



The table below contains the projection of long-term real returns for the Plan's Target Allocation as required by GASB 67 and 68.

Asset Group	Long-Term Real Return	Target Allocation Proxy*	Asset Group Contribution
Domestic Equity	7.5%	50.00%	3.750%
International Equity	8.5%	10.00%	0.850%
Domestic Bonds	2.5%	40.00%	1.000%
International Bonds	3.5%	0.00%	0.000%
Real Estate	4.5%	0.00%	0.000%
		Total Real Return	5.60%

- The projected long-term real rate of return for the Plan, net of investment expenses, is 5.60%.
- This real return was projected using the long-term nominal building block data on page one less the long-term inflation assumption of 2.5%.
- The table on page two reflects the long-term real returns for each asset class in conjunction with a proxy representation of the Pension's long-term target asset allocation.
- The long-term real return expectation is an arithmetic calculation.
- The GASB building block long-term real return projections were developed through a evaluation process overseen by the AndCo Investment Policy Committee. The Committee considered many factors, including but not limited to, the intellectual capital of our tenured professionals, long-term historic capital market returns, 10-15 year expected capital market return assumptions, as well as, historical, current, and expected inflation data.