

ACTUARIAL VALUATION As OF JUNE 30, 1995

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February 29, 1996

Board of Administration Federated City Employees' Retirement System 801 North First Street, Room 216 San Jose, California 95110

Members of the Board:

We are pleased to present our actuarial valuation report as of June 30, 1995 for the Federated City Employees' Retirement System. This report contains the results of the valuation of the retirement and health subsidy benefits provided by the System.

This report is divided into three parts:

- A. Valuation Summary: This section contains an overview of significant valuation results.
- B. Valuation Detail: This section contains more detailed results of the valuation. Section I contains details of the retirement valuation. Section II contains details of the health subsidy valuation.
- C. Exhibits: This section contains information on plan demographics, plan provisions, and actuarial assumptions used in the valuation.

We appreciate the opportunity to serve the City of San Jose and the Board of Administration as actuary for the Federated City Employees' Retirement System.

Sincerely,

Sharon A. Peake, FSA Consulting Actuary

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Douglas R. Tokerud, FSA Consulting Actuary

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### Actuarial Valuation As Of June 30, 1995

### Introduction

Full-time employees of the City of San Jose and their beneficiaries are entitled to retirement benefits (including disability and survivors' benefits) and health subsidy benefits under Chapter 3.28 of the San Jose Municipal Code and by related ordinances. This system is known as the Federated City Employees' Retirement System.

This report contains the results of the June 30, 1995 valuation of both the retirement and health subsidy benefits under the Retirement System. It contains our calculations of the annual budget of the System, as provided in Chapter 3.28 of the Municipal Code. It also contains the funded status and disclosure information as of June 30, 1995, required under Government Accounting Standards Board (GASB) Statement Number 5.

The valuation results were based on the demographic assumptions as outlined in Exhibits VI through VIII and the following economic assumptions:

- 8.25% annual interest,
- 5.00% annual total payroll increases.
- Annual individual salary increases, which vary by age, averaging 6% per year
- 3.0% annual increases in the Consumer Price Index.

There were no changes made in the actuarial assumptions since the prior valuation. There were changes from the calculation methods used by the prior actuary (W. F. Corroon) in the preceding valuation. These changes are described in the letter dated February 22, 1996 shown in Exhibit IX.

We believe the assumptions and methods used are appropriate for use in the valuation of the liabilities of the Retirement System at June 30, 1995.

This Valuation Summary contains an overview of our valuation results. More detail on these results can be found in the Valuation Detail and Exhibit sections of this report.

A schedule containing all of the significant results of our valuation can be found on the next page.



	Summary of Significant Valuation Results			
		June 30, 1995	June 30, 1993	Percent Change
I.	Total Membership			
	A. Active Members	3,397	3,360	+1.1%
	B. Pensioners	1,636	1,497	+9.3%
	C. Inactives	191	170	+12.4%
II.	Salaries at June 30	·····		
	A. Total Annual Payroll	\$153,918,000	\$145,781,000	+5.6%
	B. Average Monthly Salary	\$3,776	\$3,616	+4.4%
III.	Benefits to Current Pensioners and Beneficiaries			
	A. Total Annual Benefits	\$29,029,000	\$25,642,000	+13.2%
	B. Average Monthly Benefit Amount	\$1,479	\$1,427	+3.6%
IV.	Total System Assets (Actuarial Value) <sup>1</sup>	\$592,331,000	\$535,881,000 <sup>2</sup>	+10.5%
V.	Budget Items			
	A. Employer Cost as a Percent of Pay			
[	1. Retirement Benefits	18.11% <sup>3</sup>	15.03%	+3.08%
	2. Health & Dental Benefits	<u>2.53%</u>	<u>2.98%</u>	<u>-0,45%</u>
	3. Total	20.64%	18.01%	+2.63%
	B. Member Cost as a Percent of Pay			
	1. Retirement Benefits	4.60%	5.69%	-1.09%
	2. Health & Dental Benefits	<u>2.10%</u>	<u>2.43%</u>	<u>-0.33%</u>
	3. Total	6.70%	8.12%	-1.42%
VI.	Funded Ratio			
	(Based on Actuarial Value of Assets)	83.2%	83.2%	+0.0%

<sup>2</sup> Reflects the change in asset valuation method after the July 1, 1993 actuarial valuation was published.

<sup>&</sup>lt;sup>3</sup> Includes suggested 0.5% for reciprocity. However, the Board may elect to defer the cost of reciprocity until the 1997 valuation in accordance with section 3.28.2470 of the Municipal Code. See discussion in section on Reciprocity, page 19.



<sup>&</sup>lt;sup>1</sup> Includes \$6,175,000 and \$11,677,000 in accounts payable as of June 30, 1995 and June 30, 1993, respectively.

## **Budget Requirements**

Chapter 3.28 of the San Jose Municipal Code requires that an annual budget be prepared which sets forth the estimated cost of maintaining the retirement fund on a reserve basis.

In our opinion, if the recommended contributions included in this report are adopted, the System will be maintained in compliance with the Municipal Code of the City of San Jose and in accordance with the methods and assumptions underlying the calculations.

Below, we present a summary of budget requirements for the Federated City Employees' Retirement System. In total, the recommended contribution increased by 1.21% from last year.

Recommended Contributions For Fiscal Years Beginning in 1996 and 1997		
	Percentag	e of Salary
	City	Member
Contribution for Retirement, Disability, and Death Benefits	18.11%	4.60%
Contribution for Health Subsidy Benefits	2.53%	2.10%
Total Contribution	20.64%	6.70%

A more detailed breakdown of these results can be found in the Valuation Detail section of this report.



The following graph illustrates the funding levels determined in the past few valuations for both the retirement benefits and the health subsidy benefits.







The graph below illustrates the causes for the change in total System contribution rates since the preceding valuation.



### Funded Status At June 30, 1995

In order to assess the funded status of the System, disclosure of a standardized measure of pension liability is required by Government Accounting Standards Board (GASB) Statement No. 5 - *Disclosure of Pension Information by Public Employee Retirement Systems and State and Local Governmental Employers*. This measure of funded status compares the present value of benefits accrued to June 30, 1995 to the value of accumulated plan assets. For retired Members and beneficiaries, the present value of remaining benefit payments is disclosed. For active Members, the present value of the benefits accrued to June 30, 1995 is disclosed. In the latter calculation, we calculate accrued benefits based upon service to June 30, 1995. We also recognize assumed future salary increases. GASB No. 5 covers only pension type benefits provided by public employee retirement systems.

Under GASB Statement No. 12, Disclosure of Information on Post Employment Benefits Other Than Pensions by State and Local Government Employers, issued in November 1989, the expenditures and expenses for the period are the only financial information that needs to be disclosed for post-retirement health subsidy benefits. We have included the Health and Dental Insurance Premium Benefit reserves in both the GASB #5 liabilities and the Assets at Book Value, as it had been done by the prior actuary in the preceding valuation.

On the next page, we present the funded status of the System under GASB No. 5, along with a comparison of the System's funded status two years ago. The current System assets available (at book value) for benefits are 166.3% of the present value of benefits for current retired Members and their beneficiaries. When the present value of accrued benefits for active and other inactive Members is added, the System assets available for benefits (at book value) represent 84.2% of the total present value of accrued benefits on June 30, 1995.

The funded ratio as of June 30, 1995 is 92.2% using the market value of assets and 83.2% using the actuarial value of assets.



A breakdown of the Governmental Accounting Standards Board (GASB) Statement No. 5 liabilities as of June 30, 1995 is as follows:

	June 30, 1995	June 30, 1993	Percent Change
Retired Members	\$356,309,000	\$308,683,000	+15.4%
Inactive Members	7,851,000	7,761,000	+1.2%
Accumulated Employee Contributions	126,223,000	94,284,000	+33.9%
Employer Financed Portion for Active Members a. Vested b. Nonvested	164,612,000 15,800,000	169,266,000 27,019,000	-2.7% -41.5%
Health and Dental Insurance Premium Benefit Reserves and SRBR	33,408,000	22,700,000	+47.2%
Total GASB No. 5 Liabilities <sup>4</sup>	704,203,000	629,713,000	+11.8%
Assets <sup>5</sup>			
Book Value	592,643,000	512,210,000	+15.7%
Market Value	648,992,000	556,353,000	+16.7%
Actuarial Value	586,156,000	524,204,000	+11.8%
Funded Ratio Using Assets at			
Book Value	84.2%	81.3%	+2.9%
Market Value	92.2%	88.4%	+3.8%
Actuarial Value	83.2%	83.2%	0.0%

 <sup>&</sup>lt;sup>4</sup> Does not include liability for reciprocal benefits. See section on Reciprocity, page 19.
 <sup>5</sup> Excludes \$6,175,000 and \$11,677,000 in accounts payable as of June 30, 1995 and June 30, 1993, respectively.



The graph below compares assets to liabilities under GASB No. 5 for this valuation and the preceding one. Assets exceed liabilities for pensioners, and are currently about 84% of total liabilities using the book value of assets.



In late 1994, GASB also issued GASB Statement No. 25 - *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* effective June 15, 1996, and GASB Statement No. 26 - *Financial Reporting for Post Employment Healthcare Plans Administered by Defined Benefit Pension Plans* effective June 15, 1996. We will reflect the requirements of these GASB statements beginning with the June 30, 1996 disclosure.



### **System Assets**

The following asset values are based on information provided to us by the Retirement Office. We have not audited or verified the information provided to us.

	June 30, 1995	June 30, 1993	Percent Change	Annual Rate of Return
Total System Assets <sup>6</sup> Book Value Market Value Actuarial Value	\$598,818,000 655,167,000 592,331,000	\$523,887,000 568,030,000 535,881,000	+14.3% +15.3% +10.5%	7.10% 7.57% 5.32%

The Rates of Return were based on the following cash flow information.

	July 1, 1993 - June 30, 1994	July 1, 1994 - June 30, 1995
Contributions	\$32,433,000	\$39,380,000
Benefit Payments & Expenses	36,410,000	37,192,000

The 5.32% annual rate of return on the actuarial value is less than the 8.25% rate assumed for the last two years, which resulted in an actuarial loss. The budgeted contribution for the System would have been less if not for this loss.

More detail on System assets can be found in the Exhibits section of this report.

<sup>&</sup>lt;sup>6</sup> Includes \$6,175,000 and \$11,677,000 in accounts payable as of June 30, 1995 and June 30, 1993, respectively.



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## System Membership

Computer tapes containing data on System membership as of June 30, 1995 were supplied to us by the Retirement Office. On the following schedule we present a summary of System membership at June 30, 1995 and June 30, 1993.

The number of total active Members increased by 1.1% since the last valuation. The total number of retired Members and their beneficiaries increased by 9.3%, while the average retirement benefit amount increased by 3.6%.

More detail on System membership, including breakdowns by age and service categories, can be found in Exhibits X and XI of this report.

System Membership			
	June 30, 1995	June 30, 1993	Percent Change
I. Active Members			
<ul> <li>a. Number</li> <li>b. Average Age</li> <li>c. Average Years of Service</li> <li>d. Salary</li> <li>i) Total Annual Salary</li> <li>ii) Average Monthly Salary</li> </ul>	3,397 42.6 10.1 \$153,918,000 \$3,776	3,360 41.2 8.8 \$145,781,000 \$3,616	+1.1% +3.4% +14.8% +5.6% +4.4%
II. Pensioners and Beneficiaries			
<ul> <li>a. Number</li> <li>b. Average Age</li> <li>c. Allowance</li> <li>i) Total Annual Allowance</li> <li>ii) Average Monthly Amount</li> </ul>	1,636 66.8 \$29,029,000 \$1,479	1,497 65.5 \$25,642,000 \$1,427	+9.3% +2.0% +13.2% +3.6%
III Inactives	φ1,477	ψ1,427	
a. Number b. Average Age c. Allowance i) Total Annual Allowance	191 46.2 \$1,809,000 \$789	170 46.7 \$1,608,000 \$788	+12.4% -1.1% +12.5% +0.1%



## Development of the Actuarial Value of Assets as of June 30, 1995

1.	Realized and Unrealized Gains/Losses					
<u> </u>	(a)	(b)	(c)	(d)	(e)	(f)
	Fiscal			20% of	Years Until	Recognized
	Year End	Unrealized	Realized	(b) + (c)	6/30/95	Amount
						= (d) x (e)
	6/30/91	\$ 2,842,000	\$0	\$ 568,000	5	\$ 2,842,000
	6/30/92	8,673,000	0	1,735,000	4	6,940,000
	6/30/93	13,178,000	17,454,000	6,126,000	3	18,378,000
	6/30/94	(44,095,000)	13,742,000	(6,071,000)	2	(12,142,000)
	6/30/95	56,302,000	3,792,000	12,019,000	1	12,019,000
2.	Total Recognized Gains and Losses				28,037,000	
3.	Book Value (less accounts payable) as of June 30, 1995					592,643,000
4.	Realized appreciation over the last 3 years				34,988,000	
5.	(3) - (4) 5				557,655,000	
6.	(2) + (5) 5					585,692,000
7.	Corridor Limit (Market Value less accounts payable = \$648,992,000)					
ľ	80% of Market Value (less accounts payable)					519,194,000
	120% of Market Value (less accounts payable)				778,790,000	
8.	(6) but within corridor of (7) 585,692,000				585,692,000	
9.	Actuarial Book Value Ratio = $(8) / (3)$				.9883	
10.	Net Assets at Book Value <sup>7</sup>				554,404,000	
11.	Adjusted Net Assets = $(9) \times (10)$ , rounded to nearest \$1,000				547,917,000	
12.	Reserves not reflected 44,414,000				44,414,000	
13.	Actuarial Value of Assets = $(11) + (12)$ 592,331,000					

<sup>&</sup>lt;sup>7</sup> Excludes accounts payable, contingency reserves, SRBR, benefits payable reserve, and health and dental reserves.



## VALUATION OF RETIREMENT BENEFITS

### **Actuarial Balance Sheet**

The purpose of the Actuarial Balance Sheet is to compare System assets with System liabilities in order to define the portion of the liabilities which need to be funded by the City in the future. The Balance Sheet information in the next two pages represents assets and liabilities for *retirement* benefits only.

System liabilities equal the present value of all future benefits expected to be paid to current and future retirees and beneficiaries of the System.

For the purpose of the Actuarial Balance Sheet, system assets are equal to the sum of:

- the assets currently available to pay benefits,
- the present value of future contributions expected to be made by current System Members, and
- the present value of future contributions expected to be made by the City.

The chart on the following page illustrates the breakdown of Balance Sheet assets and liabilities<sup>8</sup> for the retirement benefits of the System. It shows that about 36% of the System's liabilities are for retired Members and their beneficiaries and 64% are for active Members. About 56% of the System's assets consist of currently available assets with 44% consisting of future contributions from the City and the Members.



<sup>&</sup>lt;sup>8</sup> Does not include liabilities for reciprocal benefits. See section on Reciprocity, page 19.



The Actuarial Balance Sheet can be found on the following pages.



## VALUATION OF RETIREMENT BENEFITS

## Actuarial Balance Sheet As Of June 30, 1995

	ASSETS		
1.	Applicable Assets <sup>8</sup>		\$554,293,000
2.	Present Value of Future Member Contributions		\$92,193,000
3.	<ul> <li>Present Value of Future Contributions by the City For:</li> <li>a. Basic Pensions <ol> <li>Normal Rate</li> <li>Deficiency Rate</li> <li>Golden Handshake</li> <li>Total</li> </ol> </li> </ul>	\$180,980,000 80,769,000 15,833,000	\$277,582,000
	<ul> <li>b. Cost-of-Living Pensions</li> <li>i. Normal Rate</li> <li>ii. Deficiency Rate</li> <li>iii. Golden Handshake</li> <li>iv. Total</li> </ul>	\$63,533,000 7,215,000 4,610,000	75,358,000
4.	Total Assets		\$999,426,000
	LIABILITIES <sup>9</sup>		
5.	Present Value of Benefits Already Granted (Pensioners, Beneficiaries and Inactives) a. Basic b. Cost-of-Living c. Total	\$275,188,000 88,971,000	\$364,159,000
6.	Present Value of Benefits to be Granted (Actives)		
	<ul><li>a. Basic</li><li>b. Cost-of-Living</li><li>c. Total</li></ul>	\$492,391,000 142,876,000	\$635,267,000
7.	Total Liabilities		\$999,426,000



 <sup>&</sup>lt;sup>8</sup> Excludes \$6,175,000 in accounts payable.
 <sup>9</sup> Does not include liabilities for reciprocal benefits. See section on Reciprocity, page 19.

### VALUATION OF RETIREMENT BENEFITS

### **Budget And Recommended Contributions**

The San Jose Municipal Code requires that budget amounts for the Federated City Employees' Retirement System be determined every two years. In determining these amounts, the System currently uses a modified Entry Age Cost Method. The required annual contribution is made up of several parts:

- The Current Service Rate (Normal Rate) is the cost for funding liabilities for service after July 1, 1975. This cost is shared 8/3 between the City and the Members.
- The Current Service Deficiency Rate is the amortization of the funding deficiency for service after July 1, 1975 which is not covered by the Current Service Rate. The City bears this entire cost.
- The Prior Service Rate is the difference in costs between the current plan and the predecessor plan (the "1964 Plan") for service before July 1, 1975. The cost is shared 58/42 between the City and the Members. Additionally, the City's Prior Service Rate reflects the entire cost for any gains or losses associated with liabilities for service prior to July 1, 1975.
- The Health Insurance Rate is the cost for funding, as a level percent of payroll, a 15-year projection of premiums. The cost is shared 50/50 between the City and the Members.
- The Dental Insurance Rate is the cost for funding, as a level percent of payroll, a 15-year projection of premiums. The cost is shared 8/3 between the City and the Members.
- The Golden Handshake Rate is the cost for funding the additional benefits granted to certain retiring employees. The City bears this entire cost.
- The Reciprocity Rate represents prefunding of the liability associated with the adoption of reciprocal benefits with other public pension plans. The City bears this entire cost.

We show on the following page the recommended contributions for retirement benefit for the next two fiscal years.



## VALUATION OF RETIREMENT BENEFITS

#### **Recommended Contributions For** Fiscal Years Beginning in 1996 and 1997 City Members For Basic Retirement Benefits Current Service Normal Rate 8.98% 3.37% Current Service Deficiency Rate 3.84% N/A 0.05% 0.03% Prior Service Normal Rate 0.19% Prior Service Deficiency Rate N/A Retirement Golden Handshake Rate 0.79% N/A 13.85% 3.40% Total Contributions for Basic Retirement Benefits For Cost-of-Living Retirement Benefits Current Service Normal Rate 3.16% 1.19% Current Service Deficiency Rate 0.36% N/A 0.01% 0.01% Prior Service Normal Rate 0.00% N/A Prior Service Deficiency Rate 0.23% N/A Retirement Golden Handshake Rate Total Contributions for Cost-of-Living Retirement Benefits 3.76% 1.20% Total Basic and Cost-of-Living Contributions for Retirement Benefits 17.61% 4.60%

In addition to the rates shown above, the suggested contribution for reciprocity with other public pension plans is 0.5%. See section on Reciprocity, page 19.



## VALUATION OF RETIREMENT BENEFITS

## **Funded Status Of The System**

The following table presents a breakdown of the funded status of the System into basic and cost-of-living retirement pensions. This information is calculated using the guidelines of GASB No. 5 (see page 7). These figures do not include assets or liabilities for health subsidy benefits.

	June 30, 1995	June 30, 1993
Present Value of Benefits Earned to Valuation Date		
Basic Benefits	\$511,320,000	not reported
Cost-of-Living Benefits	<u>   161,020,000</u>	not reported
Total	\$672,340,000	\$608,837,000
Actuarial Value of Assets Available for Retirement Benefits		
Basic Benefits	\$408,422,000	\$374,893,000
Cost-of-Living Benefits	<u>   145,871,000</u>	127,435,000
Total	\$554,293,000	\$502,328,000
Funding Ratio		
Basic Benefits	79.9%	not reported
Cost-of-Living Benefits	90.6%	not reported
Total	82.4%	82.5%



### **VALUATION OF RETIREMENT BENEFITS**

### Reciprocity

In 1994, the City adopted Ordinance No. 24682 which provides reciprocity between this System and the California Public Employees Retirement System (CALPERS) and systems reciprocal to CALPERS.

In essence, reciprocity allows for the use of the highest salary under all reciprocal employers in calculating the retirement benefit payable to Members of this System.

In this report, we suggest a 0.5% City contribution to prefund reciprocal benefits. Due to lack of reliable data, we are unable to value the liability for reciprocal benefits. The 0.5% contribution we present in this report is based on William M. Mercer, Incorporated's recommendation, as documented in their October 6, 1994 letter to the Board of Retirement. The Board may elect to defer funding for reciprocity until completion of the July 1, 1997 valuation as provided in section 3.28.2470 of the Municipal Code. Since the cost of reciprocity is small, and there is not yet significant experience with this feature, we believe such a deferral would not be unreasonable.



## VALUATION OF HEALTH SUBSIDY BENEFITS

### Introduction

Chapter 3.28 (Parts 16 and 17) of the City Municipal Code provides that a health insurance subsidy be paid to retired Members of the Federated City Employees' Retirement System. This subsidy is a monthly payment which retirees apply towards the cost of health insurance. Eligible retirees can select among a variety of plans sponsored by the City. Exhibit V summarizes the provisions of the Health Insurance Premium Subsidy program.

The System is building a reserve through advance funding health insurance subsidies using a "partial 15year" funding method. Essentially, this method sets the cost for the subsidies based on a 15-year projection of expected premiums. This is a simplified funding method, and may not reflect the total liability for the health insurance subsidies.

The actuarial value of the reserve for health insurance subsidies available at June 30, 1995 is \$31,863,000. This consists of \$23,847,000 for Health Insurance benefits and \$8,016,000 for Dental Insurance benefits.

This section of the report contains the results of the June 30, 1995 valuation of the retiree health insurance premium subsidy. In determining the budget amounts for the fiscal year 1996-1998, we have used the same funding method as used in the prior valuation. A summary of the economic assumptions follows:

- 8.25% annual interest
- health and dental cost inflation rates of 8.50%
- 5.00% annual payroll increase
- 8.00% increase in the covered retiree population.

These assumptions are the same as those used in the preceding valuation.



## VALUATION OF HEALTH SUBSIDY BENEFITS

### **Actuarial Balance Sheet**

. 1

The purpose of the Actuarial Balance Sheet is to compare System assets with System liabilities in order to define the portion of the liabilities which need to be funded by the City in the future. The Balance Sheet information in the next two pages represents assets and liabilities for health insurance subsidies only.

System liabilities equal the present value of all future health insurance subsidies expected to be paid to current and future retirees and beneficiaries of the System.

For the purpose of the Actuarial Balance Sheet for health insurance subsidies, System assets are equal to the sum of:

- the assets currently available to pay benefits,
- the present value of future contributions expected to be made in the next 15 years by the City and Members.

System liabilities reflect a 15-year projection of expected premiums for the health subsidy benefits. This method of reporting is the same as that used by the actuary for the preceding valuation.

The Actuarial Balance Sheet can be found on the following pages.



The following chart illustrates the breakdown of Balance Sheet assets and liabilities of the health insurance subsidies of the System. About 27% of the System's assets consist of currently available assets with 40% consisting of future contributions from the City and 33% of future contributions from Members.





## VALUATION OF HEALTH SUBSIDY BENEFITS

## Actuarial Balance Sheet As Of June 30, 1995

	ASSETS	
1.	Applicable Assets	\$31,863,000
2.	Present Value of Future Contributions: a. City \$47,622,000 b. Members 39,528,000 c. Total	\$87,150,000
3.	Total Assets	\$119,013,000
	LIABILITIES	
4.	Total Liabilities	\$119,013,000



## VALUATION OF HEALTH SUBSIDY BENEFITS

## **Recommended City Contribution** For Fiscal Years Beginning in 1996 and 1997

Under the Municipal Code, certain retired employees are eligible for a health insurance premium subsidy. This subsidy is to be funded by the Federated City Employees' Retirement System and active Members.

The City is currently building reserves, for retiree health insurance subsidies. The actuarial value of the reserve available at June 30, 1995 is \$31,863,000. This consists of \$23,847,000 for Medical Insurance benefits and \$8,016,000 for Dental Insurance benefits.

Based on this reserve, we have calculated the required funding amount for fiscal years beginning July 1, 1996 and July 1, 1997.

	City	Member
Medical Insurance Rate	1.89%	1.86%
Dental Insurance Rate	0.64%	0.24%
Total	2.53%	2.10%

The City's total Health Insurance contribution rate includes 0.05% for golden handshake recipients.



### VALUATION OF HEALTH SUBSIDY BENEFITS

## Funded Status of Health Subsidy Benefits At June 30, 1995

This information is calculated using the guidelines of GASB No. 5 (see page 7). These figures do not include assets or liabilities for the retirement benefits of the System.

Pre	sent Value of Health Subsidy Benefits Accrued to June 30, 1995	
-	Medical Benefits	\$ 94,490,000
-	Dental Benefits	_24,523,000
-	Total	\$119,013,000
Va	ue of Assets Available for Health Subsidy Benefits	
-	Medical	\$23,847,000
_	Dental	8,016,000
-	Total	\$31,863,000
Fu	nded Ratio	
-	Medical	25.2%
-	Dental	32.7%
-	Total	26.8%



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### Exhibit I

# CITY OF SAN JOSE FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

System	Assets		
	As of June 30, 1995		
	Book	Market	
Short Term Investments	\$ 4,329	9,000 \$ 4,329,000	
Commercial Paper	18,000	18,000,000	
U.S. Treasury Bonds and Notes	56,785	60,107,000	
U.S. Government Sponsored Agencies	60,005	61,909,000	
Foreign Government Bonds	23,285	5,000 24,760,000	
Domestic Corporate Bonds	85,164	,000 88,631,000	
Foreign Corporate Bonds	1,470	1,650,000	
Domestic Equity Securities	196,557	240,865,000	
Foreign Equity Securities	26,407	27,140,000	
Equity Commingled Funds	13,304	,000 16,905,000	
Collection Short Term Investment Fund	22,452	2,000 22,452,000	
Real Estate Net	38,727	33,885,000	
Loaned Securities	42,699	9,000 44,900,000	
Accounts receivable	<u>9,634</u>	,000 9,634,000	
Total .	\$ 598,818	\$,000 \$ 655,167,000	



### Exhibit II

# CITY OF SAN JOSE FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

## Statement of Reserve And Fund Balance Accounts as of June 30, 1995

	Regular	Cost of Living	Total
Employee Contributions	\$104,426,000	\$29,379,000	\$133,805,000
Employer Contributions	108,935,000	72,980,000	181,915,000
Retired Employees Annuity	169,086,000	6,980,000	176,067,000
Benefits Payable	56,222,000	0	56,222,000
Supplemental Retiree Benefits	1,545,000	0	1,545,000
Undistributed Earnings	4,831,000	38,258,000	43,089,000
Payable	5,378,000	797,000	6,175,000
Total	\$450,423,000	\$148,395,000	\$598,818,000



Exhibit III

# CITY OF SAN JOSE FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

Statement of Changes in Net Assets Available For Plan Benefits		
	Year Ended June 30, 1995	Year Ended June 30, 1994
REVENUES		
City Contributions	\$27,111,000	\$22,347,000
Members' Contributions	12,269,000	10,086,000
Income from Investments Interest Earned Dividends Real Estate Total	22,686,000 5,582,000 <u>4,640,000</u> 32,908,000	22,969,000 4,199,000 <u>4,612,000</u> 31,780,000
Total Revenues	\$72,288,000	\$64,213,000
EXPENDITURES		
Pensions Retirement Allowances Health Benefits Total	\$27,065,000 <u>4,317,000</u> 31,382,000	\$25,862,000 _ <u>4,445,000</u> 30,307,000
Refund of Members' Contributions	1,079,000	889,000
Administrative Expenses	4,731,000	5,214,000
Total Expenditures	\$37,192,000	\$36,410,000
NET REVENUES	\$35,096,000	\$27,803,000
CAPITAL GAIN ON INVESTMENTS SOLD	\$3,792,000	\$13,742,000
NET REVENUES PLUS CAPITAL GAIN	\$38,888,000	\$41,545,000
NET ASSETS AVAILABLE FOR PLAN BENEFITS, BEGINNING OF THE YEAR	\$553,755,000	\$512,210,000
NET ASSETS AVAILABLE FOR PLAN BENEFITS, END OF THE YEAR	\$592,643,000	\$553,755,000



### Exhibit IV

# CITY OF SAN JOSE FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

## **Summary of Retirement Benefits**

1.	Eligibility:		Members are eligible on their first day of City employment.
2.	Final Compensation:		Highest 36-month average salary.
3.	Service Retirement:		
	A)	Eligibility:	Age 55 with 5 years of service, or any age with 30 years of service.
	B)	Benefit:	2.5% of Final Compensation for each year of service. Maximum benefit is 75% of Final Compensation.
	C)	Form of Payment:	Monthly benefit payable for the life of the member.
1.	Disabil	ity Retirement:	
	A) <sub>.</sub>	Eligibility:	Physically or mentally incapacitated so unable to perform duties of position. If disability is not service connected, then the member must have at least five years of City service.
	B)	Benefit:	2.5% of Final Compensation per year of service. The maximum benefit is 75% and the minimum benefit is 40% of Final Compensation. Any Workers' Compensation benefits are offset from the benefits under this system. If the disability was not service-connected, then the benefit is reduced by .5% of Final Compensation for each year of age under 55.
	C)	Form of Payment:	Monthly benefit payable for the life of the member.



- 5. Deferred Service Retirement:
  - A) Eligibility: Five years of membership prior to termination of City service. Member must leave contributions on deposit until retirement.
    B) Benefit: Same as Service Retirement, payable anytime after age 55.
    C) Form of Payment: Same as Service Retirement.
- 6. Pre-Retirement Death Benefits:
  - A) Non-Service Connected with less than 5 years of service, or No Family Members Eligible for Allowance:

Member's beneficiary or estate receives (i), and (ii) where:

(i) = Accumulated contributions with interest.

(ii) = Lump sum benefit of one month's salary for each year of service, up to 6 years.

B) Service-Connected, or Non-Service Connected with 5 years of service

Post-Retirement Death Benefits:

7.

Member's beneficiary receives 100% of the benefit the Member would have received if he or she had been granted a disability benefit on the day before death, payable until the spouse remarries. If the Member was age 55 with 20 years of service at death, the benefit is payable for the lifetime of the Member's spouse.

Member's beneficiary receives (i) and (ii), where:

(i) = 50% continuance to surviving eligible spouse; if there is no surviving spouse, certain benefits are paid to the children.

(ii) = \$500 death benefit allowance for burial expenses atdeath of retired member.



8.	Post-retirement	
0.	Cost-of-Living Benefits:	Each April 1, the benefits are increased by the percentage increase in CPI (to a maximum of 3%). Increases in CPI above 3% are "banked" to apply in years when CPI increase is less than 3%.
		If the benefit has been paid less than 12 months, the 3% increase is proportionately decreased.
9.	Employee Contributions:	The Members' contribution rates are recalculated on an actuarial basis at each actuarial study.

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### Exhibit V

# CITY OF SAN JOSE FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

## Summary of Health Subsidy Benefits

1.	Eligibili	ity:	
	A)	Medical	Fifteen years of service credit at retirement, or receiving an allowance of at least 37 1/2% of Final Compensation. Must be enrolled in a City medical insurance plan of retirement.
	B)	Dental	Five years of service credit at retirement, or receiving an allowance of at least 37 1/2% of Final Compensation. Must be enrolled in a City dental insurance plan at retirement.
2.	Benefit		
	A)	Medical	The Retirement System pays the premium for the lowest cost medical plan offered by the City. Members and eligible survivors pay for the difference in the premium for their selected plan and the portion paid by the Retirement System.
	B)	Dental	The Retirement System pays the entire cost of dental insurance coverage.
3.	Contrib	utions	Both the City and the Members contribute towards the Retirement System fund for medical and dental insurance benefits.



Exhibit VI

# CITY OF SAN JOSE FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

## Summary of Actuarial Assumptions And Methods Used For Valuation Of Retirement Benefits

Interest Rate:

Salary Increases:

8.25% per year. The rate credited to Member contributions is 1% less than this valuation interest rate.

Total System payroll is assumed to increase 5.0% per year. Annual salary increases for individuals vary by age reflecting 5% inflation and merit and longevity. Sample rates are shown below.

Age	Annual Salary Increase
25	9.26%
35	7.26%
45	6.12%
55	5.68%
65	5.52%

#### Cost-of-Living Increases:

3.0% per year.



### A. For Pensioners on Service Retirement and Beneficiaries

The 1983 Group Annuity Mortality Table for males is used for male Members. The 1983 Group Annuity Mortality Table for females, with a one-year set forward, is used for female Members.

Sample Rates

	Deaths per 1,000			
Age	Males Females			
. 45	2.2	1.1		
50	3.9	1.8		
55	6.1	2.8		
60	9.2	4.7		
65	15.6	7.8		
70	27.5	14.1		
75	44.6	27.2		

B. For Pensioners on Disability Retirement:

1981 Disability Mortality Table

Sample Rates

Age	Deaths per 1,000
45	20.8
50	24.4
55	28.4
60	33.0
65	37.9
70	43.7
75	55.3



Mortality:

Rehire for Former Employees:

All former employees are assumed not to be rehired.

Proportion of Members with Spouses at Retirement:

Funding Method:

Asset Valuation Method:

75% of male employees and 55% of female employees are assumed married at retirement. Wives are assumed four years younger than husbands.

For retirement benefits: The Entry Age Normal Cost Method.

An asset value equal to the average of book and market values was used in determining annual funding requirements.



Exhibit VII

# CITY OF SAN JOSE FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

Summary Of Actuarial Assumptions And Methods Used For Valuation Of Health Subsidy Benefits

Increase in Retiree population:

The Retiree population is assumed to increase by 8% per year.

**Covered Payroll Increase** 

Initial Health Subsidy:

Initial Dental Subsidy:

5% per year.\$3,071 per year.

\$679 per year.

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## **Rates Of Separation From Active Service**

A schedule of the probabilities of termination of employment due to the following causes can be found on the following pages:

1.	Ordinary Withdrawal:	Member terminates and elects a refund of Member contributions.
2.	Deferred Vested	Member terminates and elects to leave contributions or deposit.
3.	Service Retirement:	Member retires after meeting age and service requirements for reasons other than disability.
4.	Ordinary Disability:	Member receives disability retirement; disability is not service related.
5.	Service Disability:	Member receives service disability retirement.
6.	Ordinary Death:	Member dies before eligibility for retirement; death is not service related.
7.	Service Death:	None assumed.
8.	Death While Eligible for Service Retirement:	Member dies before retirement but after meeting age and service requirements for service retirement.

Each rate represents the probability that a Member will separate from service at each age due to the particular cause. For example, a rate of 0.0100 for a male Member's service retirement at age 50 means we assume that, on average, 10 out of 1,000 male Members who are age 50 will retire at that age.



### City of San Jose Federated City Employees' Retirement System

### Rates of Separation from Active Service

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				Males			
	Ordinary	Deferred	Service	Ordinary	Service	Ordinany	Death
Age	Withdrawal	Vested	Retirement	Disability	Disability	Death	Eligible
00	0.4000	0 0000	0.0000	0.0000	0.0005	0.0000	0.0000
20	0.1200	0.0000	0.0000	0.0000	0.0005	0.0003	0.0000
21	0.1100	0.0000	0.0000	0.0000	0.0005	0.0003	0.0000
22	0.1000	0.0000	0.0000	0.0000	0.0005	0.0003	0.0000
23	0.0950	0.0000	0.0000	0.0000	0.0005	0.0003	0.0000
24	0.0900	0.0000	0.0000	0.0000	0.0005	0.0003	0.0000
25	0.0850	0.0014	0.0000	0.0002	0.0005	0.0003	0.0002
26	0.0800	0.0015	0.0000	0,0002	0.0005	0.0003	0.0002
27	0.0750	0.0016	0.0000	0.0002	0.0005	0.0003	0,0002
28	0.0700	0.0017	0.0000	0.0002	0.0006	0.0004	0.0002
29	0.0650	0.0018	0.0000	0.0002	0.0006	0.0004	0.0002
30	0.0600	0.0020	0.0000	0.0002	0.0006	0.0004	0.0002
31	0.0550	0.0023	0.0000	0.0002	0.0006	0.0004	0.0002
32	0.0500	0.0027	0.0000	0.0002	0.0006	0.0004	0.0002
33	0.0450	0.0031	0.0000	0.0003	0.0006	0.0005	0.0003
34	0.0400	0.0034	0.0000	0.0003	0.0007	0.0005	0.0003
35	0.0350	0.0039	0.0000	0.0004	0.0007	0.0005	0.0003
36	0.0300	0.0045	0.0000	0.0004	0.0007	0.0005	0.0004
37	0.0260	0.0054	0.0000	0.0005	0.0007	0.0006	0.0004
38	0.0230	0.0064	0.0000	0.0005	0.0008	0.0006	0.0004
39	0.0200	0.0072	0.0000	0.0006	0.0008	0.0006	0.0005
40	0.0180	0.0079	0.0100	0.0006	0.0008	0.0007	0.0005
41	0.0160	0.0089	0.0100	0.0007	0.0009	0.0007	0.0006
42	0.0140	0.0098	0.0100	0.0007	0.0009	0.0007	0.0006
43	0.0120	0.0096	0.0100	0.0008	0.0009	0.0007	0.0007
44	0.0110	0.0092	0.0100	0.0008	0.0009	0.0008	0.0009
45	0.0100	0.0091	0.0100	0.0009	0.0009	0.0008	0.0011
46	0.0090	0.0089	0.0100	0.0010	0.0010	0,0008	0.0013
47	0.0080	0.0087	0.0100	0.0011	0.0011	0.0009	0.0015
48	0.0075	0.0082	0.0100	0.0012	0.0012	0.0009	0.0017
49	0.0070	0.0074	0.0100	0.0014	0.0013	0.0010	0.0019
50	0.0065	0.0065	0.0100	0.0016	0.0015	0.0011	0.0021
51	0.0060	0.0055	0,0050	0.0019	0.0018	0.0012	0.0023
52	0.0055	0.0043	0.0050	0.0022	0.0022	0.0013	0.0025
53	0.0050	0.0030	0.0050	0.0027	0.0027	0.0014	0.0027
54	0.0050	0.0015	0.0100	0.0033	0.0033	0.0015	0.0029
55	0.0050	0.0000	0.2500	0.0039	0.0040	0.0015	0.0031
56	0.0050	0.0000	0.0800	0.0046	0.0047	0.0016	0,0033
57	0.0050	0.0000	0.0900	0.0054	0.0056	0.0017	0.0035
58	0.0050	0.0000	0.1000	0.0063	0.0068	0.0018	0.0037
59	0.0050	0.0000	0.1000	0.0074	0.0084	0.0019	0.0040
60	0.0000	0.0000	0.1000	0.0085	0.0104	0.0020	0.0043
61	0.0000	0.0000	0.1100	0.0098	0.0124	0.0021	0.0046
62	0.0000	0.0000	0.3500	0.0112	0.0149	0.0022	0.0049
63	0.0000	0.0000	0.1200	0.0127	0.0181	0.0023	0.0052
64	0.0000	0.0000	0.1500	0.0143	0.0220	0.0024	0.0055
65	0.0000	0.0000	0.2000	0.0160	0.0260	0.0025	0.0058
66	0.0000	0.0000	0.4000	0.0000	0.0000	0.0026	0.0061
67	0.0000	0.0000	0.4000	0.0000	0.0000	0.0027	0.0064
68	0.0000	0.0000	0.4500	0.0000	0.0000	0.0028	0.0067
69	0.0000	0.0000	0.5000	0.0000	0.0000	0.0029	0.0070
70	0,0000	0.0000	1.0000	0.0000	0.0000	0.0000	0.0000

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#### City of San Jose Federated City Employees' Retirement System

#### Rates of Separation from Active Service

				Females			
	Ordinary	Deferred		Ordinary	Service	Ordinary	Death While
Age	Withdrawal	Vested	Retirement	Disability	Disability	Death	Eligible
20	0.1250	0.0000	0.0000	0.0000	0.0003	0.0001	0 0000
21	0.1150	0.0000	0.0000	0.0000	0.0003	0.0001	0.0000
22	0.1100	0.0000	0.0000	0.0000	0.0003	0.0001	0.0000
23	0.1050	0.0000	0.0000	0.0000	0.0003	0.0001	0.0000
24	0.1000	0.0000	0.0000	0.0000	0.0003	0.0001	0.0000
25	0.0950	0.0030	0.0000	0.0002	0.0003	0.0001	0.0001
26	0.0900	0.0032	0.0000	0.0002	0.0003	0.0001	0.0001
27	0.0850	0.0035	-0.0000	0.0002	0.0003	0.0001	0.0001
28	0.0800	0.0039	0.0000	0.0002	0.0003	0.0002	0.0001
29	0.0750	0.0044	0.0000	0.0002	0.0004	0.0002	0.0001
30	0.0700	0.0048	0.0000	0.0002	0.0004	0.0002	0.0001
31	0.0650	0.0052	0.0000	0.0002	0.0004	0.0002	0.0001
32	0.0610	0.0055	0.0000	0.0002	0.0004	0.0002	0,0001
33	0.0580	0.0057	0.0000	0.0002	0.0004	0.0003	0.0001
34	0.0550	0.0059	0.0000	0.0002	0.0004	0.0003	0.0001
35	0.0520	0.0061	0.0000	0.0002	0.0004	0.0003	0.0001
36	0.0490	0.0063	0.0000	0.0002	0.0005	0.0003	0.0002
37	0.0460	0.0065	0,0000	0.0002	0.0005	0.0003	0.0002
38	0.0430	0.0068	0.0000	0.0002	0.0005	0.0004	0.0002
39	0.0400	0.0071	0.0000	0.0002	0.0005	0.0004	0.0002
40	0.0370	0.0075	0.0025	0.0002	0.0005	0.0004	0.0002
41	0.0340	0.0081	0.0025	0.0002	0.0005	0.0004	0.0003
42	0.0310	0.0087	0.0025	0.0002	0.0005	0.0005	0.0004
43	0.0290	0.0095	0.0025	0.0003	0.0005	0.0005	0.0005
44	0.0270	0.0103	0.0025	0.0003	0.0005	0.0005	0.0006
45	0.0250	0.0105	0.0025	0.0003	0.0005	0.0006	0.0007
46	0.0230	0.0105	0.0025	0.0004	0,0006	0.0006	0.0008
47	0,0210	0.0100	0.0025	0.0004	0.0006	0.0007	0.0009
48	0.0190	0.0095	0.0025	0.0005	0.0007	0.0007	0.0010
49	0.0170	0.0090	0.0025	0.0005	0.0007	0.0007	0.0011
50	0.0160	0.0085	0.0025	0.0006	0.0008	0.0008	0.0012
51	0.0150	0.0080	0.0025	0.0008	0.0009	0.0008	0.0013
52	0.0140	0.0075	0.0025	0.0011	0.0010	0.0008	0.0014
53	0.0130	0.0070	0.0025	0.0015	0.0012	0.0009	0.0015
54	0.0120	0.0065	0.0025	0.0020	0.0015	0.0009	0.0016
55	0.0120	0.0000	0.1250	0.0026	0.0018	0.0009	0.0018
56	0.0120	0.0000	0.0650	0.0033	0.0022	0.0010	0.0020
57	0.0120	0.0000	0.0650	0.0041	0.0027	0.0010	0.0022
58	0.0120	0.0000	0.0800	0.0050	0.0033	0.0011	0.0024
59	0.0120	0.0000	0.0900	0.0060	0.0040	0.0011	0.0026
60	0.0000	0.0000	0.0900	0.0071	0.0048	0.0012	0.0028
00	0.0000	0.000	0.0800	0.0083	0.0000	0.0012	0.0030
62	0.000	0.0000	0.2350	0.0096	0.0073	0.0013	0.0032
03	0.0000	0.0000	0.0550	0.0110	0.0089	0.0013	0.0034
04 65	0.0000	0.0000	0.0750	0.0120	0.0120	0.0014	0.0030
60	0.0000	0.0000	0,2000	0.0140	0.0100	0.0010	0.0030
00 67	0,0000	0.0000	0.2000	0.0000	0,0000	0.0010	0.0040
68	0.0000	0.0000	0.0000	0.0000	0.0000	0.0017	0.0042
69	0.0000	0.0000	0.3000	0.000	0.0000	0.0010	0.0040
70	0.0000	0.0000	1,0000	0.0000	0.0000	0.0000	0.0000
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Exhibit IX

## February 22, 1996 Letter Discussing Change in Calculation Methods

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February 22, 1996

### The Wyatt Company

Suite 1400 345 California Street San Francisco, CA 94104-2612

Telephone 415 986 6568 Fax 415 956 2629

Board of Administration City of San Jose Federated City Employees' Retirement System 777 N. First Street, Suite 750 San Jose, California 95112-6311

### Subject: Development of Contribution Rates For Retirement Benefits

Dear Board Members:

This letter follows up previous discussions with regard to the City and employee contribution rates for the Federated City Employees' Retirement System. In this letter, we describe our understanding of how the contribution rates for retirement benefits should be developed. We also describe how we think the contribution rates presented in the July 1, 1993 valuation report were developed by the prior actuary, W.F. Corroon.

You will note that there are significant differences between Corroon's methodology and ours. We last discussed these differences with Corroon in early January, and they said they would get back to us shortly with a response. However, this has not occurred.

We have attached to this letter copies of the relevant Retirement System statutes which your staff provided to us last year.

### **Overview**

In performing their July 1, 1993 valuation, Corroon's methodology appears to differ from our understanding of the Retirement System statutes in the following significant respects:

- 1. Corroon allocated a portion of the actuarial gains and losses, including both assumption changes and actual experience, to the employees' cost. Our interpretation is that these should be allocated entirely to the City.
- 2. Corroon amortized certain prior service liabilities over 26 years which we believe should instead have been amortized over average future service (a somewhat shorter period).
- 3. Corroon allocated certain costs for pre-1975 service to employees that we believe should have been allocated to the City.



We were able to match Corroon's *aggregate* liability calculations as of July 1, 1993 very closely. But the difference in how such liabilities were allocated (between the City and employees) and amortized results in the following differences in percent of payroll cost at July 1, 1993:

Corroon's Calculation (with minor 1994 Adjustments)	Our (we believe correct) Calculation	
18.01% 8.12%	19.48% 7.15%	
	Corroon's Calculation (with minor 1994 Adjustments) 18.01% 8.12%	

In addition, experience losses since 1993 have added 0.66% to City costs, primarily the result of investment experience.

### Discussion

Our July 1, 1995 calculation of the City contribution rate is 20.14% of payroll. This includes, in addition to the methodology corrections, 0.66% from actual System experience since July 1, 1993 (mostly from investment experience slightly below assumptions).

We reconcile below the changes in contribution rates over the last two years.

	Contribution As Percent of Payroll		
	City	Employee	Total
Rates as Published in Corroon's			
July 1, 1993 Actuarial Valuation Report	18.43%	8.40%	26.83%
Adjusted Actual Rates as of July 1, 1993*	18.01%	8.12%	26.13%
Impact of Correction in Methodology	<u> </u>	<u>-0.97%</u>	<u>0.50%</u>
Corrected Rates as of July 1, 1993			<u></u>
= 2, + 3.	19.48%	7.15%	26.63%
Impact of Actuarial Experience			
Since July 1, 1993			
a. Asset (Gains)/Losses	1.07%	0.01%	1.08%
b. Liability Changes	<u>-0.41%</u>	-0.46%	<u>-0.87%</u>
c. Total Experience Changes = a. + b.	0.66%	<u>-0.45%</u>	0.21%
Recommended Rates as of July 1, 1995			
= 4. + 5c.	20.14%	6.70%	26.84%
	Rates as Published in Corroon's July 1, 1993 Actuarial Valuation Report Adjusted Actual Rates as of July 1, 1993* Impact of Correction in Methodology Corrected Rates as of July 1, 1993 = 2. + 3. Impact of Actuarial Experience Since July 1, 1993 a. Asset (Gains)/Losses b. Liability Changes c. Total Experience Changes = a. + b. Recommended Rates as of July 1, 1995 = 4. + 5c.	Contribut CityRates as Published in Corroon'sJuly 1, 1993 Actuarial Valuation Report $18.43\%$ Adjusted Actual Rates as of July 1, 1993* $18.01\%$ Impact of Correction in Methodology $1.47\%$ Corrected Rates as of July 1, 1993 $19.48\%$ Impact of Actuarial Experience $19.48\%$ Since July 1, 1993 $1.07\%$ b. Liability Changes $-0.41\%$ c. Total Experience Changes = $a. + b.$ $0.66\%$ Recommended Rates as of July 1, 1995 $= 4. + 5c.$ 20.14\%	Contribution As Percent of CityRates as Published in Corroon'sJuly 1, 1993 Actuarial Valuation Report $18.43\%$ $8.40\%$ Adjusted Actual Rates as of July 1, 1993* $18.01\%$ $8.12\%$ Impact of Correction in Methodology $1.47\%$ $-0.97\%$ Corrected Rates as of July 1, 1993 $= 2. + 3.$ $19.48\%$ $7.15\%$ Impact of Actuarial Experience $1.07\%$ $0.01\%$ Since July 1, 1993 $1.07\%$ $0.01\%$ a. Asset (Gains)/Losses $1.07\%$ $0.01\%$ b. Liability Changes $-0.41\%$ $-0.46\%$ c. Total Experience Changes = $a. + b.$ $0.66\%$ $-0.45\%$ Recommended Rates as of July 1, 1995 $= 4. + 5c.$ $20.14\%$ $6.70\%$

\*Based on subsequent minor corrections to Corroon's original calculations.



(In the above reconciliation, under the "Employee" column, the 0.01% asset loss reflects health benefits only; the 0.46% liability reduction reflects only the impact of the change in participant demographics over the last two years.)

### **Our Methodology**

This section describes our methodology in performing the July 1, 1995 valuation. Our understanding of Corroon's valuation is described in the subsequent section of this letter.

### **Employee Contributions**

We understand that employee contribution rates for retirement benefits consist of two parts:

- the Normal Rate (the "3" portion in the 8/3 City /Employee cost-sharing); and
- the Prior Service Rate (the "42" portion in the 58/42 City/Employee cost-sharing).
- 1. The Normal Rate (Municipal Code Section 3.28.710) is based on the costs for funding three-elevenths of the System's liabilities attributable to service after July 1, 1975.

If, as of a particular valuation date, plan experience, changes in actuarial assumptions, or plan amendments result in an increase in the cost of the liabilities attributable to service after July 1, 1975, the employees' Normal Rate will *not* include the additional cost attributable to service from July 1, 1975 to the valuation date, but will include the additional cost for expected service after the valuation date.

Conversely, if plan experience or plan amendments lead to a reduction in costs, the Normal Rate will *not* reflect the cost reduction for service from July 1, 1975 to the valuation date, but will reflect the cost reduction attributable to expected service *after* the valuation date.

In other words, the employees do *not* share in past experience gains/(losses), and the effects of changes in assumptions and amendments affecting service from July 1, 1975 to the valuation date. Our review of Corroon's calculations appears to indicate they did not follow this procedure.

The Prior Service Rate (Code Section 3.28.740) is to pay for 42% of the difference in costs between the current plan (Code Chapter 3.28) and the predecessor plan (Code Chapter 3.24) for service before July 1, 1975. Similar to the Normal Rate, the Prior Service Rate does *not* reflect the costs of past experience gains/(losses), changes in assumptions, and amendments affecting service before July 1, 1975.



### City Contributions

We understand that City contributions for retirement benefits consist of three parts:

- the Regular Current Service Rate (the "8" portion in the 8/3 City /Employee cost-sharing);
- the Current Service Deficiency Rate (the "100" portion in the 100/0 City/Employee costsharing); and
- the Prior Service Rate (the "58" portion in the 58/42 City/Employee cost-sharing, plus other costs as described below).
- 1. The **Regular Current Service Rate** (Code Section 3.28.860) is based on the cost for funding eight-elevenths of System liabilities attributable to service after July 1, 1975. It is determined in the same manner as the employees' Normal rate.

This rate does *not* reflect the costs of past experience gains/(losses), changes in assumptions, and amendments affecting service from July 1, 1975 to the valuation date.

2. The Current Service Deficiency Rate (Code Section 3.28.880) reflects an amortization of the funding deficiency (or surplus), which is equal to the costs of System liabilities attributable to service after July 1, 1975 not covered by the sum of the employees' Normal Rate contributions and the City's Regular Current Service Rate contributions. This deficiency rate includes the costs of experience gains/(losses), changes in assumptions, and the costs of certain amendments affecting service after July 1, 1975. The amendments include the 1987, the 1992, and the 1993 Early Retirement Incentives.

The Municipal Code specifies a 30-year amortization of this funding deficiency. Corroon's July 1, 1993 valuation report states that the remaining amortization period as of July 1, 1993 is 26 years (24 years for the 1987 Early Retirement Incentive). We are using this amortization schedule, reduced by two years, for the July 1, 1995 valuation.

- 3. The City's **Prior Service Rate** (Code Section 3.28.900) is to pay for the cost of the liabilities for service before July 1, 1975 in excess of the liabilities covered by the employees' Prior Service Rate. Thus, the City's Prior Service Rate is actually made up of two parts:
  - a. 58% of the cost difference between the current plan (Code Chapter 3.28) and the predecessor plan (Code Chapter 3.24) for service before July 1, 1975.
  - b. All other liabilities for pre-July 1, 1975 service, aside from the cost difference between the current plan and the predecessor plan.

This may also be viewed as a "deficiency" component, consisting of the excess of the total cost of liabilities for pre-July 1, 1975 service, over liabilities covered by the sum of employees' Prior Service Rate and Item a, above. Such deficiency would develop



due to experience gains/(losses). Unlike the Current Service Deficiency Rate, the prior service deficiency is not amortized over a specified number of years, but is spread over future service.

In the case of inactive members (retirees and vested terminated members), if these members had service before July 1, 1975, the costs for such service are included in the City and the employees' Prior Service Rates. If these members had service after July 1, 1975, the costs for such service are included in the City's Current Service Deficiency Rate. *None* of the costs for inactive members are to be included in the employees' Normal Rate or the City's Current Service Rate.

### Corroon's Methodology

We describe below what appears to be Corroon's methodology based on the July 1, 1993 valuation report and worksheets provided by Corroon.

 Corresponding to our calculation of the employees' Prior Service Rate and the City's Prior Service Rate, it appears that the liabilities allocated in Corroon's development of the Prior Service Rates (the 58/42 City/Employee cost-sharing) represent the cost difference between the current plan (Code Chapter 3.28) and the predecessor plan (Code Chapter 3.24) for service before July 1, 1975. *This agrees with our interpretation*.

However, liabilities for pre-July 1, 1975 service *other than* the cost difference between the current and the predecessor plans have *not* been included in the City Prior Service Rate. *This differs from our interpretation*. (See <u>City Contributions</u> Item 3b.) We believe these pre-July 1, 1975 liabilities should have been included. Instead, Corroon allocated these liabilities partly to the City's 100/0 Current Deficiency Rate, partly to the City's Current Service Rate (the "8" portion of the 8/3 contribution rates), and the rest to the Employees' Normal Rate (the "3" portion of the 8/3 contribution rates).

• Corroon developed a City contribution rate (the "100" portion in the 100/0 City/Employee cost-sharing) representing liabilities under the predecessor plan for service between *July 1*, *1971* and July 1, 1975.

This differs significantly from our interpretation. We did not find any reference to July 1, 1971 in Municipal Code Chapter 3.28 (which governs the current plan). Also, we believe the 100/0 City/Employee cost-sharing is actually the Current Service Deficiency Rate (see <u>City Contributions</u> Item 2), which should take into account liabilities for service after July 1, 1975, and not any period before that date. (We note that this item did not contribute materially to the difference in Corroon's and our results because, in this case, the liabilities are still charged to the City, as they should be.)



• The costs for the remaining System liabilities not covered by the 58/42 and the 100/0 contribution rates described above have been allocated 8 parts to the City and 3 parts to the employees.

Thus, it appears that in Corroon's development of the 8/3 City/Employee contribution rates, they divided the following amounts in the 8/3 ratio:

- liabilities for active members for service after July 1, 1975;
- liabilities for *inactive* members for service after July 1, 1975;
- liabilities for *pre-July 1, 1975* service other than the cost difference between the current and the predecessor plans which have not been included in the City Prior Service Rate; and
- experience gains/(losses).

*This differs significantly from our interpretation* of the 8/3 City/Employee contribution rates, which should be the City's Current Service Rate (the "8" portion) and the employees' Normal Rate (the "3" portion). (See <u>City Contributions</u> Item 1 and <u>Employee</u> <u>Contributions</u> Item 1.)

We believe *none* of the costs for the *pre-July 1, 1975* service (other than the cost difference between the current and the predecessor plans) and for *inactive* members should be shared with the employees. Also, *none* of the costs for gains/(losses) due to *past experience* should be allocated to employees; they only share in future costs.

• In addition, it appears that in Corroon's development of *all* of the contribution rates, costs for all service before July 1, 1993, have been amortized over 26 years (24 years for the 1987 Early Retirement Incentive). *This differs from our understanding* that only the Current Service Deficiency Rate (see <u>City Contributions</u> Item 2) reflects a specific amortization period, and all other rates are based on liabilities spread over future service. By using an amortization period that is greater than the average expected future service, we believe Corroon understated the required contributions.

\* \* \* \* \*

Since Corroon has not responded to us on these matters, we are assuming our interpretations are correct, and we intend to complete and issue our Actuarial Report as soon as possible.



If you would like to discuss this matter or have any questions, please do not hesitate to call.

Sincerely,

Youghas R Tokerud A

Douglas R. Tokerud, FSA Consulting Actuary

JCO:TRS:MC

cc: Sharon Peake, FSA Judy C. Ocaya, FSA Thomas R. Supple, ASA

#### 1975 FEDERATED EMPLOYEES RETIREMENT PLAN

service for one thousand seven hundred thirty-nine or more hours of federated city service rendered by him in any calendar year. Credit for more than one year of such service shall not be allowed for service rendered in any calendar year.

C. If a member renders less than one thousand seven hundred thirty-nine hours of federated city service in a calendar year, as in the case of part-time service, he shall be given credit for that proportion of one year which the hours of federated city service rendered by him in such year bear to one thousand seven hundred thirtynine hours.

(Prior code § 2904.1207.)

### Part 6

#### MEMBER CONTRIBUTIONS

Sections:

contonia.	
3.28.700	Normal rate of contribu-
	tion - Described -
	Amount.
3.28.710	Normal rate of contribu-
	tion – Determination.
3.28.720	Normal rate of contribu-
	tion – Initial rate.
3.28.730	Prior service rate of con-
	tribution – Described –
	Amount.
3.28.740	Prior service rate of con-
	tribution – Determina-
	tion.
3.28.750	Prior service rate of con-
	tribution – Initial rate.
3.28.760	Payroll deductions and
2	other collections.
3.28.765	City pickup of member
	contributions.
3.28.770	Contributions – Indi-
	vidual account require-
	ments.
3.28.780	Return of contributions -

Conditions.

- 3.28.790 Redeposit of withdrawn contributions.
- 3.28.800 Accumulated contributions upon reinstatement and return to federated city service following service or disability retirement under the Chapter 3.24 system.

3.28.810 Accumulated contributions upon reinstatement and return to federated city service following service or disability retirement under Chapter 3.28 system.

### 3.28.700 Normal rate of contribution-Described-Amount.

Except as may be otherwise provided elsewhere in this Chapter 3.28, all members of this system must make monthly (or biweekly, if compensation is paid biweekly by the city) normal contributions to this system. The normal contribution required of a member for each month (or for each two weeks, if compensation is paid biweekly by the city) shall be a percentage of compensation earned (or of "compensation earnable" when so required by other provisions of this Chapter 3.28) by him in such period. Said percentage is hereinafter referred to as members' "normal rate of contribution." Said rate shall be the same for all members. (Prior code § 2904.1250.)

### 3.28.710 Normal rate of contribution-Determination.

The normal rate of contribution required of members shall be such that, based on interest and mortality tables and other relevant actuarial data, the total amount of normal contributions which will be required of members under the provisions of this chapter will be sufficient to pay, when due, three-elevenths of the amount of all pensions, allowances and other benefits which are and will become payable under this system on account or because of current service rendered on or after July 1, 1975; provided and excepting, however, that if and when, from time to time, the members' normal rate of contribution is hereafter amended or changed, the new rate shall not include any amount designed to thereafter recover from members or return to members the difference between the amount of normal contributions theretofore actually required to

be paid by members and any greater or lesser amount which, because of amendments hereafter made to this system or as a result of experience under this system, said members should have theretofore been required to pay in order to make their normal contributions equal three-elevenths of the abovementioned pensions, allowances and other benefits which are or will become payable on account or because of current service rendered on or after July 1, 1975, and before the effective date of the new rate. (Prior code § 2904.1251.)

#### 3.28.720 Normal rate of contribution-Initial rate.

- A. Until amended, revised or changed by the retirement board in accordance with other provisions of this Chapter 3.28, the members' normal rate of contribution on or after July 1, 1975, shall be four and seventy-nine hundredths percent of earned compensation, or of "compensation earnable" when so required by other provisions of this chapter.
- B. The normal rate of contribution set forth in this section is based on interest and mortality tables and other actuarial data in possession of the city on the date of enactment of this section, and is subject to change from time to time by the retirement board pursuant to other provisions of this chapter.

(Prior code § 2904.1252.)

### 3.28.730 Prior service rate of contribution-Described-Amount.

Except as may be otherwise provided elsewhere in this Chapter 3.28, all members of this system must make monthly (or biweekly, if compensation is paid biweekly by the city) prior service contributions to this system. The prior service contribution required of a member for each month (or for each two weeks, if compensation is paid biweekly by the city) shall be a percentage of compensation earned, or of "compensation earnable" when so required by other provisions of this chapter, by him in such period. Such percent-

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'e is hereinafter referred to as members' prior service rate of contribution." Said rate shall be the same for all members. (Prior code § 2904.1253.)

### 3.28.740 Prior service rate of contribution—Determination.

The members' prior service rate of contribution shall be such that, based on interest and mortality tables and other relevant actuarial data, the total amount of prior service contributions which will be required of members will be sufficient to pay, when due, forty-two percent of the difference between:

- A. The amount of all pensions, allowances and other benefits which are and will become payable under this system on account of or because of prior service of members; and
- The amount of all pensions, allowances В. and benefits which would be and become payable to members on account of prior service (that is, on account of service rendered prior to July 1, 1975) under the provisions of the Chapter 3.24 retirement system as it existed on June 30, 1975. if all members of this system were members of said Chapter 3.24 retirement system instead of being members of this system; provided, however, that if and when, from time to time, the members' prior service rate of contribution is hereafter amended or changed, the new rate shall not include any amount designed to thereafter recover from members or return to members the difference between the amount of members' prior service contributions theretofore actually required to be paid by members and any greater or lesser amount which, because of amendments hereafter made to this system or as a result of experience under this system, said members should have theretofore been required to pay in order to make their prior service contributions equal fortytwo percent of the difference specified above.

# 3.28.750 Prior service rate of contribution-Initial rate.

Until amended, revised or changed pursuant to the provisions of this Chapter 3.28, the members' prior service rate of contribution, on or after July 1, 1975, shall be one and fifty-four hundredths percent of earned compensation, or of "compensation earnable" when so required by other provisions of this Chapter 3.28. (Prior code § 2904.1255.)

# 3.28.760 Payroll deductions and other collections.

The retirement board shall furnish the director of finance the rates of contribution for members and the amounts of any other contributions payable by any member or members. The director of finance shall apply such rates of contribution to the earned compensation (or "compensation earnable" where applicable) of each member, and deduct from such compensation the contributions so determined and payable by each member. All other contributions authorized to be made or required of members shall be paid by such members to the director of finance. The director of finance shall furnish to the retirement board, upon its request therefor, a statement of such contributions so deducted or credited with respect to each member, together with such other information as the board may require. All contributions shall be placed in the retirement fund. (Prior code § 2904.1256.)

### 3.28.765 City pick up of member contributions.

- A. For the purposes of this section, contributions "picked up" by the city means contributions to this system which are designated as employee contributions but are treated as employer contributions for income tax purposes as authorized by Section 414(h)(2) of the Internal Revenue Code (26 U.S.C.A. 414(h)(2)).
- B. Notwithstanding any other provision of law, the city may pick up, for the sole and limited purpose of deferring taxes as

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Prior code § 2904.1254.)

28.810 Accumulated contributions upon reinstatement and return to federated city service following service or disability retirement under Chapter 3.28 system.

If a person who has been retired for service or disability under the provisions of this Chapter 3.28 system is reinstated to and returns to federated city service and again becomes a member of this system pursuant to other provisions of this chapter, his accumulated contributions in this system, as of the date he again becomes a member of this system, shall be deemed to be the amount, if any, by which his accumulated contributions in this system, as of the date he formerly retired under this system, exceeds the total amount of retirement allowances theretofore received by him under this system. However, for the purpose only of qualifying for benefits under this system, his accumulated contributions in this system shall never be deemed to be less than five hundred dollars. (Prior code § 2904.1260.)

### Part 7

### CITY CONTRIBUTIONS

Sections:

3.28.850	Regular current service
	rate-Described-Amount.
3.28.860	Regular current service
	rate-Determination.
3.28.870	Regular current service
	rate—Initial rate.
3.28.880	Current service deficiency
	rate—Determination.
3.28.890	Prior service contribu-
	tions—Described—Amount.
3.28.900	Prior service contribu-
	tions-Determination.
3.28.910	Prior service contribu-
	tions—Initial rate.
3.28.920	City contributions for cer-
0.20.020	tain former members of po-
	······································

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lice and fire department retirement plan.

- 3.28.925 Additional costs borne by city.
- 3.28.930 No credit to city upon withdrawal of member's accumulated contributions.
- 3.28.940 Time of payment of city contributions.
- 3.28.950 Administrative costs of system.

3.28.955 Benefit limitations.

#### 3.28.850 Regular current service rate-Described-Amount.

Except as otherwise provided by other provisions of this Chapter 3.28, the city must make, after July 1, 1975, monthly (or biweekly if members contribute biweekly) current service contributions to this system. The current service contributions required of the city for each such period shall be a percentage of compensation earned, or of "compensation earnable" when so required by other provisions of this Chapter 3.28, by members in such period. Said percentage shall consist of the sum of two rates, the first being the one which is hereinafter referred to as "city's regular current service rate of contribution." and the second being the one which is hereinafter . referred to as "city's current service deficiency rate of contribution." (Prior code § 2904.1300.)

#### 3.28.860 Regular current service rate— Determination.

The city's regular current service rate of contribution shall be such that the amount of contributions paid by the city under such rate for each month (or two weeks, if members contribute biweekly) of current service for which the rate is imposed, as compared to the amount of normal contributions required of members for each such period of current service, shall be in the ratio of eight for the city to three for members. (Prior code § 2904.1301.)

### 3.28.870 Regular current service rate — Initial rate.

A. Until amended, revised or changed by the retirement board in accordance with other provisions of this Chapter 3.28, the city's regular current service rate of contribution, on and after July 1, 1975, shall be twelve and seventy-seven hundredths percent of earned compensation, or of "compensation earnable" when so required by other provisions of this Chapter 3.28.

B. The initial rate established by this section is based on interest and mortality tables and other actuarial data in possession of the city on the date of enactment of this section and is subject to change from time to time by the retirement board pursuant to other provisions of this Chapter 3.28.

(Prior code § 2904.1303.)

# 3.28.880 Current service deficiency rate – Determination.

The city's current service deficiency rate of contribution shall be such as may hereafter be necessary to make up, over a period of thirty years, any existing deficiency in the amounts of current service contributions theretofore contributed by members and by the city for the payment of the cost of all allowances and other benefits which are or will become payable to members on account of current service rendered before the effective date of the latest deficiency rate, such deficiency being that resulting from amendments hereafter made to this system or as a result of experience under this system. Until the amount accumulated in the retirement fund from contributions of members and the city on account of current service equals the present value of all amounts thereafter payable from the retirement fund on account of current service, the city shall make monthly (or biweekly, if members contribute biweekly) contributions, to make up any deficiency, at the current service deficiency rate established by the retirement board. Such rate shall be established and from time to time changed by the retirement board, whenever necessary, to accomplish the above-specified objective. (Prior code § 2904.1302.)

### 3.28.890 Prior service contributions - Described - Amount.

Except as may be otherwise provided elsewhere in this Chapter 3.28, the city must make monthly (or biweekly, if members contribute biweekly) prior service contributions to this system. The prior service contribution for each such period shall be a <u>percentage of</u> <u>compensation</u> earned, or of "compensation earnable" when so required by other provisions of this Chapter 3.28, in such period. Said percentage is hereinafter referred to as "city's prior service rate of contribution." (Prior code § 2904.1304.)

### 3.28.900 Prior service contributions - Determination.

The city's prior service rate of contribution shall be such that, based on interest and mortality tables and other relevant actuarial data. the sum of the total amount of city's prior service contributions which will be required of the city under the provisions of this Chapter 3.28, plus the total amount of prior service contributions which will be required of members under the provisions of this chapter, plus the total amount of all prior service contributions made by the city pursuant to the provisions of the Chapter 3.24 retirement system, will be sufficient to pay, when due, all pensions, allowances and other benefits which are or will become payable under this system on account of prior service rendered prior to July 1, 1975.

(Prior code § 2904.1305.)

#### 3.28.910 Prior service contributions – Initial rate.

A. Until amended, revised or changed by the retirement board in accordance with other provisions of this Chapter 3.28, the city's prior service rate of contribution, on and after July 1, 1975, shall be three and sixty-nine hundredths percent of earned compensation, or of "compensation earnable" when so required by other provisions of this chapter.

B. The initial rate established by this section is based on interest and mortality tables and other relevant actuarial data in the possession of the city on the date of enactment of this section and is subject to change from time to time by the retirement board pursuant to other provisions of this chapter.

(Prior code § 2904.1306.)

### 3.28.920 City contributions for certain former members of police and fire department retirement plan.

If a member who becomes such after July 1, 1975, becomes entitled to receive credit, pursuant to Section 3.28.650, for service formerly credited to him under a city police and ire department retirement plan specified in said Section 3.28.650, the city shall contribute to the retirement fund an amount equal to the sum of:

- A. An amount which, when added to the amount of accumulated contributions of the member which are transferred from the police and fire department plan into the retirement system pursuant to said Section 3.28.650, will equal the amount of contributions which said member would have been required to pay under the Chapter 3.24 retirement system for service rendered prior to July 1, 1975, and under this system for service rendered on or after July 1, 1975, had he been a member of said systems from the date he became a member of the police and fire department retirement plan to the date he becomes a member of this system:
- B. An amount which, when added to the amount of city contributions which are transferred from the police and fire department retirement plan into this system pursuant to said Section 3.28.650,

will be equal to the contributions which the city would have been required to pay under the Chapter 3.24 retirement system for service rendered prior to July 1, 1975, and under this system for service rendered on or after July 1, 1975, had he been a member of said systems, in lieu of being a member of the police and fire department plan, from the date he became a member of the police and fire department retirement plan to the date he becomes a member of this system.

(Prior code § 2904.1307.)

# 3.28.925 Additional costs borne by city.

- A. The city shall bear and pay for all additional costs incurred by this retirement system because of the benefits provided by the provisions of Section 3.28.1110.A.3. or Section 3.28.1570.C. to any city officers or employees which would not have been provided absent the adoption of said sections.
- B. The city shall bear and pay for all additional costs incurred by this retirement system because of the medical insurance benefits provided to any person described in subsections B. or C. of Section 3.28.1950 which would not have been provided absent the adoption of said sections.

(Ords. 22314, 23485, 24347.)

### 3.28.930 No credit to city upon withdrawal of member's accumulated contributions.

If the federated city service of a member is discontinued by reason of resignation or discharge, or by reason of layoff or leave of absence deemed by the board to have resulted in permanent discontinuance (and in the latter case, as of the date of determination by the board that the discontinuance is permanent), or if the disability retirement of a member is followed by cessation of the disability and by cancellation of the disability allowance but such member does not return

### Exhibit X

## CITY OF SAN JOSE FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM

## Age/Service/Salary Distribution for Active Members as of June 30, 1995

Years of Credited Service														
Attained Age	0 No. & Avg. Comp.	l No. & Avg. Comp.	2 No. & Avg. Comp.	3 No. & Avg. Comp.	4 No. & Avg. Comp.	5-9 No. & Avg. Comp.	10-14 No. & Avg. Comp.	15-19 No. & Avg. Comp.	20-24 No. & Avg. Comp.	25-29 No. & Avg. Comp.	30-34 No. & Avg. Comp.	35-39 No. & Avg. Comp.	40 & Over No. & Avg. Comp.	Tota <sup>1</sup> No. & Comp.
Under 25	19	7	2	9	6	6								49
	\$30,109	\$34,017	\$30,555	\$38,401	\$34,261	\$30,139								\$32,720
25-29	44	23	12	26	49	99	3							256
	\$31,625	\$36,472	\$39,240	\$37,198	\$37,020	\$37,194	\$42,840							\$36,301
30-34	26	22	10	39	70	279	66	3						515
	\$34,210	\$36,636	\$40,999	\$43,630	\$43,316	\$42,401	\$41,561	\$42,633						\$41,825
35-39	26	15	4	25	71	235	115	67	3					561
	\$36,533	\$48,791	\$41,548	\$50,564	\$47,023	\$45,542	\$45,210	\$44,589	\$35,997					\$45,361
40-44	12	17	7	20	63	208	128	124	39	1				619
	\$36,198	\$38,181	\$36,631	\$39,665	\$44,083	\$46,837	\$47,511	\$47,704	\$47,229	\$59,571				\$46,124
45-49	25	13	9	22	35	198	104	107	126	25				664
	\$44,810	\$38,828	\$51,228	\$53,470	\$48,439	\$47,261	\$49,613	\$50,425	\$52,104	\$48,156				\$49,156
50-54	7	7	4	7	7	108	81	61	82	45	4			413
	\$34,953	\$56,371	\$31,454	\$37,556	\$39,930	\$48,553	\$48,654	\$46,805	\$55,251	\$56,160	\$53,372			\$49,924
55-59	6	2	1	3	6	63	46	31	19	14	3			1
	\$29,501	\$37,565	\$30,846	\$38,251	\$43,503	\$43,202	\$45,602	\$53,554	\$51,037	\$53,023	\$62,566			\$46,588
60-64	1	3		2	6	27	17	22	8	5		1	1	93
	\$31,304	\$31,400		\$36,285	\$41,634	\$40,320	\$45,100	\$41,836	\$48,435	\$42,223		\$49,753	\$50,003	\$42,172
65-69					2	10	4	6						22
					\$36,119	\$37,681	\$40,186	\$42,591						\$39,333
70 & Over					1	5	3		1				1	11
					\$44,033	\$28,325	\$35,450		\$51,729				\$55,411	\$36,286
Total	166	109	49	153	316	1,238	567	421	278	90	7	1	2	3,397
	\$35,003	\$39,749	\$40,455	\$43,780	\$43,574	\$44,481	\$46,533	\$47,785	\$51,995	\$52,712	\$57,312	\$49,753	\$52,707	\$45,310
Average:	Age Service	42.61 10.08	Num	nber of participa	ints: Fu Pa	lly vested rtially vested	2,605 0		Males: Females:	1,91 1,480	l 5			



## Distribution of Pensioners by Duration of Retirement as of June 30, 1995

Attained		Duration of Retirement													
Age	<u>0</u>	1	2	<u>3</u>	<u>4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30-34</u>	<u>35-39</u>	<u>40+</u>	Total	<u>Benefit</u>
0 - 39	10	2	1	1	0	0	1	0	0	0	0	0	0	15	8,132
40 - 44	6	3	2	0	0	2	1	0	0	0	0	0	0	14	12,655
45 - 49	9	3	2	1	2	4	3	2	0	0	0	0	0	26	12,161
50 - 54	17	16	18	3	2	5	4	2	0	0	0	0	0	67	24,878
55 - 59	51	36	84	19	21	34	5	1	0	0	0	0	0	251	21,138
60 - 64	48	13	38	13	15	155	15	2	1	0	0	0	0	300	16,855
65 - 69	· 55	5	36	12	14	98	111	16	3	1	0	0	0	351	14,173
70 - 74	40	4	9	5	2	67	74	108	1	0	0	0	0	310	11,089
75 - 79	45	0	4	1	0	16	46	67	18	2	0	0	0	199	8,252
80 - 84	14	0	0	1	0	2	9	26	15	9	0	0	0	76	6,803
85 - 89	5	0	0	0	0	0	0	2	7	6	0	0	0	20	5,104
90+	2	0	0	0	0	0	0	0	0	2	3	0	0	7	7,928
Total	302	82	194	56	56	383	269	226	45	20	3	0	0	1,636	

