

November 15, 2013

VIA ELECTRONIC MAIL

Mr. Richard G. Boersma
 Executive Officer
 Employees' Retirement System
 City Hall, 2nd Floor
 414 East 12th Street
 Kansas City, Missouri 64106

Re: Cost Statement Regarding Proposed Amendment to Employees' Retirement System

Dear Mr. Boersma:

The purpose of this study is to provide a cost statement of a soon to be introduced ordinance, which would amend the City of Kansas City, Missouri Employees' Retirement System (ERS or the "System").

The following table summarizes the proposed changes:

Plan Provision	Current Employees	New Hires
		Beginning 9/1/2013
Benefit Multiplier	2.22% unmarried; 2.00% married	1.75% for all
Normal Retirement Eligibility	Age 65; Age 60 with 10 years of Service; 80 Points	Age 67; Age 62 with 10 years of Service; Age 55 with 30 years of Service; 85 Points
Early Retirement Eligibility	Age 55 with 10 years of Service; Age 60 with 5 years of Service	Age 57 with 10 years of Service
COLA	3% simple	Ad Hoc COLA* payable at age 62
Vesting	5 years	10 years
Interest on Employee Account Balance	3.00%	3.00%
Member Contribution Increase	1.00%	1.00%
Final Average Earnings Period	2 years	3 years

* An ad-hoc COLA, payable if the prior year funding ratio is greater than or equal to 80%. The COLA will be equal to the consumer price index, up to a maximum of 2.50%.



Since the changes primarily affect new hires after September 1, 2013, the financial effects will gradually be recognized over a period of many years. Exhibit 1 shows projections of the Actuarial Accrued Liability and employer Normal Cost as a percent of active payroll over 30 years.

The following information is provided as of the May 1, 2013 valuation date in accordance with the requirements of the Missouri Statutes, Section 105.665.

- (1) The level normal cost of plan benefits currently in effect for members as a percent of active employee payroll is 12.73%. Of this amount, 4.01% of compensation is paid by employees, so the total employer normal cost as a percent of active employee payroll is 8.72%.
- (2) The contribution for unfunded accrued liabilities currently payable by the plan as a percentage of active plan payroll is 7.80%. Amortizations of changes in unfunded liability are amortized as a level percent of pay over 20 years from each valuation date, except that the actuarial loss as of May 1, 2009 was amortized over 30 years. The current average amortization period is 24.0 years.
- (3) The total employer contribution rate as a percent of active employee payroll is 16.52%.
- (4) In the last four fiscal years, the City of Kansas City did not make contributions for the full actuarially computed contribution. For the current fiscal year, Kansas City is contributing an amount based upon the prior year's valuation that slightly exceeds the current actuarially computed contribution rate of 16.52%.
- (5) The proposed changes in the plan would immediately reduce the employer contribution rate by 1%, due to the additional contributions from plan members. Over the next 30 year period, the employer normal cost rate would be expected to be 3.59% lower than under the current plan, and the actuarial accrued liability would be expected to be \$445 million lower than under the current plan.
- (6) It is our understanding that future employer contributions to the System are not mandated by the proposed amendments.
- (7) We do not believe that the proposed amendments will impair the ability of the plan to meet the ongoing obligations.
- (8) The actuarial assumptions used for our calculations are included as Exhibit 2 to this statement.
- (9) We believe that the actuarial assumptions used for this cost statement produce results that are reasonable in the aggregate.
- (10) The actuarial funding method is described within Exhibit 2 to this statement.
- (11) The immediate decrease in the total annual contribution amount determined by multiplying the increase in the member contribution rate of 1% by the active employee payroll is \$1.7 million.

In preparing this cost estimate, we relied without audit, on the census data provided to us by the System. The calculations in this letter are based upon the assumptions, methods and plan provisions as used to produce the May 1, 2013 actuarial valuation of the Employees' Retirement System, which are included in Exhibit 2 and Exhibit 3. We believe that the actuarial assumptions used for this cost estimate produce results that are reasonable in the aggregate for purposes of this estimate.

Mr. Richard G. Boersma
November 15, 2013

I hereby certify that, to the best of my knowledge, this letter and its contents, which are work products of Cheiron, Inc., have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as a credentialed actuary, I meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this letter. This letter does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

This letter was prepared solely for the City of Kansas City Employees' Retirement System for the purposes described herein, except that the plan auditor may rely on this report solely for the purpose of completing an audit related to the matters herein. Cheiron does not intend to benefit any other person who receives this report and assumes no duty or liability to such a person.

Sincerely,
Cheiron



Stephen T. McElhaney, FCA, FSA
Principal Consulting Actuary

Exhibits

cc: Jacqui King

CITY OF KANSAS CITY, MISSOURI EMPLOYEES' RETIREMENT SYSTEM

EXHIBIT 1

<p align="center">City of Kansas City, Missouri Employees' Retirement System Projection Based on April 30, 2013 Actuarial Valuation <i>Amounts in millions</i></p>						
Valuation as of April 30,	Current Plan		Proposed Amendment		Change	
	Actuarial Accrued Liability (AAL)	Employer Normal Cost Rate	Actuarial Accrued Liability (AAL)	Employer Normal Cost Rate	Actuarial Accrued Liability (AAL)	Employer Normal Cost Rate
2013	\$ 1,115	8.72%	\$ 1,115	8.72%	\$ -	0.00%
2014	\$ 1,160	8.74%	\$ 1,160	7.66%	\$ 0	-1.08%
2015	\$ 1,207	8.74%	\$ 1,207	7.49%	\$ 0	-1.25%
2016	\$ 1,255	8.75%	\$ 1,255	7.32%	\$ (0)	-1.43%
2017	\$ 1,304	8.75%	\$ 1,302	7.16%	\$ (1)	-1.59%
2018	\$ 1,352	8.73%	\$ 1,350	6.97%	\$ (2)	-1.76%
2019	\$ 1,402	8.72%	\$ 1,397	6.79%	\$ (4)	-1.93%
2020	\$ 1,452	8.70%	\$ 1,445	6.64%	\$ (7)	-2.06%
2021	\$ 1,502	8.69%	\$ 1,492	6.47%	\$ (10)	-2.22%
2022	\$ 1,552	8.67%	\$ 1,539	6.32%	\$ (14)	-2.35%
2023	\$ 1,602	8.68%	\$ 1,584	6.20%	\$ (18)	-2.48%
2024	\$ 1,653	8.67%	\$ 1,629	6.09%	\$ (24)	-2.58%
2025	\$ 1,704	8.66%	\$ 1,673	5.97%	\$ (31)	-2.69%
2026	\$ 1,755	8.66%	\$ 1,717	5.86%	\$ (38)	-2.80%
2027	\$ 1,808	8.65%	\$ 1,760	5.74%	\$ (47)	-2.91%
2028	\$ 1,861	8.63%	\$ 1,803	5.61%	\$ (58)	-3.02%
2029	\$ 1,915	8.62%	\$ 1,845	5.52%	\$ (69)	-3.10%
2030	\$ 1,970	8.60%	\$ 1,888	5.43%	\$ (83)	-3.17%
2031	\$ 2,028	8.56%	\$ 1,930	5.31%	\$ (97)	-3.25%
2032	\$ 2,086	8.55%	\$ 1,972	5.22%	\$ (114)	-3.33%
2033	\$ 2,148	8.53%	\$ 2,015	5.15%	\$ (133)	-3.38%
2034	\$ 2,212	8.52%	\$ 2,059	5.09%	\$ (153)	-3.43%
2035	\$ 2,282	8.50%	\$ 2,106	5.04%	\$ (176)	-3.46%
2036	\$ 2,356	8.47%	\$ 2,156	4.99%	\$ (200)	-3.48%
2037	\$ 2,436	8.46%	\$ 2,208	4.95%	\$ (227)	-3.51%
2038	\$ 2,521	8.45%	\$ 2,264	4.91%	\$ (257)	-3.54%
2039	\$ 2,612	8.44%	\$ 2,323	4.88%	\$ (289)	-3.56%
2040	\$ 2,711	8.41%	\$ 2,387	4.84%	\$ (324)	-3.57%
2041	\$ 2,818	8.39%	\$ 2,457	4.81%	\$ (361)	-3.58%
2042	\$ 2,935	8.36%	\$ 2,533	4.77%	\$ (402)	-3.59%
2043	\$ 3,061	8.34%	\$ 2,617	4.75%	\$ (445)	-3.59%

Projections assume a constant population and no actuarial gains and losses

**EXHIBIT 2
ACTUARIAL ASSUMPTIONS AND METHODS**

A. Actuarial Assumptions and Actuarial Cost Method

1. Demographic Assumptions

a. Mortality Rates

Healthy: 1994 Group Annuity Mortality Table (sample rates shown below)

Disabled: 1983 Railroad Retirement Board Disabled Life Mortality Table

The most recent experience study covering the period 2006-2010 showed that there are sufficient margins in these rates to provide for potential future improvement in mortality.

b. Termination Rates before Retirement

Sample Rate (%)					
Age	Mortality		Withdrawal*		Elected Officials
	Male	Female	General Employees**	Judges	
20	0.05%	0.03%	10.74%	--	10.00%
25	0.07%	0.03%	10.46%	--	10.00%
30	0.08%	0.04%	10.09%	--	10.00%
35	0.09%	0.05%	8.93%	--	10.00%
40	0.11%	0.07%	6.60%	--	10.00%
45	0.16%	0.10%	5.10%	--	10.00%
50	0.26%	0.14%	4.35%	--	--
55	0.44%	0.23%	2.37%	--	--
60	0.80%	0.44%	0.15%	--	--

* Withdrawal rates end upon first assumed retirement age.

** Select rates for first four years of service for General Employees:

Select Period	
Years of Service	Rate
0 – 1	20%
1 – 2	15%
2 – 3	12%
3 – 4	10%

**EXHIBIT 2
ACTUARIAL ASSUMPTIONS AND METHODS**

c. Retirement Rates

Age	General Employees Age Plus Service Greater than or Equal to 80*	Other General Employees
Under 55	15%	0%
55	10%	2%
56	10%	2%
57	10%	2%
58	10%	2%
59	10%	2%
60	15%	10%
61	15%	10%
62	15%	20%
63	15%	20%
64	15%	20%
65	50%	50%
66	50%	50%
67	50%	50%
68	50%	50%
69	50%	50%
70	100%	100%

* 33% of General Employees younger than 65 are assumed to retire at first age when age plus service equals 80.

	Age	Percent
Elected Officials	65	100%
Judges	65	100%

d. Retirement Age for Inactive Vested Members

60, if years of service is greater than or equal to 10, and 65 if years of service is less than 10.

e. Unknown Data for Members

Same as those exhibited by Members with similar known characteristics. If not specified, Members are assumed to be male.

f. Percent Married

80% for males and 70% for females in active status.

**EXHIBIT 2
ACTUARIAL ASSUMPTIONS AND METHODS**

g. Age of Spouse

Females 3 years younger than males.

h. Joint and Survivor Election Assumption

85% for married males and 70% for married females in active status.

i. Net Investment Return

7.50% per annum, including inflation of 3.00% and net of investment fees and administrative expenses (*for the current year administrative expenses and investment fees represent approximately 0.4% of plan assets*)

j. Salary Increases

General Employees	
Age	Rate (%)
Less than 25	8.00%
25 – 29	7.00
30 – 34	6.50
35 – 39	5.50
40 – 44	5.00
45 – 49	5.00
50 – 54	4.50
55 – 59	4.00
60 – 64	4.00
65 and up	4.00

Judges and Elected Official: 5.00% per year for all ages.

**EXHIBIT 2
ACTUARIAL ASSUMPTIONS AND METHODS**

B. Actuarial Methods

1. Actuarial Value of Assets

Asset values are gradually adjusted toward market value by adding 25% of the difference between the market value and expected actuarial asset value to the expected actuarial asset value. The expected actuarial asset value is the actuarial asset value at the beginning of the year plus contributions, less benefit payments, all with interest at the assumed net rate of investment return on an actuarial basis. If the actuarial value of assets is less than 85% or more than 110% of the market value, an adjustment is made to the actuarial value to bring the value within this corridor.

2. Actuarial Cost Method

Entry Age Normal Actuarial Cost Method. Entry age is the age at the time the participant commenced employment. Normal cost and actuarial liability are calculated on an individual basis and are allocated by salary, with normal cost determined as if the current benefit accrual rate had always been in effect.

3. Amortization of Unfunded Actuarial Liability/Surplus

20-year layered amortization method; level percent of pay for all years except the 5/1/2009 Plan Year (30-year layer). Under the layered approach, the May 1, 2009 changes to the unfunded actuarial liability will be written down over a 30-year period and all future changes to the unfunded actuarial liability will establish new 20-year amortization periods. Payroll is expected to increase 4.0% per year.

4. Changes since Last Valuation

None.

**EXHIBIT 2
SUMMARY OF PLAN PROVISIONS
TIER 1**

1. Plan Year

May 1 through April 30.

2. Membership

All full-time permanent employees hired prior to September 1, 2013 in the classified and unclassified services shall become members as a condition of employment. Employees of any administrative board or board of control as organized and existing under general laws of Missouri and as defined in Revised Statutes of Missouri, Section 95.540, whose governing body has elected membership, shall become members. Unless otherwise provided, no members of the Council, including the Mayor, who commence a term of office after April 30, 2011 shall participate in this plan for any service after April 30, 2011. However, members of the Council, including the Mayor, elected on March 27, 2007 for a term beginning May 1, 2007 and also elected on March 22, 2011 for a term beginning May 1, 2011 are members of this plan as long as they are continuously a member of the council, including the mayor. Membership shall begin on the first day of employment.

3. Credited Service

Total creditable service is defined as the sum of the number of years of membership service and prior service.

Membership Service: Years and full calendar months of employment while a contributing member of this System.

Prior Service: Years and full calendar months of employment preceding December 21, 1962, if continuous with membership service.

MAST employees are credited with service after April 25, 2010, plus a fraction of their service earned prior to April 25, 2010. This Fraction is based on their age and service as of April 25, 2010 as shown in the following table:

**EXHIBIT 2
SUMMARY OF PLAN PROVISIONS
TIER 1**

Sum of Age and Prior Service as of 4/25/10 Less Adjustment for Prior Retirement Benefit	Percent of Prior Service Credit
Over 80	100%
74 to 79	90
68 to 73	80
62 to 67	70
56 to 61	60
50 to 55	50
44 to 49	40
38 to 43	30
32 to 37	20
26 to 31	10
20 to 25	5

4. Normal Retirement

Age Requirement: General Employees: 65
Judges and Elected Officials: Later of age 60 or expiration of term of office.

Service Requirement: General Employees: 5 years of creditable service.
Judges and Elected Officials: One elective term.

Amount: General Employees:
If unmarried or married and not electing a joint & survivor benefit at time of retirement, 2.22% of final average compensation multiplied by years and months of creditable service.

If married and electing a joint & survivor benefit at date of retirement, 2.00% of final average compensation multiplied by years and months of creditable service.

Minimum benefit: \$400 per month if retirement with at least 10 years of creditable service.

Maximum benefit: 70% of final average compensation.

EXHIBIT 2
SUMMARY OF PLAN PROVISIONS
TIER 1

Judges and Elected Officials:

2.22% of average monthly compensation received by then serving Judges and Elected Officials of the same office during the 24 months preceding the beginning of the annuity multiplied by years and months of creditable service.

Maximum benefit: 70% of the existing salary for then serving Judges and Elected Officials of the same office.

A member retiring with a normal, optional, service or early retirement benefit may elect to withdraw all, or a portion of, member accumulated contributions and interest, and receive a reduced annuity.

Final average compensation is defined as the monthly average of the two highest years of compensation in the last ten years (for Judges and Elected Officials, last ten years for then serving elected official of same office). Compensation does not include bonus, overtime, expense allowance or other extraordinary compensation.

5. Optional Retirement

Age/Service Requirement: 60 and 10 years of creditable service, or the sum of age and service equals 80, if earlier.

Amount: Same as normal retirement.

6. Early Retirement

Age/Service Requirement: General Employees: 60 and 5 years of creditable service, or 55 and 10 years of creditable service.

Judges and Elected Officials: 55 and 10 years of creditable service.

Amount: Accrued benefit reduced by ½ of 1% per month of age less than 60 or, if service is less than ten ½ of 1% per month of age less than 65.

7. Disability Benefit

Disability benefits are provided through a separate long-term disability program, effective June 1, 1996.

**EXHIBIT 2
SUMMARY OF PLAN PROVISIONS
TIER 1**

8. Vesting

Age Requirement: None.

Service Requirement: Five years of service.

Amount: Accrued benefit payable at age 60, or payable at age 65 if service less than 10.

9. Withdrawal (Refund) Benefit

Age Requirement: None.

Service Requirement: Less than five years of service.

Amount: An employee terminating before becoming eligible for a deferred pension or choosing not to elect a deferred benefit, will receive a return of contributions with interest.

10. Pre-Retirement Death Benefit

Service less than five years

Age Requirement: None.

Service Requirement: Less than five years.

Amount: Lump sum equal to the member's accumulated contributions and interest shall be paid to the surviving spouse or, if no surviving spouse, to the designated beneficiary, or, if none, to the member's estate.

Service of five or more years but less than 20 years:

Age Requirement: None.

Service Requirement: Five or more years of service but less than 20 years.

**EXHIBIT 2
SUMMARY OF PLAN PROVISIONS
TIER 1**

Amount: The surviving spouse may elect, in lieu of the lump sum settlement above, an annuity equal to 50% of the member's accrued annuity at the time of death. The effective date of this annuity shall be the later of the first day of the month following the member's death or attainment of what would have been the member's early retirement date. The annuity is reduced for early retirement if paid at the member's early retirement date.

Service of 20 or more years of service:

Age Requirement: None.

Service Requirement: 20 or more years of service.

Amount: The surviving spouse may elect, in lieu of the settlements above, an annuity equal to 100% of the member's accrued annuity at the time of death, actuarially reduced for 100% joint and survivor coverage. The effective date of this annuity shall be the first day of the month following the member's death.

11. Post-Retirement Death Benefit

Age Requirement: None.

Service Requirement: None.

Amount: The surviving spouse shall receive an annuity equal to 50% of the member's accrued annuity, or, if the member elected the actuarially equivalent 100% joint and survivor annuity, this annuity shall continue to be paid to the surviving spouse. Either annuity is payable until death or remarriage of the spouse.

12. Minimum Surviving Spouses' Pension

A minimum benefit of \$200 per month is paid to surviving spouses of members with 10 or more years of creditable service.

13. Health Insurance Subsidy

A monthly health insurance subsidy of \$200 is paid to all current and future pensioners. Benefits are payable for the lifetime of the member and are not subject to an annual cost-of-living adjustment.

**EXHIBIT 2
SUMMARY OF PLAN PROVISIONS
TIER 1**

14. Cost-of-Living Adjustment (COLA)

An increase of 3.00% of the original pension will be made annually. Members must retire on or before January 1st in order to receive a COLA in the following year.

15. Contributions

- a. Member
 - 4.00% of salary for non MAST employees. Effective February 1, 2014, the contribution rate will increase to 5.00%
 - Between 4.00% and 6.00% for MAST employees based on their age and service as of April 25, 2010. (see table following). Effective February 1, 2014, the contribution rate will increase by 1.00%
 - The City “picks up” these employee contributions.
- b. City
 - For the year beginning May 1, 2013, the City is contributing the prior year’s actuarially determined contribution rate. Future City contributions will be determined through the City’s budgeting process.

The contribution rate for MAST employees is based upon the following table:

Sum of Age and Prior Service as of 4/25/10 Less Adjustment for Prior Retirement Benefit	Contribution Rate
Over 80	6.0%
74 to 79	5.0%
68 to 73	4.8%
62 to 67	4.6%
56 to 61	4.4%
50 to 55	4.2%
44 to 49	4.1%
38 to 43	4.0%
32 to 37	4.0%
26 to 31	4.0%
20 to 25	4.0%

16. Interest on Employee Contributions

5.25% per year until February 1, 2014 and 3.00% thereafter, compounded.

EXHIBIT 2
SUMMARY OF PLAN PROVISIONS
TIER 1

17. Changes since Last Valuation

The City contribution rate has changed for the current year from the scheduled rate of 9.50% of payroll for General Employees and 19.50% of payroll for Judges and Elected Officials, to the prior year's actuarially determined contribution rate.

Member contribution rates will increase by 1.00% and the interest credited to employee account balances will decrease to 3.00% effective February 1, 2014.

EXHIBIT 2
SUMMARY OF PLAN PROVISIONS
TIER 2

1. Plan Year

May 1 through April 30.

2. Membership

All full-time permanent employees hired on or after September 1, 2013 in the classified and unclassified services shall become members as a condition of employment.

3. Credited Service

Total creditable service is defined as the sum of the number of years of membership service and prior service.

Membership Service: Years and full calendar months of employment while a contributing member of this System.

Prior Service: Years and full calendar months of employment preceding December 21, 1962, if continuous with membership service.

4. Normal Retirement

Age Requirement: 67

Service Requirement: 10 years of creditable service.

Amount: 1.75% of final average compensation multiplied by years and months of creditable service.

Minimum benefit: \$400 per month if retirement with at least 10 years of creditable service.

Maximum benefit: 70% of final average compensation.

A member retiring with a normal, optional, service or early retirement benefit may elect to withdraw all, or a portion of, member accumulated contributions and interest, and receive a reduced annuity.

Final average compensation is defined as the monthly average of the three highest years of compensation in the last ten years. Compensation does not include bonus, overtime, expense allowance or other extraordinary compensation.

EXHIBIT 2
SUMMARY OF PLAN PROVISIONS
TIER 2

5. Optional Retirement

Age/Service Requirement: The earlier of age 62 and 10 years of creditable service, age 55 and 30 years of creditable service, or the sum of age and service equals 85.

Amount: Same as normal retirement.

6. Early Retirement

Age/Service Requirement: 57 and 10 years of creditable service.

Amount: Accrued benefit reduced by $\frac{1}{2}$ of 1% per month of age less than 62 or, if service is less than ten $\frac{1}{2}$ of 1% per month of age less than 67.

7. Disability Benefit

Disability benefits are provided through a separate long-term disability program, effective June 1, 1996.

8. Vesting

Age Requirement: None.

Service Requirement: Ten years of service.

Amount: Accrued benefit payable at age 62, or payable at age 67 if service less than 10.

9. Withdrawal (Refund) Benefit

Age Requirement: None.

Service Requirement: Less than ten years of service.

Amount: An employee terminating before becoming eligible for a deferred pension or choosing not to elect a deferred benefit, will receive a return of contributions with interest.

**EXHIBIT 2
SUMMARY OF PLAN PROVISIONS
TIER 2**

10. Pre-Retirement Death Benefit

Service less than ten years

Age Requirement: None.

Service Requirement: Less than ten years.

Amount: Lump sum equal to the member's accumulated contributions and interest shall be paid to the surviving spouse or, if no surviving spouse, to the designated beneficiary, or, if none, to the member's estate.

Service of ten or more years but less than 20 years:

Age Requirement: None.

Service Requirement: Ten or more years of service but less than 20 years.

Amount: The surviving spouse may elect, in lieu of the lump sum settlement above, an annuity equal to 50% of the member's accrued annuity at the time of death. The effective date of this annuity shall be the later of the first day of the month following the member's death or attainment of what would have been the member's early retirement date. The annuity is reduced for early retirement if paid at the member's early retirement date.

Service of 20 or more years of service:

Age Requirement: None.

Service Requirement: 20 or more years of service.

Amount: The surviving spouse may elect, in lieu of the settlements above, an annuity equal to 100% of the member's accrued annuity at the time of death, actuarially reduced for 100% joint and survivor coverage. The effective date of this annuity shall be the first day of the month following the member's death.

11. Post-Retirement Death Benefit

Age Requirement: None.

Service Requirement: None.

**EXHIBIT 2
SUMMARY OF PLAN PROVISIONS
TIER 2**

Amount: The surviving spouse shall receive an annuity equal to 50% of the member's accrued annuity, or, if the member elected the actuarially equivalent 100% joint and survivor annuity, this annuity shall continue to be paid to the surviving spouse. Either annuity is payable until death or remarriage of the spouse.

12. Minimum Surviving Spouses' Pension

A minimum benefit of \$200 per month is paid to surviving spouses of members with 10 or more years of creditable service.

13. Health Insurance Subsidy

A monthly health insurance subsidy of \$200 is paid to all current and future pensioners. Benefits are payable for the lifetime of the member and are not subject to an annual cost-of-living adjustment.

14. Cost-of-Living Adjustment (COLA)

COLA will only be payable if the prior year's funding ratio is greater than or equal to 80% and will be equal to the percentage increase in the consumer price index, up to a maximum of 2.50%, payable at age 62. Members must retire on or before January 1st, in order to receive a COLA in the next year.

15. Contributions

- a. Member - 5.00% of salary.
- The City "picks up" these employee contributions.
- b. City - For the year beginning May 1, 2013, the City is contributing the prior year's actuarially determined contribution rate. Future City contributions will be determined through the City's budgeting process.

16. Interest on Employee Contributions

3.00% per year, compounded.

17. Changes since Last Valuation

N/A