



City of Taylor General Employees Retirement System

December 31, 2023 | Actuarial Valuation Report

Nyhart Actuary & Employee Benefits

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Actuarial Certification

At the request of the plan sponsor, this report summarizes City of Taylor General Employees Retirement System as of December 31, 2023. The purpose of this report is to communicate the following results of the valuation:

- Determine Funded Status; and
- Determine Recommended Contribution for the fiscal year January 1, 2025 through December 31, 2025;

This report has been prepared in accordance with the applicable Federal and State laws. Consequently, it may not be appropriate for other purposes. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than that explained above. Failure to do so may result in misrepresentation or misinterpretation of this report.

The results in this report were prepared using information provided to us by other parties. The census information has been provided to us by the employer. Asset information has been provided to us by the trustee. We have reviewed the provided data for reasonableness when compared to prior information provided, but have not audited the data. Where relevant data may be missing, we have made assumptions we believe to be reasonable. We are not aware of any significant issues with and have relied on the data provided. Any errors in the data provided may result in a different result than those provided in this report. A summary of the data used in the valuation is included in this report.

The actuarial assumptions and methods were chosen by the Board. In our opinion, all actuarial assumptions and methods are individually reasonable and in combination represent our best estimate of anticipated experience of the plan. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement. This report has been prepared in accordance with generally accepted actuarial principles and practice.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable.

Actuarial Certification

Neither Nyhart nor any of its employees have any relationship with the plan or its sponsor which could impair or appear to impair the objectivity of this report. To the extent that this report or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law.

In preparing the results, Nyhart used Proval valuation software developed by Winklevoss Technologies, LLC. This software is widely used for the purpose of performing pension valuations. We coded the plan provisions, assumptions, methods, and participant data summarized in this report, and reviewed the liability and cost outputs for reasonableness. We are not aware of any material weaknesses or limitations in the software, and have determined it is appropriate for performing this valuation.

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

Nyhart



Joseph V Omeal, ASA, EA
Enrolled Actuary No. 23-9115

November 21, 2024

Date

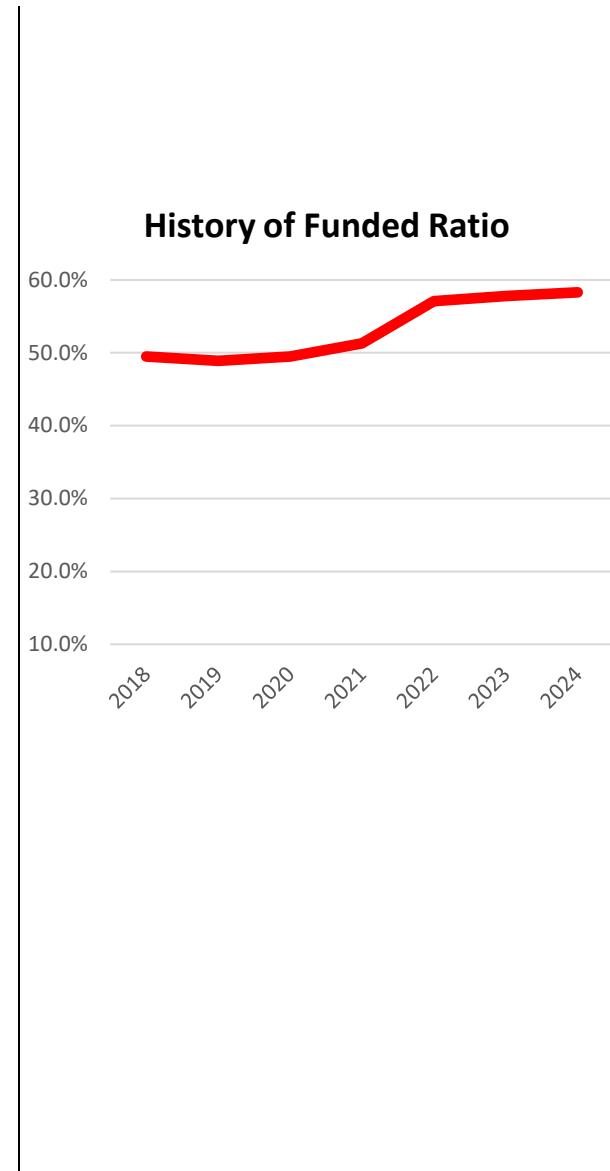


Danielle Winegardner, FSA, EA, MAAA
Enrolled Actuary No. 23-8260

Summary Results

The actuarial valuation’s primary purpose is to produce a scorecard measure displaying the funding progress of the plan toward the ultimate goal of paying benefits at retirement. The accrued liability is based on an entry age level percentage of pay.

	December 31, 2022	December 31, 2023
Funded Status Measures		
Accrued Liability	\$80,547,969	\$83,028,869
Actuarial Value of Assets	\$46,543,001	\$48,428,921
Unfunded Accrued Liability	\$34,004,968	\$34,599,948
Funded Percentage (AVA)	57.8%	58.3%
Funded percentage (MVA)	53.3%	57.1%
Interest Rate	7.25%	7.00%
Cost Measures		
Recommended Total Contribution	\$3,612,356	\$3,753,462
Recommended Contribution (as a percentage of payroll)	149.3%	205.28%
Asset Performance		
Market Value of Assets	\$42,969,038	\$47,394,671
Actuarial Value of Assets	\$46,543,001	\$48,428,921
Actuarial Value/Market Value	108%	102%
Member Information		
Active Members	34	24
Terminated Vested Members	20	19
Retirees, Beneficiaries, and Disabled Members	243	253
Total	297	296
Expected Payroll for Current Population	\$2,420,292	\$1,828,459



Changes Since Prior Valuation and Key Notes

- There have been no known changes to the plan provisions since the last valuation date.
- The amortization method has been updated from a 15-year closed amortization period to a 14-year closed amortization period.
- The interest rate assumption has been updated from 7.25% to 7.00% to better reflect future expectations of asset returns.
- There have been no other changes to plan assumptions.

Identification of Risks

The results presented in this report are shown as single point values. However, these values are derived using assumptions about future markets and demographic behavior. If actual experience deviates from our assumptions, the actual results for the plan will consequently deviate from those presented in this report. Therefore, it is critical to understand the risks facing this pension plan. The following table shows the risks we believe are most relevant to the City of Taylor General Employees Retirement System. The risks are generally ordered with those we believe to have the most significance at the top. Also shown are possible methods by which a more detailed assessment of the risk can be performed.

Type of Risk	Method to Assess Risk
Investment Return	Scenario Testing; Asset Liability Study
Participant Longevity	Projections and Contribution Strategy; review impact under new Public Plan Mortality tables
Demographic Risk	Scenario Testing

Plan Maturity Measures – December 31, 2023

Each pension plan has a distinct life-cycle. New plans promise future benefits to active employees and then accumulate assets to pre-fund those benefits. As the plan matures, benefits are paid and the pre-funded assets begin to decumulate until ultimately, the plan pays out all benefits. A plan's maturity has a dramatic influence on how risks should be viewed. The following maturity measures illustrate where the City of Taylor General Employees Retirement System falls in its life-cycle.

Duration of Liabilities: 8.5%

Duration is the most common measure of plan maturity. It is defined as the sensitivity of the liabilities to a change in the interest rate assumption. The metric also approximates the weighted average length of time, in years, until benefits are expected to be paid. A plan with high duration is, by definition, more sensitive to changes in interest rates. A plan with low duration is more susceptible to risk if asset performance deviates from expectations as there would be less time to make up for market losses in adverse market environments while more favorable environments could result in trapped surplus from gains. Conversely, high duration plans can often take on more risk when investing, and low duration plans are less sensitive to interest rate fluctuations.

Demographic Distribution - Ratio of Actively Accruing Participants to All Participants: 8.1%

A plan with a high ratio is more sensitive to fluctuations in salary (if a salary-based plan) and statutory changes. A plan with a low ratio is at higher risk from demographic experience. Such a plan should pay close attention to valuation assumptions as there will be less opportunity to realize future offsetting gains or losses when current experience deviates from assumptions. Plans with a low ratio also have limited opportunities to make alterations to plan design to affect future funded status.

Asset Leverage - Ratio of Payroll for Plan Participants to Market Value of Assets: 3.9%

Younger plans typically have a large payroll base from which to draw in order to fund the plan while mature plans often have a large pool of assets dedicated to providing benefits to a population primarily consisting of members no longer on payroll. Plans with low asset leverage will find it more difficult to address underfunding, as the contributions needed to make up the deficit will represent a higher percentage of payroll than for a plan with high asset leverage.

Benefit Payment Percentage - Ratio of Annual Benefit Payments to Market Value of Assets: 13.9%

As a plan enters its decumulation phase, a larger percentage of the pre-funded assets are paid out each year to retirees. A high percentage is not cause for alarm as long as the plan is nearly fully funded. However, such a plan is more sensitive to negative asset performance, especially if cash contributions are not an option to make up for losses.

Historical Valuation Summary

	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023
Funding					
Accrued Liability	\$83,468,695	\$84,472,828	\$80,846,044	\$80,547,969	\$83,028,869
Actuarial Value of Assets	<u>\$41,281,274</u>	<u>\$43,341,106</u>	<u>\$46,177,917</u>	<u>\$46,543,001</u>	<u>\$48,428,921</u>
Unfunded Actuarial Accrued Liability	\$42,187,421	\$41,131,722	\$34,668,127	\$34,004,968	\$34,599,948
Funded Percentage	49.5%	51.3%	57.1%	57.8%	58.3%
Total Normal Cost	\$172,367	\$167,516	\$109,676	\$100,822	\$90,413
Interest Rate	7.50%	7.50%	7.25%	7.25%	7.00%
Recommended Contribution	\$4,177,172	\$4,173,222	\$3,488,723	\$3,612,356	\$3,753,462
Rate of Return					
Actuarial Value of Assets	7.3%	10.2%	11.9%	5.7%	9.3%
Market Value of Assets	20.0%	14.0%	15.0%	(12.9)%	16.2%
Demographic Information					
Active Participants	47	45	34	34	24
Terminated Vested Participants	24	23	21	20	19
Retired Participants and Beneficiaries	<u>267</u>	<u>265</u>	<u>246</u>	<u>243</u>	<u>253</u>
Total Participants	338	333	301	297	296
Covered Payroll	\$2,905,323	\$2,772,886	\$2,303,292	\$2,420,292	\$1,828,459
Average Covered Pay	\$61,815	\$61,620	\$67,744	\$71,185	\$79,442

Present Value of Future Benefits

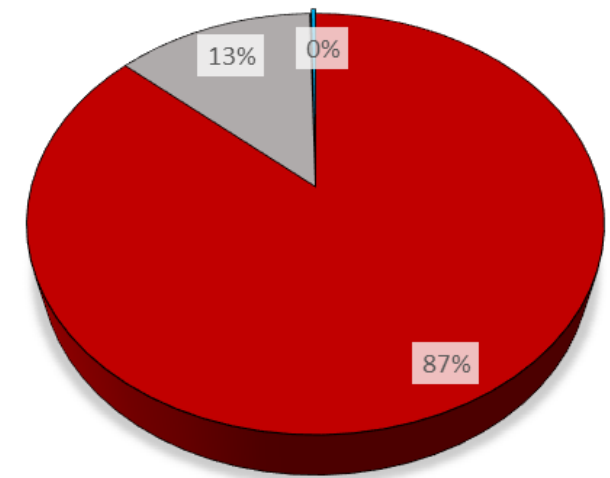
The Present Value of Future Benefits represents the discounted value of all future benefits expected to be payable to current members, considering future service and compensation not yet earned.

December 31, 2023

Present Value of Future Benefits

Active members	
Retirement	\$10,631,673
Disability	168,192
Death	20,490
Termination	391,493
Total active	\$11,211,848
Inactive members	
Retired and Disabled members	\$65,047,852
Beneficiaries	2,532,989
Terminated vested members	4,548,869
Total inactive	\$72,129,710
 Total	 \$83,341,558
 Present Value of Future Payrolls	 \$5,547,741

Breakdown of Present Value of Future Benefits



■ Inactive Liability
 ■ Active Liability
■ Normal Cost
 ■ Future Benefits

Accrued Liability

The Accrued Liability measures the present value of benefits earned as of the valuation date, using a specified set of actuarial assumptions. It is not a long-term snapshot of the liabilities.

December 31, 2023

Accrued Liabilities

Active members	
Retirement	\$10,450,860
Disability	155,191
Death	18,643
Termination	274,465
Total Active	<u>\$10,899,159</u>
Inactive members	
Retired and Disabled members	\$65,047,852
Beneficiaries	2,532,989
Terminated vested members	4,548,869
Total Inactive	<u>\$72,129,710</u>
Total	\$83,028,869
Total Normal Cost	90,413

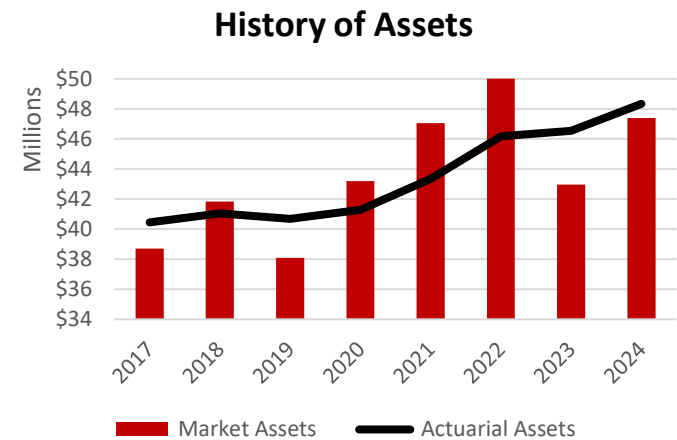
Asset Information

The amount of assets backing the pension promise is the most significant driver of volatility and future costs within a pension plan. The investment performance of the assets directly offsets the ultimate cost.

**Market Value
December 31, 2023**

Asset Value Reconciliation

Value of assets, beginning of year	\$42,969,038
Contributions	
Employer	\$3,488,723
Employee	109,903
Non-Employer Contributing Entity	<u>651,528</u>
Total	\$4,250,154
Investment income, net expenses	\$6,771,256
Benefit payments and refunds	(6,565,663)
Administrative expenses	(30,114)
Other expenses	<u>0</u>
Value of assets, end of year	\$47,394,671
Return on Market Value ¹	16.2%
 Actuarial Value of Plan Assets	 \$48,428,921



¹Return based on mid-year cash flows

Asset Information (continued)

Plan Assets are used to develop funded percentages and contribution requirements.

	December 31, 2023
1. Market value of assets, beginning of year	\$42,969,038
2. Actuarial value of assets, beginning of year	46,543,001
3. Market value of assets, end of year	47,394,671
4. Net addition to assets excluding investment income	(2,345,623)
5. Total net investment income (3 - 1 - 4)	6,771,256
6. Projected net rate of return	7.25%
7. Projected investment income [6 * (2 + 0.5*4)]	3,289,339
8. Investment income in excess of projected	3,481,917
9. Excess investment income recognized	
a. From current year (\$3,481,917 * 20%)	696,383
b. From 1 year prior (\$9,809,510 * 20%)	(1,961,902)
c. From 2 year prior (\$3,716,828 * 20%)	743,366
d. From 3 years prior (\$2,895,979 * 20%)	579,196
e. From 4 years prior (\$4,425,803 * 20%)	885,161
f. Total Cap. Val Change Recognition	942,204
10. Change in funding value (4 + 7 + 9f)	1,885,920
11. Actuarial value of assets, end of year (2 + 10)	48,428,921
12. Return on Actuarial Value	9.3%
13. Actuarial value of assets / Market value of assets	102%

Reserve Allocation

In financing the Actuarial Accrued Liabilities, the Market Value of Assets were distributed as follows:

Reserves for	December 31, 2022	December 31, 2023
Fund for Active Employees and for pension payments being paid by the Plan	\$0	\$0
Reserve for pension payments being paid directly by Allmerica	\$0	\$0
Active Reserve – Member Contributions	\$2,129,566	\$1,553,726
Terminated Vested Reserve	4,257,271	4,548,869
Retiree Reserve	62,627,189	67,580,841
Excess of Reserves over Assets	\$(26,044,988)	\$(26,288,765)
Total Fund Balance (Market Value)	\$42,969,038	\$47,394,671

Assets and Liabilities

Reconciliation of Gain/Loss

December 31, 2023

Liability (gain)/loss

Actuarial liability (12/31/2022)	\$80,547,969
Normal cost	100,822
Benefit payments	(6,565,663)
Expected Interest	5,609,032
Assumption Changes	1,722,091
Plan Provision Changes	0
Expected actuarial liability (12/31/2023)	\$81,414,251
Actual actuarial liability	<u>\$83,028,869</u>
Liability (gain)/loss	\$1,614,618

Asset (gain)/loss

Actuarial value of assets (12/31/2022)	\$46,543,001
Contributions	4,250,154
Benefit payments and expenses	(6,595,777)
Expected Investment return	<u>3,289,339</u>
Expected actuarial value of assets (12/31/2023)	\$47,486,717
Actual actuarial value of assets (12/31/2023)	<u>\$48,428,921</u>
Asset (gain)/loss	\$(942,204)

Total (gain)/loss

\$672,414

Contribution Requirements

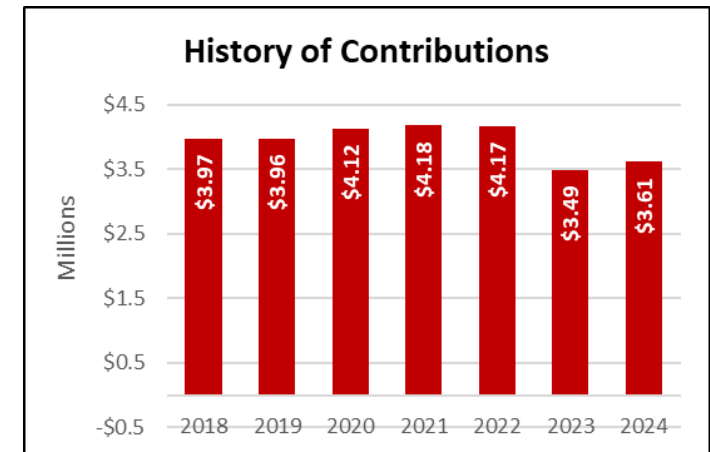
Development of Recommended Contribution

The minimum recommended contribution is the annual amount necessary to fund the plan according to funding policies and/or applicable laws. The recommended contribution is calculated as the Present Value of Future Benefits, less the Actuarial Value of Assets and the Present Value of Future Employee Contributions, allocated over an amortization period.

December 31, 2023

Funded Position

1. Present value of future benefits (PVFB)	
Active	\$11,211,848
Inactive	72,129,710
Total	<u>\$83,341,558</u>
2. Actuarial value of assets	48,428,921
3. Unfunded PVFB (1 - 2)	34,912,637
4. Present value of future employee contributions	277,387
5. Remaining unfunded PVFB after recognition of future employee contributions (3 - 4)	34,635,250
6. Expected Employer Contribution	3,612,356
7. Roll forward of unfunded liability (5 * 1.0700 ^{0.75} - 6)	32,825,781
8. Amortization Period	<u>14 Years</u>
9. Required contribution as of October 1, 2024	\$3,507,908
10. Interest to October 1, 2025	245,554
11. Total required contribution for 2025	<u>\$3,753,462</u>



Michigan PA 202 Reporting Requirements

Under Michigan PA 202, reporting of Assets and Liabilities under Plan Assumptions follows what is reported in the audited financial statements under GASB 67/68 for December 31, 2023. In addition, the Plan information is also reported under State Treasury Uniform Assumptions. The Plan Assumptions fall under the guidelines proposed by the Uniform Assumptions.

	Plan Assumptions	State Treasury Uniform Assumptions
Interest Rate	7.00%	6.85%
Mortality	PubG-2010 with Scale MP-2021	PubG-2010 with Scale MP-2021
Salary Scale	1.00%, based on review of plan assumptions	Minimum of 3.25%, or based on actuarial experience study conducted within the last 5 years
Amortization Method	Fiscal Contribution calculated using 16-year amortization period	Fiscal Contribution calculated using 16-year amortization period

PA 202 FY 2023 Reporting

	December 31, 2023	
	Plan Assumptions	State Treasury Uniform Assumptions
Accrued Liability	\$81,362,650	\$82,396,426
Market Value of Assets	\$47,394,671	\$47,394,671
Unfunded Accrued Liability, MVA Basis	\$33,967,979	\$35,001,755
Funded Percentage (MVA)	58.25%	57.52%
Actuarially Determined Contribution for Fiscal 2023	\$3,488,723	\$3,707,035

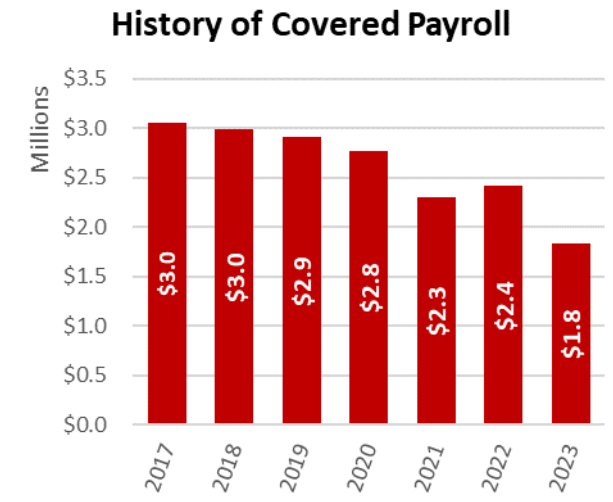
The Actuarially Determined Contribution payable during 2023 is calculated as of December 31, 2021 and based on data, assumptions, and plan provisions summarized in the December 31, 2021 Actuarial Valuation Report including a discount rate of 7.25%. The Actuarially Determined Contribution under Uniform Assumptions is calculated at 6.85%.

Demographic Information

Demographic Information

The foundation of a reliable actuarial report is the participant information provided by the plan sponsor. Monitoring trends in demographic information is crucial for long-term pension planning.

	December 31, 2022	December 31, 2023
Participant Counts		
Active Participants	34	24
Receiving Participants	243	253
Terminated Vested Participants	20	19
Total Participants	297	296
Active Participant Demographics		
Average Age	53.1	51.5
Average Service	24.5	25.1
Average Compensation	\$71,185	\$76,186
Covered Payroll	\$2,420,292	\$1,828,459



Demographic Information

Demographic Information (continued)

	December 31, 2022	December 31, 2023	
Retiree Statistics			Monitoring the average age of the population is important due to the relationship of actuarial cost to age. Generally speaking, an older population generates a higher actuarial cost.
Average Age	70.4	70.9	
Average Monthly Benefit	\$2,207	\$2,263.7	
Terminated Participant Statistics			Changes in the ratio of active to retired participants can be a significant driver of costs in a volatile asset market.
Average Age	51.9	52.7	
Average Monthly Benefit	\$1,808	\$1,870	

Participant Reconciliation

Participant Reconciliation

	Active	Terminated Vested	In Receipt	Totals
Prior Year	34	20	243	297
Active				
To Terminated				0
To Retired	(10)		10	0
Terminated Vested				
To Retired		(1)	1	0
To Refund				
Retired				
To Death			(2)	(2)
Additions			1	1
Removed				
Current Year	24	19	253	296

Participant Reconciliation

Active Participant Schedule

Active participant information grouped based on age and service.

Age Group	Years of Service										Total	Average Pay
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up		
Under 25												
25 to 29												
30 to 34												
35 to 39												
40 to 44						4	1				5	\$70,851
45 to 49						3	2				5	\$71,736
50 to 54						1	7				8	\$87,297
55 to 59							2				2	\$65,016
60 to 64						3	1				4	\$71,780
65 to 69												
70 & up												
Total						11	13				24	\$76,186

Accrual of Benefits	A participant shall accumulate a benefit payable at normal retirement date based upon compensation and credited service earned as of the date of determination.
Benefits	
Normal Retirement	See Plan Provisions by Group for the benefit formula applicable to each group.
Early Retirement	Computed as normal retirement benefit based on final average compensation at early retirement date and multiplied by the Table A actuarial reduction factor to reflect retirement prior to normal retirement date.
Late Retirement	Computed as a normal retirement benefit but increased by a late retirement factor as shown in the Plan Provisions by Group table.
Deferred (Vested) Retirement	Computed as a normal retirement benefit based on service and final average compensation at the time of termination of employment.
Death Before Retirement	See Plan Provisions by Group for detail
Death After Retirement	In accordance with optional form elected by the employee
Disability Retirement	See Plan Provisions by Group for detail

Plan Provisions

Credited Service

Exact fractional service is used to determine the amount of benefit payable.

Payment Forms

Normal Form

The assumed normal form of benefit is the straight life form.

Actuarial Equivalence

7.5%, and a unisex mortality table based upon a 50% blend of the RP-2014 male and female healthy annuitant mortality tables.

Plan Provisions Not Included

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

Adjustments Made for Subsequent Events

We are not aware of any event following the measurement date and prior to the date of this report that would materially impact the results of this report

Plan Provisions

Plan Provisions by Group - Retirement

Group	Retirement Eligibility Age/Service	Deferred Eligibility Age/Service	Early Retirement Eligibility	Annual Amount	AFC (Average Final Compensation)	Covered Compensation in AFC	Member Contribution	Late Retirement Adjustment
Local 1128 AFSCME Hired on/after 8/4/88 <u>Not Eligible:</u> Hired after 12/22/04	55/10 or 50/25	55/10	50/10	2.2% of AFC per year of service to a maximum of 25 years of service.	Average of best 5 consecutive years prior to retirement	Excludes vacation, sick leave and other banks	5% of covered compensation	Increased by 2.2% AFC per year past normal ret date
Local 1917 Hired on/after 8/4/88 <u>Not Eligible-</u> Hired after 12/22/04	55/10 or 50/25	55/10	50/10	2.2% of AFC per year of service to a maximum of 25 years of service.	Average of best 5 consecutive years prior to retirement	Excludes vacation, sick leave and other banks	5% of covered compensation	Table H and calculated with AFC at late ret date
Governmental Mgmt. & Administrative Employees hired on/after 5/18/88 <u>Not Eligible:</u> Hired after 3/6/2001, EEs transferred from another bargaining unit on or after November 1, 2008.	55/5	55/5	5 Years of Service	For years of service prior to 1/1/2011, benefit is percentage below times AFC For years of service after 1/1/2011, 2.25% of AFC Benefit is not to exceed 65% of AFC 5 30.0% 6 32.5% 7 35.0% 8 37.5% 9 40.0% 10 42.5% 11 45.0% 12 47.5% 13 52.5% 14 60.0% 15+ 65.0%	Average of best 5 years prior to retirement		5% of covered compensation, Earnings 2% per year	Table H and calculated with AFC at late ret date
Elected Officials hired on/after 11/27/89 <u>Excludes:</u> City Council elected on/after 11/25/1997 Judges elected on/after 10/01/08 Mayor, Clerk, Treasurer elected on/after 11/08/05	55/5	55/5	5 Years of Service	Benefit is percentage below times AFC 5 30.0% 6 32.5% 7 35.0% 8 37.5% 9 40.0% 10 42.5% 11 45.0% 12 47.5% 13 50.0% 14 52.5% 15+ 55.0%	Average of best 5 years prior to retirement		5% of covered compensation, Earnings 5% per year	Table H and calculated with AFC at late ret date

Plan Provisions by Group – Death Before Retirement Benefits

Death Before Retirement Benefits			
Group	Eligibility		Annual Amount
	Payable To	Years of Service	
<p>Local 1128 AFSCME Hired on/after 8/4/88</p> <p><u>Not Eligible:</u> Hired after 12/22/04</p>	EE's Spouse or dependent Child(ren)	10	Refund of employee's contributions or 50% of the employee's vested benefit, whichever is higher. If the employee is not eligible to retire at date of death, the benefit begins at the earliest date the employee could have retired had the employee survived. If the employee is not married nor has any dependent child(ren) at date of death, or has less than the required years of service, the employee's named beneficiary will receive a refund of employee's contributions.
<p>Local 1917 Hired on/after 8/4/88</p> <p><u>Not Eligible:</u> Hired after 12/22/04</p>	EE's Spouse for Life	10	Equal to 50% of the retirement benefit the employee could have received if eligible for retirement at date of death. If the employee is not eligible to retire at date of death, the benefit begins at earliest date the employee could have retired had the employee survived. If the employee is not married at date of death, or has less than the required years of service, the employee's named beneficiary will receive a refund of employee's contributions.
<p>Governmental Mgmt. & Administrative Employees hired on/after 5/18/88</p> <p><u>Not Eligible:</u> Hired after 3/6/2001, EEs transferred from another bargaining unit on or after November 1, 2008.</p>	EE's Spouse for Life	5	If an employee who is vested in the pension plan dies prior to retirement, his/her beneficiary will receive the employee's accrued pension benefit for life actuarially adjusted based on the age of the beneficiary at the time the benefit is paid. Beneficiary shall be defined as: spouse or (in the absence of a spouse) minor children until the age of 21.
<p>Elected Officials hired on/after 11/27/89</p> <p><u>Excludes:</u> City Council elected on/after 11/25/1997 Judges elected on/after 10/01/08 Mayor, Clerk, Treasurer elected on/after 11/08/05</p>	EE's Spouse for Life	5	Equal to 50% of the retirement benefit the employee could have received if eligible for retirement at date of death. If the employee is not eligible to retire at date of death, the benefit begins at earliest date the employee could have retired if he had survived. If the employee is not married at date of death, or has less than 5 years of service, the employee's named beneficiary will receive a refund of employee's contributions with interest.

Plan Provisions by Group – Disability Retirement

Disability Retirement		
Group	Eligibility	Annual Amount
<p>Local 1128 AFSCME Hired on/after 8/4/88</p> <p><u>Not Eligible:</u> Hired after 12/22/04</p>	<p>10 years of service credited in System, and must be eligible to receive Social Security disability benefits.</p>	<p>2% of final average compensation per year of service. The benefit is recalculated at normal retirement based on normal retirement benefit formula.</p>
<p>Local 1917 Hired on/after 8/4/88</p> <p><u>Not Eligible:</u> Hired after 12/22/04</p>	<p>10 years of service credited in System, and must be eligible to receive Social Security disability benefits.</p>	<p>2.2% of final average compensation per year of service. The benefit is re-calculated at normal retirement based on normal retirement benefit formula.</p>
<p>Governmental Mgmt. & Administrative Employees hired on/after 5/18/88</p> <p><u>Not Eligible:</u> Hired after 3/6/2001, EEs transferred from another bargaining unit on or after November 1, 2008.</p>	<p>No age or service requirement, but must be eligible to receive Social Security disability benefits.</p>	<p>66 2/3% of earnings with a maximum benefit of \$2,000/month. The benefit is re-calculated at normal retirement based on normal retirement benefit formula.</p>
<p>Elected Officials hired on/after 11/27/89</p> <p><u>Excludes:</u> City Council elected on/after 11/25/1997 Judges elected on/after 10/01/08 Mayor, Clerk, Treasurer elected on/after 11/08/05</p>	<p>No age or service requirement, but must be eligible to receive Social Security disability benefits.</p>	<p>66 2/3% of earnings with a maximum benefit of \$2,000/month. The benefit is re-calculated at normal retirement based on normal retirement benefit formula.</p>

Actuarial Assumptions

Actuarial Assumptions and Methods

Valuation Date	December 31, 2023
Participant Information as of	December 31, 2023
Asset Information as of	December 31, 2023
Cost Method	Aggregate
Amortization Method	Level dollar, closed
Remaining amortization period	14 years
Payroll Growth Assumptions	1.00%
Asset Valuation Method	Spreads actual vs. expected investment income over a period of four years
Interest Rates	
Investment Rate of Return	7.00%, net of expenses The interest rate is the long-term rate of return on assets. This assumption is supported by the investment mix of the plan assets and long-term capital market return assumptions.
Mortality Rates	
Healthy	PubG-2010 Mortality Tables projected generationally with Scale MP-2021
Disabled	PubG-2010 Disabled Mortality Tables projected generationally with Scale MP-2021 As the plan is not large enough to have credible experience, mortality assumptions are set to reflect general population trends.
Marital Status and Ages	100% of males and 100% of females are assumed to be married for purposes of death benefits.

Actuarial Assumptions

Expense Loading

The present value of future benefits for actives was loaded by 1.5% for groups that include vacation and sick leave banks in final average compensation.

Retirement Rates

Normal Retirement

For all members from Local 1128 AFSCME and Local 1917:

Retirement Ages	% of Active Members
	Retiring within Next Year
50	50%
51	50%
52	50%
53	50%
54	50%
55	50%
56	10%
57	10%
58	10%
59	10%
60	100%

All other members were assumed to retire at their earliest normal retirement age

Retirement rates, Disability rates, and Withdrawal rates are based on the most recent experience study.

Actuarial Assumptions

Disability Rates

Disability decrements do not operate during the first 5 years of service.

Sample Age	Probability of Becoming Disabled within Next Year	
	MALE	FEMALE
20	0.07%	0.03%
25	0.09%	0.05%
30	0.10%	0.07%
35	0.14%	0.13%
40	0.21%	0.19%
45	0.32%	0.28%
50	0.52%	0.45%
55	0.92%	0.76%

Withdrawal Rates

Withdrawal rates vary by age. Rates of withdrawal from active membership were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Sample Ages	% of Active Members Withdrawing within Next Year
20	7.94%
25	7.72%
30	7.22%
35	6.28%
40	5.15%
45	3.98%
50	2.56%
55	0.94%
60	0.09%

Changes Since the Prior Year

The amortization period was reduced from 15 years to 14 years.

The interest rate assumption was lowered from 7.25% to 7.00%. An interest rate of 7.00% was used for GASB 67/68 and PA 202 reporting.