

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION FOR
JANUARY 1, 2013

MAY 2013

People's United Bank
Retirement Services
P.O. Box 386
Burlington, VT 05402

**People's United Bank
Retirement Services**

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TABLE OF CONTENTS

	<u>PAGE</u>
<i>ACTUARIAL STATEMENT</i>	-----
<i>INTRODUCTION</i>	1
<i>SUMMARY OF ACTUARIAL VALUATION</i>	4
<i>SUMMARY OF PLAN ASSET EXPERIENCE DURING THE PLAN YEAR</i>	6
<i>RECONCILIATION OF PARTICIPANT COUNT</i>	10
<i>RECOMMENDED CONTRIBUTION FOR ENTIRE PLAN</i>	11
<i>CITY EMPLOYEES - RECOMMENDED CONTRIBUTION/PLAN PROVISIONS</i>	12
<i>SCHOOL EMPLOYEES- RECOMMENDED CONTRIBUTION/PLAN PROVISIONS</i>	21
<i>SUPPLEMENTARY INFORMATION FOR GASB</i>	24
<i>ACTUARIAL ASSUMPTIONS AND COST METHOD</i>	28

**CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM**

**ACTUARIAL VALUATION FOR
JANUARY 1, 2013**

ACTUARIAL STATEMENT

This report is provided to the Plan Sponsor of the City of Rutland Employees Retirement System as the intended user, and reflects the actuarial valuation for the City of Rutland Employees Retirement System ("Plan") for the 2013 plan year.

The actuarial valuation for the Plan has been prepared as of January 1, 2013 in accordance with generally accepted actuarial standards and practices, and to the best of my knowledge fairly reflects the actuarial position of the Plan as of the date.

The preparation of the actuarial valuation is based on the employee census data and Plan asset data furnished by the Plan Sponsor. The valuation is based on the Plan provisions as reflected in this valuation report. All information has been reviewed for reasonableness and consistency, but has otherwise been accepted and relied upon without audit.

The actuarial valuation is based on the actuarial assumptions outlined herein, which in my opinion, are reasonable in the aggregate, and when applied in combination, represent my best estimate of the measure of anticipated experience under the Plan.

Future actuarial valuation results may differ from the results reflected in this valuation due to such factors as follows: plan experience that differs from the anticipated experience; changes in economic or demographic assumptions; changes in plan provisions or applicable law; and changes in the operation of the funding methodology used in the plan valuation (such as the end of an amortization period).

I am a Member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



Sharlene Tracy Braun/EA, MAAA

5/8/2013
Date

11-2264
Enrollment No.

INTRODUCTION

This report reflects the actuarial valuation for the City of Rutland Employees Retirement System Plan ("Plan") for the 2013 plan year. The valuation is performed as of the beginning of the plan year, January 1, 2013. The valuation measures the Plan liabilities as of January 1, 2013 and compares those liabilities with the Plan assets as of that date, to determine the contribution required to properly fund the Plan on an ongoing basis.

In preparing this valuation we have relied on the asset information and distribution information provided by Prudential and the employee data provided by the City of Rutland.

Valuation Results

The following is a summary of the valuation results, compared to the prior valuation report:

	<u>January 1, 2012</u>	<u>January 1, 2013</u>
Participants:	1056	1098
Active:	624	632
Retiree/Beneficiaries:	313	337
Terminated and Inactive:	47	52
Terminated and Vested:	72	77
Total Covered Payroll:	\$ 27,838,575	\$ 28,416,600
Market Value of Plan Assets:	\$ 55,647,975	\$ 61,800,149
Actuarial Value of Plan Assets:	\$ 59,550,538	\$ 63,249,120
Actuarial Accrued Liability:	\$ 82,683,836	\$ 88,791,189
Unfunded Actuarial Accrued Liability:	\$ 23,133,298	\$ 25,542,068
Funded Status of the Plan:	72.02%	71.23%
Recommended Employer Plan Contribution: (end of year)		
Normal Cost:	\$ 1,721,001	\$ 1,461,281
Amortization Payment: (Unfunded Accrued Liability)	\$ 2,054,871 (30 years)	\$ 2,268,838
Total:	\$ 3,775,872	\$ 3,730,119
Percent of Payroll:	13.56%	13.13%
Employer Contribution Paid:	\$ 2,593,278	(not yet determined)

Value of Plan Assets

The market value of the assets is \$61,800,149 as of the valuation date, January 1, 2013. The asset reconciliation reflected a gain of approximately 12.15% in 2012, versus the expected return of 8%.

For purposes of determining the recommended contribution, a smoothing method is applied to the market value of the assets to generate an actuarial value of the assets. This methodology mitigates the effect of significant swings in the investment market. In applying this methodology, the resulting actuarial value of assets is limited to no less than 80% and no more than 120% of the actual market value. This year the actuarial value of assets is \$63,249,120, which is 102% of the market value of assets. Please refer to Pages 6-9 of the valuation report for more detail.

Funded Status

The actuarial accrued liability under the Plan as of 1/1/2013 is \$88,791,189 based on the updated funding assumptions (please see following section). Compared to the actuarial asset value of \$63,249,101, the plan is 71.23% funded, compared to 72.02% in 2012.

The breakdown of total plan Unfunded Accrued Liability (UAL) over the period from 1/1/2012 to 1/1/2013, is as follows:

	<u>2012</u>	<u>2013</u>	<u>Increase</u>
Total Unfunded Accrued Liability:	\$23,133,298	\$25,542,068	10.41%
City Unfunded Accrued Liability:	\$11,406,659	\$13,385,130	17.35%
BOE Unfunded Accrued Liability:	\$11,726,640	\$12,156,958	3.67%

The impact of the Plan amendment to reduce future benefit accruals for certain Board of Education (BOE) employees (Teachers, Administrators and School Nonaligned Employees) for the BOE employees and the fact that the BOE employer contribution exceeded the 2012 recommended amount, contributed to the mitigation in the increase in the UAL for the Board of Education portion of the Plan. The City UAL increased primarily due to the fact the employer contribution to the Plan was only 30% of the recommended amount.

Change in Funding Method/Actuarial Assumptions

An experience study was performed to compare plan actuarial assumptions with actual plan experience. As a result of this study, the following actuarial assumptions were adjusted for the January 1, 2013 plan valuation:

1. The assumed rate of return on assets was lowered from 8% to 7.5%, based on historic experience and input from Prudential on anticipated future returns. The discount rate is equivalent to the assumed rate of return.
2. The mortality table was updated from the 1994 Group Annuity Mortality Table to a more current mortality table, the 2013 IRC 430(h) Annuitant and Non-Annuitant Table.
3. The salary scale assumption was reduced from 5% to 4% to better reflect anticipated future compensation increases.

4. The assumption for employee termination (turnover) was changed from the Crocker-Sarason T-1 table to the Crocker-Sarason T-6 table to reflect the increased incidence of turnover in the Police, General and Board of Education divisions.
5. The assumed retirement age was modified in all divisions, except the Police division, to be more consistent with the plan experience. Please refer to Page 28 of the valuation.

Some of the assumption changes had the impact of increasing plan liabilities, and others had the impact of reducing plan liabilities. Overall, the assumption changes did not materially change the cost of the Plan when compared to the resulting cost under the old assumptions; however, the modified assumptions better reflect the actual experience under the plan and the expected experience going forward.

Change in Plan Provisions

There were no changes in Plan provisions reflected in this valuation, with the exception of the increased employee contributions for Fire Employees. Please see the Plan provision summary in the valuation report.

Employee Data

Based on employee data provided by the City, the covered employee group increased from 1056 to 1098. Active participants increased from 624 to 632; the retired participants increased from 313 to 337; terminated participants increased from 119 to 129 and terminated vested participants increased from 72 to 77.

Recommended Employer Contribution for 2013

The recommended employer contribution for 2013 is \$3,730,119 which is 13.13% of covered payroll compared to \$3,775,872 in 2012 (13.56% of payroll). The recommended employer contribution for the City is \$2,026,013 which is 27.19% of payroll, compared to \$1,959,704 in 2012 (26.19% of payroll). The recommended employer contribution for the Board of Education is \$1,704,107 which is 8.13% of payroll, compared to \$1,816,168 in 2012 (8.92% of payroll).

Please refer to Page 5 of the valuation report for the details for each employee group.

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2013

SUMMARY OF ACTUARIAL VALUATION

Summary of Contribution for the Plan Year	2012	2013
Recommended Contribution:	3,775,872	3,730,119
Actual Contribution:	2,593,278	----
Participant Data		
Participants currently employed:	624	632
Terminated Participants :	119	129
Retired Participants receiving benefits:	313	337
Total participants included in current year valuation:	1,056	1,098
Aggregate compensation of active participants, as limited under 401(a)(17):	27,838,575	28,416,600
Average annual compensation:	44,685	44,963
Asset Data		
Fair market value of Plan assets:	55,647,975	61,800,149
Actuarial asset value:	59,550,538	63,249,120
IRS determined rate of return on market value during year prior to valuation date:	1.55%	12.15%
Summary of Funding and Recommended Contribution		
Actuarial Accrued Liability:	82,683,836	88,791,189
Actuarial Value of Assets:	59,550,538	63,249,120
Unfunded Actuarial Accrued Liability:	23,133,298	25,542,068
Normal Cost as of the end of the Plan Year:	1,721,001	1,461,281
Amortization of Unfunded Liability as of the end of the Plan Year: (based on 30 year amortization)	2,054,871	2,268,838
Total Recommended Contribution:	3,775,872	3,730,119
Funded ratio:	72.02%	71.23%
Valuation Date:	01/01/2012	01/01/2013

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2013

REFLECTS CHANGES IN ACTUARIAL ASSUMPTIONS, INCLUDING 7.5% DISCOUNT RATE

SUMMARY OF ACTUARIAL VALUATION

	Police	Fire	DPW	General	City Total	Board of Education	Total
Total Normal Cost:	\$329,402	\$202,546	\$345,900	\$164,770	\$1,042,617	\$1,437,930	\$2,480,547
Expected Employee Contributions:	\$132,902	\$76,799	\$51,567	\$30,284	\$291,553	\$895,956	\$1,187,509
Administrative Expenses:	\$6,564	\$6,226	\$6,490	\$4,698	\$23,978	\$36,022	\$60,000
Employer Normal Cost as of January 1, 2013: (1) - (2) + (3)	\$203,063	\$131,972	\$300,823	\$139,184	\$775,042	\$577,996	\$1,353,038
Actuarial Accrued Liability:	\$9,713,407	\$9,213,655	\$9,604,266	\$6,952,703	\$35,484,031	\$53,307,158	\$88,791,189
Actuarial Value of Assets:	\$6,049,358	\$5,738,121	\$5,981,387	\$4,330,035	\$22,098,901	\$41,150,200	\$63,249,101
Unfunded Actuarial Accrued Liability (UAAL) (5) - (6):	\$3,664,049	\$3,475,534	\$3,622,879	\$2,622,668	\$13,385,130	\$12,156,958	\$25,542,088
Amortization of UAAL Over 30 Years Payable December 31, 2013:	\$325,468	\$308,723	\$321,811	\$232,965	\$1,188,967	\$1,079,871	\$2,268,838
Employer Normal Cost as of December 31, 2012:	\$219,308	\$142,530	\$324,889	\$150,319	\$837,046	\$624,236	\$1,461,281
Covered Payroll:	\$2,102,887	\$1,255,917	\$2,578,346	\$1,514,216	\$7,451,366	\$20,965,234	\$28,416,600
Total Recommended Plan Contribution for 2013 Plan Year:	\$677,678	\$528,052	\$698,267	\$413,568	\$2,317,566	\$2,600,063	\$4,917,628
Total Plan Contribution as a % of Covered Payroll:	32.23%	42.05%	27.08%	27.31%	31.10%	12.40%	17.31%
Expected Employee Contributions:	\$132,902	\$76,799	\$51,567	\$30,284	\$291,553	\$895,956	\$1,479,062
Expected Employee Contributions as a % of Covered Payroll:	6.32%	6.12%	2.00%	2.00%	3.91%	4.27%	5.20%
Recommended Employer Contribution Payable December 31, 2013 (8) + (9):	\$544,776	\$451,253	\$646,700	\$383,284	\$2,026,013	\$1,704,107	\$3,730,119
Recommended Employer Contribution as a % of Covered Payroll:	25.91%	35.93%	25.08%	25.31%	27.19%	8.13%	13.13%

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2013

SUMMARY OF PLAN ASSET EXPERIENCE DURING THE PLAN YEAR

Summary of Income, Expenses and Rate of Return	2011	2012
1. Asset Fair Market Value at January 1:	55,005,527	55,647,975
2. Employer Contribution to the Plan:	2,341,353	2,593,278
3. Employee Contributions to the Plan:	1,008,823	1,131,988
4. Benefit Payments made from the Plan:	(3,853,461)	(4,299,715)
5. Fees Paid:	(95,017)	(101,722)
6. Net Investment Earnings (including realized and unrealized amounts):	945,008	6,828,345
7. Asset Fair Market Value at December 31 (1+2+3+4+5+6):	55,352,232	61,800,149
8. Receivable Contribution for prior Plan Year:	295,743	0
9. Total Plan Assets:	55,647,975	61,800,149
10. IRS determined annual rate of return for year:	1.55%	12.15%

Allocation of Assets

For the January 1, 2009 Valuation the plan assets were allocated separately to the City of Rutland and the Board of Education. This allocation was based on the historical transactions from 01/01/2001 through 01/01/2009. On 01/01/2001 the Plan Assets were 107% of the Plan Liabilities. Since 01/01/2001 changes were made in benefit levels and contribution levels by the City and the Board of Education, therefore, the assets have been allocated based on actual plan liability for each group and actual contributions. See the following page for the separate allocation between the City and the Board of Education.

CITY OF RUTLAND
 EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
 JANUARY 1, 2013

SUMMARY OF PLAN ASSET EXPERIENCE DURING THE PLAN YEAR
 ALLOCATION TO BOARD OF EDUCATION AND CITY

Summary of Income, Expenses and Rate of Return	Board of Education	City
1. Asset Fair Market Value at January 1:	35,819,777	19,828,198
2. Employer Contribution to the Plan:	1,993,278	600,000
3. Employee Contributions to the Plan:	831,642	300,346
4. Benefit Payments made from the Plan:	(2,669,938)	(1,629,776)
5. Fees Paid:	(65,477)	(36,245)
6. Net Investment Earnings (including realized and unrealized amounts):	4,424,929	2,403,417
7. Asset Fair Market Value at December 31 (1+2+3+4+5+6):	40,334,211	21,465,940
8. Receivable Contribution for prior Plan Year:	0	0
9. Total Plan Assets:	40,334,211	21,465,940
10. IRS determined annual rate of return for year:	12.14%	12.16%

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2013

DETERMINATION OF ACTUARIAL VALUE OF ASSETS

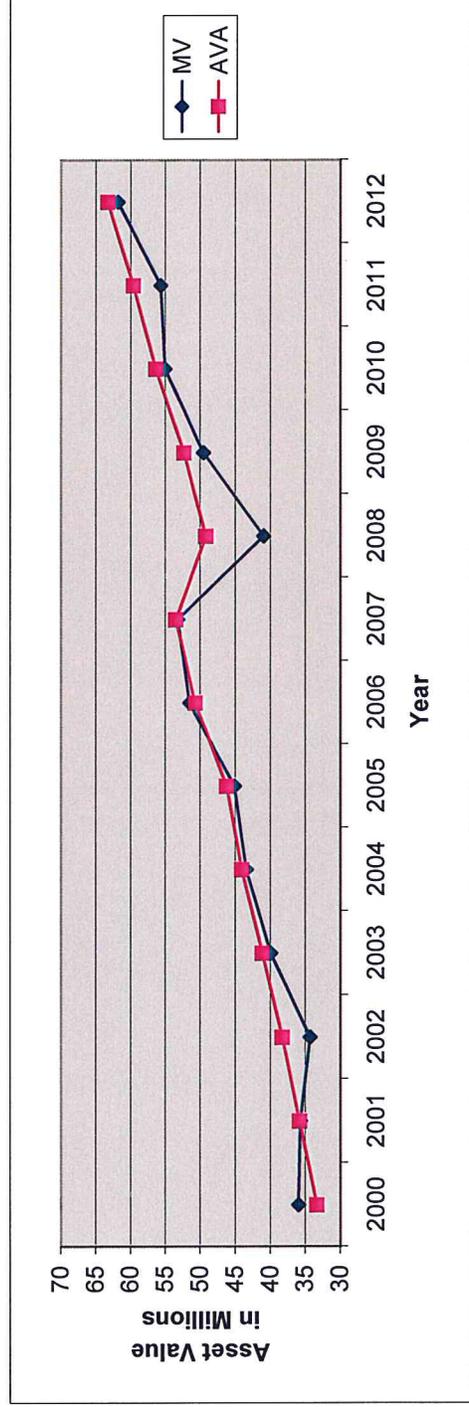
	Year End	
	12/31/2011	12/31/2012
1. Actuarial value of assets at beginning of year:	56,345,063	59,550,538
2. Contribution less benefit payments and operating expenses:	(598,302)	(676,171)
3. Average actuarial value of the fund, 1 + 50%(2):	56,045,913	59,212,452
4. Assumed net investment income, 8%(3):	4,483,673	4,736,996
5. Preliminary value of assets at the end of the year, 1+2+4:	60,230,436	63,611,363
6. Market Value of assets at the end of the year (excludes receivables):	55,352,231	61,800,150
7. Smoothing adjustment, 20%(6-5):	(975,641)	(362,243)
8. Actuarial value of assets, 5+7 but not <80% or >120% of 6:	59,254,795	63,249,120
9. Contribution receivables:	295,743	0
10. Final actuarial value of assets, 8+9:	59,550,538	63,249,120
11. Actuarial value of assets as a percent of market value of assets, 8/(6):	107.05%	102.34%
12. Allocation of Actuarial Value of Assets		
City of Rutland:	21,340,877	22,098,901
Board of Education:	38,209,661	41,150,220
Total:	59,550,538	63,249,121

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2013

SUMMARY OF PLAN ASSET EXPERIENCE DURING THE PLAN YEAR

Year Ended December 31	Employer Contributions	Employee Contributions	Net Investment Return	Administrative Expenses	Benefit Payments	Market Value of Assets	Actuarial Value of Assets
2000	728,902	370,087	2,905,463	16,449	1,126,251	35,983,639	33,351,605
2001	832,291	343,011	2,625,341	40,170	1,289,470	35,676,073	35,822,508
2002	1,560,078	487,140	1,850,005	42,111	1,395,403	34,308,508	38,282,217
2003	1,209,778	403,259	2,742,732	41,746	1,461,294	39,943,385	41,134,946
2004	1,256,699	418,890	3,116,245	71,737	1,806,900	43,411,905	44,048,143
2005	756,733	308,280	3,202,083	14,600	2,106,977	45,075,493	46,193,632
2006	2,490,603	443,545	3,886,775	9,200	2,309,369	51,525,766	50,695,986
2007	1,717,816	795,470	2,786,827	28,065	2,605,285	53,172,934	53,455,121
2008	2,682,486	918,085	(12,788,325)	118,835	2,928,526	40,927,819	49,113,382
2009	1,864,294	1,015,802	8,656,469	90,857	3,172,215	49,512,330	52,277,707
2010	2,655,901	1,109,869	5,292,308	74,610	3,490,271	55,005,527	56,345,063
2011	2,533,378	1,112,541	945,008	95,017	3,853,461	55,647,975	59,550,538
2012	2,593,278	1,131,988	6,828,345	101,722	4,299,715	61,800,149	63,249,120



CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2013

RECONCILIATION OF PARTICIPANT DATA

A. Actively Employed Participants	2012	2013	Change
1. City of Rutland			
a. Police:	45	42	
b. Fire:	28	26	
c. DPW:	51	55	
d. General:	28	26	
e. Total:	152	149	
2. Board of Education:	472	483	
3. Total Plan:	624	632	1.28%
B. Terminated and Inactive Participants			
1. City of Rutland			
a. Police:	7	9	
b. Fire:	1	1	
c. DPW:	8	8	
d. General:	10	12	
e. Total:	26	30	
2. Board of Education:	93	99	
3. Total Plan:	119	129	8.40%
4. Total Terminated Non-Vested Participants:	47	52	
5. Total Terminated Vested and Inactive Participants:	72	77	
C. Retired Participants/Beneficiaries in Pay Status			
1. City of Rutland			
a. Police:	18	22	
b. Fire:	26	26	
c. DPW:	28	28	
d. General:	25	27	
e. Total:	97	103	
2. Board of Education:	216	234	
3. Total Plan:	313	337	7.67%
D. Total Participants at end of plan year (A3+B3+C3):	1,056	1,098	3.98%

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2013

RECOMMENDED CONTRIBUTION FOR THE ENTIRE PLAN

	2012	% of Payroll	2013	% of Payroll
1. Total normal cost as of January 1:	2,656,775	9.54%	2,480,547	8.73%
2. Administrative expenses:	60,000	0.22%	60,000	0.21%
3. Expected employee contributions:	(1,123,256)	4.03%	(1,187,509)	4.18%
4. Employer normal cost, 1+2+3:	1,593,519	5.72%	1,353,038	4.76%
5. Actuarial accrued liability:				
Active Participants:	44,604,208		42,859,726	
Terminated Vested Participants:	2,668,500		3,555,950	
Retirees and Beneficiaries:	35,411,129		42,375,513	
Total:	82,683,837		88,791,189	
6. Actuarial value of assets:	59,550,537		63,249,101	
7. Unfunded actuarial accrued liability:	23,133,300		25,542,088	
8. Employer normal cost projected to December 31:	1,721,001		1,461,281	
9. Payment on unfunded actuarial accrued liability:	2,054,871	7.38%	2,268,838	7.98%
10. Total recommended contribution, 8+9:	3,775,872	13.56%	3,730,119	13.13%
11. Annualized Payroll:	27,838,575		28,416,600	
12. Funded Status:	72.02%		71.23%	

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2013

RECOMMENDED CONTRIBUTION FOR CITY EMPLOYEES

	2012	% of Payroll	2013	% of Payroll
1. Total normal cost as of January 1:	1,139,344	15.23%	1,042,617	13.99%
2. Administrative expenses:	23,763	0.32%	23,978	0.32%
3. Expected employee contributions:	(286,738)	3.83%	(291,553)	3.91%
4. Employer normal cost, 1+2+3:	876,370	11.71%	775,042	10.40%
5. Actuarial accrued liability:				
Active Participants:	18,500,529		17,608,662	
Terminated Vested Participants:	872,015		1,262,219	
Retirees and Beneficiaries:	13,374,991		16,613,150	
Total:	32,747,535		35,484,031	
6. Actuarial value of assets:	21,340,876		22,098,901	
7. Unfunded actuarial accrued liability:	11,406,659		13,385,130	
8. Employer normal cost projected to December 31:	946,480		837,046	
9. Payment on unfunded actuarial accrued liability:	1,013,224	13.54%	1,188,967	15.96%
10. Total recommended contribution, 8+9:	1,959,704	26.19%	2,026,013	27.19%
11. Annualized Payroll:	7,483,243		7,451,366	
12. Funded Status:	65.17%		62.28%	

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2013

SUMMARY OF PRINCIPAL PLAN PROVISIONS - POLICE

PLAN EFFECTIVE DATE:	January 1, 1938
PLAN YEAR:	January 1 through December 31
ELIGIBILITY:	No age or service requirement
ENTRY DATES:	First day of the month coinciding with or next following completion of the eligibility requirements.
RETIREMENT DATE:	First day of the month following: (1) Age plus credited service equals 75, with mandatory retirement age 60, or (2) If Rule of 75 is not met, mandatory retirement age of 62.
COMPENSATION:	Rate of annual basic compensation on January 1, excluding overtime, bonuses, commissions and any other additional compensation.
FINAL AVERAGE COMPENSATION:	Average of the highest rates of Compensation on January 1, in the last 10 years prior to distribution.
RETIREMENT BENEFIT:	2.00% of Final Average Compensation for each year of service before 01/01/2007, plus 2.5% of Final Average Compensation for each year of service after 01/01/2007.
NORMAL BENEFIT PAYMENT FORM:	Life Annuity, with refund.
EARLY RETIREMENT DATE:	First day of the month coinciding with or next following the date the participant attains age 55, and completes 10 years of vesting service.
EARLY RETIREMENT BENEFIT:	Retirement Benefit is reduced for early commencement of payments, by reducing the Retirement Benefit at Normal Retirement Date by the following percentages: 1/2 of 1% for each month prior to the employee's Normal Retirement Date.

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2013

SUMMARY OF PRINCIPAL PLAN PROVISIONS - POLICE

POSTPONED RETIREMENT:	Benefit calculated and payable as of actual retirement date.
DISABILITY RETIREMENT:	<p><u>Non-Service Related:</u> No age requirement; 5 years of participation. Benefit is accrued benefit at date of disability.</p> <p><u>Service Related:</u> No age or service requirement. Benefit is 100% of the projected normal retirement benefit assuming constant future earnings and service to age 62, payable after 6 months.</p>
PRE-RETIREMENT DEATH BENEFIT:	<p><u>Non Service Related:</u></p> <ul style="list-style-type: none">(1) Must be active employee and eligible to retire early.(2) Benefit is 75% of participant's accrued benefit, reduced for early commencement and paid as if 50% Joint and Survivor option had been elected, payable to spouse.(3) If not eligible for spouse benefit, death benefit is return of employee contributions with interest. <p><u>Service Related:</u></p> <ul style="list-style-type: none">(1) No age or service requirement.(2) 100% of deceased participant's projected normal retirement benefit based on service to age 62, payable to spouse or children up to age 19.
POST-RETIREMENT DEATH BENEFIT:	Death benefits payable after retirement are payable in accordance with the form of payment option selected by the retiree.
TERMINATION OF EMPLOYMENT:	Vested participants will be entitled to the Retirement Benefit calculated as of the date of termination and payable at age 62. A reduced benefit will be available for payments beginning after age 55, in accordance with the plan's Early Retirement provisions. Participant may elect a return of employee contributions in lieu of the retirement benefit
VESTING:	Five year cliff vesting. Non-vested participants receive a return of employee contributions plus interest.
ACTUARIAL EQUIVALENCE:	6% interest and Mortality based on the 1971 Group Annuity Mortality Table for males, with a 1 year setback for the participant and a 5 year setback for the beneficiary.
EMPLOYEE CONTRIBUTIONS:	6.32% of compensation after 01/01/2007.

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2013

SUMMARY OF PRINCIPAL PLAN PROVISIONS - FIRE

PLAN EFFECTIVE DATE:	January 1, 1938
PLAN YEAR:	January 1 through December 31
ELIGIBILITY:	No age or service requirement
ENTRY DATES:	First day of the month coinciding with or next following completion of the eligibility requirements.
RETIREMENT DATE:	First day of the month following: (1) Age plus credited service equals 75, with mandatory retirement age 60, or (2) If Rule of 75 is not met, mandatory retirement age of 62.
COMPENSATION:	Rate of annual basic compensation on January 1, excluding overtime, bonuses, commissions and any other additional compensation.
FINAL AVERAGE COMPENSATION:	Average of the highest rates of Compensation on January 1, in the last 10 years prior to distribution.
RETIREMENT BENEFIT:	2.00% of Final Average Compensation for each year of credited service, multiplied by 1.17.
NORMAL BENEFIT PAYMENT FORM:	Life Annuity, with refund
EARLY RETIREMENT DATE:	First day of the month coinciding with or next following the date the participant attains age 55, and completes 10 years of vesting service.
EARLY RETIREMENT BENEFIT:	Retirement Benefit is reduced for early commencement of payments, by reducing the Retirement Benefit at Normal Retirement Date by the following percentages: 1/2 of 1% for each month prior to the employee's Normal Retirement Date.

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2013

SUMMARY OF PRINCIPAL PLAN PROVISIONS - FIRE

POSTPONED RETIREMENT:	Benefit calculated and payable as of actual retirement date.
DISABILITY RETIREMENT:	<p><u>Non-Service Related:</u> No age requirement; 5 years of participation. Benefit is accrued benefit at date of disability.</p> <p><u>Service Related:</u> No age or service requirement. Benefit is 100% of the projected normal retirement benefit assuming constant future earnings and service to age 62, payable after 6 months</p>
PRE-RETIREMENT DEATH BENEFIT:	<p><u>Non Service Related:</u></p> <ul style="list-style-type: none">(1) Must be active employee and eligible to retire early.(2) Benefit is 75% of participant's accrued benefit, reduced for early commencement and paid as if 50% Joint and Survivor option had been elected, payable to spouse.(3) If not eligible for spouse benefit, death benefit is return of employee contributions with interest. <p><u>Service Related:</u></p> <ul style="list-style-type: none">(1) No age or service requirement.(2) 100% of deceased participant's projected normal retirement benefit based on service to age 62, payable to spouse or children up to age 19.
POST-RETIREMENT DEATH BENEFIT:	Death benefits payable after retirement are payable in accordance with the form of payment option selected by the retiree.
TERMINATION OF EMPLOYMENT:	Vested participants will be entitled to the Retirement Benefit calculated as of the date of termination and payable at age 62. A reduced benefit will be available for payments beginning after age 55, in accordance with the plan's Early Retirement provisions. Participant may elect a return of employee contributions in lieu of the retirement benefit
VESTING:	Five year cliff vesting. Non-vested participants receive a return of employee contributions plus interest.
ACTUARIAL EQUIVALENCE:	6% interest and Mortality based on the 1971 Group Annuity Mortality Table for males, with a 1 year setback for the participant and a 5 year setback for the beneficiary.
EMPLOYEE CONTRIBUTIONS:	5.0% of compensation to 7/1/2013; 7.23% from 7/1/2013 - 6/30/2014; 7.605% from 7/1/2014 - 6/30/2015; 7.98% from 7/1/2015 to 6/30/2016; 8.355% from 7/1/2016-6/30/2017

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2013

SUMMARY OF PRINCIPAL PLAN PROVISIONS - DPW

PLAN EFFECTIVE DATE:	January 1, 1938
PLAN YEAR:	January 1 through December 31
ELIGIBILITY:	No age or service requirement
ENTRY DATES:	First day of the month coinciding with or next following completion of the eligibility requirements.
RETIREMENT DATE:	First day of the month following earlier of: (1) Age plus credited service equals 75, or (2) the later of age 62 or 5 years of participation
COMPENSATION:	Rate of annual basic compensation on January 1, excluding overtime, bonuses, commissions and any other additional compensation.
FINAL AVERAGE COMPENSATION:	Average of the highest rates of Compensation on January 1, in the last 10 years prior to distribution.
RETIREMENT BENEFIT:	2.00% of Final Average Compensation for each year of credited service.
NORMAL BENEFIT PAYMENT FORM:	Life Annuity, with refund
EARLY RETIREMENT DATE:	First day of the month coinciding with or next following the date the participant attains age 55, and completes 10 years of vesting service.
EARLY RETIREMENT BENEFIT:	Retirement Benefit is reduced for early commencement of payments, by reducing the Retirement Benefit at Normal Retirement Date by the following percentages: 1/2 of 1% for each month prior to the employee's Normal Retirement Date.
POSTPONED RETIREMENT:	Benefit calculated and payable as of actual retirement date.

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2013

SUMMARY OF PRINCIPAL PLAN PROVISIONS - DPW

DISABILITY RETIREMENT:	<p><u>Non-Service Related:</u> No age requirement; 15 years of participation. Benefit is accrued benefit at date of disability.</p> <p><u>Service Related:</u> No age or service requirement. Benefit is 100% of the projected normal retirement benefit assuming constant future earnings and service to age 62, payable after 6 months</p>
PRE-RETIREMENT DEATH BENEFIT:	<p><u>Non Service Related:</u></p> <ol style="list-style-type: none">(1) Must be active employee and eligible to retire early.(2) Benefit is 75% of participant's accrued benefit, reduced for early commencement and paid as if 50% Joint and Survivor option had been elected, payable to spouse.(3) If not eligible for spouse benefit, death benefit is return of employee contributions with interest. <p><u>Service Related:</u></p> <ol style="list-style-type: none">(1) No age or service requirement.(2) 100% of deceased participant's projected normal retirement benefit based on service to age 62, payable to spouse or children up to age 19.
POST-RETIREMENT DEATH BENEFIT:	Death benefits payable after retirement are payable in accordance with the form of payment option selected by the retiree.
TERMINATION OF EMPLOYMENT:	Vested participants will be entitled to the Retirement Benefit calculated as of the date of termination and payable at age 62. A reduced benefit will be available for payments beginning after age 55, in accordance with the plan's Early Retirement provisions. Participant may elect a return of employee contributions in lieu of the retirement benefit
VESTING:	Five year cliff vesting. Non-vested participants receive a return of employee contributions plus interest.
ACTUARIAL EQUIVALENCE:	6% interest and Mortality based on the 1971 Group Annuity Mortality Table for males, with a 1 year setback for the participant and a 5 year setback for the beneficiary.
EMPLOYEE CONTRIBUTIONS:	2.0% of compensation

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2013

SUMMARY OF PRINCIPAL PLAN PROVISIONS - GENERAL

PLAN EFFECTIVE DATE:	January 1, 1938
PLAN YEAR:	January 1 through December 31
ELIGIBILITY:	No age or service requirement
ENTRY DATES:	First day of the month coinciding with or next following completion of the eligibility requirements.
RETIREMENT DATE:	First day of the month following earlier of: (1) Age plus credited service equals 80, or (2) the later of age 62 or 5 years of participation
COMPENSATION:	Rate of annual basic compensation on January 1, excluding overtime, bonuses, commissions and any other additional compensation.
FINAL AVERAGE COMPENSATION:	Average of the highest rates of Compensation on January 1, in the last 10 years prior to distribution.
RETIREMENT BENEFIT:	2.00% of Final Average Compensation for each year of credited service.
NORMAL BENEFIT PAYMENT FORM:	Life Annuity, with refund
EARLY RETIREMENT DATE:	First day of the month coinciding with or next following the date the participant attains age 55, and completes 10 years of vesting service.
EARLY RETIREMENT BENEFIT:	Retirement Benefit is reduced for early commencement of payments, by reducing the Retirement Benefit at Normal Retirement Date by the following percentages: 1/2 of 1% for each month prior to the employee's Normal Retirement Date.
POSTPONED RETIREMENT:	Benefit calculated and payable as of actual retirement date.

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2013

SUMMARY OF PRINCIPAL PLAN PROVISIONS - GENERAL

DISABILITY RETIREMENT:	<p><u>Non-Service Related:</u> No age requirement; 15 years of participation. Benefit is accrued benefit at date of disability.</p> <p><u>Service Related:</u> No age or service requirement. Benefit is 100% of the projected normal retirement benefit assuming constant future earnings and service to age 62, payable after 6 months</p>
PRE-RETIREMENT DEATH BENEFIT:	<p><u>Non Service Related:</u></p> <ul style="list-style-type: none">(1) Must be active employee and eligible to retire early.(2) Benefit is 75% of participant's accrued benefit, reduced for early commencement and paid as if 50% Joint and Survivor option had been elected, payable to spouse.(3) If not eligible for spouse benefit, death benefit is return of employee contributions with interest. <p><u>Service Related:</u></p> <ul style="list-style-type: none">(1) No age or service requirement.(2) 100% of deceased participant's projected normal retirement benefit based on service to age 62, payable to spouse or children up to age 19.
POST-RETIREMENT DEATH BENEFIT:	Death benefits payable after retirement are payable in accordance with the form of payment option selected by the retiree.
TERMINATION OF EMPLOYMENT:	Vested participants will be entitled to the Retirement Benefit calculated as of the date of termination and payable at age 62. A reduced benefit will be available for payments beginning after age 55, in accordance with the plan's Early Retirement provisions. Participant may elect a return of employee contributions in lieu of the retirement benefit
VESTING:	Five year cliff vesting. Non-vested participants receive a return of employee contributions plus interest.
ACTUARIAL EQUIVALENCE:	6% interest and Mortality based on the 1971 Group Annuity Mortality Table for males, with a 1 year setback for the participant and a 5 year setback for the beneficiary.
EMPLOYEE CONTRIBUTIONS:	2.0% of compensation

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2013

RECOMMENDED CONTRIBUTION FOR BOARD OF EDUCATION EMPLOYEES

	2012	% of Payroll	2013	% of Payroll
1. Total normal cost as of January 1:	1,517,431	7.45%	1,437,930	6.86%
2. Administrative expenses:	36,237	0.18%	36,022	0.17%
3. Expected employee contributions:	(836,518)	4.11%	(895,956)	4.27%
4. Employer normal cost, 1+2+3:	717,149	3.52%	577,996	2.76%
5. Actuarial accrued liability:				
Active Participants:	26,103,679		25,251,064	
Terminated Vested Participants:	1,796,484		2,293,731	
Retirees and Beneficiaries:	22,036,138		25,762,363	
Total:	49,936,301		53,307,158	
6. Actuarial value of assets:	38,209,661		41,150,200	
7. Unfunded actuarial accrued liability:	11,726,640		12,156,958	
8. Employer normal cost projected to December 31:	774,521		624,236	
9. Payment on unfunded actuarial accrued liability:	1,041,647	5.12%	1,079,871	5.15%
10. Total recommended contribution, 8+9:	1,816,168	8.92%	1,704,107	8.13%
11. Annualized Payroll:	20,355,332		20,965,234	
12. Funded Status:	76.52%		77.19%	

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2013

SUMMARY OF PRINCIPAL PLAN PROVISIONS - BOARD OF EDUCATION

PLAN EFFECTIVE DATE:	January 1, 1938
PLAN YEAR:	January 1 through December 31
ELIGIBILITY:	No age or service requirement
ENTRY DATES:	First day of the month coinciding with or next following completion of the eligibility requirements.
RETIREMENT DATE:	First day of the month following earlier of: (1) Age plus credited service equals 80, or (2) the later of age 62 or 5 years of participation
COMPENSATION:	Rate of annual basic compensation on January 1, excluding overtime, bonuses, commissions and any other additional compensation.
FINAL AVERAGE COMPENSATION:	Average of the highest rates of Compensation on January 1, in the last 10 years prior to distribution.
RETIREMENT BENEFIT:	Prior to July 1, 2010: 2.00% of Final Average Compensation for each year of credited service. After June 30, 2010: 2.00% of Final Average Compensation for each year of credited service for Paraeducators, Maintenance and Busing Employees; 1.00% of Final Earnings for each year of credited service for Teachers, Administrators and School Nonaligned Employees.
NORMAL BENEFIT PAYMENT FORM:	Life Annuity, with refund.
EARLY RETIREMENT DATE:	First day of the month coinciding with or next following the date the participant attains age 55, and completes 10 years of vesting service.
EARLY RETIREMENT BENEFIT:	Retirement Benefit is reduced for early commencement of payments, by reducing the Retirement Benefit at Normal Retirement Date by the following percentages: 1/2 of 1% for each month prior to the employee's Normal Retirement Date.
POSTPONED RETIREMENT:	Benefit calculated and payable as of actual retirement date.

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2013

SUMMARY OF PRINCIPAL PLAN PROVISIONS - BOARD OF EDUCATION

DISABILITY RETIREMENT:	<p><u>Non-Service Related:</u> No age requirement; 15 years of participation. Benefit is accrued benefit at date of disability.</p> <p><u>Service Related:</u> No age or service requirement. Benefit is 100% of the projected normal retirement benefit assuming constant future earnings and service to age 62, payable after 6 months.</p>
PRE-RETIREMENT DEATH BENEFIT:	<p><u>Non Service Related:</u></p> <ul style="list-style-type: none">(1) Must be active employee and eligible to retire early.(2) Benefit is 75% of participant's accrued benefit, reduced for early commencement and paid as if 50% Joint and Survivor option had been elected, payable to spouse.(3) If not eligible for spouse benefit, death benefit is return of employee contributions with interest. <p><u>Service Related:</u></p> <ul style="list-style-type: none">(1) No age or service requirement.(2) 100% of deceased participant's projected normal retirement benefit based on service to age 62, payable to spouse or children up to age 19.
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TERMINATION OF EMPLOYMENT:	Vested participants will be entitled to the Retirement Benefit calculated as of the date of termination and payable at age 62. A reduced benefit will be available for payments beginning after age 55, in accordance with the plan's Early Retirement provisions. Participant may elect a return of employee contributions in lieu of the retirement benefit.
VESTING:	Five year cliff vesting. Non-vested participants receive a return of employee contributions plus interest.
ACTUARIAL EQUIVALENCE:	6% interest and Mortality based on the 1971 Group Annuity Mortality Table for males, with a 1 year setback for the participant and a 5 year setback for the beneficiary.
EMPLOYEE CONTRIBUTIONS:	Variable rates based on employee groups.

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2013

SUPPLEMENTARY INFORMATION REQUIRED BY GASB

GASB ASSUMPTIONS

ACTUARIAL VALUATION DATE:	January 1, 2013
ACTUARIAL COST METHOD:	Pro-rata projected unit credit
AMORTIZATION METHOD:	Level Dollar, open
REMAINING AMORTIZATION PERIOD:	30 years as of January 1, 2013
EMPLOYEE CONTRIBUTION CREDITING RATE:	3.00%
ASSET VALUATION METHOD:	20% Smoothing of investment returns not to exceed 80-120% of the market value.
ACTUARIAL ASSUMPTIONS:	
Investment rate of return:	7.50%
Projected salary increases:	4.00%
PLAN MEMBERSHIP:	
Retired participants and beneficiaries receiving benefits:	337
Terminated participants entitled to future benefits:	77
Active Participants:	632
Total:	<u>1,046</u>

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2013

SUPPLEMENTARY INFORMATION REQUIRED BY GASB

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Underfunded/ (Overfunded) AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
1/1/1997	21,887,900	19,977,000	(1,910,900)	109.57%	12,078,200	-15.82%
1/1/1998	N/A	N/A	N/A	N/A	N/A	N/A
1/1/1999	27,234,000	24,768,100	(2,465,900)	109.96%	14,460,600	-17.05%
1/1/2000	N/A	N/A	N/A	N/A	N/A	N/A
1/1/2001	33,351,605	33,510,388	158,783	99.53%	17,495,402	0.91%
1/1/2002	N/A	N/A	N/A	N/A	N/A	N/A
1/1/2003	38,282,217	40,132,181	1,849,964	95.39%	19,456,272	9.51%
1/1/2004	N/A	N/A	N/A	N/A	N/A	N/A
1/1/2005	44,048,143	48,348,202	4,300,059	91.11%	22,137,295	19.42%
1/1/2006	N/A	N/A	N/A	N/A	N/A	N/A
1/1/2007	50,695,986	59,831,977	9,135,991	84.73%	24,161,425	37.81%
1/1/2008	53,598,552	66,495,591	12,897,039	80.60%	25,641,832	50.30%
1/1/2009	49,414,401	71,277,825	21,863,424	69.33%	26,389,650	82.85%
1/1/2010	52,555,207	76,305,676	23,750,469	68.87%	26,914,829	88.24%
1/1/2011	56,345,063	79,951,469	23,606,406	70.47%	27,594,551	85.55%
1/1/2012	59,550,537	82,683,836	23,133,299	72.02%	27,838,575	83.10%
1/1/2013	63,249,101	88,791,189	25,542,088	71.23%	28,416,600	89.88%

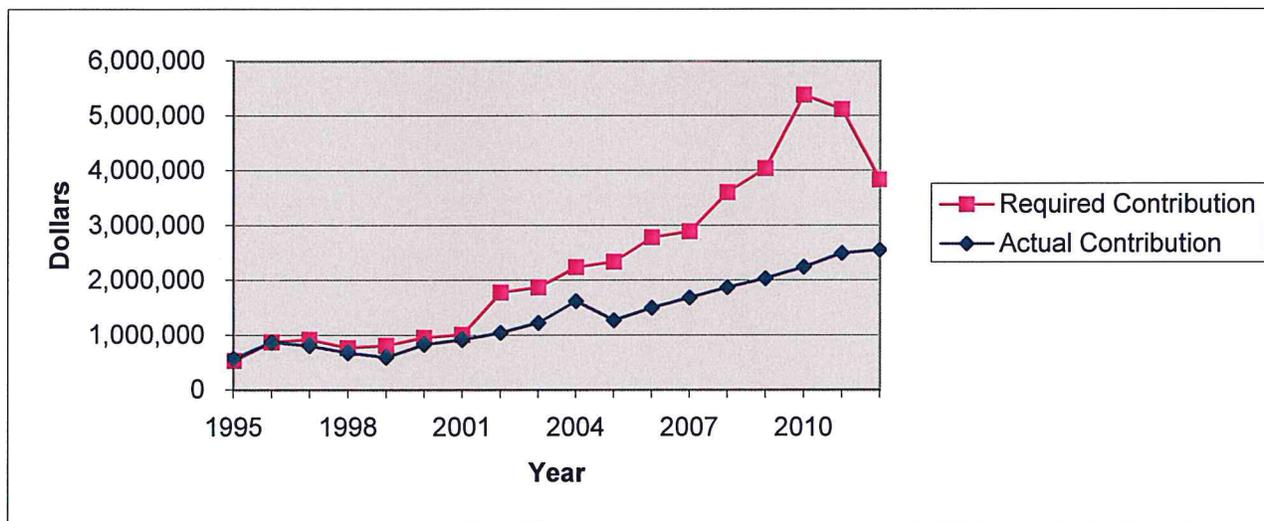
CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2013

SUPPLEMENTARY INFORMATION REQUIRED BY GASB

SCHEDULE OF FUNDING PROGRESS BASED ON FISCAL YEAR

Fiscal Year Ended June 30	Annual Required Contributions	Actual Contribution	Percentage Contributed
1995	541,400	582,900	107.67%
1996	883,300	873,800	98.92%
1997	925,200	812,600	87.83%
1998	776,500	683,900	88.07%
1999	815,800	599,900	73.54%
2000	964,800	834,711	86.52%
2001	1,015,000	923,954	91.03%
2002	1,787,161	1,048,297	58.66%
2003	1,877,432	1,227,415	65.38%
2004	2,246,572	1,625,945	72.37%
2005	2,345,116	1,275,244	54.38%
2006	2,785,751	1,501,784	53.91%
2007	2,899,920	1,690,335	58.29%
2008	3,609,894	1,877,860	52.02%
2009	4,048,303	2,039,388	50.38%
2010	5,388,980	2,249,457	41.74%
2011	5,125,675	2,498,651	48.75%
2012	3,842,585	2,559,636	66.61%



CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2013

SUPPLEMENTARY INFORMATION REQUIRED BY GASB

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended June 30	Employer Annual Required Contribution (a)	Employer Amount Contributed (b)	Interest on NPO (h)*8.00% (c)	ARC Adjustment (h)/(e) (d)	Amortization Factor (e)	Pension Cost (a)+(c)-(d) (f)	Change in NPO (f)-(b) (g)	NPO Balance NPO + (g) (h)
1999	815,800	599,900	(26,900)	(38,000)	8.8402	826,900	227,000	(108,708)
2000	964,800	834,711	(8,697)	(12,297)	8.5147	968,400	133,689	25,481
2001	1,015,000	923,954	2,038	2,993	8.1630	1,014,046	90,092	115,427
2002	1,787,161	1,048,297	9,234	14,140	7.7833	1,782,255	733,958	848,695
2003	1,877,432	1,227,415	67,896	109,041	7.3731	1,836,287	608,872	1,451,501
2004	2,246,572	1,625,945	116,120	196,864	6.9302	2,165,828	539,883	1,978,802
2005	2,345,116	1,275,244	158,304	285,533	6.4518	2,217,887	942,643	2,900,273
2006	2,785,751	1,501,784	232,022	449,529	8.5595	2,568,244	1,066,460	4,077,424
2007	2,899,920	1,690,335	326,194	476,362	8.5595	2,749,752	1,059,417	5,136,839
2008	3,609,894	1,877,860	410,947	600,133	8.5595	3,420,708	1,542,848	6,679,687
2009	4,048,383	2,039,388	534,375	780,383	8.5595	3,802,375	1,762,987	8,442,674
2010	5,388,980	2,249,457	675,414	986,351	8.5595	5,078,043	2,828,586	11,271,260
2011	5,125,675	2,498,651	901,701	1,316,813	11.2578	4,710,563	2,211,912	13,483,172
2012	3,842,585	2,559,636	1,078,654	1,197,674	11.2578	3,723,565	1,163,929	14,647,101
2013	3,775,872	*						

* Not yet determined

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2013

ACTUARIAL ASSUMPTIONS AND COST METHOD

ACTUARIAL VALUATION DATE:	January 1, 2013
VALUATION INTEREST RATES:	
Pre-retirement period:	7.50%
Post-retirement period:	7.50%
SALARY INCREASES:	4.00%
EMPLOYEE CONTRIBUTION CREDITING RATE:	3.00%
VALUATION MORTALITY:	
Healthy:	2013 430(h) Annuitant & Non-Annuitant
Disabled:	PBGC Table for Disabled Participants receiving Social Security Benefits
TURNOVER:	<u>Fire and DPW:</u> Crocker Sarason T-1 Table <u>All Others:</u> Crocker Sarason T-6 Table
DISABILITY AND DEATH:	<u>Police and Fire:</u> 75% of disabilities and deaths assumed to be service related. <u>All Others:</u> 25% of disabilities and deaths assumed to be service related.
FORM OF PAYMENT:	Life Annuity
PERCENT MARRIED (Females-3 year setback compared to males):	75%
ADMINISTRATIVE EXPENSE:	\$60,000
ASSUMED RETIREMENT AGE:	
Deferred Vested Participants:	Age 62
Active Employees:	<u>Police:</u> Earlier of age 62 or age plus service equal to 80. <u>Fire:</u> Earlier of age 60 or age plus service equal to 85. <u>DPW:</u> Earlier of age 62 or 5 years of service (if later) or age plus service equal to 85. <u>General and Board of Education:</u> Earlier of age 62 or 5 years of service (if later), or age plus service equal to 80

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2013

ACTUARIAL ASSUMPTIONS AND COST METHOD

COMPENSATION BASIS: Rate of annual basic compensation on January 1, excluding overtime, bonuses, commissions, and any other additional compensation.

IRC SECTION 401(a)(17) MAXIMUM COMPENSATION LIMIT: \$255,000

IRC SECTION 415(b) MAXIMUM BENEFIT LIMIT: \$205,000

ASSET VALUATION METHOD:

The actuarial value of assets is calculated as follows:

- (1) the actuarial value at the beginning of the year, plus contributions and expected investment earnings, less benefit payments; plus
- (2) 20% of the difference between the market value at the end of the year and the adjusted actuarial value in (1) above
- (3) Not to exceed 80-120% of the actual market value.

ACTUARIAL COST METHOD: Projected Unit Credit

Under the Projected Unit Credit actuarial cost method, annual contributions are the sum of the normal cost, plus the amortization of the unfunded actuarial accrued liability over a fixed period of years. The normal cost is the sum of the present value of the projected benefit allocable to each participant during the current plan year. The actuarial accrued liability is the actuarial present value of the projected benefits allocable to all participants based on service as of the valuation date. The unfunded actuarial accrued liability is the excess, if any, of the accrued liability over the plan assets. Actuarial gains and losses, resulting from the difference between the actual and expected unfunded accrued liabilities are amortized over 30 years.