,882	\$2,337
■ Fire	\$2,489	\$2,719	\$2,770	\$3,162	\$2,331
□ Municipal	\$1,386	\$1,647	\$1,766	\$1,943	\$1,631
■ School	\$1,322	\$1,371	\$1,555	\$1,654	\$1,251
■ Waste Water	\$354	\$430	\$462	\$499	\$387
■ Library	\$157	\$163	\$160	\$182	\$167

New GASB Disclosures

- **GASB 67 and 68 replace GASB 25 and GASB 27**
- **GASB 67 (plan reporting) is effective 6/30/2014**
- **GASB 68 (employer reporting) is effective 6/30/2015**
- **Key changes**
 - **Depending on funded status and contribution policy, blended discount rates may be required to determine the plan's liability (requires 30+ year projection to demonstrate trust assets available to make all future payments)**
 - **Balance sheet recognition of the unfunded liability using market value of assets**
 - **Benefit changes for retirees recognized immediately**
 - **Benefit changes for active members recognized over future working lifetimes**
 - **Investment experience recognized over 5 years**
 - **Separation of funding from accounting**

Summary Results (Accounting)

GASB 67 (fiscal year ending June 30, 2014)			
		Sensitivity	
Discount Rate	7.50%	6.50%	8.50%
Total Pension Liability	144,350,999	160,251,308	130,028,336
Plan Fiduciary Net Position	<u>(27,928,822)</u>	<u>(27,928,822)</u>	<u>(27,928,822)</u>
Net Pension Liability	116,422,177	132,322,486	102,099,514
Funded Ratio	19.35%	17.4%	21.5%

GASB 27	
FYE 6/30	Net Pension Obligation/(Asset)
2012	43,279,369
2013	47,950,972
2014	52,956,645

➤ **Experience Study**

Per the Rhode Island Retirement Security Act of 2011, municipalities maintaining a pension plan must submit an experience study to the study commission once every 3 years. The next experience study is due April 1, 2015. As part of the analysis, we will review the plan's recent experience regarding investment return, pay growth, retirement, withdrawal, and disability. Depending on the results of the analysis, we may recommend changing various economic/demographic assumptions.

➤ **Mortality Update?**

The Society of Actuaries (SOA) released the RP-2014 Mortality Table and the Mortality Improvement Scale MP-2014 at the end of October 2014. Although the base 2014 mortality table will increase liabilities since it reflects longer expected lifetimes, we do not believe it would be prudent to use the table until we have had the opportunity to further analyze the study. We believe the current mortality table, which is based on a projected version of the 2000 study performed by the SOA, is a reasonable assumption until our review of the 2014 mortality table is completed.

➤ **More Benefit Changes?**

At the time we prepared the 7/1/2014 valuation, the Teamsters contract which governs the benefits for Library employees was still under negotiation. Will there be benefit changes for the Library employees? Are there plans to make additional changes to the benefit structure?

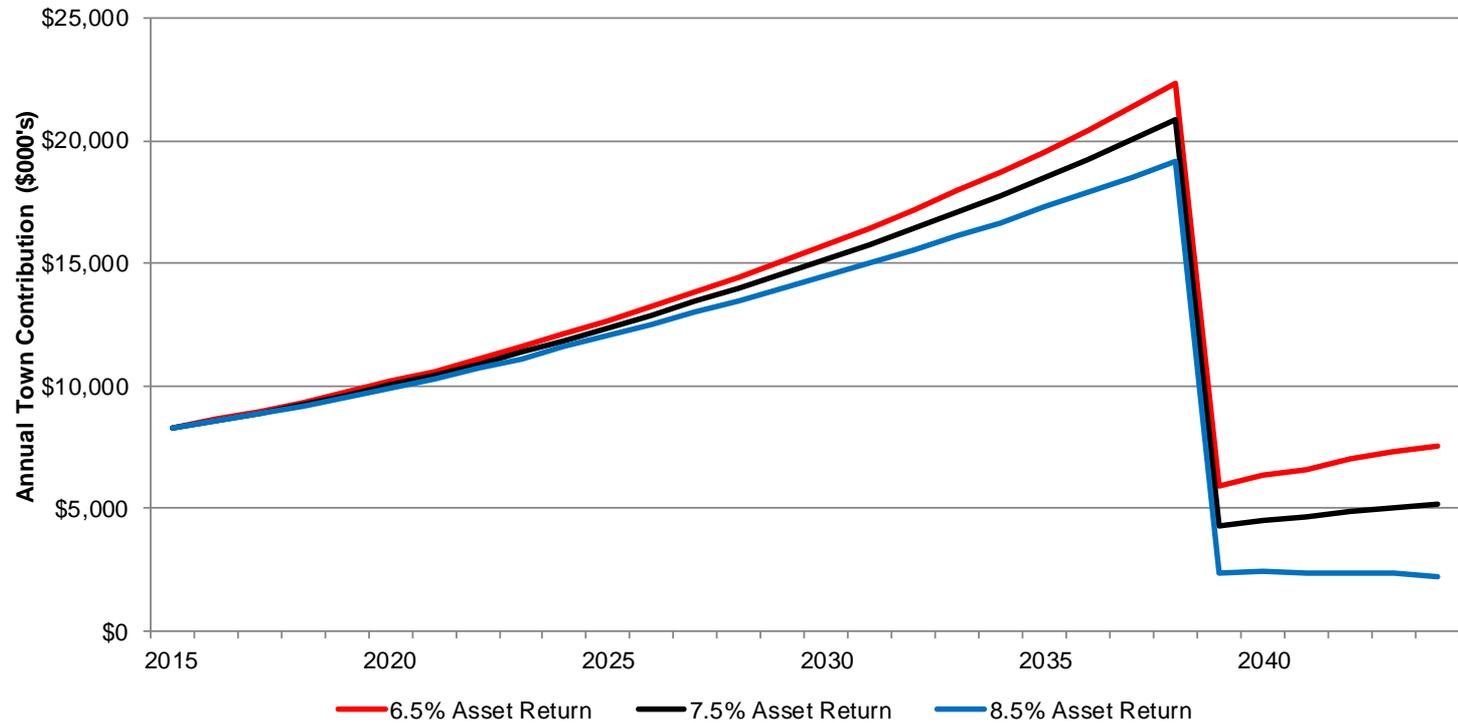
Important Comments About Cost Information Included in this Report

The cost projections contained in this report are based on data as of July 1, 2014. Assumptions used in measuring the liabilities are consistent with the July 1, 2014 actuarial report unless stated otherwise. Reasonable actuarial techniques and assumptions were used to produce the cost projections. Data was provided by the Town.

The following pages show cost projections under specific economic scenarios and are meant to be used for illustration purposes only. Actual results will vary from projections shown in this report due to actual participant data, actual asset returns, and any assumption changes that may be warranted. Depending on the use of this information, additional cost projections may be necessary to quantify the sensitivity of the results.

These projections reflect numerous assumptions and one should focus on the general trend of the results rather than the absolute dollar amounts.

Projections – Various Asset Returns



	2015	2020	2025	2030	2035	2040	2044	2015-2044
Payroll (in \$000's)	14,390	16,154	18,976	22,222	26,130	31,388	36,294	
Recommended Contribution as % of pay	8,314 58%	10,204 63%	12,663 67%	15,763 71%	19,553 75%	6,366 20%	7,579 21%	380,386
Recommended Contribution as % of pay	8,314 58%	10,078 62%	12,359 65%	15,170 68%	18,493 71%	4,548 14%	5,148 14%	356,065
Recommended Contribution as % of pay	8,308 58%	9,947 62%	12,028 63%	14,505 65%	17,281 66%	2,435 8%	2,255 6%	328,067

Appendix

Summary of Plan Provisions

➤ **Effective Date**

Police and Fire – April 1, 1957

School – March 1, 1970

Others – July 1, 1969

➤ **Participation**

Employees are eligible to participate in the Plan upon date of hire.

➤ **Normal Retirement**

Eligibility –

Fire hired before 7/1/2014 – age 62 or age 50 with 25 years of credited service. Four members named in CBA may retire at age 62.5 or upon completion of 20 years of credited service regardless of age

Fire hired on or after 7/1/2014 – age 62 or age 55 with 25 years of credited service

Civilian Fire – age 60 with 10 years of credited service

Police hired before 7/1/2014 – age 62 or 20 years of credited service regardless of age

Police hired on or after 7/1/2014 – age 62 or age 50 with 20 years of credited service

Library – age 60 with 10 years of credited service or 25 years of credited service regardless of age

Municipal Non-Union – age 55 with 10 years of credited service

Municipal Union, Waste Water, School (Council 94) hired before 7/1/2014 – age 62 with 12 years of credited service or 25 years of service regardless of age

Eligibility (Continued) -

Municipal Union, Waste Water, School (Council 94) hired on or after 7/1/2014 – age 62 with 12 years of credited service or age 55 with 25 years of service

Benefit –

Fire – 2.2% of Average Annual Compensation x credited service up to 25 years, plus 3.0% x Average Annual Compensation x up to 5 additional years

Police with 20 years of service by 6/30/2014 – 2.5% of Average Annual Compensation x credited service up to 28 years

Other Police – 2.5% of Average Annual Compensation x credited service up to 20 years, plus 1.0% of Average Annual Compensation x up to 5 additional years of credited service, plus 2.5% of Average Annual Compensation for next 6 years of service

Library – 2.5% of Average Annual Compensation x credited service

Municipal Union, Waste Water, School (Council 94), Municipal Non-Union – 2.5% of Average Annual Compensation x credited service prior to 7/1/2014, plus 2.4% of Average Annual Compensation for each year of credited service after 7/1/2014

➤ **Vesting**

Eligibility – 100% vested at 10 years of service

Benefit – Normal Retirement Benefit commencing at normal retirement age.

➤ Annual Compensation

Police – Basic earnings, longevity pay (excluding overtime and other extra payments), wellness stipend, and 105 hours of holiday pay

Fire – Basic earnings, longevity pay (excluding overtime and other extra payments), all holiday pay, and EMT pay

Others – Basic earnings and longevity pay (excluding overtime and other extra payments)

➤ Average Annual Compensation

Police, Library – average of Annual Compensation over the last 12 months of employment

Fire – average of highest three consecutive Annual Compensation amounts

Municipal Non-Union – average of final three Annual Compensation amounts

Municipal Union, Waste Water, School (Council 94) – average of final ten Annual Compensation amounts

➤ Credited Service

Contributing employees receive credit for all service from date of membership

➤ Participant Contributions

Police – 11% of Annual Compensation, increasing to 12% at 7/1/2015

Fire – 12% of Annual Compensation, increasing to 13% at 7/1/2015

Library – 9% of Annual Compensation

Others – 11% of Annual Compensation

➤ Payment Form Options

For married participants, the unreduced payment form is a 67.5% joint and survivor annuity. For single participants, the unreduced payment form is a life annuity.

➤ Cost of Living Adjustment*

Police – 2.25% for 15 years effective 7/1/2000. For active members as of 7/1/14, the COLA is suspended 7 years from retirement

Fire – 2.25% for 15 years effective 7/1/2002. For active members as of 7/1/14, the COLA is suspended until the earlier of 7 years from retirement or age 62.5 (age 67 for civilian members), followed by a 2.25% simple COLA for 15 years.

Library – 2.25% for 15 years effective 7/1/2002

Others – 2.25% for 15 years effective 7/1/2002. For active members as of 7/1/14, the COLA is suspended 5 years from retirement, followed by 2% compounded for 15 years.

*For inactive members as of 7/1/14, the COLA has been suspended until 6/30/2019

Summary of Actuarial Assumptions and Methods – Funding Valuation

- **Interest Rate**
7.50%
- **Annual Pay Increases**
2.0% for next 4 years; 3.5% thereafter
- **Mortality Rates**
Police and Fire (Healthy) – RP-2000 Combined Blue-Collar Mortality Table with generational projection per Scale AA
Others (Healthy) and Beneficiaries of All Participants– RP-2000 Combined Healthy Mortality Table with generational projection per Scale AA
Disabled – RP-2000 Disabled Mortality Table with generational projection per Scale AA
- **Actuarial Cost Method**
Entry Age Normal
- **Asset Valuation Method**
Smoothed Value – investment gains/losses recognized over five years, subject to a 15% corridor
- **Eligible Spouse**
80% of participants are assumed to be married with female spouse 3 years younger

- **Retirement Rates**
Police hired before 7/1/14 – 25% at 20 years of service; 50% at 25 years of service; 100% at age 62; 5% at all other age/service combinations

Police hired on/after 7/1/14 – 25% at first eligibility for unreduced retirement if less than 25 years of service; 50% at first eligibility for unreduced retirement at 25 or more years of service; 100% at age 62; 5% at all other age/service combinations

4 Grandfathered Fire Members - 25% at 20 years of service; 50% at 25 years of service; 100% at age 62; 5% at all other age/service combinations

Other Fire Members – 50% at first eligibility for unreduced retirement; 5% at ages 50-54; 30% at ages 55 and 60 if ineligible for unreduced retirement; 50% at ages 55 and 60 if eligible for unreduced retirement; 100% at age 62; 10% at all other age/service combinations

Civilian Fire Members - 5% at all ages <60; 50% at ages 60 and 62; 10% at ages 61, 63, 64; 100% at age 65

Others –

Age	< 56	56-59	60	61	62-64	65-66	67-69	70
Rate	2%	4%	25%	10%	30%	25%	50%	100%

Summary of Actuarial Assumptions and Methods – Funding Valuation – (Continued)

➤ **Withdrawal Rates**

Police and Fire – None

Others –

Age	25	30	35	40	45	50	55	60
Rate	5.27%	4.83%	4.47%	3.84%	3.21%	1.52%	0.33%	0.00%

➤ **Cost of Living Adjustment for Future Police and Fire Disability**

90% of assumed active salary increase rate (0% next four years; 3.15% thereafter)

➤ **Disability Rates**

Age	Police/Fire	Others
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%

Summary of Benefit Changes Included in this Report

The following slides show detailed plan changes that went into effect on July 1, 2014 as a result of negotiations with the various participants groups and unions. The benefit changes as of July 1, 2014 are based on the following documents provided by the Town:

- Fire: Collective Bargaining Agreement (CBA) dated July 1, 2014 – June 30, 2019***
- Police: CBA dated July 1, 2014 – June 30, 2019***
- Municipal Union, Waste Water, School (Council 94): CBA dated July 1, 2014 – June 30, 2019***
- Municipal Non-Union: Policy Manual Draft***
- Retirees and Deferred Vested Participants as of July 1, 2014: Memorandum of Understanding (MOU) dated April 2014***
- Disabled Police & Fire Participants as of July 1, 2014: Final and Consent Judgment dated July 16, 2014***

Summary of Benefit Changes for the Local 1104 International Association of Fire Fighters, AFL-CIO

Provision Type	Previous Provision	Current Provision
Retirement Age	<p>Hired prior to 7/1/2011 – earlier of age 62.5 or 20 years of service</p> <p>Hired on or after 7/1/2011 – earlier of age 62.5 or age 50 and 20 years of service. Benefits cannot begin until the 23-year anniversary of membership in the Plan.</p>	<p>Regular Members hired prior to 7/1/2014 can retire with unreduced benefits at the earlier of age 62 or age 50 and 25 years of service.</p> <p>Regular Members hired on or after 7/1/2014 can retire with unreduced benefits at the earlier of age 62 or age 55 and 25 years of service.</p> <p>Civilian Members, regardless of hire date, can retire with unreduced benefits at age 60 and 10 years of service.</p> <p>The 23-year anniversary requirement has been removed.</p> <p>Four members are grandfathered under the current retirement age.</p>
Benefit Earned	Members earn 2.5% of pay for each year of service up to a maximum benefit of 70% of pay which is reached at 28 years of service	<p>Members earn 2.2% of pay for each of the first 25 years of service and 3.0% of pay for up to 5 additional years with a maximum benefit of 70% of pay</p> <p>Note: Formula change is applied to both past and future service</p>
Average Pay	Pay over final 1 year of employment	Average of highest 3 consecutive years of pay
COLA	2.25% compounded for the first 15 years of retirement	<p>Regular Members – Suspend COLA for first 7 years of retirement (or until age 62.5, if earlier) followed by 15 years of a simple 2.25% COLA.</p> <p>Civilian Members – Suspend COLA for first 7 years of retirement (or until age 67, if earlier) followed by 15 years of a simple 2.25% COLA.</p>

Summary of Benefit Changes for the Local 1104 International Association of Fire Fighters, AFL-CIO – (Continued)

Provision Type	Previous Provision	Current Provision
Employee Contribution Rate	<p>Hired prior to 7/1/2011 – 9.0% of compensation stopping after 28 years of service</p> <p>Hired on or after 7/1/2011 – 9.0% of compensation stopping after 30 years of service</p>	<p>Effective 7/1/2014, increase the contributions for current and future active employees to 12% of compensation, followed by an increase to 13% on 7/1/2015; the contribution rate remains at 13% of compensation after 7/1/2015</p> <p>Contributions continue for all years of service</p>
Employee Contribution Compensation	Member contributions are based on weekly salary, longevity, and holiday pay	Member contributions are based on weekly salary, longevity, holiday pay, and EMT pay (if applicable)
Occupational Disability	Members receive 2/3 of pay with annual increases equal to the percentage increase in pay of active employees in the position held at time of disability retirement	<p>Occurs Prior to 25 Years – Receive 2/3 of pay; at 25th anniversary since date of hire, benefit adjusted to 55% of present pay received by active employees in the position held at time of disability retirement</p> <p>Occurs After 25 Years - Receive 2/3 of pay</p> <p>COLA – Does not apply for benefits received prior to the 25th anniversary since date of hire. The regular retirement COLA will apply to benefits received after the 25th anniversary since date of hire.</p>
Non-Occupational Disability	Members receive their accrued normal retirement benefit with a minimum of 50% of pay	<p>Occurs Prior to 10 Years – Receive 25% of pay</p> <p>Occurs After 10 Years – Receive 25% of pay plus 2.2% for each year between 10 and 25 plus 3.0% for each year between 25 and 30 years; accruals cease at 30 years</p>

Summary of Benefit Changes for the International Brotherhood of Police Officers, Local 312

Provision Type	Previous Provision	Current Provision																										
Benefit Earned	<p>Police union members receive a pension benefit of 62.5% of pay at 25 years of service; members earn an additional 2.5% of pay per year for service between 25 and 28 years. The maximum benefit is 70% of pay which is reached at 28 years of service.</p> <p>Members hired prior to 7/1/2011 can retire at 50% of pay with 20 years of service.</p>	<p>The benefit amount will not change for members who have 20 years of service as of 6/30/2014. For all others, lower the benefit amount to 55% of pay at 25 years of service. However, members can retire at 50% of pay with 20 years of service. The following benefit accrual schedule will apply:</p> <table border="1"> <thead> <tr> <th>Service</th> <th>% of Pay</th> </tr> </thead> <tbody> <tr><td>20</td><td>50.0%</td></tr> <tr><td>21</td><td>51.0%</td></tr> <tr><td>22</td><td>52.0%</td></tr> <tr><td>23</td><td>53.0%</td></tr> <tr><td>24</td><td>54.0%</td></tr> <tr><td>25</td><td>55.0%</td></tr> <tr><td>26</td><td>57.5%</td></tr> <tr><td>27</td><td>60.0%</td></tr> <tr><td>28</td><td>62.5%</td></tr> <tr><td>29</td><td>65.0%</td></tr> <tr><td>30</td><td>67.5%</td></tr> <tr><td>31</td><td>70.0%</td></tr> </tbody> </table> <p>In other words, members earn 2.5% of pay for the first 20 years of service, 1.0% of pay for the next 5 years of service, and 2.5% of pay for the next 6 years of service. The maximum benefit earned is 70% of pay at 31 years of service.</p> <p>Formula change is applied to both past and future service</p>	Service	% of Pay	20	50.0%	21	51.0%	22	52.0%	23	53.0%	24	54.0%	25	55.0%	26	57.5%	27	60.0%	28	62.5%	29	65.0%	30	67.5%	31	70.0%
Service	% of Pay																											
20	50.0%																											
21	51.0%																											
22	52.0%																											
23	53.0%																											
24	54.0%																											
25	55.0%																											
26	57.5%																											
27	60.0%																											
28	62.5%																											
29	65.0%																											
30	67.5%																											
31	70.0%																											
Retirement Age	<p>Members hired prior to 7/1/2011 can retire with unreduced benefits at the earlier of age 62 or completion of 20 years of service regardless of age.</p> <p>Members hired on or after 7/1/2011 can retire with unreduced benefits at the earlier of age 62 or age 50 with 25 years of service.</p>	<p>Members hired prior to 7/1/2014 can retire with unreduced benefits at the earlier of age 62 or completion of 20 years of service regardless of age.</p> <p>Members hired on or after 7/1/2014 can retire with unreduced benefits at the earlier of age 62 or age 50 with 20 years of service.</p>																										

Summary of Benefit Changes for the International Brotherhood of Police Officers, Local 312 – (Continued)

Provision Type	Previous Provision	Current Provision
Employee Contributions	Members currently pay 9% of annual salary for up to 28 years of service	<p>Effective 1/1/2014, increase the contributions for current and future active employees to 10% of compensation, followed by increases to 11% on 7/1/2014, followed by increases to 12% on 7/1/2015; the contribution rate remains at 12% of compensation after 7/1/2015.</p> <p>Contributions continue for all years of service.</p>
COLA	2.25% compounded for the first 15 years after a police officer retires	Suspend COLA for 7 years followed by 15 years of 2.25% compounded
Occupational Disability	Members receive 2/3 of pay with annual increases equal to the percentage increase in pay of active employees in the position held at time of disability retirement	<p>Members who remain fully disabled at normal retirement continue receiving disability benefit, with adjustments for the pay of active employees in the position held at time of disability retirement.</p> <p>However, if the member is not “fully disabled” at normal retirement age, the benefit is adjusted to the member's accrued benefit under the normal retirement benefit formula. The standard retirement COLA will apply to this portion of the benefit, but without a 7-year delay on the COLA</p>

Summary of Benefit Changes for the Municipal Union, Waste Water, and School (Council 94)

Provision Type	Previous Provision	Current Provision
Retirement Age	Members can retire with unreduced benefits upon the attainment of age 60 and completion of 10 years of service or the completion of 25 years of service regardless of age.	Members hired prior to 7/1/2014 can retire with unreduced benefits at the earlier of age 62 and completion of 12 years of service or the completion of 25 years of service regardless of age. Members hired on or after 7/1/2014 can retire with unreduced benefits at the earlier of age 62 and completion of 12 years of service or age 55 and completion of 25 years of service.
Benefit Earned	Members earn 2.5% of pay for each year of service	Members earn 2.4% of pay for each year of service after 7/1/2014. Service prior to 7/1/2014 remains at the 2.5% level.
Average Pay	Average of basic earnings and longevity pay over the last 12 months of employment	Average of the last 10 years of gross earnings
COLA	2.25% compounded for the first 15 years of retirement	Suspend COLA for first 5 years of retirement followed by a 2.00% COLA compounded for 15 years
Employee Contribution Rate	As of 1/1/2011, the rate increased to 9.0%. Prior to 1/1/2011, the rate was 8.0%	Increase the contribution rate to 11.00% of annual gross earnings

Summary of Benefit Changes for Municipal Non-Union

Provision Type	Previous Provision	Current Provision
Retirement Age	Members can retire with unreduced benefits upon the attainment of age 60 and completion of 10 years of service or the completion of 25 years of service regardless of age.	Members may retire with unreduced benefits upon the attainment of age 55 with 10 years of service.
Benefit Earned	Members earn 2.5% of pay for each year of service	Members earn 2.4% of pay for each year of service after 7/1/2014. Service prior to 7/1/2014 remains at the 2.5% level.
Average Pay	Average of basic earnings and longevity pay over the last 12 months of employment	Average of the last 3 years of gross earnings
COLA	2.25% compounded for the first 15 years of retirement	Suspend COLA for first 5 years of retirement followed by a 2.00% COLA compounded for 15 years
Employee Contribution Rate	As of 1/1/2011, the rate increased to 9.0%. Prior to 1/1/2011, the rate was 8.0%	Increase the contribution rate to 11.00% of annual gross earnings

Summary of Benefit Changes for Retired and Deferred Vested Participants (as of July 1, 2014)

Provision Type	Previous Provision	Current Provision
COLA Adjustment	Retired members receive a 2.25% compounded COLA for up to 15 years (depending on when the member retired).	COLA has been delayed 5 years from July 1, 2014 through and including June 30, 2019 for retired and deferred vested participants. After the suspension, the COLA resumes for members who have remaining COLA increases. For example, if the member only received 2 years of COLA increases prior to the suspension, he or she would begin to receive COLA increases for years 3 through 15 when the COLA resumes on July 1, 2019.

Summary of Benefit Changes for Disabled (Police & Fire) Participants (as of July 1, 2014)

Scenarios	Current Provision	Proposed Provision
Salary Used for Benefit Amount	<p>Disabled Police & Fire members receive 2/3 of the Salary being received by an active member holding the same rank</p> <p>Salary includes base pay only</p>	<p>Disabled Police & Fire members receive 2/3 of the Salary being received by an active member holding the same rank</p> <p>Salary includes base pay and longevity pay</p>
COLA Adjustment	<p>Disabled Police & Fire members receive a benefit increase equal to the percentage increase in pay of the same rank member. This increase is paid for the life of the member.</p>	<p>Effective 7/1/2014, members receive no COLA increases for the next 5 years. Beginning 7/1/2019, members receive a 2.0% compounded COLA for 5 years. Beginning 7/1/2024, members receive a 3.0% compounded COLA for 5 years. After the 7/1/2028 increase, members will receive no additional COLA increases.</p>

Summary of Actuarial Assumption Changes

Provision Type	Previous Assumption	Current Assumption																		
Retirement Rates	Police and Fire - 25% at 20 years of service; 50% at 25 years of service; 100% at age 62; 5% at all other age/service combinations.	Police Hired Prior to 7/1/14 - Unchanged																		
	Others –	Police Hired On or After 7/1/14 - 25% at first eligibility for unreduced retirement if less than 25 years of service; 50% at first eligibility for unreduced retirement at 25 or more years of service; 100% at age 62; 5% at all other age/service combinations.																		
	<table border="1"> <thead> <tr> <th>Age</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>0 - 55</td> <td>2%</td> </tr> <tr> <td>56 - 59</td> <td>4%</td> </tr> <tr> <td>60</td> <td>25%</td> </tr> <tr> <td>61</td> <td>10%</td> </tr> <tr> <td>62 - 64</td> <td>30%</td> </tr> <tr> <td>65 - 66</td> <td>25%</td> </tr> <tr> <td>67 - 69</td> <td>50%</td> </tr> <tr> <td>70</td> <td>100%</td> </tr> </tbody> </table>	Age	Rate	0 - 55	2%	56 - 59	4%	60	25%	61	10%	62 - 64	30%	65 - 66	25%	67 - 69	50%	70	100%	4 Grandfathered Fire Members - Unchanged
Age	Rate																			
0 - 55	2%																			
56 - 59	4%																			
60	25%																			
61	10%																			
62 - 64	30%																			
65 - 66	25%																			
67 - 69	50%																			
70	100%																			
		Non-Civilian Fire Members - 50% at first eligibility for unreduced retirement; 5% at ages 50-54; 30% at ages 55 and 60 if ineligible for unreduced retirement; 50% at ages 55 and 60 if eligible for unreduced retirement; 100% at age 62; 10% at all other age/service combinations.																		
		Civilian Fire Members - 5% at all ages <60; 50% at ages 60 and 62; 10% at ages 61, 63, 64; 100% at age 65																		
		Others - Unchanged																		
Disability Rates - Police	3 times the 1985 Pension Disability Table.	3 times the 1985 Pension Disability Table. 50% of Police members who become disabled prior to retirement age are assumed to remain disabled at retirement age.																		