



Centre County Employees' Retirement System

**Report on 2020 Actuarial Valuation Including
Determination of County Actuarially Determined
Contribution for 2020**





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for

Centre County Employees' Retirement Board

Michael Pipe	Commissioner
Mark Higgins	Commissioner
Steve Dershem	Commissioner
Jason Moser	Controller/Secretary
Colleen Kennedy	Treasurer

May 20, 2020



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I. Introduction

The primary purpose of this report is to investigate and fully and fairly disclose the actuarial position of the Centre County Employees' Retirement System as of January 1, 2020 and to establish the proper appropriation for the 2020 plan year, in accordance with the funding standards of Section 6 of Act 96, 1971 of the Commonwealth of Pennsylvania as amended.


On the basis of the actuarial methods, assumptions and major plan provisions summarized in this report and in reliance on the member data and statement of the Fund's assets furnished by the County, to the best of our knowledge the information in this report is complete and accurate.

To the best of our knowledge, this report is complete and accurate and all costs and liabilities have been determined in conformance with generally accepted actuarial principles and on the basis of actuarial assumptions and methods which are reasonable (taking into account past experience under the plan and reasonable expectations) and which represent our best estimate of anticipated experience under the plan.

The included measurements are based on a single set of assumptions regarding the future experience of the plan's investments and participants. Future measurements and funding needs of the plan could vary significantly based on the actual experience, including differences in investment performance, and any changes in the future expectations. Estimates of the potential impact of changes in the plan's assets and liabilities are included in Schedule O.

Respectfully submitted,

Korn Ferry (US)

By: 

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II. Findings

Certified Actuarially Determined Contribution

Please note that the certified actuarially determined contribution which is reported on page 12 of this report and which must be funded in 2020 is \$2,062,783. This amount is required to ensure that the fund accumulates sufficient assets to pay future benefits and should be paid by the County from the General Fund.

Actuarial Adjustments

Also note that the balances in the Reserve Accounts on page 8 reflect the following transfers which are necessary to keep the balance in the Retired Member's Reserve Account equal to the liability for the retired lives and to reflect the difference between the amount of interest credited to the respective reserves and the interest rate assumed in the valuation of the liabilities. Please make these transfers in your records:

	DEBIT		CREDIT	
County Annuity Reserve Account	\$	1,860,217		
Retired Members Annuity Reserve Account			\$	1,860,217



III. Schedules

Schedule A

CENTRE COUNTY EMPLOYEES' RETIREMENT SYSTEM

CHANGES IN PLAN NET ASSETS FOR THE CALENDAR YEAR 2019 AND 2018

Additions

	<u>2019 Total</u>	<u>2018 Total</u>
Contributions		
County	\$ 2,291,697	\$ 2,056,555
Plan Members	\$ 1,495,507	\$ 1,388,052
Total Contributions	<u>\$ 3,787,204</u>	<u>\$ 3,444,607</u>
Investment Income		
Realized Gain	\$ 3,568,863	
Unrealized Gain	\$ 15,095,651	
Net Gain in Fair Value	\$ 18,664,514	\$ (7,321,487)
Interest	\$ 1,012,560	\$ 965,162
Dividends	\$ 1,545,963	\$ 1,462,768
Net Accrued Interest	\$ 899,615	\$ (353,518)
Investment Income	<u>\$ 22,122,652</u>	<u>\$ (5,247,075)</u>
Less Investment Expense	\$ 432,273	\$ 448,466
Net Investment Income	<u>\$ 21,690,379</u>	<u>\$ (5,695,541)</u>
Total Additions	<u>\$ 25,477,583</u>	<u>\$ (2,250,934)</u>

Deductions

Benefits	\$ 6,809,649	\$ 6,767,952
Refunds of Member Contributions	\$ 431,249	\$ 601,489
Administrative Expense	\$ 29,940	\$ 28,020
Total Deductions	<u>\$ 7,270,838</u>	<u>\$ 7,397,461</u>
Net Increase/(Decrease)	<u>\$ 18,206,745</u>	<u>\$ (9,648,395)</u>

Net Assets Held In Trust For Pension Benefits

Beginning of Year	\$ 103,873,416	\$ 113,521,811
End of Year	<u>\$ 122,080,161</u>	<u>\$ 103,873,416</u>

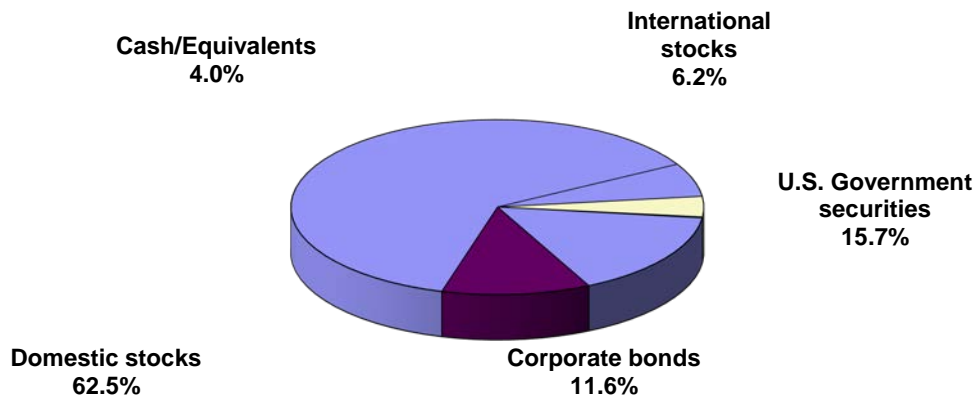


Schedule A – Continued

CENTRE COUNTY EMPLOYEES' RETIREMENT SYSTEM PLAN ASSETS AS OF DECEMBER 31, 2019 AND 2018

		Assets	
		<u>2019 Total</u>	<u>2018 Total</u>
Cash and Short-Term Investments	\$	4,586,676	\$ 6,830,439
Receivables	\$	238,712	\$ 251,384
Investments, at fair market value			
US Government securities	\$	19,181,031	\$ 14,366,658
Corporate bonds	\$	14,186,688	\$ 13,274,572
Domestic stocks	\$	76,321,266	\$ 62,692,527
International stocks	\$	7,565,788	\$ 6,457,836
Total Investments	\$	117,254,773	\$ 96,791,593
 Total Assets	 \$	 122,080,161	 \$ 103,873,416
 Liabilities			
Refunds Payable and Other	\$	0	\$ 0
 Net Assets Held In Trust For Pension Benefits			
	\$	122,080,161	\$ 103,873,416

TOTAL ASSETS (MARKET VALUE 12-31-2019)





Schedule A – Continued

Centre County Employees' Retirement System

Plan Description and Contribution Information

Basis of Accounting: The Centre County Employees' Retirement System financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments: Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

Membership of the plan consisted of the following as of January 1, 2020:

Retirees and Beneficiaries Receiving Benefits	441
Terminated Plan Members Entitled to but not yet Receiving Benefits	162
Active Plan Members	542
Total	<u>1,145</u>
Number of Participating Employers	1



Schedule A – Continued

Centre County Employees' Retirement System

Plan Description: The Centre County Employees' Retirement Plan is a single-employer defined benefit pension plan that covers all employees of the County. The plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living adjustments (COLA) are provided at the discretion of the Centre County Employees' Retirement Board. Act 96 of 1971, as amended cited as the County Pension Law provides for the creation, maintenance and operation of this plan.

Contributions: Plan members are required to contribute 5% of their annual covered salary. The County is required to contribute at an actuarially determined rate. Per Act 96 of 1971, as amended, contribution requirements of the plan members and the County are established and may be amended by the General Assembly of the Commonwealth of Pennsylvania. Administrative costs may be financed through investment earnings.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year</u>	<u>Contribution *</u>	<u>County Contribution</u>
2010	\$ 2,856,056	\$ 2,856,056
2011	\$ 3,046,820	\$ 3,046,820
2012	\$ 3,138,618	\$ 3,138,618
2013	\$ 3,114,683	\$ 3,114,683
2014	\$ 2,064,993	\$ 2,064,993
2015	\$ 1,591,049	\$ 1,591,049
2016	\$ 1,939,995	\$ 1,939,995
2017	\$ 1,824,753	\$ 1,824,753
2018	\$ 2,056,555	\$ 2,056,555
2019	\$ 2,291,697	\$ 2,291,697

Note: Effective in 2005 the Entry Age Funding Method was used to determine the annual required contribution. Prior to 2005 the Aggregate Method was used.

*Prior to 2014, contribution was described as Annual Required Contribution (ARC). After 2013, contribution was described as actuarially determined contribution (ADC).



Schedule A – Continued

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2011	73,380,600	88,274,487	14,893,887	83.1%	28,770,726	51.8%
1/1/2012	77,830,247	93,063,300	15,233,053	83.6%	29,142,230	52.3%
1/1/2013	79,967,202	99,588,521	19,621,319	80.3%	29,910,698	65.6%
1/1/2014	87,666,809	102,122,912	14,456,103	85.8%	21,564,804	67.0%
1/1/2015	95,547,399	105,624,513	10,077,114	90.5%	21,813,286	46.2%
1/1/2016	97,934,033	110,846,054	12,912,021	88.4%	22,367,577	57.7%
1/1/2017	102,920,805	114,778,986	11,858,181	89.7%	22,437,889	52.8%
1/1/2018	106,250,767	119,505,503	13,254,736	88.9%	23,164,923	57.2%
1/1/2019	108,732,707	123,389,749	14,657,042	88.1%	23,955,552	61.2%
1/1/2020	114,053,998	126,161,727	12,107,729	90.4%	24,470,206	49.5%



Schedule B

Schedule B shows the allocation of the assets among the Fund's reserve accounts (see Schedule I for Determination of Reserve Balances) and the Fund's liabilities as of January 1, 2020. The liabilities were determined from the actuarial valuation of the System based upon the data submitted by the County.

ASSETS

Members' Annuity Reserve Account	\$	21,484,218
County Annuity Reserve Account	\$	10,567,970
Retired Members' Reserve Account	\$	61,889,001
Unrealized Appreciation of Assets	\$	28,138,972
<i>Total Assets, (Market Value) of the Centre County Employees' Retirement Fund</i>	\$	122,080,161

LIABILITIES

Actuarial Present Value of:

Accumulated Plan Benefits		
Vested participants (332)	\$	23,220,390
Nonvested participants (210)	\$	388,051
Future Benefit Accruals	\$	19,798,126
Terminated Vested Benefits	\$	6,633,781
Retired Benefits	\$	61,889,001
Member Accumulated Deductions	\$	21,484,218
<i>Total Liabilities of the Centre County Employees' Retirement Fund</i>	\$	133,413,567



Schedule C

Unfunded Actuarial Liability and Normal Cost

Schedule C shows the development of the unfunded actuarial liability and the normal cost for 2020.

1. Unfunded Actuarial Liability January 1, 2020

1. Actuarial Liability:		
(a) Active Participants		
Retirement Benefits	\$	33,137,169
Termination Benefits		1,852,177
Death Benefits		1,165,381
Total	\$	<u>36,154,727</u>
(b) Terminated Vested Participants	\$	6,633,781
(c) Retired Members and Beneficiaries		
Retirement Benefits	\$	57,221,423
Cost-of-Living Benefits		4,667,578
Total	\$	<u>61,889,001</u>
(d) Member Accumulated Deductions	\$	<u>21,484,218</u>
(e) Total (a) + (b) + (c) + (d)	\$	126,161,727
2. Actuarial Value of Plan Assets (see page 14)	\$	114,053,998
3. Unfunded Actuarial Liability as of January 1, 2020: (1e) – (2)	\$	<u><u>12,107,729</u></u>

II. Normal Cost for 2020

1. Normal Cost for:		
(a) Retirement Benefits	\$	891,860
(b) Termination Benefits		120,754
(c) Death Benefits		<u>34,073</u>
(d) Normal Cost as of January 1, 2020	\$	1,046,687
(e) Normal Cost with interest to end of year: (d) x 1.075	\$	1,125,189



Schedule D

Actuarial Gain (Loss) for One Year Period Ending December 31, 2019

Schedule D shows the development of the actuarial gain (loss) for the 2019 plan year.

1. Unfunded Actuarial Liability as of January 1, 2019	\$	14,657,042
2. Normal Cost as of January 1, 2019		1,003,011
3. Interest at 7.5% Per Year to December 31, 2019 on (1) and (2)		1,174,504
4. Employer Contributions for the 2019 Plan Year		2,291,697
5. Change in Unfunded Actuarial Liability Due to Change in Asset Val Method		0
6. Change in Unfunded Actuarial Liability Due to Change in Inter. Assumption		<u>0</u>
7. Expected Unfunded Actuarial Liability as of January 1, 2020: (1) + (2) + (3) – (4) + (5) + (6)		14,542,860
8. Unfunded Actuarial Liability as of January 1, 2020		12,107,729
9. Actuarial Gain (Loss) for 2019 Plan Year: (7) – (8)		2,435,131



Schedule E

Amortization Schedule

Schedule E provides a record of the amortization amounts. Actuarial gains (losses) will be amortized over 15 years from the date determined; increases or decreases created by pension plan establishing an unfunded actuarial accrued liability will be amortized over 25 years from the effective establishment date; increases or decreases created by a modification in the benefit plan applicable to active members will be amortized over 15 years beginning with the January 1st coinciding with or next following the effective date of change; increases or decreases created by a modification in the benefit plan applicable to retired members will be amortized over 10 years beginning with the January 1st coinciding with or next following the effective date of change; increases in actuarial accrued liability attributable to the special early retirement provision will be amortized over 5 years beginning with the January 1st coinciding with or next following the end of the early retirement period; and increases or decreases created by changes in actuarial assumptions will be amortized over 15 years from the effective date of change; resetting the unfunded actuarial liability (UAL) due to outstanding balance becoming negative will be amortized over 15 years beginning with the January 1st coinciding with or next following when the outstanding balance becomes negative. When resetting, any previous charges or credits will be considered paid off and eliminated.

Amortization Record for 2020

As of January 1, 2020					
	<u>Initial Amount</u>	<u>Effective Date</u>	<u>Remaining Period</u>	<u>Outstanding Balance</u>	<u>Amortization Charge or (Credit)</u>
Amortization of Liability for:					
(a) Initial UAAL	\$ 19,621,319	1/1/2013	23 Years	\$17,953,817	\$1,661,361
(b) Experience gain	(4,975,453)	1/1/2014	9 Years	(3,595,494)	(563,655)
(c) Retiree COLA	770,999	1/1/2015	5 Years	454,446	112,324
(d) Experience gain	(5,136,490)	1/1/2015	10 Years	(3,994,199)	(581,899)
(e) Retiree COLA	564,953	1/1/2016	6 Years	386,329	82,306
(f) Experience loss	2,142,301	1/1/2016	11 Years	1,775,422	242,695
(g) Retiree COLA	235,304	1/1/2017	7 Years	181,572	34,280
(h) Retiree COLA	146,188	1/1/2017	7 Years	112,806	21,297
(i) Experience gain	(1,450,601)	1/1/2017	12 Years	(1,271,172)	(164,335)
(j) Retiree COLA	717,810	1/1/2018	8 Years	612,526	104,575
(k) Experience loss	633,756	1/1/2018	13 Years	583,407	71,796
(l) Retiree COLA	951,781	1/1/2019	9 Years	884,504	138,661
(m) Experience loss	477,165	1/1/2019	14 Years	458,896	54,057
(n) Experience gain	(2,435,131)	1/1/2020	15 Years	<u>(2,435,131)</u>	<u>(275,869)</u>
(o) Total				<u>\$12,107,729</u>	<u>\$937,594</u>



Schedule F

Schedule F determines the certified actuarially determined contribution of \$2,062,783 for 2020 for the Centre County Employees' Retirement System.

1.	Total Amortization Charge/(Credit) (page 11 (o))	\$ 937,594
2.	Normal Cost with interest to end of year (page 9 II 1(f))	\$ 1,125,189
3.	Total Funding Requirement for 2020 (actuarially determined contribution for 2020): (1) + (2), but not less than 0	\$ 2,062,783

Notes:

The actuarially determined contribution for 2020 as a percentage of the estimated 2020 compensation (\$24,470,206) for active members is 8.43%.

The equivalent normal cost accrual rate to be applied to actual 2019 salaries to determine reimbursable expenses is 8.73%.



Schedule G

The following are notes to Schedules B and I:

Members' Annuity Reserve Account: The balance of \$21,484,218 in this account is the total of the contributions deducted from the salaries of the active and terminated vested members of the retirement system and the IRC 414(h)(2) pickup contributions together with the interest additions as of January 1, 2020. Since these accumulations represent the present value as of January 1, 2020, of future benefits, the reserve balance and liability are identical.

County Annuity Reserve Account: The balance of \$10,567,970 in this account as of January 1, 2020 and the amounts expected to be credited in the future, plus investment earnings, represent the reserves set aside for the payment of the county's share of the retirement allowances.

This is the account out of which regular interest is credited to the member's annuity and retired members' reserve account, administrative expenses may be paid and the pension obligations of the County are funded.

When a County Annuity is scheduled to commence for a particular member, sufficient monies are transferred from the County Annuity Reserve Account to the Retired Members' Reserve Account to provide for such County Annuities actually entered upon.

Retired Members' Reserve Account: This is the account out of which monthly retirement allowances including cost-of-living increases and death benefits are paid.

The assets allocated to this reserve account as of January 1, 2020 amount to \$61,889,001. The corresponding liability for those annuitants on the roll is identical.



Schedule G – Continued

Actuarial Value of Assets: In order to reduce the fluctuations in the County normal cost which can result from full recognition of the unrealized appreciation or depreciation of the Fund's securities each year, the value of assets used to determine costs was determined by adjusting the cost value of the assets by the average ratio of market to cost value for the past five years:

RATIO OF MARKET VALUE TO COST VALUE OF ASSETS				
January 1		(1) Cost Value of Assets	(2) Market Value of Assets	Ratio (2) / (1)
2016	\$	85,367,881	\$ 98,084,709	1.1490
2017	\$	87,428,479	\$ 102,888,580	1.1768
2018	\$	87,212,318	\$ 113,521,811	1.3017
2019	\$	90,830,095	\$ 103,873,416	1.1436
2020	\$	93,941,189	\$ 122,080,161	1.2995
Average				1.2141

ACTUARIAL VALUE OF ASSETS JANUARY 1, 2020

(1) Cost Value of Assets	\$	93,941,189
(2) Average Ratio		1.2141
(3) Actuarial Value of Assets	\$	114,053,998



Schedule H

APPROXIMATE RATE OF RETURN FOR 2019 PLAN YEAR

		<u>Actuarial Value</u>		<u>Market Value</u>
1. Value as of December 31, 2018	\$	108,732,707	\$	103,873,416
2. Contributions Received During Year	\$	3,787,204	\$	3,787,204
3. Benefits and Expenses Paid During Year	\$	7,703,111	\$	7,703,111
4. Value as of December 31, 2019	\$	114,053,998	\$	122,080,161
5. Non-Investment Increment: (2) - (3)	\$	(3,915,907)	\$	(3,915,907)
6. Investment Increment: (4) - (1) - (5)	\$	9,237,198	\$	22,122,652
7. Time Weighted Value of Assets: (1) + .5 x (5)	\$	106,774,753	\$	101,915,463
8. Approximate Rate of Return for 2019: (6) / (7)		8.65%		21.71%

HISTORY OF RATE OF RETURNS

<u>Plan Year</u>	<u>Actuarial Value Rate of Return</u>	<u>Market Value Rate of Return</u>
2019	8.65%	21.71%
2018	6.62%	(4.71%)
2017	7.39%	14.63%
2016	8.94%	8.74%
2015	6.14%	(0.43%)
2014	12.61%	6.08%
2013	11.58%	18.41%
2012	2.78%	10.95%
2011	6.46%	1.68%
2010	4.07%	9.64%
Five Year Average (2015 - 2019):	7.54%	7.56%
Ten Year Average (2010 - 2019):	7.49%	8.38%



Schedule I

Determination of Reserve Balances

	<u>M.A.R.A.</u>	<u>C.A.R.A.</u>	<u>R.M.R.A.</u>	<u>TOTAL</u>
Balance 1/1/2019	\$ 20,558,216	\$ 9,404,804	\$ 60,867,075	\$ 90,830,095
County Appropriations		2,291,697		2,291,697
Member Contributions	1,495,507			1,495,507
Net Investment Income		7,027,001		7,027,001
Investment Expenses		(432,273)		(432,273)
Member Contributions Refunded	(431,249)			(431,249)
Pension Payments			(6,809,649)	(6,809,649)
Death Benefits			0	0
Retiree and Death Benefit Transfers	(1,108,313)	(2,492,538)	3,600,851	0
Cost of Living Funding Requirement		0	0	0
Administrative Expenses		(29,940)		(29,940)
Miscellaneous		0		0
Balance Before Interest	20,514,161	15,768,751	57,658,277	93,941,189
Interest Allocated in 2019	970,057	(3,340,564)	2,370,507	
Balance Before Actuarial Adjustments	21,484,218	12,428,187	60,028,784	93,941,189
Actuarial Adjustments		(1,860,217)	1,860,217	
Ending Balance 12/31/2019	21,484,218	10,567,970	61,889,001	93,941,189
Unrealized Appreciation				28,138,972
Total Assets (12/31/2019) (Market Value)				122,080,161



Schedule J

Membership History

Below is a ten-year history of the Retirement System's membership.

January 1	ACTIVE MEMBERS AND VESTED TERMINATED MEMBERS			RETIRED MEMBERS AND BENEFICIARIES		
	Male	Female	Total	Male	Female	Total
2020	281	423	704	119	322	441
2019	275	427	702	118	319	437
2018	269	420	689	120	315	435
2017	250	439	689	112	304	416
2016	262	432	694	102	299	401
2015	262	428	690	91	299	390
2014	258	428	686	82	290	372
2013	292	558	850	73	238	311
2012	281	558	839	68	226	294
2011	270	563	833	66	215	281



Schedule K

Changes in Plan Participation From January 1, 2019 to January 1, 2020

ACTIVE PARTICIPANTS

Number as of January 1, 2019		537
Changes During Plan Year:		
Retired	(-)	13
Terminated and Vested	(-)	5
Terminated	(-)	51
Died	(-)	0
New Participants	(+)	74
Number as of January 1, 2020		542

RETIRED PARTICIPANTS

Number as of January 1, 2019		437
Changes During Plan Year:		
Returned to Active Service	(-)	0
Died	(-)	16
New Retirements from Active Service	(+)	13
New Surviving Annuitants	(+)	0
Vested Terminated Participants Whose Benefits Commenced	(+)	7
Number as of January 1, 2020		441

TERMINATED VESTED PARTICIPANTS

Number as of January 1, 2019		165
Changes During Plan Year:		
Returned to Active Service	(-)	1
Benefits Commenced	(-)	7
Died	(-)	0
New Termination's with Vesting	(+)	5
Number as of January 1, 2020		162



Schedule L

Age, Service and Average Salary Profile of the Active Members on January 1, 2020.

MALES -- FULL YEARS OF SERVICE TO JANUARY 1, 2020

<u>Age</u>	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	<u>Total</u>	<u>Average Salary</u>
0-19	0	0	0	0	0	0	0	0	\$ 0
20-24	17	0	0	0	0	0	0	17	\$ 34,558
25-29	20	9	0	0	0	0	0	29	\$ 39,231
30-34	11	14	5	0	0	0	0	30	\$ 42,359
35-39	5	4	8	4	0	0	0	21	\$ 44,497
40-44	2	3	1	6	0	0	0	12	\$ 50,956
45-49	5	4	1	9	3	1	0	23	\$ 47,577
50-54	7	3	1	4	5	4	2	26	\$ 51,946
55-59	6	3	1	6	4	1	7	28	\$ 62,626
60-64	10	3	5	5	4	1	4	32	\$ 48,947
65 +	2	2	4	2	3	0	0	13	\$ 42,213
Total	85	45	26	36	19	7	13	231	\$ 46,993

Average Age: 44.61
Average Service: 10.51

FEMALES -- FULL YEARS OF SERVICE TO JANUARY 1, 2020

<u>Age</u>	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	<u>Total</u>	<u>Average Salary</u>
0-19	0	0	0	0	0	0	0	0	\$ 0
20-24	9	1	0	0	0	0	0	10	\$ 36,037
25-29	25	9	0	0	0	0	0	34	\$ 38,039
30-34	20	16	5	0	0	0	0	41	\$ 40,976
35-39	10	5	5	3	1	0	0	24	\$ 41,735
40-44	11	10	5	8	3	1	0	38	\$ 44,437
45-49	6	5	4	7	3	3	1	29	\$ 46,192
50-54	13	6	2	5	7	7	11	51	\$ 47,020
55-59	8	3	4	5	10	6	6	42	\$ 42,152
60-64	4	3	6	8	2	3	6	32	\$ 50,768
65 +	0	1	1	2	2	0	4	10	\$ 48,599
Total	106	59	32	38	28	20	28	311	\$ 43,867

Average Age: 45.16
Average Service: 12.38



Schedule M

Actuarial Assumptions and Actuarial Cost Method for Funding Purposes, January 1, 2020.

Actuarial Assumptions

Mortality Rates: 2013 RP Annuitant and Non-Annuitant Mortality Tables for males and females with no projected improvement.

Withdrawal Rates: Members not eligible to retire are assumed to terminate employment in accordance with a percentage of the withdrawal rates set forth in Table T-7 of the Actuary's Handbook. The applicable percentage depends on the member's years of service as follows:

YEARS OF SERVICE	PERCENTAGE
Less than 1	300%
1 but less than 2	275%
2 but less than 3	250%
3 but less than 4	225%
4 but less than 5	200%

It is further assumed that a percentage of members who terminate after having met the Plan's five year vesting requirement will elect an immediate refund of their own contributions with interest thus forfeiting the County -- provided pension. The applicable percentage is 100% for termination ages up to age 30. After age 30 the applicable percentage is determined as 100% less $(age - 30) \times 3 \frac{1}{3}\%$. Illustrative percentages are as follows:

AGE	PERCENTAGE
30 or less	100.0%
35	83.3%
40	66.7%
45	50.0%
50	33.3%
55	16.7%

Once member reaches retirement eligibility, a withdrawal rate of zero is assumed.



Schedule M - Continued

The following tables set forth illustrative withdrawal rates as determined in accordance with the methodology described on the previous page.

Probability of Withdrawing During the Year:

LESS THAN FIVE YEARS OF SERVICE

<u>Age at Hire</u>	<u>Years of Service</u>				
	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
20	.2982	.2720	.2460	.2202	.1947
30	.2791	.2532	.2275	.2021	.1770
40	.2326	.2067	.1814	.1570	.1335
50	.1267	.1013	.0781	.0577	.0407
59	.0086	-	-	-	-

FIVE OR MORE YEARS OF SERVICE

<u>Age at Beginning of Year</u>	<u>Probability of Withdrawing and Forfeiting County Pension</u>	<u>Probability of Withdrawing and Retaining County Pension</u>
30	.0930	.0000
40	.0517	.0258
50	.0141	.0281
59	.0001	.0028



Schedule M - Continued

Retirement Rates: Members eligible to retire are assumed to retire in accordance with the following rates:

<u>AGE AT BEGINNING OF YEAR</u>	<u>PROBABILITY OF RETIRING DURING YEAR</u>
55-59	.07
60-61	.08
62-64	.15
65	.34
66-70	.23
71-79	.21
80	1.00

Disability Rates: Disability rates are not used.

Investment Return: 7.50% per annum, compounded annually.

Salary Increases: 3.5% per annum.

Valuation Assets: The assets at cost value adjusted by the past five-year average of the market to cost ratio of assets.

Administrative Expenses: Assumed to be paid from the County's general fund and not from plan assets. However, administrative expenses may from year to year be paid from the fund unless it is determined by the actuary that such payment will impair the actuarial soundness of the fund.

Actuarial Cost Method: The actuarial cost method used to determine the plan's funding requirements is the entry age normal method. Under this method, an actuarial accrued liability is determined as the actuarial present value of projected benefits for all participants minus the actuarial present value of future normal costs. The normal cost is determined as the annual amount required to fund between entry age and assumed exit age the actuarial present value of projected benefits for each active participant under the assumed retirement age.

Changes Since Prior Valuation: There were no changes.



Schedule N

Summary of Plan Provisions

- 1. Effective Date** - The effective date of this plan is January 1, 1950.
- 2. Eligibility for Plan Membership** - An employee shall be eligible to become a participant immediately upon becoming an employee.
- 3. Accrued Benefit** - The Retirement Board has authorized benefits equal to a percentage of the members Final Average Salary for each year of service the member has participated in the following Classes:

Class	Percentage	Effective
1/100	1.000%	01/01/1950
1/80	1.250%	01/01/1972
1/60	1.667%	01/01/1999

4. Normal Retirement (Superannuation)

Eligibility: Retirement occurs at age 60 or at age 55 if the participant has completed 20 years of service.

Pension: A monthly pension equal to (a) and (b), as follows:

- 1.000% of 1/12th of Final Average Salary multiplied by years of credited service on the 1/100 Class,
- 1.250% of 1/12th of Final Average Salary multiplied by years of credited service on the 1/80 Class,
- 1.667% of 1/12th of Final Average Salary multiplied by years of credited service on the 1/60 Class,

PLUS

- a monthly annuity based on the actuarial equivalent of the member's accumulated contributions with credited interest.



Schedule N - Continued

5. **Final Average Salary** - The average of the member's annual compensation received for the three years which produce the highest such average.
6. **Compensation** - Pick-up contributions plus remuneration received as a county employee excluding refunds for expenses, contingency and accountable expense allowances and excluding severance payments or payments for unused vacation or sick leave.
7. **Early Retirement**
 - Eligibility:**
 - Voluntary:** Upon completion of 20 years of service.
 - Involuntary:** Upon completion of 8 years of service.
 - Pension:** (a) a monthly pension equal to the actuarial equivalent of the benefits calculated in 4(a),

PLUS

(b) a monthly annuity based on the actuarial equivalent of the member's accumulated contributions with credited interest.
8. **Vesting** - One Hundred Percent (100%) upon completion of five years of credited service. A member who terminates employment after five years of credited service will receive a deferred annuity commencing at age 60 (or at age 55 if the member has at least 20 years of service at termination). The deferred benefit shall be calculated using the normal retirement pension formula but based on credited service, final average salary and accumulated contributions at termination.

If a member terminates employment prior to entitlement to Plan benefits, he will receive his accumulated contributions with interest.
9. **Postponed Retirement** - A member may work past normal retirement age and continue to accrue pension credits.



Schedule N - Continued

10. Disability Retirement

Eligibility: Total and permanent disability prior to Superannuation (Normal Retirement) age and after completion of five years of credited service.

Pension: A total monthly pension commencing on the last day of the month following disability retirement equal to 25% of the 1/12th of Final Average Salary at time of retirement. Such total monthly pension shall include the monthly disability that is actuarially equivalent to the member's accumulated contributions at retirement.

11. Normal Form of Pension - Benefits are payable in the form of a modified cash refund life annuity, that is for the member's lifetime only, except that disability benefits shall cease upon cessation of disability.

12. Optional Retirement Benefits - A member may elect to receive the actuarial equivalent of his retirement benefit as a full cash refund annuity (Option One) or a reduced joint and survivor pension payable for the remainder of his life, with either 100% or 50% of the member's pension continuing after death to the designated beneficiary. A member may also elect to receive, in one payment, the full amount of his accumulated deductions and continue to receive the annuity provided by the county.

13. Death Benefits

(a) **Pre-Retirement.** If a member dies after having attained age 60 or having completed ten years of credited service, his beneficiary will receive a lump sum equal to the actuarially determined present value of the benefits calculated in (7a) based on the member's Final Average Salary and credited service at time of death plus the member's accumulated contributions with interest at time of death.

(b) **Post-Retirement.** Upon the death of a terminated or retired member, his beneficiary will receive survivor benefits, if any, in accordance with the form under which benefits were being paid to the member. In any event, the total amount of benefits paid to the deceased member and beneficiary must, at least, equal the member's accumulated contributions with interest.



Schedule N - Continued

14. Employee Contributions

The Retirement Board has authorized each member of the retirement system to individually elect to contribute between 5% and 15% of his salary.

15. Deposit Administrator

Investment Managers:

C.S. McKee
Emerald Advisors
Twin Capital

Custodian:

Wilmington Trust

16. Administration - Retirement Board as designated in Act 96 of 1971, the County Pension Law.

17. Cost-of-Living - The cost-of-living increase shall be reviewed at least once in every three years by the Retirement Board. Prior to 2017, a percentage of the CPI could be granted. After 2016, the annual CPI could be granted. The Board has granted cost-of-living increases thirty times in the past from January, 1972 through January, 2007 and since then as follows:

PERCENTAGE/ANNUAL CHANGE IN C.P.I.	EFFECTIVE DATE OF INCREASE
70%	1/1/2008
70%	1/1/2010
70%	1/1/2011
70%	1/1/2012
70%	1/1/2014
70%	1/1/2015
75%	1/1/2016
0.3%	1/1/2017
1.4%	1/1/2018
1.7%	1/1/2019



Schedule O

Historical Trend Information

REVENUES BY SOURCE

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Investment Income</u>	<u>Miscellaneous</u>	<u>Total</u>
2010	\$ 1,586,019	\$ 2,856,056	\$ 2,895,668	\$ 0	\$ 7,337,743
2011	1,624,305	3,046,820	6,569,204	0	11,240,329
2012	1,630,345	3,138,618	2,918,365	0	7,687,328
2013	1,587,253	3,114,683	3,210,338	0	7,912,274
2014	1,225,880	2,064,993	7,694,475	0	10,985,348
2015	1,282,160	1,591,049	4,842,085	0	7,715,294
2016	1,300,943	1,939,995	5,671,596	0	8,912,534
2017	1,340,527	1,824,753	3,906,100	0	7,071,380
2018	1,388,052	2,056,555	8,019,097	0	11,463,704
2019	1,495,507	2,291,697	7,027,001	0	10,814,205

EXPENSES BY TYPE

<u>Fiscal Year</u>	<u>Benefits</u>	<u>Refunds</u>	<u>Administrative/ Miscellaneous</u>	<u>Total</u>
2010	\$ 3,228,086	\$ 379,012	\$ 272,979	\$ 3,880,077
2011	3,892,837	749,582	307,306	4,949,725
2012	3,660,158	814,681	319,241	4,794,080
2013	4,268,856	1,566,604	341,248	6,176,708
2014	5,092,711	805,805	378,149	6,276,665
2015	5,406,805	437,170	405,264	6,249,239
2016	6,030,293	410,865	410,778	6,851,936
2017	6,281,064	572,726	433,751	7,287,541
2018	6,767,952	601,489	476,486	7,845,927
2019	6,809,649	431,249	462,213	7,703,111



Schedule O - Continued

Plan Maturity Measures

Assets are accumulated over participants' careers to pay future benefits. The natural growth of liabilities and assets is referred to as plan maturity. As the plan matures, the size of the plan grows relative to the active members' payroll and will cause changes in the assets or liabilities to have a larger effect on the Actuarially Determined Contribution (ADC). The following table shows a history of the plan's maturity and the effect of a 1% change in plan assets or liabilities on the ADC.

<u>Fiscal Year</u>	<u>Actives Per Retirees</u>	<u>Ratio of Assets to Payroll</u>	<u>Effect on ADC of a 1% Change in Assets</u>	<u>Ratio of Actuarial Liability to Payroll</u>	<u>Effect on ADC of a 1% Change in Liability</u>
2018	1.2	4.3	\$ 118,000	5.2	\$ 140,000
2019	1.2	5.0	\$ 138,000	5.2	\$ 143,000

The Society of Actuaries' Retirement Plans Experience Committee (RPEC) has released the final report of the Pub-2010 Public Retirement Plans Mortality Tables. The primary focus of this study was a comprehensive review of recent mortality experience of public retirement plans in the United States. There are separate tables for teachers, safety employees, and general employees. The effect of changing to the Pub-2010 for General on the ADC is an increase of \$740,000.