

City of Elkins, West  
Virginia  
Policemen's Pension and  
Relief Fund

Actuarial Valuation Report for the  
Year Beginning July 1, 2017



August 22, 2018

Ms. Tracy Judy  
City Treasurer  
401 Davis Avenue  
Elkins, WV 26241

Cpl. Ronald W. Belt  
Pension Board Secretary  
City of Elkins Policemen's Pension and Relief Fund

**Subject: City of Elkins Policemen's Pension and Relief Fund  
Actuarial Valuation Report for the Year Beginning July 1, 2017**

Dear Ms. Judy and Cpl. Belt:

Upon the request of the Municipal Pensions Oversight Board, we have performed an actuarial valuation as of July 1, 2017, for the City of Elkins, West Virginia Policemen's Pension and Relief Fund ("Fund" or "Plan"). This actuarial valuation has been performed in accordance with the West Virginia Code Chapter 8, Article 22, Sections 16 through 28, inclusive.

In accordance with West Virginia Code §8-22-20, this actuarial valuation report provides information on:

- The sponsor's funding requirements for the fiscal year ending June 30, 2019;
- The Fund's eligibility to receive an allocation of the premium tax for the fiscal year ending June 30, 2019; and
- The Fund's eligibility to provide supplemental benefits for the plan year beginning July 1, 2019.

West Virginia Code §8-22-20(c)(4) requires (1) a review of the actuarial assumptions and methods at least once every five years and (2) that the Actuary shall provide a report to the oversight board with recommendations on any changes to the actuarial process. Consequently, an experience review was performed for the period July 1, 2009, through June 30, 2014. The assumptions and methods were recommended by the actuary, in the report *2016 Experience Review for the Years July 1, 2009, to July 1, 2014*, approved by the Municipal Pensions Oversight Board, and became effective for the actuarial valuation as of July 1, 2015.

This report is based on the sponsor's election to finance benefit obligations using the Optional funding policy as defined in West Virginia Code §8-22-20 (e)(1).

This valuation is based upon:

**Plan Member Data** – Data for active members and persons receiving benefits from the Fund as of June 30, 2017, was provided by the Fund's staff. We have tested this data for reasonableness.

**Asset Values** – A reconciliation of market value of assets during the plan year ended June 30, 2017, and assets held as of June 30, 2017, by investment category, was provided by the Fund.

**Plan Provisions** – A summary of the key plan provisions valued are set forth in Section VI of the report: Summary of Principal Plan Provisions.

**Actuarial Methods** – Fund liabilities were measured using the Entry-Age Normal Actuarial Cost Method. The actuarial valuation was based on the market value of assets. The actuarial methods used in the actuarial valuation are set forth in Section V of the report: Actuarial Assumptions and Methods.

**Actuarial Assumptions** – The actuarial assumptions used include a discount rate of 6.00%. The assumptions used in the actuarial valuation are set forth in Section V of the report: Actuarial Assumptions and Methods.

The actuarial valuation results disclosed in this report are based on the data and actuarial assumptions and methods described above, and upon the provisions of the Plan as of the actuarial valuation date. Based on these items, we certify these results to be true and correct.

To the best of our knowledge, this actuarial statement is complete and accurate, and has been prepared in accordance with generally accepted actuarial principles and practices.

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; 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.

This report should not be relied on for any purpose other than the purpose stated.

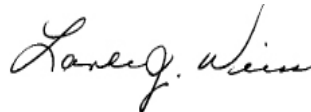
The signing actuaries are independent of the plan sponsor.

Alex Rivera and Lance J. Weiss are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Sincerely,



Alex Rivera, FSA, EA, MAAA, FCA  
Senior Consultant



Lance Weiss, EA, MAAA, FCA  
Senior Consultant



# Contents

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Section	Pages	Items
		Transmittal Letter
<b>I</b>		<b>Actuarial Valuation Results as of July 1, 2017</b>
	1-5	Executive Summary of Valuation Results as of July 1, 2017
	6	Schedule A: Summary of Key Valuation Results
	7	Schedule B: (Gain)/Loss Analysis
<b>II</b>		<b>Actuarial Projections</b>
	1-5	Optional Funding Policy Projections
<b>III</b>		<b>Actuarially Determined Contribution for GASB 67/68 Reporting</b>
	1	Schedule C: Funding Progress and Employer Contributions
<b>IV</b>		<b>Actuarial Valuation Data as of July 1, 2017</b>
	1	Schedule D: Reconciliation of Assets
	2	Schedule E: Assets Held by Category
	3	Schedule F: Summary of Participant Activity
	4	Schedule G: Distribution of Actives
	5	Schedule H: Participants Summary
<b>V</b>	1-5	<b>Actuarial Assumptions and Methods</b>
<b>VI</b>	1-2	<b>Summary of Principal Plan Provisions</b>

**SECTION I**

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**ACTUARIAL VALUATION RESULTS AS OF JULY 1, 2017**

# Actuarial Valuation Results as of July 1, 2017

## Executive Summary

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Upon the request of the Municipal Pensions Oversight Board, we have performed an actuarial valuation as of July 1, 2017, for the City of Elkins, West Virginia Policemen's Pension and Relief Fund ("Fund" or "Plan").

In accordance with West Virginia Code §8-22-20, this actuarial valuation report provides information on:

- The sponsor's funding requirements for the fiscal year ending June 30, 2019;
- The Fund's eligibility to receive an allocation of the premium tax for the fiscal year ending June 30, 2019; and
- The Fund's eligibility to provide supplemental benefits for the plan year beginning July 1, 2019.

This report is based on the sponsor's election to finance benefit obligations using the Optional funding policy as defined in West Virginia Code §8-22-20 (e)(1). The sponsor changed the funding policy used to determine contributions from the Standard funding policy to the Optional funding policy, effective March 11, 2015.

The key features of the Optional funding policy, effective for plan years beginning after January 1, 2010, for plans previously financing benefits with the Standard funding policy, are summarized below;

- The current local Plan is closed to new employees
- New employees are covered in the multiple employer statewide plan – *Municipal Police Officers and Firefighters Retirement System*
- Benefits and expenses in the closed local Plan are financed by contributions made from the following sources:
  - Employee contributions of 7.0% of pay for members hired before January 1, 2010, increased by up to 2.5% of pay if elected by the Board of trustees of the Plan. Employees hired after January 1, 2010, contribute 9.5% of pay;
  - The premium tax allocation assigned to the Fund for the plan year; and
  - Employer contributions equal to the normal cost, net of employee contributions, plus a 40-year closed period amortization from July 1, 1991 (14 Years remaining as of July 1, 2017) on a level dollar basis, of the unfunded actuarial accrued liability net of premium tax allocation applicable to the plan year.

## Actuarial Valuation Results as of July 1, 2017 Executive Summary (Continued)

The following table provides the Plan's funded status:

Funded Status as of:	July 1, 2017
Assets	\$3,273,105
Actuarial Accrued Liability	\$5,121,290
Unfunded Actuarial Accrued Liability	\$1,848,185
Funded Ratio	63.91%

The following table provides the estimated employer contributions for the fiscal year ending June 30, 2018, under the Optional funding policy, which was developed using the results of the actuarial valuation as of July 1, 2016:

Employer Contributions for FYE:	June 30, 2018
Estimated Payroll for PYE 06/30/2017	\$359,239
Employer Normal Cost for PYE 06/30/2017	\$97,077
Employer Normal Cost Rate for PYE 06/30/2017	27.0%
Amortization of Unfunded Actuarial Liability for PYE 06/30/2017	\$223,326
State Insurance Premium Tax Allocation for FYE 06/30/2018	\$104,185
Employer Contribution for FYE 06/30/2018 <sup>a</sup>	\$216,218

The following table provides the estimated employer contributions for the fiscal year ending June 30, 2019, under the Optional funding policy, which was developed using the results of the actuarial valuation as of July 1, 2017:

Estimated Employer Contributions for FYE:	June 30, 2019
Estimated Payroll for PYE 06/30/2018	\$220,641
Employer Normal Cost for PYE 06/30/2018	\$57,171
Employer Normal Cost Rate for PYE 06/30/2018	25.9%
Amortization of Unfunded Actuarial Liability for PYE 06/30/2018	\$193,127
State Insurance Premium Tax Allocation for FYE 06/30/2019	\$108,209
Estimated Employer Contribution for FYE 06/30/2019 <sup>a</sup>	\$142,089

<sup>a</sup> The Employer Contribution cannot be less than the Employer Normal Cost.

# Actuarial Valuation Results as of July 1, 2017

## Executive Summary (Continued)

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The actual minimum employer contribution for fiscal year ending June 30, 2019, will be based on the actual payroll for the plan year end June 30, 2018.

### Commentary on Premium Tax Allocation

Under §8-22-19 of the West Virginia Code, the plan sponsor is required to deposit the statutory contribution on a monthly basis at a rate of one-twelfth of the annual requirement, in order to receive the premium tax allocation from the Municipal Pensions Security Fund. Revenues which are specifically collected for the Fund, including employee payroll contributions, must be deposited within five days of receipt.

Based upon discussions with the Municipal Pensions Oversight Board (MPOB), we understand the annual premium tax allocation is determined by September 1<sup>st</sup> each year. Municipalities can begin invoicing the MPOB for their share of the premium tax allocation after receiving their state provided actuarial study and after the municipality has made employer contributions to the local Plan. Each municipal treasurer shall use the invoice template provided by the MPOB to begin drawing down the state allocation for the municipal pension plan. This July 1, 2017, Actuarial Report from GRS is to be used by municipal pension plans to draw down the September 1, 2018 State Premium Tax Allocation which is allocated in Fiscal Year 2019. *The actuarial valuation and projection results assume the sponsor will make the statutory contributions on a monthly basis in accordance with statutes, and will be eligible to receive the premium tax allocation.*

### Commentary on Solvency Projections and Supplemental Benefits

Under § 8-22-26a of the West Virginia Code, all retirees, surviving spouses and disabled pensioners are eligible for Supplemental Benefits that include automatic cost-of-living benefits commencing on the first day of July following two years of retirement. The benefit equals the percentage increase in the Consumer Price Index, limited to 4.0 percent (2.0 percent for certain disabled pensioners), multiplied by the sum of the allowable amount (first \$15,000 of initial benefits paid) and the accumulated supplemental pensions paid in prior years.

The Court of Appeals decision requires that Supplemental Benefits be provided on “the allowable amount of the first \$15,000 of the total annual pension paid in addition to the accumulated supplemental pension from the previous years.” The decision implies that compound cost-of-living increases should be applied to both the allowable amount of \$15,000 and the accumulated supplemental pension amounts for prior years. Additional Supplemental Benefits are payable only if the Plan satisfies the minimum standard for actuarial soundness as defined in West Virginia Code § 8-22-20. This minimum standard requires that the fund remain “solvent” over the next 15-year projection period. Based on discussions with the West Virginia Municipal Pensions Oversight Board, and our understanding of the administrative practices of other local police and fire pension funds in West Virginia, the “solvency” requirement generally means that the fund’s market value of assets is projected to be greater than zero for all plan years prior to the end of the 15-year projection period. The projection is based on the most recent actuarial valuation and assumes the plan sponsor will make contributions according to the funding policy elected by the sponsor as defined by West Virginia Code, including any additional amounts needed to satisfy the 15-year solvency



# Actuarial Valuation Results as of July 1, 2017

## Executive Summary (Continued)

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test on a closed group projection basis. Although the 15-year solvency test may satisfy the minimum standard for actuarial soundness under the statutes, it is not necessarily consistent with generally accepted actuarial principles.

The City of Elkins has elected to fund benefits using the Optional funding policy of financing as defined in West Virginia Code §8-22-20 (e)(1). Under this funding methodology, the fund's market value of assets is projected to be greater than zero for all plan years prior to the end of the 15-year projection period. Accordingly, this contribution methodology satisfies the minimum standard for actuarial soundness.

The Supplemental benefits for plan year beginning July 1, 2019, will be based on the Consumer Price Index for calendar year 2018, and the projected results of the July 1, 2017, actuarial valuation.

### Additional Remarks on the Actuarial Valuation Results

Following are additional remarks on the actuarial valuation results as of July 1, 2017:

- The assumptions and methods were recommended by the actuary, in the report *2016 Experience Review for the Years July 1, 2009, to July 1, 2014*, and approved by the Municipal Pensions Oversight Board and became effective beginning with the actuarial valuation as of July 1, 2015. The key assumptions are fully disclosed in Section V of the report.
- The interest rate used to discount liabilities remained the same for the July 1, 2016 and July 1, 2017 actuarial valuations.
  - The interest rate assumption was developed by reviewing the Plan's current funded ratio, the 15-year projected funded ratio, the ratio of assets to benefits, the percentage of assets allocated to equities and the funding policy selected. The details of the methodology used to select the discount rate are presented in Section V of the report. As of July 1, 2017, the Plan's funded ratio of 64% (using a testing interest rate of 6.00% for all plans using the Optional funding policy), ratio of assets to benefits of 9.44, equity allocation of 58%, and 15-year projected funded ratio of 100%, resulted in a discount rate assumption of 6.00%.
- The Fund experienced an approximate annualized return of 9.65% on the market value of assets during the plan year ended June 30, 2017, which compares to the expected annualized return of 6.00%. The difference in actual versus expected return produced an asset (gain)/loss of (\$108,969).
- An actuarial valuation is based on the expectation of certain events such as salary increases, retirement, disability, mortality, termination and cost of living increases. Demographic or liability experience (gains)/losses are generated when the actual occurrence of such events differs from the expectation. During the plan year ending June 30, 2017, the fund experienced a net liability (gain)/loss of (\$175,666) due to these events.

# Actuarial Valuation Results as of July 1, 2017

## Executive Summary (Continued)

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### Optional Funding

Following are additional remarks on the actuarial valuation projections under the current funding policy:

- Employer contributions to the closed local plan are expected to decrease from \$142,089 for the fiscal year end June 30, 2019 to \$70,773 for the fiscal year ending June 30, 2032.
- The funded ratio is projected to increase from 64% in 2017 to 100% in 2032. The Optional funding policy is consistent with generally accepted actuarial principles.

This actuarial valuation assumes that the City will be able to make future contributions on a timely basis. The ability of the plan to reach 100% by 2032 is heavily dependent on the City contributing the minimum employer contribution calculated under the Optional funding policy each and every year until 2032. We did not perform an analysis of the ability of the City to make future contributions. Such an analysis is not within the scope of our assignment or within our analytical skill set. Failure to receive City contributions on a timely basis could jeopardize the sustainability of the Fund.

Under the Optional funding policy, the following experience could cause City contributions to change during the year:

- If the actual return on assets is *less* than the assumed return of 6.00%, then contributions will generally *increase*. Conversely, if the actual return is *greater* than the assumed return, contributions will generally *decrease*.
- If salaries *increase* by more than assumed, contributions could *increase*. If salaries *decrease* by more than assumed, contributions could *decrease*.
- If active members retire *sooner* than expected, contributions will generally *increase*. If active members retire *later* than expected, contributions will generally *decrease*.
- If active members become disabled during the year, contributions could increase.
- If retired members die *later* than expected, contributions will increase. If retired members die *sooner* than expected, contributions will decrease.
- If the general inflation is *greater* than assumed, supplemental benefits will be greater than assumed and contributions will *increase*. Conversely, if general inflation is *lower* than assumed, contributions will *decrease*.

At least once every five years, GRS performs an experience review analysis and updates the actuarial valuation assumptions. For example, if salary increases were consistently lower than assumed during the experience period, then the salary increase rate would likely be lowered. Or if more members retired than assumed, then the retirement rates would likely be increased. Any change in actuarial assumption will also impact the City's funded ratio. The objective of a change in assumptions is to reduce the level of experience gains and losses in future actuarial valuations.

# Actuarial Valuation Results as of July 1, 2017

## Schedule A: Summary of Key Valuation Results

Valuation Date	<b>July 1, 2016</b>		<b>July 1, 2017</b>	
Valuation Interest Rate	6.00%		6.00%	
Cost-of-Living Adjustment	2.75%		2.75%	
Wage Inflation	3.75%		3.75%	
Expected Payroll	\$359,239		\$220,641	
Average Pay	\$51,320		\$44,128	
Expected Benefit Payments	\$318,240		\$346,823	
<b>1. Actuarial Accrued Liability</b>	<u>No.</u>		<u>No.</u>	
(a) Actives	7	\$1,034,856	5	\$359,836
(b) Retirees	8	\$3,745,041	9	\$4,311,401
(c) Survivors	2	\$458,106	2	\$450,053
(d) Disabled Members	0	\$0	0	\$0
(e) Deferred Vested Members	0	\$0	0	\$0
(f) Total	17	\$5,238,003	16	\$5,121,290
<b>2. Present Value of Future Normal Costs</b>		\$1,506,901		\$1,035,286
<b>3. Present Value of Benefits (1(f) + 2)</b>		\$6,744,904		\$6,156,576
<b>4. Market Value of Assets</b>		\$3,004,879		\$3,273,105
<b>5. Unfunded Actuarial Accrued Liability (1(f) - 4)</b>		\$2,233,124		\$1,848,185
<b>6. Funded Ratio (4 / 1(f))</b>		57.37%		63.91%
<b>7. Net Employer Normal Cost</b>				
(a) Normal Cost		\$126,132		\$75,761
(b) Administrative Expenses		\$1,162		\$1,210
(c) Gross Normal Cost (a + b)		\$127,294		\$76,971
(d) Employee Contribution Rate <sup>a</sup>		8.41%		8.97%
(e) Expected Employee Contributions		\$30,217		\$19,800
(f) Net Employer Normal Cost (c - e)		\$97,077		\$57,171
( % of Compensation)		27.02%		25.91%
<b>8. Estimated Minimum Employer Contribution <sup>b</sup></b>		<u><b>FYE 2018</b></u>		<u><b>FYE 2019</b></u>
(a) Expected Payroll		\$359,239		\$220,641
(b) Estimated Employer Normal Cost		\$97,077		\$57,171
(c) Employer Normal Cost Rate		27.02%		25.91%
(d) Amortization of Unfunded Actuarial Liability		\$223,326		\$193,127
(e) State Insurance Premium Tax Allocation		\$104,185		\$108,209
(f) Estimated Employer Contribution <sup>c</sup> (b + d - e)		<b>\$216,218</b>		<b>\$142,089</b>

<sup>a</sup> Blended rate reflecting 7.0% for members hired before January 1, 2010, and 9.5% for members hired after January 1, 2010.

<sup>b</sup> Estimated Minimum Employer Contribution is based on Optional funding policy and is assumed to be made in plan year ending June 30, 2019. The actual Minimum Employer Contribution will be based on actual payroll for plan year ended June 30, 2018.

<sup>c</sup> The Employer Contribution cannot be less than the Employer Normal Cost.

## Actuarial Valuation Results as of July 1, 2017

### Schedule B: (Gain)/Loss Analysis

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<b>Experience (Gain)/Loss for Plan Year Ended June 30, 2017</b>	
1. (a) Actuarial Accrued Liability as of 7/1/2016	\$5,238,003
(b) Normal Cost due 7/1/2016	\$126,132
(c) Interest on (a) and (b) to 6/30/2017	\$318,064
(d) Benefit Payments with interest to 6/30/2017	\$385,243
(e) Effect of Assumption Changes	\$0
(f) Expected Liability at 7/1/2017 [(a) + (b) + (c) - (d) + (e)]	\$5,296,956
(g) Actual Liability at 7/1/2017	\$5,121,290
(h) Liability (Gain)/Loss [(g) - (f)]	<b>(\$175,666)</b>
2. (a) Market Value of Assets as of 7/1/2016	\$3,004,879
(b) Interest on (a) to 6/30/2017	\$180,293
(c) Contributions with interest to 6/30/2017	\$364,207
(d) Benefit Payments with interest to 6/30/2017	\$385,243
(e) Expected Assets at 6/30/2017 [(a) + (b) + (c) - (d)]	\$3,164,136
(f) Actual Assets at 7/1/2017	\$3,273,105
(g) Asset (Gain)/Loss [(e) - (f)]	<b>(\$108,969)</b>
3. Total (Gain)/Loss [1(h) + 2(g)]	<b>(\$284,635)</b>

**SECTION II**

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**ACTUARIAL PROJECTIONS**

# Actuarial Projections

## Table 1: Total Assets

Valuation Plan Year End	Number		Total Assets								Actuarial Accrued Liability	Unfunded Liability	Funded Ratio
	Active	Status	Assets (boy)	Benefit Payments	Expenses	Employer Contributions	Employee Contributions	Premium Tax	Investment Income	Assets (eoy)			
								Allocation Contributions					
2017	5	11	\$3,004,879	\$374,022	\$8,068	\$239,857	\$28,137	\$85,605	\$296,717	\$3,273,105	\$5,121,290	\$1,848,185	64%
2018	5	11	3,273,105	346,823	1,210	216,218	19,800	104,185	196,155	3,461,430	5,149,525	1,688,095	67%
2019	4	11	3,461,430	349,231	1,216	142,089	19,865	108,209	205,313	3,586,459	5,177,504	1,591,045	69%
2020	4	11	3,586,459	350,953	1,225	131,646	19,987	111,222	212,546	3,709,682	5,206,153	1,496,471	71%
2021	4	11	3,709,682	352,653	1,237	129,191	20,211	113,426	219,889	3,838,509	5,235,919	1,397,410	73%
2022	4	11	3,838,509	354,161	1,251	127,865	20,540	115,626	227,609	3,974,737	5,267,477	1,292,740	75%
2023	4	11	3,974,737	355,333	1,266	126,930	20,955	117,853	235,798	4,119,675	5,301,511	1,181,836	78%
2024	4	11	4,119,675	356,518	1,283	126,194	21,409	120,167	244,519	4,274,164	5,338,402	1,064,238	80%
2025	3	11	4,274,164	357,384	1,298	125,611	21,871	122,486	253,827	4,439,276	5,378,575	939,299	83%
2026	3	10	4,439,276	357,748	1,313	125,113	22,332	124,805	263,790	4,616,255	5,422,844	806,589	85%
2027	3	10	4,616,255	357,431	1,327	124,616	22,799	127,183	274,487	4,806,583	5,472,126	665,543	88%
2028	3	10	4,806,583	356,320	1,339	124,163	23,298	129,619	286,012	5,012,017	5,527,677	515,660	91%
2029	3	10	5,012,017	354,395	1,350	123,891	23,845	132,072	298,476	5,234,557	5,590,839	356,282	94%
2030	3	10	5,234,557	348,716	1,360	124,072	24,533	134,423	312,091	5,479,600	5,666,483	186,883	97%
2031	3	10	5,479,600	351,835	1,371	125,135	24,219	136,829	326,794	5,739,371	5,741,964	2,593	100%
2032	2	10	5,739,371	359,433	1,380	70,773	23,023	0	336,468	5,808,822	5,808,822	0	100%
2033	2	10	5,808,822	361,749	1,387	65,555	22,296	0	340,391	5,873,929	5,873,929	0	100%
2034	2	10	5,873,929	374,429	1,392	59,650	20,811	0	343,704	5,922,273	5,922,273	0	100%
2035	2	10	5,922,273	387,557	1,394	52,665	19,119	0	345,960	5,951,066	5,951,066	0	100%
2036	1	10	5,951,066	401,353	1,394	45,024	16,850	0	346,987	5,957,180	5,957,180	0	100%
2037	1	10	5,957,180	416,606	1,391	36,650	14,226	0	346,578	5,936,636	5,936,636	0	100%
2038	1	9	5,936,636	420,763	1,386	32,257	12,942	0	345,054	5,904,740	5,904,740	0	100%

## Actuarial Projections

### Table 2: Employer Contributions

#### Employer Contributions

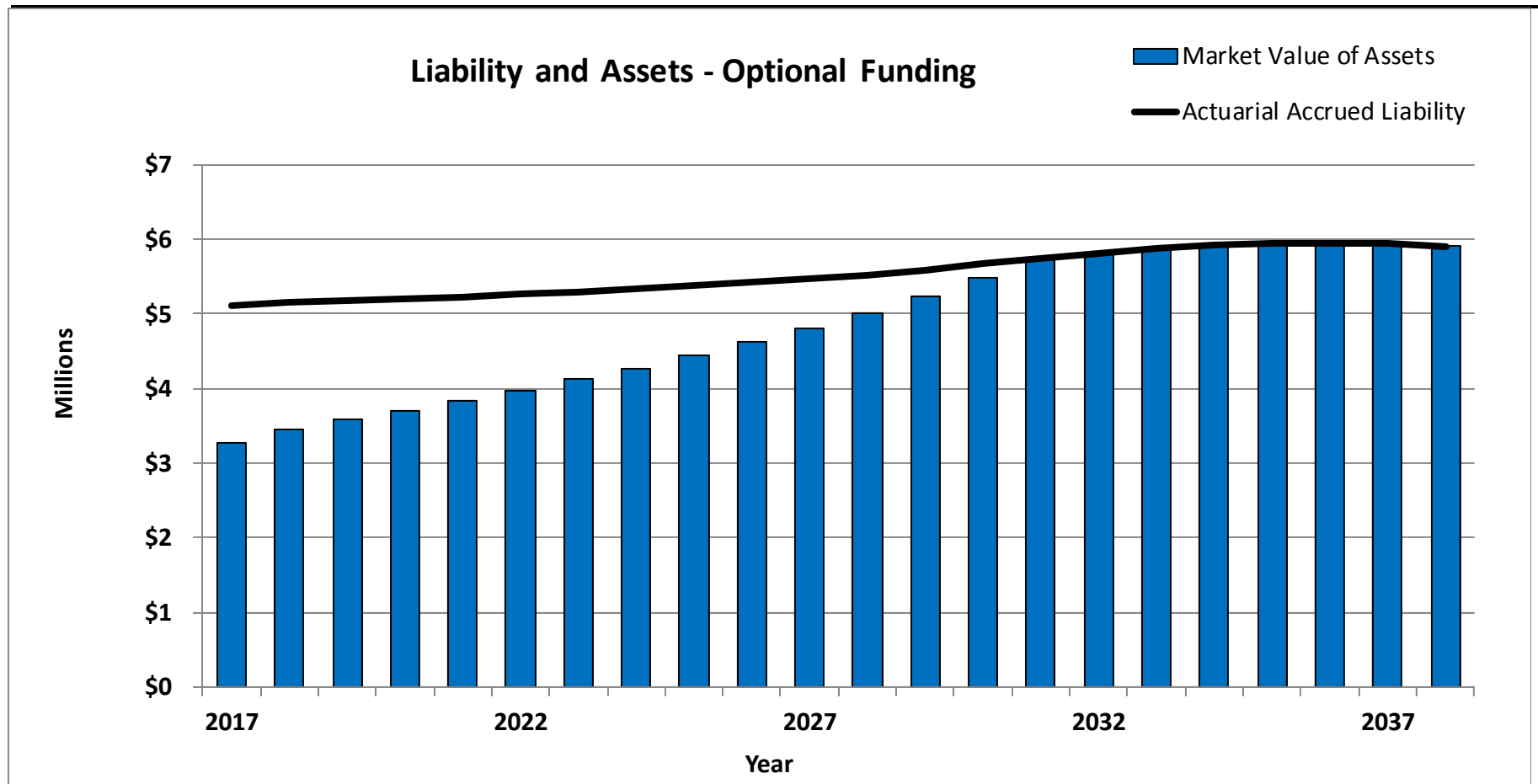
Valuation Plan Year End 30-Jun <sup>a</sup>	Closed Group Payroll	Employee Contributions	Gross Normal Cost	Net Employer Normal Cost	Amortization of UAAL	Premium Tax Allocation Contributions	Net Employer Amortization	Expenses	Employer Contribution Closed Plan
2018	\$220,641	\$19,800	\$75,761	\$55,961	\$193,127	\$108,209	\$84,918	\$1,210	\$142,089
2019	221,494	19,865	76,305	56,440	185,212	111,222	73,990	1,216	131,646
2020	223,002	19,987	77,053	57,066	184,326	113,426	70,899	1,225	129,191
2021	225,694	20,211	78,172	57,961	184,294	115,626	68,667	1,237	127,865
2022	229,560	20,540	79,661	59,121	184,411	117,853	66,558	1,251	126,930
2023	234,347	20,955	81,446	60,491	184,604	120,167	64,437	1,266	126,194
2024	239,545	21,409	83,370	61,961	184,853	122,486	62,368	1,283	125,611
2025	244,833	21,871	85,323	63,452	185,168	124,805	60,363	1,298	125,113
2026	250,118	22,332	87,284	64,952	185,533	127,183	58,350	1,313	124,616
2027	255,485	22,799	89,272	66,473	185,983	129,619	56,364	1,327	124,163
2028	261,189	23,298	91,368	68,070	186,555	132,072	54,483	1,339	123,891
2029	267,406	23,845	93,616	69,771	187,374	134,423	52,951	1,350	124,072
2030	275,107	24,533	96,387	71,854	188,749	136,829	51,921	1,360	125,135
2031	272,276	24,219	94,912	70,693	192,408	0	52,283	1,371	70,773 <sup>b</sup>
2032	260,158	23,023	89,718	66,695	2,670	0	0	1,380	65,555 <sup>b</sup>
2033	252,988	22,296	86,479	64,183	0	0	0	1,387	59,650 <sup>b</sup>
2034	233,684	20,811	79,078	58,267	0	0	0	1,392	52,665 <sup>b</sup>
2035	210,433	19,119	70,388	51,269	0	0	0	1,394	45,024 <sup>b</sup>
2036	184,069	16,850	60,490	43,640	0	0	0	1,394	36,650 <sup>b</sup>
2037	154,631	14,226	49,477	35,251	0	0	0	1,391	32,257 <sup>b</sup>
2038	139,796	12,942	43,815	30,873	0	0	0	1,386	29,264 <sup>b</sup>

<sup>a</sup> Assumes employer makes contributions for the applicable valuation plan year in the following fiscal year. Assumes the Premium Tax allocation is contributed in the following fiscal year.

<sup>b</sup> Amount required to remain at 100% funded. .

# Actuarial Projections

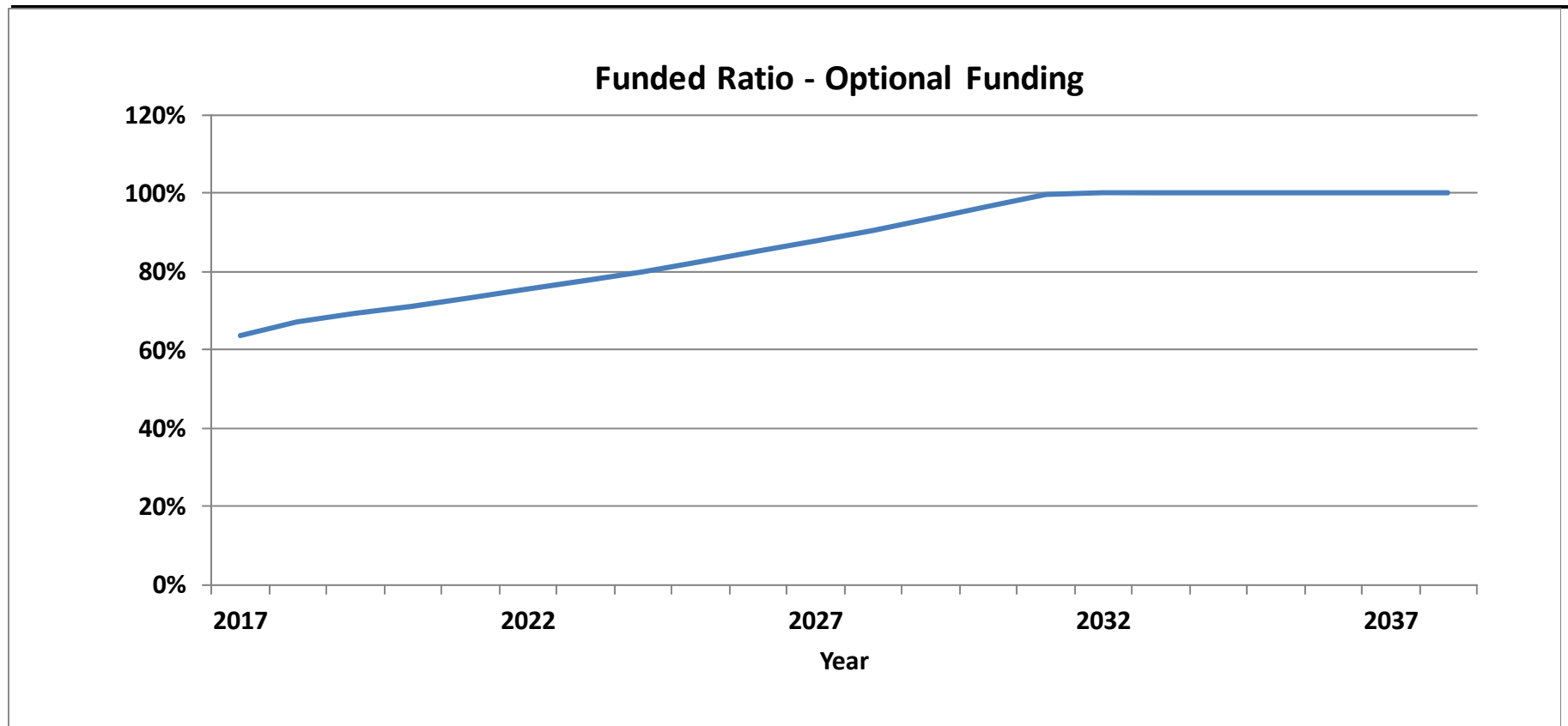
## Graph 1: Liability and Assets – Optional Funding





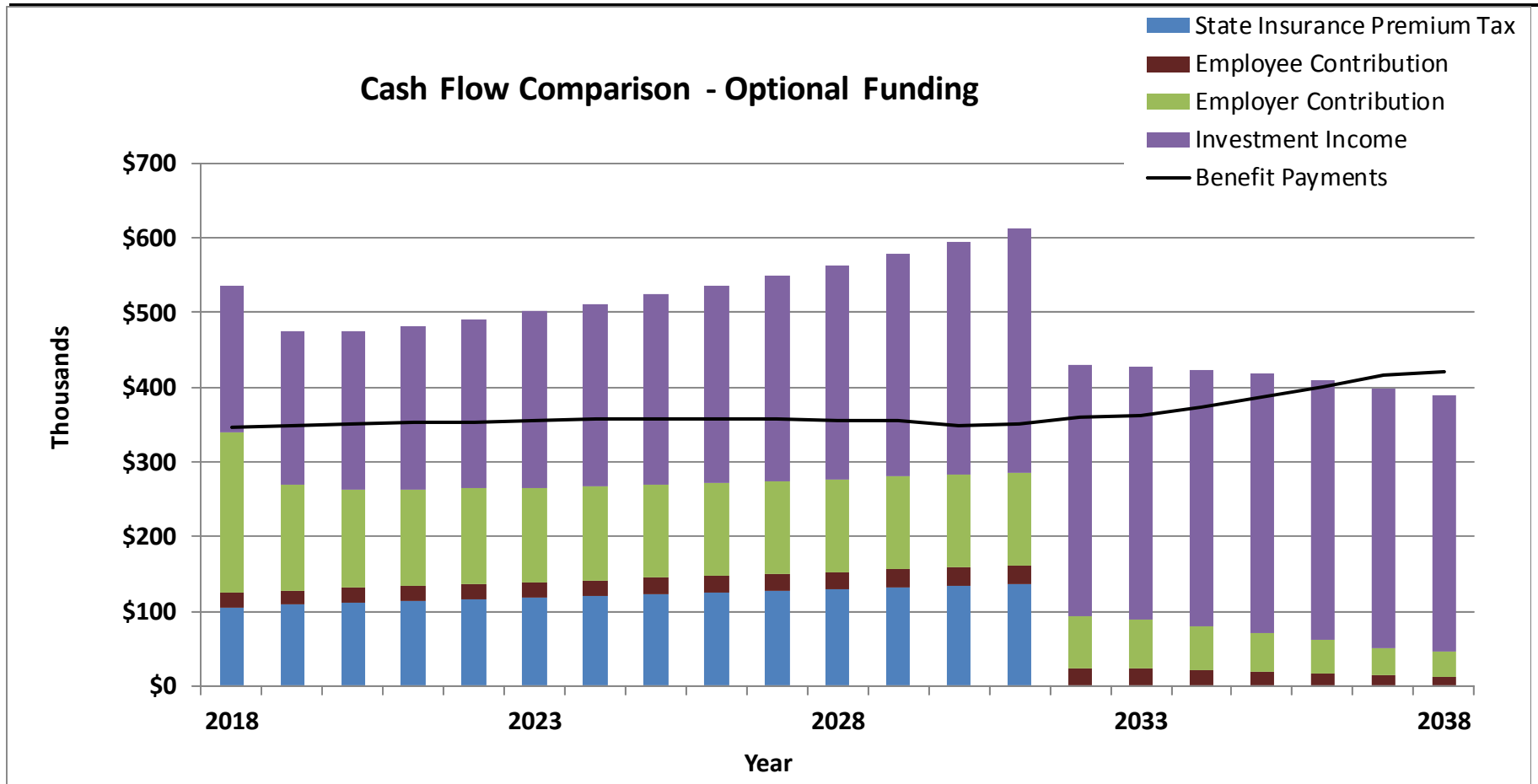
# Actuarial Projections

## Graph 2: Funded Ratio – Optional Funding



# Actuarial Projections

## Graph 3: Cash Flow Comparison – Optional Funding



## **SECTION III**

---

### **ACTUARIALLY DETERMINED CONTRIBUTION FOR GASB STATEMENT NOS. 67 AND 68 REPORTING**

# Actuarially Determined Contribution for GASB Statement Nos. 67 and 68 Reporting

## Schedule C: Funding Progress and Employer Contributions

Valuation Date	<b>July 1, 2015</b>	<b>July 1, 2016</b>
Valuation Interest Rate	6.00%	6.00%
Cost-of-Living Adjustment	2.75%	2.75%
Wage Inflation	3.75%	3.75%
Actuarial Value of Assets	Market	Market
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Remaining Amortization Period <sup>a</sup>	16 Years, Level Dollar	15 Years, Level Dollar
<b>Schedule of Funding Progress</b>		
Actuarial Valuation Date	<b>July 1, 2015</b>	<b>July 1, 2016</b>
1. Market Value of Assets	\$2,794,044	\$3,004,879
2. Actuarial Accrued Liability	\$5,140,702	\$5,238,003
3. Unfunded Actuarial Accrued Liability (2 - 1)	\$2,346,658	\$2,233,124
4. Funded Ratio (1/2)	54%	57%
5. Expected Payroll	\$336,918	\$359,239
6. UAAL as Percentage of Covered Payroll (3/5)	697%	622%
<b>Schedule of Employer Contributions <sup>c</sup></b>		
	<b>FYE 2017</b>	<b>FYE 2018</b>
1. Actuarially Determined Contribution		
(a) Employer Normal Cost	\$96,913	\$97,077
(b) Amortization of Unfunded Actuarial Accrued Liability	\$225,539	\$223,326
(c) Actuarially Determined Contribution (ADC) (a + b)	\$322,452	\$320,403
2. Employer Contribution	\$239,857	\$216,218 <sup>b</sup>
3. Premium Tax Allocation	\$85,605	\$104,185
4. Percentage of ADC Contributed [ (2 + 3)/1(c)]	101%	100%

<sup>a</sup> Suggested amortization policy to comply with GASB Statement Nos. 67 and 68 Standards.

<sup>b</sup> Estimated employer contribution for fiscal year end June 30, 2018. Employer Contribution cannot be less than net Employer Normal Cost.

<sup>c</sup> Satisfies the Actuarially Determined Contribution as defined by GASB Statement Nos. 67 and 68.

**SECTION IV**

---

**ACTUARIAL VALUATION DATA AS OF JULY 1, 2017**

## Valuation Data as of July 1, 2017

### Schedule D: Reconciliation of Assets

Plan Year Ending	June 30, 2016	June 30, 2017
A. Market Value of Assets Beginning of Year	\$2,794,044	\$3,004,879
Adjustment to Market Value of Assets at Beginning of Year	\$0	\$0
Market Value of Assets Beginning of Year	\$2,794,044	\$3,004,879
1. Revenue During Fiscal Year		
(a) Employee Contribution	\$29,621	\$28,137
(b) Governmental Contribution		
(i) From Local Government	\$247,173	\$239,857
(ii) From State Government	\$179,859	\$85,605
(iii) Reallocation from State Government	\$0	\$0
(iv) Total	\$427,032	\$325,462
(c) Earnings on Investments		
(i) Net Appreciation/(Depreciation)	\$25,117	\$234,605
(ii) Bond Interest	\$31,159	\$27,639
(iii) Dividends	\$30,067	\$34,473
(iv) Net Realized Gain (Loss) on Sale/Exchange	\$0	\$0
(v) Other	\$0	\$0
(vi) Less Investment Expense	\$0	\$0
(vii) Total	\$86,343	\$296,717
(d) Other Revenue	\$0	\$0
(e) Net Receivable Investment Income	\$0	\$0
(f) Receivable Contribution <sup>a</sup>		
(i) From Employee Contributions	\$0	\$0
(ii) From Local Government	\$0	\$0
(iii) From State Government	\$0	\$0
(iv) Total	\$0	\$0
(g) Total Revenue (sum of (a) through (f))	\$542,996	\$650,316
2. Expenditures During Fiscal Year		
(a) Benefits Paid	\$309,494	\$334,747
(b) Withdrawals	\$14,921	\$39,275
(c) Administrative Expenses	\$7,746	\$8,068
(d) Payable Benefits and Withdrawals	\$0	\$0
(e) Payable Administrative Expenses	\$0	\$0
(f) Total Expenditures (sum of (a) through (e))	\$332,161	\$382,090
B. Market Value of Assets End of Year		
[A + 1(g) - 2(f)]	\$3,004,879	\$3,273,105
C. Approximate Return on Assets	2.75%	9.65%

<sup>a</sup> Receivable contributions for each respective plan year ending.

## Valuation Data as of July 1, 2017

### Schedule E: Assets Held by Category

Plan Year Ending	June 30, 2016		June 30, 2017	
1. Cash and Short-term Investments	\$1,247,495	41%	\$1,087,702	33%
2. Government Securities				
(a) US Treasury Bills, Notes and Bonds	\$0		\$0	
(b) US State and Local Governmental Debt Securities	\$0		\$0	
(c) Foreign Governmental Debt Securities	\$0		\$0	
(d) Other	\$0		\$0	
(e) Total Government Securities (sum of (a) through (d) )	\$0	0%	\$0	0%
3. Corporate Fixed Income				
(a) US Bonds	\$0		\$0	
(b) US Mortgage or other Asset Backed Securities	\$107,739		\$274,679	
(c) US Mutual Fund Shares (Bonds)	\$0		\$0	
(d) US Exchange Traded Funds (Bonds)	\$0		\$0	
(e) International Bonds	\$0		\$0	
(f) International Mutual Fund Shares (Bonds)	\$0		\$0	
(g) International Exchange Traded Funds (Bonds)	\$0		\$0	
(h) Total Corporate Fixed Income (sum of (a) through (g) )	\$107,739	4%	\$274,679	9%
4. Corporate Equity				
(a) US Equity	\$0		\$0	
(b) US Mutual Fund Shares (Equity)	\$0		\$0	
(c) US Exchange Traded Funds (Equity)	\$1,649,645		\$1,910,724	
(d) International Equity	\$0		\$0	
(e) International Mutual Fund Shares (Equity)	\$0		\$0	
(f) International Exchange Traded Funds (Equity)	\$0		\$0	
(g) Total Corporate Equity (sum of (a) through (f) )	\$1,649,645	55%	\$1,910,724	58%
5. Alternative Investments				
(a) Real Estate Investment Trust	\$0		\$0	
(b) Private Equity Fund	\$0		\$0	
(c) Hedge Funds	\$0		\$0	
(d) Other Alternative Investments	\$0		\$0	
(e) Total Alternative Investments (sum of (a) through (d) )	\$0	0%	\$0	0%
6. Other	\$0	0%	\$0	0%
7. Receivable Contributions	\$0			
(a) From Employee Contributions	\$0		\$0	
(b) From Local Government	\$0		\$0	
(c) From State Government	\$0		\$0	
(d) Total Receivable Contributions (sum of (a) through (c) )	\$0	0%	\$0	0%
8. Accruals				
(a) Receivable (other than State and Local Contributions)	\$0		\$0	
(b) Less Payable	\$0		\$0	
(c) Total	\$0	0%	\$0	0%
<b>Market Value of Assets End of Year</b>	<b>\$3,004,879</b>		<b>\$3,273,105</b>	
<b>[ sum of (1) through (8) ]</b>				

## Valuation Data as of July 1, 2017

### Schedule F: Summary of Participant Activity

	Actives	Retirees	Disabled	Deferred Vested	Spouses and Beneficiaries	Totals
<b>Total Participants July 1, 2016:</b>	<b>7</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>17</b>
New Actives:						<b>0</b>
Returned to Actives Status:	1					<b>1</b>
Data Corrections/Other Changes:						<b>0</b>
Vested Terminations:						<b>0</b>
Non-Vested Terminations:	(2)					<b>(2)</b>
Disabled:						<b>0</b>
Retirements:	(1)	1				<b>0</b>
Deaths with Beneficiary:						<b>0</b>
Deaths w/o Beneficiary:						<b>0</b>
Expired Annuity or Stop Payment:						<b>0</b>
Net Changes:	(2)	1	0	0	0	<b>(1)</b>
<b>Total Participants June 30, 2017:</b>	<b>5</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>16</b>



## Valuation Data as of July 1, 2017

### Schedule G: Distribution of Active Employees by Age and Length of Service

Attained Age	<u>Years of Service to Valuation Date</u>									Valuation	
	Less than 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	Over 35	Totals	Payroll <sup>a</sup>
Under 20											\$ 0
20-24		2								2	\$ 76,546
25-29											\$ 0
30-34		1	1							2	\$ 92,030
35-39			1							1	\$ 51,577
40-44											\$ 0
45-49											\$ 0
50-54											\$ 0
55-59											\$ 0
60-64											\$ 0
65-69											\$ 0
Over 70											\$ 0
<b>Totals</b>	<b>0</b>	<b>3</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>\$ 220,153</b>
<b>Averages</b> _____											
Age: 30.1 years											
Service: 4.3 years											
Annual Pay: \$44,031 <sup>a</sup>											

<sup>a</sup> Based on payroll at beginning of plan year.

## Valuation Data as of July 1, 2017

### Schedule H: Participants Summary

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Active Participants	July 1, 2016	July 1, 2017
Number of Actives	7	5
Total Annual Pay	\$369,598	\$220,153
Average Age	33.4	30.1
Average Service	6.9	4.3

Inactive Participants	July 1, 2016		July 1, 2017	
Type	No.	Annual Benefit	No.	Annual Benefit
Retirees	8	\$270,081	9	\$307,508
Survivors	2	\$35,834	2	\$36,288
Disabled Members	0	\$0	0	\$0
Deferred Vested Members	0	\$0	0	\$0

**SECTION V**

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**ACTUARIAL ASSUMPTIONS AND METHODS**

# Actuarial Assumptions and Methods Used in the Valuation as of July 1, 2017

## Discount Rate

The following table outlines the factors used to determine the discount rate:

Funded Ratio as of Valuation Date <sup>1</sup>	Liquidity Ratio <sup>2</sup>	Equity Exposure <sup>3</sup>	Projected Funded Ratio after 15 Years <sup>1</sup>	Discount Rate
60% or more	10	50% or more	70% or more	6.5%
40% or more	8	40% or more	60% or more	6.0%
30% or more	6	30% or more	50% or more	5.5%
15% or more	4	n/a	40% or more	5.0%
Less than 15%	n/a	n/a	15% or more	4.5%
Less than 15%	n/a	n/a	Less than 15%	4.0%

<sup>1</sup>Funded ratios based on a 6.0% investment return assumption for plans using an actuarially sound policy (standard or optional) and a 5.5% investment return assumption for other plans (alternative or conservation).

<sup>2</sup>Liquidity ratio equals assets as of the actuarial valuation date divided by expected benefit payments for the year.

<sup>3</sup>Based on investment policy.

As of June 30, 2017	
Assets	\$3,273,105
Liabilities using a 6.00% discount rate	\$5,121,290
Funded Ratio	64%
Expected Benefit Payments	\$346,823
Liquidity Ratio	9.44
Equity Exposure	58%
Projected Funded Ratio after 15 years	100%

Discount Rate

6.00%

## Actuarial Assumptions and Methods Used in the Valuation as of July 1, 2017 (Continued)

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**The premium tax allocation is projected using the following methodology:**

- (1) The Base Allocation for all Pension and Relief Funds is a fixed amount equal to \$8,709,689 in all future years. This amount is allocated to each individual Pension and Relief Fund in proportion to the number of eligible members, which includes active members covered in either the Pension and Relief Fund or the statewide plan, Municipal Police Officers and Firefighters Retirement System ("MPFRS").
- (2) The Excess Allocation is equal to the excess of the current year premium tax assigned to all Pension and Relief Funds over the total Base Allocation. This amount is allocated to each individual Pension and Relief Fund in proportion to the number of eligible active and retired members covered in either the Pension and Relief Fund or the MPFRS.
- (3) We have assumed all Pension and Relief Funds will make the minimum statutory contribution requirement and will receive 100% of both the Base Allocation and the Excess Allocation assigned to the individual plan. Consequently, the projections do not include any reallocation of Expired Premium Tax Allocation for plan years beginning on and after July 1, 2019.
- (4) The total available premium tax allocation, net of expenses, as of September 1, 2018, includes a Base Allocation of \$8,709,689, an Excess Allocation of \$9,570,473, and an Expired Premium Tax Allocation of \$237,031.
- (5) For the plan year ending June 30, 2018, all Pension and Relief Funds reported a total of 1717 eligible active members and 2165 eligible retired members. The City of Elkins Policemen's Pension and Relief Fund reported 11 eligible active members and 11 eligible retired members, based on the average number of plan participants for the 12-month period ending June 30, 2018. The Fund is eligible to receive a premium tax allocation of \$108,209 for the fiscal year ending June 30, 2019.
- (6) The total premium tax allocation was assumed to increase by 2.75% in calendar years ending on and after 2019.

## Actuarial Assumptions and Methods Used in the Valuation as of July 1, 2017 (Continued)

General Inflation	2.75%																		
Expected Salary Increase	General Inflation: 2.75% <i>plus</i>																		
Service-based Increase:	Wage Inflation increment: 1.00% <i>plus</i>																		
	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Years of Service</th> <th style="text-align: right; border-bottom: 1px solid black;">Increase</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: right;">20.00%</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: right;">6.50%</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: right;">3.50%</td> </tr> <tr> <td style="text-align: center;">4</td> <td style="text-align: right;">2.75%</td> </tr> <tr> <td style="text-align: center;">5-9</td> <td style="text-align: right;">2.50%</td> </tr> <tr> <td style="text-align: center;">10-29</td> <td style="text-align: right;">2.00%</td> </tr> <tr> <td style="text-align: center;">30-34</td> <td style="text-align: right;">1.25%</td> </tr> <tr> <td style="text-align: center;">after 34 years of service</td> <td style="text-align: right;">0.00%</td> </tr> </tbody> </table>	Years of Service	Increase	1	20.00%	2	6.50%	3	3.50%	4	2.75%	5-9	2.50%	10-29	2.00%	30-34	1.25%	after 34 years of service	0.00%
Years of Service	Increase																		
1	20.00%																		
2	6.50%																		
3	3.50%																		
4	2.75%																		
5-9	2.50%																		
10-29	2.00%																		
30-34	1.25%																		
after 34 years of service	0.00%																		
Post-retirement COLA	2.75% on first \$15,000 of Annual Benefit and on the accumulated supplemental pension amounts for prior years. Assumed to be payable to all members receiving payments.																		
Increase in State Insurance Premium Tax Allocation	2.75% on and after year 1																		
Cost Method	Entry-Age-Normal, Level-Percentage-of-Pay																		
<i>Amortization Policies:</i>																			
Alternative Plans and former Alternative Plans that selected the Conservation Policy	For GASB 67/68 Accounting: 30 – Year Closed Level-Percentage-of-Pay Amortization (from July 1, 2010 – 23 years remaining as of July 1, 2017).																		
Standard Plans and former Standard Plans that selected the Optional Policy	For funding and GASB 67/68 Accounting: 40-Year Closed Level-Dollar Amortization (from July 1, 1991 – 14 years remaining as of July 1, 2017)																		
Former Alternative Plans that selected the Optional Policy	For funding: 40-Year Closed Level-Dollar Amortization (from January 1, 2010 – 32.5 years remaining as of July 1, 2017). For GASB 67/68 Accounting: 30-Year Closed Level-Percentage-of-Pay Amortization (from July 1, 2010 – 23 years remaining as of July 1, 2017)																		

## Actuarial Assumptions and Methods Used in the Valuation as of July 1, 2017 (Continued)

Asset Method	Market Value										
Turnover	<p>Sample Rates –</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Age</u></th> <th style="text-align: center;"><u>Rates</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">25</td> <td style="text-align: center;">9%</td> </tr> <tr> <td style="text-align: center;">35</td> <td style="text-align: center;">4%</td> </tr> <tr> <td style="text-align: center;">45</td> <td style="text-align: center;">2%</td> </tr> <tr> <td style="text-align: center;">50</td> <td style="text-align: center;">0%</td> </tr> </tbody> </table>	<u>Age</u>	<u>Rates</u>	25	9%	35	4%	45	2%	50	0%
<u>Age</u>	<u>Rates</u>										
25	9%										
35	4%										
45	2%										
50	0%										
Retirement	<table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Age</u></th> <th style="text-align: center;"><u>Rates<sup>a</sup></u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">50</td> <td style="text-align: center;">45%</td> </tr> <tr> <td style="text-align: center;">51-55</td> <td style="text-align: center;">30%</td> </tr> <tr> <td style="text-align: center;">56-59</td> <td style="text-align: center;">35%</td> </tr> <tr> <td style="text-align: center;">60</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table> <p><sup>a</sup>Terminated vested participants are assumed to retire at age 50.</p>	<u>Age</u>	<u>Rates<sup>a</sup></u>	50	45%	51-55	30%	56-59	35%	60	100%
<u>Age</u>	<u>Rates<sup>a</sup></u>										
50	45%										
51-55	30%										
56-59	35%										
60	100%										
Mortality	<p>Active: RP-2014 Blue Collar Healthy Employee<sup>b</sup></p> <p>Post-Retirement: RP-2014 Blue Collar Healthy Annuitant</p> <p>Disabled: RP-2014 Blue Collar Healthy Annuitant set forward four years</p> <p>Tables above incorporate generational mortality improvement using MP-2014 2-dimensional mortality improvement scales.</p> <p><sup>b</sup>Assumes 10% of deaths are duty-related and 90% are non-duty related.</p>										
Disability	<p>Sample Rates –</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Age</u></th> <th style="text-align: center;"><u>Rates<sup>c</sup></u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">30</td> <td style="text-align: center;">0.22%</td> </tr> <tr> <td style="text-align: center;">40</td> <td style="text-align: center;">0.50%</td> </tr> <tr> <td style="text-align: center;">50</td> <td style="text-align: center;">0.79%</td> </tr> </tbody> </table> <p><sup>c</sup>Assumes 60% duty related and 40% non-duty related. Also assumes 10% of non-duty disabled members receive a 20% reduction in benefits due to gainful employment.</p>	<u>Age</u>	<u>Rates<sup>c</sup></u>	30	0.22%	40	0.50%	50	0.79%		
<u>Age</u>	<u>Rates<sup>c</sup></u>										
30	0.22%										
40	0.50%										
50	0.79%										
Percent Married	90%										
Spouse Age	Females three years younger than males										

## Actuarial Assumptions and Methods Used in the Valuation as of July 1, 2017 (Continued)

Administrative Expenses	The sponsor did not appear to provide separate investment and administrative expenses. Plan year 2018 administrative expenses assumed to be equal to 15% of all reported 2017 expenses. Future expenses assumed to increase by the general inflation assumption.
Refunds Paid	Assumes non-vested inactive members as of July 1, 2017, with accumulated member contribution balances will receive a refund of their contributions during plan year end June 30, 2018.
Data Adjustments and Assumptions	One formerly active member was allowed to re-enter the plan as an active member.
Child Beneficiaries	<p>Future survivor widow benefits are loaded by 12% to estimate impact of benefits provided to survivor children.</p> <p>The load assumes 90% of members are married with two children at time of death, and benefits for each child are paid for approximately eight years.</p>
General Projection Methodology	<p>Closed group projections assume:</p> <ul style="list-style-type: none"> <li>(i) Salaries will increase and members will decrement as specified in the actuarial assumption section.</li> <li>(ii) Assets grow at the assumed rate of return.</li> <li>(iii) The sponsor makes the statutory required contribution on a timely basis.</li> <li>(iv) Non-vested members with accumulated plan balances as of July 1, 2017, will receive a refund during plan year end June 30, 2018.</li> </ul>
Decrement Timing	Mid-Year



**SECTION VI**

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**SUMMARY OF PRINCIPAL PLAN PROVISIONS**

## Summary of Principal Plan Provisions

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**Employee Eligibility** — All compensated employees of the Police Department hired before March 11, 2015, are eligible to participate in the Policemen's Pension and Relief Fund.

**Average Annual Compensation** — The average of any three 12-consecutive-month periods of employment which produces the highest average annual compensation.

Each 12-consecutive-month annual compensation is limited to 120% of the *Average Adjusted Salary* received by the member in the two consecutive 12-consecutive-month periods immediately preceding the 12-consecutive-month period used in determining benefits.

The *Average Adjusted Salary* is base salary (exclusive of all overtime and other pay) of the year used in determining benefits multiplied by the ratio of total salary (includes all overtime and other pay) to base salary from the respective preceding 12-consecutive-month period.

**Determining Years of Service Credit (Credited Service)** — The number of years that the member has contributed to the employees retirement and benefit fund.

*Prior Military Service* — A city may provide that members who have been honorably discharged from the military shall receive up to two years prior service credit for military service prior to their employment with the city.

*Current Military Service* — Any current member who has been on qualified military service in the armed forces of the United States with an honorable discharge may, within six months from his or her date of discharge, be given credit for continuous service in the paid police or fire department.

Any member who has served in active duty with the armed forces of the United States, whether prior to or subsequent to becoming a member of a paid police or fire department, shall receive one additional percent for each year so served in active military duty, up to a maximum of four additional percent.

Absence from the service because of sickness or injury for a period of two years or less shall not be construed as time out of service.

**Contributions** — Participating employees contribute 7.0% of compensation. Participating employees hired on or after January 1, 2010, contribute 9.5% of pay. The municipality has elected to contribute the minimum employer contribution under the Optional funding policy.

**Normal Retirement** — Members are eligible at the earlier of age 50 with 20 years of credited service or age 65.

**Benefit Commencement** — Annual retirement pension benefits commence upon retirement or upon the member attaining age fifty, whichever is later, payable in 12 monthly installments.

## Summary of Principal Plan Provisions (Continued)

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**Accrued Benefit** — The annual retirement benefit equals 60% of average annual compensation, not less than \$6,000, plus an additional percentage of average annual compensation for service over 20 years equal to 2% for each year of service between 20 and 25 and 1% for each year of service between 25 and 30 years. Employees serving in the military are eligible for an additional 1% of average annual compensation for each year of military service up to four years. The maximum benefit is limited to 75% of average annual compensation. Benefits continue for life.

**Disability Retirement** — Members are eligible after earning five years of service. No service requirement if disability is service related.

The monthly disability benefit equals the greater of 60% of monthly salary at disability or \$500. Employees serving in the military are eligible for an additional benefit of 1% of monthly salary at disability for each year of military service up to four years. Disability benefits, when aggregated with monthly state workers compensation benefits, shall not exceed 100% of the member's monthly compensation at the time of disability. Benefits continue for life or until recovery.

**Death Benefits** — Members are eligible after earning five years of service. No service requirement if death is service related. Retirees and terminated vested participants are also eligible.

The benefit is equal to 60% of the participant's benefit, but not less than \$300 per month, payable to the spouse until death or remarriage. Other dependents (children, parents, brothers and sisters) are also eligible for death benefits. To each dependent child, 20 percent of the participant's benefit until the child attains 18 or marries; to each dependent orphaned child, 25 percent of the participant's benefit until the child attains 18 or marries; to each dependent parent, 10 percent of the participant's benefit for life, and to each dependent brother or sister, the sum of 50 dollars per month (but a total not to exceed \$100 per month) until such individual attains the age of 18 years or marries.

In no case shall the payments to the surviving spouse and children be reduced below 65 percent of the total amount paid to all dependents.

**Supplemental Pension Benefits** — All retirees, surviving beneficiaries and disability pensioners are eligible for automatic cost-of-living benefits commencing on the first day of July following two years of retirement. The benefits equal the percentage increase in the Consumer Price Index, limited to 4% (2% for some disability retirees), multiplied by the sum of the allowable amount which is the first \$15,000 of the total annual benefits paid and the accumulated supplemental pension amounts for prior years.

**Termination Benefits** — Any member who terminates employment prior to retirement will be entitled to a refund of contributions without interest.

**Refunds** — Any member who terminates from their department without receiving a retirement pension shall be refunded all deductions made from his salary, without interest.