

Fire and Police Pension Association Statewide Death & Disability Plan

Actuarial Valuation Report
for the Year Beginning January 1, 2019



June 30, 2019

Board of Directors
Fire and Police Pension Association
5290 DTC Parkway, Suite 100
Greenwood Village, Colorado 80111

Re: Actuarial Valuation of the FPPA Statewide Death & Disability Plan (the Plan) as of January 1, 2019

Dear Members of the Board:

We are pleased to present our Report on the actuarial valuation of the Statewide Death & Disability Plan for the Fire and Police Pension Association (FPPA) as of January 1, 2019.

We certify that the information included herein and contained in our 2019 Actuarial Valuation Report is accurate and fairly presents the actuarial position of the FPPA Statewide Death & Disability Plan as of January 1, 2019.

Our Report presents the results of the January 1, 2019 actuarial valuation of the FPPA Statewide Death & Disability Plan (D&D). The report describes the current actuarial condition of the D&D, determines the appropriateness of the contribution rate for certain members, and analyzes changes since the last valuation. The results presented herein may not be applicable for other purposes.

Valuations are prepared annually, as of January 1st, the first day of the FPPA plan year.

Financing Objectives

Contribution rates are established by law as a percentage of payroll. The contributions are intended to finance the future benefits payable from the Plan using a modified version of the aggregate actuarial cost method.

Progress toward Realization of Financing Objectives

The unfunded actuarial accrued liability and the funded ratio (ratio of the actuarial value of assets to the net present value of benefits) illustrate the progress toward the realization of certain financing objectives. Based on our actuarial valuation as of January 1, 2019, the Plan has current liabilities greater than current assets by \$153.5 million assuming no allowance for future discretionary benefit adjustments for non-totally disabled benefit recipients.

The Board increased the annual contribution rate for members hired on or after January 1, 1997 to 2.80% effective January 1, 2019. The contribution rate for these members can only be adjusted every two (2) years. Based on smoothed assets, the cost of providing benefits is 4.40%, therefore,

the current 2.80% contribution rate is inadequate to provide any level of future discretionary benefit adjustments, or even to fund base benefits.

With the changes in expectations of disability incidence that emerged from the 2018 experience study, this plan is now considered a severely underfunded plan. If all assumptions are met and the Board does not increase the contribution rate, assets are expected to be depleted in 30 years. If all assumptions are met and the Board maximizes their ability to increase contribution rates (0.1% increase every other year), the projected funded ratio in 30 years is 45%. **Changes to contribution policy or benefits or both are needed to make the base benefits sustainable.**

Benefit provisions

All of the benefit provisions reflected in this valuation are those which were in effect on January 1, 2019. There were no changes in provisions since the prior valuation. The benefit provisions are summarized in Appendix B of our Report.

Assumptions and methods

Since the prior valuation, new actuarial methods and assumptions have been selected by the Board of Directors of FPPA based upon the actuary's analysis and recommendations from the 2018 Experience Study.

The main actuarial factor changes effective January 1, 2019 were:

- The current nominal investment return is reduced from 7.50% to 7.00% to reflect reduced real return expectations from a recent capital market survey of several investment consultants.
- Increase the productivity component of the salary scale assumption from 1.5% to 1.75%. Combined with the inflation rate of 2.5%, this creates an ultimate salary scale assumptions of 4.25%.
- Remove the blue collar adjustment from the mortality tables being used and update the mortality projection scale from Scale BB to the ultimate rates of the MP-2017 projection scale.
- Increase disability rates for members covered by a defined benefit program.

The active member death and disability rates determine whether a benefit is payable from this plan and are a key driver of expected costs. **The increase to disability rates for members covered by a defined benefit had a significant impact on the results as of January 1, 2019, and is the primary reason for the deterioration in funding levels since the prior valuation.**

The actuarial assumptions implemented in January 1, 2019 are more reflective of future expectations as the Plan proceeds forward. As always, the assumptions will be reviewed against actual experience each year and gains or losses recognized in accordance with Governmental Accounting Standards Board standards and our actuarial methods and policies.

For a complete list of assumption changes as well as the detailed rationale for the changes, please see the experience study report dated September 21, 2018.



The assumptions and methods are detailed in Appendix A of our Report. The Board of Directors has sole authority to determine the actuarial assumptions used for the Plan. The assumptions that are based upon the actuary's recommendations are internally consistent and are reasonably based on the actual past experience of the Plan.

The actuarial assumptions represent estimates of future experience and are not market measures. The results of any actuarial valuation are dependent upon the actuarial assumptions used. Actual results (and future measures) can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates and funding periods. The actuarial calculations presented in this Report are intended to provide information for rational decision making.

Data

FPPA supplied data for active and disabled members as of January 1, 2019. We did not audit this data, but we did apply a number of tests to the data, and we have concluded that the data is reasonable and consistent with the prior year's data. FPPA also supplied asset data as of January 1, 2019.

GASB Accounting

The Governmental Accounting Standards Board (GASB) Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (Issued 6/2015), has replaced the requirements under GASB Statement No. 43, effective for financial statements for fiscal years beginning after June 15, 2016. GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (Issued 6/2015), has replaced GASB Statement No. 45, effective for fiscal years beginning after June 15, 2017. Plan reporting information for GASB Statement No. 74 can be found in the FPPA Comprehensive Annual Financial Report at FPPA's website - FPPAco.org. There will be no employer reporting for GASB Statement No. 75 as all contributions to the FPPA Statewide Death & Disability Plan are made by members or on behalf of members.

Projected Actuarial Results

The following table shows the Funded Ratio (FR) and Annual Required Contribution (ARC) projected over the next five years given alternative investment returns on the market value of assets. With the exception of the market value investment returns, the projections beyond 2019 are based on the same assumptions, methods and provisions used for the January 1, 2019 valuation.



5-Year Deterministic Projection						
January 1,	Market Value Investment Return					
	3.00%		7.00%		11.00%	
	FR	ARC	FR	ARC	FR	ARC
2019	72.7%	4.40%	72.7%	4.40%	72.7%	4.40%
2020	69.9%	4.51%	70.4%	4.49%	71.1%	4.45%
2021	66.9%	4.72%	68.5%	4.63%	70.3%	4.53%
2022	63.5%	4.96%	66.5%	4.78%	70.0%	4.58%
2023	59.6%	5.25%	64.5%	4.95%	70.2%	4.61%
2024	55.9%	5.53%	63.0%	5.09%	71.0%	4.60%

Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future actuarial measurements other than that shown above.

Certification

All of our work conforms with generally accepted actuarial principles and practices, and to the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Colorado state law and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

The undersigned are independent actuaries and consultants. Joseph Newton and Dana Woolfrey are Enrolled Actuaries and all are Members of the American Academy of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries. Finally, all of the undersigned are experienced in performing valuations for large public retirement systems.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



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 Pension Market Leader and Actuary



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 Actuary



Table of Contents

		<u>PAGE</u>
Section I	Executive Summary	2
Section II	Discussion	5
Section III	Tables	
	1 – Development of Unfunded Actuarial Accrued Liability.....	15
	2 – Actuarial Present Value of Future Benefits	16
	3 – Actuarial Gain/(Loss) on UAAL	17
	4 – Summary of Historical Valuation Results.....	18
	5 – Allocation of Plan Assets at Fair Value.....	19
	6 – Reconciliation of Plan Net Assets.....	20
	7 – Development of Actuarial Value of Assets	21
	8 – Investment Yields.....	22
	9 – Gain/(Loss) on Actuarial Value of Assets	23
	10 – History of Investment Return Rates.....	24
	11 – Schedule of Funding Progress	25
	12 – Solvency Test	27
	13 – Cash Flow Analysis.....	28
	14 – Membership Data.....	29
	15 – Historical Summary of Active Member Data	30
	16 – Distribution of Active Members by Age and by Years of Service as of December 31, 2018.....	31
	17 – Schedule of Retirants & Annuitants Added to & Removed from Rolls	32
	18 – Summary of Members and Adjusted Payroll by Employer	33
	19 – Summary of Inactive Members.....	42
	Appendix A – Summary of Actuarial Methods and Assumptions.....	44
	Appendix B – Summary of Benefit Provisions	53
	Appendix C – Risks Associated with Measuring the Accrued Liability and Actuarial Determined Contribution	58

SECTION I

EXECUTIVE SUMMARY

Executive Summary

Item	January 1, 2019	January 1, 2018
Membership <ul style="list-style-type: none"> • Number of: <ul style="list-style-type: none"> - Active members - Total disabled members & beneficiaries - Occupational disabled members & beneficiaries - Survivors of deceased active members - Total • Annualized payroll supplied by FPPA 	 12,747 157 949 <u>132</u> 13,985 \$ 1,012,667	 12,214 145 913 <u>127</u> 13,399 \$ 947,520
Recommended contribution rates for members hired on or after January 1, 1997 and members covered by Social Security	2.80%	2.70%
Assets <ul style="list-style-type: none"> • Market value • Actuarial value • Rate of return on market value • Rate of return on actuarial value • Contribution for prior year • Ratio of actuarial value to market value 	\$ 394,247 \$ 409,327 0.0% 6.0% \$ 22,685 103.8%	\$ 403,693 \$ 395,302 14.7% 8.1% \$ 20,535 97.9%
Actuarial Information <ul style="list-style-type: none"> • Unfunded actuarial accrued liability/(surplus) • GASB funded ratio 	\$ 153,496 72.7%	\$ (528) 100.1%

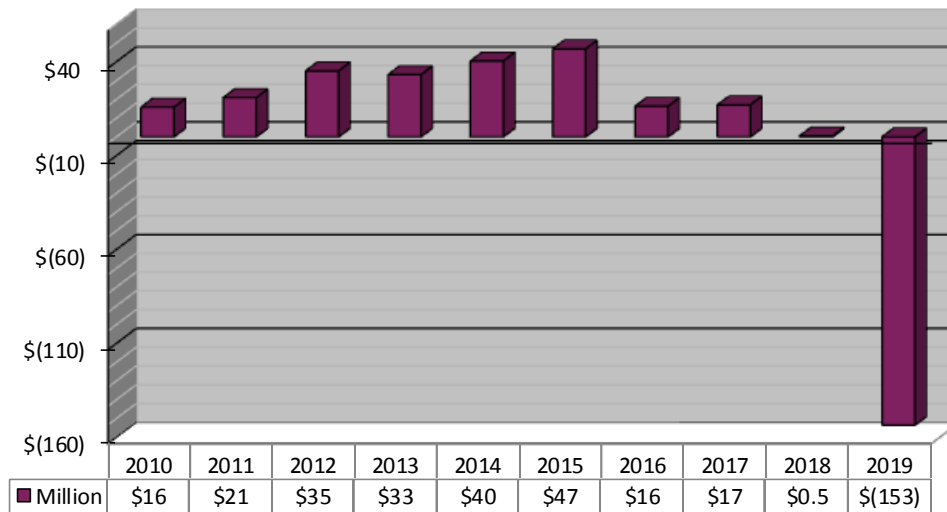
Note: Dollar amounts in \$000

Executive Summary

1. The annual contribution rate for members hired on or after January 1, 1997 and for members covered by Social Security is 2.8% as of January 1, 2019.
2. This rate was last increased from 2.7% to 2.8% as of January 1, 2019.
3. The number of total members increased from 13,399 in 2018 to 13,985 in 2019, an increase of 4.4%.
4. Current plan benefits provide an automatic annual 3.0% benefit adjustment to totally disabled members and their beneficiaries but assume no future benefit adjustments for other members. Based on actuarial estimations, the current 2.8% contribution rate is inadequate to provide any permanent annual benefit adjustment.
5. The net present value of benefits at the valuation date is in excess of the plan assets by \$153.5 million. This unfunded position compares to the \$1 million surplus position last year. The Plan is “unfunded” assuming no future discretionary benefit adjustments for non-totally disabled benefit recipients.
6. Assets earned 0.0% on a market basis and 6.0% on an actuarial basis in 2018, producing an actuarial loss of \$3.8 million.
7. The funded ratio decreased from 100.1% to 72.7% as of January 1, 2019.

The following chart shows the history of the (Unfunded Actuarial Accrued Liability)/Surplus as of past historical valuation dates. The dollar values are in millions.

Historical (UAAL)/Surplus



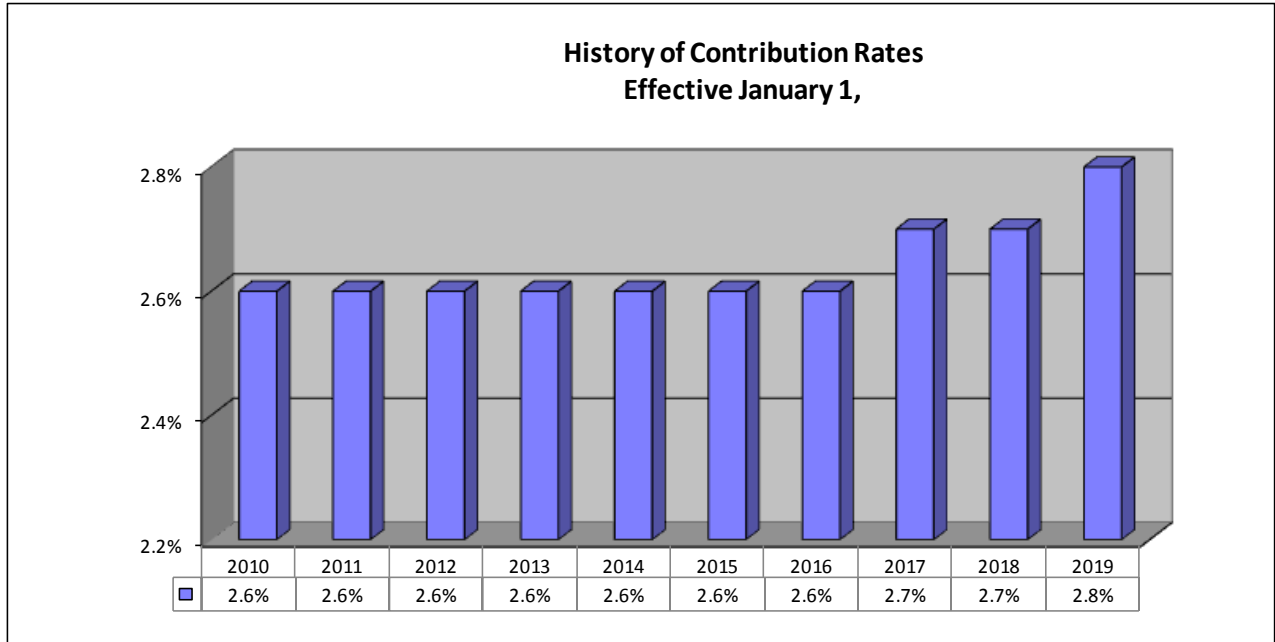
SECTION II

DISCUSSION

Contribution Requirements

The valuation of the Fire and Police Pension Association Statewide Death & Disability Plan (D&D) as of January 1, 2019, reflects a current employee contribution rate of 2.8% for members hired on or after January 1, 1997. By statute, this rate can change only every two years.

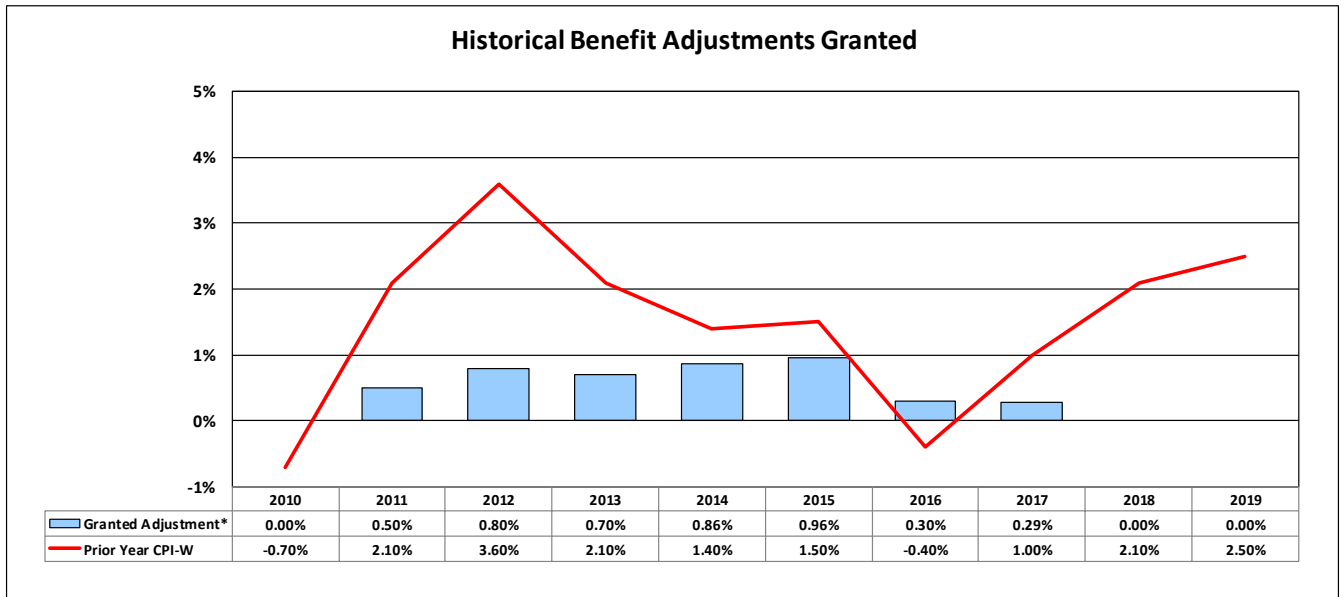
The following graph shows the historical contribution rates for employees hired on or after January 1, 1997 and for members covered by Social Security.



The cost of providing benefits is 4.40% (with no future benefit adjustments for non-totally disabled benefit recipients), therefore, the current 2.80% contribution rate is inadequate to provide any level of future benefit adjustments, or even to fund base benefits. **Changes to contribution policy or benefits or both are needed to make the base benefits sustainable.**

Discretionary Benefit Adjustments

On October 1st of each year, annuitants may receive a benefit increase at the discretion of the Board of Directors. Totally disabled members and their beneficiaries receive an automatic increase each year of 3%. For other annuitants, the increase may reflect CPI, but in no case may be higher than 3%. Because the increases are purely discretionary, the valuation results in the report are shown assuming no discretionary benefit adjustments are granted to annuitants other than total disability retirees. The current 2.80% contribution is inadequate to provide any permanent annual benefit adjustment, or even to fund base benefits. We recommend the Board not make any discretionary benefit adjustments until base benefits are adequately funded and additional funding is available for the discretionary adjustments.



**Total disability annuitants and their survivors receive an automatic annual Benefit Adjustment of 3.0%.*

Financial Data and Experience

This section provides an analysis of the change in Plan Net Assets during the year and an estimate of the yield on mean assets of D&D. FPPA provided GRS with a summary of plan assets as of January 1, 2019. The market value of assets reported was \$394.2 million as of January 1, 2019, as compared to \$403.7 million as of January 1, 2018. Table 6 shows data from some of the tables included in the annual financial statements of the Plan. Table 8 shows the estimated yield on a market value basis and on the actuarial asset valuation method.

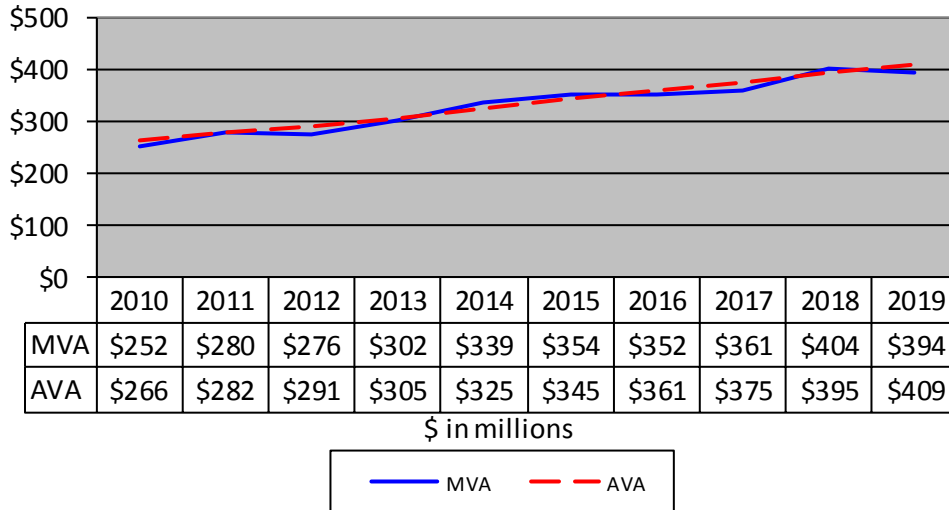
The asset valuation method uses a five-year phase in of the excess/(shortfall) between expected investment return and actual income. Expected earnings used to project the actuarial value are determined using the assumed investment return rate and the beginning of year actuarial value of assets (adjusted for receipts and disbursements during the year). The returns are computed net of administrative and investment expenses.

Table 7 shows the development of the actuarial value of assets. The actuarial value of assets increased from \$395.3 million to \$409.3 million since the prior valuation. This increase was less than expected and produced a loss of approximately \$3.8 million.

Effective January 1, 2019, the valuation assumed investment return was reduced from 7.5% to 7.0% per year. As indicated by item 6b of Table 8, the estimated return on mean market value was 0.02% in 2018; lower than the assumed 7.0% return. The actuarial asset value returned 6.03%, compared to 8.07% in 2017. This difference in the estimated return on market value and actuarial value illustrates the smoothing effect of the asset valuation method.

History of MVA vs AVA

As of the valuation date January 1,



AVA: Actuarial (Smoothed) Value of Assets
MVA: Market Value of Assets

Demographic Experience

During the year, the plan had less disablements than expected (56 actual vs. 64.6 expected) and less active member deaths than expected (5 actual vs. 7.9 expected). The plan had more annuitant deaths than expected (23 actual vs. 15.7 expected). The primary component of the liability loss shown in Table 3 is from new hires to the plan. The 2.8% contribution rate is not sufficient to support the expected costs of the plan, and because of this, a new active member comes onto the plan with an unfunded liability at date of hire.

Member Data

FPPA supplied member data as of January 1, 2019. While we did not audit this data, we did perform various tests to ensure that it was internally consistent, consistent with the prior year's data, and was reasonable overall. Information provided for active members includes: name, member ID, sex, a code indicating whether the member was active or inactive, date of birth, service, salary, accumulated member contribution, and the accumulated stabilization reserve account. For retired members, data includes: name, member ID, sex, date of birth, date of retirement, amount of benefit, a code indicating the option elected and the type of retiree (total disability retirees, occupational disability retirees, beneficiary), and if applicable, the joint pensioner's date of birth and sex.

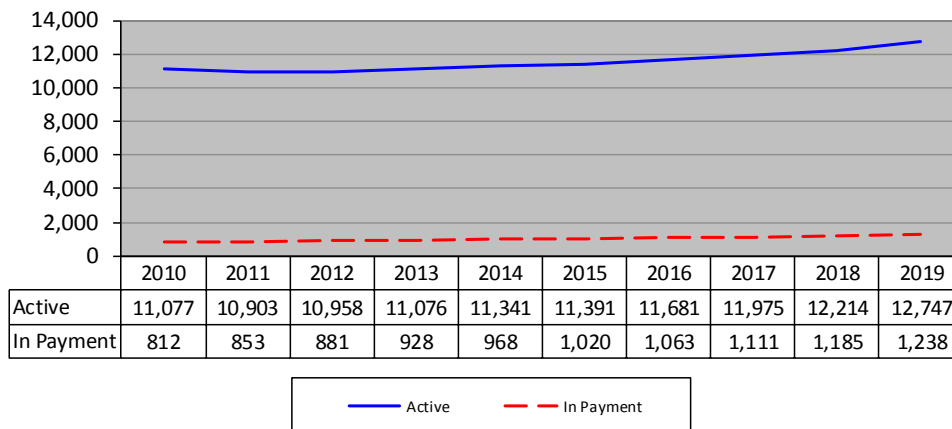
For local Money Purchase members, an array based on service was used to estimate each member's Money Purchase balance. For missing salary in the data, an array of salaries based on service was used to estimate the salary.

Table 17 shows the number of members by category (active, inactive, retired, etc.). Table 18 shows a historical summary of active member statistics, and Table 19 shows the distribution of active members by age and service.

The total payroll shown on the statistical tables is the amount that was supplied by FPPA. For the cost calculations, the pays were adjusted in accordance with the actuarial assumptions to reflect one year's salary increase.

History of Counts: Active vs In Payment

As of the valuation date January 1,



Benefit Provisions

Appendix B in Section IV includes a summary of the benefit provisions for FPPA. Highlights include:

- Pre-Retirement Death Benefits:
 - o Off-duty: 40% of the base salary paid to the member prior to death, with an additional 10% of base salary if a surviving spouse has two or more dependent children.
 - o On-duty: 70% of the base salary paid to the member prior to death.
- Disability Benefits:
 - o Total Disability: 70% of the base salary preceding disability.
 - o Permanent Occupational Disability: 50% of the base salary preceding disability.
 - o Temporary Occupational Disability: 40% of the base salary preceding disability for up to 5 years.

- Contributions: Members hired after January 1, 1997 and members covered by Social Security currently contribute 2.8% of pay.
- Benefit adjustments are granted periodically at the discretion of the FPPA Board. Total disability retirees receive an automatic increase of 3%. For other annuitants, the increase may reflect CPI, but in no case may be higher than 3%.

There are no ancillary benefits—e.g., cost of living benefits—that are currently provided by a source independent of FPPA but that might be deemed an FPPA liability if continued beyond the availability of funding by the current funding source.

Actuarial Methods and Assumptions

The valuation was prepared using the Aggregate Method. This is the same funding method that has been used in prior years. The asset valuation method uses a five-year phase in of the excess (shortfall) between expected investment return and actual income. See Appendix A for a complete description of this method.

The actuarial value of future benefits from the Plan is based on several economic and non-economic assumptions. These are summarized in Appendix A as well. The economic assumptions include investment return and salary increases. Non-economic assumptions include rates of mortality, disability, and separation.

Since the prior valuation, the Board adopted new assumptions based on the 2018 Experience Study. The changes from the prior assumption set are summarized below:

Economic Assumptions

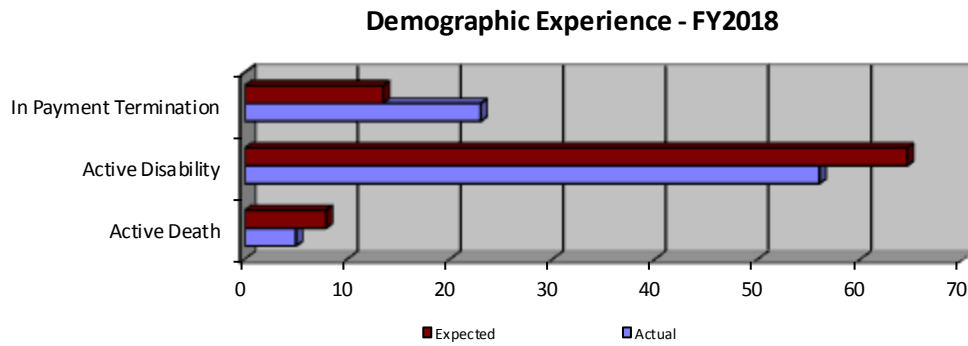
1. Decrease the real rate of return assumption from 5.00% to 4.50%, resulting in overall change to the nominal return assumption of 7.0%.
2. Increase the productivity component of the salary scale assumption from 1.50% to 1.75%. Combining with the inflation rate of 2.50% creates ultimate salary scale assumption of 4.25%.
3. Slightly modify the service-based promotional/longevity component of the salary scale.

Demographic Assumptions

4. Remove the blue collar adjustment from the mortality tables being used and update the mortality projection scale from Scale BB to the ultimate rates of the MP-2017 projection scale.
5. Increase disability rates for members covered by a defined benefit program.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions.

For FY2018, the actual salary increases were 99.8% of expected. The following charts provide a comparison of the actual experience versus the expected experience for selected assumptions.



The In Payment Terminations above include deaths and benefits that were canceled for other reasons such as recovery.

GASB and Funding Progress

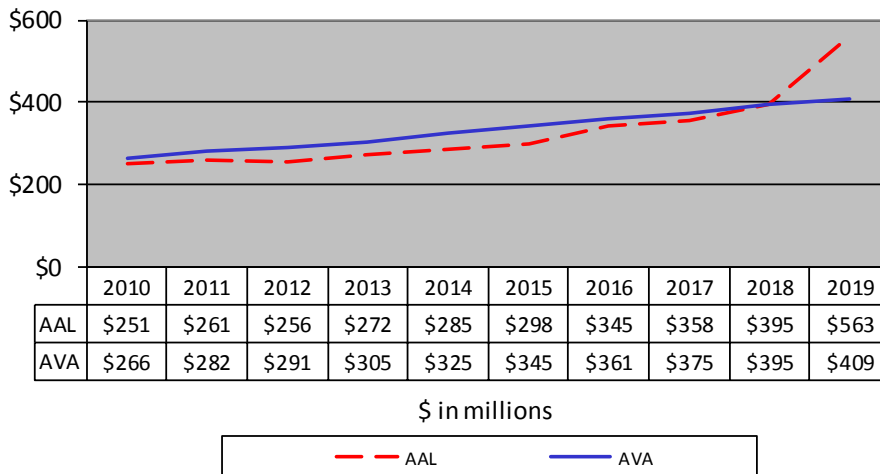
The governmental Accounting Standards Board (GASB) Statement No.74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (GASB 74)*, has replaced the requirements under GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (GASB 43)*, effective for financial statements for fiscal years beginning after June 15, 2016. The governmental Accounting Standards Board (GASB) Statement No.75, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (GASB 75)*, has replaced the requirements under GASB Statement No. 45, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (GASB 45)*, effective for financial statements for fiscal years beginning after June 15, 2017.

Plan reporting information for GASB 74 can be found in the FPPA Comprehensive Annual Financial Report at FPPAco.org. There will be no employer reporting for GASB 75 as all contributions to the FPPA Statewide Death & Disability Plan are made by members or on behalf of members. Although it will no longer be required for financial reporting purpose, we have continued to include Table 11a (shows a historical summary of the funded ratios and other information for FPPA). In addition, we have included a Schedule of Funding Progress in Table 11b based on the Entry Age Normal cost method as required for plans using the Aggregate Cost Method.

For FPPA, the employer Annual Required Contribution for 2018 is 0%. For members hired on or after 1/1/97 and for members covered by Social Security the member contribution rate is 2.8% of pay. The 2.8% became effective January 1, 2019.

History of AAL vs AVA

As of the valuation date January 1,



The AAL referenced in the chart is the Actuarial Accrued Liability as referenced throughout the report.

Significant Factors Affecting Trends in Actuarial Information

Investment returns during 2018 and assumption changes following an experience study created actuarial losses for the Plan. Outstanding deferred investment losses will put downward pressure on the funded ratio in future valuations if not offset by future gains.

Risk Metrics

The Statewide Death and Disability Plan provides death and disability benefits to members covered under the Statewide Death & Disability Plan, Statewide Hybrid Plan, Colorado Springs New Hire Plans, the Statewide Money Purchase Plan and Local Money Purchase and Defined Benefit Plans. The Plan is funded through payroll contributions on active member payroll for members hired on or after January 1, 1997. Benefits for members hired before 1997 were previously funded by the State. The contributions made for this group were considered to fulfill the State's funding obligation, and no further contributions are anticipated. Accordingly, the Calculated Contribution is calculated as a percentage of contributory (post-1996 hire) payroll. As pre-1997 hires terminate and are replaced by contributory members, the contributory portion of the active population grows. This results in the contributory payroll growing faster than the liabilities and assets. This deleveraging can be observed in the historical data. Although the Plan's contributory payroll is growing, because the Plan is funded through employee contributions, there is less tolerance for contribution rate volatility. Eventually the active population will become largely contributory and the contributory payroll will not grow at the same rate. At that point (expected to be about 10 years out), the trend will reverse and the Plan will start to become more leveraged.

Valuation Year	AVA as % of Contributory Payroll	AAL (EAN) as % of Contributory Payroll	Calculated Contribution % of Contributory Payroll	Increase in ARC if Assets Decrease 10%	Funded Ratio (EAN)	Change in Funded Ratio if Assets Decrease 10%
2009	61%	48%	2.31%	0.63%	126.3%	-12.6%
2010	58%	47%	2.32%	0.47%	123.3%	-12.3%
2011	60%	49%	2.23%	0.48%	122.4%	-12.2%
2012	59%	52%	1.98%	0.50%	114.6%	-11.5%
2013	58%	52%	2.05%	0.51%	111.5%	-11.1%
2014	58%	52%	1.97%	0.51%	112.3%	-11.2%
2015	58%	52%	1.89%	0.52%	110.8%	-11.1%
2016	55%	53%	2.37%	0.51%	104.0%	-10.4%
2017	54%	53%	2.48%	0.49%	100.7%	-10.1%
2018	50%	52%	2.69%	0.49%	95.8%	-9.6%
2019	47%	56%	4.40%	0.43%	84.2%	-8.4%

Market Value Results

Investment gains or losses are smoothed over five years, and currently, the smoothed or actuarial value of assets is 103.83% of the market value. If the Funded Ratio and Calculated Contribution had been measured using the Market Value of Assets, they would be 70% and 4.55% of payroll, respectively.

SECTION III

TABLES

Table 1 - Development of Unfunded Actuarial Accrued Liability

	January 1, 2019	January 1, 2018	
		Post-Experience Study	Pre-Experience Study
1. Covered payroll for upcoming year	\$ 1,043,406,755	\$ 976,602,993	\$ 976,602,993
2. Present value of future pay			
a. Total	\$ 10,071,765,811	\$ 9,341,248,598	\$ 8,603,719,157
b. Contributory (Hired on or after January 1, 1997)	9,616,060,914	9,129,816,272	8,087,191,332
3. Present value of benefits for active members			
a. Future occupational disabilities	\$ 325,012,589	\$ 295,068,106	\$ 165,956,184
b. Future total disabilities	57,323,006	52,106,854	43,167,820
c. Future active deaths	42,447,914	38,977,385	37,193,909
d. Total for actives	\$ 424,783,509	\$ 386,152,345	\$ 246,317,913
4. Total present value of benefits			
a. Current disabled members	\$ 350,578,423	\$ 327,831,146	\$ 315,102,623
b. Current beneficiaries of deceased members	34,594,145	32,568,709	31,490,388
c. Active members (Item 3d)	424,783,509	386,152,345	246,317,913
d. Total	\$ 809,956,077	\$ 746,552,200	\$ 592,910,924
5. Unfunded actuarial accrued liability (UAAL)/(surplus)			
a. Present value of benefits	\$ 809,956,077	\$ 746,552,200	\$ 592,910,924
b. Present value of administrative costs	22,116,940	22,009,379	20,217,978
c. Less present value of future contributions (2.8%/2.8%/2.7%)	(269,249,706)	(246,505,039)	(218,354,166)
d. Less actuarial value of assets	(409,326,924)	(395,302,474)	(395,302,474)
e. UAAL/(surplus)	\$ 153,496,388	\$ 126,754,065	\$ (527,738)
6. a. Current Contribution	2.80%	2.80%	2.70%
b. Calculated Contribution (Aggregate Funding) [(5.a + 5.b + 5.d)/2.b]	4.40%	4.24%	2.69%
c. Difference (a. - b.)	-1.60%	-1.44%	0.01%

Table 2 - Actuarial Present Value of Future Benefits

	<u>January 1, 2019</u>	<u>January 1, 2018</u>
1. Active members		
a. Total disability	\$ 57,323,006	\$ 43,167,820
b. Occupational disability	325,012,589	165,956,184
c. Off-duty death	29,577,255	25,542,957
d. On-duty death	<u>12,870,659</u>	<u>11,650,952</u>
e. Total	\$ 424,783,509	\$ 246,317,913
2. Members in pay status		
a. Total disabled	\$ 93,362,408	\$ 80,597,844
b. Occupationally disabled	257,216,015	234,504,779
c. Survivors	<u>34,594,145</u>	<u>31,490,388</u>
d. Total	\$ 385,172,568	\$ 346,593,011
3. Total actuarial present value of future benefits	\$ 809,956,077	\$ 592,910,924

Table 3 - Actuarial Gain/(Loss) on UAAL

For the year ending December 31,	2018	2017
1. Unfunded actuarial accrued liability (UAAL) as of January 1	\$ (527,737)	\$ (17,027,983)
2. Interest on UAAL for one year	(36,942)	(1,277,099)
3. Expected UAAL as of December 31 (1 + 2)	(564,679)	(18,305,082)
4. Change in Unfunded Liability due to:		
a. Benefit Changes *	(8,653,295)	0
b. Provision or Assumption Changes**	144,844,824	11,322,068
5. Expected UAAL as of December 31 after changes in assumption, methods and plan provisions	135,626,850	(6,983,014)
6. Actual UAAL as of December 31	153,496,388	(527,737)
7. Actuarial gain/(loss) for the period (5 - 6)	(17,869,538)	(6,455,277)
 <u>SOURCE OF GAINS/(LOSSES)</u>		
8. Asset gain/(loss) (See Table 9)	(3,770,103)	2,097,640
9. Salary liability gain/(loss) for the period	1,796,643	635,273
10. Benefit adjustment granted as of October 1 (0.00% in 2018, 0.29% in 2017)	-	(705,235)
11. Net liability gain/(loss) for the period (7- 8 - 9 - 10)	(15,896,078)	(8,482,955)

* Change in the Unfunded Liability due to Benefit Changes for the year ending December 31, 2018 reflects the change in member contribution rate from 2.7% to 2.8%.

** 2017 Change in Unfunded Liability due to Provisions or Assumption Changes reflects a change in allocation of administrative expenses. 2018 reflects assumption changes adopted following an experience study.

Table 4 - Summary of Historical Valuation Results

As of the Valuation Date January 1,

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
1. Number of members										
a. Active	12,747	12,214	11,975	11,681	11,391	11,341	11,076	10,958	10,903	11,077
b. Disabled	1,106	1,058	991	944	904	851	814	774	747	706
c. Survivor	132	127	120	119	116	117	114	107	106	106
d. Total	<u>13,985</u>	<u>13,399</u>	<u>13,086</u>	<u>12,744</u>	<u>12,411</u>	<u>12,309</u>	<u>12,004</u>	<u>11,839</u>	<u>11,756</u>	<u>11,889</u>
2. Covered payroll (prior year)	\$ 1,012,667	\$ 947,520	\$ 917,100	\$ 863,106	\$ 827,633	\$ 810,578	\$ 787,010	\$ 755,952	\$ 750,497	\$ 751,781
3. Average compensation	\$ 79,444	\$ 77,577	\$ 76,585	\$ 73,890	\$ 72,657	\$ 71,473	\$ 71,055	\$ 68,986	\$ 68,834	\$ 67,869
4. Covered payroll for upcoming year	\$ 1,043,407	\$ 976,603	\$ 942,822	\$ 886,802	\$ 844,536	\$ 834,268	\$ 833,177	\$ 801,017	\$ 802,802	\$ 806,605
5. Actuarial value of assets	\$ 409,327	\$ 395,302	\$ 374,944	\$ 361,070	\$ 345,009	\$ 325,181	\$ 305,455	\$ 290,988	\$ 281,577	\$ 266,478
6. Market value of assets	\$ 394,247	\$ 403,693	\$ 360,747	\$ 351,520	\$ 353,776	\$ 339,347	\$ 301,653	\$ 275,873	\$ 279,882	\$ 251,923
7. Present value of benefits										
a. Actives	\$ 424,784	\$ 246,318	\$ 238,978	\$ 225,012	\$ 201,711	\$ 203,254	\$ 198,232	\$ 192,101	\$ 214,708	\$ 218,346
b. Disabled	350,578	315,103	287,456	265,786	243,179	221,357	204,847	189,203	169,063	155,625
c. Survivors	34,594	31,490	30,923	30,430	25,703	26,290	25,700	23,036	22,180	22,413
d. Total	<u>\$ 809,956</u>	<u>\$ 592,911</u>	<u>\$ 557,357</u>	<u>\$ 521,228</u>	<u>\$ 470,593</u>	<u>\$ 450,900</u>	<u>\$ 428,778</u>	<u>\$ 404,340</u>	<u>\$ 405,952</u>	<u>\$ 396,385</u>
8. Calculated Contribution	4.40%	2.69%	2.48%	2.37%	1.89%	1.97%	2.05%	1.98%	2.23%	2.32%

\$ amounts in '000s

Table 5 - Allocation of Plan Assets at Fair Value

	Actual Allocation January 1, 2019	Target Allocation
1. Global Equity	35.1%	37.0%
2. Equity Long/Short	8.5%	9.0%
3. Absolute Return	8.6%	9.0%
4. Illiquid Alternatives	27.2%	24.0%
5. Managed Futures	4.0%	4.0%
6. Fixed Income	15.1%	15.0%
7. Cash	<u>1.5%</u>	<u>2.0%</u>
	100.0%	100.0%

Asset Allocation as of January 1, 2019

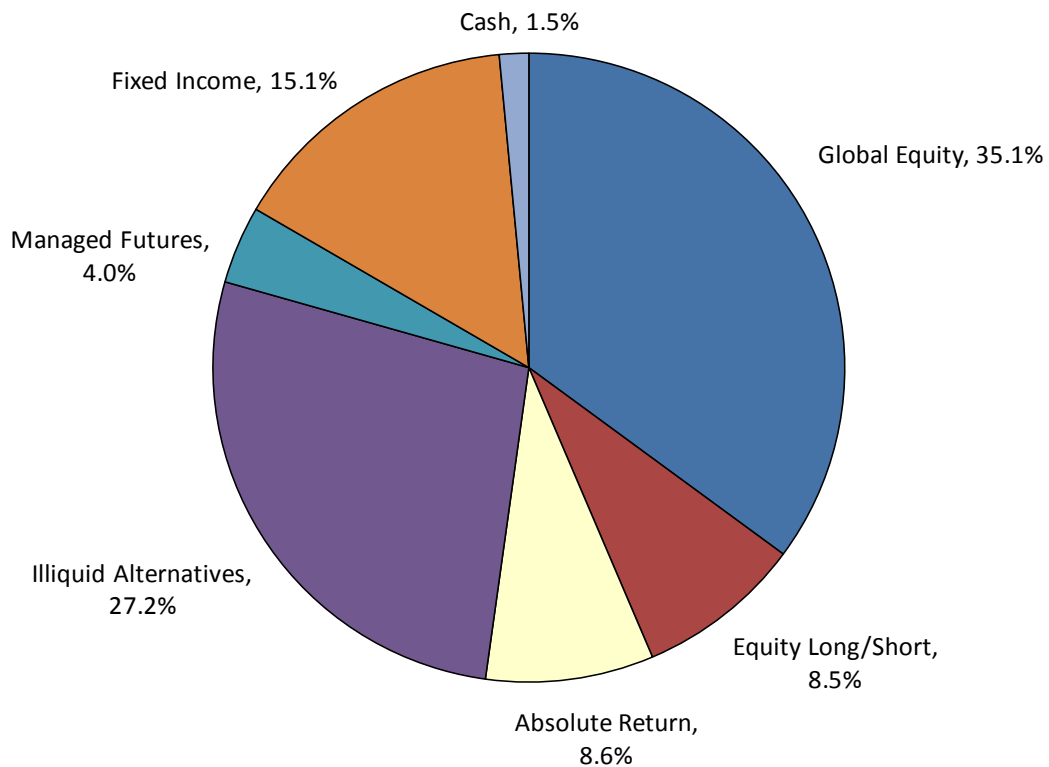


Table 6 - Reconciliation of Plan Net Assets

	Year Ending	
	December 31, 2018	December 31, 2017
1. Market value of assets at January 1	\$ 403,693,032	\$ 360,747,296
2. Revenue for the year		
a. Contributions		
i. Member contributions	\$ 3,780,098	\$ 3,547,592
ii. Employer contributions *	18,904,415	16,987,830
iii. Contributions from the SWDD Plan	0	0
b. Net investment income		
i. Interest	\$ 1,674,393	\$ 1,032,766
ii. Dividends	3,080,972	2,736,311
iii. Net change in accrued income	197,091	227,096
iv. Unrealized gain/(loss)	(23,015,123)	31,704,177
v. Realized gain/(loss)	19,447,005	17,155,015
vi. Investment expense	(3,542,433)	(3,641,523)
vii. Other Income	2,254,201	3,235,375
c. Total revenue	\$ 22,780,619	\$ 72,984,639
3. Expenditures for the year		
a. Benefit payments and refunds	\$ (30,273,489)	\$ (28,157,074)
b. Administrative expense	(1,953,652)	(1,881,829)
c. Total expenditures	\$ (32,227,141)	\$ (30,038,903)
4. Increase in net assets (Item 2c + Item 3c)	\$ (9,446,522)	\$ 42,945,736
5. Market value of assets at December 31 (Item 1 + Item 4)	\$ 394,246,510	\$ 403,693,032

*All contributions are made by members or on behalf of members

Table 7 - Development of Actuarial Value of Assets

1.	Actuarial value of assets at beginning of year	\$	395,302,474
2.	Net new investments		
	a. Contributions	\$	22,684,513
	b. Benefit payments		(30,273,489)
	c. Administrative expenses		(1,953,652)
	d. Net cash flow	\$	(9,542,628)
3.	Assumed investment return rate for fiscal year		7.0%
4.	Assumed investment return for fiscal year	\$	27,337,181
5.	Expected Actuarial Value at end of year	\$	413,097,027
6.	Market value of assets at end of year	\$	394,246,510
7.	Excess return (6-5)	\$	(18,850,517)
8.	Development of amounts to be recognized as of December 31, 2018:		

Fiscal Year End	Remaining Deferrals of Excess/(Shortfall) of Investment Income	Offsetting of Gains/(Losses)	Net Deferrals Remaining	Years Remaining	Recognized for this valuation	Remaining after this valuation
	(1)	(2)	(3) = (1) + (2)	(4)	(5) = (3) / (4)	(6) = (3) - (5)
2014	\$ 0	\$ 0	\$ 0	1	\$ 0	\$ 0
2015	0	0	0	2	0	0
2016	0	0	0	3	0	0
2017	8,390,558	(8,390,558)	0	4	0	0
2018	(27,241,075)	8,390,558	(18,850,517)	5	(3,770,103)	(15,080,414)
Total	\$ (18,850,517)	\$ 0	\$ (18,850,517)		\$ (3,770,103)	\$ (15,080,414)

9.	Actuarial value of assets as of December 31, 2018 (Item 6 - Item 8)	\$	409,326,924
10.	Ratio of actuarial value to market value		103.8%

Amounts in column (1) for fiscal years ending 2014 through 2017 are from the prior valuation. The column (1) amount for fiscal year 2018 is developed using item 7 less the total of column (1) for fiscal years ending 2014 through 2017. To the extent possible, the 2018 excess or shortfall is used to reduce prior bases. In this case, the 2017 base was offset by the losses in 2018. The fiscal year 2014 through 2016 bases are \$0 because they were previously offset.

Table 8 - Investment Yields

Item	Market Value	Actuarial Value
1. Assets as of January 1, 2018 (A)	\$ 403,693,032	\$ 395,302,474
2. Contributions during FY18	22,684,513	22,684,513
3. Benefit payments and administrative expenses during FY18	(32,227,141)	(32,227,141)
4. Investment return during FY18	<u>96,106</u>	<u>23,567,078</u>
5. Assets as of January 1, 2019 (B): (1 + 2 + 3 + 4)	\$ 394,246,510	\$ 409,326,924
6. Approximate rate of return on average invested assets		
a. Net investment income (I)	\$ 96,106	\$ 23,567,078
b. Estimated return based on $(2I / (A + B - I))$	0.02%	6.03%

Table 9 - Gain/(Loss) on Actuarial Value of Assets

Item	Valuation as of January 1, 2019	Valuation as of January 1, 2018
1. Actuarial assets, prior valuation	\$ 395,302,474	\$ 374,943,903
2. Total contributions since prior valuation	\$ 22,684,513	\$ 20,535,422
3. Benefit payments and administrative expenses since prior valuation	\$ (32,227,141)	\$ (30,038,903)
4. Assumed net investment income at 7.5%		
a. Beginning assets	\$ 29,647,686	\$ 28,120,793
b. Contributions	850,669	770,078
c. Benefit payments and administrative expenses	<u>(1,208,518)</u>	<u>(1,126,459)</u>
d. Total	\$ 29,289,837	\$ 27,764,412
5. Expected actuarial assets (1 + 2 + 3 + 4d)	\$ 415,049,683	\$ 393,204,834
6. Actual actuarial assets, this valuation	\$ 409,326,924	\$ 395,302,474
7. Asset gain/(loss) since prior valuation (6 - 5)	\$ (5,722,759) Loss	\$ 2,097,640 Gain

Table 10 - History of Investment Return Rates

For Fiscal Year Ending	Market Value	Actuarial Value
December 31, 2009	19.58%	5.19%
December 31, 2010	13.29%	7.68%
December 31, 2011	0.52%	5.33%
December 31, 2012	11.60%	7.06%
December 31, 2013	14.80%	8.67%
December 31, 2014	6.45%	8.41%
December 31, 2015	1.40%	6.80%
December 31, 2016	5.17%	6.34%
December 31, 2017	14.73%	8.07%
December 31, 2018	0.02%	6.03%
Average Returns		
Last 5 Years	5.43%	7.13%
Last 10 Years	8.56%	6.95%

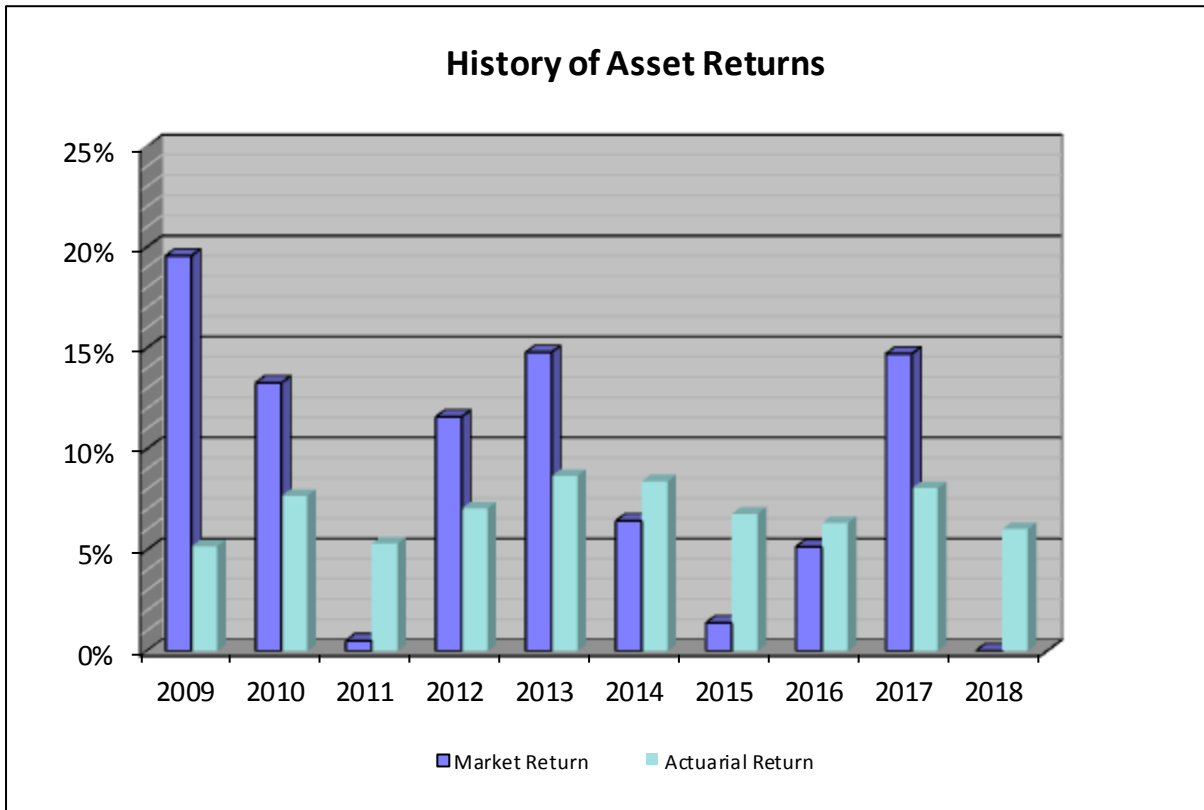


Table 11a - Schedule of Funding Progress
Based on the Aggregate Funding Method

Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Annual Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
January 1, 2008	\$ 300,642,721	\$ 223,999,678	\$ (76,643,044)	134.2%	\$ 679,223,009	(11.3%)
January 1, 2009	257,279,496	241,813,411	(15,466,086)	106.4%	740,172,854	(2.1%)
January 1, 2010	266,477,875	250,709,436	(15,768,440)	106.3%	758,113,476	(2.1%)
January 1, 2011	281,577,454	260,688,472	(20,888,983)	108.0%	750,497,200	(2.8%)
January 1, 2012	290,988,339	255,841,269	(35,147,071)	113.7%	755,952,497	(4.6%)
January 1, 2013	305,454,945	272,350,253	(33,104,693)	112.2%	787,009,650	(4.2%)
January 1, 2014	325,180,768	284,820,249	(40,360,519)	114.2%	810,578,220	(5.0%)
January 1, 2015	345,009,408	298,128,930	(46,880,478)	115.7%	827,633,440	(5.7%)
January 1, 2016	361,070,410	344,781,994	(16,288,416)	104.7%	863,105,687	(1.9%)
January 1, 2017	374,943,903	357,915,920	(17,027,983)	104.8%	917,099,955	(1.9%)
January 1, 2018	395,302,474	394,774,736	(527,738)	100.1%	947,520,430	(0.1%)
January 1, 2019	409,326,924	562,823,312	153,496,388	72.7%	1,012,666,543	15.2%

Limitations of Funded Status Measurements

Unless otherwise indicated, a funded status measurement presented in this report is based upon the actuarial accrued liability and the actuarial value of assets. With regard to any funded status measurements presented in this report:

- (1) The measurement is inappropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations.
- (2) The measurement alone is inappropriate for assessing the need for or the amount of future employer contributions.
- (3) The measurement would produce a different result if the market value of assets were used instead of the actuarial value of assets, unless the market value of assets is used in the measurement.

Table 11b - Schedule of Funding Progress
Based on the Entry Age Normal Funding Method

Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Annual Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
January 1, 2010	\$ 266,477,875	\$ 216,103,895	\$ (50,373,980)	123.3%	\$ 758,113,476	(6.6%)
January 1, 2011	281,577,454	229,959,016	(51,618,438)	122.4%	750,497,200	(6.9%)
January 1, 2012	290,988,339	253,869,640	(37,118,699)	114.6%	755,952,497	(4.9%)
January 1, 2013	305,454,945	274,068,253	(31,386,692)	111.5%	787,009,650	(4.0%)
January 1, 2014	325,180,768	289,577,412	(35,603,356)	112.3%	810,578,220	(4.4%)
January 1, 2015	345,009,408	311,334,019	(33,675,389)	110.8%	827,633,440	(4.1%)
January 1, 2016	361,070,410	347,242,942	(13,827,468)	104.0%	863,105,687	(1.6%)
January 1, 2017	374,943,903	372,201,460	(2,742,443)	100.7%	917,099,955	(0.3%)
January 1, 2018	395,302,474	412,597,445	17,294,972	95.8%	947,520,430	1.8%
January 1, 2019	409,326,924	486,023,181	76,696,257	84.2%	1,012,666,543	7.6%

Limitations of Funded Status Measurements

Unless otherwise indicated, a funded status measurement presented in this report is based upon the actuarial accrued liability and the actuarial value of assets. With regard to any funded status measurements presented in this report:

- (1) The measurement is inappropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations.
- (2) The measurement alone is inappropriate for assessing the need for or the amount of future employer contributions.
- (3) The measurement would produce a different result if the market value of assets were used instead of the actuarial value of assets, unless the market value of assets is used in the measurement.

Table 12 - Solvency Test

Valuation Date	Aggregated Accrued Liabilities for				Portion of Accrued Liabilities Covered by Reported Assets		
	Active Members Contribution	Retirees	Members (Employer Financed Portion)	Actuarial Value of Assets	(5)/(2)	[(5)-(2)-(3)]/	
		Beneficiaries and Vested Terminations				(4)	(7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
January 1, 2007	\$ 0	\$ 143,706	\$ 114,537	\$ 274,092	100%	100%	100%
January 1, 2008	0	154,614	69,386	300,643	100%	100%	100%
January 1, 2009	0	165,740	76,074	257,279	100%	100%	100%
January 1, 2010	0	178,039	72,671	266,478	100%	100%	100%
January 1, 2011	0	191,243	69,445	281,577	100%	100%	100%
January 1, 2012	0	212,239	43,602	290,988	100%	100%	100%
January 1, 2013	0	230,546	41,804	305,455	100%	100%	100%
January 1, 2014	0	247,646	37,174	325,181	100%	100%	100%
January 1, 2015	0	268,883	29,246	345,009	100%	100%	100%
January 1, 2016	0	296,216	48,566	361,070	100%	100%	100%
January 1, 2017	0	318,379	39,537	374,944	100%	100%	100%
January 1, 2018	0	346,593	48,182	395,302	100%	100%	100%
January 1, 2019	0	385,173	177,651	409,327	100%	100%	14%

\$ amounts in '000s

Table 13 - Cash Flow Analysis

Year Ending December 31,	Contributions for the Year	Expenditures During the Year				External Cash Flow for the Year	Market Value of Assets	External Cash Flow as Percent of Market Value
		Benefit Payments	Refund of Contributions	Expenses	Total			
2007	\$ 9,902	\$ (13,742)	\$ 0	\$ (2,102)	\$ (15,844)	\$ (5,942)	\$ 308,170	(1.9%)
2008	10,963	(14,887)	0	(2,192)	(17,079)	(6,116)	214,400	(2.9%)
2009	11,957	(16,010)	0	(1,756)	(17,766)	(5,809)	251,923	(2.3%)
2010	12,259	(17,435)	0	(1,963)	(19,398)	(7,139)	279,882	(2.6%)
2011	12,813	(18,265)	0	(2,175)	(20,439)	(7,627)	275,873	(2.8%)
2012	13,612	(19,482)	0	(2,616)	(22,098)	(8,486)	301,653	(2.8%)
2013	14,570	(21,052)	0	(3,669)	(24,721)	(10,151)	339,347	(3.0%)
2014	15,509	(22,720)	0	(3,791)	(26,511)	(11,003)	353,776	(3.1%)
2015	16,938	(24,097)	0	(4,247)	(28,344)	(11,406)	351,520	(3.2%)
2016	18,216	(26,188)	0	(4,456)	(30,643)	(12,427)	360,747	(3.4%)
2017	20,535	(28,157)	0	(5,604)	(33,761)	(13,226)	403,693	(3.3%)
2018	22,685	(30,273)	0	(5,496)	(35,770)	(13,085)	394,247	(3.3%)
2019*	25,434	(32,468)	0	(5,688)	(38,156)	(12,722)	410,616	(3.1%)
2020*	26,571	(35,317)	0	(5,888)	(41,205)	(14,634)	426,229	(3.4%)
2021*	27,642	(38,208)	0	(6,094)	(44,301)	(16,660)	440,912	(3.8%)

Results for 2019, 2020, & 2021 are based on expected contributions, expected benefit payments, and assumed investment return of 7.0%

Expected contributions are based on applicable employee rate of 2.8% and 3.5% annual payroll growth

Expected benefit payments are based on the current plan benefits and expected retirements, terminations, and mortality

Assets are assumed to increase at the annual return of 7.0% with all cash flow occurring in the middle of the year

\$ amounts in '000s

Table 14 - Membership Data

	<u>January 1, 2019</u>	<u>January 1, 2018</u>	<u>January 1, 2017</u>
1. Active members			
a. Number	12,747	12,214	11,975
b. Total payroll	\$ 1,012,666,543	\$ 947,520,430	\$ 917,099,955
c. Average annual salary	\$ 79,444	\$ 77,577	\$ 76,585
d. Average age	41.1	41.4	41.5
e. Average service	10.6	11.0	11.1
2. Disabled members and beneficiaries			
a. Number	1,106	1,058	991
b. Total annual benefits	\$ 27,860,403	\$ 26,013,174	\$ 23,703,863
c. Average annual benefit	\$ 25,190	\$ 24,587	\$ 23,919
d. Average age	58.5	58.0	57.8
3. Survivors of deceased active members			
a. Number	132	127	120
b. Total annual benefits	\$ 3,226,681	\$ 3,046,277	\$ 2,876,276
c. Average annual benefit	\$ 24,445	\$ 23,986	\$ 23,969
d. Average age	53.7	54.1	54.9

Table 15 - Historical Summary of Active Member Data

<u>Valuation Date</u>	<u>Active Count</u>	<u>Average Age</u>	<u>Average Service</u>	<u>Covered Payroll</u>	<u>Average Annual Salary</u>	<u>Percent Change in Average Salary</u>
January 1, 2007	10,600	39.9	10.2	\$ 623,699,534	\$58,840	2.02%
January 1, 2008	10,971	40.0	10.1	668,502,284	60,934	3.56%
January 1, 2009	11,157	40.3	10.4	729,723,656	65,405	7.34%
January 1, 2010	11,077	40.8	10.9	751,781,464	67,869	3.77%
January 1, 2011	10,903	41.4	11.3	750,497,200	68,834	1.42%
January 1, 2012	10,958	41.6	11.5	755,952,497	68,986	0.22%
January 1, 2013	11,076	41.8	11.7	787,009,650	71,055	3.00%
January 1, 2014	11,341	41.7	11.5	810,578,220	71,473	0.59%
January 1, 2015	11,391	41.8	11.5	827,633,440	72,657	1.66%
January 1, 2016	11,681	41.7	11.3	863,105,687	73,890	1.70%
January 1, 2017	11,975	41.5	11.1	917,099,955	76,585	3.65%
January 1, 2018	12,214	41.4	11.0	947,520,430	77,577	1.30%
January 1, 2019	12,747	41.1	10.6	1,012,666,543	79,444	2.41%

Table 16 - Distribution of Active Members by Age and by Years of Service
As of December 31, 2018

Attained Age	Years of Credited Service												Total
	Less than 1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.
Under 25	224 \$50,876	91 \$51,683	39 \$54,127	6 \$64,968	1 \$42,773								361 \$51,642
25-29	457 \$53,167	363 \$57,349	272 \$63,373	151 \$64,705	117 \$71,562	99 \$75,963							1,459 \$60,326
30-34	365 \$54,319	306 \$58,872	318 \$63,962	243 \$66,287	172 \$74,776	516 \$77,921	115 \$84,986						2,035 \$67,386
35-39	190 \$55,887	153 \$58,856	160 \$67,317	155 \$72,048	154 \$75,103	517 \$78,694	627 \$86,744	95 \$90,743					2,051 \$76,461
40-44	91 \$57,603	82 \$63,821	69 \$65,477	67 \$70,300	87 \$78,132	287 \$78,183	641 \$87,442	533 \$92,794	60 \$98,488				1,917 \$83,651
45-49	68 \$65,024	29 \$73,512	55 \$67,995	48 \$69,291	44 \$71,006	190 \$79,279	436 \$86,711	720 \$90,249	482 \$99,602	43 \$109,611			2,115 \$88,564
50-54	38 \$70,967	23 \$73,329	29 \$70,374	28 \$76,868	32 \$71,015	100 \$84,192	235 \$86,456	379 \$90,741	401 \$100,042	277 \$103,391	28 \$108,257	1 \$127,628	1,571 \$92,865
55-59	24 \$79,077	18 \$77,500	10 \$69,405	18 \$85,738	13 \$80,040	45 \$85,002	78 \$86,561	137 \$91,186	174 \$96,279	173 \$102,557	115 \$111,918	18 \$103,149	823 \$95,823
60-64	9 \$76,123	3 \$80,920	6 \$86,957	4 \$112,534	7 \$82,670	13 \$79,668	27 \$89,648	46 \$85,564	50 \$93,420	44 \$97,501	62 \$104,412	54 \$103,714	325 \$95,094
65 & Over	5 \$85,791	2 \$60,740	1 \$97,575	3 \$53,726	5 \$97,626	8 \$86,139	9 \$74,277	9 \$102,068	6 \$85,007	8 \$123,822	6 \$110,432	28 \$106,676	90 \$96,930
Total	1,471 \$55,412	1,070 \$59,207	959 \$64,725	723 \$68,850	632 \$74,596	1,775 \$78,808	2,168 \$86,797	1,919 \$91,088	1,173 \$98,864	545 \$103,442	211 \$109,185	101 \$104,671	12,747 \$79,444

Average: Age: 41.1
Service: 10.6

Number of participants:

Males: 11,417
Females: 1,330

Table 17 - Schedule of Retirants & Annuitants Added to & Removed from Rolls*

Year Ended	Added to Rolls*		Removed from Rolls		Rolls-End of Year		% Increase in Annual Benefit	Average Annual Benefit
	Number	Annual Benefit	Number	Annual Benefit	Number	Annual Benefit		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
December 31, 2006	78	\$ 2,061,528	11	\$ 223,439	724	\$ 13,274,583	6.06%	\$ 18,335
December 31, 2007	39	1,264,925	16	258,356	747	14,281,152	7.58%	19,118
December 31, 2008	45	1,259,221	20	339,442	772	15,200,931	6.44%	19,690
December 31, 2009	54	1,537,193	14	312,334	812	16,425,790	8.06%	20,229
December 31, 2010	50	1,366,173	9	185,774	853	17,606,189	7.19%	20,640
December 31, 2011	46	1,239,908	18	414,489	881	18,431,608	4.69%	20,921
December 31, 2012	56	1,721,508	9	166,231	928	19,986,885	8.44%	21,538
December 31, 2013	56	1,853,252	16	341,854	968	21,498,284	7.56%	22,209
December 31, 2014	67	2,082,872	15	299,192	1,020	23,281,964	8.30%	22,825
December 31, 2015	52	1,797,136	9	184,015	1,063	24,895,085	6.93%	23,420
December 31, 2016	68	2,098,542	20	413,487	1,111	26,580,140	6.77%	23,925
December 31, 2017	92	2,807,643	18	328,332	1,185	29,059,451	9.33%	24,523
December 31, 2018	76	2,443,624	23	415,991	1,238	31,087,084	6.98%	25,111

*Includes benefit adjustments

Table 18 - Summary of Members and Adjusted Payroll by Employer

City Code	City Name	Police		Fire		Total	
		No.	Earnings	No.	Earnings	No.	Earnings
550	ADAMS COUNTY FPD	0	\$ 0	98	\$ 8,885,258	98	\$ 8,885,258
1	AGUILAR	1	55,979	0	0	1	55,979
3	ALAMOSA	23	1,229,596	0	0	23	1,229,596
4	ALMA	2	111,629	0	0	2	111,629
5	ANTONITO	2	63,336	0	0	2	63,336
7	ARVADA	181	15,926,254	0	0	181	15,926,254
501	ARVADA FPD	0	0	157	14,021,652	157	14,021,652
8	ASPEN	25	1,931,545	0	0	25	1,931,545
711	ASPEN FPD	0	0	2	260,882	2	260,882
9	AULT	5	252,009	0	0	5	252,009
712	AULT FPD	0	0	7	333,967	7	333,967
10	AURORA	710	62,284,203	416	31,006,454	1,126	93,290,657
11	AVON	19	1,354,638	0	0	19	1,354,638
12	BASALT	11	906,195	0	0	11	906,195
13	BAYFIELD	8	459,588	0	0	8	459,588
718	BENNETT FPD #7	0	0	22	1,028,090	22	1,028,090
503	BERTHOUD FPD	0	0	23	1,426,701	23	1,426,701
5030	BERTHOUD FPD	0	0	2	229,631	2	229,631
538	BEULAH FIRE PROTECTION & AMBULANCE DISTRICT	0	0	1	58,488	1	58,488
7331	BIG SANDY FPD	0	0	1	38,399	1	38,399
580	BLACK FOREST FIRE RESCUE	0	0	14	817,580	14	817,580
723	BLACK HAWK	0	0	19	1,655,298	19	1,655,298
18	BLANCA	2	71,999	0	0	2	71,999
22	BOULDER	176	15,988,313	116	11,356,636	292	27,344,949
726	BOULDER MOUNTAIN FPD	0	0	4	228,055	4	228,055
730	BOULDER RURAL FPD	0	0	14	1,101,963	14	1,101,963
7700	BRIGGSDALE FPD	0	0	1	40,500	1	40,500
3260	BRIGHTON	1	123,446	0	0	1	123,446
326	BRIGHTON	65	4,837,042	0	0	65	4,837,042
26	BRIGHTON (GREATER) FPD	0	0	66	5,123,003	66	5,123,003

Table 18 (continued) - Summary of Members and Adjusted Payroll by Employer

City Code	City Name	Police		Fire		Total	
		No.	Earnings	No.	Earnings	No.	Earnings
504	BROADMOOR FPD	0	\$ 0	4	\$ 313,230	4	\$ 313,230
27	BROOMFIELD	163	6,839,323	0	0	163	6,839,323
28	BRUSH	12	582,464	0	0	12	582,464
29	BUENA VISTA	10	606,375	3	127,963	13	734,338
735	BYERS FPD #9	0	0	1	42,800	1	42,800
33	CANON CITY	30	1,542,042	0	0	30	1,542,042
533	CANON CITY AREA FPD	0	0	31	2,190,602	31	2,190,602
740	CARBONDALE & RURAL FPD	0	0	20	1,349,480	20	1,349,480
35	CASTLE ROCK	0	0	86	7,247,142	86	7,247,142
37	CENTER	6	236,600	0	0	6	236,600
38	CENTRAL CITY	0	0	1	86,830	1	86,830
749	CHAFFEE COUNTY FPD	0	0	4	221,911	4	221,911
505	CHERRY HILLS FPD (SOUTH METRO FIRE RESCUE)	0	0	2	254,506	2	254,506
40	CHERRY HILLS VILLAGE	23	2,084,249	0	0	23	2,084,249
754	CIMARRON HILLS FPD	0	0	14	871,294	14	871,294
7125	CLEAR CREEK FIRE AUTHORITY	0	0	4	237,352	4	237,352
509	CLIFTON FPD	0	0	16	1,006,846	16	1,006,846
757	COAL CREEK CANYON FPD	0	0	1	67,499	1	67,499
44	COLLBRAN MARSHALS	2	72,857	0	0	2	72,857
531	COLORADO RIVER FPD	0	0	56	3,644,826	56	3,644,826
45	COLORADO SPRINGS	679	51,750,199	400	32,919,255	1,079	84,669,454
46	COLUMBINE VALLEY	6	374,780	0	0	6	374,780
47	COMMERCE CITY	108	8,894,773	0	0	108	8,894,773
48	CORTEZ	33	1,678,157	0	0	33	1,678,157
765	CORTEZ FPD	0	0	14	616,989	14	616,989
772	CRESTED BUTTE FPD	0	0	18	995,802	18	995,802
774	CRIPPLE CREEK	0	0	13	788,027	13	788,027
57	DACONO	12	836,424	0	0	12	836,424
58	DEBEQUE	4	236,477	0	0	4	236,477
779	DEBEQUE FPD	0	0	7	586,708	7	586,708

Table 18 (continued) - Summary of Members and Adjusted Payroll by Employer

City Code	City Name	Police		Fire		Total	
		No.	Earnings	No.	Earnings	No.	Earnings
60	DEL NORTE	2	\$ 109,716	0	\$ 0	2	\$ 109,716
61	DELTA	17	1,054,384	0	0	17	1,054,384
62	DENVER	1,458	133,072,867	912	84,154,135	2,370	217,227,002
63	DILLON	11	793,167	0	0	11	793,167
64	DINOSAUR	1	42,000	0	0	1	42,000
566	DONALD WESCOTT FPD	0	0	19	1,080,249	19	1,080,249
67	DURANGO	51	3,506,581	0	0	51	3,506,581
567	DURANGO FPD	0	0	79	5,460,014	79	5,460,014
522	EAGLE RIVER FPD	0	0	63	4,630,911	63	4,630,911
507	EAST GRAND FPD #4	0	0	5	311,868	5	311,868
795	EATON FPD	0	0	16	810,668	16	810,668
73	EDGEWATER	17	1,114,922	0	0	17	1,114,922
74	ELIZABETH	7	425,060	0	0	7	425,060
515	ELIZABETH FPD	0	0	17	1,121,744	17	1,121,744
7102	ELK CREEK FPD	0	0	12	742,035	12	742,035
75	EMPIRE	1	52,000	0	0	1	52,000
76	ENGLEWOOD	74	6,465,327	0	0	74	6,465,327
77	ERIE	33	2,382,321	0	0	33	2,382,321
523	ESTES VALLEY FPD	0	0	4	292,933	4	292,933
79	EVANS	35	2,759,388	0	0	35	2,759,388
579	EVANS FPD	0	0	17	1,116,735	17	1,116,735
7109	EVERGREEN FPD	0	0	4	320,464	4	320,464
510	FAIRMOUNT FPD	0	0	26	1,766,760	26	1,766,760
80	FAIRPLAY MARSHALLS	4	207,295	0	0	4	207,295
7112	FALCON FPD	0	0	30	1,763,592	30	1,763,592
81	FEDERAL HEIGHTS	22	1,552,702	15	1,066,858	37	2,619,560
810	FEDERAL HEIGHTS FIRE	0	0	1	116,230	1	116,230
82	FIRESTONE	27	2,081,991	0	0	27	2,081,991
85	FLORENCE	13	582,482	0	0	13	582,482
7222	FOOTHILLS FIRE & RESCUE	0	0	3	188,114	3	188,114

Table 18 (continued) - Summary of Members and Adjusted Payroll by Employer

City Code	City Name	Police		Fire		Total	
		No.	Earnings	No.	Earnings	No.	Earnings
86	FORT COLLINS	249	\$ 21,098,573	1	\$ 92,898	250	\$ 21,191,471
7122	FORT LEWIS MESA FPD	0	0	2	120,476	2	120,476
87	FORT LUPTON	19	1,249,941	0	0	19	1,249,941
7123	FORT LUPTON FPD	0	0	27	1,713,650	27	1,713,650
88	FORT MORGAN	28	1,605,026	0	0	28	1,605,026
89	FOUNTAIN	51	1,950,673	29	1,947,543	80	3,898,216
511	FRANKTOWN FPD	0	0	19	1,162,749	19	1,162,749
592	FREDERICK FIRESTONE FPD	0	0	41	2,835,162	41	2,835,162
5920	FREDERICK FIRESTONE FPD	0	0	5	475,305	5	475,305
93	FRISCO	11	677,107	0	0	11	677,107
7131	FRONT RANGE FIRE RESCUE FPD	0	0	28	1,911,479	28	1,911,479
94	FRUITA	17	965,958	0	0	17	965,958
7132	GALETON FPD	0	0	2	144,998	2	144,998
95	GARDEN CITY	4	200,131	0	0	4	200,131
7135	GATEWAY-UNAWEEP FPD	0	0	6	149,362	6	149,362
7136	GENESEE FPD	0	0	2	163,220	2	163,220
97	GEORGETOWN	2	143,236	0	0	2	143,236
99	GLENDALE	28	2,201,147	0	0	28	2,201,147
100	GLENWOOD SPRINGS	27	1,931,073	27	2,177,930	54	4,109,003
101	GOLDEN	49	4,011,427	10	867,632	59	4,879,059
102	GRANADA	1	31,140	0	0	1	31,140
7147	GRAND FPD #1	0	0	3	190,967	3	190,967
104	GRAND JUNCTION	114	8,491,209	120	4,491,083	234	12,982,292
7149	GRAND LAKE FPD	0	0	7	308,107	7	308,107
7150	GRAND VALLEY FPD	0	0	20	1,571,390	20	1,571,390
7153	GREATER EAGLE FPD	0	0	16	986,467	16	986,467
107	GREELEY	157	12,952,019	101	8,398,456	258	21,350,475
512	GREEN MOUNTAIN FALLS-CHIPITA PARK FPD	0	0	1	53,155	1	53,155
109	GREENWOOD VILLAGE	64	5,362,115	0	0	64	5,362,115
7156	GYPSSUM FPD	0	0	8	500,910	8	500,910

Table 18 (continued) - Summary of Members and Adjusted Payroll by Employer

City Code	City Name	Police		Fire		Total	
		No.	Earnings	No.	Earnings	No.	Earnings
7158	HARTSEL FPD	0	\$ 0	2	\$ 113,925	2	\$ 113,925
115	HAXTUN	3	142,212	0	0	3	142,212
119	HOLYOKE	5	221,051	0	0	5	221,051
7176	HUDSON FPD	0	0	23	1,398,077	23	1,398,077
124	HUGO	3	131,699	0	0	3	131,699
125	IDAHO SPRINGS	9	520,810	0	0	9	520,810
126	IGNACIO	8	498,573	0	0	8	498,573
7185	INDIAN HILLS FPD	0	0	1	43,260	1	43,260
7187	INTER-CANYON FPD	0	0	2	108,158	2	108,158
7191	JEFFERSON-COMO FPD	0	0	6	306,349	6	306,349
129	JOHNSTOWN	18	1,202,660	0	0	18	1,202,660
132	KERSEY	4	210,549	0	0	4	210,549
7198	KIOWA FPD	0	0	3	165,423	3	165,423
5136	KREMMLING FPD	0	0	2	114,320	2	114,320
138	LA JARA	4	185,998	0	0	4	185,998
139	LA JUNTA	15	690,233	10	368,405	25	1,058,638
144	LA SALLE	8	489,507	0	0	8	489,507
7211	LA SALLE FPD	0	0	11	718,308	11	718,308
146	LA VETA	2	75,325	0	0	2	75,325
137	LAFAYETTE	41	3,503,292	28	2,040,419	69	5,543,711
7206	LAKE GEORGE FPD	0	0	1	40,000	1	40,000
263	LAKESIDE	4	220,480	0	0	4	220,480
143	LAMAR	17	810,095	8	359,084	25	1,169,179
141	LARKSPUR FPD	0	0	18	1,051,493	18	1,051,493
147	LEADVILLE	9	377,622	11	581,041	20	958,663
574	LEFTHAND FPD	0	0	2	174,000	2	174,000
149	LITTLETON	81	4,829,050	0	0	81	4,829,050
150	LOCHBUIE	11	642,887	0	0	11	642,887
214	LOG LANE VILLAGE	1	40,743	0	0	1	40,743
268	LONE TREE	52	4,013,779	0	0	52	4,013,779

Table 18 (continued) - Summary of Members and Adjusted Payroll by Employer

City Code	City Name	Police		Fire		Total	
		No.	Earnings	No.	Earnings	No.	Earnings
151	LONGMONT	152	\$ 12,867,016	87	\$ 7,830,582	239	\$ 20,697,598
578	LOS PINOS FPD	0	0	16	820,472	16	820,472
153	LOVELAND	112	9,402,851	0	0	112	9,402,851
2153	LOVELAND FRA	0	0	87	6,777,045	87	6,777,045
7226	LOWER VALLEY FPD	0	0	17	908,530	17	908,530
7227	LYONS FPD	0	0	4	204,179	4	204,179
157	MANITOU SPRINGS	13	837,367	6	415,684	19	1,253,051
160	MEAD	6	411,525	0	0	6	411,525
163	MILLIKEN	9	540,959	0	0	9	540,959
166	MONTE VISTA	12	499,903	0	0	12	499,903
167	MONTROSE	39	1,060,596	0	0	39	1,060,596
537	MONTROSE FPD	0	0	32	2,365,970	32	2,365,970
168	MONUMENT	16	1,098,931	0	0	16	1,098,931
170	MOUNTAIN VIEW	11	629,503	0	0	11	629,503
516	MOUNTAIN VIEW FPD	0	0	89	8,087,808	89	8,087,808
266	MOUNTAIN VILLAGE	5	317,926	0	0	5	317,926
7246	NEDERLAND FPD	0	0	5	283,928	5	283,928
7251	NORTH FORK FPD	0	0	1	66,699	1	66,699
532	NORTH METRO FIRE RESCUE	0	0	121	10,517,420	121	10,517,420
7253	NORTH ROUTT FPD	0	0	1	66,949	1	66,949
7255	NORTHEAST TELLER COUNTY FPD	0	0	13	808,040	13	808,040
175	NORTHGLENN	61	4,626,169	0	0	61	4,626,169
7259	NORTH-WEST FPD	0	0	13	677,973	13	677,973
178	NUNN	2	97,364	0	0	2	97,364
179	OAK CREEK	2	106,638	0	0	2	106,638
7263	OAK CREEK FPD	0	0	4	216,311	4	216,311
1790	OAK CREEK POLICE	1	72,934	0	0	1	72,934
180	OLATHE	5	206,774	0	0	5	206,774
588	PAGOSA FPD	0	0	13	616,907	13	616,907
188	PAGOSA SPRINGS	6	301,590	0	0	6	301,590

Table 18 (continued) - Summary of Members and Adjusted Payroll by Employer

City Code	City Name	Police		Fire		Total	
		No.	Earnings	No.	Earnings	No.	Earnings
189	PALISADE	10	\$ 531,578	2	\$ 126,733	12	\$ 658,311
190	PALMER LAKE	2	118,549	2	139,249	4	257,798
192	PAONIA	4	155,935	0	0	4	155,935
106	PARACHUTE	5	281,204	0	0	5	281,204
191	PARKER	67	5,756,375	0	0	67	5,756,375
7281	PEYTON FPD	0	0	1	29,993	1	29,993
7481	PLATEAU VALLEY FPD	0	0	5	321,559	5	321,559
7285	PLATTE CANYON FPD	0	0	18	1,097,436	18	1,097,436
7287	PLATTE VALLEY FPD	0	0	21	1,550,718	21	1,550,718
196	PLATTEVILLE	9	518,276	0	0	9	518,276
513	PLATTEVILLE/GILCREST FPD	0	0	25	1,657,309	25	1,657,309
7289	PLEASANT VIEW METRO FIRE DISTRICT	0	0	7	385,947	7	385,947
518	POUDRE FIRE AUTHORITY	0	0	185	18,673,206	185	18,673,206
199	PUEBLO	209	14,218,152	135	9,539,232	344	23,757,384
519	PUEBLO RURAL FPD	0	0	26	1,346,098	26	1,346,098
7294	PUEBLO WEST METRO FPD	0	0	24	1,313,987	24	1,313,987
201	RANGELY	4	311,213	0	0	4	311,213
7298	RATTLESNAKE FPD	0	0	3	199,554	3	199,554
521	RED WHITE & BLUE FPD	0	0	50	4,081,184	50	4,081,184
206	RIFLE	20	1,270,955	0	0	20	1,270,955
551	ROARING FORK FRA	0	0	30	2,190,894	30	2,190,894
208	ROCKY FORD	7	246,220	5	164,999	12	411,219
752	ROCKY MOUNTAIN FPD	0	0	45	3,791,872	45	3,791,872
7314	RYE FPD	0	0	6	272,834	6	272,834
542	SABLE-ALTURA FPD	0	0	8	298,928	8	298,928
213	SALIDA	18	1,029,738	10	686,341	28	1,716,079
215	SANFORD	1	31,999	0	0	1	31,999
543	SECURITY FPD	0	0	35	1,552,074	35	1,552,074
219	SEVERANCE POLICE	4	322,758	0	0	4	322,758
220	SHERIDAN	31	2,243,634	0	0	31	2,243,634

Table 18 (continued) - Summary of Members and Adjusted Payroll by Employer

City Code	City Name	Police		Fire		Total	
		No.	Earnings	No.	Earnings	No.	Earnings
222	SILT	8	\$ 377,232	0	\$ 0	8	\$ 377,232
228	SNOWMASS VILLAGE	10	776,917	0	0	10	776,917
525	SOUTH ADAMS COUNTY FPD	0	0	52	3,808,935	52	3,808,935
7339	SOUTH FORK	1	54,319	0	0	1	54,319
5339	SOUTH FORK FPD	0	0	5	250,176	5	250,176
540	SOUTH METRO FIRE RESCUE FPD	0	0	551	51,138,767	551	51,138,767
7340	SOUTHEAST WELD FPD	0	0	20	1,025,935	20	1,025,935
7341	SOUTHEAST WELD FPD	0	0	2	181,119	2	181,119
548	SOUTHERN PARK COUNTY FPD	0	0	1	37,500	1	37,500
229	SPRINGFIELD	3	96,199	0	0	3	96,199
231	STEAMBOAT SPRINGS	28	1,961,159	29	1,956,969	57	3,918,128
232	STERLING	23	1,203,810	22	1,010,673	45	2,214,483
7348	STRASBURG FPD #8	0	0	4	158,892	4	158,892
7349	STRATMOOR HILLS FPD	0	0	7	349,443	7	349,443
549	SUMMIT FIRE & EMS AUTHORITY	0	0	63	4,806,537	63	4,806,537
237	TELLURIDE	11	755,260	0	0	11	755,260
545	TELLURIDE FPD	0	0	8	621,257	8	621,257
238	THORNTON	0	0	129	11,071,614	129	11,071,614
338	THORNTON	231	18,567,283	0	0	231	18,567,283
7354	TIMBERLINE FPD	0	0	2	98,067	2	98,067
2557	TRI-LAKES MONUMENT FPD	0	0	49	3,756,623	49	3,756,623
2400	TRINIDAD	0	0	1	52,067	1	52,067
240	TRINIDAD	23	1,069,841	16	819,642	39	1,889,483
595	UPPER PINE RIVER FPD	0	0	31	1,635,064	31	1,635,064
242	VAIL	27	2,211,581	35	2,581,090	62	4,792,671
7369	WELLINGTON FPD	0	0	24	1,539,147	24	1,539,147
7373	WEST DOUGLAS COUNTY FPD	0	0	1	93,577	1	93,577
534	WEST METRO FPD	0	0	326	30,380,096	326	30,380,096
5340	WEST METRO FPD	0	0	27	3,124,545	27	3,124,545
7375	WEST ROUTT FPD	0	0	8	270,900	8	270,900

Table 18 (continued) - Summary of Members and Adjusted Payroll by Employer

City Code	City Name	Police		Fire		Total	
		No.	Earnings	No.	Earnings	No.	Earnings
2520	WESTMINSTER	0	0	2	187,422	2	187,422
252	WESTMINSTER	0	0	128	10,791,503	128	10,791,503
253	WHEAT RIDGE	76	6,081,343	0	0	76	6,081,343
254	WIGGINS	3	126,749	0	0	3	126,749
7384	WINDSOR SEVERANCE FPD	0	0	38	2,414,243	38	2,414,243
259	WOODLAND PARK	22	1,210,671	0	0	22	1,210,671
260	WRAY	5	238,886	0	0	5	238,886
262	YUMA	8	394,049	0	0	8	394,049
Totals		6,530	\$ 514,449,966	6,217	\$ 498,216,577	12,747	\$ 1,012,666,543

Table 19 - Summary of Inactive Members

	<u>Count</u>	<u>Average Age</u>	<u>Average Monthly Benefit</u>
Totally Disabled Members*	157	58.9	\$3,347
Occupationally Disabled Members*	949	58.4	\$1,893
Beneficiaries of Deceased Active Members	132	53.7	\$2,037

* Including beneficiaries of deceased retirees

SECTION IV

APPENDICES

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

I. Valuation Date

The valuation date is January 1st of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

II. Actuarial Cost Method

The actuarial valuation uses the Aggregate Funding Method. Under this method, the contribution rate is calculated to fully fund the present value of all benefits over the remaining working career of the active employees. The contribution rate is determined as a percentage of increasing payroll.

1. The valuation is prepared on the projected benefit basis. The present value of each participant's expected benefit payable at retirement or termination is determined, based on age, service, sex, compensation, and the interest rate assumed to be earned in the future (7.0%). The calculations take into account the probability of a participant's death or termination of employment prior to becoming eligible for a benefit, as well as the possibility of his terminating with a service benefit. Future salary increases are also anticipated. The present value of the expected benefits payable on account of the active participants is added to the present value of the expected future payments to retired participants and beneficiaries to obtain the present value of all expected benefits payable from the Plan on account of the present group of participants and beneficiaries.
2. The actuarial value of assets is subtracted from the present value of all expected benefits to determine the present value of future normal costs. The future normal costs are spread across the future value of salaries to be paid to the current active population to determine a contribution rate.

III. Actuarial Value of Assets

Effective January 1, 2013, the actuarial value of assets is equal to the market value of assets less a five-year phase in of the excess (shortfall) between expected investment return and actual income. The actual calculation is based on the difference between actual earnings and expected earnings each year, and recognizes the cumulative excess return (or shortfall) over at a minimum rate of 20% per year. The speed of the recognition will increase if the Plan continues to be in the same net deferred position (net gain or net loss) from one year to the next. This is intended to ensure the smoothed value of assets will converge towards the market value in a reasonable amount of time. In addition, a gain or loss that is in the opposite direction of the current net position will be immediately recognized.

Expected earnings are determined using the assumed investment return rate and the beginning of year actuarial value of assets (adjusted for receipts and disbursements during the year). The returns are computed net of administrative and investment expenses.

IV. Actuarial Assumptions

The current assumptions were adopted by the Board in 2018 for first use in this valuation following a regularly scheduled experience study. The rationale for all of the current assumptions is included in that report, dated September 21, 2018.

A. Economic Assumptions

1. Investment return: 7.00% per annum, compounded annually, composed of an assumed 2.50% inflation rate and a 4.50% real rate of return. This rate represents the assumed return, net of investment expenses.
2. Salary increase rate: Inflation rate of 2.50%, plus productivity component of 1.75%, plus step-rate/ promotional component as shown:

Years of Service	Annual Step-rate/ Promotional Rate	Total Annual Rate of Increase Including 2.50% Inflation Component and 1.75% Productivity Component
(1)	(2)	(4)
1	7.00%	11.25%
2	7.00%	11.25%
3	6.50%	10.75%
4	6.00%	10.25%
5	3.50%	7.75%
6	1.50%	5.75%
7	1.50%	5.75%
8	1.00%	5.25%
9	1.00%	5.25%
10	0.75%	5.00%
11	0.75%	5.00%
12	0.50%	4.75%
13	0.50%	4.75%
14	0.25%	4.50%
15	0.00%	4.25%

Salary increases are assumed to occur once a year, on January 1. Therefore the pay used for the period between the valuation date and the first anniversary of the valuation date is equal to the reported pay for the prior year, annualized if necessary, and then increased by the salary increase assumption.

3. Payroll growth rate: In the amortization of the unfunded actuarial accrued liability, payroll is assumed to increase 3.50% per year. This increase rate is primarily due to the effect of inflation on salaries, with no allowance for future membership growth.

B. Demographic Assumptions

1. Mortality rates (members in payment status) –

a. Healthy retirees and beneficiaries: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

Annual Rate per 1,000 Members					
Attained Age in 2019	Males	Females	Attained Age in 2019 (cont.)	Males	Females
(1)	(2)	(3)	(4)	(5)	(6)
50	4.05	2.73	70	17.27	13.03
55	5.80	3.83	75	27.58	21.40
60	8.13	5.73	80	46.58	36.63
65	11.65	8.44	85	81.60	65.45

The following table provides the life expectancy for an individual age 55 at retirement in a given year based on the assumption with full generational projection:

Gender	Year of Retirement			
	2019	2024	2029	2034
Male	29.8	30.3	30.8	31.3
Female	32.3	32.7	33.2	33.6

b. Occupationally disabled retirees: Healthy retiree tables set forward three years.

Annual Rate per 1,000 Members					
Attained Age in 2019	Males	Females	Attained Age in 2019 (cont.)	Males	Females
(1)	(2)	(3)	(4)	(5)	(6)
50	5.08	3.29	70	22.69	17.47
55	7.08	4.88	75	37.56	29.37
60	10.07	7.23	80	65.00	51.73
65	14.63	10.85	85	114.76	92.97

c. Totally disabled retirees: RP-2014 Disabled Mortality Tables, projected with Scale BB, with minimum probability of 3% for males and 2% for females.

Annual Rate per 1,000 Members					
Attained Age in 2019	Males	Females	Attained Age in 2019 (cont.)	Males	Females
(1)	(2)	(3)	(4)	(5)	(6)
50	30.00	20.00	70	41.56	28.56
55	30.00	20.00	75	55.82	41.95
60	30.00	20.00	80	79.79	64.16
65	33.51	21.88	85	119.31	97.81

2. Mortality rates (active members) – 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality. Increased by 0.00015 for on-duty related Fire and Police experience. Sample rates are shown below:

Annual Rate per 1,000 Members					
Attained Age in 2019	Males	Females	Attained Age in 2019 (cont.)	Males	Females
(1)	(2)	(3)	(4)	(5)	(6)
20	0.34	0.23	40	0.50	0.38
25	0.40	0.24	45	0.65	0.49
30	0.40	0.27	50	0.99	0.69
35	0.45	0.31	55	1.56	1.04

3. Disability rates: Sample rates are shown below.

Annual Rate per 1,000 Members				
Age	Occupational Disability Rates (MP)	Occupational Disability Rates (SWDB)	Total Disability Rates (MP)	Total Disability Rates (SWDB)
(1)	(2)	(3)	(4)	(5)
25	0.25	0.48	0.01	0.02
30	1.18	2.26	0.11	0.17
35	1.60	3.05	0.23	0.34
40	2.35	4.48	0.35	0.52
45	4.09	5.53	0.48	0.72
50	8.86	8.22	0.63	0.94
55	15.53	11.56	0.78	1.17

4. Termination rates (for causes other than death, disability or retirement):
Termination rates are based on service. Termination rates are not applied after a member becomes eligible for a retirement benefit. Rates at selected ages are shown:

Annual Rate per 1,000 Members					
Service	Rates	Service (cont.)	Rates	Service (cont.)	Rates
0	98.5	8	25.5	16	9.4
1	84.6	9	21.3	17	9.1
2	72.3	10	17.9	18	8.8
3	61.4	11	15.3	19	8.5
4	51.9	12	13.3	20	8.1
5	43.6	13	11.7	21	7.5
6	36.5	14	10.7	22	6.5
7	30.5	15	9.9	23	5.2

5. Retirement rates: Members are assumed to retire at the time of attaining:
- A. Statewide Defined Benefit Plan Members and other New Hire Plan Members: Age 55 with 22 years of service or current age, if greater.
 - B. Money Purchase Plan Members: The earliest of Age 65 or Age 55 with 25 years of service; or current age, if greater. For members age 55 with less than 25 years of service, service-based rates consistent with the SWDB service-based rates shown below.
 - C. All Other Plan members: Age 52 or current age, if greater.

C. Other Assumptions

1. Family status: 85% of employees are assumed to be married or in a civil union. Those assumed to be married or in a civil union are assumed to have two or more dependent children until age 51.
2. Age difference: Male members are assumed to be two years older than their spouses, and female members are assumed to be two years younger than their spouses.
3. Post-retirement benefit adjustments: Totally disabled 3.0%; All others 0.0%.
4. Percent electing annuity on death (when eligible): All of the spouses of vested, married participants are assumed to elect an annuity.
5. There will be no recoveries once disabled.
6. No surviving spouse will remarry.
7. Earned income: It is assumed that there are no offsets for Worker's Compensation or other current income.
8. Dependent children: Dependency status assumed to terminate at age 21.
9. Combined spouse/dependent records: In cases, where an annuitant record includes benefits for both a spouse and a dependent child, the total benefit was assumed to be payable for the life of the spouse.
10. Administrative expenses: Based on actual administrative expenses paid in the prior year, adjusted by wage inflation.
11. Money Purchase Offset: For members where no data is available, the current money purchase balance is estimated using current pay, estimated pay histories, actual plan investment returns, and the current money purchase contribution rate specific by employer. The balance is projected forward using 7.00% investment returns, and the current money purchase contribution rate specific by employer. The money purchase account used for offset is limited based on the specific money purchase contribution rate by employer and the contribution rate requirements for the Statewide Death & Disability Plan. At decrement, the limited account is converted to an annuity using current actuarial equivalence factors.
12. SRA Offset: The SRA balances are projected forward using 7.00% investment returns. For reentry members, the assumed annual contribution to the account is 4% less the surcharge determined as of the prior valuation. At decrement, the account is converted to an annuity using current actuarial equivalence factors.
13. Decrement timing: Decrements of all types are assumed to occur mid-year.

14. Eligibility testing: Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
15. Decrement relativity: Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
16. Incidence of Contributions: Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.

D. Participant Data

Participant data was supplied on electronic files in the form of spreadsheets. There were separate tabs for (i) active and non-vested inactive members, and (ii) members and beneficiaries receiving benefits or vested inactives.

The data for an active members included birthdate, sex, service, salary and employee contribution account balance. For retired members and beneficiaries, the data included date of birth, sex, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and a form of payment code.

Salary supplied for the current year was based on the following:

- If the YTD service credit is at least 12, then use the earnings for the year preceding the valuation date
- If the YTD service credit is less than 12, then use the greater of the earnings for the year preceding the valuation date or the annual salary.
- If the YTD service credit is less than 12, greater than 0 and the Member DD Flag is N, then use the annualized earnings for the year preceding the valuation date.
- If both Salary YTD and Annual Salary are zero, an array of salaries based on service will be used to estimate the salary.
- Finally, the prior salaries are used to prevent the valuation salary from decreasing.

Assumptions were made to correct for missing, bad, or inconsistent data. These had no material impact on the results presented.

E. Changes to the assumptions:

Since the prior valuation, the Board adopted new assumptions based on the 2018 Experience Study. The changes from the prior assumption set are summarized below:

Economic Assumptions

1. Decrease the real rate of return assumption from 5.00% to 4.50%, resulting in overall change to the nominal return assumption of 7.0%.
2. Increase the productivity component of the salary scale assumption from 1.50% to 1.75%. Combining with the inflation rate of 2.50% creates ultimate salary scale assumption of 4.25%.
3. Slightly modify the service-based promotional/longevity component of the salary scale.

Demographic Assumptions

4. Remove the blue collar adjustment from the mortality tables being used and update the mortality projection scale from Scale BB to the ultimate rates of the MP-2017 projection scale.
5. Increase disability rates for members covered by a defined benefit program.

SUMMARY OF BENEFIT PROVISIONS

Plan Description

The Fire & Police Pension Association Statewide Death & Disability Plan (“Plan”) is a cost-sharing multiple-employer defined benefit death and disability plan covering full-time employees of substantially all fire and police departments in Colorado. As of August 5, 2003, the Plan may include part-time police and fire employees. Contributions to the Plan are used for the payment of death and disability benefits. Employers who are covered by Social Security may elect supplementary coverage by the Plan. The Plan was established in 1980 pursuant to Colorado Revised Statutes. The Plan assets are included in the Fire & Police Members’ Benefit Investment Fund.

Plan benefits provide 24-hour coverage, both on and off duty and are available for members not eligible for normal retirement under a defined benefit plan, or members who have not met 25 years of accumulated service and age 55 under a money purchase plan.

In the case of an on-duty death, benefits may be payable to the surviving spouse and/or dependent children of active members who were eligible to retire, but were still working. Death and disability benefits are free from state and federal taxes in the event that a member’s disability is determined to be the result of an on-duty injury or an occupational disease.

Plan Year

A twelve-month period ending December 31.

Members Included

Members included are active employees who are full-time salaried employees of a participating municipality or fire protection district normally serving at least 1,600 hours in a calendar year and whose duties are directly involved with the provision of police or fire protection. As of August 5, 2003, the Plan may include part-time police and fire employees. A department chief who elects to be exempted from the Fire & Police Pension Association Defined Benefit System and covered under Social Security or Colorado Public Employees Retirement Association shall not be covered by the Plan.

Also included are employees of any employer that covers members under the federal Social Security Act or any county that chooses to affiliate with the Fire & Police Pension Association and includes all personnel employed by a sheriff expected to work 1,600 hours or more in a calendar year who are directly involved with the provision of law enforcement or fire protection, as certified by the county, except that personnel whose position does not require passage of a fitness for duty test shall not be eligible for participation in the Statewide Death & Disability Plan.

Compensation Considered (Base Salary)

Base salary means the total base rate of pay including Member Contributions to the Statewide Defined Benefit Plan or Statewide Money Purchase Plan (or contributions to any alternate retirement plan) which are “picked up” by the employer:

- 1) And shall also include longevity pay, sick leave pay taken in the normal course of employment, vacation leave pay taken in the normal course of employment, shift differential, and mandatory overtime that is part of the Member’s fixed, periodic compensation.
- 2) Accumulated vacation leave pay will also be included if a Member completes their service requirement for purposes of Normal retirement while exhausting accumulated vacation leave.
- 3) In the event an employer has established or does establish a Deferred Compensation Plan, the amount of the Member's salary that is deferred shall be included in the Member's base salary.
- 4) Any amounts voluntarily contributed to an Internal Revenue Code Section 125 “Cafeteria Plan” shall be included in the Member's base salary.
- 5) Base salary shall not include overtime pay (except as noted in 1) above), step-up pay or other pay for temporarily acting in a higher rank (a Member is deemed temporarily acting in a higher rank if the appointment to the rank is anticipated to last less than six months), uniform allowances, accumulated sick leave pay, accumulated vacation leave pay (except as noted in 2) above), and other forms of extra pay (including Member Contributions which are paid by the employer and not deducted from the Member's salary).
- 6) The base salary under the Plan for each Member of the Colorado Springs New Hire Pension Plan shall be the same as the basic salary as defined in the Colorado Springs New Hire Pension Plan.

Contribution Rates

Prior to 1997, the Plan was primarily funded by the State of Colorado, whose contributions were established by Colorado statute. In 1997 the State made a one-time contribution of \$39,000,000 to fund past and future service costs for all firefighters and police officers hired prior to January 1, 1997. No further State contributions are anticipated.

Members hired on or after January 1, 1997 and members covered by Social Security, began contributing 2.4 percent of base salary to this Plan as of January 1, 1997. The contribution increased to 2.6 percent of base salary as of January 1, 2007. The contribution rate increased to 2.7 percent of base salary as of January 1, 2017. The contribution rate increased to 2.8 percent of base salary as of January 1, 2019. This percentage can vary depending on actuarial experience. All contributions are made by members or on behalf of members. The contribution may be paid entirely by the employer or member, or it may be split between the employer and the member.

Pre-Retirement Death Benefits

If a member dies prior to normal retirement eligibility while off-duty, the surviving spouse shall receive a benefit equal to 40 percent of the monthly base salary paid to the member prior to death. An additional 10 percent of base salary is payable if a surviving spouse has two or more dependent children. If there is no surviving spouse, but the member had one or two dependent children, the benefit payable is 40 percent of the member's monthly base salary. If there is no spouse but three or more dependent children, the benefit equals 50 percent of the member's monthly base salary.

As of October 15, 2002, if a member dies prior to retirement while on-duty; the surviving spouse shall receive a benefit equal to 70 percent of the member's monthly base salary regardless of the number of dependent children. If there is no spouse but one or more dependent children living in the member's household the benefit equals 70 percent of the member's monthly base salary. If there are dependent children without a surviving spouse, and they do not live in the household, the benefit is 40 percent for the first child and 15 percent for each additional child, but not greater than 70 percent in total of the member's monthly base salary. Benefits will be paid to the spouse until death and to dependent children until age 23, death, marriage or other termination of dependency. Benefits may be extended for an incapacitated child.

For purposes of this Plan, a spouse includes a partner in a civil union. These benefits are offset by Money Purchase account balances, Stabilization Reserve Accounts ("SRA") and Deferred Retirement Option Plan ("DROP") accounts, converted to annuities.

Disability Benefits

The Plan provides the members with two types of disability: occupational and total.

Occupational Disability means a member is unable to perform their assigned duties due to a medical condition that is expected to last at least 1 year. Assigned duties are those specific tasks or job duties that a member is required to regularly perform. Within the Occupational Disability category, there are two sub-categories: Temporary Occupational Disability and Permanent Occupational Disability.

Temporary Occupational Disability is an occupational disability for which there is prognosis for improvement or recovery through surgical treatment, counseling, medication, therapy or other means.

Permanent Occupational Disability is an occupational disability caused by a condition that is permanent or degenerative and for which there is no prognosis for improvement or recovery through surgical treatment, counseling, medication, therapy or other means.

Total Disability means the member is unable to engage in any substantial gainful activity due to a medically determined physical or mental impairment that may be expected to result in death or that has lasted or is expected to last at least 1 year.

A member who becomes disabled prior to normal retirement eligibility shall be eligible for disability benefits.

If the member is totally disabled, the member shall receive 70 percent of their base salary preceding disability.

If the member is occupationally disabled and their disability is determined to be a permanent occupational disability, the member shall receive 50 percent of their base salary preceding disability regardless of their family status. If the member is occupationally disabled and the disability is determined to be a temporary occupational disability, the member shall receive 40 percent of their base salary preceding disability regardless of their family status for up to five years.

Total disability and permanent occupational disability benefits are offset by the Money Purchase, SRA or DROP balances, converted to annuities. For member's who also participate in Social Security, disability benefits are reduced by Social Security disability benefits derived from employment as a member, if applicable.

Temporary Occupational Disability benefits are payable for a maximum of five years. Permanent Occupational and Total Disability benefits are payable as long as the member remains disabled.

Offsets for Money Purchase Balances, SRA, and DROP

Plan benefits are reduced by the actuarially equivalent annuities of the Money Purchase, SRA, and DROP account balances. A maximum of 16 percent (or 20 percent for reentry members) of the annual Money Purchase contributions apply for this purpose. Benefits provided by the Plan are also offset by any defined benefit that the member may have received due to work as a Colorado firefighter or police officer.

Spousal income, IRAs, insurance benefits, legal awards, and other investment incomes are not subject to any offset. Deferred compensation accounts are generally not subject to an offset. However, if a department chief has contributions directed to a deferred compensation plan in lieu of a pension plan, the benefit award is offset based on the amount in the deferred compensation account. The amount of the offset is calculated in the same manner as the money purchase offset.

Actuarial equivalence is based on tables adopted by the Fire & Police Pension Association Board of Directors.

Optional Forms of Payment

The Plan provides four choices for receipt of the Permanent Occupational and Total Disability benefits.

Normal Option – The disabled retiree receives an unreduced benefit, payable for as long as the disability exists and as long as the member remains eligible. Upon the death of the retiree, the benefit is discontinued.

Option 1 (Joint and 100% Survivor) - The disabled retiree's benefit amount is reduced on an actuarially equivalent basis, payable for as long as the disability exists and as long as the member remains eligible. Upon the death of the retiree, the designated beneficiary receives 100 percent of the retiree's actuarially equivalent reduced benefit for life.

Option 2 (Joint and 50% Survivor) - The disabled retiree's benefit amount is reduced on an actuarially equivalent basis, payable for as long as the disability exists and as long as the member remains eligible. Upon the death of the retiree, the designated beneficiary receives 50 percent of the retiree's actuarially equivalent reduced benefit for life.

Option 3 (Family Benefit) - The disabled retiree's benefit amount is reduced on an actuarially equivalent basis, payable for as long as the disability exists and as long as the member remains eligible. Upon the death of the retiree, the actuarially equivalent reduced benefit amount is paid to the surviving spouse* and dependent children, if any, until the death of the surviving spouse, the death of any incapacitated child, or until the youngest child reaches age 23, whichever is later.

*Per FPPA Rule 402.10(c) 'Spouse' for the purposes of Payment Option 3 means the Member's spouse at the time the first benefit payment is negotiated. If the spouse beneficiary is removed by the Member, or dies, the Member is not permitted to add a subsequent spouse.

Actuarial equivalence is based on tables adopted by the Fire & Police Pension Association Board of Directors.

Benefit Adjustments for Benefits in Pay Status

A benefit adjustment of up to 3 percent may be granted to members and survivors by the Fire & Police Pension Association Board of Directors annually. Totally disabled members and their beneficiaries receive an automatic benefit adjustment each year of 3 percent. The benefit adjustment is effective October 1. A benefit adjustment may begin after receiving benefits for at least 12 calendar months prior to October 1.

RISKS ASSOCIATED WITH MEASURING THE ACCRUED LIABILITY AND ACTUARIALLY DETERMINED CONTRIBUTION

The determination of the accrued liability and the actuarially determined contribution requires the use of assumptions regarding future economic and demographic experience. Risk measures, as illustrated in this report, are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability and the actuarially determined contribution that results from the differences between actual experience and the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; 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 additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the plan's future financial condition include:

1. Investment risk – actual investment returns may differ from the expected returns;
2. Asset/Liability mismatch – changes in asset values may not match changes in liabilities, thereby altering the gap between the accrued liability and assets and consequently altering the funded status and contribution requirements;
3. Contribution risk – actual contributions may differ from expected future contributions. For example, actual contributions may not be made in accordance with the plan's funding policy or material changes may occur in the anticipated number of covered employees, covered payroll, or other relevant contribution base;
4. Salary and Payroll risk – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
5. Longevity risk – members may live longer or shorter than expected and receive pensions for a period of time other than assumed;
6. Other demographic risks – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected.

The effects of certain trends in experience can generally be anticipated. For example, if the investment return since the most recent actuarial valuation is less (or more) than the assumed rate, the cost of the

plan can be expected to increase (or decrease). Likewise if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.

The computed contribution rates shown in this report may be considered as a minimum contribution rate that complies with the Board's funding policy and state statute. The timely receipt of the actuarially determined contributions is critical to support the financial health of the plan. Users of this report should be aware that contributions made at the actuarially determined rate do not necessarily guarantee benefit security.

With each valuation there is a presentation of the summary of findings to the Board. Included are various discussions and scenarios of potential risks.

Plan Maturity Measures

Risks facing a pension plan evolve over time. A young plan with virtually no investments and paying few benefits may experience little investment risk. An older plan with a large number of members in pay status and a significant trust may be much more exposed to investment risk. Generally accepted plan maturity measures include the following:

	2019	2018
Ratio of the market value of assets to total payroll	0.4	0.4
Ratio of actuarial accrued liability to payroll	0.5	0.4
Ratio of actives to retirees and beneficiaries	10.3	10.3
Net cash flow as a percentage of market value of assets	-3.3%	-3.3%
Duration of the actuarial accrued liability	20.7	17.9

RATIO OF MARKET VALUE OF ASSETS TO PAYROLL:

The relationship between assets and payroll is a useful indicator of the potential volatility of contributions. For example, if the market value of assets is 0.4 times the payroll, a return on assets 5% different than assumed would equal 2% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in plan sponsor contributions as a percentage of payroll.

RATIO OF ACTUARIAL ACCRUED LIABILITY TO PAYROLL:

The ratio of liability to payroll may also be used as a measure of sensitivity of the liability itself. For example, if the actuarial accrued liability is 0.5 times the payroll, a change in liability 2% other than assumed would equal 1% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in liability (and also plan sponsor contributions) as a percentage of payroll.

The relationship between the actuarial accrued liability and payroll is a useful indicator of the potential longer term asset-related volatility once the current UAAL is fully amortized. A funding policy that

targets a funded ratio of 100% is expected to result in the ratio of assets to payroll and the ratio of liability to payroll converging over time.

RATIO OF ACTIVES TO RETIREES AND BENEFICIARIES:

A young plan with many active members and few retirees will have a high ratio of active to retirees. A mature open plan may have close to the same number of actives to retirees resulting in a ratio near 1.0. A super-mature or closed plan may have significantly more retirees than actives resulting in a ratio below 1.0.

NET CASH FLOW AS A PERCENTAGE OF MARKET VALUE OF ASSETS:

A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means existing funds are being used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional contributions.

DURATION OF LIABILITIES:

The duration of the present value of future benefits may be used to approximate the sensitivity to a 1% change in the assumed rate of return. For example, duration of 10 indicates that the present value of future benefits would increase approximately 10% if the assumed rate of return were lowered 1%. This also is an approximation of the discount-weighted average time horizon of the liability.