



Section 4 Actuarial

**TO IMPROVE THE LEVEL OF BENEFITS AND DELIVERY
OF SERVICES PROVIDED TO MEMBERS AND
EMPLOYEES.**

ACTUARIAL CERTIFICATION LETTER



THE SEGAL COMPANY
 100 Montgomery Street, Suite 500 San Francisco, CA 94104-4308
 T 415.263.8200 F 415.263.8290 www.segalco.com

VIA E-MAIL AND USPS

October 18, 2011

Board of Retirement
 City of Fresno Fire and Police Retirement System
 2828 Fresno Street, Suite 201
 Fresno, CA 93721-1327

**Re: City of Fresno Fire and Police Retirement System
 June 30, 2010 Actuarial Valuation**

Dear Members of the Board:

The Segal Company prepared the June 30, 2010 annual actuarial valuation of the City of Fresno Fire and Police Retirement System. We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices. In particular, it is our understanding that the assumptions and methods used for funding purposes meet the parameters of the Governmental Accounting Standards Board Statement No. 25.

As part of the June 30, 2010 actuarial valuation, The Segal Company (Segal) conducted an examination of all participant data provided by the Plan's administrative staff for reasonableness. Summaries of the employee data used in performing the actuarial valuations over the past several years are provided in our valuation report. We did not audit the System's financial statements. For actuarial valuation purposes, Plan assets are valued at Actuarial Value. Under this method, the assets used to determine employer contribution rates take into account market value by recognizing the differences between the total return at market value and the expected investment return over a five-year period.

One of the general goals of an actuarial valuation is to establish rates which, over time, will remain level as a percentage of payroll unless Plan benefit provisions are changed. Actuarial funding is based on the Entry Age Normal Cost Method. Under this method, the employer contribution rate provides for current cost (normal cost) plus a level percentage of payroll to amortize any prefunded actuarial accrued liability (PAAL). Actuarial gains and losses are incorporated into the PAAL and are amortized over the same period.



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The PAAL is amortized as a level percentage of payroll over a 15-year period. The progress being made towards meeting the funding objective through June 30, 2010 is illustrated in the Schedule of Funding Progress.

A listing of supporting schedules Segal prepared for inclusion in the actuarial, statistical, and financial sections of the System's CAFR is provided below:

1. Summary of Actuarial Assumptions and Methods;
2. Solvency Test;
3. Actuarial Analysis of Financial Experience; and
4. Schedule of Funding Progress.⁽¹⁾

⁽¹⁾ *The schedule of funding progress is the only schedule that Segal has prepared for the Financial Section of the CAFR. The other schedules, such as the schedule of gross and net employer and employee contributions, in the Financial Section of the CAFR have been prepared by the Retirement System.*

The valuation assumptions included in the Actuarial Section were adopted by the Retirement Board based on the June 30, 2009 Experience Analysis and the June 30, 2010 Economic Assumptions Report. It is our opinion that the assumptions used in the June 30, 2010 valuation produce results, which, in the aggregate, reflect the future experience of the Plan. Actuarial valuations are performed on an annual basis. An experience analysis is performed every three years. The next experience analysis is due to be performed as of June 30, 2012. The Retirement System utilizes the actuarial surplus to provide contribution rate offsets and a PRSB benefit. The impact of the application of the actuarial surplus on the future financial condition of the Plan has not been explicitly measured in the valuation.

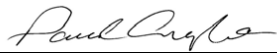
In the June 30, 2010 valuation, the ratio of the valuation assets to actuarial accrued liabilities decreased from 119.6% to 110.8%. The employer's contribution rate has increased from 19.85% of payroll to 23.94% of payroll, while the employee's contribution rate has increased from 8.71% of payroll to 8.74% of payroll.

As a result of using the actuarial value of assets in the actuarial valuation, there were \$198.2 million in unrecognized deferred investment losses as of June 30, 2010, which represented 21.6% of the market value of assets. If these deferred investment losses were recognized immediately in the actuarial value of assets, the funded percentage would decrease from 110.8% to 89.2%, and the employer's rate would increase from 23.94% of payroll to 29.81% of payroll, based on a 30-year period for amortizing the Plan's Unfunded Actuarial Accrued Liability. The projected contribution rate impact under different possible market return scenarios is provided in our letter dated March 4, 2011.

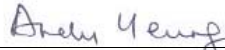
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The undersigned are Members of the American Academy of Actuaries and meet the qualification requirements to render the actuarial opinion contained herein.

Sincerely,



Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President & Actuary



Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Associate Actuary

ST/kek
Enclosures

SUMMARY OF ASSUMPTIONS AND FUNDING METHOD

These actuarial assumptions and methods based on June 30, 2010, data were adopted by the Fire and Police Retirement Board on December 8, 2010, and were effective for July 1, 2011.

Assumptions

Valuation Interest Rate 8.00%
Inflation: 4.00%

Post Retirement Mortality

(a) Service

RP-2000 Combined Healthy Mortality Table set back three years (separate tables for males and females).

Beneficiary - RP-2000 Combined Healthy Mortality Table set back three years weighted 10% male and 90% female.

(b) Disability

Member: RP-2000 Combined Healthy Mortality Table, set forward one year (separate tables for males and females). Beneficiary: RP-2000 Combined Healthy Mortality Table set back three years weighted 10% male and 90% female.

Pre-Retirement Mortality

Based upon the 6/30/2010 Experience Analysis

Withdrawal Rates

Based upon the 6/30/2010 Experience Analysis

Disability Rates

Based upon the 6/30/2010 Experience Analysis

Service Retirement Rates

Based upon the 6/30/2010 Experience Analysis

Percentage Married at Retirement

85% of all active members are assumed to be married at retirement. Their spouses will be eligible for the 2/3 automatic survivor benefits.

Assets

Five-year smoothed recognition of realized and unrealized capital gains and losses greater or lesser than the actuarial assumed rate of return.

Funding Method

The System's liability is being funded on the Entry Age Normal Cost method with the Unfunded Actuarial Accrued Liability amortized as a level percentage of payroll. There is no UAAL as of June 30, 2010.

COLA Assumptions

The annual cost-of-living adjustment is 3.00% for Tier 2 members and 4.00% for Tier 1 members and retirees who have retired with the final average formula, or with the career average formula.

DROP Assumptions

The following probabilities are applied:

| | Tier 1 | Tier 2 |
|---------------------|--------|--------|
| 1st year eligible | 100% | 50% |
| Following year | 0% | 25% |
| Next following year | 0% | 10% |
| Thereafter | 0% | 0% |

Members are assumed to remain in DROP for 7 years.

Ultimate Salary Scales

5.95% for the first five years of service. Graded increases thereafter ranging from 1.60% at age 25 to 0.30% at ages 50 and over. Of the total salary increases assumed, 3.50% is for inflation; plus 0.50% real across-the-board salary increase.

PROBABILITIES OF SEPARATION PRIOR TO RETIREMENT

| Rate (%) | | |
|-----------------|------|--------|
| Mortality | | |
| Tier 1 & Tier 2 | | |
| Age | Male | Female |
| 25 | 0.04 | 0.02 |
| 30 | 0.04 | 0.02 |
| 35 | 0.06 | 0.04 |
| 40 | 0.09 | 0.06 |
| 45 | 0.12 | 0.09 |
| 50 | 0.17 | 0.13 |
| 55 | 0.27 | 0.20 |
| 60 | 0.47 | 0.35 |
| 65 | 0.88 | 0.67 |

All pre-retirement deaths are assumed to be non-service connected.

| Rate (%) | | | | |
|------------|--------|----------|--------|----------|
| Disability | | | | |
| Age | Tier 1 | | Tier 2 | |
| | Duty | Non-Duty | Duty | Non-Duty |
| 20 | 0.02 | 0.00 | 0.14 | 0.00 |
| 25 | 0.14 | 0.01 | 0.29 | 0.01 |
| 30 | 0.26 | 0.01 | 0.50 | 0.01 |
| 35 | 0.39 | 0.03 | 0.72 | 0.03 |
| 40 | 0.60 | 0.12 | 0.98 | 0.12 |
| 45 | 0.88 | 0.25 | 1.22 | 0.25 |
| 50 | 2.80 | 0.20 | 1.48 | 0.20 |
| 55 | 8.20 | 0.00 | 1.78 | 0.00 |
| 60 | 0.00 | 0.00 | 0.00 | 0.00 |

All disabilities are assumed to be non-service connected.

| Rate (%) | | |
|--|--------|--------|
| Vested Termination (Deferred Vested Benefit) | | |
| Age | Tier 1 | Tier 2 |
| 20 | 0.70 | 1.60 |
| 25 | 0.70 | 1.35 |
| 30 | 0.70 | 1.10 |
| 35 | 0.70 | 0.88 |
| 40 | 0.70 | 0.68 |
| 45 | 0.60 | 0.42 |
| 50 | 0.00 | 0.00 |
| 55 | 0.00 | 0.00 |
| 60 | 0.00 | 0.00 |

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

| Valuation Date | Active/DROP | Number | Annual Payroll | Annual Average Pay | % Increase in Average Pay |
|----------------|-------------------|--------|----------------|--------------------|---------------------------|
| June 30, 2010 | Active Members | 992 | \$ 89,718,011 | \$ 90,442 | 3.0% |
| | DROP Participants | 143 | 12,968,418 | 90,688 | 2.3% |
| | Totals | 1135 | \$ 102,686,429 | \$ 90,473 | |
| June 30, 2009 | Active Members | 997 | \$ 87,546,941 | \$ 87,810 | 5.1% |
| | DROP Participants | 167 | 14,807,704 | 88,669 | 5.0% |
| | Totals | 1164 | \$ 102,354,645 | \$ 87,934 | |
| June 30, 2008 | Active Members | 1017 | \$ 84,977,945 | \$ 83,557 | 6.4% |
| | DROP Participants | 165 | 13,934,644 | 84,452 | 1.6% |
| | Totals | 1182 | \$ 98,912,589 | \$ 83,682 | |
| June 30, 2007 | Active Members | 956 | \$ 75,054,546 | \$ 78,509 | 5.2% |
| | DROP Participants | 174 | 14,461,649 | 83,113 | 6.2% |
| | Totals | 1130 | \$ 89,516,195 | \$ 79,218 | |
| June 30, 2006 | Active Members | 928 | \$ 69,268,193 | \$ 74,642 | 9.2% |
| | DROP Participants | 169 | 13,224,715 | 78,253 | 8.8% |
| | Totals | 1097 | \$ 82,492,908 | \$ 75,199 | |
| June 30, 2005 | Active Members | 894 | \$ 61,123,230 | \$ 68,371 | 3.0% |
| | DROP Participants | 171 | 12,299,275 | 71,926 | 0.0% |
| | Totals | 1065 | \$ 73,422,505 | \$ 68,941 | |
| June 30, 2004 | Active Members | 842 | \$ 55,895,431 | \$ 66,384 | 4.3% |
| | DROP Participants | 175 | 12,588,060 | 71,932 | 0.8% |
| | Totals | 1017 | \$ 68,483,491 | \$ 67,339 | |
| June 30, 2003 | Active Members | 814 | \$ 53,592,702 | \$ 65,839 | (1.1%) |
| | DROP Participants | 166 | 11,654,388 | 70,207 | (10.0%) |
| | Totals | 980 | \$ 65,247,090 | \$ 66,579 | |
| June 30, 2002 | Active Members | 781 | \$ 51,992,000 | \$ 66,571 | 3.1% |
| | DROP Participants | 166 | 12,945,000 | 77,982 | 10.3% |
| | Totals | 947 | \$ 64,937,000 | \$ 68,571 | |
| June 30, 2001 | Active Members | 768 | \$ 49,611,000 | \$ 64,598 | 3.9% |
| | DROP Participants | 164 | 11,374,000 | 69,354 | (1.9%) |
| | Totals | 932 | \$ 60,985,000 | \$ 65,435 | |

SCHEDULE OF BENEFICIARIES ADDED OR REMOVED FROM ROLLS

| Year Ended | Added to Rolls | | Removed from Rolls | | Rolls at End of Year | | Average Annual Allowance | % Increase in Retiree Allowance |
|---------------|----------------|-------------------|--------------------|-------------------|----------------------|------------------|--------------------------|---------------------------------|
| | Number | Annual Allowance* | Number | Annual Allowance* | Number | Annual Allowance | | |
| June 30, 2011 | 61 | \$1,895,852 | (25) | \$(691,254) | 938 | \$50,556,250 | \$53,898 | (2.06) |
| June 30, 2010 | 69 | \$2,889,037 | (32) | \$838,327 | 902 | \$49,638,574 | \$55,032 | 1.23 |
| June 30, 2009 | 37 | \$1,133,750 | (26) | \$(663,449) | 865 | \$47,024,672 | \$54,364 | 8.09 |
| June 30, 2008 | 48 | \$1,677,698 | (27) | \$(804,955) | 854 | \$42,949,880 | \$50,293 | 5.57 |
| June 30, 2007 | 34 | \$1,196,861 | (8) | \$(178,933) | 833 | \$39,682,515 | \$47,638 | 4.53 |
| June 30, 2006 | 54 | \$1,196,861 | (31) | \$(673,117) | 807 | \$36,778,219 | \$45,574 | (1.96) |
| June 30, 2005 | 40 | \$1,167,252 | (17) | \$(329,007) | 784 | \$36,443,224 | \$46,484 | 0.20 |
| June 30, 2004 | 50 | \$549,865 | (23) | \$(592,613) | 761 | \$35,304,472 | \$46,392 | 0.93 |
| June 30, 2003 | 61 | \$1,936,470 | (13) | \$(312,042) | 734 | \$33,736,675 | \$45,963 | 1.24 |
| June 30, 2002 | 43 | \$1,080,350 | (20) | \$(563,907) | 686 | \$31,144,834 | \$45,401 | 5.36 |

* Annual allowance data not available prior to 2001.

SOLVENCY TEST (IN THOUSANDS)

| Valuation Date | Aggregate Accrued Liabilities for | | | | Portion of Accrued Liabilities Covered by Reported Asset | | |
|----------------|-----------------------------------|---|--|---------------------------|--|---|----------------|
| | Active Member Contributions | Retirees and Beneficiaries (Includes Deferred Vested) | Active Members (Employer Financed Portion) | Actuarial Value of Assets | Active Member Contributions | Retirees and Beneficiaries (Includes Deferred Vested) | Active Members |
| 6/30/2010 | \$88,824 | \$683,318 | \$147,144 | \$1,018,605 | 100% | 100% | 100% |
| 6/30/2009 | \$79,896 | \$654,398 | \$140,061 | \$1,045,774 | 100% | 100% | 100% |
| 6/30/2008 | 70,998 | 631,540 | 127,498 | 1,066,778 | 100% | 100% | 100% |
| 6/30/2007 | 62,769 | 602,989 | 107,478 | 1,000,961 | 100% | 100% | 100% |
| 6/30/2006 | 58,078 | 561,039 | 103,605 | 906,223 | 100% | 100% | 100% |
| 6/30/2005 | 53,011 | 508,568 | 108,522 | 846,718 | 100% | 100% | 100% |
| 6/30/2004 | 47,981 | 492,227 | 101,986 | 793,059 | 100% | 100% | 100% |
| 6/30/2003 | 46,881 | 461,688 | 109,310 | 749,505 | 100% | 100% | 100% |
| 6/30/2002 | 44,161 | 443,037 | 103,657 | 814,680 | 100% | 100% | 100% |
| 6/30/2000 | 39,133 | 381,062 | 102,603 | 852,444 | 100% | 100% | 100% |

ACTUARIAL ANALYSIS OF FINANCIAL EXPERIENCE

| (Amounts in Thousands) | Plan Years | | | | | | | | | |
|---|------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
| Prior Valuation Actuarial Accrued Liability | \$874 | \$830 | \$773 | \$723 | \$670 | \$642 | \$618 | \$591 | \$562 | \$523 |
| Salary Increase Greater/ (Less) than Expected | (6) | - | 8 | 4 | (6) | (8) | 5 | (12) | (3) | (3) |
| Asset Return (Greater)/ Less than Expected | - | - | - | - | - | (14) | (38) | 29 | 26 | 30 |
| COLA Increase Greater/(Less) than Expected | (29) | - | - | - | - | - | - | - | - | - |
| Other Experience | (8) | (7) | (7) | 4 | (4) | 47 | 43 | - | - | (1) |
| Economic Assumption Changes | 36 | - | 8 | (2) | - | - | 5 | - | - | 18 |
| Non-economic Assumption Changes | - | - | - | - | - | 3 | 9 | 10 | 6 | (5) |
| Normal Cost | 28 | 28 | 25 | 22 | 21 | - | - | - | - | - |
| | 71 | 67 | 63 | 59 | 54 | - | - | - | - | - |
| Payments | (47) | (44) | (40) | (37) | (35) | - | - | - | - | - |
| Change in Valuation Programs and Methods | 0 | 0 | - | - | 23 | - | - | - | - | - |
| Ending Actuarial Accrued Liability | \$919 | \$874 | \$830 | \$773 | \$723 | \$670 | \$642 | \$618 | \$591 | \$562 |

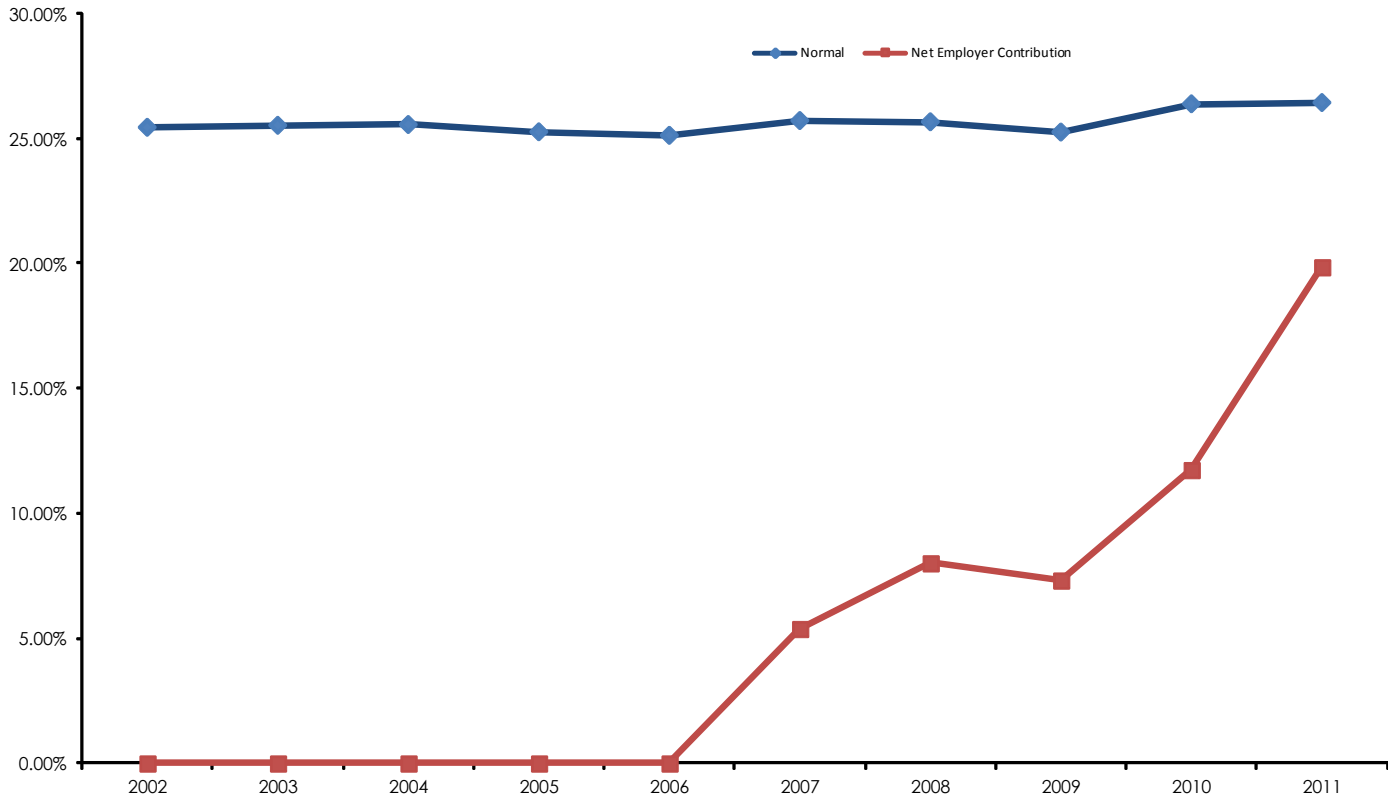
MAJOR PROVISIONS OF THE RETIREMENT PLAN

| | Fire & Police First Tier | Fire & Police Second Tier | | | | | | | | | | | | | | |
|--|---|--|----------------|-----------------|----|-----------------------|----|-----------------------|----|-----------------------|----|-----------------------|----|-----------------------|-------------|-----------------------|
| Coverage | All Fire and Police employees hired on or after October 27, 1927, and before August 27, 1990. | All Fire and Police employees hired on or after August 27, 1990. | | | | | | | | | | | | | | |
| Final Average Salary (FAS) | <p>A. Three-year final average salary; or</p> <p>B. Salary attached to rank average-service weighted compensation for each rank held.</p> | A. Highest three consecutive year average. | | | | | | | | | | | | | | |
| Service Retirement | <p>Requirement: Age 50 and 10 years of Service, or age 60.</p> <p>Benefit: (1) and (2)</p> <ol style="list-style-type: none"> 1. 2¾% of FAS times years of service before age 50, not to exceed 20 years. 2. 2% of FAS times years of service after age 50, not to exceed 10 years <p>Maximum Benefit: 75% of FAS</p> | <p>Requirement: Age 50 and 5 years of service.</p> <p>Benefit:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Retirement Age</th> <th style="text-align: center;">Benefit Formula</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">50</td> <td style="text-align: center;">2.00% x FAS x service</td> </tr> <tr> <td style="text-align: center;">51</td> <td style="text-align: center;">2.14% x FAS x service</td> </tr> <tr> <td style="text-align: center;">52</td> <td style="text-align: center;">2.28% x FAS x service</td> </tr> <tr> <td style="text-align: center;">53</td> <td style="text-align: center;">2.42% x FAS x service</td> </tr> <tr> <td style="text-align: center;">54</td> <td style="text-align: center;">2.56% x FAS x service</td> </tr> <tr> <td style="text-align: center;">55 and over</td> <td style="text-align: center;">2.70% x FAS x service</td> </tr> </tbody> </table> <p>Maximum Benefit: 75% of FAS</p> | Retirement Age | Benefit Formula | 50 | 2.00% x FAS x service | 51 | 2.14% x FAS x service | 52 | 2.28% x FAS x service | 53 | 2.42% x FAS x service | 54 | 2.56% x FAS x service | 55 and over | 2.70% x FAS x service |
| Retirement Age | Benefit Formula | | | | | | | | | | | | | | | |
| 50 | 2.00% x FAS x service | | | | | | | | | | | | | | | |
| 51 | 2.14% x FAS x service | | | | | | | | | | | | | | | |
| 52 | 2.28% x FAS x service | | | | | | | | | | | | | | | |
| 53 | 2.42% x FAS x service | | | | | | | | | | | | | | | |
| 54 | 2.56% x FAS x service | | | | | | | | | | | | | | | |
| 55 and over | 2.70% x FAS x service | | | | | | | | | | | | | | | |
| Deferred Retirement Option (DROP) | An employee who is age 50 with 10 years of service may join the DROP program which is in essence an alternative form of retirement distribution. Retirement amount is calculated and monthly deposits are made to the employee's DROP account while employee continues to work for a maximum of 10 years. | An employee who is age 50 with 5 years of service may join the DROP program which is in essence an alternative form of retirement distribution. Retirement amount is calculated and monthly deposits are made to the employee's DROP account while employee continues to work for a maximum of 10 years. | | | | | | | | | | | | | | |
| Disability Retirement | <p>a. Requirements:</p> <ol style="list-style-type: none"> 1. Service-Connected: None 2. Non-Service Connected: 10 years of service. <p>b. Benefit:</p> <ol style="list-style-type: none"> 1. Service-Connected: 55% of FAS or service retirement, if higher. 2. Non-Service Connected: 1.65% x FAS x years of service, if exceeds 36.67% of FAS; or 36.67% of FAS; or service retirement, if higher. <p>Benefit reduced to the extent that income earned while on disability and the amount of the disability retirement benefits exceeds the current salary attached to the last rank held.</p> | <p>a. Requirements:</p> <ol style="list-style-type: none"> 1. Service-Connected: None 2. Non-Service Connected: 10 years of service. <p>b. Benefit:</p> <ol style="list-style-type: none"> 1. Service-Connected: 50% of FAS or service retirement, if higher. 2. Non-Service Connected: 1½% x FAS x years of service, if exceeds 1/3 of FAS; or 1/3 of FAS; or service retirement, if higher. <p>Benefit reduced to the extent that income earned while on disability and the amount of the disability retirement benefits exceeds the current salary attached to the last rank held.</p> | | | | | | | | | | | | | | |

MAJOR PROVISIONS OF THE RETIREMENT PLAN

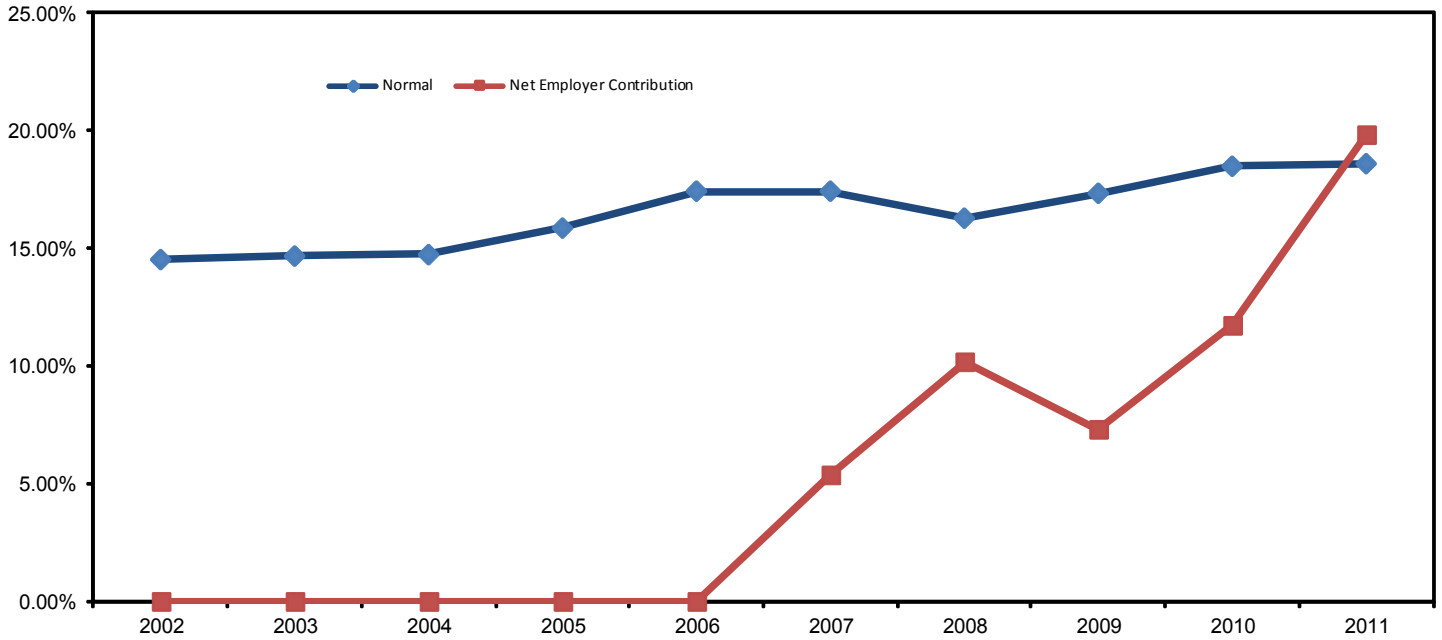
| | Fire & Police First Tier | Fire and Police Second Tier |
|--|--|--|
| Death Before Retirement | <ul style="list-style-type: none"> a. Before eligible to retire for disability (less than 5 years). <ul style="list-style-type: none"> 1. One month's salary for each year of service, not-to-exceed 6 months. 2. Return of contributions with interest. <ul style="list-style-type: none"> a. While eligible to retire (after 10 years): 2/3 of Service or Non-Service-connected Disability Retirement Benefit. b. Service-Connected Death: 55% of FAS | <ul style="list-style-type: none"> a. Before eligible to retire (less than 5 years). <ul style="list-style-type: none"> 1. One month's salary for each year of service, not-to-exceed 6 months. 2. Return of contributions with interest. <ul style="list-style-type: none"> a. While eligible to retire (after 5 years): 2/3 of Service or Non-Service-connected Disability Retirement Benefit b. Service-Connected Death: 50% of FAS |
| Death After Retirement | Two-thirds of the member's allowance continued to eligible spouse for life. | Two-thirds of the member's allowance continued to eligible spouse for life. |
| Withdrawal Benefits | <ul style="list-style-type: none"> a. If less than 10 years of service, return of contributions. b. If greater than 10 years of service, right to have vested deferred retirement benefit at normal retirement date. | <ul style="list-style-type: none"> a. If less than 5 years of service, return of contributions. b. If greater than 5 years of service, right to have vested deferred retirement benefit. |
| Post Retirement Supplemental Benefit (PRSB) | On May 27, 1998, the City Council adopted the Post Retirement Supplemental Benefit ("PRSB") Program which is intended to provide assistance to retirees to pay for various post retirement expenses. Annually, after an actuarial study has been performed, the Retirement Board will review the availability of surplus earnings in the System and determine whether a benefit can be paid to eligible PRSB recipients. If a surplus is declared by the Board, PRSB benefit payments will be calculated for eligible recipients and payments for the following calendar year will begin in January. | On May 27, 1998, the City Council adopted the Post Retirement Supplemental Benefit ("PRSB") Program which is intended to provide assistance to retirees to pay for various post retirement expenses. Annually, after an actuarial study has been performed, the Retirement Board will review the availability of surplus earnings in the System and determine whether a benefit can be paid to eligible PRSB recipients. If a surplus is declared by the Board, PRSB benefit payments will be calculated for eligible recipients and payments for the following calendar year will begin in January. |
| Cost of Living Benefits | <ul style="list-style-type: none"> a. Based on the weighted mean average compensation attached to all ranks in the department, limited to a 5% maximum change per year, if based on three-year FAS. b. Based on salary increase for each rank held, if benefit was calculated on salary attached to average rank. | <ul style="list-style-type: none"> a. Based on the Consumer Price Index for all Urban Wage Earners and all Clerical Workers (U.S. City Average), limited to a 3% change per year. |
| Member Contribution Rates | Varies based on entry age. | 9% of Compensation. |

HISTORY OF EMPLOYER CONTRIBUTION RATES (TIER I)



| Fiscal Year | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Normal | 25.44% | 25.52% | 25.55% | 25.26% | 25.12% | 25.71% | 25.66% | 25.25% | 26.38% | 26.43% |
| Prefunded Liability/Prepaid Contributions | 25.44% | 25.52% | 25.55% | 25.26% | 25.12% | 20.33% | 17.65% | 17.93% | 14.64% | 6.58% |
| Net Employer Contribution | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 5.38% | 8.01% | 7.32% | 11.74% | 19.85% |

HISTORY OF EMPLOYER CONTRIBUTION RATES (TIER II)



| Fiscal Year | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Normal | 14.52% | 14.67% | 14.73% | 15.86% | 17.43% | 17.43% | 16.28% | 17.34% | 18.49% | 18.60% |
| Prefunded Liability/Prepaid Contributions | 14.52% | 14.67% | 14.73% | 15.86% | 17.43% | 12.05% | 6.09% | 10.02% | 6.75% | -1.25% |
| Net Employer Contribution | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 5.38% | 10.19% | 7.32% | 11.74% | 19.85% |

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