



City of Ocala Firefighters Retirement Plan

September 30, 2019
GASB Nos. 67 & 68 Report

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This report is prepared in accordance with our understanding of GASB Nos. 67 & 68 for the purpose of disclosing pension plans in financial statements. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report.

The information presented in this report is based on:

- the actuarial assumptions included in this report;
- the plan provisions;
- participant information furnished to us by the Plan Administrator;
- asset information furnished to us by the Plan Trustee.

We have reviewed the provided data for reasonableness when compared to prior information provided, but have not audited the data. Where relevant data may be missing, we may have made assumptions we believe are reasonable for the purpose of the measurement. We are not aware of any significant issues with and have relied on the data provided. Any errors in the data provided may result in a different result than those provided in this report.

The interest rate, other economic assumptions, and demographic assumptions have been selected by the plan sponsor with our recommendations. The assumptions used, in our opinion, are reasonable and represent a reasonable expectation of future experience under the plan. All calculations have been made in accordance with generally accepted actuarial principles and practice.

A summary of any assumptions not included in this report, the plan provisions and the participant information is included in the Actuarial Valuation Report for funding purposes.

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.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement.

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

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

Neither Nyhart nor any of its employees have any relationships with the plan or plan sponsor which could impair or appear to impair the objectivity of this report.

Nyhart



Lawrence Watts, Jr., FSA, CFA, EA, MAAA



Heath W. Merlak, FSA, EA, MAAA

03/13/2020

Net Pension Liability

The components of the net pension liability at September 30

	09/30/2019	09/30/2018
Total pension liability	\$ 78,628,190	\$ 73,101,503
Plan fiduciary net position	(65,742,002)	(63,211,016)
Net pension liability	\$ 12,886,188	\$ 9,890,487
Plan fiduciary net position as a percent of the total pension liability	83.61%	86.47%
Pension Expense for the Fiscal Year Ended September 30	\$ 2,667,937	\$ 1,725,787

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions

Inflation	3.25%	3.25%
Salary increases, including inflation	3.25%-7.25%	3.25%-7.25%
Investment rate of return, including inflation, and net of investment expense	7.50%	7.50%

Plan Membership

The total pension liability was determined based on the plan membership as of September 30

	2018	2017
Inactive plan members and beneficiaries currently receiving benefits	86	87
Inactive plan members entitled to but not yet receiving benefits	3	3
Active plan members	124	115
Total members	213	205

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Statement of Fiduciary Net Position

Assets	09/30/2019	09/30/2018
Cash and deposits	\$ 1,294,427	\$ 1,145,673
Securities lending cash collateral	0	0
Total cash	\$ 1,294,427	\$ 1,145,673
Receivables:		
Contributions	\$ 72,485	\$ 0
Due from broker for investments sold	19,700	0
Investment income	70,604	115,078
Other	1,597	0
Total receivables	\$ 164,386	\$ 115,078
Investments:		
Mutual Funds	\$ 0	\$ 33,413,870
Common Stock	0	0
Fixed Income	0	11,150,967
Domestic Equities	31,602,905	0
International Equities	9,381,433	9,275,285
Real Estate Fund	8,450,170	8,151,040
Domestic Fixed Income	13,700,523	0
International Fixed Income	1,212,133	0
Total investments	\$ 64,347,164	\$ 61,991,162
Total assets	\$ 65,805,977	\$ 63,251,913
 Liabilities		
Payables:		
Investment management fees	\$ 44,615	\$ 40,897
Due to broker for investments purchased	0	0
Collateral payable for securities lending	0	0
Other	19,360	0
Total liabilities	\$ 63,975	\$ 40,897
 Net position restricted for pensions	\$ 65,742,002	\$ 63,211,016

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Statement of Changes in Fiduciary Net Position

	09/30/2019	09/30/2018
Additions		
Contributions:		
Employer	\$ 2,299,394	\$ 2,495,113
Member	638,372	736,600
Nonemployer contributing entity	488,640	472,989
Total contributions	\$ 3,426,406	\$ 3,704,702
Investment income:		
Net increase in fair value of investments	\$ 957,965	\$ 4,219,402
Interest and dividends	1,263,523	1,094,620
Less investment expense, other than from securities lending	(208,534)	(226,259)
Net income other than from securities lending	\$ 2,012,954	\$ 5,087,763
Securities lending income	0	0
Less securities lending expense	0	0
Net income from securities lending	\$ 0	\$ 0
Net investment income	\$ 2,012,954	\$ 5,087,763
Other	157,698	0
Total additions	\$ 5,597,058	\$ 8,792,465
Deductions		
Benefit payments, including refunds of member contributions	\$ 2,981,313	\$ 3,449,899
Administrative expense	84,759	85,835
Other	0	0
Total deductions	\$ 3,066,072	\$ 3,535,734
Net increase in net position	\$ 2,530,986	\$ 5,256,731
Net position restricted for pensions		
Beginning of year	63,211,016	57,954,285
End of year	\$ 65,742,002	\$ 63,211,016

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 Schedule of Changes in Net Pension Liability and Related Ratios

	09/30/2019	09/30/2018	09/30/2017	09/30/2016	09/30/2015
Total pension liability					
Service cost	\$ 1,455,310	\$ 1,326,905	\$ 1,317,786	\$ 1,227,874	\$ 1,121,980
Interest	5,479,962	5,276,956	4,878,081	4,637,901	4,471,685
Changes of benefit terms	0	0	0	(556,590)	0
Differences between expected and actual experience	1,406,892	(809,914)	1,862,026	258,882	(904,013)
Changes of assumptions	165,836	0	2,528,873	0	0
Benefit payments, including refunds of member contributions	(2,981,313)	(3,449,899)	(2,909,019)	(2,208,735)	(3,092,921)
Net change in total pension liability	5,526,687	2,344,048	7,677,747	3,359,332	1,596,731
Total pension liability - beginning	73,101,503	70,757,455	63,079,708	59,720,376	58,123,645
Total pension liability - ending (a)	\$ 78,628,190	\$ 73,101,503	\$ 70,757,455	\$ 63,079,708	\$ 59,720,376
Plan fiduciary net position					
Contributions - employer	\$ 2,299,394	\$ 2,495,113	\$ 1,945,055	\$ 2,490,684	\$ 2,180,098
Contributions - member	638,372	736,600	664,806	643,628	467,838
Contributions - nonemployer contributing member	488,640	472,989	434,616	434,473	554,915
Net investment income	2,012,954	5,087,763	6,250,958	4,770,021	13,508
Benefit payments, including refunds of member contributions	(2,981,313)	(3,449,899)	(2,909,019)	(2,208,735)	(3,092,921)
Administrative expenses	(84,759)	(85,835)	(67,415)	(84,143)	(77,503)
Other	157,698	0	0	0	0
Net change in plan fiduciary net position	\$ 2,530,986	\$ 5,256,731	\$ 6,319,001	\$ 6,045,928	\$ 45,935
Plan fiduciary net position - beginning	63,211,016	57,954,285	51,635,284	45,589,356	45,543,421
Plan fiduciary net position - ending (b)	\$ 65,742,002	\$ 63,211,016	\$ 57,954,285	\$ 51,635,284	\$ 45,589,356
Net pension liability - ending (a) - (b)	\$ 12,886,188	\$ 9,890,487	\$ 12,803,170	\$ 11,444,424	\$ 14,131,020
Plan fiduciary net position as a percentage of the total pension liability	83.61%	86.47%	81.91%	81.86%	76.34%
Covered-employee payroll	\$ 7,366,658	\$ 7,657,531	\$ 6,886,009	\$ 7,333,107	\$ 6,311,053
Net pension liability as percentage of covered-employee payroll	174.93%	129.16%	185.93%	156.07%	223.91%

	<u>09/30/2014</u>
Total pension liability	
Service cost	\$ 1,163,818
Interest	4,274,720
Changes of benefit terms	0
Differences between expected and actual experience	142,133
Changes of assumptions	0
Benefit payments, including refunds of member contributions	<u>(2,901,757)</u>
Net change in total pension liability	2,678,914
Total pension liability - beginning	<u>55,444,731</u>
Total pension liability - ending (a)	\$ 58,123,645
Plan fiduciary net position	
Contributions - employer	\$ 2,117,780
Contributions - member	553,787
Contributions - nonemployer contributing member	450,140
Net investment income	3,792,085
Benefit payments, including refunds of member contributions	(2,901,757)
Administrative expenses	(67,517)
Other	<u>0</u>
Net change in plan fiduciary net position	\$ 3,944,518
Plan fiduciary net position - beginning	<u>41,598,903</u>
Plan fiduciary net position - ending (b)	\$ 45,543,421
Net pension liability - ending (a) - (b)	\$12,580,224
Plan fiduciary net position as a percentage of the total pension liability	78.36%
Covered-employee payroll	\$ 6,392,458
Net pension liability as percentage of covered-employee payroll	196.80%

Fiscal year ending	09/30/2019	09/30/2018
Service cost	\$ 1,455,310	\$ 1,326,905
Interest on total pension liability	5,479,962	5,276,956
Projected earnings on pension plan investments	(4,754,339)	(4,352,908)
Changes of benefit terms	0	0
Employee contributions	(638,372)	(736,600)
Pension plan administrative expense	84,759	85,835
Other changes	0	0
Current period recognition of deferred outflows/(inflows) of resources		
Differences between Expected & Actual Experience in measurement of the Total Pension Liability	\$ 291,105	\$ 56,623
Changes of assumptions	388,907	361,268
Differences between Projected & Actual Earnings on Pension Plan Investments	360,605	(292,292)
Total	\$ 2,667,937	\$ 1,725,787

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Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Differences between expected and actual experience in measurement of the total pension liability for fiscal year ending:	Initial Balance	Initial Amortization Period	Annual Recognition	09/30/2019 Balance
September 30, 2019	\$ 1,406,892	6.0	\$ 234,482	\$ 1,172,410
September 30, 2018	\$ (809,914)	6.0	\$ (134,986)	\$ (539,942)
September 30, 2017	\$ 1,862,026	7.0	\$ 266,004	\$ 1,064,014
September 30, 2016	\$ 258,882	7.0	\$ 36,983	\$ 110,950
September 30, 2015	\$ (904,013)	7.0	\$ (129,145)	\$ (258,288)
September 30, 2014	\$ 142,133	8.0	\$ 17,767	\$ 35,531
			\$ 291,105	\$ 1,584,675

Changes in assumptions for fiscal year ending:	Initial Balance	Initial Amortization Period	Annual Recognition	09/30/2019 Balance
September 30, 2019	\$ 165,836	6.0	\$ 27,639	\$ 138,197
September 30, 2017	\$ 2,528,873	7.0	\$ 361,268	\$ 1,445,069
			\$ 388,907	\$ 1,583,266

Differences between projected and actual earnings on pension plan investments for fiscal year ending:	Initial Balance	Initial Amortization Period	Annual Recognition	09/30/2019 Balance
September 30, 2019	\$ 2,583,687	5.0	\$ 516,737	\$ 2,066,950
September 30, 2018	\$ (734,855)	5.0	\$ (146,971)	\$ (440,913)
September 30, 2017	\$ (2,375,760)	5.0	\$ (475,152)	\$ (950,304)
September 30, 2016	\$ (1,187,405)	5.0	\$ (237,481)	\$ (237,481)
September 30, 2015	\$ 3,517,364	5.0	\$ 703,472	\$ 0
			\$ 360,605	\$ 438,252

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,382,905	\$ (798,230)
Changes of Assumptions	\$ 1,583,266	\$ 0
Net difference between projected and actual earnings on pension plan investments	\$ 2,066,950	\$ (1,628,698)
	<u>\$ 6,033,121</u>	<u>\$ (2,426,928)</u>

The balances as of September 30, 2019 of the deferred outflows/(inflows) of resources will be recognized in pension expense for the fiscal year ending September 30.

2020	\$ 337,145
2021	\$ 574,625
2022	\$ 1,161,157
2023	\$ 1,271,143
2024	\$ 262,123
Thereafter	\$ 0

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2019 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Mutual Funds	0.0%	<i>0.00%</i>
Common Stock	0.0%	<i>0.00%</i>
Fixed Income	0.0%	<i>0.00%</i>
Domestic Equities	45.0%	<i>7.50%</i>
International Equities	15.0%	<i>8.50%</i>
Real Estate Fund	10.0%	<i>4.50%</i>
Domestic Fixed Income	25.0%	<i>2.50%</i>
International Fixed Income	5.0%	<i>3.50%</i>
Cash	0.0%	<i>0.00%</i>
Total	100.0%	

Long-term expected rate of return is 7.50%.

Discount rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Professional judgment on future contributions has been applied in those cases where contribution patterns deviate from the actuarially determined rates. Based on those 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	\$ 22,605,285	\$ 12,886,188	\$ 4,840,036

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 Schedule of Contributions

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 2,816,168	\$ 2,881,523	\$ 2,236,606	\$ 2,370,353	\$ 2,355,312
Contributions in relation to the actuarially determined contribution	2,643,714	2,968,102	2,185,456	2,731,085	2,420,499
Contribution deficiency (excess)	\$ 172,454	\$ (86,579)	\$ 51,150	\$ (360,732)	\$ (65,187)
Covered-employee payroll	\$ 7,366,658	\$ 7,657,531	\$ 6,886,009	\$ 7,333,107	\$ 6,507,660
Contributions as a percentage of covered-employee payroll	35.89%	38.76%	31.74%	37.24%	37.19%
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contribution	\$ 2,482,131	\$ 2,560,047	\$ 2,111,966	\$ 1,999,430	\$ 1,795,369
Contributions in relation to the actuarially determined contribution	2,358,181	2,143,008	2,024,626	1,863,674	1,545,607
Contribution deficiency (excess)	\$ 123,950	\$ 417,039	\$ 87,340	\$ 135,756	\$ 249,762
Covered-employee payroll	\$ 6,311,053	\$ 6,392,458	\$ 6,961,657	\$ 7,204,930	\$ 6,872,487
Contributions as a percentage of covered-employee payroll	37.37%	33.52%	29.08%	25.87%	22.49%

The total pension liability as of September 30, 2019 was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Method
Asset Method	Market Value of Assets
Interest Rates	
Discount Rate	7.50%
Expected Long Term Rate of Return	7.50%
Municipal Bond Rate	N/A
Inflation	3.25%
Annual Pay Increases	0.0%-4.0%, plus inflation
Measurement Date	September 30, 2019, based on a valuation date of September 30, 2018
Ad-hoc Cost-of-living Increases	Benefit payment schedule to be designed by Board. Funding is from .50% member contributions, market return, and 50% of State Premium Tax Revenues in excess of \$200,000 (percentage increased to 100% once the Plan becomes 90% funded). A portion of excess returns on COLA assets will be transferred to the plan until the plan becomes 90% funded.
	Transfers of excess return is limited to periods when experience is favorable, determined on a cumulative basis from October 1, 2002.

Mortality Rates

Pre-Retirement	RP2000 Generational, Females, 100% Combined Healthy White Collar Scale BB; Males, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB
Post-Retirement	RP2000 Generational, Females, 100% Annuitant White Collar, Scale BB; Males, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB
Disabled	RP2000, Females, 60% Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale; Males, 60% Disabled Male set back four years / 40% Annuitant White Collar with no setback, no projection scale 10% of Active deaths are assumed to be in the line of duty

Retirement Rates

75% at 80 points (age plus service), with remainder at the earlier of

- 1) Age 60 and 10 years of service; or
- 2) 30 years of service

All other assumptions

As described in the assumptions section of the actuarial determined contribution

Experience Study

The most recent experience study was completed in September 2019 taking into account 7 years of data experience. The recommendations of this study will be implemented in the total pension liability as of September 30, 2020.

Cost Method	Individual Entry Age Normal Cost Method												
Amortization Method	The following amortization periods will apply for any unfunded actuarial accrued liabilities, all on an increasing payroll basis of 0.91% assumed growth: <ul style="list-style-type: none"> - Unfunded liability as of October 1, 2001: 25 years - Benefit improvements for actives: 25 years - Benefit improvements for inactives: 15 years - Actuarial gains/losses: 20 years - Changes in actuarial assumptions: 20 years 												
Asset Valuation Method	20% write up method												
Interest Rates	7.50% net of investment expenses												
Annual Pay Increases	3.25% inflation plus the below merit increases <table border="0" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;"><u>Age</u></th> <th style="text-align: left;"><u>General</u></th> </tr> </thead> <tbody> <tr> <td><= 30</td> <td>4.0%</td> </tr> <tr> <td>35</td> <td>3.0%</td> </tr> <tr> <td>40</td> <td>2.0%</td> </tr> <tr> <td>45</td> <td>1.0%</td> </tr> <tr> <td>50</td> <td>0.0%</td> </tr> </tbody> </table>	<u>Age</u>	<u>General</u>	<= 30	4.0%	35	3.0%	40	2.0%	45	1.0%	50	0.0%
<u>Age</u>	<u>General</u>												
<= 30	4.0%												
35	3.0%												
40	2.0%												
45	1.0%												
50	0.0%												
Expense and/or Contingency Loading	Non-investment expenses in previous year												

Mortality Rates

Pre-Retirement	RP2000 Generational, Females, 100% Combined Healthy White Collar Scale BB; Males, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB
Post-Retirement	RP2000 Generational, Females, 100% Annuitant White Collar, Scale BB; Males, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB
Disabled	RP2000, Females, 60% Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale; Males, 60% Disabled Male set back four years / 40% Annuitant White Collar with no setback, no projection scale

10% of Active deaths are assumed to be in the line of duty

Retirement Rates

75% at 80 points (age plus service), with remainder at the earlier of

- 1) Age 60 and 10 years of service; or
- 2) 30 years of service

Disability Rates

<u>Age</u>	<u>Rate</u>
20	0.10%
30	0.14%
40	0.29%
50	0.92%

80% of disabilities are assumed to be in the line of duty.

Withdrawal Rates

<u>Age</u>	<u>Rate</u>
20	6.68%
30	4.18%
40	2.28%
50	0.98%

Marital Status and Ages

80% of Participants assumed to be married with wives assumed to be 3 years younger than husbands.

Contribution Timing

The City's contribution is assumed to occur at the beginning of the fiscal year.

Changes Since Prior Valuation

The mortality tables have been updated to reflect the mortality used in the most recent FRS valuation. Relative to previous valuations, the primary difference is generally lower assumed pre-retirement mortality.

The payroll growth assumption used to amortize existing unfunded liability has been reduced to 0.91% (from 1.49%) due to the 10-year average payroll growth limitation under State law.

Plan Status

Established October 1, 1999 under the Code of Ordinances for the City of Ocala, Florida, Chapter 43 Article II Sections 43-21 through 43-45 and was most recently amended by Ordinance No. 2019-14 on January 9, 2019. The Plan is also governed by certain provisions of Chapters 175 and 185, Florida Statutes, Part VII, Chapter 112, Florida Statutes (F.S.) and the Internal Revenue Code.

Eligibility for Participation

Employees in the Fire Department, certified as firefighters.

Accrual of Benefits

The accrued benefit is determined as 3% of Average Final Compensation multiplied by Credited Service as of date of determination; maximum of 93% of Average Monthly Earnings.

Vesting

100% after 10 years

Normal Retirement Benefit

Eligibility	Age 55 and 10 years of credited service, Rule of 70, or 25 years of credited service.
Benefit	Accrued Benefit

Early Retirement Benefit

Eligibility	Age 50 and 10 years of credited service
Benefit	Accrued Benefit reduced by 2% for each year prior to normal retirement date.

Termination Benefit

Eligibility	Fully vested after 10 years of credited service
Benefit	Accrued retirement benefit payable at participant's normal retirement date. If the participant terminates prior to 10 years of service a refund of the accumulated contributions with interest will be issued.

Disability Benefit In Line of Duty

Eligibility	Immediately upon permanent disability
Benefit	Accrued benefit, but not less than 42% of AME.

Disability Benefit Not In Line of Duty

Eligibility	Participant without vested benefit
Benefit	Refund of Contributions
Eligibility	Participant with vested benefit
Benefit	If vested, accrued benefit, but not less than 30% of AME.

Death Benefit

Eligibility	Participant without vested benefit
Benefit	Refund of Contributions
Eligibility	Service Incurred; Participant with vested benefit
Benefit	choice of (i) Accrued benefit payable for 120 months; or (ii) 50% of AME to spouse until death.
Eligibility	Non-Service Incurred; Participant with vested benefit
Benefit	If not eligible for either early or normal retirement, same as for Service-Incurred Death Benefits. If eligible for either early or normal retirement, choice of (i) accrued benefit payable for 120 months; or (ii) 50% of accrued benefit to spouse until death.

Credited Service

For Vesting and Benefit Accruals, service is defined as years and completed months.

Compensation

Average Monthly Earnings

Within 5 years of normal retirement as of November 1, 2015: Average during highest 3 consecutive of last 5 years of total earnings, including base salary, pick-up contributions, overtime pay, assignment pay, and educational incentive.

Others: Average during highest 5 of last 10 years of earnings, including base salary, state education incentive pay, and up to 300 hours of overtime pay per fiscal year, excluding all other compensation

Employee Contributions

7.67% to Regular Fund Retirement Plan and 0.50% to COLA Fund (8.17% total).

Payment Forms

Normal Form

50% joint & contingent survivor, with 10 years' certain, payable for life (married); 10 years' certain and life (single).

Optional Forms

66 2/3%, 75%, and 100% Joint and Survivor Annuity (last survivor basis) and Life Annuity.

DROP

Up to 5 years; actuarially equivalent BAC-DROP

COLA

Benefit payment schedule to be designed by Board. Funding is from .50% member contributions, market return, and 50% of State Premium Tax Revenues in excess of \$200,000 (percentage increased to 100% once the Plan becomes 90% funded). A portion of excess returns on COLA assets will be transferred to the plan until the plan becomes 90% funded.

Plan Provision Not Included

We are not aware of any plan provisions not included in the valuation.