

**CITY OF MOBILE, ALABAMA
POLICE AND FIREFIGHTERS RETIREMENT PLAN**

**ACTUARIAL VALUATION
AS OF OCTOBER 1, 2014**

**DETERMINES THE CONTRIBUTION
FOR THE 2014/15 FISCAL YEAR**



	<u>Page</u>
Discussion	1
<u>Funding Results</u>	
Table I-A Minimum Required Contribution	I-1
Table I-B Sensitivity Analysis	I-2
Table I-C Gain and Loss Analysis	I-3
Table I-D Present Value of Future Benefits	I-4
Table I-E Present Value of Accrued Benefits	I-5
Table I-F Present Value of Vested Benefits	I-6
Table I-G Projected Unit Credit Accrued Liability	I-7
Table I-H Projected Unit Credit Normal Cost	I-8
Table I-I Unfunded Liability Bases	I-9
<u>Accounting Results</u>	
Table II-A GASB 25/27 Results	II-1
Table II-B GASB 25/27 Disclosures	II-2
Table II-C SFAS 35 Disclosures	II-3
<u>Assets</u>	
Table III-A Actuarial Value of Assets	III-1
Table III-B Market Value of Assets	III-2
Table III-C Investment Return	III-3
Table III-D Asset Reconciliation	III-4
Table III-E Historical Trust Fund Detail	III-5
Table III-F Other Reconciliations	III-6
<u>Data</u>	
Table IV-A Summary of Participant Data	IV-1
Table IV-B Data Reconciliation	IV-2
Table IV-C Active Participant Data	IV-3
Table IV-D Active Age-Service Distribution	IV-4
Table IV-E Active Age-Service-Salary Table	IV-5
Table IV-F Inactive Participant Data	IV-6
Table IV-G Projected Benefit Payments	IV-7
<u>Methods & Assumptions</u>	
Table V-A Summary of Actuarial Methods and Assumptions	V-1
Table V-B Changes in Actuarial Methods and Assumptions	V-3
<u>Plan Provisions</u>	
Table VI-A Summary of Plan Provisions	VI-1
Table VI-B Summary of Plan Amendments	VI-7



March 17, 2015

Introduction

This report presents the results of the October 1, 2014 actuarial valuation of the City of Mobile, Alabama Police and Firefighters Retirement Plan. The report is based on the participant data and asset information provided by the pension plan administrator and, except for a cursory review for reasonableness including a comparison to the data provided for the previous valuation, we have not attempted to verify the accuracy of this information.

The primary purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2014 and to determine the minimum required contribution under Section 7, Act No. 97-689 of the Alabama State Legislature for the 2014/15 plan year. In addition, this report provides a projection of the long-term funding requirements of the plan, accounting disclosures pursuant to Governmental Accounting Standards Board Statement Nos. 25 and 27 (GASB 25/27), statistical information concerning the assets held in the trust, statistical information concerning the participant population, and a summary of any recent plan changes.

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an estimate of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table V-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, if any of the assumptions is not completely realized, then the cost shown in this report will change in the future.

Certain assumptions play a bigger role than others in determining the cost of the post-employment pension benefits. In some cases, relatively small changes in a particular assumption can have a dramatic impact on the anticipated cost of benefits. Although a thorough analysis of the impact of such changes is beyond the scope of this report, Table I-B illustrates the impact that alternative long-term investment returns would have on the minimum required contribution rate.

Minimum Required Contribution

Table I-A shows the development of the minimum required contribution for the 2014/15 plan year. The minimum required contribution is \$19,323,837, which represents an increase of \$1,427,808 from the prior valuation. The corresponding contribution rates as a percentage of covered payroll are 49.69% and 53.84% for the 2013/14 and 2014/15 plan years, respectively. The City is expected to be required to contribute \$15,809,445 of the minimum required contribution, with the remainder of the required contribution being covered by employee contributions, fire insurance premium taxes, and municipal court receipts. The actual required contribution from the City will depend on the level of contribution from the other sources such that the total funding requirement is met each year.



Table I-C provides a breakdown of the sources of change in the contribution rate. Significantly, the rate decreased by 0.85% of payroll due to a scheduled decrease in the amortization payments, increased by 4.29% of payroll due to investment losses, and increased by another 0.71% of payroll due to demographic experience. Although the market value of assets earned 7.47% during the 2013/14 plan year, the actuarial value of assets is based on a five-year phase-in of the net investment gains and losses that occur after September 30, 2013. On this basis, the actuarial value of assets only earned 2.13% during the 2013/14 plan year, whereas a 7.00% annual investment return was required to maintain a stable contribution rate.

Section 7, Act No. 97-689 of the Alabama State Legislature (the “Act”) sets forth the rules concerning the minimum required contribution for the plan. Essentially, the City must contribute an amount equal to the annual normal cost of the plan plus an amortization payment towards the unfunded liability, where the amortization period varies between five and 30 years depending on the source of the change in the unfunded liability. This plan uses the projected unit credit cost method to develop an unfunded liability each year. Changes in the unfunded liability from the prior year are then amortized or “paid off” over a period of time. The period over which the unfunded liability is amortized is often referred to as the “funding period” of the plan. Under the Act, plan amendments are amortized over 30 years, changes in actuarial methods and assumptions are amortized over 10 years, and experience gains and losses are amortized over five years. Table I-I shows the various components of the unfunded liability and the respective funding period for each component.

Based on the current assets, participant data, and actuarial assumptions and methods that are used to value the plan, the present-day value of the total long-term funding requirement is \$322,399,467. As illustrated in Table I-A, current assets are sufficient to cover \$141,623,629 of this amount, the 2014/15 contribution will cover \$19,323,837 of this amount, and future employee contributions are expected to cover \$25,934,076 of this amount, leaving \$135,517,925 to be covered by future employer funding beyond the 2014/15 fiscal year. Again, demographic and investment experience that differs from that assumed will either increase or decrease the future employer funding requirement.

Contents of the Report

Tables I-D through I-H provide a detailed breakdown of various liability amounts by type of benefit and by participant group. Tables II-A through II-C provide information needed by both the plan’s and the employer’s accountants in order to prepare the relevant financial statements that cover the period October 1, 2013 through September 30, 2014. Tables III-A through III-F provide information concerning the assets of the trust fund. Specifically, Table III-A shows the development of the actuarial value of assets, which is based on a five-year phase-in of the net investment gains and losses that occur after September 30, 2013 in order to provide a more stable and predictable contribution rate for the employer. Tables IV-A through IV-G provide statistical information concerning the plan’s participant population. In particular, Table IV-G gives a 10-year projection of the cash that is expected to be required from the trust fund in order to pay benefits to the current group of participants. Finally, Tables V-A through VI-B provide a summary of the actuarial assumptions and methods that are used to value the plan’s benefits and of the relevant plan provisions as of October 1, 2014, as well as a summary of the changes that have occurred since the previous valuation report was prepared.



Certification

This actuarial valuation was prepared by me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate and, in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of the Act. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material change in plan costs or required contribution rates have been taken into account in the valuation.

For the firm,



Charles T. Carr
Consulting Actuary
Southern Actuarial Services Company, Inc.

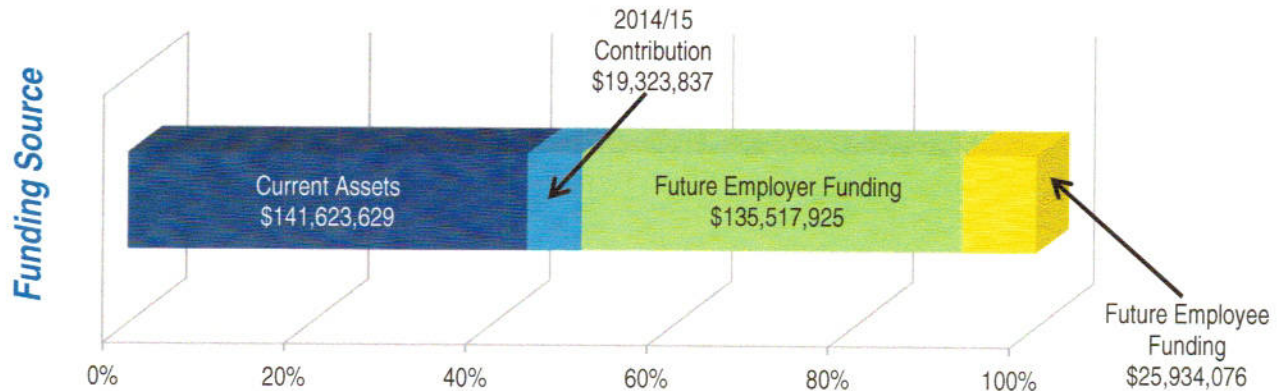
Enrolled Actuary No. 14-04927

The individual above is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



Minimum Required Contribution

Table I-A



For the 2014/15 Plan Year

Projected Unit Credit Normal Cost	\$5,226,398
Unfunded Liability Amortization Payment	\$14,007,720
Expense Allowance	\$89,719

Minimum Required Contribution **\$19,323,837**

Expected Payroll for the 2014/15 Plan Year ÷ \$35,887,574

<u>Contribution by Source (Estimated)</u>		% of Payroll
City of Mobile	\$15,809,445	44.05%
Fire insurance premium tax	\$717,751	2.00%
Municipal court receipts	\$89,719	0.25%
Employees	\$2,706,922	7.54%
Minimum required contribution	\$19,323,837	53.84%

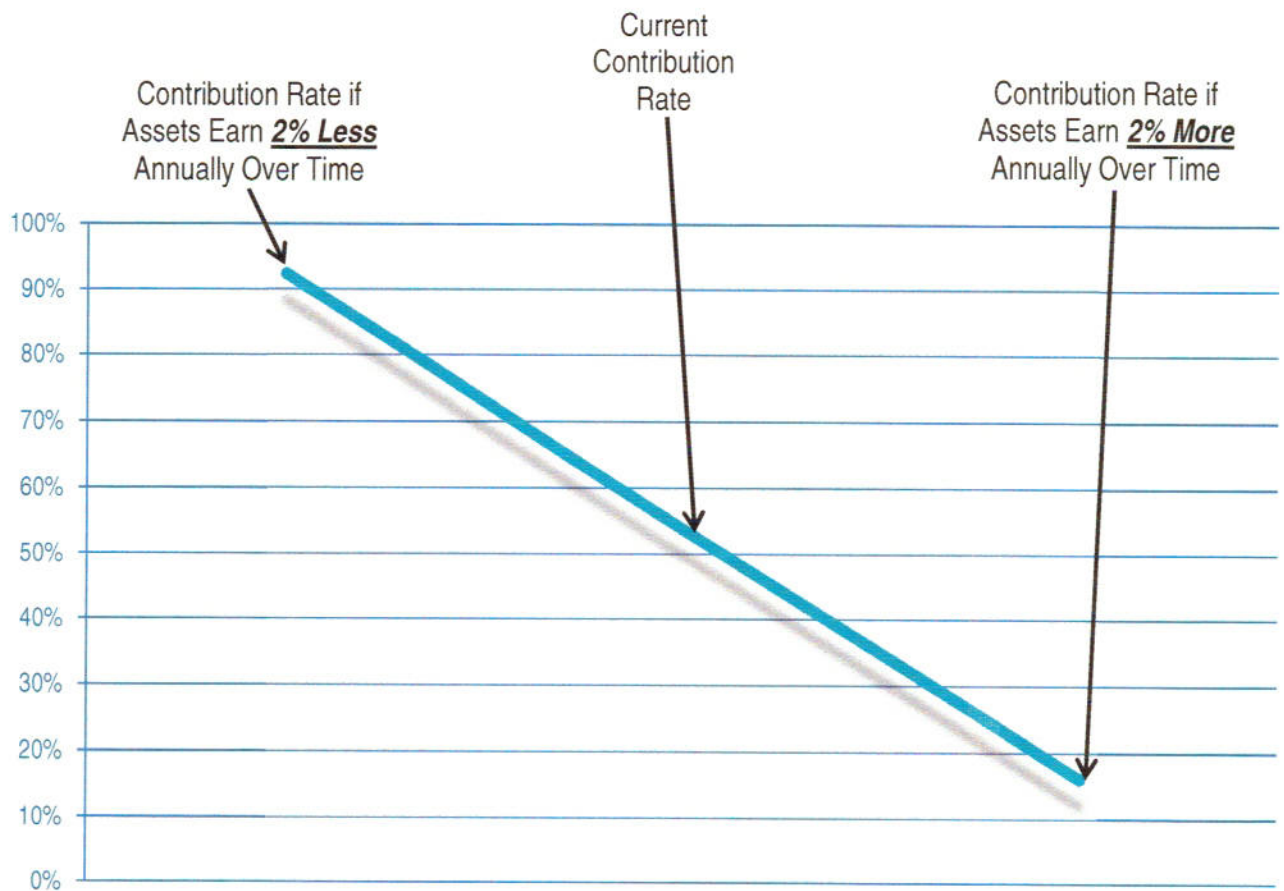
Additional Disclosures

Present Value of Future Compensation	\$343,826,393
Present Value of Future Employer Contributions	\$135,517,925
Present Value of Future Employee Contributions	\$25,934,076



Sensitivity Analysis

Table I-B



The line above illustrates the sensitivity of the contribution rate to changes in the long-term investment return.



Gain and Loss Analysis

Table I-C

Source of Change in the Contribution Rate

Previous minimum required contribution rate	49.69%
Expected increase (decrease) due to amortization schedule	-0.85%
Increase (decrease) due to investment gains and losses	4.29%
Increase (decrease) due to demographic experience	0.71%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	0.00%
Increase (decrease) due to actuarial method changes	0.00%
Current minimum required contribution rate	<u>53.84%</u>

Source of Change in the Unfunded Liability

Previous unfunded liability	\$122,547,600
Increase due to interest	\$7,699,878
Decrease due to amortization payments	(\$12,549,362)
Increase (decrease) due to plan experience	\$7,743,594
Increase (decrease) due to plan amendments	\$0
Increase (decrease) due to actuarial assumption changes	\$0
Increase (decrease) due to actuarial method changes	\$0
Current unfunded liability	<u>\$125,441,710</u>



Present Value of Future Benefits

Table I-D

	Old Assumptions <u>w/o Amendment</u>	Old Assumptions <u>w/ Amendment</u>	New Assumptions <u>w/ Amendment</u>
<i><u>Actively Employed Participants</u></i>			
Retirement benefits	\$125,590,728	\$125,590,728	\$125,590,728
Termination benefits	\$681,287	\$681,287	\$681,287
Disability benefits	\$10,841,099	\$10,841,099	\$10,841,099
Death benefits	\$2,370,288	\$2,370,288	\$2,370,288
Refund of employee contributions	\$2,173,190	\$2,173,190	\$2,173,190
Sub-total	\$141,656,592	\$141,656,592	\$141,656,592
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$1,965,267	\$1,965,267	\$1,965,267
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$1,965,267	\$1,965,267	\$1,965,267
<i><u>Due a Refund of Contributions</u></i>	\$0	\$0	\$0
<i><u>Deferred Beneficiaries</u></i>	\$0	\$0	\$0
<i><u>Retired Participants</u></i>			
Service retirements	\$142,771,913	\$142,771,913	\$143,138,027
Disability retirements	\$7,061,623	\$7,061,623	\$7,061,623
Beneficiaries receiving	\$11,507,804	\$11,507,804	\$11,507,804
DROP participants	\$16,576,702	\$16,576,702	\$16,210,588
Sub-total	\$177,918,042	\$177,918,042	\$177,918,042
<i><u>Grand Total</u></i>	<u>\$321,539,901</u>	<u>\$321,539,901</u>	<u>\$321,539,901</u>



Present Value of Accrued Benefits

Table I-E

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<u>Actively Employed Participants</u>			
Retirement benefits	\$64,235,990	\$64,235,990	\$64,235,990
Termination benefits	\$314,476	\$314,476	\$314,476
Disability benefits	\$8,369,830	\$8,369,830	\$8,369,830
Death benefits	\$1,175,227	\$1,175,227	\$1,175,227
Refund of employee contributions	\$1,209,473	\$1,209,473	\$1,209,473
Sub-total	\$75,304,996	\$75,304,996	\$75,304,996
<u>Deferred Vested Participants</u>			
Retirement benefits	\$1,965,267	\$1,965,267	\$1,965,267
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$1,965,267	\$1,965,267	\$1,965,267
<u>Due a Refund of Contributions</u>	\$0	\$0	\$0
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$142,771,913	\$142,771,913	\$143,138,027
Disability retirements	\$7,061,623	\$7,061,623	\$7,061,623
Beneficiaries receiving	\$11,507,804	\$11,507,804	\$11,507,804
DROP participants	\$16,576,702	\$16,576,702	\$16,210,588
Sub-total	\$177,918,042	\$177,918,042	\$177,918,042
<u>Grand Total</u>	<u>\$255,188,305</u>	<u>\$255,188,305</u>	<u>\$255,188,305</u>



Present Value of Vested Benefits

Table I-F

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<i><u>Actively Employed Participants</u></i>			
Retirement benefits	\$40,667,943	\$40,667,943	\$40,667,943
Termination benefits	\$7,938,068	\$7,938,068	\$7,938,068
Disability benefits	\$7,710,771	\$7,710,771	\$7,710,771
Death benefits	\$912,724	\$912,724	\$912,724
Refund of employee contributions	\$1,571,321	\$1,571,321	\$1,571,321
Sub-total	\$58,800,827	\$58,800,827	\$58,800,827
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$1,965,267	\$1,965,267	\$1,965,267
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$1,965,267	\$1,965,267	\$1,965,267
<i><u>Due a Refund of Contributions</u></i>	\$0	\$0	\$0
<i><u>Deferred Beneficiaries</u></i>	\$0	\$0	\$0
<i><u>Retired Participants</u></i>			
Service retirements	\$142,771,913	\$142,771,913	\$143,138,027
Disability retirements	\$7,061,623	\$7,061,623	\$7,061,623
Beneficiaries receiving	\$11,507,804	\$11,507,804	\$11,507,804
DROP participants	\$16,576,702	\$16,576,702	\$16,210,588
Sub-total	\$177,918,042	\$177,918,042	\$177,918,042
<i><u>Grand Total</u></i>	<u>\$238,684,136</u>	<u>\$238,684,136</u>	<u>\$238,684,136</u>



Projected Unit Credit Accrued Liability

Table I-G

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<u>Actively Employed Participants</u>			
Retirement benefits	\$79,292,974	\$79,292,974	\$79,292,974
Termination benefits	\$370,794	\$370,794	\$370,794
Disability benefits	\$4,890,217	\$4,890,217	\$4,890,217
Death benefits	\$1,418,572	\$1,418,572	\$1,418,572
Refund of employee contributions	\$1,209,473	\$1,209,473	\$1,209,473
Sub-total	\$87,182,030	\$87,182,030	\$87,182,030
<u>Deferred Vested Participants</u>			
Retirement benefits	\$1,965,267	\$1,965,267	\$1,965,267
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$1,965,267	\$1,965,267	\$1,965,267
<u>Due a Refund of Contributions</u>	\$0	\$0	\$0
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$142,771,913	\$142,771,913	\$143,138,027
Disability retirements	\$7,061,623	\$7,061,623	\$7,061,623
Beneficiaries receiving	\$11,507,804	\$11,507,804	\$11,507,804
DROP participants	\$16,576,702	\$16,576,702	\$16,210,588
Sub-total	\$177,918,042	\$177,918,042	\$177,918,042
<u>Grand Total</u>	<u>\$267,065,339</u>	<u>\$267,065,339</u>	<u>\$267,065,339</u>
less Actuarial Value of Assets	(\$141,623,629)	(\$141,623,629)	(\$141,623,629)
<u>Unfunded Accrued Liability</u>	<u>\$125,441,710</u>	<u>\$125,441,710</u>	<u>\$125,441,710</u>



Projected Unit Credit Normal Cost

Table I-H

	Old Assumptions <u>w/o Amendment</u>	Old Assumptions <u>w/ Amendment</u>	New Assumptions <u>w/ Amendment</u>
<u>Actively Employed Participants</u>			
Retirement benefits	\$4,402,887	\$4,402,887	\$4,402,887
Termination benefits	\$34,348	\$34,348	\$34,348
Disability benefits	\$394,781	\$394,781	\$394,781
Death benefits	\$99,574	\$99,574	\$99,574
Refund of employee contributions	\$294,808	\$294,808	\$294,808
Sub-total	\$5,226,398	\$5,226,398	\$5,226,398
<u>Deferred Vested Participants</u>			
Retirement benefits	\$0	\$0	\$0
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$0	\$0	\$0
<u>Due a Refund of Contributions</u>	\$0	\$0	\$0
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$0	\$0	\$0
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$0	\$0	\$0
<u>Grand Total</u>	<u>\$5,226,398</u>	<u>\$5,226,398</u>	<u>\$5,226,398</u>



Unfunded Liability Bases

Table I-I

<u>Description</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>	<u>Amortization Payment</u>	<u>Years Rem.</u>
	Total	\$125,441,710	\$14,007,720	
10/1/1996 Initial Unf. Liability	\$85,097,273	\$93,536,515	\$9,070,614	12
10/1/1997 Amendment	\$9,984,153	\$6,987,305	\$781,343	13
10/1/1998 Amendment	\$1,282,237	\$936,107	\$100,037	14
10/1/1999 Amendment	\$63,319	\$47,994	\$4,925	15
10/1/2000 Amendment	\$3,603,937	\$2,902,934	\$287,194	16
10/1/2005 Amendment	\$4,761,492	\$4,226,383	\$364,531	21
10/1/2005 Method Change	(\$15,761,551)	(\$2,165,209)	(\$2,165,209)	1
10/1/2007 Assumption Change	\$10,332,144	\$3,951,335	\$1,407,161	3
10/1/2008 Amendment	\$1,250,981	\$1,167,443	\$95,129	24
10/1/2008 Assumption Change	(\$4,269,730)	(\$2,098,834)	(\$579,098)	4
10/1/2009 Method Change	(\$5,898,660)	(\$3,495,744)	(\$796,803)	5
10/1/2009 Assumption Change	(\$1,131,538)	(\$670,588)	(\$152,851)	5
2009/10 Experience Gain	(\$5,027,525)	(\$1,160,689)	(\$1,160,689)	1
2010/11 Experience Loss	\$14,457,313	\$6,428,908	\$3,323,155	2
2011/12 Experience Loss	\$5,936,288	\$3,815,294	\$1,358,714	3
2012/13 Experience Gain	(\$1,528,391)	(\$1,262,618)	(\$348,374)	4
10/1/2013 Method Change	(\$19,733,813)	(\$18,305,529)	(\$2,625,842)	9
10/1/2013 Assumption Change	\$24,640,529	\$22,857,109	\$3,278,745	9
2013/14 Experience Loss	\$7,743,594	\$7,743,594	\$1,765,038	5



GASB 25/27 Results

Table II-A

Development of the Net Pension Obligation (Asset)

Net Pension Obligation (Asset) as of October 1, 2013	(\$75,600,575)
Annual Pension Cost for the 2013/14 Plan Year	\$15,570,910
Employer Contributions for the 2013/14 Plan Year	<u>(\$14,950,855)</u>
Net Increase (Decrease) in NPO	\$620,055
Net Pension Obligation (Asset) as of October 1, 2014	<u><u>(\$74,980,520)</u></u>



GASB 25/27 Disclosures

Table II-B

Schedule of Employer Contributions

Year Ended <u>September 30</u>	Annual Required <u>Contribution</u>	% <u>Contrib.</u>	Annual Pension <u>Cost</u>	% <u>Contrib.</u>
2009	\$9,904,212	166%	\$8,307,711	198%
2010	\$15,060,773	100%	\$15,233,494	99%
2011	\$13,972,923	99%	\$14,145,203	98%
2012	\$17,584,231	100%	\$17,755,853	99%
2013	\$20,045,496	98%	\$20,216,562	97%
2014	\$15,169,138	99%	\$15,570,910	96%

Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratio (1) ÷ (2)	(5) Covered Payroll	(6) UAAL as % of Covered Payroll (3) ÷ (5)
October 1, 2009	\$98,525,321	\$225,176,329	\$126,651,008	43.75%	\$37,828,223	334.81%
October 1, 2010	\$102,393,499	\$220,173,032	\$117,779,533	46.51%	\$36,845,566	319.66%
October 1, 2011	\$103,134,597	\$231,927,460	\$128,792,863	44.47%	\$36,829,749	349.70%
October 1, 2012	\$107,359,212	\$235,613,618	\$128,254,406	45.57%	\$36,525,850	351.13%
October 1, 2013	\$138,907,354	\$261,454,954	\$122,547,600	53.13%	\$36,010,184	340.31%
October 1, 2014	\$141,623,629	\$267,065,339	\$125,441,710	53.03%	\$35,887,574	349.54%

Additional InformationValuation Date **October 1, 2014**Actuarial Cost Method **Projected Unit Credit**Amortization Method **Level dollar, closed**Remaining Amortization Period **30 years**Asset Valuation Method **Five-year smoothed market value**Discount Rate **7.00%**Salary Increase Rate **3.00%**

SFAS 35 Disclosures

Table II-C

Actuarial Present Value of Accrued Benefits

	<u>As of October 1, 2013</u>	<u>As of October 1, 2014</u>
<u>Vested Benefits</u>		
Participants currently receiving benefits	\$173,322,198	\$177,918,042
Other participants	\$60,995,447	\$60,766,094
Sub-total	<u>\$234,317,645</u>	<u>\$238,684,136</u>
<u>Non-Vested Benefits</u>	\$15,600,765	\$16,504,169
<u>Total Benefits</u>	<u><u>\$249,918,410</u></u>	<u><u>\$255,188,305</u></u>
<u>Funded Percentage</u>	55.58%	58.48%
(based on the market value of assets)		

Statement of Change in Actuarial Present Value of Accrued Benefits

<u>Actuarial Present Value as of October 1, 2013</u>	<u>\$249,918,410</u>
<u>Increase (Decrease) Due To:</u>	
Interest	\$17,494,289
Benefits accumulated	\$6,224,480
Benefits paid	(\$18,448,874)
Plan amendments	\$0
Changes in actuarial methods and assumptions	\$0
Net increase (decrease)	<u>\$5,269,895</u>
<u>Actuarial Present Value as of October 1, 2014</u>	<u><u>\$255,188,305</u></u>



Actuarial Value of Assets

Table III-A

	<u>Net Investment Gain (Loss)</u>		<u>Unrecognized Gain (Loss)</u>
For the 2010/11 plan year	N/A	x 20%	N/A
For the 2011/12 plan year	N/A	x 40%	N/A
For the 2012/13 plan year	N/A	x 60%	N/A
For the 2013/14 plan year	\$9,510,533	x 80%	\$7,608,426
			<u>\$7,608,426</u>

Market Value of Assets as of October 1, 2014 \$151,689,814

Minus DROP account balances (\$2,457,759)

Minus advance employer contributions \$0

Adjustment for unrecognized gain or loss as shown above,
but restricted to an amount that keeps the actuarial value
of assets within an 80%-120% corridor of the market value (\$7,608,426)

Actuarial Value of Assets as of October 1, 2014 \$141,623,629

<u>Historical Actuarial Value of Assets</u>	
October 1, 2005	\$83,819,260
October 1, 2006	\$92,405,268
October 1, 2007	\$105,396,066
October 1, 2008	\$89,418,544
October 1, 2009	\$98,525,321
October 1, 2010	\$102,393,499
October 1, 2011	\$103,134,597
October 1, 2012	\$107,359,212
October 1, 2013	\$138,907,354
October 1, 2014	\$141,623,629

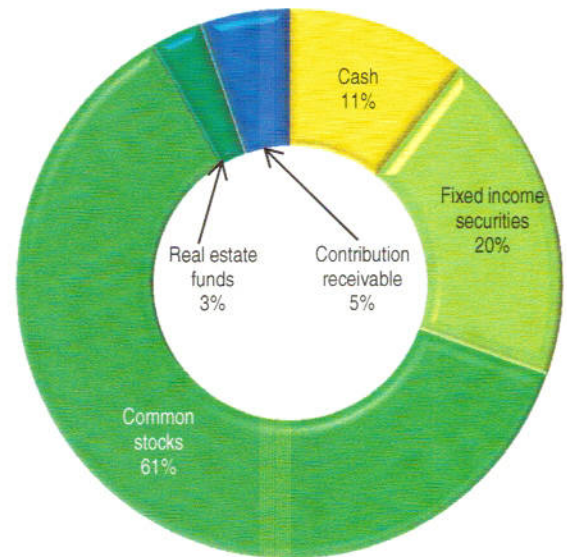


Market Value of Assets

Table III-B

As of October 1, 2014

Market Value of Assets	<u>\$151,689,814</u>
Cash	\$16,347,214
Fixed income securities	\$30,003,542
Common stocks	\$93,181,920
Real estate funds	\$4,543,709
Income receivable	\$464,806
Contribution receivable	\$7,433,355
Accounts payable	(\$284,732)

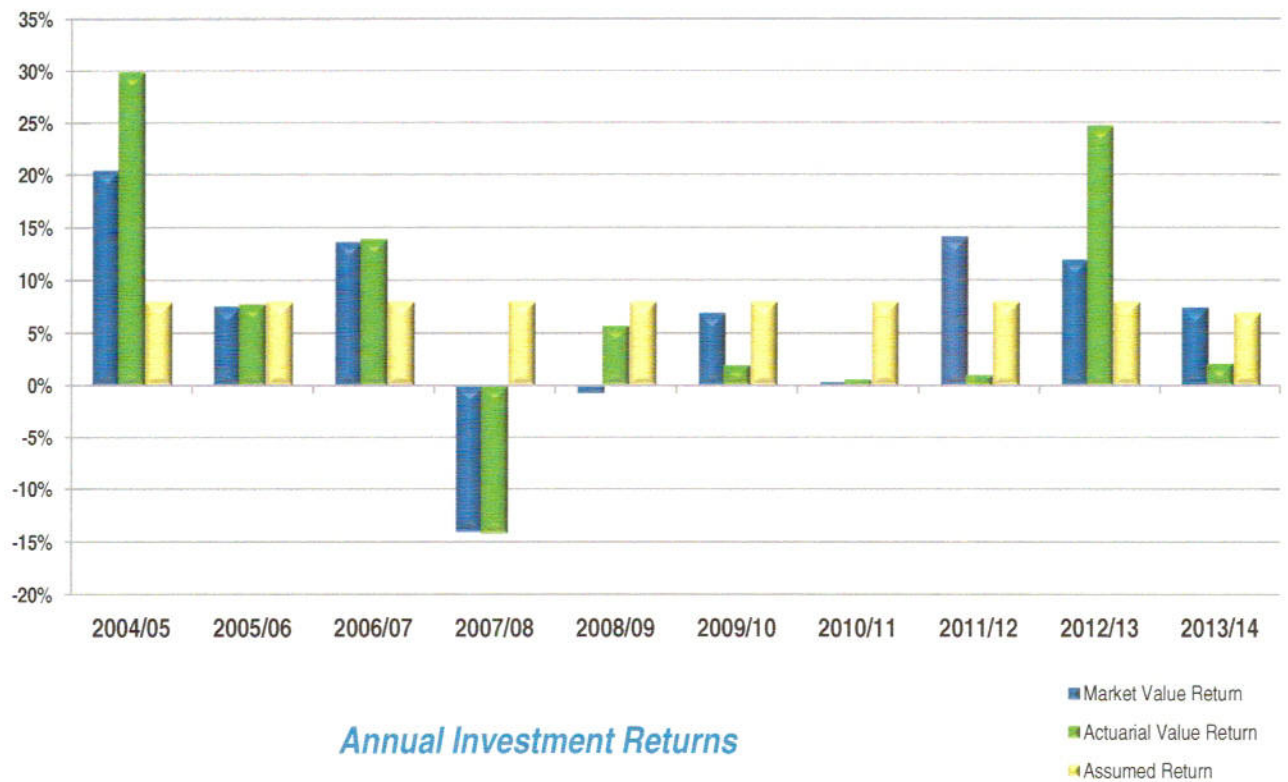
Historical Market Value of Assets

October 1, 2005	\$85,530,650
October 1, 2006	\$94,582,076
October 1, 2007	\$106,452,610
October 1, 2008	\$90,570,103
October 1, 2009	\$93,117,248
October 1, 2010	\$101,678,847
October 1, 2011	\$102,935,330
October 1, 2012	\$122,026,858
October 1, 2013	\$141,783,412
October 1, 2014	\$151,689,814



Investment Return

Table III-C



Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2004/05	20.44%	29.89%	8.00%
2005/06	7.60%	7.78%	8.00%
2006/07	13.70%	13.94%	8.00%
2007/08	-14.02%	-14.17%	8.00%
2008/09	-0.72%	5.73%	8.00%
2009/10	6.94%	1.96%	8.00%
2010/11	0.34%	0.64%	8.00%
2011/12	14.15%	1.02%	8.00%
2012/13	11.99%	24.72%	8.00%
2013/14	7.47%	2.13%	7.00%
10yr. Avg.	6.37%	6.69%	7.90%



Asset Reconciliation

Table III-D

	<u>Market Value</u>	<u>Actuarial Value</u>
As of October 1, 2013	\$141,783,412	\$138,907,354
<i>Increases Due To:</i>		
Employer Contributions	\$14,950,855	\$14,950,855
Employee Contributions	\$2,945,173	\$2,945,173
Service Purchase Contributions	\$0	\$0
Total Contributions	<u>\$17,896,028</u>	<u>\$17,896,028</u>
Interest and Dividends	\$1,557,605	
Realized Gains (Losses)	\$0	
Unrealized Gains (Losses)	\$9,510,533	
Total Investment Income	<u>\$11,068,138</u>	\$2,961,371
Other Income	\$0	
Total Income	<u>\$28,964,166</u>	<u>\$20,857,399</u>
<i>Decreases Due To:</i>		
Monthly Benefit Payments	(\$18,091,958)	(\$18,091,958)
Refund of Employee Contributions	(\$356,916)	(\$356,916)
DROP Credits		\$418,299
Total Benefit Payments	<u>(\$18,448,874)</u>	<u>(\$18,030,575)</u>
Investment Expenses	(\$498,341)	
Administrative Expenses	(\$110,549)	(\$110,549)
Advance Employer Contribution		\$0
Total Expenses	<u>(\$19,057,764)</u>	<u>(\$18,141,124)</u>
As of October 1, 2014	<u>\$151,689,814</u>	<u>\$141,623,629</u>



Historical Trust Fund Detail

Table III-E

Income

Plan	Employer	Employee	Service		Realized	Unrealized	Other
<u>Year</u>	<u>Contribs.</u>	<u>Contribs.</u>	<u>Purchase</u>	<u>Interest /</u>	<u>Gains /</u>	<u>Gains /</u>	<u>Income</u>
			<u>Contribs.</u>	<u>Dividends</u>	<u>Losses</u>	<u>Losses</u>	
2004/05	\$15,581,462	\$2,317,962	\$37,775	\$1,367,294	\$0	\$13,098,655	\$0
2005/06	\$15,395,358	\$2,393,737	\$21,470	\$1,696,047	\$0	\$5,130,900	\$0
2006/07	\$13,528,733	\$2,579,329	\$0	\$1,895,571	\$0	\$11,205,488	\$0
2007/08	\$11,881,087	\$2,873,922	\$22,424	\$1,714,909	\$0	-\$16,203,673	\$0
2008/09	\$16,473,275	\$3,117,345	\$90,767	\$1,651,095	\$0	-\$2,106,039	\$0
2009/10	\$15,037,059	\$3,034,919	\$0	\$1,586,612	\$0	\$5,234,255	\$3,638
2010/11	\$13,852,639	\$3,043,066	\$43,288	\$1,561,407	\$0	-\$855,263	\$10,408
2011/12	\$17,508,284	\$3,006,582	\$0	\$1,513,978	\$0	\$13,754,849	\$3,919
2012/13	\$19,707,446	\$3,108,945	\$0	\$1,971,260	\$0	\$13,470,198	\$0
2013/14	\$14,950,855	\$2,945,173	\$0	\$1,557,605	\$0	\$9,510,533	\$0

Expenses

Plan	Monthly			
<u>Year</u>	<u>Benefit</u>	<u>Contrib.</u>	<u>Admin.</u>	<u>Invest.</u>
	<u>Payments</u>	<u>Refunds</u>	<u>Expenses</u>	<u>Expenses</u>
2004/05	\$13,696,830	\$530,274	\$55,358	\$263,129
2005/06	\$14,811,364	\$471,929	\$72,288	\$230,605
2006/07	\$16,291,075	\$723,959	\$113,359	\$210,194
2007/08	\$15,161,307	\$530,711	\$113,689	\$365,469
2008/09	\$16,057,057	\$307,772	\$104,926	\$209,543
2009/10	\$15,214,998	\$705,860	\$120,727	\$293,299
2010/11	\$15,250,117	\$674,887	\$104,354	\$369,704
2011/12	\$15,417,437	\$770,972	\$96,478	\$411,197
2012/13	\$17,224,253	\$668,097	\$94,268	\$514,677
2013/14	\$18,091,958	\$356,916	\$110,549	\$498,341

Other Actuarial Adjustments

	Advance
<u>DROP</u>	<u>Employer</u>
<u>Credits</u>	<u>Contribs.</u>
\$460,796	\$0
\$465,418	\$0
-\$1,120,264	\$0
\$95,008	\$0
-\$660,965	\$0
\$111,351	\$0
\$825,603	\$0
\$1,076,890	\$0
\$371,627	\$0
-\$418,299	\$0

Note: Information was not available to separate the realized and unrealized gains and losses.



Other Reconciliations

Table III-F

Advance Employer Contribution

Advance Employer Contribution as of October 1, 2013	\$0
Additional Employer Contribution	\$14,950,855
Minimum Required Contribution	(\$14,950,855)
Net Increase in Advance Employer Contribution	\$0
Advance Employer Contribution as of October 1, 2014	<u>\$0</u>

DROP Account Reconciliation

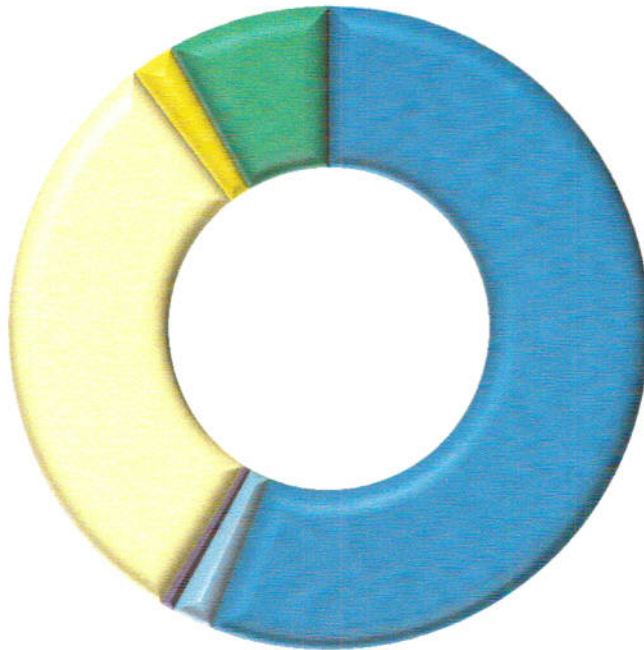
DROP Balance as of October 1, 2013	\$2,876,058
DROP Benefits Deposited	\$1,065,551
DROP Benefits Paid Out	(\$1,746,589)
DROP Investment Credits	\$262,739
Net DROP Credit	(\$418,299)
DROP Balance as of October 1, 2014	<u>\$2,457,759</u>



Summary of Participant Data

Table IV-A

As of October 1, 2014

Actively Employed Participants

Active Participants	974
DROP Participants	36

Inactive Participants

Deferred Vested Participants	13
Due a Refund of Contributions	0
Deferred Beneficiaries	0

Participants Receiving a Benefit

Service Retirements	537
Disability Retirements	38
Beneficiaries Receiving	143

Total Participants 1,741Number of Participants Included in Prior Valuations

	Active	DROP	Inactive	Retired	Total
October 1, 2005	872	40	7	692	1,611
October 1, 2006	868	41	7	705	1,621
October 1, 2007	923	25	6	719	1,673
October 1, 2008	971	20	4	715	1,710
October 1, 2009	1002	12	5	714	1,733
October 1, 2010	977	28	5	702	1,712
October 1, 2011	986	39	8	699	1,732
October 1, 2012	984	54	8	695	1,741
October 1, 2013	977	47	14	703	1,741
October 1, 2014	974	36	13	718	1,741



Data Reconciliation

Table IV-B

	<u>Active</u>	<u>DROP</u>	<u>Deferred Vested</u>	<u>Due a Refund</u>	<u>Def. Benef.</u>	<u>Service Retiree</u>	<u>Disabled Retiree</u>	<u>Benef. Rec'v.</u>	<u>Total</u>
<u>October 1, 2013</u>	977	47	14	0	0	517	44	142	1,741
<u>Change in Status</u>									
Re-employed									
Terminated	(40)			40					
Retired	(5)	(20)	(1)			25	1		
<u>Participation Ended</u>									
Transferred Out	(9)	9				1	(1)		
Cashed Out				(40)					(40)
Died	(1)					(6)	(6)	(8)	(21)
<u>Participation Began</u>									
Newly Hired	52								52
Transferred In									
New Beneficiary								9	9
<u>Other Adjustment</u>									
<u>October 1, 2014</u>	974	36	13	0	0	537	38	143	1,741

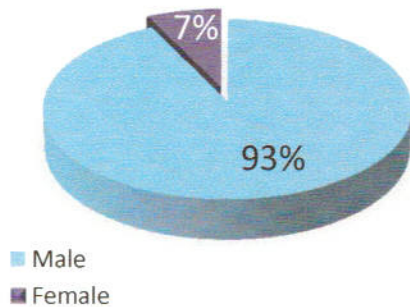


Active Participant Data

Table IV-C

As of October 1, 2014

Gender Mix



Average Age	39.6 years
Average Service	10.9 years
Total Annualized Compensation for the Prior Year	\$37,534,582
Total Expected Compensation for the Current Year	\$35,887,574
Average Increase in Compensation for the Prior Year	1.47%
Expected Increase in Compensation for the Current Year	3.00%



Actual vs. Expected Salary Increases

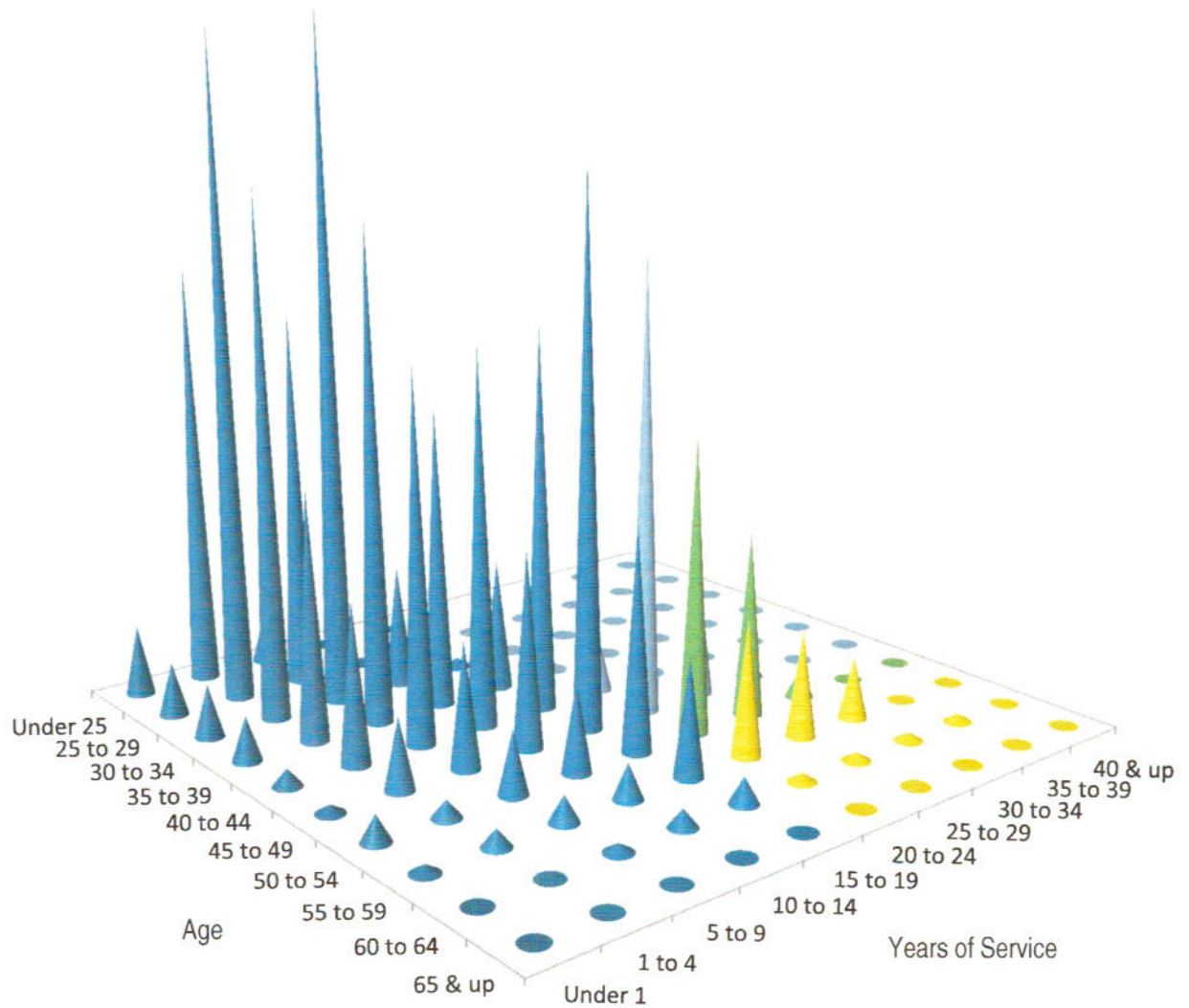
Active Participant Statistics From Prior Valuations

	Average Age	Average Service	Average Salary	Average Expected Salary Increase	Average Actual Salary Increase
October 1, 2005	39.0	10.6	\$34,667	5.00%	7.50%
October 1, 2006	38.9	10.6	\$36,024	5.00%	5.77%
October 1, 2007	38.7	10.4	\$38,194	5.00%	9.37%
October 1, 2008	38.7	10.3	\$40,224	5.00%	8.17%
October 1, 2009	38.5	9.9	\$39,543	4.00%	1.11%
October 1, 2010	38.8	10.2	\$39,393	4.00%	1.76%
October 1, 2011	38.8	10.1	\$39,151	4.00%	1.16%
October 1, 2012	38.9	10.2	\$38,773	4.00%	1.17%
October 1, 2013	38.9	10.3	\$38,596	4.00%	1.52%
October 1, 2014	39.6	10.9	\$38,537	3.00%	1.47%



Active Age-Service Distribution

Table IV-D



- ▲ *Eligible to retire*
- ▲ *May be eligible to retire*
- ▲ *Not eligible to retire*



Active Age-Service-Salary Table

Table IV-E

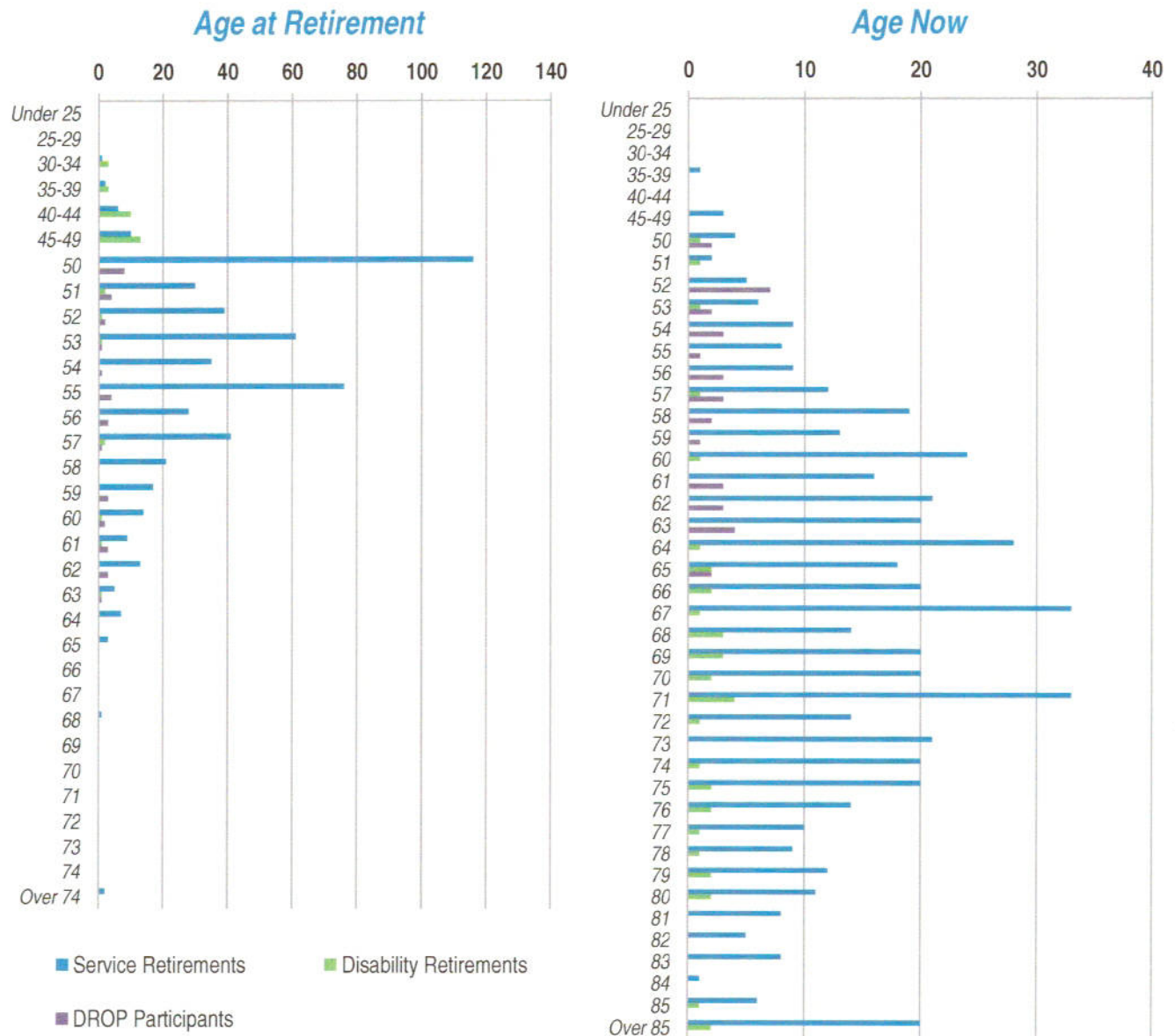
Attained Age	Completed Years of Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	8	48	6	0	0	0	0	0	0	0	62
Avg.Pay	28,426	27,577	40,701	0	0	0	0	0	0	0	28,957
25 to 29	6	74	43	0	0	0	0	0	0	0	123
Avg.Pay	29,361	31,916	35,176	0	0	0	0	0	0	0	32,931
30 to 34	6	58	76	14	1	0	0	0	0	0	155
Avg.Pay	36,534	32,913	35,430	41,016	32,408	0	0	0	0	0	35,016
35 to 39	5	28	55	34	15	0	0	0	0	0	137
Avg.Pay	31,777	32,809	36,283	41,092	45,059	0	0	0	0	0	37,563
40 to 44	2	18	41	42	43	7	0	0	0	0	153
Avg.Pay	33,654	32,471	35,945	39,621	43,199	49,571	0	0	0	0	39,177
45 to 49	1	8	14	22	61	51	14	2	0	0	173
Avg.Pay	43,587	31,510	35,119	39,440	42,668	46,303	59,048	55,863	0	0	43,686
50 to 54	3	2	7	10	25	33	21	3	0	0	104
Avg.Pay	54,229	38,736	31,110	38,589	39,963	45,673	51,474	57,145	0	0	44,255
55 to 59	1	2	3	4	13	15	12	7	0	0	57
Avg.Pay	29,361	30,885	30,376	33,250	39,477	47,746	48,695	56,923	0	0	44,341
60 to 64	0	0	1	2	3	1	1	1	1	0	10
Avg.Pay	0	0	30,846	34,996	37,964	41,486	58,619	67,981	50,546	0	43,336
65 & up	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
Total	32	238	246	128	161	107	48	13	1	0	974
Avg.Pay	33,894	31,466	35,570	39,781	42,204	46,480	53,137	57,662	50,546	0	38,537

NOTE: Due to a software issue, two of the individuals shown above as having less than one year of service actually have more than 20 years of service.



Inactive Participant Data

Table IV-F

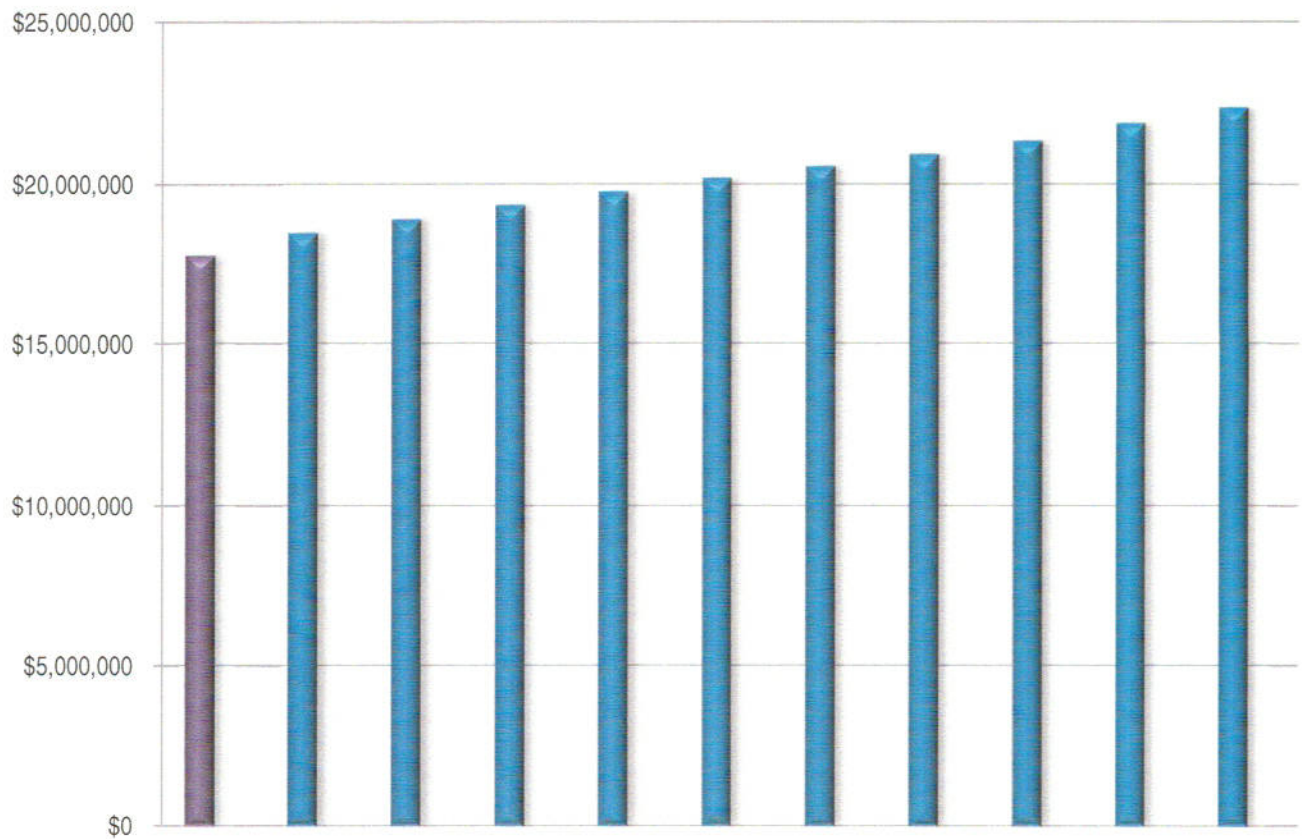
Average Monthly Benefit

Service Retirements	\$2,179.74
Disability Retirements	\$1,788.86
Beneficiaries Receiving	\$747.03
DROP Participants	\$2,932.64
Deferred Vested Participants	\$1,812.52
Deferred Beneficiaries	Not applicable



Projected Benefit Payments

Table IV-G

Actual

For the period October 1, 2013 through September 30, 2014

\$17,767,836

Projected

For the period October 1, 2014 through September 30, 2015

\$18,489,959

For the period October 1, 2015 through September 30, 2016

\$18,910,158

For the period October 1, 2016 through September 30, 2017

\$19,361,441

For the period October 1, 2017 through September 30, 2018

\$19,777,693

For the period October 1, 2018 through September 30, 2019

\$20,212,966

For the period October 1, 2019 through September 30, 2020

\$20,581,668

For the period October 1, 2020 through September 30, 2021

\$20,938,719

For the period October 1, 2021 through September 30, 2022

\$21,350,890

For the period October 1, 2022 through September 30, 2023

\$21,889,136

For the period October 1, 2023 through September 30, 2024

\$22,364,701



Summary of Actuarial Methods and Assumptions

Table V-A

1. Actuarial Cost Method

Projected unit credit cost method. Under this actuarial cost method, the actuarial accrued liability is equal to the accumulated benefits earned to the valuation date for all participants, but adjusted to reflect expected increases in each participant's final average compensation. The normal cost is equal to one additional year's benefit accrual for all active participants on the same basis.

2. Amortization Method

The unfunded actuarial accrued liability is amortized as a level dollar amount over a period of up to 30 years, except that the initial unfunded liability as of October 1, 1996 is amortized as a level percentage of payroll using a 4.00% assumed annual increase in total covered payroll.

3. Asset Method

The actuarial value of assets is equal to the market value of assets, adjusted to reflect a five-year phase-in of the net investment appreciation (both realized and unrealized) that occurs after September 30, 2013.

4. Interest (or Discount) Rate

7.00% per annum

5. Salary Increases

Plan compensation is assumed to increase at the rate of 3.00% per annum.

6. Decrements

- Pre-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected.
- Post-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected.



Summary of Actuarial Methods and Assumptions

Table V-A

(continued)

- **Disability:** Rates of disability increase with age up to age 65; a 0.19% probability of disability is assumed at age 30, a 0.43% probability of disability is assumed at age 40, a 0.56% probability of disability is assumed at age 50, and a 0.67% probability of disability is assumed at age 65, and the probabilities for intervening ages are roughly proportional to these probabilities; 80% of future disabilities are assumed to be service-related and participants entitled to a disability benefit are assumed to receive 60% of their final salary.
- **Termination:** Employment termination rates decrease with age up to age 50; a 7.07% probability of termination is assumed at age 20, a 4.81% probability of termination is assumed at age 30, a 0.34% probability of termination is assumed at age 40, and a 0.00% probability of termination is assumed at age 50, and the probabilities for intervening ages are roughly proportional to these probabilities
- **Retirement:** 25% of eligible participants assumed to retire at age 50, 20% are assumed to retire at each of ages 51 and 52, 22% are assumed to retire at age 53, 33% are assumed to retire at age 54, 35% are assumed to retire at age 55, 30% are assumed to retire at age 56, 25% are assumed to retire at age 57, 20% are assumed to retire at age 58, 15% are assumed to retire at age 59, 20% are assumed to retire at each of ages 60 and 61, and 100% are assumed to retire at age 62.

7. Marriage Assumption

100% of non-retired participants are assumed to be married, with husbands assumed to be three years older than wives.

8. Form of Payment

Future retirees have been assumed to select the single life annuity.

9. Cost-of-Living Adjustment

A 2.50% automatic cost-of-living adjustment has been assumed for those members (excluding their beneficiaries) who retired during the period October 1, 1977 to April 14, 1985.

10. Expenses

Administrative expenses are assumed to be 0.25% of covered payroll. In addition, the interest rate set forth in item 4. above is assumed to be net of investment expenses and commissions.



Changes in Actuarial Methods and Assumptions

Table V-B

No assumptions or methods have been changed since the previous valuation was completed.



Summary of Plan Provisions

Table VI-A

1. Monthly Accrued Benefit

For Members who became a Uniformed Officer prior to March 28, 1990:

2.50% of Final Average Salary multiplied by Service up to 30 years

For all other Members:

2.50% of Final Average Salary multiplied by Service up to 20 years, plus

2.25% of Final Average Salary multiplied by Service in excess of 20 years up to 30 years

2. Service Retirement Age and Benefit

- **Age**

For Members who became a Uniformed Officer prior to March 28, 1990:

The later of age 50 and the attainment of 20 years of Service (the last 10 years of which must be without a Break in Service exceeding one year)

For all other Members:

The later of age 55 and the attainment of 20 years of Service (the last 10 years of which must be without a Break in Service exceeding one year)

- **Amount**

Monthly Accrued Benefit

- **Form of Payment**

Life annuity (normal form for unmarried Members; optional for married Members);

Actuarially reduced 50% joint and contingent annuity (normal form for married Members, with the Member's spouse as Beneficiary; optional for unmarried Members);

Actuarially reduced 100% joint and contingent annuity (optional);

Actuarially reduced 50% joint and contingent annuity with "pop-up" feature¹ (optional); or

Actuarially reduced 100% joint and contingent annuity with "pop-up" feature¹ (optional)

¹ An annuity with a "pop-up" feature is one that increases to the amount of the unreduced accrued benefit upon the death of the contingent annuitant.



Summary of Plan Provisions

Table VI-A

3. Disability Retirement Age and Benefit

- **Condition**

The Member must become permanently physically or mentally disabled such that he is unable to perform any other job or service within his merit system classification. If his disability is non-service related, then the Member must also have earned at least 15 years of Service. In addition to disabilities incurred by the Member while performing his duties as a Uniformed Officer, the definition of *service-related disability* includes disabilities caused by hypertension, heart disease, respiratory disease, AIDS, hepatitis, and cancer, provided that: (a) the Member has completed at least three years of continuous Service as a Uniformed Officer and has successfully passed a physical examination upon entry into Service, (b) the AIDS, hepatitis, or cancer manifests itself no later than 10 years after the Member is no longer employed as a Uniformed Officer, and (c) the City fails to prove by a preponderance of the evidence that the hypertension, heart disease, respiratory disease, AIDS, hepatitis, or cancer was caused by some other means. The definition of *non-service related disability* includes any disability that is not found to be a *service-related disability*.

- **Amount**

2.50% of final salary multiplied by Service up to 24 years (for a non-service related disability);
45% of final salary (for a service-related disability); or
60% of final salary (for a Member who has incurred a service-related *total disability* which prevents the Member from working in any gainful employment).

- **Offset**

Prior to age 50 (for Members who became a Uniformed Officer prior to March 28, 1990) or age 55 (for all other Members), the Disability Benefit will be reduced so that the total of the Member's Disability Benefit plus any other earnings as defined in Section 203(f)(5) of the Social Security Act will not exceed 150% of the Member's rate of salary as of the date he became disabled.

- **Form of Payment**

Same as for Service Retirement



Summary of Plan Provisions

Table VI-A

4. **Withdrawal Retirement Age and Benefit**

- **Age**
Any age upon withdrawal from Service as a Uniformed Officer prior to eligibility for a Service Retirement Benefit.
- **Amount**
For Members with at least 20 years of Service (the last 10 years of which must be without a Break in Service exceeding one year):
Monthly Accrued Benefit (payable at Service Retirement Age);
For Members with at least 15 but less than 20 years of Service (the last 10 years of which must be without a Break in Service exceeding one year):
Monthly Accrued Benefit (payable at age 65);
For all other Members, return of Member Contributions without interest.
- **Form of Payment**
Same as for Service Retirement (for Members with at least 15 years of Service, the last 10 years of which are without a Break in Service exceeding one year);
Lump sum payment (for all other Members)

5. **Pre-Retirement Death Benefits**

For Members with at least 15 years of Service (the last 10 years of which are without a Break in Service exceeding one year) who have an eligible spouse or children:

The Member's eligible spouse or children receive 50% of the Monthly Accrued Benefit that would have been payable to the Member in the form of a 50% joint and contingent annuity had the Member been eligible for a Service Retirement Benefit and retired on his date of death. The monthly Death Benefit is payable either to the Member's spouse for life or to his dependent children until each child attains age 18. In lieu of the monthly Death Benefit, the Member's eligible spouse or children will receive a return of Member Contributions without interest plus a matching amount up to \$5,000 if this amount is greater than the actuarially equivalent value of the monthly Death Benefit described above.

For all other Members:

The Member's Beneficiary receives a return of Member Contributions without interest plus a matching amount up to \$5,000.

6. **Final Average Salary**

The average of the Member's salary for his final 60 months of Service (for Members who become a Uniformed Officer on or after March 28, 1990) and the average of the Member's salary for his final 36 months of Service (for all other Members); salary used for any purpose under the plan cannot exceed \$200,000 (as adjusted annually pursuant to Internal Revenue Code (IRC) §401(a)(17)(B)).



Summary of Plan Provisions

Table VI-A

7. Service

A Member's Service is equal to his period of service as a Uniformed Officer as determined in accordance with the Mobile County Personnel Board Rules. In addition, military service will be recognized in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), provided that the Member makes the required Member Contributions for such period of military service within the period of time specified by USERRA.

8. Restoration to Service after Retirement or Termination of Active Membership

If a Member is restored to Service as a Uniformed Officer after a Break in Service, then any benefit that he was receiving will cease and any benefit payment option previously elected will be void. If a Member who has received a distribution of his Member Contributions is restored to Service as a Uniformed Officer, the Member can repay the Member Contributions previously distributed to him plus interest computed at the rate of 10% per annum in order to "buy back" the Service earned prior to such distribution. The Member Contributions plus interest must be repaid within the same time period as that specified by USERRA for the payment of Member Contributions pursuant to military service.

If such a Member is restored to Service having incurred a Break in Service of one year or less, then, upon subsequent termination or retirement, the Member's benefit will be based on his Service and salary both before and after the Break in Service but reduced by the Actuarial Equivalent of any benefits paid to the Member prior to his restoration to Service.

If such a Member is restored to Service having incurred a Break in Service of more than one year, then, upon subsequent termination or retirement, the Member's benefit will be equal to his original benefit plus an additional benefit earned during his period of subsequent Service (if the Member has earned at least 10 consecutive years of additional Service after his Break in Service).

9. Membership

Membership is mandatory for all Uniformed Officers, where Uniformed Officers refers to any person employed by the City's police department or fire department who: (a) is certified as a police officer or firefighter by the State of Alabama, (b) is in training to be certified as a police officer or firefighter by the State of Alabama, (c) is in the police or fire cadet program, or (d) was a participant in the plan as of September 30, 1997.



Summary of Plan Provisions

Table VI-A

10. Break in Service

A Break in Service is a period of absence which would constitute a break in the Member's Service under the Mobile County Personnel Board rules, except that periods of absence due to military service pursuant to USERRA and leaves of absence pursuant to the Family and Medical Leave Act of 1993 will not count towards a break in service.

11. Forfeiture of Benefits

If a Member is convicted of a Class A felony under the laws of the State of Alabama as in effect on October 1, 1997 or of an offense under any local, state, or federal law that would result in the conviction of a Class A felony in the State of Alabama, then any benefits that would otherwise be payable to the Member are forfeited and the Member will be treated under the plan as if he had died on the date immediately preceding his conviction.

12. Beneficiary

Each Member can designate a Beneficiary. If no Beneficiary designation is made, then the Member's spouse (if any) or estate will be the designated Beneficiary.

13. Definition of Actuarially Equivalent

- **Interest Rate**
7.00% per annum
- **Mortality Table**
1995 Buck Mortality Table (Male) is used for Members;
1995 Buck Mortality Table (Female) is used for Beneficiaries.

14. Cost-of-Living Adjustment

For Members who retired during the period October 1, 1977 to April 14, 1985 (excluding their beneficiaries), retirement benefits are increased annually by 50% of the blanket pay raise given to active Members for that year of the same class that the retiree held on his date of retirement.

15. Member Contributions

Members who have earned less than 30 years of Service are required to contribute 8% of salary per year; Member Contributions are deemed to be "picked-up" by the City pursuant to Internal Revenue Code (IRC) §414(h)(2).



Summary of Plan Provisions

Table VI-A

16. City Contributions

The City is required to contribute an amount each plan year which, when added to the Member Contributions and Other Contributions for that plan year, is equal to the Minimum Required Contribution for that plan year. The City's contribution is determined as of each October 1 and the contribution must be made within 18 months following that October 1.

17. Other Contributions

The plan receives 5% of all fines and moneys paid as a result of prosecutions for violations of ordinances and laws of the City of Mobile. In addition, the plan receives 2% of the gross fire insurance premiums collected on policies which cover property within the City limits of Mobile and its police jurisdiction.

18. Minimum Required Contribution

The Minimum Required Contribution is the sum of the following amounts:

- (a) the normal cost for the plan year;
- (b) the increasing 30-year amortization payment required to amortize the initial unfunded actuarial accrued liability determined as of October 1, 1996, which amortization payment is scheduled to increase at the rate of 4% per annum;
- (c) the level-dollar 30-year amortization payment required to amortize changes in the unfunded actuarial accrued liability due to plan changes;
- (d) the level-dollar 10-year amortization payment required to amortize changes in the unfunded actuarial accrued liability due to assumption and method changes; and
- (e) the level-dollar five-year amortization payment required to amortize changes in the unfunded actuarial accrued liability due to experience.

19. Initial Plan Effective Date

September 2, 1964

20. Deferred Retirement Option Plan (DROP)

Members who are otherwise eligible for retirement may elect to continue their employment with the City for up to three years while their retirement benefit is accumulated on their behalf in a DROP account. The election to participate in the DROP is irrevocable and is available only once to each eligible plan Member. While participating in the DROP, Members do not accrue additional retirement benefits and do not make the 8% Member Contribution to the plan. DROP accounts earn a rate of interest that is based on the actual investment return of the fund for the prior plan year, less two percent if the return is at least equal to the assumed investment return.



Summary of Plan Amendments

Table VI-B

No significant plan amendments were adopted since the completion of the previous valuation.

