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**Report of the Actuary on the
Annual Valuation of the
Shelby County Retirement System**

Prepared as of June 30, 2015





Cavanaugh Macdonald

CONSULTING, LLC

The experience and dedication you deserve

October 16, 2015

Board of Commissioners
Shelby County Retirement System
160 North Main Street, Suite 950
Memphis, TN 38103

Members of the Board:

We are pleased to submit the results of the actuarial valuation of the Shelby County Retirement System prepared as of June 30, 2015. The purpose of this report is to provide a summary of the funded status of the System as of June 30, 2015 and to recommend rates of actuarially determined contribution rates. The information needed for the County under the new Governmental Accounting Standards Board Statements No. 67 and 68 (GASB 67 and 68) will be provided in separate reports. However, for informational purposes, we have also provided accounting information under GASB 25 and 27 in Section VI.

On the basis of the valuation, it is recommended that employer contributions to the System be set at a rate of 15.87% of payroll for the fiscal year ending June 30, 2017. The promised benefits of the System are included in the calculated contribution rate which is developed using the Entry Age Normal (EAN) cost method. Ten-year smoothed market value of plan assets is used for the actuarial value of assets. Gains and losses are reflected in the unfunded accrued liability that is being amortized by regular annual contributions within a 25-year period. The initial obligation for Plan C is being amortized by annual contributions within an 11-year period.

Since the previous valuation, several changes were made to the economic assumptions per the findings of the Economic Experience Investigation as of June 30, 2015. In addition, after an internal audit of the Retirement System by our staff, we have made a few minor programming changes in our actuarial software to more accurately match the System's plan provisions.

This is to certify that the independent consulting actuary is a Member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the System and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System. While not verifying the data at source, the actuary performed tests for consistency and reasonability.

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Board of Commissioners
October 16, 2015
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Future actuarial results may differ significantly from the current results 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. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

We trust that the report will meet the approval of the Board and will furnish the desired information concerning the financial condition of the System.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Edward J. Koebel'.

Edward J. Koebel, EA, FCA, MAAA
Principal and Consulting Actuary

A handwritten signature in blue ink that reads 'Ben Mobley'.

Ben Mobley, ASA, ACA, MAAA
Actuary

EJK/BDM:kc



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**SHELBY COUNTY RETIREMENT SYSTEM
REPORT OF THE ACTUARY
ON THE VALUATION
PREPARED AS OF JUNE 30, 2015**

SECTION I – SUMMARY OF PRINCIPAL RESULTS

1. For convenience of reference, the principal results of the current and preceding valuations are summarized below.

Valuation Date	June 30, 2015	June 30, 2014
Active members:		
Number	5,208	5,302
Annualized compensation	\$ 243,654,662	\$ 240,466,367
County to City Transfers:		
Number	170	177
Annualized compensation	\$ 9,905,468	\$ 10,361,189
Retired members and beneficiaries:		
Number	3,598	3,469
Annual allowances	\$ 71,650,735	\$ 66,859,603
Number of participants with deferred benefits	262	235
Assets:		
Market Value	\$ 1,115,133,799	\$ 1,137,625,754
Actuarial Value	1,192,701,571	1,155,349,660
Unfunded actuarial accrued liability	\$ 316,522,180	\$ 243,308,576
Weighted Amortization Period	22 years	22 years
Funding Ratio	79.0%	82.6%
Fiscal Year Ending	June 30, 2017	June 30, 2016
Actuarially determined employer contribution rate (ADEC):		
Normal Cost	4.19%	4.24%
Accrued liability	<u>11.68</u>	<u>9.11</u>
Total	15.87%	13.35%



2. The major benefit and contribution provisions of the Plan as reflected in the valuation are summarized in Schedule E. There have been no changes since the previous valuation.
3. Schedule D of this report outlines the full set of actuarial assumptions and methods used in the valuation. Since the last valuation, the following changes were made to the actuarial assumptions due to the economic experience investigation as of June 30, 2015:
 - The investment return assumption was reduced from 8.00% to 7.50%.
 - The price inflation assumption was reduced from 3.00% to 2.75%.
 - The COLA assumption for Plan A and C members was reduced from 3.00% to 2.75%.
 - The overall salary scale was lowered 0.25% due to the decrease in the price inflation assumption. There was no change in the salary merit scale.
4. Schedule B shows the development of the actuarial value of assets.
5. Comments on the valuation results as of June 30, 2015 are given in Section IV and further discussion of the contributions is set out in Section V.

SECTION II – MEMBERSHIP DATA

1. Data regarding the membership of the System for use as a basis of the valuation were furnished by the County. The valuation included 5,208 active members with annualized compensation totaling \$243,654,662. In addition, there are 170 County to City Transfers with total annual base earnings of \$9,905,468. Below we show the active members by Plan.

THE NUMBER AND ANNUAL BASE EARNINGS OF ACTIVE MEMBERS AS OF JUNE 30, 2015

PLAN	NUMBER	TOTAL ANNUAL BASE EARNINGS
Plan B	11	\$ 721,506
Plan A	1,525	71,561,940
Plan C	2,494	124,012,481
Plan D	<u>1,178</u>	<u>47,358,735</u>
Total	5,208	\$ 243,654,662



2. The following table shows the number of retired members and beneficiaries as of June 30, 2015 together with the amount of their annual retirement benefits payable under the System as of that date.

**THE NUMBER AND ANNUAL BENEFITS OF
RETIRED MEMBERS AND BENEFICIARIES
AS OF JUNE 30, 2015**

TYPE OF RETIREMENT	PLAN B	PLAN A	PLAN C	PLAN D	TOTAL
Service:					
Number	730	1,516	685	0	2,931
Annual Benefits	\$18,518,612	\$23,982,724	\$19,027,055	\$0	\$61,528,391
Disability:					
Number	22	50	0	0	72
Annual Benefits	\$299,349	\$1,206,891	\$0	\$0	\$1,506,240
Survivors:					
Number	269	291	35	0	595
Annual Benefits	\$4,583,477	\$3,328,023	\$704,603	\$0	\$8,616,103
Total:					
Number	1,021	1,857	720	0	3,598
Annual Benefits	\$23,401,438	\$28,517,638	\$19,731,658	\$0	\$71,650,735

*In addition, there are 262 participants entitled to deferred annual benefits totaling \$5,524,836.

3. Table 1 of Schedule F shows a reconciliation of the membership from June 30, 2014 to June 30, 2015. Tables 2, 3, 4 and 5 of Schedule F show the distribution by age and years of membership service of the number of active members included in the valuation by plan, while Tables 6, 7 and 8 show the number and annual benefits of retired members and beneficiaries included in the valuation by plan, distributed by age.



SECTION III – ASSETS

1. As of June 30, 2015, the total market value of assets amounted to \$1,115,133,799, as reported by the auditor. The estimated investment return for the plan year was 0.56%. Schedule C shows the receipts and disbursements of the System for the year preceding the valuation date and a reconciliation of the System balances at market value.
2. The market related actuarial value of assets using a 10-year smoothing technique of investment gains and losses is \$1,192,701,571. The estimated investment return for the plan year ending June 30, 2015 on an actuarial value of assets basis was 5.80%, which can be compared to the investment return assumed for the period of 8.00%. Schedule B shows the development of the actuarial value of assets as of June 30, 2015.

SECTION IV – COMMENTS ON VALUATION

1. Schedule A of this report outlines the results of the actuarial valuation. The valuation was prepared in accordance with the actuarial assumptions and the actuarial cost method, which are described in Schedule D.
2. The valuation shows that the total actuarial accrued liability of the System amounts to \$1,509,223,751. Against these liabilities, the System has present assets for valuation purposes of \$1,192,701,571. When this amount is deducted from the actuarial accrued liability of \$1,509,223,751, there remains \$316,522,180 as the unfunded actuarial accrued liability.
3. The employer's contributions to the System consist of normal cost contributions and accrued liability contributions. The normal cost rate is equal to the actuarial present value of benefits accruing during the current year divided by the annual active members' payroll. Estimated budgeted administrative expenses are included in the normal cost rate. The expenses for the fiscal year ending June 30, 2017 are estimated to be 0.50% of payroll. The employer normal cost rate is determined to be 4.19% of payroll.
4. The accrued liability contribution rate is 11.68% of active member's compensation, which will amortize the portion of the unfunded actuarial liability over a weighted 22-year period on a level dollar amortization basis.



5. The total County contribution rate required for the fiscal year ending June 30, 2017 is, therefore, 15.87% of payroll.
6. The unfunded actuarial accrued liability (UAAL) increased approximately \$73 million for the plan year ending June 30, 2015 and the funding ratio decreased from 82.6% to 79.0%. This increase in the UAAL was primarily due to the changes in actuarial assumptions following the economic experience investigation as of June 30, 2015. In addition, there was a significant loss due to the investment return on an actuarial value basis for the year being less than expected. There were gains due to mortality and retirements that partially offset these losses. See Schedule G for a complete breakdown of the experience of the System.



SECTION V – CONTRIBUTIONS PAYABLE

The following table summarizes the employer contributions which were determined by the June 30, 2015 valuation and are recommended for use in the fiscal year ending June 30, 2017.

**COUNTY ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTIONS (ADEC)
FOR FISCAL YEAR ENDING JUNE 30, 2017**

CONTRIBUTION	PERCENTAGE OF ACTIVE MEMBERS' COMPENSATION	ESTIMATED DOLLARS BASED ON CURRENT PAYROLL
Normal Cost	4.19%	\$ 10,209,130
Accrued Liability	<u>11.68</u>	<u>28,458,865</u>
Total	15.87%	\$ 38,667,995



SECTION VI – ACCOUNTING INFORMATION

Governmental Accounting Standards Board Statements (GASB) has issued Statements No. 67 and 68 which replaces Statement No. 25 and 27 for plan years beginning after June 15, 2013. The information required under the new GASB Statements will be issued in separate reports. The following information is provided for informational purposes only.

1. The following is a distribution of the number of employees by type of membership, as follows:

**NUMBER OF ACTIVE AND RETIRED PARTICIPANTS
AS OF JUNE 30, 2015**

GROUP	PLAN B	PLAN A	PLAN C	PLAN D	TOTAL
Retired participants and beneficiaries currently receiving benefits	1,021	1,857	720	0	3,598
Terminated participants and beneficiaries entitled to benefits but not yet receiving benefits	0	188	74	0	262
Terminated participants entitled to a refund of contributions	0	22	59	81	162
County to City Transfers	0	155	15	0	170
Active Participants	<u>11</u>	<u>1,525</u>	<u>2,494</u>	<u>1,178</u>	<u>5,208</u>
Total	1,032	3,747	3,362	1,259	9,400



2. Another such item is the schedule of funding progress as shown below.

SCHEDULE OF FUNDING PROGRESS
Dollar Amounts in Thousands

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) PUC (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
6/30/2010	\$1,053,056	\$1,084,353	\$31,297	97.1%	\$266,559	11.7%
6/30/2011#	1,066,406	1,186,788	120,382	89.9	265,137	45.4
6/30/2012	1,090,210	1,241,966	151,756	87.8	258,670	58.7
6/30/2013#	1,118,965	1,280,073	161,108	87.4	250,367	64.3
6/30/2014	1,155,350	1,398,658	243,308	82.6	240,466	101.2
6/30/2015#	1,192,702	1,509,224	316,522	79.0	243,655	129.9

Reflects changes in assumptions.

3. Another such item is the schedule of employer contributions as shown below.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

FISCAL YEAR ENDING	ESTIMATED ANNUAL REQUIRED CONTRIBUTION	PERCENT CONTRIBUTED
6/30/2010	\$16,652,005	116%
6/30/2011	18,570,739	101
6/30/2012	23,401,532	100
6/30/2013	31,825,727	100
6/30/2014	32,982,757	100
6/30/2015	33,220,088	100
6/30/2016	32,113,026	N/A



4. Additional information as of June 30, 2015 follows:

Valuation date	6/30/2015
Actuarial cost method	Entry Age Normal
Amortization period	Level dollar closed
Remaining amortization period*	22 years
Asset valuation method	Ten-year smoothed market value
Actuarial assumptions:	
Investment rate of return (includes inflation)	7.50%
Projected salary increases	3.00% - 6.00%
Cost-of-living adjustments	CPI-U up to 1% for Plan B; CPI-U up to 4% for Plan A and Plan C; CPI-U up to 2% for Plan D;

* This period is a weighted average of the amortization for Plan C (11 years) and the amortization of the remaining portion of the unfunded accrued liability (25 years).



SECTION VII – EXPERIENCE

Actual experience will never (except by coincidence) coincide exactly with assumed experience. It is assumed that gains and losses will be in balance over a period of years, but sizable year to year fluctuations are common. Detail on the derivation of the experience gain/(loss) for the year ended June 30, 2015 is shown below.

	<u>\$ Thousands</u>
(1) UAAL* as of June 30, 2014	\$ 243,308.6
(2) Total normal cost from last valuation	23,641.5
(3) Total actual contributions	49,448.0
(4) Administrative expenses	1,705.4
(5) Interest accrual: $\{[(1) + (2)] \times .08\} - \{[(3) - (4)] \times .043\}$	<u>19,287.2</u>
(6) Expected UAAL before changes: (1) + (2) – (3) + (4) + (5)	\$ 238,494.7
(7) Change due to plan amendments	0.0
(8) Change due to actuarial assumptions or methods	<u>59,700.2</u>
(9) Expected UAAL after changes: (6) + (7) + (8)	\$ 298,194.9
(10) Actual UAAL as of June 30, 2015	\$ 316,522.2
(11) Gain/(loss): (9) – (10)	\$ (18,327.3)
(12) Gain/(loss) as percent of actuarial accrued liabilities for prior year (\$1,398,658.2)	(1.3)%

*Unfunded actuarial accrued liability.

Valuation Date June 30	Actuarial Gain/(Loss) as a % of Beginning Accrued Liabilities
2011	(4.4)%
2012	(1.9)%
2013	(1.6)%
2014	(0.6)%
2015	(1.3)%



SCHEDULE A

**VALUATION RESULTS
AS OF JUNE 30, 2015**

(1)	Actuarial Accrued Liability:	
(a)	Plan B	
(i)	Actives and Transfers	\$ 5,220,530
(ii)	Retired, Beneficiaries, Disabled, Terminated	<u>207,706,023</u>
(iii)	Total = (i) + (ii)	\$ 212,926,553
(b)	Plan A	
(i)	Actives and Transfers	\$ 265,058,379
(ii)	Retired, Beneficiaries, Disabled, Terminated	<u>321,170,817</u>
(iii)	Total = (i) + (ii)	\$ 586,229,196
(c)	Plan C	
(i)	Actives and Transfers	\$ 442,412,250
(ii)	Retired, Beneficiaries, Disabled, Terminated	<u>258,910,988</u>
(iii)	Total = (i) + (ii)	\$ 701,323,238
(d)	Plan D	
(i)	Actives and Transfers	\$ 8,362,000
(ii)	Retired, Beneficiaries, Disabled, Terminated	<u>382,764</u>
(iii)	Total = (i) + (ii)	\$ 8,744,764
(e)	Total = (a)iii + (b)iii + (c)iii + (d)iii	\$ 1,509,223,751
(2)	Actuarial Asset Value	\$ 1,192,701,571
(3)	Unfunded Actuarial Accrued Liability: (1(e) – 2)	\$ 316,522,180



SCHEDULE B

DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS

(1)	Actuarial Value of Assets as of June 30, 2014	\$ 1,155,349,660
(2)	Market Value of Assets as of June 30, 2015	\$ 1,115,133,799
(3)	Market Value of Assets as of June 30, 2014	\$ 1,137,625,754
(4)	Net Cash Flow During Plan Year	
(a)	Contributions	\$ 49,447,995
(b)	Benefit Payments	(76,562,250)
(c)	Administration Expenses	<u>(1,705,386)</u>
(d)	Net Cash Flow: (a) + (b) + (c)	\$ (28,819,641)
(5)	Investment Income	
(a)	Market Total: (2) – (3) – (4)d	\$ 6,327,686
(b)	Assumed Rate	8.00%
(c)	Amount for Immediate Recognition	\$ 89,761,209
(d)	Amount for Phased-In Recognition: (5)a – (5)c	\$ (83,433,523)
(6)	Recognized Amounts for Plan Year	
(a)	Current Year: 0.10 x (5)d	\$ (8,343,352)
(b)	First Prior Year	7,712,483
(c)	Second Prior Year	4,391,650
(d)	Third Prior Year	(11,572,814)
(e)	Fourth Prior Year	12,045,965
(f)	Fifth Prior Year	5,330,118
(g)	Sixth Prior Year	(29,407,425)
(h)	Seventh Prior Year	(13,897,942)
(i)	Eighth Prior Year	8,985,741
(j)	Ninth Prior Year	<u>1,165,919</u>
(k)	Total Recognized Investment Gain/(Loss)	\$ (23,589,657)
(7)	Actuarial Value of Assets as of June 30, 2015 (1) + (4)d + (5)c + (6)k	\$ 1,192,701,571
(8)	Rate of Return on Actuarial Value	5.80%



SCHEDULE C

ASSET INFORMATION

<i>Receipts</i>	
(1) Employee Contributions	\$ 15,235,360
(2) Employer Contributions	34,212,635
(3) Investment Income	<u>6,327,686</u>
(4) Total Receipts	\$ 55,775,681
<i>Disbursements</i>	
(5) Retirement	\$ 69,788,399
(6) Refunds and Cashouts	6,773,851
(7) Administrative Expenses	<u>1,705,386</u>
(8) Total Disbursements	\$ 78,267,636
(9) Excess of Receipts Over Disbursements: (4) - (8)	\$ (22,491,955)
<i>Reconciliation of Asset Balances</i>	
(10) Market Value at June 30, 2014	\$1,137,625,754
(11) Excess of Receipts Over Disbursements	<u>(22,491,955)</u>
(12) Market Value at June 30, 2015	\$1,115,133,799
(13) Estimated Rate of Return on Market Value of Assets	0.56%



SCHEDULE D

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

INVESTMENT RATE OF RETURN: 7.50% per year (net of investment expenses only).

SALARY INCREASES:

Service	Increase per year
Less than 5	6.0%
5-9	5.0
10-14	4.5
15-19	4.0
20-24	3.5
25 or more	3.0

EXPENSES: Estimated budgeted administrative expenses of 0.50% of payroll are added to the normal cost rate.

COST-OF-LIVING ADJUSTMENT: 1.00% per year, compounded for Plan B. 2.75% per year, compounded for Plan A and Plan C. 2.00% per year, compounded for Plan D.

PERCENT MARRIED: 65% of active members are assumed to be married with the male three years older than his spouse.

ASSETS: Actuarial value, as developed in Schedule C. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected market value of assets, based on the assumed valuation rate of return. The amount recognized each year is 10% of the difference between market value and expected market value.

VALUATION METHOD: Entry Age Normal actuarial cost method.



SEPARATIONS FROM SERVICE: Representative values of the assumed rates of death, disability, withdrawal, service retirement and early retirement are as follows:

Plan B

Age	Annual Rate of							
	Death*		Disability*		Withdrawal	Retirement		
	Male	Female	Male	Female		General		Deputy Sheriff
						Male	Female	
20	0.0231%	0.0128%	0.100%	0.200%	14.00%			
25	0.0306	0.0150	0.100	0.200	14.00			
30	0.0557	0.0239	0.100	0.200	10.00			
35	0.0850	0.0390	0.100	0.200	7.00			
40	0.1063	0.0530	0.130	0.230	5.50	3.43%	11.50%	
45	0.1341	0.0817	0.146	0.310	4.50	2.10	7.45	
50	0.1852	0.1206	0.450	0.500	4.50	10.00	10.00	
55	0.3264	0.2528	0.720	0.800	5.00	15.00	15.00	15.0%
57	0.4395	0.3461	0.812	0.880	5.80	3.00	3.00	3.0
60	0.6690	0.5129	0.950	1.000	7.00	20.00	20.00	100.0
65	1.2562	0.9664	1.150	1.200	7.00	100.00	100.00	100.0
70	2.0825	1.6391	1.150	1.200	7.00	100.00	100.00	100.0

*75% of deaths and disabilities are assumed to be line-of-duty for deputy sheriffs. 10% of deaths and disabilities are assumed to be line-of-duty for general employees.

Plan A

Age	Annual Rate of					
	Death*		Disability*		Withdrawal	Retirement
	Male	Female	Male	Female		
20	0.0231%	0.0128%	0.100%	0.200%	14.00%	
25	0.0306	0.0150	0.100	0.200	14.00	
30	0.0557	0.0239	0.100	0.200	10.00	
35	0.0850	0.0390	0.100	0.200	7.00	
40	0.1063	0.0530	0.130	0.230	5.50	
45	0.1341	0.0817	0.146	0.310	4.50	
50	0.1852	0.1206	0.450	0.500	4.50	
55	0.3264	0.2528	0.720	0.800	5.00	6.0%
60	0.6690	0.5129	0.950	1.000	7.00	7.0
65	1.2562	0.9664	1.150	1.200	7.00	22.0
67	1.6010	1.1861	1.150	1.200	7.00	100.0

*90% of deaths and disabilities are assumed to be non-hazardous duty.



Plan C

Age	Annual Rate of							
	Death*		Disability*		Withdrawal	Retirement**		
	Male	Female	Male	Female		Less than 25 years of service	25 or more years of service	
						Public Safety	Non-Public Safety	
20	0.0231%	0.0128%	0.100%	0.200%	14.00%			
25	0.0306	0.0150	0.100	0.200	14.00			
30	0.0557	0.0239	0.100	0.200	10.00			
35	0.0850	0.0390	0.100	0.200	7.00			
40	0.1063	0.0530	0.130	0.230	5.50		12.0%	20.0%
45	0.1341	0.0817	0.146	0.310	4.50		12.0	20.0
50	0.1852	0.1206	0.450	0.500	4.50		12.0	20.0
55	0.3264	0.2528	0.720	0.800	5.00	7.0%	12.0	20.0
60	0.6690	0.5129	0.950	1.000	7.00	7.0	12.0	20.0
62	0.8729	0.6747	1.030	1.080	7.00	10.0	100.0	20.0
65	1.2562	0.9664	1.150	1.200	7.00	12.0	100.0	20.0
67	1.6010	1.1861	1.150	1.200	7.00	100.0	100.0	100.0

*90% of deaths and disabilities are assumed to be non-hazardous duty.

Plan D

Age	Annual Rate of						
	Death*		Disability*		Withdrawal	Retirement	
	Male	Female	Male	Female		Public Safety	Non-Public Safety
20	0.0231%	0.0128%	0.100%	0.200%	14.00%		
25	0.0306	0.0150	0.100	0.200	14.00		
30	0.0557	0.0239	0.100	0.200	10.00		
35	0.0850	0.0390	0.100	0.200	7.00		
40	0.1063	0.0530	0.130	0.230	5.50		
45	0.1341	0.0817	0.146	0.310	4.50		
50	0.1852	0.1206	0.450	0.500	4.50	7.0%	
55	0.3264	0.2528	0.720	0.800	5.00	10.0	
60	0.6690	0.5129	0.950	1.000	7.00	100.0	
62	0.8729	0.6747	1.030	1.080	7.00	100.0	7.0%
65	1.2562	0.9664	1.150	1.200	7.00	100.0	10.0%
67	1.6010	1.1861	1.150	1.200	7.00	100.0	10.0
70	2.0825	1.6391	1.150	1.200	7.00	100.0	100.0

*90% of deaths and disabilities are assumed to be non-hazardous duty.



DEATHS AFTER RETIREMENT: The RP-2000 Combined Mortality Table set forward three years for males and set forward one year for females and using a Scale AA projection to 2025 is used for the period after retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward 6 years for males and set forward 9 years for females and using a Scale AA projection to 2015 is used for the period after disability retirement. Representative values of the assumed rates of death after service and disability retirement are as follows:

Age	Annual Rate of Death After			
	Service Retirement		Disability Retirement	
	Male	Female	Male	Female
50	0.1852%	0.1206%	2.7972%	1.6058%
55	0.3264	0.2528	3.2604	2.3581
60	0.6690	0.5129	4.0993	3.2776
65	1.2562	0.9664	5.3291	4.5353
70	2.0825	1.6391	6.9314	6.2883
75	3.6640	2.5332	9.3519	8.3148
80	6.9785	4.2601	12.7610	11.7874
85	12.6336	7.4311	17.9791	16.7020



SCHEDULE E

**SUMMARY OF MAIN SYSTEM PROVISIONS
AS INTERPRETED FOR VALUATION PURPOSES**

PLAN B

Eligibility	All salaried employees hired prior to December 1, 1978 were eligible at date of employment and had to apply for membership as a condition of such employment. "Employee" means any person employed on a regular full-time basis, excluding officials or employees of the Board of Education of Shelby County. Entry in the System was optional for individuals employed on a per diem basis. Employees not able to complete the required number of years of service prior to mandatory retirement age could not join the plan.
Final Average Earnings	<p>If a participant had 10 years of credited service on October 1, 1977, the greater of:</p> <ol style="list-style-type: none">1) Average monthly earnings for the five consecutive years of County Service during which earnings was the highest or,2) Average monthly earnings for the 12 months preceding the date of retirement. <p>If the participant did not have 10 years of service on October 1, 1977, the average monthly earnings for the 36 consecutive months during which the employee received his highest earnings.</p>
Normal Retirement Benefit	
Eligibility	25 years of credited service or age 60 (age 55 if Deputy Sheriff) and 10 years of credited service.
Benefit	2.7% of final average earnings multiplied by years of credited service not in excess of 25 plus 1% of final average earnings multiplied by years of credited service greater than 25 but less than 35. The maximum benefit is 77.5% of final average earnings. The minimum monthly benefit is \$300 (\$150 monthly if jointly employed by the City and County).
Disability Retirement	
Eligibility	After January 1, 2007, only participants who are disabled in the line-of-duty are eligible to receive a disability pension.
Benefit	<p>The greater of:</p> <ol style="list-style-type: none">1) The Normal Retirement Benefit (if participant is then eligible for a Normal Retirement Benefit) or,2) 50% of Final Average Earnings.



PLAN B

Termination of Employment

If employment is terminated prior to the completion of 10 years of credited service, a refund of the participant's contributions, without interest, is payable.

If employment is terminated after completion of 10 years of credited service, a deferred vested benefit equal to the participant's accrued benefit at date of termination is paid commencing at age 60. Benefits are payable to the surviving spouse after age 60 of the participant. The participant may elect to withdraw his contributions, without interest, instead of receiving the deferred monthly benefit at age 60.

Death Benefit

If a participant dies before completing 10 years of credited service and does not die in line-of-duty, his beneficiary will receive a refund of the participant's contributions, without interest.

If a participant dies after completing 10 years of credited service or after retirement the member's eligible spouse will receive the participant's accrued benefit until death.

If death occurs in line-of-duty, a benefit of 50% of the participant's final average earnings will be paid to the spouse until death.

Contributions

Each year the County contributes an amount determined actuarially to sustain the plan on an actuarially determined funding basis. Employees contribute 8% of earnings to the retirement plan for the first 35 years. After 35 years, employees contribute 8% of any increases in pay.

Cost of Living Adjustment

A maximum of 1% annual adjustment based on CPI changes for the following:

- 1) Retired participants who have attained age 65, completed 25 years of credited service prior to termination, have been retired and receiving benefits for 5 years, and have a monthly pension for the first month in which they are eligible for the COLA less than \$3,000.
- 2) Disability retired participants who have a monthly pension for the first month in which they are eligible for the COLA less than \$3,000.
- 3) Surviving Spouses who have attained age 65, where the original participant completed 25 years of credited service prior to termination or whose death was a line of duty death or whose pension had been a disability pension, where the original participant's termination was at least 5 years prior to receiving the COLA, and who have a monthly pension for the first month in which they are eligible for the COLA less than \$3,000.
- 4) Surviving children where the original participant completed 25 years of credited service prior to termination or whose death was a line of duty death or whose pension had been a disability pension, where the participant's termination was at least 5 years prior to receiving the COLA, and who have a monthly pension for the first month in which they are eligible for the COLA less than \$3,000.

In no event, however, will the Plan B benefits exceed 100% of final average pay.



PLAN A

Eligibility All employees hired after December 1, 1978 and prior to March 1, 2005 including all full-time, part-time and elected employees, and members of Plan B electing to transfer to Plan A and employees of all joint City/County agencies administered by Shelby County participate. CETA employees, Board of Education employees, employees electing Social Security coverage, and Joint City/County agencies not administered by Shelby County cannot participate.

Public Safety Employees Public Safety Employees, hired prior to March 1, 2005, who did not elect to transfer to Plan C, effective September 1, 2005, are no longer eligible to retire under the 25 year-and-out program and no longer contribute to Plan A.

Final Average Earnings The average over the three highest consecutive years of earnings.

Normal Retirement Benefit

Eligibility Age 65 regardless of amount of credited service.

Benefit Final average earnings multiplied by a percentage from Table A, which is included in the appendix to the plan. Listed below is a summary of Table A:

Years of Service	Benefit Accrual Per Year
1 – 7	1.5%
8 – 13	2.0
14 – 20	2.5
21 – 25	3.0
26 – 30	3.0
31 – 35	2.5
36 – 38	2.5
39 and above	0.0

Early Retirement Benefit

Eligibility Age 55 and completion of 7.5 years of credited service.

Benefit The Normal Retirement Benefit reduced 2.5% for each year less than age 65.

Disability Retirement

Eligibility After January 1, 2002, no disability benefits are provided by the Plan. Upon reaching age 65, a disabled participant will have any disability benefit recomputed as a normal retirement benefit payable by the Plan.



PLAN A

Benefit	The Normal Retirement Benefit calculated with credited service including time while disabled.
Termination of Employment	<p>If employment is terminated prior to the completion of 7.5 years of credited service, no benefit is payable.</p> <p>If employment is terminated after completion of 7.5 years of credited service, a deferred vested benefit equal to the participant's accrued benefit at date of termination is paid commencing at age 65. Alternatively, the participant may elect a vested early benefit payable beginning at age 55 which is actuarially equivalent.</p>
Death Benefit	<p>If a participant dies, the participant's eligible spouse shall receive 45% of final average earnings for two years after the participant's death.</p> <p>If death occurs in line-of-duty, or, if not line-of-duty, the participant before death was age 55 and completed 15 years of credited service, the participant's eligible spouse shall receive 75% of the participant's pension calculated as if the participant had retired immediately before death. This benefit shall be payable when the spouse reaches age 65. The participant's final average earnings is adjusted by the COLA from the participant's death until the spouse reaches age 65.</p>
Contributions	Employees contribute 0.5% of earnings in 2011, 1.0% of earnings in 2012, 1.5% of earnings in 2013 and 2.0% of earnings in 2014 and thereafter.
Cost of Living Adjustment	<p>A maximum of 4% annual adjustment based on CPI changes applies to the following benefits:</p> <ol style="list-style-type: none"> 1) Retired participants after age 65 2) Disabled participants 3) Survivor benefits for dependent children 4) Survivor benefits for spouses under age 65 receiving the two year temporary benefit 5) Survivor benefits for spouses age 65 and over. <p>In no event, however, will the Plan A benefits exceed 100% of final average pay except as follows for an employee who retires with 40 or more years of service:</p>

Final Average Earnings	Maximum Benefit
Less than \$1,200	124%
\$1,200 to \$2,800	115%
More than \$2,800	106%



PLAN C

Eligibility	All employees participate who are hired on or after March 1, 2005 but before July 1, 2011, including all full-time, part-time and elected employees, and employees of all joint City/County agencies administered by Shelby County, and members of Plan A electing to transfer to Plan C. CETA employees, Board of Education employees, employees electing Social Security coverage, and Joint City/County agencies not administered by Shelby County cannot participate.
Final Average Earnings	The average over the three highest consecutive years of earnings.
Alternate Benefit Accrual Account	Participants contribute 6% of earnings prior to 2011, 6.5% of earnings in 2011, 7.0% of earnings in 2012, 7.5% of earnings in 2013 and 8.0% of earnings in 2014 and thereafter to fund the Plan. Participants are always fully vested in these contributions. Prior to January 1, 2011, the employer matches 50% of each contribution the participant makes to the plan. Effective January 1, 2011, employer matching contributions are frozen at 3%. The participant becomes fully vested in the employer contributions upon reaching 7.5 years of credited service. The total of these two contribution amounts will comprise the participant's Alternate Benefit Accrual Account. The investment return on these contributions and match is 2% per annum.
Normal Retirement Benefit	
Eligibility	Age 65 or upon completion of 25 years of credited service.
Benefit	The greater of: 1) 2.35% of final average earnings multiplied by credited service (up to 35 years) or, 2) The life annuity equivalent of the participant's Alternate Benefit Accrual Account.
Early Retirement Benefit	
Eligibility	Age 55 and completion of 7.5 years of credited service.
Benefit	The greater of: 1) Final average earnings multiplied by credited service (up to 35 years) and a percentage from Table ERP, which is included as part of the plan, or 2) The life annuity equivalent of the participant's Alternate Benefit Accrual Account.
Disability Retirement	
Eligibility	No disability benefits are provided by the Plan except for transfers. Upon reaching age 65, a disabled participant will have any disability benefit recomputed as a normal retirement benefit payable by the Plan.
Benefit	The Normal Retirement Benefit calculated with credited service including time while disabled.



PLAN C

Termination of Employment

If employment is terminated prior to the completion of 7.5 years of credited service, the participant is entitled to receive the vested portion of the participant's alternate benefit accrual account as a lump sum payment.

If employment is terminated after completion of 7.5 years of credited service, a deferred vested benefit equal to the participant's accrued benefit at date of termination is paid commencing at age 65. Alternatively, the participant may elect a vested early benefit payable beginning at age 55 which is actuarially equivalent.

Death Benefit

If a participant dies before completion of 15 years of credited service and the death occurs in line-of-duty, or, if not line of duty, the participant had completed 7.5 years of credited service before death, the participant's eligible beneficiary shall receive the vested portion of the participant's alternate benefit accrual account as a lump sum payment.

If a participant dies after completion of 15 years of credited service the participant's eligible spouse shall receive 75% of the participant's pension calculated as if the participant had retired immediately before death. This benefit shall be payable when the spouse reaches age 65. The participant's final average earnings is adjusted by the COLA from the participant's death until the spouse reaches age 65.

Contributions

See Alternate Benefit Accrual Account.

Cost of Living Adjustment

A maximum of 4% annual adjustment based on CPI changes applies to the following benefits:

- 1) Retired participants after age 65
- 2) Disabled participants
- 3) Survivor benefits for dependent children
- 4) Survivor benefits for spouses age 65 and over.

In no event, however, will the Plan C benefits exceed 100% of final average pay.



PLAN D

Eligibility	All employees participate who are hired on or after July 1, 2011, including all full-time, part-time and elected employees, and employees of all joint City/County agencies administered by Shelby County. CETA employees, Board of Education employees, employees electing Social Security coverage, and Joint City/County agencies not administered by Shelby County cannot participate.
Final Average Earnings	The average over the 5 highest consecutive years of earnings.
Normal Retirement Benefit	
Eligibility	Age 67 with at least 7.5 years of credited service for general employees and age 55 with at least 7.5 years of credited service for public safety employees.
Benefit	Final average earnings multiplied by credited service multiplied by 2.175%.
Early Retirement Benefit	
Eligibility	Age 62 with at least 7.5 years of credited service for general employees and age 50 with the last 20 years of credited service being in a public safety classification for public safety employees.
Benefit	Final average earnings multiplied by credited service and a percentage from Table ERP-S and Table ERP-PS, which is included as part of the plan.
Disability Retirement	
Eligibility	No disability benefits are provided by the Plan except for transfers. Upon reaching age 65, a disabled participant will have any disability benefit recomputed as a normal retirement benefit payable by the Plan.
Benefit	The Normal Retirement Benefit calculated with credited service including time while disabled.
Termination of Employment	<p>If employment is terminated prior to the completion of 7.5 years of credited service, the participant is entitled to receive the vested portion of the participant's alternate benefit accrual account as a lump sum payment.</p> <p>For general employees, if employment is terminated after completion of 7.5 years of credited service, a deferred vested benefit equal to the participant's accrued benefit at date of termination is paid commencing at age 67. Alternatively, the participant may elect a vested early benefit payable beginning at age 62 which is actuarially equivalent.</p>



PLAN D

For public safety employees, if employment is terminated after completion of 7.5 years of credited service, a deferred vested benefit equal to the participant's accrued benefit at date of termination is paid commencing at age 55. Alternatively, the participant may elect a vested early benefit payable beginning at age 50 which is actuarially equivalent.

Death Benefit

If a participant dies before completion of 15 years of credited service and the death occurs in line-of-duty, or, if not line of duty, the participant had completed 7.5 years of credited service before death, the participant's eligible beneficiary shall receive the amount of the participant contribution account.

If a participant dies after completion of 15 years of credited service the participant's eligible spouse shall receive 75% of the participant's pension calculated as if the participant had retired immediately before death. This benefit shall be payable when the spouse reaches age 67. The participant's final average earnings is adjusted by the COLA from the participant's death until the spouse reaches age 67.

Contributions

Employees contribute 8.0% of earnings.

Cost of Living Adjustment

A maximum of 2% annual adjustment based on CPI changes applies to the following benefits:

- 1) Retired participants after age 65
- 2) Disabled participants
- 3) Survivor benefits for dependent children
- 4) Survivor benefits for spouses age 65 and over.

In no event, however, will the Plan D benefits exceed 100% of final average pay.



SCHEDULE F

TABLE 1

RECONCILIATION OF DATA

	<u>Actives</u>	<u>County to City Transfers</u>	<u>Retirees</u>	<u>Disabled</u>	<u>Beneficiaries</u>	<u>Vested Terms</u>	<u>Total</u>
1. Headcounts as of June 30, 2014	5,302	177	2,795	80	594	235	9,183
2. Change in status during the year:							
a. Death	(21)	(1)	(97)	(6)	(34)	(3)	(162)
c. Disabled							
d. Retired	(215)		233	(2)		(16)	
e. Terminated Vested	(43)					43	
f. Terminated Not Vested	(226)	(2)					(228)
g. Benefits Expired/Refund		(2)	(2)		(3)	(31)	(38)
h. Transfer to/from City	2	(2)					
3. New member due to:							
a. New Hires	397						397
b. Rehires	13					(4)	9
c. Death of Participant					52		52
d. Adjustments	(1)		2		(14)	38	25
4. Headcounts as of June 30, 2015	5,208	170	2,931	72	595	262	9,238



TABLE 2
PLAN B
SCHEDULE OF ACTIVE MEMBERS BY AGE AND SERVICE
AS OF JUNE 30, 2015

Attained Age	Completed Years of Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	≥ 40	
Under 25 Avg. Pay											
25 to 29 Avg. Pay											
30 to 34 Avg. Pay											
35 to 39 Avg. Pay											
40 to 44 Avg. Pay											
45 to 49 Avg. Pay											
50 to 54 Avg. Pay											
55 to 59 Avg. Pay									1 77,676		1 77,676
60 to 64 Avg. Pay									2 47,248	1 43,137	3 45,877
65 to 69 Avg. Pay									3 92,357		3 92,357
70 & up Avg. Pay									2 41,988	2 72,575	4 57,281
Total Avg. Pay									8 66,652	3 62,762	11 65,591

Average Age 68.9

Average Service 39.7



TABLE 3
PLAN A
SCHEDULE OF ACTIVE MEMBERS BY AGE AND SERVICE
AS OF JUNE 30, 2015

Attained Age	Completed Years of Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	≥ 40	
Under 25 Avg. Pay											
25 to 29 Avg. Pay											
30 to 34 Avg. Pay				2 27,370							2 27,370
35 to 39 Avg. Pay				48 42,282	16 46,218						64 43,266
40 to 44 Avg. Pay				110 44,734	84 45,887	7 54,327					201 45,550
45 to 49 Avg. Pay				95 45,912	89 48,110	49 42,425	11 42,366				244 45,853
50 to 54 Avg. Pay				113 42,713	95 44,123	58 47,374	47 45,071	5 53,268			318 44,499
55 to 59 Avg. Pay				70 48,142	94 45,338	53 48,468	43 48,802	16 44,414	10 48,420		286 47,181
60 to 64 Avg. Pay				57 47,076	60 42,481	58 49,875	39 49,289	19 57,097	18 41,990		251 47,362
65 to 69 Avg. Pay				17 53,815	20 47,720	28 55,692	29 58,111	10 60,487	10 58,348		114 55,283
70 & up Avg. Pay				9 60,057	10 51,306	6 81,109	13 47,571	5 57,387	2 57,087		45 56,884
Total Avg. Pay				521 45,493	468 45,610	259 49,090	182 48,949	55 53,702	40 48,442		1,525 46,926

Average Age 53.6

Average Service

18.9



TABLE 4
PLAN C
SCHEDULE OF ACTIVE MEMBERS BY AGE AND SERVICE
AS OF JUNE 30, 2015

Attained Age	Completed Years of Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	≥ 40	
Under 25 Avg. Pay											
25 to 29 Avg. Pay	1 23,853	17 38,929	15 39,223								33 38,606
30 to 34 Avg. Pay		37 45,878	129 45,105	10 39,324	1 47,245						177 44,952
35 to 39 Avg. Pay	1 33,114	23 37,156	148 44,186	64 49,252	27 51,600						263 45,523
40 to 44 Avg. Pay		36 47,917	137 45,785	97 47,520	103 51,615	13 55,432	2 63,345				388 48,378
45 to 49 Avg. Pay		19 45,773	127 43,439	76 46,758	104 51,126	111 51,733	42 55,379				479 48,696
50 to 54 Avg. Pay		19 47,041	92 41,311	43 42,460	77 50,594	126 51,713	125 55,383	15 59,235	1 88,104		498 49,862
55 to 59 Avg. Pay		19 44,149	91 44,681	20 53,182	26 45,380	46 53,371	83 55,733	30 57,318	14 71,995		329 51,540
60 to 64 Avg. Pay		12 63,042	67 48,314	32 62,176	21 55,816	20 61,550	34 59,370	28 58,995	13 57,069		227 56,382
65 to 69 Avg. Pay			22 47,796	12 68,815	13 71,403	12 75,137	7 47,002	11 67,555	3 72,359		80 62,455
70 & up Avg. Pay		7 54,159	5 57,481	1 22,209	3 59,188	3 70,627	1 52,122				20 56,514
Total Avg. Pay	2 28,483	189 45,909	833 44,632	355 49,114	375 51,807	331 53,711	294 55,786	84 59,560	31 66,290		2,494 49,724

Average Age 48.4

Average Service 15.1



TABLE 5
PLAN D
SCHEDULE OF ACTIVE MEMBERS BY AGE AND SERVICE
AS OF JUNE 30, 2015

Attained Age	Completed Years of Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	≥ 40	
Under 25	31	25									56
Avg. Pay	31,508	36,374									33,681
25 to 29	106	208									314
Avg. Pay	35,357	38,565									37,482
30 to 34	63	158									221
Avg. Pay	39,722	40,771									40,472
35 to 39	44	104									148
Avg. Pay	37,948	41,519									40,457
40 to 44	48	73									121
Avg. Pay	39,622	42,806									41,543
45 to 49	30	81									111
Avg. Pay	45,203	38,520									40,327
50 to 54	31	63									94
Avg. Pay	39,471	42,969									41,815
55 to 59	21	30									51
Avg. Pay	46,010	38,397									41,532
60 to 64	8	31									39
Avg. Pay	35,791	48,209									45,662
65 to 69	3	16									19
Avg. Pay	105,597	58,880									66,257
70 & up		4									4
Avg. Pay		44,931									44,931
Total	385	793									1,178
Avg. Pay	38,825	40,871									40,203

Average Age 37.6

Average Service 1.7



TABLE 6

PLAN B

SCHEDULE OF RETIRED MEMBERS AND BENEFICIARIES
AS OF JUNE 30, 2015

<u>Attained Age</u>	<u>Number of Members</u>	<u>Total Annual Benefits</u>	<u>Average Annual Benefit</u>
Under 50	-	\$ -	\$ -
50 – 54	4	67,002	16,750
55 – 59	32	915,527	28,610
60 – 64	97	3,102,970	31,989
65 – 69	178	4,961,487	27,874
70 – 74	178	4,792,954	26,927
75 – 79	162	3,524,211	21,754
80 & Over	370	6,037,287	16,317
Total	1,021	\$ 23,401,438	\$ 22,920



TABLE 7

PLAN A

**SCHEDULE OF RETIRED MEMBERS AND BENEFICIARIES
AS OF JUNE 30, 2015**

<u>Attained Age</u>	<u>Number of Members</u>	<u>Total Annual Benefits</u>	<u>Average Annual Benefit</u>
Under 50	46	\$ 815,247	\$ 17,723
50 – 54	21	253,619	12,077
55 – 59	121	1,450,930	11,991
60 – 64	326	4,768,971	14,629
65 – 69	472	7,749,637	16,419
70 – 74	370	6,275,580	16,961
75 – 79	262	3,866,545	14,758
80 & Over	239	3,337,109	13,963
Total	1,857	\$ 28,517,638	\$ 15,357

In addition, there are 188 participants entitled to deferred annual benefits totaling \$3,575,090.



TABLE 8
PLAN C
SCHEDULE OF RETIRED MEMBERS AND BENEFICIARIES
AS OF JUNE 30, 2015

<u>Attained Age</u>	<u>Number of Members</u>	<u>Total Annual Benefits</u>	<u>Average Annual Benefit</u>
Under 50	28	\$ 661,989	\$ 23,642
50 – 54	93	2,576,525	27,705
55 – 59	208	5,993,968	28,817
60 – 64	218	6,099,877	27,981
65 – 69	136	3,681,029	27,066
70 – 74	28	540,690	19,310
75 – 79	6	123,634	20,606
80 & Over	3	53,946	17,982
Total	720	\$ 19,731,658	\$ 27,405

In addition, there are 74 participants entitled to deferred annual benefits totaling \$1,949,746.



SCHEDULE G

ANALYSIS OF FINANCIAL EXPERIENCE

**Gains & Losses in Accrued Liabilities
Resulting from Difference Between
Assumed Experience & Actual Experience
(\$ Thousands)**

Type of Activity	\$ Gain (or Loss) For Year Ending 6/30/2015	\$ Gain (or Loss) For Year Ending 6/30/2014
Age & Service Retirements. If members retire at older ages, there is a gain. If younger ages, a loss.	\$ 3,522.9	\$ 1,286.6
Disability Retirements. If disability claims are less than assumed, there is a gain. If more claims, a loss.	1,082.4	1,599.7
Death-in-Service Benefits. If survivor claims are less than assumed, there is a gain. If more claims, there is a loss.	1,872.8	765.7
Withdrawal From Employment. If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss.	(2,042.2)	886.3
Pay Increases. If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.	(1,622.5)	13,521.6
New Members. Additional unfunded accrued liability will produce a loss.	(966.5)	(802.0)
Investment Income. If there is a greater investment income than assumed, there is a gain. If less income, a loss.	(25,007.6)	(24,940.1)
Death After Retirement. If retirants live longer than assumed, there is a loss. If not as long, a gain.	2,948.1	278.8
Other. Miscellaneous gains and losses resulting from changes in valuation software, data adjustments, timing of financial transactions, etc.	<u>1,885.3</u>	<u>(472.9)</u>
Gain (or Loss) During Year From Financial Experience	<u>\$ (18,327.3)</u>	<u>\$ (7,876.3)</u>
Non-Recurring Items. Adjustments for plan amendments, assumption changes, or method changes.	<u>(59,700.2)</u>	<u>(73,050.5)</u>
Composite Gain (or Loss) During Year	<u>\$ (78,027.5)</u>	<u>\$ (80,926.8)</u>



SCHEDULE H

10-YEAR PROJECTION OF FUNDING RATIO AND EMPLOYER CONTRIBUTION RATES

The results of actuarial valuations are a “snapshot” of the financial position on the valuation date, based on the assumed number of active employees and current beneficiaries. Projections simulate future actuarial valuation results over a forecast period (ten years in this case) by “creating” future new hires and performing valuations using the projected membership. The following items are assumed for the projected results provided on the following page.

- Active Employee Growth Rate: 0%
- Valuation Discount Rate: 7.50%
- Investment Rate of Return: 7.50% each year
- Actuarial Value of Assets: 10 year smoothing, No Corridor
- Amortization Method: Level Dollar, Closed
- June 30, 2015 Amortization Period: Weighted 22-year period
- Future Contributions: Based on Expected Actuarially Determined Contributions

All other demographic and economic changes are assumed to occur in accordance with the actuarial assumptions used for the actuarial valuation.



SCHEDULE H

**10-YEAR PROJECTION OF FUNDING RATIO AND
EMPLOYER CONTRIBUTION RATES**

