

**CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM**

**ACTUARIAL VALUATION FOR
JANUARY 1, 2010**

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

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**CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM**

**ACTUARIAL VALUATION FOR
JANUARY 1, 2010**

ACTUARIAL STATEMENT

The actuarial valuation for this Plan has been prepared as of January 1, 2010 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 that date.

The preparation of the actuarial valuation is based on the employee census and Plan asset data furnished by the Plan Sponsor and Trustee, and the retirement plan provisions outlined herein.

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



S. Tracy Braun, MA, AA, MSPA
Enrolled Actuary 08-02264

6/23/2010

Date

INTRODUCTION

This draft report reflects the actuarial valuation for the City of Rutland Employees Retirement System Plan ("Plan") for the 2010 plan year. The valuation is performed as of the beginning of the plan year, January 1, 2010. The valuation measures the Plan liabilities as of January 1, 2010 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, 2009</u>	<u>January 1, 2010</u>
Participants:	1018	1033
Active:	650	645
Retiree/Beneficiaries:	265	285
Term Vested:	103	103
Total Covered Payroll:	\$ 26,389,650	\$ 26,914,829
Market Value of Plan Assets:	\$ 41,238,838	\$ 49,789,830
Actuarial Value of Plan Assets:	\$ 49,414,401	\$ 52,555,207
Actuarial Accrued Liability:	\$ 71,277,825	\$ 76,305,676
Unfunded Actuarial Accrued Liability:	\$ 21,863,424	\$ 23,750,472
Funded Status of the Plan:	69%	69%
Recommended Employer Plan Contribution: (end of year)		
Normal Cost:	\$ 2,834,683	\$ 3,015,982
Amortization Payment: (Unfunded Accrued Liability)	\$ 2,554,207 (15 years)	\$ 2,109,693 (30 years)
Total:	\$ 5,388,980	\$ 5,125,675
Percent of Payroll:	20.42%	19.04%
Employer Contribution Paid:	\$ 2,039,388	(not yet determined)

Consideration of Increase in Amortization Period

The Pension Board voted to increase the amortization period for the Unfunded Accrued Liability from 15 years to 30 years, reducing the amortization payment from \$2,774,759 to \$2,109,693.

Value of Plan Assets

The assets are valued based on the market value as of the valuation date, January 1, 2010. The asset reconciliation reflected a gain of approximately 21% in 2009, versus the expected return of 8%.

For purposes of determining the recommended contribution for the 2010, 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 \$52,555,207, which is 105.6% of the market value of assets. The actuarial value of assets includes a receivable employer contribution of \$277,500 made in January of 2010.

Funded Status

The actuarial accrued liability under the Plan as of 1/1/2010 is \$76,305,676 based on the current funding assumptions. Compared to the actuarial asset value of \$52,555,207, the plan is 69% funded, compared to 69% in 2009 and 85% in 2007. Even though the asset return improved, because total plan contributions were less than the recommended amount, the funded status of the Plan has not improved.

Change in Funding Method/Actuarial Assumptions

There were no changes in the funding method or the actuarial assumptions for the 2010 valuation.

Change in Plan Provisions

There were no changes in Plan provisions reflected in this valuation. An amendment was executed which will become effective in July of 2010 to reduce future benefit accruals for Board of Education participants who are covered under alternate retirement systems. This amendment will be reflected in the January 1, 2011 plan valuation.

Funded Status

The Unfunded Accrued Liability has increased over the period from 2009 to 2010

<u>2009</u>	<u>2010</u>
\$21,863,424	\$23,750,472

The increase from 2009 to 2010 is primarily due to the fact that plan contributions were less than the recommended amount for 2009.

Employee Data

Based on employee data provided by the City, the covered employee group increased from 1018 to 1033. Active participants decreased from 650 to 645; the retired participants increased from 265 to 285; terminated participants remained level at 103.

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2010

SUMMARY OF ACTUARIAL VALUATION

Summary of Contribution for the Plan Year	2009	2010
Recommended Contribution:	5,388,980	5,790,741
Actual Contribution:	2,141,794	----
Participant Data		
Participants currently employed:	650	645
Terminated Participants entitled to vested benefits:	103	103
Retired Participants receiving benefits:	265	285
Total participants included in current year valuation:	1,018	1,033
Aggregate compensation of active participants, as limited under 401(a)(17):	26,389,650	26,914,829
Average annual compensation:	40,599	41,728
Asset Data		
Fair market value of Plan assets:	41,238,838	49,789,830
Actuarial asset value:	49,414,401	52,555,207
IRS determined rate of return on market value during year prior to valuation date:	-23.90%	20.84%
Summary of Funding and Recommended Contribution		
Actuarial Accrued Liability:	71,277,825	76,305,676
Actuarial Value of Assets:	49,414,401	52,555,207
Unfunded Actuarial Accrued Liability:	21,863,424	23,750,469
Normal Cost as of the end of the Plan Year:	2,834,683	3,015,982
Amortization of Unfunded Liability as of the end of the Plan Year: (based on 15 year amortization)	2,554,297	2,774,759
Total Recommended Contribution:	5,388,980	5,790,741
Funded ratio:	69%	69%
Valuation Date:	01/01/2009	01/01/2010

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2010

SUMMARY OF ACTUARIAL VALUATION

30 YEAR AMORTIZATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

	Police	Fire	DPW	General	Board of Education	Total
Total Normal Cost:	\$389,350	\$201,321	\$368,281	\$237,579	\$2,601,619	\$3,798,150
Expected Employee Contributions:	\$142,228	\$58,496	\$45,057	\$34,960	\$784,832	\$1,065,573
Administrative Expenses:	\$6,468	\$6,633	\$6,360	\$4,748	\$35,791	\$60,000
Employer Normal Cost as of January 1, 2010: (1) - (2) +(3)	\$253,590	\$149,458	\$329,584	\$207,366	\$1,852,578	\$2,792,576
Actuarial Accrued Liability:	\$8,225,540	\$8,436,053	\$8,087,824	\$6,038,337	\$45,517,922	\$76,305,676
Actuarial Value of Assets:	\$5,288,867	\$5,424,223	\$5,200,318	\$3,882,537	\$32,759,262	\$52,555,207
Unfunded Actuarial Accrued Liability (UAAL) (5) - (6):	\$2,936,673	\$3,011,830	\$2,887,506	\$2,155,800	\$12,758,660	\$23,750,469
Amortization of UAAL Over 30 Years Payable December 31, 2010:	\$260,857	\$267,533	\$256,490	\$191,494	\$1,133,319	\$2,109,693
Employer Normal Cost as of December 31, 2010:	\$273,877	\$161,415	\$355,950	\$223,955	\$2,000,784	\$3,015,982
Covered Payroll:	\$2,250,441	\$1,169,917	\$2,252,861	\$1,748,021	\$19,493,589	\$26,914,829
Total Recommended Plan Contribution for 2010 Plan Year:	\$676,962	\$487,444	\$657,497	\$450,410	\$3,918,935	\$6,191,249
Total Plan Contribution as a % of Covered Payroll:	30.08%	41.66%	29.18%	25.77%	20.10%	23.00%
Expected Employee Contributions:	\$142,228	\$58,496	\$45,057	\$34,960	\$784,832	\$1,065,573
Expected Employee Contributions as a % of Covered Payroll:	6.32%	5.00%	2.00%	2.00%	4.03%	3.96%
Recommended Employer Contribution Payable December 31, 2010 (8) + (9):	\$534,734	\$428,948	\$612,440	\$415,449	\$3,134,103	\$5,125,675
Recommended Employer Contribution as a % of Covered Payroll:	23.76%	36.66%	27.18%	23.77%	16.08%	19.04%

**CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM**

**ACTUARIAL VALUATION AS OF
JANUARY 1, 2010**

SUMMARY OF PLAN ASSET EXPERIENCE DURING THE PLAN YEAR

Summary of Income, Expenses and Rate of Return	2008	2009
1. Asset Fair Market Value at January 1:	53,172,934	41,238,838
2. Employer Contribution to the Plan:	2,682,486	1,864,294
3. Employee Contributions to the Plan:	918,085	1,015,802
4. Benefit Payments made from the Plan:	(2,928,526)	(3,172,215)
5. Fees Paid:	(118,835)	(90,857)
6. Net Investment Earnings (including realized and unrealized amounts):	(12,788,325)	8,656,468
7. Asset Fair Market Value at December 31 (1+2+3+4+5+6):	40,937,819	49,512,330
8. Receivable Contribution for prior Plan Year:	301,019	277,500
9. Total Plan Assets:	41,238,838	49,789,830
10. IRS determined annual rate of return for year:	-23.90%	20.84%

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. As a result the allocation of assets as of 01/01/2009 are as follows:

City of Rutland:	15,893,967
Board of Education:	25,344,871
Total Assets:	41,238,838

See following page for allocation as of January 1, 2010

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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:	25,344,871	15,893,967
2. Employer Contribution to the Plan:	1,609,294	255,000
3. Employee Contributions to the Plan:	737,755	278,047
4. Benefit Payments made from the Plan:	(1,928,897)	(1,243,318)
5. Fees Paid:	(55,839)	(35,017)
6. Net Investment Earnings (including realized and unrealized amounts):	5,383,110	3,273,358
7. Asset Fair Market Value at December 31 (1+2+3+4+5+6):	31,090,294	18,422,037
8. Receivable Contribution for prior Plan Year:	0	277,500
9. Total Plan Assets:	31,090,294	18,699,537
10. IRS determined annual rate of return for year:	20.84%	20.84%

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2010

DETERMINATION OF ACTUARIAL VALUE OF ASSETS

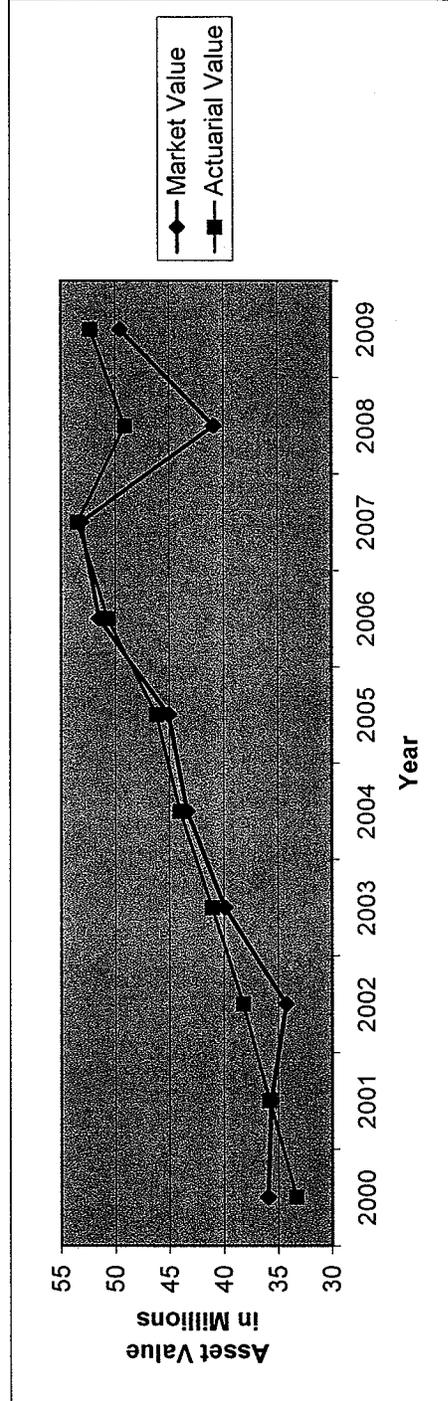
	Year End	
	12/31/2008	12/31/2009
1. Actuarial value of assets at beginning of year:	53,455,121	49,414,401
2. Contribution less benefit payments and operating expenses:	553,210	(383,175)
3. Average actuarial value of the fund, 1 + 50%(2):	53,731,726	49,222,814
4. Assumed net investment income, 8%(3):	4,298,538	3,937,825
5. Preliminary value of assets at the end of the year, 1+2+4:	58,306,869	52,969,051
6. Market Value of assets at the end of the year (excludes receivables):	40,927,819	49,512,330
7. Smoothing adjustment, 20%(6-5):	(3,475,810)	(691,344)
8. Actuarial value of assets, 5+7 but not <80% or >120% of 6:	49,113,383	52,277,707
9. Contribution receivables:	301,019	277,500
10. Final actuarial value of assets, 8+9:	49,414,401	52,555,207
11. Actuarial value of assets as a percent of market value of assets, 8/(6):	120.00%	105.59%
12. Allocation of Actuarial Value of Assets		
City of Rutland:	19,044,310	19,795,945
Board of Education:	30,370,091	32,759,262
Total:	49,414,401	52,555,207

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2010

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



CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
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RECONCILIATION OF PARTICIPANT DATA

A. Actively Employed Participants	2009	2010	Change
1. City of Rutland			
a. Police:	51	48	
b. Fire:	25	25	
c. DPW:	55	52	
d. General:	34	32	
e. Total:	165	157	
2. Board of Education:	485	488	
3. Total Plan:	650	645	-0.77%
B. Terminated Vested and Inactive Participants			
1. City of Rutland			
a. Police:	3	4	
b. Fire:	2	1	
c. DPW:	3	6	
d. General:	7	10	
e. Total:	15	21	
2. Board of Education:	88	82	
3. Total Plan:	103	103	0.00%
C. Retired Participants/Beneficiaries in Pay Status			
1. City of Rutland			
a. Police:	13	16	
b. Fire:	23	25	
c. DPW:	24	26	
d. General:	23	23	
e. Total:	83	90	
2. Board of Education:	182	195	
3. Total Plan:	265	285	7.55%
D. Total Participants at end of plan year (A3+B3+C3):	1,018	1,033	1.47%

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
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RECOMMENDED CONTRIBUTION FOR THE ENTIRE PLAN

	2009	% of Payroll	2010	% of Payroll
1. Total normal cost as of January 1:	3,587,342	13.59%	3,798,150	14.11%
2. Administrative expenses:	60,000	0.23%	60,000	0.22%
3. Expected employee contributions:	(1,022,635)	3.88%	(1,065,573)	3.96%
4. Employer normal cost, 1+2+3:	2,624,706	9.95%	2,792,576	10.38%
5. Actuarial accrued liability:				
Active Participants:	41,423,424		44,287,906	
Terminated Vested Participants:	2,668,800		2,042,437	
Retirees and Beneficiaries:	27,185,601		29,975,333	
Total:	71,277,825		76,305,676	
6. Actuarial value of assets:	49,414,401		52,555,207	
7. Unfunded actuarial accrued liability:	21,863,424		23,750,469	
8. Employer normal cost projected to December 31:	2,834,683		3,015,982	
9. Payment on unfunded actuarial accrued liability:	2,554,297	9.68%	2,109,693	7.84%
10. Total recommended contribution, 8+9:	5,388,980	20.42%	5,125,675	19.04%
11. Annualized Payroll:	26,389,650		26,914,829	
12. Funded Status:	69.33%		68.87%	

CITY OF RUTLAND
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ACTUARIAL VALUATION AS OF
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RECOMMENDED CONTRIBUTION FOR CITY EMPLOYEES

	2009	% of Payroll	2010	% of Payroll
1. Total normal cost as of January 1:	1,127,286	15.04%	1,196,531	16.12%
2. Administrative expenses:	24,125	0.32%	24,209	0.33%
3. Expected employee contributions:	(285,040)	3.80%	(280,741)	3.78%
4. Employer normal cost, 1+2+3:	866,371	11.56%	939,998	12.67%
5. Actuarial accrued liability:				
Active Participants:	17,284,636		18,883,754	
Terminated Vested Participants:	487,931		567,810	
Retirees and Beneficiaries:	10,886,622		11,336,191	
Total:	28,659,189		30,787,755	
6. Actuarial value of assets:	19,044,310		19,795,945	
7. Unfunded actuarial accrued liability:	9,614,879		10,991,810	
8. Employer normal cost projected to December 31:	935,679		1,015,198	
9. Payment on unfunded actuarial accrued liability:	1,123,304	14.99%	976,374	13.16%
10. Total recommended contribution, 8+9:	2,058,983	27.48%	1,991,572	26.84%
11. Annualized Payroll:	7,493,632		7,421,240	
12. Funded Status:	66.45%		64.30%	

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2010

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.
NORMAL RETIREMENT DATE:	First day of the month following: (1) Age plus service equals 75, with mandatory retirement age of 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:	<p>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.</p> <p>Participant may elect a return of employee contributions in lieu of the retirement benefit</p>
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
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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.
NORMAL RETIREMENT DATE:	First day of the month following: (1) Age plus service equals 75, with mandatory retirement age of 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, 2010

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:	<p>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.</p> <p>Participant may elect a return of employee contributions in lieu of the retirement benefit</p>
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.

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EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2010

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.
NORMAL RETIREMENT DATE:	First day of the month following earlier of: (1) Age plus 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, 2010

SUMMARY OF PRINCIPAL PLAN PROVISIONS - DPW

DISABILITY RETIREMENT:

Non-Service Related: No age requirement; 15 years of participation. Benefit is accrued benefit at date of disability.

Service Related: 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

PRE-RETIREMENT DEATH BENEFIT:

Non Service Related:

- (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.

Service Related:

- (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, 2010

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.
NORMAL RETIREMENT DATE:	First day of the month following earlier of: (1) Age plus 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
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CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2010

SUMMARY OF PRINCIPAL PLAN PROVISIONS - GENERAL

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EMPLOYEE CONTRIBUTIONS:

2.0% of compensation

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2010

RECOMMENDED CONTRIBUTION FOR BOARD OF EDUCATION EMPLOYEES

	2009	% of Payroll	2010	% of Payroll
1. Total normal cost as of January 1:	2,460,056	13.02%	2,601,619	13.35%
2. Administrative expenses:	35,875	0.19%	35,791	0.18%
3. Expected employee contributions:	(737,595)	3.90%	(784,832)	4.03%
4. Employer normal cost, 1+2+3:	1,758,336	9.31%	1,852,578	9.50%
5. Actuarial accrued liability:				
Active Participants:	24,138,789		25,404,152	
Terminated Vested Participants:	2,180,869		1,474,628	
Retirees and Beneficiaries:	16,298,979		18,639,142	
Total:	42,618,637		45,517,922	
6. Actuarial value of assets:	30,370,091		32,759,262	
7. Unfunded actuarial accrued liability:	12,248,546		12,758,660	
8. Employer normal cost projected to December 31:	1,899,003		2,000,784	
9. Payment on unfunded actuarial accrued liability:	1,430,993	7.57%	1,133,319	5.81%
10. Total recommended contribution, 8+9:	3,329,996	17.62%	3,134,103	16.08%
11. Annualized Payroll:	18,896,018		19,493,589	
12. Funded Status:	71.26%		71.97%	

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2010

SUMMARY OF PRINCIPAL PLAN PROVISIONS - BOARD OF EDUCATION

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CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2010

SUMMARY OF PRINCIPAL PLAN PROVISIONS - BOARD OF EDUCATION

DISABILITY RETIREMENT:

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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, 2010

SUPPLEMENTARY INFORMATION REQUIRED BY GASB

GASB ASSUMPTIONS

ACTUARIAL VALUATION DATE:	January 1, 2010
ACTUARIAL COST METHOD:	Pro-rata projected unit credit
AMORTIZATION METHOD:	Level Dollar, open
REMAINING AMORTIZATION PERIOD:	30 years as of January 1, 2010
EMPLOYEE CONTRIBUTION CREDITING RATE:	3.00%
ASSET VALUATION METHOD:	20% Smoothing of investment returns greater or less than
ACTUARIAL ASSUMPTIONS:	
Investment rate of return:	8.00%
Projected salary increases:	5.00%
PLAN MEMBERSHIP:	
Retired participants and beneficiaries receiving benefits:	285
Terminated participants entitled to future benefits:	103
Active Participants:	645
Total:	<u>1,033</u>

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2010

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%

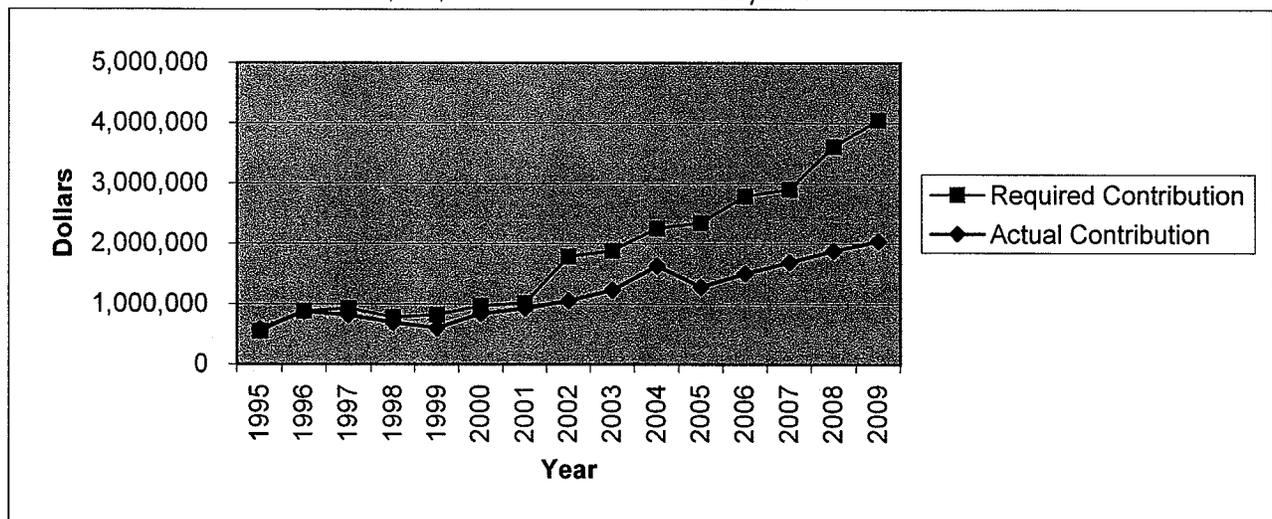
CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2010

SUPPLEMENTARY INFORMATION REQUIRED BY GASB

SCHEDULE OF FUNDING PROGRESS BASED ON FISCAL YEAR

Plan 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	Not yet known	



CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2010

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							

Not yet determined

CITY OF RUTLAND
EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JANUARY 1, 2010

ACTUARIAL ASSUMPTIONS AND COST METHOD

ACTUARIAL VALUATION DATE:	January 1, 2010
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, 2010**

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:	\$245,000
IRC SECTION 415(b) MAXIMUM BENEFIT LIMIT:	\$195,000

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 15 years.