

Schedule B: Statement of Actuarial Assumptions & Methods

VALUATION METHOD: The valuation is prepared on the projected benefit basis, which is used to determine the present value of each member's expected benefit payable at retirement, disability or death. The calculations are based on the member's age, years of service, sex, compensation, expected future salary increases, and an assumed future interest earnings rate (currently 7.75%). The calculations consider the probability of a member's death or termination of employment prior to becoming eligible for a benefit and the probability of the member terminating with a service, disability, or survivor's benefit. The present value of the expected benefits payable to active members is added to the present value of the expected future payments to current benefit recipients to obtain the present value of all expected benefits payable to the present group of members and survivors.

The employer contributions required to support the benefits of SLRP are determined following a level funding approach, and consist of a normal contribution and an accrued liability contribution.

The normal contribution is determined using the "entry age normal" method. Under this method, a calculation is made for pension benefits to determine the uniform and constant percentage rate of employer contribution which, if applied to the compensation of the average new member during the entire period of his anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on his behalf.

The unfunded actuarial accrued liability is determined by subtracting the current assets and the present value of prospective employer normal contributions and member contributions from the present value of expected benefits to be paid from the SLRP. The accrued liability contribution amortizes the balance of the unfunded actuarial accrued liability over a period of years from the valuation date.



Schedule C: Summary of Main Benefit & Contribution Provisions

The following summary presents the main benefit and contribution provisions of the Plan in effect June 30, 2019 as interpreted in preparing the actuarial valuation.

DEFINITIONS

Average Compensation

Average annual covered earnings of an employee during the four highest years of service. To determine your four highest years, PERS considers these scenarios:

- Four highest fiscal years of earned compensation;
- Four highest calendar years of earned compensation;
- Combination of four highest fiscal and calendar years of earned compensation that do not overlap; or
- Final 48 months of earned compensation prior to termination of employment.

Covered Earnings

Gross salary not in excess of the maximum amount on which contributions were required.

Fiscal Year

Year commencing on July 1 and ending June 30.

Eligibility Service

Service while a contributing member of PERS plus additional service as described below. (OLD: Eligibility service” is all service in PERS, including that credited for SLRP service.)

Credited Service

Service while a contributing member of SLRP plus additional service as described below. (OLD: “Creditable service” includes only SLRP service.)

Unused Sick and Vacation Leave

Service credit is provided at no charge to members for unused sick and vacation time that has accrued at the time of retirement. A payment of up to 240 hours of leave may be used the Average Compensation definition.



Schedule C: Summary of Main Benefit & Contribution Provisions

Additional Service Additional service credit may be granted for service prior to July 1, 1989, including active duty military service.

Attribution Attribution period for the normal cost is based on entry into PERS even for members who first participated in SLRP at a later age than PERS.

The maximum covered earnings for employers and employees over the years are as follows:

EMPLOYER AND EMPLOYEE RATES OF CONTRIBUTION AND MAXIMUM COVERED EARNINGS

Fiscal Date From	Fiscal Date To	Employer Rate	Employee Rate	Maximum Covered Earnings
7/1/1989	6/30/1992	6.33%	3.00%	\$75,600
7/1/1992	6/30/2002	6.33	3.00	\$125,000
7/1/2002	6/30/2006	6.33	3.00	\$150,000
7/1/2006	6/30/2008	6.65	3.00	\$150,000
7/1/2008	6/30/2009	6.65	3.00	\$230,000
7/1/2009	12/31/2011	6.65	3.00	\$245,000
1/1/2012	6/30/2012	7.40	3.00	\$245,000
7/1/2012	6/30/2013	7.40	3.00	\$250,000
7/1/2013	6/30/2014	7.40	3.00	\$255,000
7/1/2014	6/30/2015	7.40	3.00	\$260,000
7/1/2015	6/30/2017	7.40	3.00	\$265,000
7/1/2017	6/30/2018	7.40	3.00	\$270,000
7/1/2018	6/30/2019	7.40	3.00	\$275,000
7/1/2019	6/30/2020	7.40	3.00	\$280,000



Schedule C: Summary of Main Benefit & Contribution Provisions

BENEFITS

Superannuation Retirement

Condition for Retirement

- (a) A retirement allowance is paid upon the request of any member who retires and has attained age 60 and completed at least eight years* of membership service under PERS. A retirement allowance may also be paid upon the completion of at least 25 years of creditable service under PERS for members hired prior to July 1, 2011, or upon the completion of 30 years of creditable service for members hired on or after July 1, 2011.
- (b) Any member who withdraws from service prior to his or her attainment of age 60 and who has completed at least eight years* of membership service under PERS is entitled to receive, in lieu of a refund of his or her accumulated contributions, a retirement allowance commencing at age 60.

Amount of Allowance

The annual retirement allowance payable to a member who retires under condition (a) above is equal to:

1. A member's annuity which is the actuarial equivalent of the member's accumulated contributions at the time of his or her retirement, plus
2. An employer's annuity which, together with the member's annuity, is equal to 1% of his or her average compensation for each of the first 25 years of creditable service plus 1.25% for each year of creditable service over 25 years.

The minimum allowance is \$60 per year of creditable service.

Disability Retirement

Condition for Retirement

A retirement allowance is paid to a member who is totally and permanently disabled, as determined by the Board of Trustees, and has accumulated eight or more years* of membership service under PERS.

* four years for those who entered PERS before July 1, 2007.



Schedule C: Summary of Main Benefit & Contribution Provisions

Amount of Allowance

For those who were active members prior to July 1, 1992, and did not elect the benefit structure outlined below, the annual disability retirement allowance payable is equal to a superannuation retirement allowance if the member has attained age 60, otherwise it is equal to a superannuation retirement allowance calculated as follows:

1. A member's annuity equal to the actuarial equivalent of his or her accumulated contributions at the time of retirement, plus
2. An employer's annuity equal to the amount that would have been payable had the member continued in service to age 60.

For those who become active members after June 30, 1992, and for those who were active members prior to July 1, 1992, who so elected, the following benefits are payable:

1. A temporary allowance equal to the greater of (a) 20% of average compensation plus 5% for each dependent child up to a maximum of 2, or (b) the member's accrued allowance. This temporary allowance is paid for a period of time based on the member's age at disability, as follows:

<u>Age at Disability</u>	<u>Duration</u>
60 and earlier	to age 65
61	to age 66
62	to age 66
63	to age 67
64	to age 67
65	to age 68
66	to age 68
67	to age 69
68	to age 70
69 and later	one year

The minimum allowance is \$60 per year of service credit.

2. A deferred allowance commencing when the temporary allowance ceases equal to the greater of (a) the allowance the member would have received based on service to the termination age of the temporary allowance, but not more than 20% of average compensation, or (b) the member's accrued allowance.

The minimum allowance is \$60 per year of service credit.



Schedule C: Summary of Main Benefit & Contribution Provisions

Effective July 1, 2004, a temporary benefit can be paid out of a member's accumulated contribution balance while the member is awaiting a determination for eligibility for disability benefits. Future disability payments, if any, would be offset by advanced payments made from the member's accumulated contributions.

Accidental Disability Retirement

Condition for Retirement	A retirement allowance is paid to a member who is totally and permanently disabled in the line of performance of duty.
Amount of Allowance	The annual accidental disability retirement allowance is equal to the allowance payable on disability retirement but not less than 25% of average compensation. There is no minimum benefit.

Accidental Death Benefit

Condition for Benefit	A retirement allowance is paid to a spouse and/or dependent children upon the death of an active member in the line of performance of duty.
Amount of Allowance	The annual retirement allowance is equal to 25% of average compensation payable to the spouse and 12-1/2% of average compensation payable to one dependent child or 25% to two or more children until age 19 (23 if a full time student). There is no minimum benefit.

Ordinary Death Benefit

Condition for Benefit	Upon the death of a member who has completed at least eight years* of membership service, a benefit is payable, in lieu of a refund of the member's accumulated contributions, to his or her spouse, if said spouse has been married to the member for not less than one year. * four years for those who entered the system before July 1, 2007.
Amount of Allowance	The annual retirement allowance payable to the lawful spouse of a vested member who dies is equal to the greater of (i) the allowance that would have been payable had the member retired and elected Option 2, reduced by an actuarially determined factor based on the number of years the member lacked in qualifying for unreduced benefits, or (ii) a lifetime benefit equal to 20% of the deceased member's average compensation, but not less than \$25 per month.



Schedule C: Summary of Main Benefit & Contribution Provisions

In addition, a benefit is payable to dependent children until age 19 (23 if a full time student). The benefit is equal to the greater of 5% of average compensation or \$25 per month for each dependent child up to 3.

Return of Contributions

Upon the withdrawal of a member without a retirement benefit, his or her contributions are returned to him or her, together with accumulated regular interest thereon.

Upon the death of a member before retirement, his or her contributions, together with the full accumulated regular interest thereon, are paid to his or her designated beneficiary, if any, otherwise, to his or her estate provided no other survivor benefits are payable.

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

Normal Form of Benefit

The normal form of benefit is an allowance payable during the life of the member with the provision that upon his or her death the excess of his or her total contributions at the time of retirement over the total retirement annuity paid to him or her will be paid to his or her designated beneficiary.

Optional Benefits

A member upon retirement may elect to receive his or her allowance in one of the following forms which are computed to be actuarially equivalent to the applicable retirement allowance.

Option 1. Reduced allowance with the provision that if the pensioner dies before he receives the value of the member's annuity as it was at the time of retirement, the balance shall be paid to his or her beneficiary.

Option 2. Upon his or her death, his or her reduced retirement allowance shall be continued throughout the life of, and paid to, his or her beneficiary.

Option 3. Upon his or her death, 50% of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary and the other 50% of his or her reduced retirement allowance to some other designated beneficiary.

Option 4. Upon his or her death, 75% of his of her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.



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Option 4A. Upon his or her death, 50% of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

Option 4B. A reduced retirement allowance shall be continued throughout the life of the pensioner, but with the further guarantee of payment to the pensioner or his or her beneficiary for a specified number of years certain.

Option 4C. A member may elect any option with the added provision that the member shall receive, so far as possible, the same total amount annually (considering both SLRP and Social Security benefits) before and after the earliest age at which the member becomes eligible for a Social Security benefit. This option was only available to those who retired prior to July 1, 2004.

A member who elects Option 2, Option 4 or Option 4A at retirement may revert to the normal form of benefit if the designated beneficiary predeceases the retired member or if the member divorces the designated beneficiary.

A member who elects the normal form of benefit or Option 1 at retirement may select Option 2, Option 4 or Option 4A to provide beneficiary protection to a new spouse if married at retirement.

A member who has at least 28 years of creditable service* under PERS can select a partial lump-sum option at retirement. Under this option, the retiree has the option of taking a partial lump-sum distribution equal to either 12, 24, or 36 times the base maximum monthly benefit. With each lump-sum amount, the base maximum monthly benefit will be actuarially reduced. A member selecting the partial lump-sum option may also select any of the regular options except Option 1, the prorated single-life annuity, and Option 4-C, the Social Security leveling provision. The benefit is then calculated using the new reduced maximum benefit as a starting point in applying the appropriate option factors for the reduction.

*or at least age 63 with four years of membership service for those who entered PERS before July 1, 2007.

Post-Retirement Adjustments In Allowances

The allowances of retired members are adjusted annually by an amount equal to (a) 3% of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 55, plus (b) 3% compounded for each year thereafter beginning with the fiscal year in which the member turns age 55.



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A prorated portion of the annual adjustment will be paid to the member, beneficiary, or estate of any member or beneficiary who is receiving the annual adjustment in a lump sum, but whose benefits are terminated between July 1 and December 1.

CONTRIBUTIONS

Members currently contribute 3.00% of covered earnings. The employer contributes 7.40% of covered earnings.



Schedule D: Detailed Tabulations of the Data

RECONCILIATION OF DATA RECEIVED FROM PERS

Reconciliation of Data received from PERS	Active File			Pensioner File			Total
	Active	Inactive	Deferred Vested	Retirees	Disableds	Survivors	
From PERS	174	16	45	175	1	42	453
Refunded Deceased Certain Period End				(5)		(1)	(6)
Inactive Duplicate*	(3)	3	(8)				(8)
Retired	(1)		(2)	3			
For Valuation	170	19	35	173	1	41	439

*Also included in Pensioner File

STATUS RECONCILIATION FROM 2018 TO 2019

	Actives	Retirees	Disableds	Survivors	Deferred Vested	Inactive	Total
As of June 30, 2018	174	168	1	38	38	17	436
Retirement Disabled	(6)	11			(4)	(1)	
Death with Survivor		(4)		4			
Terminated Def Vest	(1)				1		
Terminated NonVest	(3)					3	
Rehired							
Refunded Death No Survivor Benefit Ended		(2)		(1)			(3)
Removed/Cleanup							
New	6						6
As of June 30, 2019	170	173	1	41	35	19	439



Schedule D: Detailed Tabulations of the Data

Retirants & Beneficiaries as of June 30, 2019

Tabulated by Year of Retirement

Valuation Year of Retirement Ending June 30	No.	Total Annual Benefits, excluding COLA	COLA	Total Annual Benefits	Average Monthly Total Benefit
2019	10	\$63,473	\$0	\$63,473	\$529
2018	6	30,647	470	31,117	432
2017	7	37,149	1,359	38,508	458
2016	23	151,428	9,215	160,643	582
2015	4	35,146	3,224	38,370	799
2014	5	21,980	3,185	25,165	419
2013	16	62,958	10,002	72,960	380
2012	29	198,734	36,194	234,928	675
2011	4	8,322	2,011	10,333	215
2010	5	19,979	5,346	25,325	422
2009	5	25,467	7,762	33,229	554
2008	15	67,656	22,951	90,607	503
2007	1	4,417	1,697	6,114	510
2006	6	21,944	9,585	31,529	438
2005	5	15,970	7,407	23,377	390
2004	19	93,235	48,397	141,632	621
2003	0	0	0	0	0
2002	3	8,492	5,229	13,721	381
2001	8	23,099	15,628	38,727	403
2000	13	61,345	28,515	89,860	576
1999	5	25,692	19,046	44,738	746
1998	2	4,590	3,479	8,069	336
1997	3	9,560	7,723	17,283	480
1996	4	8,061	7,384	15,445	322
1995	1	1,058	1,030	2,088	174
1994	0	0	0	0	0
1993	6	19,383	20,317	39,700	551
1992	9	33,601	37,296	70,897	656
1991	0	0	0	0	0
1990	1	2,203	2,837	5,040	420
TOTAL	215	\$1,055,589	\$317,289	\$1,372,878	\$532



Schedule D: Detailed Tabulations of the Data

Schedule of Retired Members by Type of Retirement

Benefits Payable June 30, 2019

Amount of Monthly Benefit	Number of Rets.	Ret Type 1*	Ret Type 2*	Ret Type 3*
\$1 – \$100	15	14		1
101 – 200	35	29		6
201 – 300	37	33		4
301 – 400	45	34		11
401 – 500	26	16	1	9
501 – 600	11	7		4
601 – 700	16	14		2
701 – 800	8	7		1
801 – 900	8	6		2
901 – 1,000	4	4		0
Over 1,000	10	9		1
Totals	215	173	1	41

*Type of Retirement

- 1 – Retirement for Age & Service
- 2 – Disability Retirement
- 3 – Survivor Payment



Schedule D: Detailed Tabulations of the Data

Schedule of Retired Members by Type of Option
Benefits Payable June 30, 2019

Amount of Monthly Benefit	Number of Rets.	Life	Option 1	Option 2	Option 3	Option 4	Option 4A	Option 4B	Option 4C*	Option 5	PLSO* 1 Year	PLSO* 2 Years	PLSO* 3 Years
\$1 – \$100	15	6		6				3	1				1
101 – 200	35	16	1	16		1		1					4
201 – 300	37	14	1	14	2	1	3	2			1		2
301 – 400	45	22	1	12			3	7			2		8
401 – 500	26	12	1	7	2		1	3			1	3	6
501 – 600	11	4		2	1		2	2			1	2	3
601 – 700	16	4		9			1	2				1	1
701 – 800	8	3		4		1					1	1	2
801 – 900	8	4		1		1	1	1					1
901 – 1,000	4	1		1				2				1	1
Over 1,000	10	4		3	1		1	1			2		4
Totals	215	90	4	75	6	4	12	24	1	0	8	8	33

Option Selected

- Life - Return of Contributions
- Opt. 1 - Return of Member's Annuity
- Opt. 2 - 100% Survivorship
- Opt. 3 - 50%/50% Dual Survivorship
- Opt. 4 - 75% Survivorship
- Opt. 4A - 50% Survivorship
- Opt. 4B - Years Certain & Life
- Opt. 4C - Social Security Leveling*
- Opt. 5 - Pop-Up
- PLSO - Partial Lump Sum* (Reflects reduced monthly benefit)

*Included in other options



Schedule D: Detailed Tabulations of the Data

Retirant and Beneficiary Information June 30, 2019

Attained Age	Service Retirement		Disability Retirement		Survivors and Beneficiaries		Total	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 20								
20 – 24								
25 – 29								
30 – 34								
35 – 39								
40 – 44								
45 – 49								
50 – 54	2	\$10,796			4	\$25,779	6	\$36,575
55 – 59	7	48,222			1	13,533	8	61,755
60 – 64	25	141,281	1	\$8,198	3	25,647	29	175,126
65 – 69	36	201,371			8	45,963	44	247,334
70 – 74	42	251,561			2	16,775	44	268,336
75 – 79	25	178,267			12	84,623	37	262,890
80 – 84	23	165,174			5	30,502	28	195,676
85 – 89	9	46,109			6	44,548	15	90,657
90 – 94	3	26,709					3	26,709
95								
96								
97								
98	1	7,820					1	7,820
99								
100 & Over								
Totals	173	\$1,077,310	1	\$8,198	41	\$287,370	215	\$1,372,878

Average Age: 72.8 years

Average Age at Retirement: 61.3 years



Schedule D: Detailed Tabulations of the Data

Total Active Member Data as of June 30, 2019 Tabulated by Attained Ages and Years of Service

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 & Over	No.	Payroll
Under 25											\$ -
25 to 29	1	1	1							3	102,374
30 to 34		3								3	111,298
35 to 39	1	5	4							10	373,052
40 to 44	2	7	4	2	1					16	633,955
45 to 49		7	12	2	2					23	944,551
50 to 54		9	10	2	2	1				24	957,660
55 to 59	1	8	10	3	4					26	1,103,329
60 to 64		3	2	2	6		4		2	19	804,557
65 to 69		1	4	3	4	1	3		3	19	780,520
70 & Over	1		3	4	5	4	6	2	2	27	1,125,779
Total Count	6	44	50	18	24	6	14	1	7	170	\$ 6,937,075

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 56.5 years
 Benefit Service: 11.4 years
 Eligibility Service: 16.2 years
 Annual Pay: \$40,806



Schedule E: 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 6/30/2019	\$ Gain (or Loss) For Year Ending 6/30/2018
Age & Service Retirements. If members retire at older ages, there is a gain. If younger ages, a loss.	\$ (120.9)	\$ (158.0)
Disability Retirements. If disability claims are less than assumed, there is a gain. If more claims, a loss.	9.7	9.7
Death-in Service Benefits. If survivor claims are less than assumed, there is a gain. If more claims, there is a loss.	4.0	5.0
Withdrawal From Employment. If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss.	88.6	72.9
Pay Increases. If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.	44.8	241.5
New Members. Additional unfunded actuarial accrued liability will produce a loss.	(18.1)	(4.3)
Investment Income. If there is a greater investment income than assumed, there is a gain. If less income, a loss.	(166.0)	149.0
Death After Retirement. If retirants live longer than assumed, there is a loss. If not as long, a gain.	188.9	144.9
Other. Miscellaneous gains and losses resulting from data adjustments, timing of financial transactions, etc.	<u>(75.8)</u>	<u>(150.4)</u>
Gain (or Loss) During Year From Financial Experience	\$ (44.8)	\$ 310.3
Non-Recurring Items. Adjustments for plan amendments, software changes, assumption changes, or method changes.	<u>(68.7)</u>	<u>0.0</u>
Composite Gain (or Loss) During Year	<u>\$ (113.5)</u>	<u>\$ 310.3</u>



Schedule F: Funding Policy of the SLRP Board of Trustees

The purpose of the funding policy is to state the overall funding goals for the System, the benchmarks that will be used to measure progress in achieving those goals, and the methods and assumptions that will be employed to develop the benchmarks. The policy refers to pension benefits and does not address retiree healthcare benefits that may be provided under statute in the future. In addition to periodic reviews of this policy, the Board will amend the policy if retiree healthcare benefits become payable.

I. Funding Goals

The objective in requiring employer and member contributions to the System is to accumulate sufficient assets during a member's employment to fully finance the benefits the member receives throughout retirement. In meeting this objective, the System will strive to meet the following funding goals:

- To maintain an increasing ratio of system assets to accrued liabilities and reach an 80 percent minimum funded ratio in 2042;
- To maintain adequate asset levels to finance the benefits promised to members;
- To develop a pattern of stable contribution rates when expressed as a percentage of member payroll as measured by valuations prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board, with a minimum employer contribution equal to the normal cost determined under the Entry Age Normal funding method;
- To provide intergenerational equity for taxpayers with respect to system costs; and
- To fund benefit improvements through increases in contribution rates in accordance with Article 14, § 272A, of the Mississippi Constitution.

II. Benchmarks

To track progress in achieving the previously outlined funding goals, the following benchmarks will be measured annually as of the actuarial valuation date (with due recognition that a single year's results may not be indicative of long-term trends):

- **Funded ratio** – The funded ratio, defined as the actuarial value of system assets divided by the System's actuarial accrued liability, should be increasing over time, before adjustments for changes in benefits, actuarial methods, and/or actuarial assumptions, with a target of at least 80 percent in 2042. If the projected funded ratio is less than 75 percent in 2042, a contribution rate increase will be determined that is sufficient to generate a funded ratio of 85 percent in 2042. If a funded ratio of 100 percent or more is attained, and is projected to remain above 100 percent for the ensuing 30 years, a reduced contribution pattern will be established provided the projected funded ratio remains at or above 100 percent in every future year.
- **Contribution rate history** – Employer and member contribution rates should be level from year to year when expressed as a percent of active member payroll unless the projected funded ratio reaches a level that triggers a change in contribution rates. The initial employer contribution rates for the Supplemental Legislative Retirement Plan (SLRP) set under this policy as revised October 23, 2012, was 7.40 percent of active member payroll effective July 1, 2013.
- **Unfunded Actuarial Accrued Liability (UAAL) amortization period** – The amortization period for the System's UAAL should be declining over time.



Schedule F: Funding Policy of the SLRP Board of Trustees

III. Methods and Assumptions

The actuarial funding method used to develop the benchmarks will be entry age normal. The method used to develop the actuarial value of assets will recognize the underlying market value of the assets by spreading each year's unanticipated investment income (gains and losses) over a five-year smoothing period (20 percent per year), as adopted by the Board.

The actuarial assumptions used will be those last adopted by the Board based upon the advice and recommendation of the System's actuary. The actuary shall conduct an investigation into the system's experience at least every two years on a rolling four year basis, and utilize the results of the investigation to form the basis for those recommendations.

The Board will have an audit of the System's actuarial valuation results conducted by an independent actuary at least every six years. The purpose of such a review is to provide a critique of the reasonableness of the actuarial methods and assumptions in use and the resulting actuarially computed liabilities and contribution rates.

IV. Funding Policy Review

The funding policy components and triggers will be reviewed annually following the annual actuarial valuation and in conjunction with the annual projection report and will be amended as necessary following each experience investigation conducted by the Board.



Schedule G: Glossary

Actuarial Accrued Liability. The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as “accrued liability” or “past service liability”.

Accrued Service. The service credited under the plan which was rendered before the date of the actuarial valuation.

Actuarial Assumptions. Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the “actuarial present value of future plan benefits” between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the “actuarial funding method”.

Actuarial Equivalent. A series of payments is called on actuarial equivalent of another series of payments if the two series have the same actuarial present value.

Actuarial Present Value. The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Experience Gain (Loss). A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.

Normal Cost. The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as “current service cost”. Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Reserve Account. An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.

Unfunded Actuarial Accrued Liability. The difference between the actuarial accrued liability and valuation assets.

Valuation Assets. The value of current plan assets recognized for valuation purposes. Generally based on book value plus a portion of unrealized appreciation or depreciation.