

# AMALGAMATED TRANSIT UNION LOCAL 1596 PENSION PLAN

ACTUARIAL VALUATION REPORT AS OF OCTOBER 1, 2020

TO DETERMINE THE ANNUAL EMPLOYER CONTRIBUTION  
FOR THE PLAN YEAR ENDING SEPTEMBER 30, 2022







July 8, 2021

Board of Trustees  
Amalgamated Transit Union Local 1596 Pension Plan  
1200 W. South Street  
Orlando, Florida 32805

Dear Board Members:

The results of the Amalgamated Transit Union Local 1596 Pension Plan Annual Actuarial Valuation as of October 1, 2020 are presented in this report.

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the System only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

The purposes of the valuation are to measure the System's funding progress, to determine the required employer contribution for the fiscal year ending 2021, the recommended employer and employee contribution rates for the fiscal year ending September 30, 2022, and to estimate the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 67 for fiscal year ending 2021. This report should not be relied on for any purpose other than the purposes described herein. Determinations of financial results, associated with the benefits described in this report, for purposes other than those identified above may be significantly different.

The contribution rate in this report is determined using the actuarial assumptions and methods disclosed in Section II of this report. This report includes risk metrics on page 5 but does not include a more robust assessment of the risks of future experience not meeting the actuarial assumptions. Additional assessment of risks was outside the scope of this assignment.

This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.

The findings in this report are based on data and other information through September 30, 2020. The valuation was based upon information furnished by the Plan Administrator concerning Retirement System benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal reasonability and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator.

This report was prepared using assumptions adopted by the Board as described in Section II of this report. All actuarial assumptions used in this report are reasonable for the purposes of this valuation. All actuarial assumptions and methods used in the valuation follow the guidance in the applicable Actuarial Standards of Practice. Additional information about the actuarial assumptions is included in the section of this report entitled Actuarial Cost Methods and Assumptions.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

Theora Braccialarghe and Jeffrey Amrose are members of the American Academy of Actuaries. These actuaries meet the Academy's Qualification Standards to render the actuarial opinions contained herein.

The signing actuaries are independent of the plan sponsor.

Gabriel, Roeder, Smith & Company will be pleased to review this valuation and Report with the Board of Trustees and to answer any questions pertaining to the valuation.

Respectfully submitted,

GABRIEL, ROEDER, SMITH & COMPANY

By Theora Braccialarghe

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# TABLE OF CONTENTS

Section		
<b>I</b>	<b>Discussion</b>	
	a. Discussion of Valuation Results .....	1
	b. Risks Associated with the Measuring the Accrued Liability and Actuarially Determined Contribution.....	5
	c. Recent Changes in Benefits, Assumptions, and Methods .....	8
<b>II</b>	<b>Valuation Results</b>	
	a. Comparative Summary of Valuation Results .....	9
	b. Derivation of Normal Cost .....	10
	c. Present Value of Payroll and Benefits .....	11
	d. Contribution Rate Allocation .....	12
	e. Liquidation of the Outstanding Amortization Bases.....	14
	f. Actuarial Gain/(Loss).....	15
	g. Funding Standard Account .....	18
	h. History of Valuation Results .....	19
	i. Schedule of Funding Progress.....	20
	j. FASB Information .....	21
	k. GASB Information .....	22
	l. Actuarial Cost Methods and Assumptions .....	28
	m. Glossary of Terms.....	33
<b>III</b>	<b>Trust Fund</b>	
	a. Pension Fund Assets at Market Value .....	35
	b. Receipts and Disbursements .....	36
	c. Development of Funding Value of Assets .....	37
	d. Reconciliation of DROP and Share Accounts .....	38
	e. Investment Rate of Return .....	39
<b>IV</b>	<b>Member Statistics</b>	
	a. Statistical Data.....	40
	b. Reconciliation of Membership Data.....	41
	c. Age and Service Distribution .....	42
<b>V</b>	<b>Summary of Plan Provisions</b> .....	44
<b>VI</b>	<b>Appendix: Sample of Monthly Pensions</b> .....	49





# SECTION I

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## DISCUSSION

## DISCUSSION OF VALUATION RESULTS

### CLOSED PLAN

The System is closed to new entrants. One consequence of this action is that the annual required contribution is expected to increase as a percentage of covered payroll as such payroll decreases from year to year. Another is that contributions may be required after the retirement of the last active member.

### REQUIRED EMPLOYER CONTRIBUTIONS

The required Employer contribution for the fiscal year beginning October 1, 2020, is \$2,095,386 as shown below. Results of the prior valuation and the current valuation are shown below for purposes of comparison.

As Determined on the Valuation Date	10/1/20	10/1/19	Change
Required Employer Contribution Without Offset for Credit Balance and Before Cost Sharing	\$ 2,095,386	\$ 2,329,350	\$ (233,964)
As a Percent of Payroll	10.72%	11.05%	(0.33)%
Credit Balance	\$ 2,283,781	\$ 1,731,997	\$ 551,784

The required contribution has been adjusted for interest assuming payments would be made evenly throughout the fiscal year. The lower dollar amount is due to the decrease in the cost of benefits currently accruing to the decreasing group of active members. The payroll of active members is also less, so the contribution as a percent of pay is about the same.

The actual employer contribution during the fiscal year ending September 30, 2020 was \$2,677,199 compared to the required contribution of \$2,329,350. As a result, the credit balance in the funding standard account increased.

### ACTUARIAL EXPERIENCE

There was an experience gain of about \$1.8 million during the fiscal year ending September 30, 2020. This gain was primarily due to higher investment income than expected. The return on a market value basis was 11.7%. The difference between this and the assumed rate of 7.4% is being smoothed over five years, while portions of investment gains and losses from the past four years were recognized this year, bringing the return on an actuarial asset basis to 8.9%. The difference between 8.9% and the assumed rate of 7.4% was the investment gain for the year.



Other experience was generally in line, overall, with that anticipated by the actuarial assumptions. There were additional gains due to greater mortality than expected. The mortality gains were offset by somewhat higher salary increases and more retirements than expected.

The actuarial gains reduced the required employer contribution by about \$150,000.

## **CHANGES IN BENEFITS**

There were no benefit changes in connection with this valuation.

## **CHANGES IN ACTUARIAL ASSUMPTIONS OR METHODS**

Assumed mortality rates were revised since the prior valuation to be the same as those used for Regular Class members of the Florida Retirement System (FRS) in its July 1, 2019 actuarial valuation, as prescribed by F. S. 112.63(1)(f). This statute requires retirement plans sponsored by Florida governmental entities to use the same mortality rates used by FRS in one of its two most recent valuations. These rates are based on the experience study performed by the Florida Retirement System for the period ending June 30, 2018, which was first adopted in its July 1, 2019 valuation.

The new required mortality table does not have blue and white collar adjustments like the prior table had, but it does allow for above and below median pay adjustments. The required FRS table already uses a below median pay adjustment which is likely representative of a blue-collar population. For this reason, we do not see the need for any adjustments to the new required mortality table as we did for the prior one.

Further details of these rates are shown in the section in this report entitled Actuarial Cost Methods and Assumptions. This change resulted in a decrease in the required employer contribution of about \$41,000.

## **FUNDED RATIO**

The funded ratio, one measure of the Plan's financial position, is equal to the actuarial value of assets divided by the actuarial accrued (past service) liability. This liability is calculated using the Entry Age Normal Cost Method. The funded ratio is 98.6% this year compared to 97.2% last year, excluding the FSA credit balance.

## **CONTRIBUTION RATES**

The union contract specifies minimum contribution rates of 9.75% for the employer, and 5.25%, 7.75% or 10.25% for members, depending on whether they are accruing the regular benefit, enhanced benefit level 1, or enhanced benefit level 2. The amount by which the required contribution rate exceeds the regular contribution rate in the contract is shared on the same basis as the contribution rate – 65% employer, 35% member. The union contract also states that additional costs to the Pension Plan that are a direct consequence of the plan closure will be 100% paid by the Employer.



Each year contribution rates are determined for the year beginning one year after the valuation date based on the results of the current valuation, and the cost sharing provisions. The results are shown below:

Valuation	10/1/2020	10/1/2019		10/1/2018	
For The Year	2021 / 2022	2020 / 2021		2019 / 2020	
Contribution Rates	Recommended	Actual	Recommended	Actual	Recommended
Employer**	11.01%	11.32% *	11.32%	11.47% *	11.47%
Employee					
Regular Benefit	5.25%	5.25%	5.25%	5.32%	5.32%
Enhanced Level 1	7.75%	7.75%	7.75%	7.82%	7.82%
Enhanced Level 2	10.25%	10.25%	10.25%	10.32%	10.32%

\* Includes use of credit balance.

\*\* As percent of payroll for those in the closed Defined Benefit Plan.

## VARIABILITY OF FUTURE CONTRIBUTION RATES

The Actuarial Cost Method used to determine the contribution rate is intended to produce contribution rates which are generally level as a percent of payroll for an open group or gradually increasing as a percent of payroll for a closed group. Even so, when experience differs from the assumptions, as it always does, the contribution rates can vary significantly from year-to-year.

Over time, if the year-to-year gains and losses offset each other, the contribution rates would be expected to return to the current level or trend, but this does not always happen.

The Market Value of Assets exceeds the Actuarial Value of Assets by about \$4,000,000 as of the valuation date. This difference will be recognized gradually in the absence of offsetting losses. In turn, the required employer contribution for 2020/2021 would have been about \$332,000 less, or 9.01% of payroll as compared to 10.72% of payroll as shown on page 1. In the absence of other gains and losses, the employer rate should move in this direction over the next few years.



## **RECOMMENDATION**

We recommend further reducing the investment return assumption as the Plan matures and the fund increases, to anticipate moving to a more conservative asset allocation.

## **CONCLUSION**

The remainder of this Report covers detailed actuarial valuation results, financial information, other information and statistics, a summary of plan provisions, and annual filings required by law.

## **RISKS ASSOCIATED WITH THE 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 result 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 rate shown on page 2 may be considered as a minimum contribution rate that complies with the Board’s funding policy. 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.

## 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:

	<u>2020</u>	<u>2019</u>
Ratio of the market value of assets to payroll	8.27	7.09
Ratio of actuarial accrued liability to payroll	8.18	7.32
Ratio of actives to retirees and beneficiaries	0.65	0.77
Ratio of net cash flow to market value of assets	-3.2%	-2.5%

### 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 2.0 times the payroll, a return on assets 5% different than assumed would equal 10% 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 relationship between actuarial accrued liability and payroll is a useful indicator of the potential volatility of contributions for a fully funded plan. 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.

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 2.5 times the payroll, a change in liability 2% other than assumed would equal 5% 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.

## **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.

## **RATIO OF NET CASH FLOW TO 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.

## **ADDITIONAL RISK ASSESSMENT**

Additional risk assessment is outside the scope of the annual actuarial valuation. Additional assessment may include scenario tests, sensitivity tests, stochastic modeling, stress tests, and a comparison of the present value of accrued benefits at low-risk discount rates with the actuarial accrued liability.

## RECENT CHANGES IN PLAN, ASSUMPTIONS, AND METHODS

1. Effective October 1, 2010 – Following an experience study, updated mortality rates to RP-2000 Combined Healthy Mortality Table for males and females, using projection scale AA to provide for future mortality improvements after the year 2000, lowered expected salary increases by 1%, and updated rates of Retirement, Disability, and Termination.
2. Effective January 1, 2013 - Amendment No. 2 excludes pay for unused sick and vacation time and overtime for pay in excess of 300 hours.
3. Effective May 1, 2013 – Amendment No. 1 provides for a change in disability benefit provisions and requires the interest credited to member contributions to be the same as the rate used for the money market option available to DROP participants.
4. Effective March 1, 2014, the Plan was closed to new employees.
5. Effective October 1, 2016 the mortality table was changed to that used by the Florida Retirement System (FRS) for non-special risk employees. The table is the RP-2000 Mortality Table for annuitants with future improvements in mortality projected to all future years using Scale BB.
6. Effective October 1, 2017, the remaining unfunded amortization bases were combined and amortized over two (2) years, the shortest remaining period of the separate bases. New bases set up in the future will continue to be amortized over 30 years.
7. The October 1, 2017 valuation reflects a reversion to the provisions prior to Amendment No. 1. Prior to the amendment, the disability benefit was the accrued benefit on the date of disability, payable upon Board approval of the disability, with no deferral period, and the interest credited to member contributions was 5% per annum, compounded annually.
8. The October 1, 2018 valuation reflects Amendment No. 5, which changed the interest credited to member contributions from 5.0% to 0.0% per annum, retroactive to March 31, 2013.
9. Effective October 1, 2018, there were Board approved assumption changes following an experience study. Changes were made in the assumed investment return, average salary increases, retirement rates, termination rates, mortality tables (100% blue collar adjustment), and rates of disability.  
  
In addition, the amortization periods for new bases set up in the future will be reduced by one year each year, until reaching a 20-year amortization period.
10. Effective October 1, 2020, the mortality assumption was updated to the same assumption used for Regular Class members of the Florida Retirement System (FRS) in the July 1, 2019 actuarial valuation.



## **SECTION II**

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### **VALUATION RESULTS**

**COMPARATIVE SUMMARY OF VALUATION RESULTS**

	10/1/20	10/1/20	
	After Assumption Change	Before Assumption Change	10/1/2019
<b>A. Number of Participants</b>			
Actives	392	392	439
Retirees, Disabilities, Beneficiaries & Vested	599	599	573
<b>B. Total Covered Annual Payroll</b>			
1. Regular	\$ 10,099,876	\$ 10,079,820	\$ 11,345,053
2. Enhanced I	2,939,418	2,935,975	3,301,007
3. Enhanced II	6,500,112	6,488,220	6,425,497
4. Total	<u>19,539,406</u>	<u>19,504,015</u>	<u>21,071,557</u>
<b>C. Unfunded Actuarial Accrued Liability (AAL)</b>			
1. Actuarial Present Value (APV) of Projected Benefits	\$ 175,253,303	\$ 175,504,057	\$ 171,013,845
2. APV of Future Normal Costs	<u>15,355,141</u>	<u>15,359,887</u>	<u>16,865,766</u>
3. Actuarial Accrued Liability: (1)-(2)	159,898,162	160,144,170	154,148,079
4. Valuation Assets with Credit Balance	<u>159,947,262</u>	<u>159,947,262</u>	<u>151,549,226</u>
5. Preliminary Unfunded AAL: (3)-(4)	-49,100	196,908	2,598,853
6. Credit Balance/(Funding Deficiency)	<u>2,283,781</u>	<u>2,283,781</u>	<u>1,731,997</u>
7. Unfunded AAL (UAAL): (5)+(6)	2,234,681	2,480,689	4,330,850
<b>D. Amortization Payments</b>	180,192	200,029	345,164
As % of Payroll	0.92%	1.03%	1.64%
<b>E. Total Normal Cost</b>	3,375,568	3,395,539	3,545,292
As % of Payroll	17.28%	17.41%	16.83%
<b>F. Applies to Fiscal Year</b>	2020/2021	N/A	2019/2020
<b>G. Total Required Contribution</b>	3,682,630	3,723,858	4,029,267
As % of Payroll	18.85%	19.09%	19.12%
<b>H. Expected Member Contribution</b>	1,587,244	1,587,244	1,699,917
Member Contribution Rates			
1. Regular	5.25%	5.25%	5.32%
2. Enhanced I	7.75%	7.75%	7.82%
3. Enhanced II	10.25%	10.25%	10.32%
<b>I. Total Employer Contribution, paid     throughout the year as a % of payroll,     before reflecting Credit Balance</b>	2,095,386	2,136,614	2,329,350
As % of Payroll	10.72%	10.95%	11.05%



<b>DERIVATION OF NORMAL COST</b>			
	10/1/20 After Assumption Change	10/1/20 Before Assumption Change	10/1/2019
<b>A. Normal Cost for Benefits</b>			
Service Retirement Benefits	\$ 2,097,703	\$ 2,084,438	\$ 2,244,870
Vesting Benefits	324,083	329,293	347,335
Preretirement Death Benefits	47,930	76,279	81,725
Disability Benefits	74,669	72,131	76,343
Return of Contributions	<u>118,793</u>	<u>121,008</u>	<u>131,474</u>
<b>Total</b>	<b>2,663,178</b>	<b>2,683,149</b>	<b>2,881,747</b>
<b>B. Normal Cost for Expenses (average of current &amp; prior year actual cost)</b>	<b>712,390</b>	<b>712,390</b>	<b>663,545</b>
<b>C. Total Normal Cost: (A) + (B)</b>	<b>3,375,568</b>	<b>3,395,539</b>	<b>3,545,292</b>
<b>D. Employee Contributions</b>	<b>1,587,244</b>	<b>1,587,244</b>	<b>1,699,917</b>
<b>E. Employer Normal Cost: (C) - (D)</b>	<b>1,788,324</b>	<b>1,808,295</b>	<b>1,845,375</b>

<b>PRESENT VALUE OF PAYROLL AND BENEFITS</b>			
	10/1/20 After Assumption Change	10/1/20 Before Assumption Change	10/1/2019
Present Value of Future Payroll	\$130,904,329	\$130,007,250	\$142,931,896
Present Value Future Member Contributions	9,404,245	9,338,897	10,223,878
Actuarial Present Value of Projected Benefits			
A. Active Members			
Service Retirement Benefits	73,389,921	72,906,134	75,150,181
Vesting Benefits	3,243,332	3,312,296	3,632,336
Preretirement Death Benefits	1,584,924	2,527,261	2,594,289
Disability Benefits	1,439,007	1,393,073	1,468,919
Return of Contributions	15,028	18,252	35,833
Total	<u>79,672,212</u>	<u>80,157,016</u>	<u>82,881,558</u>
B. Inactive Members			
Service Retirees & DROP Members	79,846,709	79,500,346	73,736,868
Disability Retirees	3,779,915	3,768,698	3,280,230
Beneficiaries Receiving Benefits	4,642,002	4,616,797	3,893,269
Terminated Vested Members	7,312,465	7,461,200	7,221,920
Total	<u>95,581,091</u>	<u>95,347,041</u>	<u>88,132,287</u>
C. Grand Total	175,253,303	175,504,057	171,013,845



## CONTRIBUTION RATE ALLOCATION

In general, the amortization payments on the Unfunded Accrued Liability (UAL) and the normal cost for benefits and expenses expressed as a percent of covered payroll are expected to increase in a closed pension plan as the covered payroll of the closed Defined Benefit Plan decreases.

The Collective Bargaining Agreement (CBA) states that additional costs to the Pension Plan that are a direct consequence of the plan closure will be paid by the Employer. The calculations below measure the costs that were a direct result of the Plan closure (i.e., higher contribution rate due to the declining payroll in the closed plan).

The change in the contribution rate as a result of the plan closure was 2.14% of payroll, as follows:

Valuation Date	10/1/2020	10/1/2019	10/1/2018
For The Year	2021 / 2022	2020 / 2021	2019 / 2020
Valuation Payroll for Participants	\$19,539,406	\$21,071,557	\$23,557,100
Total Payroll of All Employees <sup>1,2</sup>	35,639,198	34,189,112	33,999,076
Amortization Payments on the UAL with interest <sup>3</sup>	186,621	357,479	489,318
Normal Cost for Expenses with interest <sup>3</sup>	737,808	687,220	696,145
Total	924,429	1,044,699	1,185,463
As a % of Valuation Participant Payroll	4.73%	4.96%	5.03%
As a % of Total Employee Payroll	<u>2.59%</u>	<u>3.06%</u>	<u>3.49%</u>
Change in Contribution Rate due to Plan Closure <sup>4</sup>	2.14%	1.90%	1.54%

<sup>1</sup> Includes \$16.1 million of payroll for FYE 2021 for employees participating in the Defined Contribution Plan

<sup>2</sup> Includes \$13.1 million of payroll for FYE 2020 for employees participating in the Defined Contribution Plan

<sup>3</sup> Components of contribution rate that are affected by the Plan closure

<sup>4</sup> Additional costs that are a direct consequence of the Pension Plan closure will be paid by the Employer.

In determining the recommended contribution rate for FYE 2022, the cost associated with the plan closure is paid 100% by the employer. Then the remaining difference between the employer contribution rate determined in the current actuarial valuation, as shown on page 1, and the actual employer contribution rate in effect for the year beginning on the valuation date, is allocated on a 65% / 35% basis to the actual employer contribution rate and the actual employee contribution rate, respectively.

Allocating 100% of the increase in contribution that is due to Plan closure to the employer, and allocating the remaining increase in contribution on a 65% / 35% basis to the employer contribution rate and employee contribution rate, respectively, the recommended contribution rates for FYE 2022 are determined as follows:

**Recommended Contribution Rates for FYE 2022**

A. Required Employer Contribution for FYE 2021 before cost sharing	10.72%
B. Amount due to Plan Closure	2.14%
C. Actual Employer Contribution for FYE 2021	11.32%
D. Amount due to Plan Closure	1.90%
E. Change in Contribution to be Allocated: $(A - B) - (C - D)$	-0.84%
F. Preliminary Employee Contribution for current year (Regular benefit): Before application of 5.25% minimum	5.05%
G. Recommended Employee Contribution, Regular benefit, for FYE 2022: $F + 35\% \times E$ but not less than 5.25%	4.76% 5.25%
H. Recommended Employer Contribution for FYE 2022: $C + 65\% \times E + (B - D)$	11.01%

## LIQUIDATION OF THE OUTSTANDING AMORTIZATION BASES

The outstanding amortization bases are being amortized as a level dollar amount over the number of years remaining in the amortization period. Details are as follows:

Amortization of Bases as of October 1, 2020						
Base Established	Original		Current			
	Years	Amount	Years	Amount	Payment	
10/1/17 Amendment	30	823,311	27	\$ 797,286	\$ 64,288	
10/1/18 (Gain)/Loss	29	1,766,381	27	1,727,247	139,275	
10/1/18 Amendment	29	97,722	27	95,557	7,705	
10/1/18 Assumption Changes	29	847,641	27	828,861	66,835	
10/1/19 (Gain)/Loss	28	841,434	27	831,677	67,062	
10/1/20 (Gain)/Loss	27	(1,799,938)	27	(1,799,938)	(145,136)	
10/1/20 Assumption Changes	27	(246,008)	27	(246,008)	(19,837)	
				\$ 2,234,682	\$ 180,192	

The expected amortization schedule is as follows:

Year	Projected UAAL
2020	\$ 2,234,682
2021	2,206,523
2022	2,176,279
2023	2,143,798
2024	2,108,913
2029	1,891,728
2034	1,581,378
2039	1,137,900
2044	504,184
2047	0

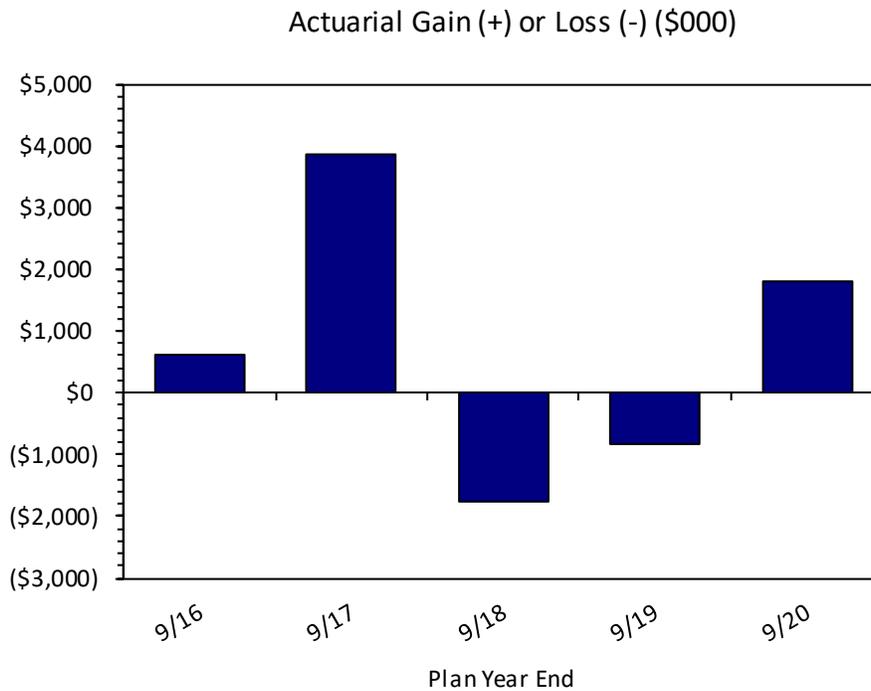
## ACTUARIAL GAINS / (LOSSES)

A major factor affecting the stability of the percentages just shown is how well the actual plan experience is faring compared to the actuarial assumptions. The value of the difference between what actually occurred as compared to what was assumed to occur is called the actuarial gain or loss. Gains tend to lower the subsequent cost of the program while losses tend to cause subsequent costs to rise.

<b>DEVELOPMENT OF ACTUARIAL GAIN / (LOSS)</b>	
Plan Year Ending	9/30/2020
Derivation of Actuarial Gain / (Loss)	
1. Prior Year Preliminary Unfunded Actuarial Accrued Liability (UAAL)	\$ 2,598,853
2. Prior Year Normal Cost (NC)	1,845,375
3. Employer Contributions Previous Year	2,677,199
4. Interest on:	
a. UAAL and NC	328,873
b. Contributions	99,056
c. Net Total: (a) - (b)	<u>229,817</u>
5. This Year Expected Preliminary UAAL: (1) + (2) - (3) + (4)	1,996,846
6. This Year Actual Preliminary UAAL Before Benefit/Assumption Changes	196,908
7. Actuarial Gain / (Loss): (5) - (6)	<u>1,799,938</u>
8. Actuarial Gain / (Loss) due to Investments	<u>2,274,022</u>
9. Actuarial Gain / (Loss) due to Liabilities: (7) - (8)	(474,084)

A recent history of gains / (losses) follows:

Year Ending	Actuarial Gain / (Loss)
9/30/20	\$ 1,799,938
9/30/19	(841,434)
9/30/18	(1,766,381)
9/30/17	3,844,358
9/30/16	612,726



The fund earnings and salary increase assumptions have considerable impact on the cost of the Plan so it is important that they be in line with the actual experience. The following table shows the actuarial fund earnings and salary increase rates compared to the assumed rates for the last few years:

Year Ended	Investment Return		Salary Increases	
	Actuarial	Assumed	Actual	Assumed*
9/30/20	8.9 %	7.4 %	4.1 %	3.0 %
9/30/19	6.9	7.4	1.0	3.1
9/30/18	7.9	7.5	10.6	5.3
9/30/17	8.4	7.5	(3.0)	6.2
9/30/16	8.9	7.5	6.2	6.5
9/30/15	8.1	7.5	5.9	6.6
9/30/14	10.4	7.5	3.2	6.2
9/30/13	9.3	7.5	6.3	5.6
9/30/12	3.7	7.5	(3.0)	5.5
9/30/11	2.9	7.5	(0.7)	6.1

\*Select and ultimate increases.

The actuarial investment return rates shown above are based on the actuarial value of assets. The actual rates of salary increase shown above are the increases received by those active members who were included in the actuarial valuation with a full year's salary both at the beginning and end of each year.

<b>FUNDING STANDARD ACCOUNT</b>			
<b>Valuation Date Plan Year Ended</b>	<b>10/1/20 9/30/21</b>	<b>10/1/19 9/30/20</b>	<b>10/1/18 9/30/19</b>
<b>Interest Rate:</b>	7.40%	7.40%	7.40%
<b>Charges</b>			
a Prior Year Funding Deficiency	\$ 0	\$ 0	\$ 0
b Employer Normal Cost	1,788,324	1,845,375	1,969,029
c Amortization Charges, less Amortization Credits	180,192	345,164	472,461
d Interest on a + b + c	145,670	162,100	180,670
e Total Charges	<u>2,114,186</u>	<u>2,352,639</u>	<u>2,622,160</u>
<b>Credits</b>			
f Prior Year Credit Balance	2,283,781	1,731,997	1,432,220
g Employer Contributions	*	2,677,199	2,715,480
h Amortization Credit	0	0	0
i Interest on f + g + h	169,000	227,224	206,457
j Total Credits	<u>2,452,781</u>	<u>4,636,420</u>	<u>4,354,157</u>
<b>Balance</b>			
k Credit Balance	338,595	2,283,781	1,731,997
l Funding Deficiency*	0	0	0

\* Prior to employer contribution.

HISTORY OF VALUATION RESULTS							
Valuation Date	Number of Members		Covered Annual Payroll	Actuarial Value of Assets*	UFAAL/UAAL**	Employer Normal Cost	
	Active	Inactive				Amount	% of Payroll
10/1/20	392	599	\$19,539,406	\$157,663,481	\$ 2,234,681	\$1,788,324	9.15 %
10/1/19	439	573	21,071,557	149,817,229	4,330,850	1,845,375	8.76
10/1/18	493	531	23,557,100	143,936,696	3,721,451	1,969,029	8.36
10/1/17	539	501	24,181,638	136,543,810	1,198,466	2,417,521	10.00
10/1/16	539	462	28,338,911	127,727,702	4,553,701	2,777,876	9.80
10/1/15	683	437	29,800,533	121,301,962	1,265,619	2,691,709	9.03
10/1/14	762	396	34,028,032	112,648,224	523,917	2,649,815	7.79
10/1/13	808	354	34,962,723	102,676,017	2,961,522	2,714,011	7.76
10/1/12	763	309	32,821,564	92,836,502	5,110,718	2,513,803	7.66
10/1/11	756	273	34,369,299	87,639,137	6,146,960	2,585,002	7.52
10/1/10	739	240	35,059,922	82,509,177	5,322,859	2,574,898	7.34
10/1/09	732	219	35,815,773	76,104,519	6,739,995	2,945,528	8.22
10/1/08	733	206	35,830,640	70,165,211	8,349,951	3,204,879	8.94
10/1/07	743	189	33,258,187	62,301,931	4,068,445	2,784,301	8.37
10/1/06	683	176	29,889,028	52,851,144	5,918,310	2,542,685	8.51
10/1/05	674	148	27,436,034	45,941,592	5,106,422	2,345,694	8.55
10/1/04	684	130	26,286,514	40,883,924	5,012,932	2,401,491	9.14
10/1/03	667	115	24,991,350	36,774,607	4,357,924	2,289,015	9.16
10/1/02	689	95	23,639,655	33,055,523	2,741,673	2,121,904	8.98
10/1/01	632	83	21,327,143	29,939,733	1,719,650	1,766,710	8.28
10/1/00	574	76	19,987,944	26,164,531	1,710,245	1,680,324	8.41
10/1/99	548	66	18,183,342	21,735,598	2,620,527	1,490,443	8.20
10/1/98	529	51	18,348,879	17,888,532	3,284,552	1,371,371	7.48
10/1/97	495	47	16,770,715	14,598,540	2,257,710	1,194,991	7.13
10/1/96	476	41	15,321,488	10,911,664	4,589,448	1,076,640	7.03
10/1/95	445	29	12,473,814	8,078,241	4,073,117	697,973	5.60
10/1/94	411	26	11,411,297	5,842,453	4,161,901	698,378	6.12

\* Beginning 10/1/16 the Actuarial Value of Assets is reduced by the Funding Standard Account (FSA) Credit Balance (CB).

\*\* Unfunded Frozen Actuarial Accrued Liability through October 1, 1996; Effective October 1, 1997, Unfunded Actuarial Accrued Liability under Individual Entry Age actuarial cost method.



**SCHEDULE OF FUNDING PROGRESS**

Valuation Date	Actuarial Value of Assets* (a)	Entry Age Actuarial Liability (AAL) (b)	UFAAL/UAAL** (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/(c)
10/1/20	\$157,663,481	\$159,898,162	\$2,234,681	98.60 %	\$19,539,406	11.44 %
10/1/19	149,817,229	154,148,079	4,330,850	97.19	21,071,557	20.55
10/1/18	143,936,696	147,658,147	3,721,451	97.48	23,557,100	15.80
10/1/17	136,543,810	137,742,276	1,198,466	99.13	24,181,638	4.96
10/1/16	127,727,702	132,281,403	4,553,701	96.56	28,338,911	16.07
10/1/15	121,301,962	122,567,581	1,265,619	98.97	29,800,533	4.25
10/1/14	112,648,224	113,172,141	523,917	99.54	34,028,032	1.54
10/1/13	102,676,017	105,637,539	2,961,522	97.20	34,962,723	8.47
10/1/12	92,836,502	97,947,220	5,110,718	94.78	32,821,564	15.57
10/1/11	87,639,137	93,786,097	6,146,960	93.45	34,369,299	17.89
10/1/10	82,509,177	87,832,036	5,322,859	93.94	35,059,922	15.18
10/1/09	76,104,519	82,844,514	6,739,995	91.86	35,815,773	18.82
10/1/08	70,165,211	78,515,162	8,349,951	89.37	35,830,640	23.30
10/1/07	62,301,931	66,370,376	4,068,445	93.87	33,258,187	12.23
10/1/06	52,851,144	58,769,454	5,918,310	89.93	29,889,028	19.80
10/1/05	45,941,592	51,048,014	5,106,422	90.00	27,436,034	18.61
10/1/04	40,883,924	45,896,856	5,012,932	89.08	26,286,514	19.07
10/1/03	36,774,607	41,132,531	4,357,924	89.41	24,991,350	17.44
10/1/02	33,055,523	35,797,198	2,741,673	92.34	23,639,655	11.60
10/1/01	29,939,733	31,659,383	1,719,650	94.57	21,327,143	8.06
10/1/00	26,164,531	27,874,776	1,710,245	93.86	19,987,944	8.56
10/1/99	21,735,598	24,356,125	2,620,527	89.24	18,183,342	14.41
10/1/98	17,888,532	21,173,084	3,284,552	84.49	18,335,013	17.91
10/1/97	14,598,540	16,856,250	2,257,710	86.61	16,770,715	13.46
10/1/96	10,911,664	14,329,579	3,417,915	76.15	15,321,488	22.31
10/1/95	8,078,241	11,282,705	3,204,464	71.60	12,473,814	25.69
10/1/94	5,842,453	9,993,880	4,151,427	58.46	11,411,297	36.38

\* Beginning 10/1/16 the Actuarial Value of Assets is reduced by the Funding Standard Account (FSA) Credit Balance (CB).

\*\* Unfunded Frozen Actuarial Accrued Liability through October 1, 1996; Effective October 1, 1997, Unfunded Actuarial Accrued Liability under Individual Entry Age actuarial cost method.



<b>FASB NO. 35 INFORMATION AS OF OCTOBER 1</b>		
	<b>2020</b>	<b>2019</b>
<b>A. Number of Members Included in the Calculations</b>		
1. Retirees & beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	599	573
2. Current Employees	<u>392</u>	<u>439</u>
3. Total	991	1,012
<b>B. Statement of Accumulated Plan Benefits</b>		
1. Actuarial present value of accumulated vested plan benefits		
a. Participants currently receiving benefits	\$88,268,626	\$80,910,367
b. Include DROP and Share Plan reserves	5,148,057	5,045,172
c. Other participants	<u>55,086,729</u>	<u>55,893,607</u>
d. Total	148,503,412	141,849,146
2. Actuarial present value of accumulated non-vested plan benefits		
	794,627	1,148,506
3. Total actuarial present value of accumulated plan benefits		
	149,298,039	142,997,652
<b>C. Statement of Change in Accumulated Plan Benefits</b>		
1. Actuarial present value of accumulated plan benefits as of beginning of year		
	142,997,652	134,259,590
2. Increase (decrease) during year attributable to:		
a. Plan Amendment	0	0
b. Change in assumptions/methods	(186,826)	0
c. Benefits paid and contributions refunded	(9,160,444)	(7,779,523)
d. Other, including benefits accumulated and interest	<u>15,647,657</u>	<u>16,517,585</u>
f. Net Increase	6,300,387	8,738,062
3. Actuarial present value of accumulated plan benefits as of end of year		
	149,298,039	142,997,652
D. Assumed rate of return	7.40%	7.40%
E. Gross Market Value of Assets	169,070,897	156,250,404
F. Funded Ratio	113.2%	109.3%

## SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

### GASB Statement No. 67

Fiscal year ending September 30,	<u>2021*</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>								
Service Cost	\$ 2,683,149	\$ 2,881,747	\$ 3,599,629	\$ 3,504,724	\$ 4,177,847	\$ 4,174,172	\$ 4,324,270	\$ 4,900,835
Interest	12,038,447	11,638,557	11,137,845	10,763,561	10,041,777	9,337,562	8,827,032	8,240,224
Benefit Changes	(285,661)	-	87,818	981,945	-	-	-	-
Difference between actual & expected experience Assumption Changes	776,566	233,031	2,809,999	(2,944,884)	1,015,883	2,082,258	(638,418)	(5,835)
Benefit Payments	(9,114,801)	(9,019,587)	(7,675,871)	(6,757,303)	(5,494,839)	(5,590,105)	(4,808,642)	(4,079,731)
Refunds	(26,405)	(140,857)	(103,652)	(282,766)	(929,948)	(401,384)	(311,317)	(269,399)
Net Change in Total Pension Liability	6,071,295	5,592,891	10,181,548	5,265,277	10,604,550	9,602,503	7,392,925	8,786,094
Total Pension Liability - Beginning	<u>164,569,167</u>	<u>158,976,276</u>	<u>148,794,728</u>	<u>143,529,451</u>	<u>132,924,901</u>	<u>123,322,398</u>	<u>115,929,473</u>	<u>107,143,379</u>
Total Pension Liability - Ending (a)	170,640,462	164,569,167	158,976,276	148,794,728	143,529,451	132,924,901	123,322,398	115,929,473
<b>Plan Fiduciary Net Position</b>								
Contributions - Employer	\$ 2,095,386	\$ 2,677,199	\$ 2,715,480	\$ 2,983,198	\$ 3,000,228	\$ 2,233,626	\$ 3,315,335	\$ 2,337,699
Contributions - Non Employer Contributing Entity	-	-	-	-	-	-	-	-
Contributions - Member	1,587,244	2,058,011	2,036,196	2,118,761	2,044,172	2,192,180	2,264,655	2,310,106
Net Investment Income	12,296,719	17,577,725	5,852,314	11,698,371	14,943,745	11,523,579	(1,070,462)	10,052,069
Benefit Payments	(9,114,801)	(9,019,587)	(7,675,871)	(6,757,303)	(5,494,839)	(5,590,105)	(4,808,642)	(4,079,731)
Refunds	(26,405)	(140,857)	(103,652)	(282,766)	(929,948)	(401,384)	(311,317)	(269,399)
Administrative Expense	(339,468)	(331,998)	(290,414)	(234,611)	(300,019)	(397,607)	(237,972)	(237,291)
Other	-	-	-	-	2,518	-	-	-
Net Change in Plan Fiduciary Net Position	6,498,675	12,820,493	2,534,053	9,525,650	13,265,857	9,560,289	(848,403)	10,113,453
Plan Fiduciary Net Position - Beginning	<u>169,070,897</u>	<u>156,250,404</u>	<u>153,716,351</u>	<u>144,190,701</u>	<u>130,924,844</u>	<u>121,364,555</u>	<u>122,212,958</u>	<u>112,099,505</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 175,569,572</u>	<u>\$ 169,070,897</u>	<u>\$ 156,250,404</u>	<u>\$ 153,716,351</u>	<u>\$ 144,190,701</u>	<u>\$ 130,924,844</u>	<u>\$ 121,364,555</u>	<u>\$ 122,212,958</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	(4,929,110)	(4,501,730)	2,725,872	(4,921,623)	(661,250)	2,000,057	1,957,843	(6,283,485)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	102.89 %	102.74 %	98.29 %	103.31 %	100.46 %	98.50 %	98.41 %	105.42 %
Covered Payroll	\$ 19,539,406	\$ 21,071,557	* \$ 23,557,100	* \$ 24,181,638	* \$ 28,338,911	* \$ 29,800,533	* \$ 34,028,032	\$ 34,962,723
Net Pension Liability as a Percentage of Covered Payroll	(25.23)%	(21.36)%	11.57 %	(20.35)%	(2.33)%	6.71 %	5.75 %	(17.97)%

\* These figures are estimates only. Actual figures will be provided after the end of the fiscal year.



## SCHEDULE OF THE EMPLOYER'S NET PENSION LIABILITY

### GASB Statement No. 67

FY Ending Sept. 30	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Plan Fiduciary Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2021*	\$ 170,640,462	\$ 175,569,572	\$ (4,929,110)	102.89%	\$19,539,406	(25.23)%
2020	164,569,167	169,070,897	(4,501,730)	102.74%	21,071,557	(21.36)%
2019	158,976,276	156,250,404	\$ 2,725,872	98.29%	23,557,100	11.57 %
2018	148,794,728	153,716,351	(4,921,623)	103.31%	24,181,638	(20.35)%
2017	143,529,451	144,190,701	(661,250)	100.46%	28,338,911	(2.33)%
2016	132,924,901	130,924,844	2,000,057	98.50%	29,800,533	6.71 %
2015	123,322,398	121,364,555	1,957,843	98.41%	34,028,032	5.75 %
2014	115,929,473	122,212,958	(6,283,485)	105.42%	34,962,723	(17.97)%

\* These figures are estimates only. Actual figures will be provided after the end of the fiscal year.

# NOTES TO SCHEDULE OF THE EMPLOYER'S NET PENSION LIABILITY

## GASB Statement No. 67

Valuation Date: October 1, 2020  
Measurement Date: September 30, 2021

### Methods and Assumptions Used to Determine Net Pension Liability:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	3.0% to 10.0% depending on service
Investment Rate of Return	7.40%
Retirement Age	20% to 100% depending on age.
Mortality	PUB-2010 Headcount Weighted Below Median Employee Table (pre-retirement) and the PUB-2010 Headcount Weighted Below Median Retiree Table (post-retirement). These tables use ages set back one year for males and future improvements in mortality projected to all future years after 2010 using scale MP 2018, and are used without projection for disabled lives. This is the same mortality as used in the Florida Retirement System (FRS) valuation as of July 1, 2019, as mandated by Florida House Bill 1309

### Other Information:

Notes See Discussion of Valuation Results in Section I.

## SCHEDULE OF CONTRIBUTIONS GASB Statement No. 67

FY Ending Sept. 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2021*	\$ 2,095,386	\$ 2,212,000	\$ (116,614)	\$ 19,539,406	11.32%
2020	2,329,350	2,677,199	(347,849)	21,071,557	12.71%
2019	2,595,795	2,715,480	(119,685)	23,557,100	11.53%
2018	2,842,481	2,983,198	(140,717)	24,181,638	12.34%
2017	3,604,720	3,000,228	604,492	28,338,911	10.59%
2016	3,427,954	2,233,626	1,194,328	29,800,533	7.50%
2015	3,283,667	3,315,335	(31,668)	34,028,032	9.74%
2014	3,521,356	2,337,699	1,183,657	34,962,723	6.69%

\*These figures are estimates only. Actual figures will be provided after the end of the fiscal year.

## NOTES TO SCHEDULE OF CONTRIBUTIONS GASB Statement No. 67

**Valuation Date:** 10/1/2019 (for FYE 9/30/2020)

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	28 years
Asset Valuation Method	5-year smoothed market
Salary Increases	3.00%
Investment Rate of Return	7.40%
Retirement Age	15% to 100% depending on age
Mortality	RP-2000 Combined Healthy Participant Mortality Tables for males and females, using projection scale BB to anticipate future mortality improvements, and without projection for disabled lives; structured to align with assumed mortality for non-special risk employees under the Florida Retirement System (FRS), as mandated by Florida House Bill 1309 (codified in Chapter 2015-157). Rates include a 100% blue collar adjustment to reflect the demographic makeup of the member population.

**Other Information:**

Notes Actuarially determined contributions are calculated as of the October 1 which is one year prior to the end of the fiscal year in which contributions are reported.

See Discussion of Valuation Results on Page 1 of the October 1, 2019 Report dated June 8, 2020.



## SINGLE DISCOUNT RATE GASB Statement No. 67

A single discount rate of 7.40% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.40%. The projection of cash flows used to determine the single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the applicable long-term expected rate of return on pension plan investments of 7.40% was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan’s net pension liability, calculated using a single discount rate of 7.40%, as well as what the plan’s net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

### Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption\*

FY Ending	1% Decrease	Current Single Discount Rate Assumption	1% Increase
September 30	6.40%	7.40%	8.40%
2021	\$12,825,258	(\$4,929,110)	(\$20,032,855)

\*These figures are estimates only. Actual figures will be provided after the end of the fiscal year.

# ACTUARIAL COST METHODS AND ASSUMPTIONS

As of October 1, 2020

## COST METHODS

Funding	Entry Age Actuarial Cost Method.
Amortization	Level dollar, closed amortization period 27 years. The amortization period for new bases set up in the future will be reduced by one year each year until reaching a 20-year amortization period.
Valuation Assets	Smoothed market value; earnings in excess of assumed rate are recognized evenly over a five-year period.

## INVESTMENT EARNINGS

7.40% per direction from the Board of Trustees based on information from their investment consultant. The 7.40% rate is compounded annually, gross rate before investment expenses.

## SALARY INCREASES

Select and ultimate increases based on years of service. See Table below.

<u>Years of Service</u>	<u>Assumed Increase</u>
1	10.00%
2	11.09
3	11.97
4	12.65
5	3.00
6 or more	3.00

## INFLATION

2.25% per year.

## ADMINISTRATIVE EXPENSES

Average of the actual cost for the two most recent years.



## MORTALITY RATES

**The mortality tables** used were the Pub-2010 Headcount Weighted Mortality Tables, generational mortality using gender specific MP-2018 mortality improvement projection scale. These are the same rates as used by the Florida Retirement System (FRS) in their July 1, 2019 Actuarial Valuation Report for regular class members. Florida Statutes Chapter 112.63(1)(f) mandates the use of the mortality tables from either of the two most recently published valuation reports of FRS. The following tables present the pre and post retirement mortality tables.

During Employment: Below-Median Employee Tables, set back 1 year for males, and set back 0 years for females. Sample Mortality Rates follow:

Sample Attained Ages (in 2020)	Probability of		Future Life	
	Dying Next Year		Expectancy (years)	
	Men	Women	Men	Women
50	0.19 %	0.11 %	37.64	40.19
55	0.30	0.17	32.63	35.06
60	0.46	0.26	27.78	30.04
65	0.65	0.37	23.10	25.13
70	0.90	0.57	18.56	20.31
75	1.36	0.94	14.13	15.62
80	2.15	1.59	9.83	11.12

Post-Employment: Below-Median Healthy Retiree Tables, set back 1 year for males, and set back 0 years for females. Sample Mortality Rates follow:

Sample Attained Ages (in 2020)	Probability of		Future Life	
	Dying Next Year		Expectancy (years)	
	Men	Women	Men	Women
50	0.19 %	0.58 %	33.04	36.86
55	0.97	0.58	28.67	32.42
60	1.15	0.60	24.59	27.89
65	1.29	0.69	20.55	23.32
70	1.80	1.10	16.55	18.85
75	2.88	1.90	12.85	14.66
80	4.87	3.44	9.58	10.92

Post-Employment Disabled Lives: and for Disabled lives, the Headcount Weighted General Disabled Retiree Tables, set forward 3 years for males and females.

Sample Attained Ages (in 2020)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	2.02 %	1.64 %	20.99	23.92
55	2.53	1.91	18.18	20.88
60	3.08	2.27	15.50	17.88
65	3.93	2.83	12.94	14.91
70	5.08	3.79	10.53	12.07
75	6.98	5.46	8.29	9.45
80	10.12	8.31	6.33	7.19

#### DISABILITY RATES

Rates of Disability	
Sample Ages	Rate
25-29	0.06 %
30-34	0.09
35-39	0.14
40-44	0.25
45-49	0.35
50+	0.50

#### TURNOVER RATES

First Three Years	
Years of Service	Rate
0 - 1	25.0 %
1 - 2	15.0
2 - 3	10.0
3 - 4	9.0
4 - 5	8.0

After Three Years	
Sample Ages	Rate
< 40	7.0 %
40 - 44	6.0
45 - 49	4.0
50+	3.0

## EARLY AND NORMAL RETIREMENT RATES

Age	Rate of Unreduced Retirement
58	45 %
59	45
60	45
61	45
62	45
63	25
64	25
65	25
66	20
67	20
68	20
69	20
70	15
71	15
72	15
73	15
74	15
75&Up	100

Probability of early retirement is 2.5% for each year eligible.

### BENEFIT ACCRUAL

Participants accrue service for benefit computation at the rate of benefit credits earned in the most recent year.

### FINAL AVERAGE EARNINGS

There is no adjustment for extending the averaging period to include payments for accumulated sick and vacation time because the effect is negligible.

### POST RETIREMENT BENEFIT INCREASE

N/A

### CHANGES SINCE LAST VALUATION

Assumed mortality rates were revised since the prior valuation to be the same as those used for Regular Class members of the Florida Retirement System (FRS) in its July 1, 2019 actuarial valuation, as prescribed by F. S. 112.63(1)(f). This statute requires retirement plans sponsored by Florida governmental entities to use the same mortality rates used by FRS in one of its two most recent valuations. These rates are based on the experience study performed by the Florida Retirement System for the period ending June 30, 2018, which was first adopted in its July 1, 2019 valuation.



## RATIONALE FOR ASSUMPTIONS

The size of the covered group is not large enough to provide statistically significant mortality experience; however, the mortality tables used by FRS, are reasonable for valuation purposes. The other demographic assumptions are based on the 2017 Experience Study.

The assumed investment return is monitored quarterly by the Board and the investment consultant.

## GLOSSARY OF TERMS

<b><i>Actuarial Accrued Liability (AAL)</i></b>	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
<b><i>Actuarial Assumptions</i></b>	Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members; and other items.
<b><i>Actuarial Cost Method</i></b>	A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of Future Normal Costs and the Actuarial Accrued Liability.
<b><i>Actuarial Equivalent</i></b>	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
<b><i>Actuarial Present Value (APV)</i></b>	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
<b><i>Actuarial Present Value of Future Benefits (APVFB)</i></b>	The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits, and inactive, non-retired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
<b><i>Actuarial Valuation</i></b>	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB Statement Nos. 67 and 68.
<b><i>Actuarial Value of Assets</i></b>	The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the Actuarially Determined Contribution (ADC).

<b><i>Actuarially Determined Contribution (ADC)</i></b>	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation. The ADC consists of the Employer Normal Cost and Amortization Payment.
<b><i>Amortization Method</i></b>	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL.
<b><i>Amortization Payment</i></b>	That portion of the plan contribution or ADC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
<b><i>Amortization Period</i></b>	The period used in calculating the Amortization Payment.
<b><i>Closed Amortization Period</i></b>	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example, if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.
<b><i>Employer Normal Cost</i></b>	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
<b><i>Experience Gain/Loss</i></b>	A measure of the difference between the normal cost rate from last year and the normal cost rate from this year.
<b><i>Funded Ratio</i></b>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.
<b><i>GASB</i></b>	Governmental Accounting Standards Board.
<b><i>GASB Statement Nos. 67 and 68</i></b>	These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 68 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 67 sets the rules for the systems themselves.
<b><i>Normal Cost</i></b>	The annual cost assigned, under the Actuarial Cost Method, to the current plan year.
<b><i>Unfunded Actuarial Accrued Liability</i></b>	The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.
<b><i>Valuation Date</i></b>	The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.



**SECTION III**

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**TRUST FUND**

<b>PENSION FUND ASSETS AT MARKET VALUE AS OF SEPTEMBER 30</b>		
	<b>2020</b>	<b>2019</b>
<b>Cash and cash equivalents</b>	\$ 492,426	\$ 593,649
<b>Investments</b>		
Money market funds	763,419	1,840,593
Government and Agencies		
US Treasury Notes	232,789	-
Real Estate	1,329,285	-
Municipal Obligations	276,028	-
Corporate Bonds	3,587,195	-
Equity Securities		
Domestic	33,042,554	26,056,941
International & Depository Receipts	1,154,829	1,249,873
American Depository Receipts	1,015,648	835,968
Mutual Funds		
Fixed Income	35,914,905	40,545,990
Domestic Equity	51,375,573	48,541,675
International Equity	25,384,044	22,079,022
Global Infrastructure Fund	2,233,788	2,372,364
Real Estate	<u>11,508,614</u>	<u>11,412,536</u>
Total	167,818,671	154,934,962
<b>Receivables</b>		
Member Contributions	67,758	69,463
Employer Contributions	99,487	91,686
Accrued Income	<u>112,483</u>	<u>96,494</u>
Total	279,728	257,643
<b>Payables &amp; Prepaid Expenses</b>		
Net Due to Brokers	(2,896)	-
Accounts payable	(100,363)	(77,058)
Prepaid Expenses	<u>583,331</u>	<u>541,208</u>
Total	480,072	464,150
<b>Total Plan Assets</b>	169,070,897	156,250,404

**RECEIPTS AND DISBURSEMENTS  
AS OF SEPTEMBER 30**

	<b>2020</b>	<b>2019</b>
<b>Market Value of Fund Beginning of Year</b>	156,250,404	153,716,351
Receipts		
Contributions		
Members	2,058,011	2,036,196
Employer	2,677,199	2,715,480
Total	<u>4,735,210</u>	<u>4,751,676</u>
Investment Earnings		
Interest & Dividends	3,534,226	3,080,710
Other	2,049	8,494
Realized Gain / (Loss)	4,129,686	19,282,150
Unrealized Appreciation/(Depreciation)	10,324,336	(16,129,244)
Total	<u>17,990,297</u>	<u>6,242,110</u>
Total Receipts	22,725,507	10,993,786
Disbursements		
Periodic Retirement Benefits	7,306,681	6,523,386
Lump Sum Distributions & Refund of Contributions	1,853,763	1,256,137
Investment Expenses	412,572	389,796
Administrative Expenses	331,998	290,414
Total Disbursements	<u>9,905,014</u>	<u>8,459,733</u>
Net increase/(decrease)	12,820,493	2,534,053
Market Value of Fund End of Year	169,070,897	156,250,404

<b>Development of Funding Value of Assets as of September 30</b>		
	<b>2020</b>	<b>2019</b>
A. Market Value beginning of year	\$156,250,404	\$153,716,351
B. Non-investment net cash flow	(5,169,804)	(3,708,057)
C. Expected Investment Earnings	11,371,247	11,237,812
D. Expected Assets end of year	162,451,847	161,246,106
E. Market Value end of year	169,070,897	156,250,404
F. Excess/(Shortfall) of Actual over Expected		
1. Current year	6,619,050	(4,995,702)
2. First prior year	(4,995,702)	1,393,274
3. Second prior year	1,393,274	5,602,243
4. Third prior year	5,602,243	2,878,534
G. Amounts Unrecognized		
1. 80% of Current Year	5,295,240	(3,996,562)
2. 60% of First prior year	(2,997,421)	835,964
3. 40% Second prior year	557,310	2,240,897
4. 20% Third prior year	<u>1,120,449</u>	<u>575,707</u>
5. Total Unrecognized Investment Return	3,975,578	(343,994)
H. Funding Value end of year		
1. Preliminary Funding Value end of year: (E) - (G)	165,095,319	156,594,398
2. Upper corridor limit: 120% of E	202,885,076	187,500,485
3. Lower corridor limit: 80% of E	135,256,718	125,000,323
4. Funding Value end of year	165,095,319	156,594,398
I. Adjustment for Reserves		
1. DROP Reserves	1,828,157	2,206,567
2. SHARE Plan Reserves	<u>3,319,900</u>	<u>2,838,605</u>
3. Total Reserves	5,148,057	5,045,172
J. Funding Value Net Reserves	159,947,262	151,549,226
K. Market Value Net Reserves	<u>163,922,840</u>	<u>151,205,232</u>
L. Difference between Market Value and Funding Value	3,975,578	(343,994)

Reconcillation of DROP Accounts for the Year Ended September 30, 2020	
Beginning Balance	\$ 2,206,567
Adjustments	(20,569)
Additions	1,040,068
Earnings net Fees	56,596
Distributions	1,454,505
Ending Balance	1,828,157

Reconcillation of Share Accounts for the Year Ended September 30, 2020	
Beginning Balance	\$ 2,838,605
Adjustments	59
Additions	404,587
Earnings net Fees	335,050
Distributions	258,401
Ending Balance	3,319,900

## INVESTMENT RATE OF RETURN

The investment rate of return has been calculated on the following bases:

- Basis 1 - **Market Value Basis** - Interest, dividends, realized gains (losses) and unrealized appreciation (depreciation) divided by the weighted average of the market value of the fund during the year. This figure is normally called the Total Rate of Return.
- Basis 2 - **Valuation Asset Basis** - Investment earnings recognized in the Actuarial Value of Assets divided by the weighted average of the Actuarial Value of Assets during the year.

Year Ended	Investment Rate of Return	
	Basis 1	Basis 2
9/30/20	11.7 %	8.9 %
9/30/19	4.1	6.9
9/30/18	8.5	7.9
9/30/17	11.8	8.4
9/30/16	9.9	8.9
9/30/15	(0.6)	8.1
9/30/14	9.2	10.4
9/30/13	13.8	9.3
9/30/12	17.7	3.7
9/30/11	0.2	2.9
Average Compounded Rate of Return for Last 5 Years	9.2	8.2
Average Compounded Rate of Return for Last 10 Years	8.5	7.5

**SECTION IV**

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**MEMBER STATISTICS**

<b>STATISTICAL DATA</b>			
	<b>10/1/2020</b>	<b>10/1/2019</b>	<b>10/1/2018</b>
<b>Active Participants</b>			
Number	392	439	493
Total Annual Earnings	\$ 21,244,429	\$ 22,833,402	\$ 25,474,026
Average Annual Earnings	54,195	52,012	51,671
<b>Averages</b>			
Current Age	53.4	53.0	52.7
Age at Employment	39.6	39.9	40.1
Past Service	13.8	13.1	12.6
Service at Age 62	22.4	22.1	21.9
<b>DROP</b>			
Number	41	40	37
Total Annual Pension	\$ 1,148,290	\$ 1,145,116	\$ 1,051,846
Average Monthly Benefit	2,334	2,386	2,369
Average Current Age	61.9	62.2	62.2
<b>Retirees and Beneficiaries</b>			
Number	439	417	384
Total Annual Pension	\$ 7,263,862	\$ 6,733,668	\$ 5,917,804
Average Monthly Benefit	1,379	1,346	1,284
Average Current Age (Retirees Only)	71.0	70.9	70.7
<b>Disability Retirees</b>			
Number	24	21	19
Total Annual Pension	\$ 365,761	\$ 305,531	\$ 264,068
Average Monthly Benefit	1,270	1,212	1,158
Average Current Age	63.6	63.2	63.3
<b>Terminated Members with Vested Benefits</b>			
Number	95	95	91
Total Annual Pension	\$ 1,287,230	\$ 1,284,588	\$ 1,159,075
Average Monthly Benefit	1,129	1,127	1,061
Average Current Age	53.1	53.0	52.1



**RECONCILIATION OF MEMBERSHIP DATA FROM 10/1/2019 TO 10/1/2020**

**A. Active Members (Closed Plan)**

1. Number Beginning of Year	439
2. Disability Retirements	(2)
3. Vested Employment Terminations	(10)
4. Service Retirements	(12)
5. DROP Retirements	(20)
6. Deaths, Contributions Refunded	(1)
7. Deaths, Survivor Benefits	(3)
8. Data correction	<u>1</u>
9. Number End of Year	392

**B. Terminated Vested Deferred Members**

1. Number Beginning of Year	95
2. Additions from Active Members	10
3. Lump Sum Payments/Refunds	(5)
4. Deaths, Contributions Refunded	(1)
5. Payments Commenced	(5)
6. Data correction	<u>1</u>
7. Number End of Year	95

**C. DROP**

1. Number Beginning of Year	40
2. Additions from Active Members	20
3. Retirements	(19)
4. Other	<u>0</u>
5. Number End of Year	41

**D. Service Retirees, Disability Retirees and Beneficiaries**

1. Number Beginning of Year	438
2. Additions from Active Members	17
3. Additions from Terminated Vested Members	5
4. Additions from DROP	19
5. End of Certain Period, No Further Payments	(1)
6. Deaths During Year, No Further Payments	(5)
7. Deaths (Prior Year(s)), No Further Payments	<u>(10)</u>
8. Number End of Year	463

**Active Members with Regular Benefits  
Age and Service Distribution as of October 1, 2020**

<u>Ages</u>	<u>Years of Past Service</u>											<u>Totals</u>
	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	
15-19	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	5	1	0	0	0	0	6
35-39	0	0	0	0	0	7	0	0	0	0	0	7
40-44	0	0	0	0	0	13	7	5	0	0	0	25
45-49	0	0	0	0	0	14	12	3	3	1	0	33
50-54	0	0	0	0	0	16	10	5	6	3	1	41
55-59	0	0	0	0	1	26	24	26	18	5	1	101
60-64	0	0	0	0	0	0	0	0	0	0	0	0
65&UP	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>81</b>	<b>54</b>	<b>39</b>	<b>27</b>	<b>9</b>	<b>2</b>	<b>213</b>

**Active Members with Enhanced Benefits  
Age and Service Distribution as of October 1, 2020**

<u>Ages</u>	<u>Years of Past Service</u>											<u>Totals</u>
	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	
15-19	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	2	1	0	0	0	0	3
35-39	0	0	0	0	0	3	2	1	0	0	0	6
40-44	0	0	0	0	0	0	2	0	0	0	0	2
45-49	0	0	0	0	0	6	11	3	1	2	0	23
50-54	0	0	0	0	0	8	9	25	9	3	0	54
55-59	0	0	0	0	0	24	27	20	16	4	0	91
60-64	0	0	0	0	0	0	0	0	0	0	0	0
65&UP	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>43</b>	<b>52</b>	<b>49</b>	<b>26</b>	<b>9</b>	<b>0</b>	<b>179</b>

## **SECTION V**

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### **SUMMARY OF PLAN PROVISIONS**

## AMALGAMATED TRANSIT UNION LOCAL 1596 PENSION PLAN SUMMARY OF RETIREMENT PLAN PROVISIONS AS OF OCTOBER 1, 2020

<b>EFFECTIVE DATE</b>	October 1, 1984.
<b>PLAN YEAR</b>	Each year beginning on October 1 and ending on September 30.
<b>ENTRY DATES</b>	October 1, 1984, for those in covered employment on 10/1/84 and 10/1/85. For those hired after that date, it shall be the first day of employment, provided the employee completes the Probationary Period as defined in the Collective Bargaining Agreement. The Plan was closed to new employees effective March 1, 2014.
<b>AVERAGE COMPENSATION</b>	Average total compensation for the highest sixty (60) calendar months preceding retirement or termination. Effective January 1, 2013, pay for unused sick and vacation time and pay for overtime in excess of 300 hours are excluded from compensation.
<b>BENEFIT CREDIT</b>	A participant will be credited with Units of Benefit Credit for Hours of Service worked in a Plan Year:

<u>Hours of Service</u>	<u>Units of Benefit Credit</u>
2500 or more	1.3
2300 - 2499	1.2
2100 - 2299	1.1
1900 - 2099	1.0
1700 - 1899	0.9
1500 - 1699	0.8
1300 - 1499	0.7
1100 - 1299	0.6
900 - 1099	0.5
700 - 899	0.4
500 - 699	0.3
0 - 499	0.0

Units of Benefit Credit shall be accumulated by a Participant as a result of Covered Employment only for the period from and after October 1, 1978.



**BENEFIT CREDIT**  
(cont.)

**Addendum A** provides an additional past service benefit for specific employees covered by that agreement.

**VESTING SERVICE**

A Plan Year during which the Participant works 1000 hours or more, including years before adoption of the Plan.

**NORMAL RETIREMENT**

**Eligibility**

Age 62.

**Benefit**

2.13% times Average Monthly Earnings times the Participant's Units of Benefit Credit.

**Normal Form**

Life annuity ceasing upon death of retiree (*with other options available.*) Refer to Summary Plan Description for more detail.

**Automatic Form**

For any Participant who is married, the benefit shall automatically be reduced and paid as a Joint and Survivor annuity unless the Participant and spouse elect otherwise in writing. For any Participant who is unmarried, the benefit shall automatically be reduced and paid as a ten year certain and life annuity unless the Participant elects otherwise in writing.

**Enhanced Benefit Option**

A Participant may elect to increase the benefit rate by 0.25% for future years of service. Member contributions would be increased by 2.50% of earnings for the same future years to pay for the increased benefit.

Effective November 4, 2004, a Participant may elect to increase the benefit rate by an additional 0.25% (for a total 0.50% increase in benefit rate) for future years of service. Member contributions would be increased by an additional 2.50% (for a total 5.00% increase in member contribution rate) of earnings for the same future years to pay for the increased benefit.

## EARLY RETIREMENT

<b>Eligibility</b>	Age 55 with 10 years of Vesting Service and 10 Units of Benefit Credit. The requirement that a Participant earn at least 10 units of benefit credit to be entitled to Early Retirement shall not apply to any vested Participant who retires prior to October 1, 1988.
<b>Benefit</b>	Accrued Benefit to early retirement date payable at normal retirement date, or actuarially reduced and payable immediately, reduced as follows: 5/9% per month for the first 60 months by which retirement precedes age 62, and 5/18% per month for additional months by which retirement precedes age 62.
<b>Unreduced Early Retirement</b>	Age 58 with 20 years of vesting service effective 2/9/99.

## LATE RETIREMENT

<b>Benefit</b>	Benefit continues to accrue, and is determined in the same way as the Normal Retirement Benefit.
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## DISABILITY

<b>Eligibility</b>	A Participant who becomes disabled on or after January 1, 1985, with ten (10) or more Units of Benefit Credit.
<b>Definition</b>	Unable to engage in any substantial, gainful employment with the Employer by reason of any medically determinable physical or mental impairment which can be expected to last at least ninety (90) days or to result in death, or to be of indefinite duration. A Participant who is entitled to disability benefits under the U.S. Social Security System is presumed to meet these requirements.
<b>Benefit</b>	The accrued benefit taking into account pensionable earnings and service credited as of the date of disability.



## DEATH

### Prior to Retirement - Not Vested

Return of employee contributions in the form of a lump sum with interest credited at a rate of 5% compounded annually.

### - Vested

100% Survivor benefit payable to spouse, determined on:

- i. day preceding death, if participant was eligible for retirement, otherwise
- ii. earliest date participant could have retired.

If survivor annuity is waived by the participant and spouse then a lump sum of accumulated Employee Contributions will be made.

The same benefit is payable even if the beneficiary is not the spouse.

### After Retirement

Benefit according to option selected, if any. A lump sum will be made of any excess of accumulated Employee Contributions, over pension payments actually made.

## TERMINATION OF EMPLOYMENT

### Vesting Schedule

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 5	0%
5	50
6	60
7	70
8	80
9	90
10 or more	100

### Benefit

Vested % of normal retirement benefit accrued to date of termination, payable at normal retirement date, or reduced and payable upon meeting early retirement eligibility. Distribution may be made in the form of a lump sum if the actuarial equivalent value is \$3,500 or less.



## CONTRIBUTIONS

<b>Member</b>	5.25% of earnings for regular benefit. 7.75% of earnings for enhanced benefit level 1. 10.25% of earnings for enhanced benefit level 2.
<b>Employer</b>	9.75% of earnings.
<b>Shared Contribution</b>	The amount by which the required contribution rate exceeds the regular contribution rates shown above is shared on the same basis – 35% member, 65% employer – in the subsequent year. The Total Minimum Contribution Amount is 9.75% (Employer), 5.25% (Employee Regular Benefit), 7.75% (Employee Enhanced Benefit Level 1), and 10.25% (Employee Enhanced Level 2).
<b>DROP Provision</b>	DROP established effective October 1, 2001.
<b>Share Provision</b>	Share plan established effective October 1, 2001.
<b>CHANGES SINCE LAST YEAR</b>	None.

**SECTION VI**

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**APPENDIX**

**REGULAR BENEFIT**  
**2.13%**  
**BENEFIT ILLUSTRATION**

<b>Sample Monthly Normal Retirement Pensions</b>					
	<b>Average Monthly Salary</b>				
<b>Years of Service</b>	<b>\$2,000</b>	<b>\$2,400</b>	<b>\$2,800</b>	<b>\$3,200</b>	<b>\$3,600</b>
10	\$ 426	\$ 511	\$ 596	\$ 682	\$ 767
15	639	767	895	1,022	1,150
20	852	1,022	1,193	1,363	1,534
25	1,065	1,278	1,491	1,704	1,917
30	1,278	1,534	1,789	2,045	2,300
35	1,491	1,789	2,087	2,386	2,684
40	1,704	2,045	2,386	2,726	3,067
Corresponding hourly rate based on 2,000 hours per year	\$12.00	\$14.40	\$16.80	\$19.20	\$21.60

For example, a person hired at age 42 working 2000 hours per year for 20 years at \$16.80 per hour could receive a monthly pension of \$1,193 starting at age 62.

The benefit can be payable as a straight life annuity, with payments stopping at the death of the retiree, or under an optional form providing a continuation of benefits in certain circumstances. For example if the above retiree age 62 has a spouse age 57, the following are a couple of choices available:

**OPTION – TEN YEARS CERTAIN AND LIFE THEREAFTER ANNUITY:**

- Monthly benefit payable for 10 years \$1,161
- Monthly benefit payable after 10 years as long as retiree is alive 1,161

**OPTION – 50% SURVIVOR ANNUITY WITH POP-UP FEATURE:**

- Monthly benefit while both retiree and beneficiary are alive \$1,098
- Monthly benefit after retiree's death, during beneficiary's life 549
- Monthly benefit after beneficiary's death, during retiree's life 1,193



## ENHANCED BENEFIT ILLUSTRATION

Members who elect to increase their contributions by 2.50% will increase their benefit rates by 0.25% for a total of 2.38% (2.13% + 0.25%). The higher benefit rate will apply to the years during which the higher member contribution was made. The following table shows the additional benefits for members who make the increased contribution for the number of years shown.

<b>Sample Additional Monthly Normal Retirement Pensions</b>					
<b>Years of Additional Contributions</b>	<b>Average Monthly Salary</b>				
	<b>\$2,000</b>	<b>\$2,400</b>	<b>\$2,800</b>	<b>\$3,200</b>	<b>\$3,600</b>
5	\$ 25	\$ 30	\$ 35	\$ 40	\$ 45
10	50	60	70	80	90
15	75	90	105	120	135
20	100	120	140	160	180
25	125	150	175	200	225
30	150	180	210	240	270
35	175	210	245	280	315
40	200	240	280	320	360
Corresponding hourly rate based on 2,000 hours per year	\$12.00	\$14.40	\$16.80	\$19.20	\$21.60

Members who elect to increase their contributions by 5.00% will increase their benefit rates by 0.50% for a total of 2.63% (2.13% + 0.50%). The higher benefit rate will apply to the years during which the higher member contribution was made. The additional benefits for members who make the increased contribution would be double the amounts shown above for the number of years shown.