

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION FOR
JANUARY 1, 2012

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

**CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM**

**ACTUARIAL VALUATION FOR
JANUARY 1, 2012**

ACTUARIAL STATEMENT

This report is provided to the Plan Sponsor of the City of Rutland as the intended user, and reflects the actuarial valuation for the City of Rutland Employees Retirement System ("Plan") for the 2012 plan year.

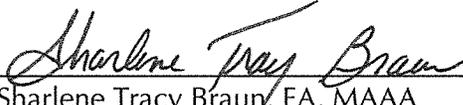
The actuarial valuation for the Plan has been prepared as of January 1, 2012 in accordance with generally accepted actuarial standards and practices, and to the best of my knowledge fairly reflects the actuarial position of the Plan as of the date.

The preparation of the actuarial valuation is based on the employee census data and Plan asset data furnished by the Plan Sponsor and Trustee. 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

3/23/2012
Date

11-2264
Enrollment No.

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INTRODUCTION

This report reflects the actuarial valuation for the City of Rutland Employees Retirement System Plan ("Plan") for the 2012 plan year. The valuation is performed as of the beginning of the plan year, January 1, 2012. The valuation measures the Plan liabilities as of January 1, 2012 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, 2011</u>	<u>January 1, 2012</u>
Participants:	1044	1055
Active:	639	623
Retiree/Beneficiaries:	298	313
Terminated and Inactive:	45	47
Terminated and Vested:	62	72
Total Covered Payroll:	\$ 27,594,551	\$ 27,838,575
Market Value of Plan Assets:	\$ 55,005,52	\$ 55,647,975
Actuarial Value of Plan Assets:	\$ 56,345,063	\$ 59,550,537
Actuarial Accrued Liability:	\$ 79,951,469	\$ 82,683,836
Unfunded Actuarial Accrued Liability:	\$ 23,606,406	\$ 23,133,299
Funded Status of the Plan:	70.47%	72.02%
Recommended Employer Plan Contribution: (end of year)		
Normal Cost:	\$ 1,745,688	\$ 1,721,001
Amortization Payment: (Unfunded Accrued Liability)	\$ 2,096,897 (30 years)	\$ 2,054,871 (30 years)
Total:	\$ 3,842,585	\$ 3,775,872
Percent of Payroll:	13.93%	13.56%
Employer Contribution Paid:	\$ 2,533,377.65	(not yet determined)

Value of Plan Assets

The market value of the assets is \$55,647,975 as of the valuation date, January 1, 2012. The asset reconciliation reflected a gain of approximately 1.55% in 2011, 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 \$59,550,537, which is 107% 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 1/1/2012 is \$82,683,836 based on the current funding assumptions. Compared to the actuarial asset value of \$59,550,537, the plan is 72.02% funded, compared to 70.47% in 2011. This increase in funded status is primarily due to the reflection of the amendment to reduce future benefit accruals for certain Board of Education (BOE) employees (Teachers, Administrators and School Nonaligned Employees). For these employees, the rate of future benefit accruals was reduced from 2% per year to 1% per year, effective 7/1/2010. In addition there was an adjustment to the assumed retirement age (Rule of 80/85) to reflect participation service in calculating the eligibility for the Rule of 80/85, vs. employment service. This increased the duration for funding of benefits for some affected participants, slightly decreasing their normal cost and accrued liability.

While the total plan Unfunded Accrued Liability (UAL) has decreased slightly over the period from 1/1/2011 to 1/1/2012, the City UAL has increased and the BOE UAL has decreased:

	<u>2011</u>	<u>2012</u>
Total Unfunded Accrued Liability:	\$23,606,406	\$23,133,299
City Unfunded Accrued Liability:	\$11,091,436	\$11,406,660
BOE Unfunded Accrued Liability:	\$12,514,971	\$11,726,640

The impact of the Plan amendment discussed above for the BOE employees and the fact that the BOE employer contribution exceeded the 2011 recommended amount, contributed to the reduction 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

There were no changes in actuarial assumptions for the 2012 valuation. For the Police division, an adjustment in the funding method was made to allocate the increased accrual of 2.5% of pay for each year service on and after 1/1/2007 to those respective years. This did not have a material effect but is consistent with how the funding method is applied to the other divisions.

Change in Plan Provisions

There were no changes in Plan provisions reflected in this valuation.

Employee Data

Based on employee data provided by the City, the covered employee group increased from 1044 to 1055. Active participants decreased from 639 to 623; the retired participants increased from 298 to 313; terminated participants increased from 107 to 119 and terminated vested participants increased from 62 to 72.

Recommended Employer Contribution for 2012

The recommended employer contribution for 2012 is \$3,775,872 which is 13.56% of covered payroll compared to \$3,842,585 in 2011 (13.93% of payroll). The recommended employer contribution for the City is \$1,959,704 which is 26.19% of payroll, compared to \$1,962,173 in 2011 (26.83% of payroll). The recommended employer contribution for the Board of Education is \$1,816,168 which is 8.92% of payroll, compared to \$1,880,413 in 2011 (9.27% of payroll).

In the City portion of the Plan, the recommended contribution for the DPW and the General divisions reduced slightly. In the DPW division this was due primarily to the retirement of older participants and a transfer of a participant to another division. These employees were replaced by younger workers whose normal cost was less; 2 deaths occurred in the retire group. In the General division the reduction occurred as a result of similar employee turnover – older workers terminating and being replaced by younger workers, and a death of a retiree.

In the Board of Education portion of the Plan, the reduction in the recommended contribution was primarily due to the elimination of some employee positions and the adjustment of the assumed retirement age to reflect age plus participation service in meeting the Rule of 85 (for funding purposes).

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

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SUMMARY OF ACTUARIAL VALUATION

Summary of Contribution for the Plan Year	2011	2012
Recommended Contribution:	3,842,585	3,775,872
Actual Contribution:	2,533,378	----
Participant Data		
Participants currently employed:	639	623
Terminated Participants :	107	119
Retired Participants receiving benefits:	298	313
Total participants included in current year valuation:	1,044	1,055
Aggregate compensation of active participants, as limited under 401(a)(17):	27,594,551	27,838,575
Average annual compensation:	43,184	44,685
Asset Data		
Fair market value of Plan assets:	55,005,527	55,647,975
Actuarial asset value:	56,345,063	59,550,538
IRS determined rate of return on market value during year prior to valuation date:	10.48%	1.55%
Summary of Funding and Recommended Contribution		
Actuarial Accrued Liability:	79,951,469	82,683,836
Actuarial Value of Assets:	56,345,063	59,550,538
Unfunded Actuarial Accrued Liability:	23,606,406	23,133,298
Normal Cost as of the end of the Plan Year:	1,745,688	1,721,001
Amortization of Unfunded Liability as of the end of the Plan Year: (based on 30 year amortization)	2,096,897	2,054,871
Total Recommended Contribution:	3,842,585	3,775,872
Funded ratio:	70.47%	72.02%
Valuation Date:	01/01/2011	01/01/2012

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
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SUMMARY OF ACTUARIAL VALUATION

	Police	Fire	DPW	General	City Total	Board of Education	Total
Total Normal Cost:	\$402,954	\$216,293	\$320,510	\$199,587	\$1,139,344	\$1,517,431	\$2,656,775
Expected Employee Contributions:	\$142,370	\$66,261	\$45,592	\$32,514	\$286,738	\$836,518	\$1,123,256
Administrative Expenses:	\$6,583	\$6,241	\$6,367	\$4,572	\$23,763	\$36,237	\$60,000
Employer Normal Cost as of January 1, 2012: (1) - (2) + (3)	\$267,167	\$156,273	\$281,285	\$171,645	\$876,370	\$717,149	\$1,593,519
Actuarial Accrued Liability:	\$9,071,812	\$8,600,819	\$8,774,204	\$6,300,700	\$32,747,536	\$49,936,301	\$82,683,836
Actuarial Value of Assets:	\$5,911,908	\$5,604,972	\$5,717,963	\$4,106,033	\$21,340,876	\$38,209,661	\$59,550,537
Unfunded Actuarial Accrued Liability (UAAL) (5) - (6):	\$3,159,904	\$2,995,847	\$3,056,241	\$2,194,667	\$11,406,660	\$11,726,640	\$23,133,299
Amortization of UAAL Over 30 Years Payable December 31, 2012:	\$280,686	\$266,113	\$271,478	\$194,947	\$1,013,224	\$1,041,647	\$2,054,871
Employer Normal Cost as of December 31, 2012:	\$288,541	\$168,775	\$303,787	\$185,376	\$946,480	\$774,521	\$1,721,001
Covered Payroll:	\$2,252,691	\$1,325,220	\$2,279,624	\$1,625,708	\$7,483,243	\$20,355,332	\$27,838,575
Total Recommended Plan Contribution for 2012 Plan Year:	\$711,597	\$501,149	\$620,858	\$412,837	\$2,246,441	\$2,652,686	\$4,899,128
Total Plan Contribution as a % of Covered Payroll:	31.59%	37.82%	27.24%	25.39%	30.02%	13.03%	17.60%
Expected Employee Contributions:	\$142,370	\$66,261	\$45,592	\$32,514	\$286,738	\$836,518	\$1,409,993
Expected Employee Contributions as a % of Covered Payroll:	6.32%	5.00%	2.00%	2.00%	3.83%	4.11%	5.06%
Recommended Employer Contribution Payable December 31, 2012 (8) + (9):	\$569,227	\$434,888	\$575,265	\$380,323	\$1,959,704	\$1,816,168	\$3,775,872
Recommended Employer Contribution as a % of Covered Payroll:	25.27%	32.82%	25.24%	23.39%	26.19%	8.92%	13.56%

CITY OF RUTLAND
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SUMMARY OF PLAN ASSET EXPERIENCE DURING THE PLAN YEAR

Summary of Income, Expenses and Rate of Return	2010	2011
1. Asset Fair Market Value at January 1:	49,789,830	55,005,527
2. Employer Contribution to the Plan:	2,378,401	2,341,353
3. Employee Contributions to the Plan:	1,109,869	1,008,823
4. Benefit Payments made from the Plan:	(3,490,271)	(3,853,461)
5. Fees Paid:	(74,610)	(95,017)
6. Net Investment Earnings (including realized and unrealized amounts):	5,292,308	945,008
7. Asset Fair Market Value at December 31 (1+2+3+4+5+6):	55,005,527	55,352,232
8. Receivable Contribution for prior Plan Year:	0	295,743
9. Total Plan Assets:	55,005,527	55,647,975
10. IRS determined annual rate of return for year:	10.48%	1.55%

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
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ACTUARIAL VALUATION AS OF
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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:	34,847,229	20,158,299
2. Employer Contribution to the Plan:	1,763,853	577,500
3. Employee Contributions to the Plan:	757,664	251,158
4. Benefit Payments made from the Plan:	(2,366,023)	(1,487,439)
5. Fees Paid:	(60,195)	(34,822)
6. Net Investment Earnings (including realized and unrealized amounts):	602,584	342,422
7. Asset Fair Market Value at December 31 (1+2+3+4+5+6):	35,545,112	19,807,119
8. Receivable Contribution for prior Plan Year:	274,664	21,079
9. Total Plan Assets:	35,819,777	19,828,198
10. IRS determined annual rate of return for year:	1.55%	1.55%

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
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DETERMINATION OF ACTUARIAL VALUE OF ASSETS

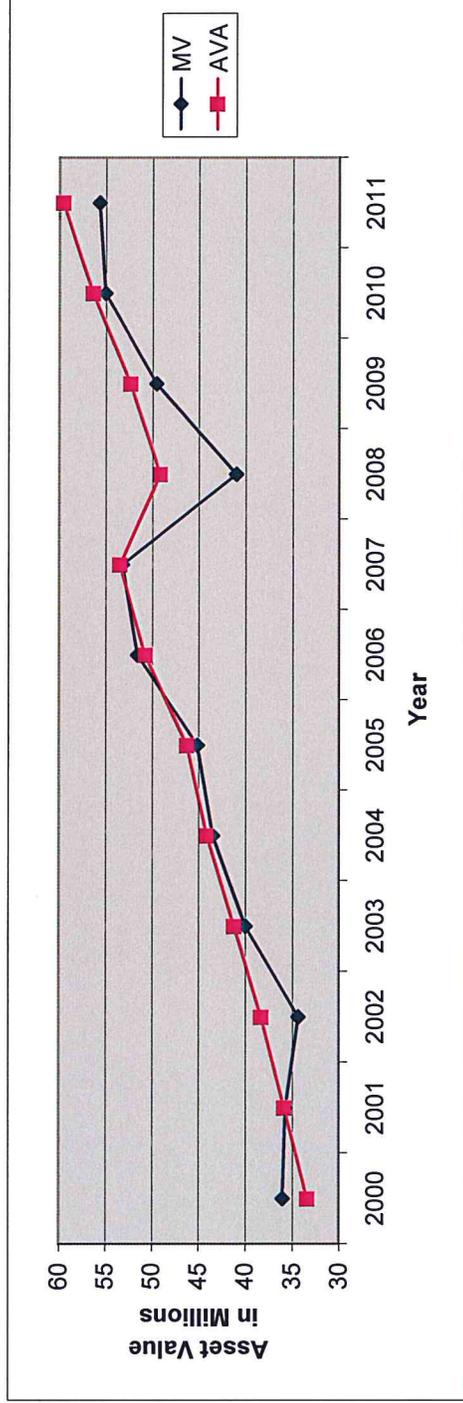
	Year End	
	12/31/2010	12/31/2011
1. Actuarial value of assets at beginning of year:	52,555,207	56,345,063
2. Contribution less benefit payments and operating expenses:	(76,612)	(598,302)
3. Average actuarial value of the fund, 1 + 50%(2):	52,516,901	56,045,913
4. Assumed net investment income, 8%(3):	4,201,352	4,483,673
5. Preliminary value of assets at the end of the year, 1+2+4:	56,679,947	60,230,436
6. Market Value of assets at the end of the year (excludes receivables):	55,005,527	55,352,231
7. Smoothing adjustment, 20%(6-5):	(334,884)	(975,641)
8. Actuarial value of assets, 5+7 but not <80% or >120% of 6:	56,345,063	59,254,795
9. Contribution receivables:	0	295,743
10. Final actuarial value of assets, 8+9:	56,345,063	59,550,538
11. Actuarial value of assets as a percent of market value of assets, 8/(6):	102.44%	107.05%
12. Allocation of Actuarial Value of Assets		
City of Rutland:	20,732,110	21,340,877
Board of Education:	35,612,953	38,209,661
Total:	56,345,063	59,550,538

CITY OF RUTLAND
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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



CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
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RECONCILIATION OF PARTICIPANT DATA

A. Actively Employed Participants	2011	2012	Change
1. City of Rutland			
a. Police:	46	45	
b. Fire:	28	28	
c. DPW:	51	51	
d. General:	29	27	
e. Total:	154	151	
2. Board of Education:	485	472	
3. Total Plan:	639	623	-2.50%
B. Terminated and Inactive Participants			
1. City of Rutland			
a. Police:	5	7	
b. Fire:	1	1	
c. DPW:	6	8	
d. General:	10	10	
e. Total:	22	26	
2. Board of Education:	85	93	
3. Total Plan:	107	119	11.21%
4. Total Terminated Non-Vested Participants:	45	47	
5. Total Terminated Vested and Inactive Participants:	62	72	
C. Retired Participants/Beneficiaries in Pay Status			
1. City of Rutland			
a. Police:	17	18	
b. Fire:	24	26	
c. DPW:	27	28	
d. General:	25	25	
e. Total:	93	97	
2. Board of Education:	205	216	
3. Total Plan:	298	313	5.03%
D. Total Participants at end of plan year (A3+B3+C3):	1,044	1,055	1.05%

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
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RECOMMENDED CONTRIBUTION FOR THE ENTIRE PLAN

	2011	% of Payroll	2012	% of Payroll
1. Total normal cost as of January 1:	2,695,151	9.77%	2,656,775	9.54%
2. Administrative expenses:	60,000	0.22%	60,000	0.22%
3. Expected employee contributions:	(1,138,773)	4.13%	(1,123,256)	4.03%
4. Employer normal cost, 1+2+3:	1,616,378	5.86%	1,593,519	5.72%
5. Actuarial accrued liability:				
Active Participants:	45,043,951		44,604,208	
Terminated Vested Participants:	2,250,895		2,668,500	
Retirees and Beneficiaries:	32,656,623		35,411,129	
Total:	79,951,469		82,683,837	
6. Actuarial value of assets:	56,345,063		59,550,537	
7. Unfunded actuarial accrued liability:	23,606,406		23,133,299	
8. Employer normal cost projected to December 31:	1,745,688		1,721,001	
9. Payment on unfunded actuarial accrued liability:	2,096,897	7.60%	2,054,871	7.38%
10. Total recommended contribution, 8+9:	3,842,585	13.93%	3,775,872	13.56%
11. Annualized Payroll:	27,594,551		27,838,575	
12. Funded Status:	70.47%		72.02%	

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RECOMMENDED CONTRIBUTION FOR CITY EMPLOYEES

	2011	% of Payroll	2012	% of Payroll
1. Total normal cost as of January 1:	1,161,027	15.87%	1,139,344	15.23%
2. Administrative expenses:	34,882	0.33%	23,763	0.32%
3. Expected employee contributions:	(280,327)	3.83%	(286,738)	3.83%
4. Employer normal cost, 1+2+3:	904,582	12.37%	876,370	11.71%
5. Actuarial accrued liability:				
Active Participants:	18,809,971		18,500,529	
Terminated Vested Participants:	684,431		872,015	
Retirees and Beneficiaries:	12,329,143		13,374,991	
Total:	31,823,546		32,747,535	
6. Actuarial value of assets:	20,732,110		21,340,876	
7. Unfunded actuarial accrued liability:	11,091,436		11,406,659	
8. Employer normal cost projected to December 31:	976,949		946,480	
9. Payment on unfunded actuarial accrued liability:	985,224	13.47%	1,013,224	13.54%
10. Total recommended contribution, 8+9:	1,962,173	26.83%	1,959,704	26.19%
11. Annualized Payroll:	7,314,395		7,483,243	
12. Funded Status:	65.15%		65.17%	

CITY OF RUTLAND
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ACTUARIAL VALUATION AS OF
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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.

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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> <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:	6.32% of compensation after 01/01/2007.

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2012

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, 2012

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> <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:	5.0% of compensation after 01/01/2008.

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2012

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, 2012

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, 2012

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, 2012

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> <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, 2012

RECOMMENDED CONTRIBUTION FOR BOARD OF EDUCATION EMPLOYEES

	2011	% of Payroll	2012	% of Payroll
1. Total normal cost as of January 1:	1,534,124	7.56%	1,517,431	7.45%
2. Administrative expenses:	36,118	0.18%	36,237	0.18%
3. Expected employee contributions:	(858,446)	4.23%	(836,518)	4.11%
4. Employer normal cost, 1+2+3:	711,796	3.51%	717,149	3.52%
5. Actuarial accrued liability:				
Active Participants:	26,233,980		26,103,679	
Terminated Vested Participants:	1,566,464		1,796,484	
Retirees and Beneficiaries:	20,327,480		22,036,138	
Total:	48,127,924		49,936,301	
6. Actuarial value of assets:	35,612,953		38,209,661	
7. Unfunded actuarial accrued liability:	12,514,971		11,726,640	
8. Employer normal cost projected to December 31:	768,740		774,521	
9. Payment on unfunded actuarial accrued liability:	1,111,673	5.48%	1,041,647	5.12%
10. Total recommended contribution, 8+9:	1,880,413	9.27%	1,816,168	8.92%
11. Annualized Payroll:	20,280,156		20,355,332	
12. Funded Status:	74.00%		76.52%	

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2012

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, 2012

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> <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:	Variable rates based on employee groups.

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2012

SUPPLEMENTARY INFORMATION REQUIRED BY GASB

GASB ASSUMPTIONS

ACTUARIAL VALUATION DATE:	January 1, 2012
ACTUARIAL COST METHOD:	Pro-rata projected unit credit
AMORTIZATION METHOD:	Level Dollar, open
REMAINING AMORTIZATION PERIOD:	30 years as of January 1, 2012
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:	8.00%
Projected salary increases:	5.00%
PLAN MEMBERSHIP:	
Retired participants and beneficiaries receiving benefits:	313
Terminated participants entitled to future benefits:	72
Active Participants:	623
Total:	<u>1,008</u>

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2012

SUPPLEMENTARY INFORMATION REQUIRED BY GASB

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued 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%

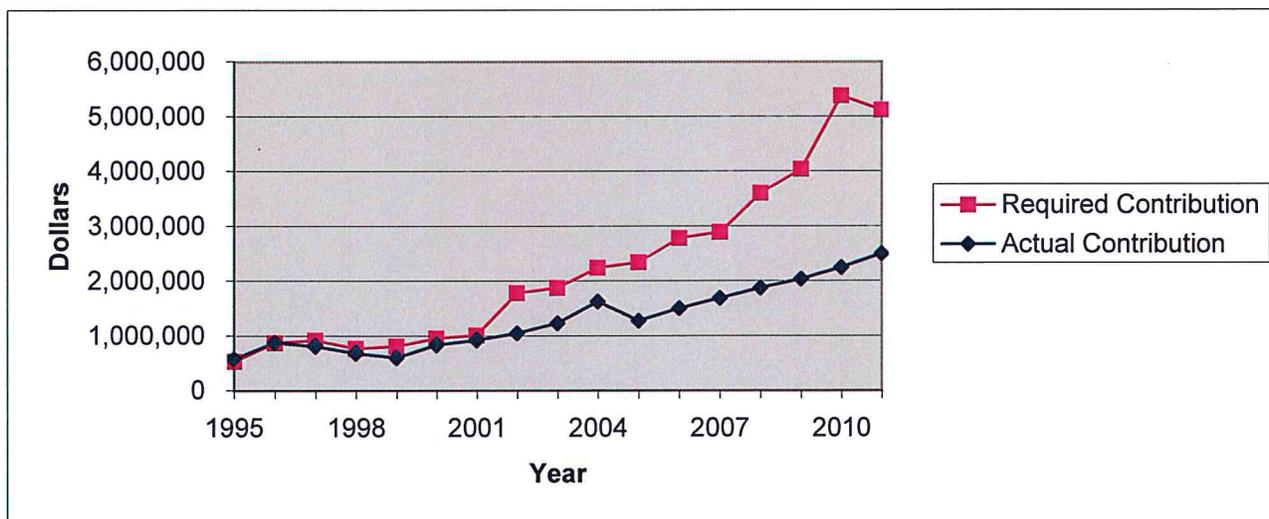
CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2012

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%



CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2012

SUPPLEMENTARY INFORMATION REQUIRED BY GASB

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended June 30	Employer Annual 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	*						

* Not yet determined

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2012

ACTUARIAL ASSUMPTIONS AND COST METHOD

ACTUARIAL VALUATION DATE:	January 1, 2012
VALUATION INTEREST RATES:	
Pre-retirement period:	8.00%
Post-retirement period:	8.00%
SALARY INCREASES:	5.00%
EMPLOYEE CONTRIBUTION CREDITING RATE:	3.00%
VALUATION MORTALITY:	
Healthy:	1994 Group Annuity Mortality Table M/F
Disabled:	PBGC Table for Disabled Participants receiving Social Security Benefits
TURNOVER:	Crocker Sarason Straight T-1
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>Fire and Police:</u> Earlier of age 60 or age plus service equal to 80. <u>DPW:</u> Earlier of age 62 or 5 years of service (if later) or age plus service equal to 80. <u>General and Board of Education:</u> Earlier of age 62 or 5 years of service (if later), or age plus service equal to 85.

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2012

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: \$250,000

IRC SECTION 415(b) MAXIMUM BENEFIT LIMIT: \$200,000

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.