

City of Atlanta General Employees' Pension Fund Employees of the Atlanta Board of Education

Actuarial Valuation and Review as of July 1, 2021



This report has been prepared at the request of the Board of Trustees to assist in administering the Pension Fund. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Trustees and may only be provided to other parties in its entirety, unless expressly authorized by Segal. The measurements shown in this actuarial valuation may not be applicable for other purposes.

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Segal



2727 Paces Ferry Road SE, Building One Suite 1400
Atlanta, GA 30339-4053
segalco.com
T 678.306.3100

August 12, 2022

Board Members

City of Atlanta General Employees' Pension Fund Employees of the Atlanta Board of Education
Atlanta, Georgia

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of July 1, 2021. It summarizes the actuarial data used in the valuation, analyzes the preceding year's experience, and establishes the funding requirements for fiscal year ending June 30, 2022.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Pension Fund. The census information on which our calculations were based was prepared by Strategic Benefits Advisors and financial information was provided by KPMG. That assistance is gratefully acknowledged.

The actuarial calculations were directed under the supervision of Jeanette R. Cooper, FSA, FCA, MAAA, Enrolled Actuary with the assistance of Ben Kirkland and Jody Martin. Ms. Cooper 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 herein. To the best of her knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in her opinion, the assumptions as approved by the Board are reasonably related to the experience of and the expectations for the Fund.

We hereby certify that the City of Atlanta General Employees' Pension Fund for the Employees of the Atlanta Board of Education has been funded in conformity with the minimum funding standards specified in Code Section 47-20-10 of the Official Code of Georgia Annotated known as the Public Retirement Systems Standards Law. This certification covers the 2021 fiscal year of the Plan.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,
Segal

A handwritten signature in cursive script that reads "Jeanette R. Cooper".

Jeanette R. Cooper, FSA, FCA, MAAA, EA
Vice President and Consulting Actuary

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report was prepared by Segal to present a valuation of the City of Atlanta General Employees' Pension Fund Employees of the Atlanta Board of Education Plan as of July 1, 2021. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The measurements shown in this actuarial valuation may not be applicable for other purposes. In particular, the measures herein are not necessarily appropriate for assessing the sufficiency of Fund assets to cover the estimated cost of settling the Fund's benefit obligations. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

The contribution requirements presented in this report are based on:

- The benefit provisions of the Pension Fund, as administered by the Board;
- The characteristics of covered active participants, inactive vested participants, and retired participants and beneficiaries as of June 30, 2021, provided by Strategic Benefits Advisors;
- The assets of the Fund as of June 30, 2021, provided by KPMG;
- Economic assumptions regarding future salary increases and investment earnings;
- Other actuarial assumptions regarding employee terminations, retirement, death, etc. and
- The funding policy adopted by the School Board.

Certain disclosure information required by GASB Statements No 67 and 68 as of June 30, 2022 and June 30, 2021 for the Fund was provided in separate reports.

Section 1: Actuarial Valuation Summary

Valuation highlights

1. The July 1, 2021 valuation is used to determine the recommended contribution for the fiscal year period July 1, 2022 to June 30, 2023 (FY'23). The recommended contribution is adjusted for interest to the middle of the fiscal period and satisfies the minimum funding standards under Georgia law Code Section 47-20-10.
2. The plan receives employee contributions of 7% or 8% of base salary. The School Board contributes the recommended contribution amount which is net of employee contributions. The recommended contribution amount is composed of the employer normal cost including administrative expenses and a payment to amortize the Unfunded Actuarial Accrued Liability (UAAL).
3. On June 2, 2014, the Atlanta Board of Education adopted a resolution (Report 13/14-0117) to change the funding policy. The revised policy increases the FY '14 contribution 3% annually until the Plan is fully funded.
4. The following actuarial assumptions and methods were approved by the Board on May 2, 2022, following the completion of an experience study for the period July 1, 2014 through June 30, 2019. The study was limited to a review of all demographic assumptions excluding mortality assumptions. Effective with this valuation, the following assumptions were changed:
 - The gender-neutral, service-based withdrawal assumption was modified to reflect an amount-weighted set of rates rather than a headcount-weighted set of rates.
 - The sex-distinct ordinary disability rates were increased for males and decreased for females. The distinction for occupational disability of 10% of ordinary disability rates was removed.
 - The retirement rates for participants with 30 or more years of service at retirement were increased for ages 50 to 59 and for ages 61 to 69. Increases were also made to the retirement rates for participants with less than 30 years of service at retirement for ages 60 to 62 and for ages 65 to 69.
 - The spousal age assumption was modified for female participants only to assume male spouses are one year older.
 - The percent married assumption was changed from 75% to an assumption based on the active participant contribution rate provided with the valuation data.
 - The assumption that 50% of terminated participants will take a refund of contributions was increased to 90%.
 - A load of 2.0% on retirement benefits for unused sick leave pay was introduced.
 - An assumption of 0.50 years of additional service for unused sick leave at retirement for use in the calculation of retirement benefits was also introduced.
 - The 4% vacation pay load on retirement benefits was removed.

Section 1: Actuarial Valuation Summary

As a result of the assumption changes, the actuarial accrued liability increased by \$1.9 million, or 0.4%, the employer normal cost increased by \$0.7 million, and the effective amortization period increased by about 0.1 years.

5. If the Fund earns the assumed 7.00% annual investment return, all experience matches the assumptions, and the contribution increases 3.0% annually, then the UAAL would be fully amortized in around 5.9 years. If the Fund earns the assumed 7.00% annual investment return, all experience matches the assumptions, and the contribution remains level, then the UAAL would be fully amortized in about 6.5 years.
6. Segal strongly recommends an actuarial funding method that targets 100% funding of the actuarial accrued liability. Generally, this implies payments that are ultimately at least enough to cover normal cost, interest on the unfunded actuarial accrued liability and the principal balance. The funding policy adopted by the School Board meets this standard.
7. The School Board's recommended contribution for FY '23 is \$62.0 million. This amount is an increase of \$1.8 million from the prior valuation's contribution due to a mandated overall 3% increase.
8. Actual contributions made during the fiscal year ending June 30, 2021 were \$58,400,000, 100% of the actuarially determined contribution. In the prior fiscal year, actual contributions were \$56,700,000, 100% of the actuarially determined contribution.
9. The total contributions made during the fiscal year ending June 30, 2021 were sufficient to cover the normal cost plus interest on the UAAL, thereby reducing the UAAL by \$34.9 million.
10. The funded ratio (the ratio of the actuarial value of assets to actuarial accrued liability) is 42.22%, compared to the prior year funded ratio of 35.65%. This ratio is one measure of funding status, and its history is a measure of funding progress. Using the market value of assets, the funded ratio is 46.12%, compared to 34.71% as of the prior valuation date. These measurements are not necessarily appropriate for assessing the sufficiency of Fund assets to cover the estimated cost of settling the Fund's benefit obligation or the need for or the amount of future contributions.
11. The unfunded actuarial accrued liability is \$297.6 million, which is a decrease of \$39.4 million since the prior valuation.
12. The actuarial gain from investment and other experience is \$6.4 million, or 1.3% of actuarial accrued liability.
13. The net experience gain from sources other than investment experience was 0.1% of the actuarial accrued liability prior to reflection of assumption changes. This gain is not significant.
14. The rate of return on the market value of assets was 23.74% for the July 1, 2020 to June 30, 2021 plan year. The return on the actuarial value of assets was 10.12% for the same period due to the recognition of prior years' investment gains and losses. This resulted in an actuarial gain when measured against the assumed rate of return of 7.0%. Given the low fixed income interest rate environment, target asset allocation and expectations of future investment returns for various classes, we advise the Board to continue to monitor actual and anticipated investment returns relative to the assumed long-term rate of return on investments of 7.00%.

Section 1: Actuarial Valuation Summary

15. The actuarial value of assets is 91.54% of the market value of assets. The investment experience in the past years has only been partially recognized in the actuarial value of assets. As the deferred net gain of \$20.1 million is recognized in future years, the cost of the Plan is likely to decrease unless the net gain is offset by future experience.
16. There have been no changes in plan provisions or actuarial methods since the last valuation.
17. Plan assets are currently roughly equal to five years of projected benefit payments. The imbalance between benefit levels in the Fund and the resources available to pay for them must continue to be addressed. We are available to prepare solvency projections upon request.
18. The disclosure information required for compliance with GASB Statement No. 67, *Financial Reporting for Pension Plans* for the fiscal year ended June 30, 2021, was released to the School Board's Finance Department on November 16, 2021. Information required for compliance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, for the fiscal year ended June 30, 2022, based on a June 30, 2021 measurement date was released to the School Board's Finance Department on April 29, 2022.
19. It is important to note that this actuarial valuation is based on plan assets as of June 30, 2021. Due to the COVID-19 pandemic, market conditions have changed significantly since the onset of the Public Health Emergency. The plan's funded status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the plan year. Moreover, this actuarial valuation does not include any possible short-term or long-term impacts on mortality of the covered population that may emerge after June 30, 2021. While it is impossible to determine how the pandemic will affect market conditions and other demographic experience of the plan in future valuations, Segal is available to prepare projections of potential outcomes upon request.
20. Since the actuarial valuation results are dependent on a given set of assumptions, there is a risk that emerging results may differ significantly as actual experience proves to be different from the assumptions. We have not been engaged to perform a detailed analysis of the potential range of the impact of risk relative to the Fund's future financial condition but have included a brief discussion of some risks that may affect the Fund in Section 2.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Fiscal Year		2022	2021
Contributions for fiscal year beginning July 1:	<ul style="list-style-type: none"> Actuarially determined contributions 	\$62,000,000	\$60,200,000
Plan Year		2021	2020
Actuarial accrued liability for plan year beginning July 1:	<ul style="list-style-type: none"> Retired participants and beneficiaries Inactive vested participants Active participants Inactive participants due a refund of employee contributions Total Normal cost including administrative expenses 	\$438,925,993 1,764,021 74,116,700 278,086 515,084,800 5,079,183	\$457,811,903 2,140,005 63,556,680 212,500 523,721,088 3,647,349
Assets for plan year beginning July 1:	<ul style="list-style-type: none"> Market value of assets (MVA) Actuarial value of assets (AVA) Actuarial value of assets as a percentage of market value of assets 	\$237,561,000 217,453,633 91.54%	\$181,808,000 186,720,491 102.70%
Funded status for plan year beginning July 1:	<ul style="list-style-type: none"> Unfunded actuarial accrued liability on market value of assets Funded percentage on MVA basis Unfunded actuarial accrued liability on actuarial value of assets Funded percentage on AVA basis Amortization period on an AVA basis 	\$277,523,800 46.12% \$297,631,167 42.22% 5.9 years	\$341,913,088 34.71% \$337,000,597 35.65% 6.9 years
Key assumptions	<ul style="list-style-type: none"> Net investment return Inflation rate Payroll increase 	7.00% 2.25% 3.00%	7.00% 2.25% 3.00%
Demographic data for plan year beginning July 1:	<ul style="list-style-type: none"> Number of retired participants and beneficiaries Number of inactive vested participants Number of active participants Number of inactive participants due a refund of employee contributions Covered payroll Average payroll 	1,713 33 799 231 \$24,894,564 31,157	1,801 34 770 191 \$21,009,760 27,285

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of a pension plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by the plan administrator. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	The valuation is based on the market value of assets as of the valuation date, as provided by KPMG. The School Board uses an “actuarial value of assets” that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.
Actuarial assumptions	In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan’s assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results that does not mean that the previous assumptions were unreasonable.
Models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

The actuarial valuation is prepared at the request of the Board. Segal is not responsible for the use or misuse of its report, particularly by any other party.

An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

Actuarial results in this report are not rounded, but that does not imply precision.

If the Board is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.

Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.

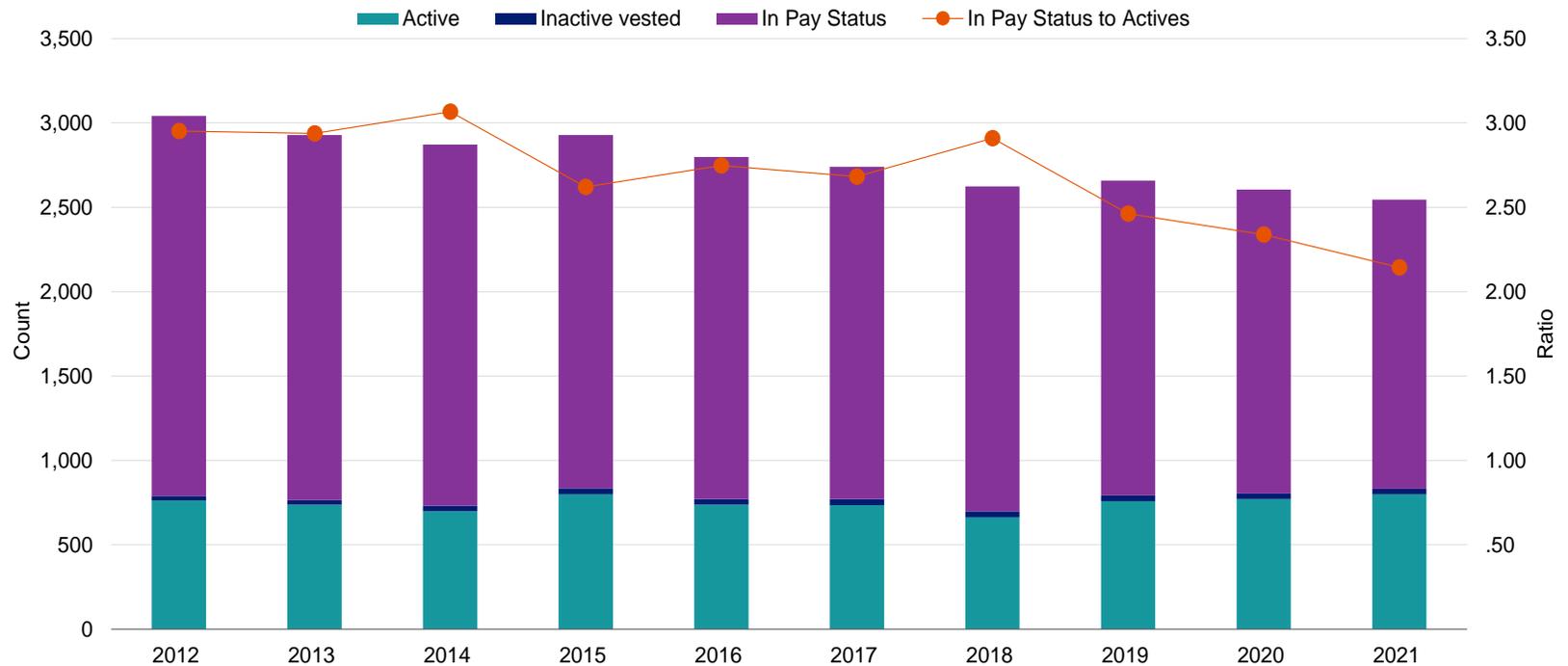
As Segal has no discretionary authority with respect to the management or assets of the Fund, it is not a fiduciary in its capacity as actuaries and consultants with respect to the Fund.

Section 2: Actuarial Valuation Results

Participant data

This section presents a summary of significant statistical data on covered participants.

Participant Population: 2012 – 2021



In Pay Status	2,253	2,165	2,141	2,094	2,028	1,969	1,926	1,866	1,801	1,713
Inactive Vested ¹	26	27	33	35	33	37	36	35	34	33
Active ²	763	737	698	799	738	734	662	758	770	799
Ratio ³	2.99	2.97	3.11	2.66	2.79	2.73	2.96	2.51	2.38	2.19

More detailed information for this valuation year and the preceding valuation can be found in *Section 3, Exhibits A, B, and C.*

¹Excludes terminated participants due a refund of employee contributions

²Excludes participants receiving Workers' Compensation benefits

³Represents ratio of in pay status and inactive vested participants to active participants

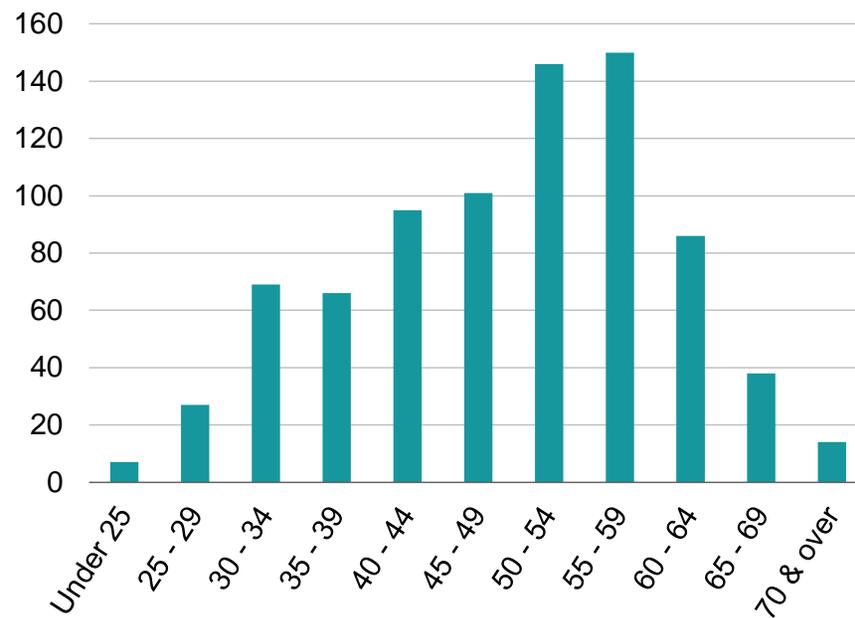
Section 2: Actuarial Valuation Results

Active participants

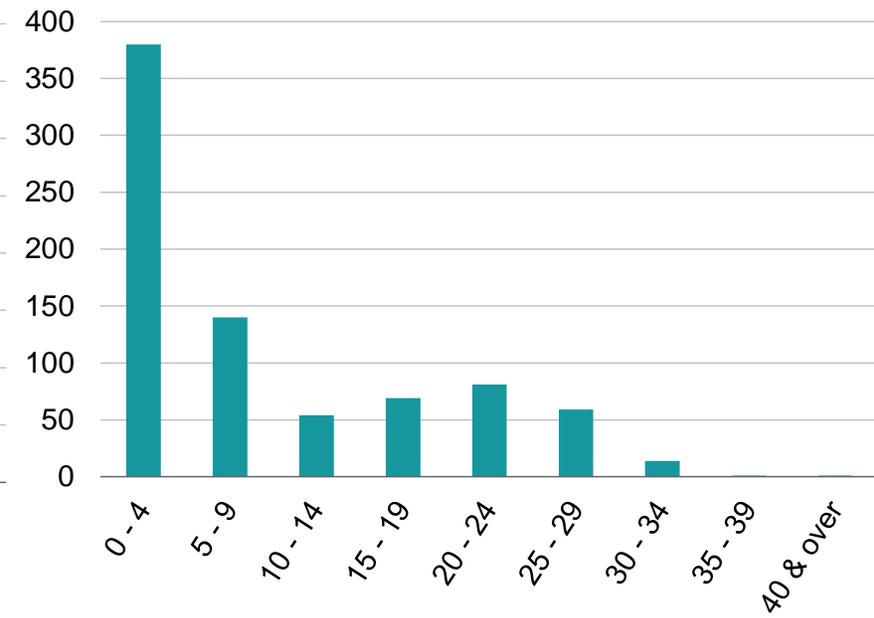
As of June 30,	2021	2020	Change
Active participants	799	770	3.8%
Average age	49.8	49.7	0.1
Average years of service	9.7	9.7	0.0
Average compensation	\$31,157	\$27,285	14.2%

Distribution of Active Participants as of June 30, 2021

Actives by Age



Actives by Years of Service



Section 2: Actuarial Valuation Results

Inactive participants

In this year's valuation, there were 33 participants with a vested right to a deferred or immediate vested benefit.

In addition, there were 231 participants entitled to a return of their employee contributions. This is an increase of over 20% from the prior year count.

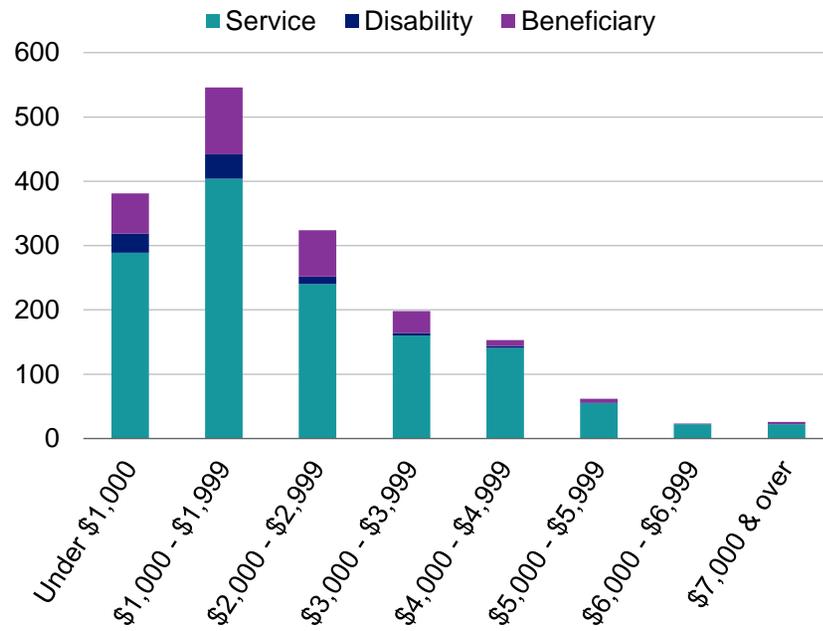
Section 2: Actuarial Valuation Results

Retired participants and beneficiaries

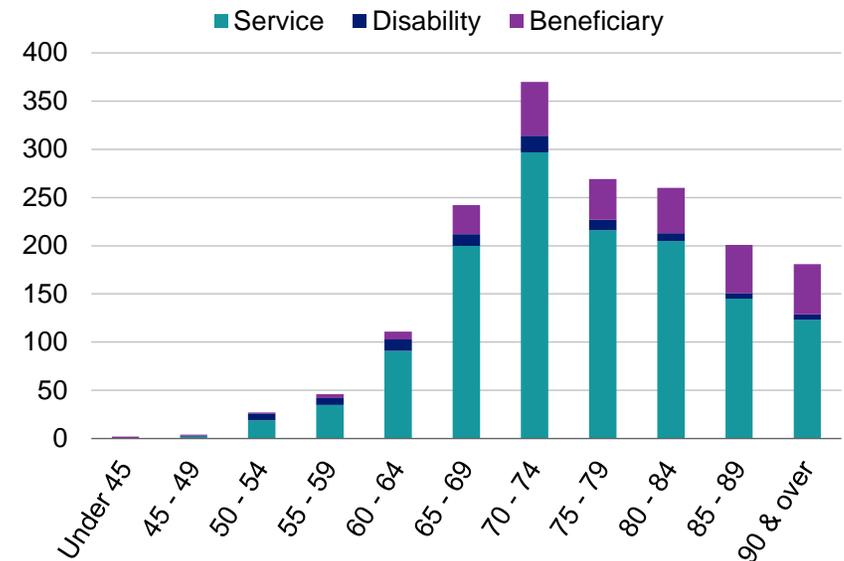
As of June 30,	2021	2020	Change
Retirees	1,420	1,505	-5.6%
Beneficiaries	293	296	-1.0%
Average age	76.8	76.6	0.2
Average amount	\$2,293	\$2,276	0.7%
Total monthly amount	\$3,928,537	\$4,099,846	-4.2%

Distribution of Retired Participants and Beneficiaries as of June 30, 2021

By Type and Monthly Amount



By Type and Age



Section 2: Actuarial Valuation Results

Historical plan population The chart below demonstrates the progression of the active population over the last ten years. The chart also shows the changes among the retired population over the same time period

Participant Data Statistics: 2012 – 2021

Year Ended June 30	Active Participants			Retired Participants and Beneficiaries		
	Count	Average Age	Average Service	Count	Average Age	Average Monthly Amount
2012	763	49.9	13.4	2,253	74.5	\$2,058
2013	737	50.3	13.6	2,165	74.7	2,106
2014	698	50.6	13.8	2,141	75.0	2,128
2015	799	49.4	11.8	2,094	75.4	2,149
2016	738	49.9	12.2	2,028	75.6	2,149
2017	734	49.7	11.2	1,969	75.8	2,173
2018	662	49.8	11.4	1,926	76.0	2,197
2019	758	49.6	10.1	1,866	76.4	2,245
2020	770	49.7	9.7	1,801	76.6	2,276
2021	799	49.8	9.7	1,713	76.8	2,293

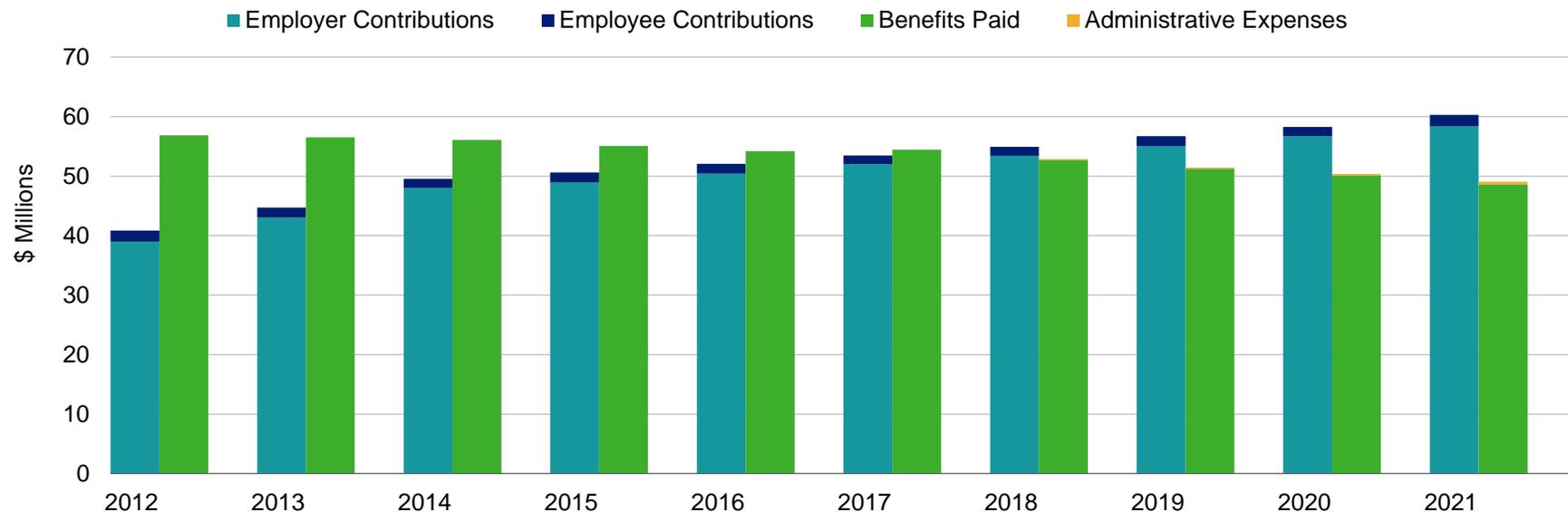
Section 2: Actuarial Valuation Results

Financial information

Retirement plan funding anticipates that, over the long term, both contributions (less administrative expenses) and investment earnings (less investment fees) will be needed to cover benefit payments. Retirement plan assets change as a result of the net impact of these income and expense components.

Additional financial information, including a summary of transactions for the valuation year, is presented in *Section 3, Exhibits D, E and F*.

Comparison of Contributions Made with Benefits and Expenses Paid
for Years Ended June 30, 2012 – 2021¹



¹Prior to 2018 investment earnings were net of investment fees and administrative expenses.

Section 2: Actuarial Valuation Results

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable. The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

Determination of Actuarial Value of Assets for Year Ended June 30, 2021

1	Market value of assets, June 30, 2021				\$237,561,000
2	Calculation of unrecognized return	Original Amount¹	Percent Deferred²	Unrecognized Amount³	
	(a) Year ended June 30, 2021	\$31,368,200	80%	\$25,094,560	
	(b) Year ended June 30, 2020	-7,618,295	60%	-4,570,977	
	(c) Year ended June 30, 2019	-2,796,751	40%	-1,118,700	
	(d) Year ended June 30, 2018	3,512,420	20%	702,484	
	(e) Year ended June 30, 2017	7,276,137	0%	<u>0</u>	
	(f) Total unrecognized return				\$20,107,367
3	Preliminary actuarial value: (1) - (2f)				217,453,633
4	Adjustment to be within 30% corridor				0
5	Final actuarial value of assets as of June 30, 2021: (3) + (4)				<u>217,453,633</u>
6	Actuarial value as a percentage of market value: (5) ÷ (1)				91.54%
7	Amount deferred for future recognition: (1) - (5)⁴				\$20,107,367

¹Total return minus expected return on a market value basis

²Percent deferred applies to the current valuation year

³Recognition at 20% per year over five years

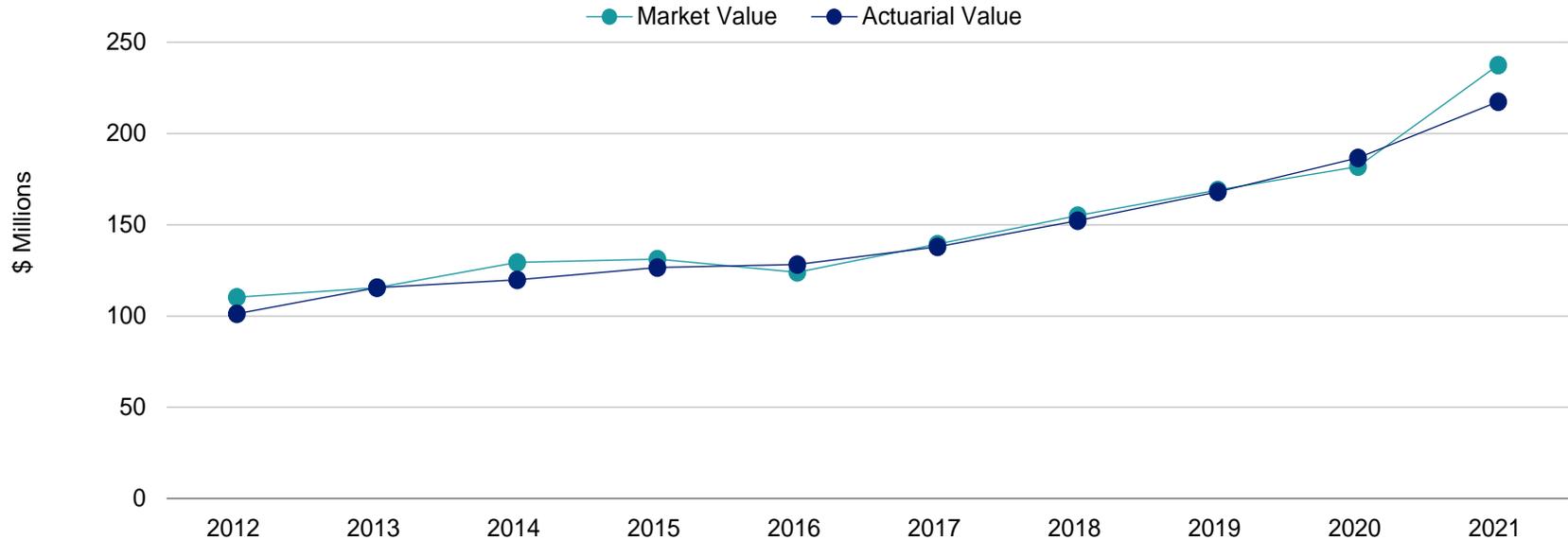
⁴Deferred return as of June 30, 2021 recognized in each of the next four years:

(a) Amount recognized on June 30, 2022	\$4,893,115
(b) Amount recognized on June 30, 2023	4,190,631
(c) Amount recognized on June 30, 2024	4,749,981
(d) Amount recognized on June 30, 2025	6,273,640

Section 2: Actuarial Valuation Results

Both the actuarial value and market value of assets are representations of the Fund's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the Fund's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

Market Value of Assets vs. Actuarial Value of Assets



Market Value ¹	\$110.28	\$115.51	\$129.35	\$131.13	\$123.88	\$139.40	\$155.11	\$169.00	\$181.81	\$237.56
Actuarial Value ¹	101.27	115.51	119.81	126.60	128.26	137.89	152.19	168.01	186.72	217.45

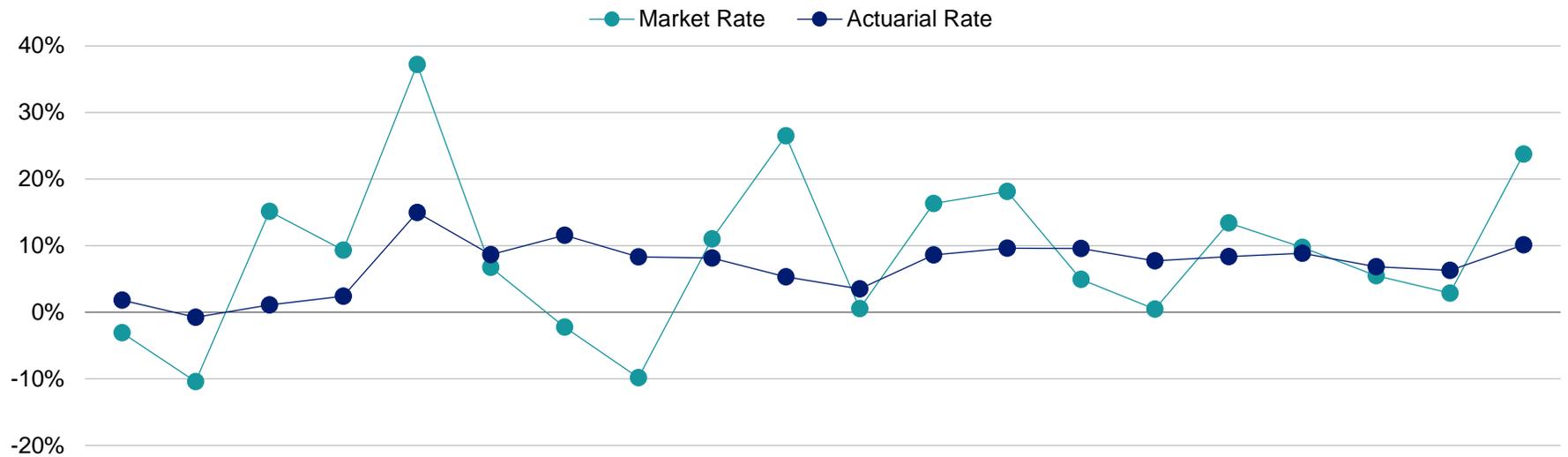
Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart on the following page shows the rate of return on an actuarial basis compared to the actual market value investment return for the last 20 years, including averages over select time periods.

¹In \$ millions

Section 2: Actuarial Valuation Results

As described earlier in this section, the actuarial asset valuation method gradually recognizes fluctuations in the market value rate of return. The goal of this is to stabilize the actuarial rate of return and to produce more level pension plan costs.

Market and Actuarial Rates of Return for Years* Ended June 30, 2001 - 2021



	2001	2002	2003	2004	2005	2007	2008	2009	2010	2011	2012	2013**	2014	2015	2016	2017	2018	2019	2020	2021
Market rate	-3.1%	-10.4%	15.2%	9.3%	37.2%	6.7%	-2.2%	-9.8%	11.0%	26.5%	0.5%	16.3%	18.1%	4.9%	0.4%	13.4%	9.8%	5.5%	2.8%	23.7%
Actuarial rate	1.8%	-0.7%	1.1%	2.4%	15.0%	8.6%	11.6%	8.3%	8.1%	5.3%	3.5%	8.6%	9.6%	9.6%	7.7%	8.3%	8.8%	6.8%	6.3%	10.1%
Assumed rate	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	7.5%	7.5%	7.5%	7.5%	7.25%	7.25%	7.25%	7.25%	7.0%

*Prior to 2007, financial information was based on 12-month periods ending December 31.

**Actuarial value rate of return before method change.

Average Rates of Return	Actuarial Value	Market Value
Most recent five-year average return:	8.12%	11.29%
Most recent ten-year average return:	8.01%	9.71%
Most recent fifteen-year average return:	8.44%	8.23%
Twenty-year average return:	7.40%	8.40%

Section 2: Actuarial Valuation Results

Actuarial experience

To determine the effective amortization period, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the effective amortization period will decrease from the previous year. On the other hand, the effective amortization period will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. Assumptions should approximate experience. If assumptions are changed, the effective amortization period is adjusted to take into account a change in experience anticipated for all future years.

The total gain is \$6,421,898, which includes \$6,004,468 from investment gains on the smoothed actuarial value of assets and \$417,430 in gains from all other sources. The net experience variation from individual sources other than investments was 0.1% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

Actuarial Experience for Year Ended June 30, 2021

1	Net gain from investments ¹	\$6,004,468
2	Net loss from administrative expenses	-211,886
3	Net gain from other experience	629,316
4	Net experience gain: 1 + 2 + 3	\$6,421,898

¹Details on next page

Section 2: Actuarial Valuation Results

Investment experience

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the Fund's investment policy. The rate of return on the market value of assets was 23.74% for the year ended June 30, 2021.

For valuation purposes, the assumed rate of return on the actuarial value of assets is 7.00%. The actual rate of return on an actuarial basis for the 2021 plan year was 10.12%. Since the actual return for the year was greater than the assumed return, the Fund experienced an actuarial gain during the year ended June 30, 2021 with regard to its investments.

Investment Experience

		Year Ended June 30, 2021	
		Market Value	Actuarial Value
1	Net investment income	\$44,489,000	\$19,469,142
2	Average value of assets	187,440,000	192,352,491
3	Rate of return: $1 \div 2$	23.74%	10.12%
4	Assumed rate of return	7.00%	7.00%
5	Expected investment income: 2×4	13,120,800	13,464,674
6	Actuarial gain/(loss): $1 - 5$	<u>\$31,368,200</u>	<u>\$6,004,468</u>

Section 2: Actuarial Valuation Results

Non-investment experience

Administrative expenses

- Administrative expenses for the year ended June 30, 2021 totaled \$426,000, as compared to the assumption of \$213,806 as of the beginning of the year. This resulted in a loss of \$211,886 for the year. Because it is expected that these expenses will continue to increase, the actuarial assumption includes an annual 2.25% inflationary increase.

Mortality experience

- Mortality experience (more or fewer than expected deaths) yields actuarial gains or losses.
- Recent mortality experience was provided in the 2014-2019 experience study with new assumptions approved by the Board in April 2021. During this period, overall annuitant deaths were close to expected on a headcount basis. On an amount-weighted basis, annuitant deaths were lower than expected for retirees and slightly higher than expected for spouses. The experience from this plan was combined with the experience from the General Employees' plan to have sufficient credibility for both plans. Separate tables were developed for employees and terminated vested participants, retirees and spouses of living retirees, disabled annuitants and contingent beneficiaries.
- Over the 2020-2021 plan year, there were more deaths than expected on both a headcount-weighted and amount-weighted basis. This experience may be an outlier due to the COVID-19 pandemic.

Other experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among participants,
- retirement experience (earlier or later than projected),
- the number of disability retirements (more or fewer than projected), and
- salary increases (greater or smaller than projected), and
- inflationary cost-of-living adjustments higher or lower than anticipated.
- The net gain from this other experience for the year ended June 30, 2021 amounted to \$629,316, which is 0.1% of the actuarial accrued liability. The mortality experience was the main reason for this year's demographic gain. This gain was partially offset by a loss due to salary increases greater than expected. Overall, the liability gain was not significant.

Section 2: Actuarial Valuation Results

Actuarial assumptions

An Actuarial Experience Review, covering the period July 1, 2014 through June 30, 2019, was completed in April 2022. The assumptions under the study were limited to demographic assumptions other than mortality assumptions. As a result of that study, the following assumptions were proposed by the actuary, approved by the Board and reflected with this valuation:

- The gender-neutral, service-based withdrawal assumption was modified to reflect an amount-weighted set of rates rather than a headcount-weighted set of rates.
- The sex-distinct ordinary disability rates were increased for males and decreased for females. The distinction for occupational disability of 10% of ordinary disability rates was removed.
- The retirement rates for participants with 30 or more years of service at retirement were increased for ages 50 to 59 and for ages 61 to 69. Increases were also made to the retirement rates for participants with less than 30 years of service at retirement for ages 60 to 62 and for ages 65 to 69.
- The spousal age assumption was modified for female participants only to assume male spouses are one year older.
- The percent married assumption was changed from 75% to an assumption based on the active participant contribution rate provided with the valuation data.
- The assumption that 50% of terminated participants will take a refund of contributions was increased to 90%.
- A load of 2.00% on retirement benefits for unused sick leave pay was introduced.
- An assumption of 0.50 years of additional service for unused sick leave at retirement for use in the calculation of retirement benefits was also introduced.
- The 4% vacation pay load on retirement benefits was removed.

As a result of the assumption changes, the actuarial accrued liability increased by \$1.9 million, or 0.4%, the employer normal cost increased by \$0.7 million, and the effective amortization period increased by about 0.1 years.

Details on actuarial assumptions and methods are in Section 4, Exhibit I.

Plan provisions

There were no changes in plan provisions since the prior valuation.

A summary of plan provisions is in Section 4, Exhibit II.

Section 2: Actuarial Valuation Results

Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2021

1	Unfunded actuarial accrued liability at beginning of year	\$337,000,597
2	Normal cost at beginning of year, including administrative expenses	3,647,349
3	Total contributions	-60,257,000
4	Interest on 1, 2 & 3	21,736,361
5	Expected unfunded actuarial accrued liability	\$302,127,307
6	Changes due to:	
	(a) Experience gains and losses	-6,421,898
	(b) Assumptions	<u>1,925,758</u>
	Total changes	<u>-\$4,496,140</u>
7	Unfunded actuarial accrued liability at end of year	<u>\$297,631,167</u>

Section 2: Actuarial Valuation Results

Actuarially determined contribution

The actuarially determined contribution for the 2022-2023 fiscal year is \$62,000,000, a 3% increase from the prior year. This recommended contribution is based on a funding policy that increases the 2013-2014 fiscal year contribution 3% annually until the plan is fully funded. If the plan earns the assumed rate of return (7.00%) and all other experience matches the assumptions, then it will be fully funded by about the 2027-2028 fiscal year.

The payment on the unfunded actuarial accrued liability for the fiscal year beginning July 1, 2022 is based on the pre-determined contribution by ordinance, data previously described, the actuarial assumptions and Fund provisions described in *Section 4*, including all changes affecting future costs adopted at the time of the actuarial valuation, actuarial gains and losses, and changes in the actuarial assumptions.

Actuarially Determined Contribution for Fiscal Year Beginning July 1

	<u>2022</u>	<u>2021</u>
	Amount	Amount
1 Total normal cost	\$4,860,566	\$3,433,543
2 Administrative expenses	218,617	213,806
3 Expected employee contributions	<u>-1,897,431</u>	<u>-1,628,256</u>
4 Employer normal cost: (1) + (2) + (3)	\$3,181,752	\$2,019,093
5 Actuarial accrued liability	\$515,084,800	\$523,721,088
6 Actuarial value of assets	<u>217,453,633</u>	<u>186,720,491</u>
7 Unfunded actuarial accrued liability: (5) - (6)	\$297,631,167	\$337,000,597
8 Payment on unfunded actuarial accrued liability	55,010,153	54,483,370
9 Adjustment for timing ¹	3,808,095	3,697,537
10 Actuarially determined contribution: (4) + (8) + (9)	<u>\$62,000,000</u>	<u>\$60,200,000</u>

¹Actuarially determined contributions are assumed to be paid at the middle of every year. Calculated as $\{[(4) + (8)] \times [1.07^{0.50}] \times 1.03\} - (4) - (8)$.

Section 2: Actuarial Valuation Results

History of employer contributions

A history of the most recent years of contributions is shown below.

History of Employer Contributions: 2013 – 2022

Fiscal Year Ended June 30	Actuarially Determined Employer Contribution (ADC ¹)	Actual Employer Contribution	Percent Contributed
2013	\$42,169,235	\$43,013,000	102.00%
2014	47,435,217	48,000,000	101.19%
2015	48,900,000	48,905,000	100.01%
2016	50,400,000	50,400,000	100.00%
2017	51,900,000	52,000,000	100.19%
2018	53,500,000	53,400,000	99.81%
2019	55,100,000	55,002,000	99.82%
2020	56,700,000	56,700,000	100.00%
2021	58,400,000	58,400,000	100.00%
2022	60,200,000	--	--

¹Prior to GASB67/68, this amount was the Annual Required Contribution (ARC)

Section 2: Actuarial Valuation Results

Risk

Since the actuarial valuation results are dependent on a given set of assumptions and data as of a specific date, there is a risk that emerging results may differ significantly as actual experience differs from the assumptions.

This report does not contain a detailed analysis of the potential range of future measurements but does include a brief discussion of some risks that may affect the Fund. Upon request, a more detailed assessment can be provided to enable a better understanding of the risks inherent in the Fund. This assessment may include scenario testing, sensitivity testing, stress testing and stochastic modeling.

- Investment Risk (the risk that returns will be different than expected)

The market value rate of return over the last 20 years has ranged from a low of -10.43% in 2002 to a high of 37.20% in 2005.

- Longevity Risk (the risk that mortality experience will be different than expected)

The actuarial valuation includes an expectation of future improvement in life expectancy. Emerging plan experience that does not match these expectations will result in either an increase or decrease in the actuarially determined contribution.

Given that roughly 85% of the Fund's liability is for participants currently in pay status, longevity risk has a greater potential impact than other demographic risk factors.

- Contribution Risk (the risk that actual contributions will be different from actuarially determined contribution)

The School Board's funding policy requires payment of the actuarially determined contribution; as long as this policy is adhered to, contribution risk is negligible.

- Demographic Risk (the risk that participant experience will be different than assumed)

Examples of this risk include:

- Actual retirements occurring earlier or later than assumed. The value of retirement plan benefits is sensitive to the rate of benefit accruals and any early retirement subsidies that apply.
- More or less active participant turnover than assumed.

While it is difficult to quantify the impact of potential experience, for your Fund, each 1% change in the actuarial cost factors would result in a change in the unfunded actuarial accrued liability of \$5.1 million, or 1.7%.

Section 2: Actuarial Valuation Results

- Actual Experience Over the Last Ten Years and Implications for the Future

Past experience can help demonstrate the sensitivity of key results to the Fund's actual experience. Over the past ten years:

The investment gain(loss) on a market value basis for a year has ranged from a loss of \$8,978,725 in 2016 to a gain of \$31,368,200 in 2021.

The investment gain/(loss) on an actuarial value basis for a year has ranged from a loss of \$4,742,602 in 2012 to a gain of \$6,004,468 in 2021.

The funded percentage on the market value of assets has ranged from a low of 17.40% as of July 1, 2012 to a high of 46.12% as of July 1, 2021.

The funded percentage on the actuarial value of assets has ranged from a low of 15.98% as of July 1, 2012 to a high of 42.22% as of July 1, 2021.

- Maturity Measures

As pension plans mature, the cash need to fulfill benefit obligations will increase over time. Therefore, cash flow projections and analysis should be performed to assure that the Fund's asset allocation is aligned to meet emerging pension liabilities.

Currently the Fund has a non-active to active participant ratio of 2.19. For the prior year benefits paid and administrative expenses were \$11,204,000 less than contributions received. The contribution policy adopted by the School Board is helping to mitigate maturity risk due to the steadily increasing annual contributions being paid.

Section 2: Actuarial Valuation Results

GFOA funded liability by type

The Actuarial Accrued Liability represents the present value of benefits earned, calculated using the plan's actuarial cost method. The Actuarial Value of Assets reflects the financial resources available to liquidate the liability. The portion of the liability covered by assets reflects the extent to which accumulated plan assets are sufficient to pay future benefits, and is shown for liabilities associated with employee contributions, pensioner liabilities, and other liabilities. The Government Finance Officers Association (GFOA) recommends that the funding policy aim to achieve a funded ratio of 100 percent.

GFOA Funded Liability by Type as of June 30

	2021	2020
Actuarial accrued liability (AAL)		
• Active member contributions	\$14,931,298	\$14,048,046
• Retirees and beneficiaries	438,925,993	457,811,903
• Active and inactive members (employer-financed)	61,227,509	51,861,139
Total	\$515,084,800	\$523,721,088
Actuarial value of assets	\$217,453,633	\$186,720,491
Cumulative portion of AAL covered		
• Active member contributions	100.00%	100.00%
• Retirees and beneficiaries	46.14%	37.72%
• Active and inactive members (employer-financed)	0.00%	0.00%

Section 2: Actuarial Valuation Results

Actuarial balance sheet

An overview of the plan's funding is given by an Actuarial Balance Sheet. In this approach, first the amount and timing of all future payments that will be made by the Fund for current participants is determined. Then these payments are discounted at the valuation interest rate to the date of the valuation, thereby determining the present value, referred to as the "liability" of the Fund.

Second, this liability is compared to the assets. The "assets" for this purpose include the net amount of assets already accumulated by the Fund, the present value of future member contributions, the present value of future employer normal cost contributions, and the present value of future employer amortization payments for the unfunded actuarial accrued liability.

Actuarial Balance Sheet

	Year Ended	
	June 30, 2021	June 30, 2020
Liabilities		
• Present value of benefits for retired participants and beneficiaries	\$438,925,993	\$457,811,903
• Present value of benefits for inactive vested participants	2,042,107	2,352,505
• Present value of benefits for active participants	<u>108,403,488</u>	<u>86,728,499</u>
Total liabilities	\$549,371,588	\$546,892,907
Assets		
• Total valuation value of assets	\$217,453,633	\$186,720,491
• Present value of future contributions by members	13,666,383	10,868,221
• Present value of future employer contributions for:		
• Entry age cost	20,620,405	12,303,598
• Unfunded actuarial accrued liability	<u>297,631,167</u>	<u>337,000,597</u>
Total of current and future assets	<u>\$549,371,588</u>	<u>\$546,892,907</u>

Section 2: Actuarial Valuation Results

Actuarial Present Value of Accumulated Plan Benefits

The actuarial present value of accumulated plan benefits is shown below as of July 1, 2021 and as of July 1, 2020.

Actuarial Present Value of Accumulated Plan Benefits

	Benefit Information Date	
	July 1, 2021	July 1, 2020
Actuarial present value of vested accumulated plan benefits:		
➤ Participants currently receiving payments	\$438,925,993	\$457,811,903
➤ Other vested benefits	53,131,623	47,257,847
➤ Total vested benefits (PVVB)	492,057,616	\$505,069,750
Actuarial present value of non-vested accumulated plan benefits	5,419,957	4,078,982
Total actuarial present value of accumulated plan benefits (PVAB)	\$497,477,573	\$509,148,732
Actuarial Value of Assets (AVA)	\$217,453,633	\$186,720,491
Market Value of Assets (MVA)	\$237,561,000	\$181,808,000
Funded Ratios (PVVB):		
➤ AVA as a percentage of present value of vested accumulated benefits	44.19%	36.97%
➤ MVA as a percentage of present value of vested accumulated benefits	48.28%	36.00%
Funded Ratios (PVAB):		
➤ AVA as a percentage of present value of accumulated benefits	43.71%	36.67%
➤ MVA as a percentage of present value of accumulated benefits	47.75%	35.71%

Note: The amounts stated as vested benefits include employee contribution accounts, which are considered 100% vested.

Section 2: Actuarial Valuation Results

The factors that affected the change in the actuarial present value of accumulated plan benefits from the preceding to the current benefit information date are as follows:

Factors	Change in Actuarial Present Value of Accumulated Plan Benefits
Benefits accumulated, net experience gain or loss, changes in data	\$76,129
Benefits paid	-48,627,000
Interest	33,938,466
Change in assumptions	2,941,246
Total	<u>\$11,671,159</u>

Section 2: Actuarial Valuation Results

State minimum requirements

Under Georgia minimum funding requirements, liability may be amortized as a percent of payroll, rather than a fixed dollar amount. In general, with fixed dollar amortization, actual experience close to the assumptions will result in a total contribution requirement (the normal cost plus the payment on the unfunded actuarial liability) that decreases over time as a percentage of payroll. With percentage of payroll amortization, given expected experience, the total contribution requirement should remain level as a percentage of payroll if the aggregate payroll increases as assumed.

The Board has adopted a policy for amortizing the unfunded actuarial liability, and the amortization period is 5.9 years for FY 2022. The contributions determined under this method continue to meet the Georgia minimum funding requirements by virtue of Georgia Code Section 47-20-10(b).

Section 3: Supplemental Information

Exhibit A: Table of Plan Demographics

Category	Year Ended June 30		Change From Prior Year
	2021	2020	
Active participants in valuation:			
• Number	799	770	3.8%
• Average age	49.8	49.7	0.1
• Average years of service	9.7	9.7	0.0
• Projected total payroll	\$24,894,564	\$21,009,760	18.5%
• Projected average payroll	31,157	27,285	14.2%
• Account balances	14,931,298	14,048,046	6.3%
• Total active vested participants	419	416	0.7%
Inactive vested participants:			
• Number of vested terminated participants	33	34	-2.9%
• Inactive nonvested participants due a refund	231	191	20.9%
Retired participants:			
• Number in pay status	1,333	1,413	-5.7%
• Average age	76.4	76.2	0.2
• Average monthly benefit	\$2,394	\$2,389	0.2%
Disabled participants:			
• Number in pay status	87	92	-5.4%
• Average age	71.4	70.4	1.0
• Average monthly benefit	\$1,524	\$1,480	3.0%
Beneficiaries:			
• Number in pay status	293	296	-1.0%
• Average age	80.3	80.4	-0.1
• Average monthly benefit	\$2,064	\$1,988	3.8%

Section 3: Supplemental Information

Exhibit B: Participants in Active Service as of June 30, 2021 by Age, Years of Service, and Average Payroll

Age	Years of Service									
	Total	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40 & over
Under 25	7	7	--	--	--	--	--	--	--	--
	\$19,575	\$19,575	--	--	--	--	--	--	--	--
25 - 29	27	26	1	--	--	--	--	--	--	--
	24,537	24,271	\$31,448	--	--	--	--	--	--	--
30 - 34	69	57	12	--	--	--	--	--	--	--
	25,176	24,048	30,537	--	--	--	--	--	--	--
35 - 39	66	49	9	5	3	--	--	--	--	--
	25,864	24,352	28,885	\$36,633	\$23,533	--	--	--	--	--
40 - 44	95	49	28	7	8	3	--	--	--	--
	29,990	26,936	30,541	42,260	30,324	\$45,217	--	--	--	--
45 - 49	101	47	22	5	9	15	3	--	--	--
	33,794	31,314	32,816	42,036	31,911	40,909	\$36,144	--	--	--
50 - 54	146	58	17	14	15	20	19	3	--	--
	35,634	30,312	44,368	51,976	30,640	32,004	37,715	\$48,747	--	--
55 - 59	150	47	24	7	19	27	18	8	--	--
	31,612	30,194	32,755	41,907	28,611	29,596	30,657	43,585	--	--
60 - 64	86	27	13	9	9	12	12	3	1	--
	32,388	26,162	31,602	37,953	25,881	36,521	41,581	36,389	\$47,236	--
65 - 69	38	8	9	5	6	4	6	--	--	--
	31,716	26,792	28,291	43,313	29,979	29,566	36,925	--	--	--
70 & over	14	5	5	2	--	--	1	--	--	1
	32,417	18,643	29,097	55,868	--	--	51,114	--	--	\$52,280
Total	799	380	140	54	69	81	59	14	1	1
	\$31,157	\$27,144	\$32,759	\$44,075	\$29,223	\$33,888	\$36,415	\$43,149	\$47,236	\$52,280

Section 3: Supplemental Information

Exhibit C: Reconciliation of Participant Data

	Active Participants	Inactive Vested Participants ¹	Disableds	Retired Participants	Beneficiaries	Total
Number as of July 1, 2020	770	34	92	1,413	296	2,605
• New participants ²	88	N/A	N/A	N/A	N/A	88
• Terminations – with vested rights	-7	7	N/A	N/A	N/A	0
• Terminations – without vested rights	-19	N/A	N/A	N/A	N/A	-19
• Retirements	-13	-1	N/A	14	N/A	0
• New disabilities	-3	-1	4	N/A	N/A	0
• Return to work	3	-3	0	0	N/A	0
• Deceased	-2	0	-10	-97	-27	-136
• New beneficiaries	N/A	N/A	N/A	N/A	26	26
• Lump sum cash-outs	-17	0	0	0	0	-17
• Rehire	0	0	N/A	0	N/A	0
• Certain period expired	N/A	N/A	0	0	0	0
• Data adjustments ³	-1	-3	1	3	-2	-2
Number as of July 1, 2021	799	33	87	1,333	293	2,545

¹Excludes terminated participants with contributions remaining in the Fund.

²22 of the 88 new active participants included in the data for the first time this year have over one year of credited service.

³The following data adjustments were made per the TPA:

One active participant was deemed a non-participant;

Three inactive vested participants were deemed non-vested;

One healthy retiree and one disabled annuitant were included for the first time with this valuation;

Two beneficiaries were deemed healthy annuitants.

Section 3: Supplemental Information

Exhibit D: Summary Statement of Income and Expenses on a Market Value Basis

	Year Ended June 30, 2021	Year Ended June 30, 2020
Net assets at market value at the beginning of the year	\$181,808,000	\$168,996,000
Contribution income:		
• Employer contributions	\$58,400,000	\$56,700,000
• Employee contributions	1,857,000	1,541,000
• Less administrative expenses	<u>-426,000</u>	<u>-204,000</u>
<i>Net contribution income</i>	<i>\$59,831,000</i>	<i>\$58,037,000</i>
Other income	\$60,000	\$0
Investment income:		
• Asset appreciation	\$43,595,000	\$3,938,000
• Investment income	1,330,000	1,491,000
• Less investment fees	<u>-436,000</u>	<u>-509,000</u>
<i>Net investment income</i>	<i><u>\$44,489,000</u></i>	<i><u>\$4,920,000</u></i>
Total income available for benefits	\$104,380,000	\$62,957,000
Less benefit payments	-\$48,627,000	-\$50,145,000
Change in reserve for future benefits	\$55,753,000	\$12,812,000
Net assets at market value at the end of the year	\$237,561,000	\$181,808,000

Section 3: Supplemental Information

Exhibit E: Asset Allocation as of June 30, 2021

	General Employees	School Board	Total
1. Market value of assets as of July 1, 2020	\$1,317,795,000	\$181,808,000	\$1,499,603,000
2. Employer contributions	\$48,764,000	\$58,400,000	\$107,164,000
3. Employee contributions	19,133,000	1,857,000	20,990,000
4. Other income not in yields	<u>55,000</u>	<u>60,000</u>	<u>115,000</u>
5. Total contributions and other income: (2) + (3) + (4)	\$67,952,000	\$60,317,000	\$128,269,000
6. Benefit payments and refunds	-\$131,361,000	-\$48,627,000	-\$179,988,000
7. Administrative expenses	<u>-2,091,000</u>	<u>-426,000</u>	<u>-2,517,000</u>
8. Total benefit payments and expenses: (6) + (7)	-\$133,452,000	-\$49,053,000	-\$182,505,000
9. Net cash flow: (5) + (8)	-\$65,500,000	\$11,264,000	-\$54,236,000
10. Net investment return	419,843,000	44,489,000	464,332,000
11. Market value of assets as of July 1, 2021: (1) + (9) + (10)	\$1,672,138,000	\$237,561,000	\$1,909,699,000

Section 3: Supplemental Information

Exhibit F: Development of the Fund through June 30, 2021

Year Ended June 30	Employer Contributions	Employee Contributions	Net Investment Return ¹	Admin. Expenses	Benefit Payments	Market Value of Assets at Year-End	Actuarial Value of Assets at Year-End	Actuarial Value as a Percent of Market Value
2012	\$39,000,000	\$1,841,000	\$624,000	\$0	\$56,824,000	\$110,283,000	\$101,272,560	91.83%
2013	43,013,000	1,689,000	17,035,000	0	56,511,000	115,509,000	115,509,000	100.00%
2014	48,000,000	1,554,000	20,355,000	0	56,063,000	129,355,000	119,806,270	92.62%
2015	48,905,000	1,684,000	6,247,000	0	55,058,000	131,133,000	126,601,083	96.54%
2016	50,400,000	1,663,000	5,143,000 ²	0	54,177,000	123,876,000	128,256,838	103.54%
2017	52,000,000	1,441,000	16,529,000	0	54,450,000	139,396,000	137,889,959	98.92%
2018	53,400,000	1,513,000	13,692,000 ³	212,000	52,677,000	155,112,000	152,185,281	98.11%
2019	55,002,000	1,686,000	8,639,000	227,000	51,216,000	168,996,000	168,011,240	99.42%
2020	56,700,000	1,541,000	4,920,000	204,000	50,145,000	181,808,000	186,720,491	102.70%
2021	58,400,000	1,857,000	44,549,000	426,000	48,627,000	237,561,000	217,453,633	91.54%

¹On a market basis, net of investment fees and administrative expenses; includes other income not in yields

²Includes -\$5,706,000 asset adjustment

³Includes -\$155,000 asset adjustment

Section 3: Supplemental Information

Exhibit G: Definition of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Actuarial Accrued Liability for Actives:	The equivalent of the accumulated normal costs allocated to the years before the valuation date.
Actuarial Accrued Liability for Retirees and Beneficiaries:	Actuarial Present Value of lifetime benefits to existing retirees and beneficiaries. This sum takes account of life expectancies appropriate to the ages of the annuitants and the interest that the sum is expected to earn before it is entirely paid out in benefits.
Actuarial Cost Method:	A procedure allocating the Actuarial Present Value of Future Benefits to various time periods; a method used to determine the Normal Cost and the Actuarial Accrued Liability that are used to determine the actuarially determined contribution.
Actuarial Gain or Loss:	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two Actuarial Valuation dates. To the extent that actual experience differs from that assumed, Actuarial Accrued Liabilities emerge which may be the same as forecasted, or may be larger or smaller than projected. Actuarial gains are due to favorable experience, e.g., assets earn more than projected, salary increases are less than assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, actuarial losses are the result of unfavorable experience, i.e., actual results yield actuarial liabilities that are larger than projected.
Actuarially Equivalent:	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
Actuarial Present Value (APV):	The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. Each such amount or series of amounts is: Adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, marital status, etc.) Multiplied by the probability of the occurrence of an event (such as survival, death, disability, withdrawal, etc.) on which the payment is conditioned, and Discounted according to an assumed rate (or rates) of return to reflect the time value of money.

Section 3: Supplemental Information

Actuarial Present Value of Future Benefits:	The Actuarial Present Value of benefit amounts expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age, anticipated future compensation, and future service credits. The Actuarial Present Value of Future Benefits includes the liabilities for active members, retired members, beneficiaries receiving benefits, and inactive members entitled to either a refund of member contributions or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
Actuarial Valuation:	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan, as well as Actuarially Determined Contributions.
Actuarial Value of Assets (AVA):	The value of the Plan's assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets, but commonly plans use a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the Actuarially Determined Contribution.
Actuarially Determined:	Values that have been determined utilizing the principles of actuarial science. An actuarially determined value is derived by application of the appropriate actuarial assumptions to specified values determined by provisions of the Plan.
Actuarially Determined Contribution (ADC):	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under the Plan's funding policy. The ADC consists of the Employer Normal Cost and the Amortization Payment.
Amortization Method:	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the Unfunded Actuarial Accrued Liability. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the Unfunded Actuarial Accrued Liability. Under the Level Percentage of Pay method, the stream of payments increases at the assumed rate at which total covered payroll of all active members will increase.
Amortization Payment:	The portion of the pension plan contribution, or ADC, that is intended to pay off the Unfunded Actuarial Accrued Liability.

Section 3: Supplemental Information

Assumptions or Actuarial Assumptions:	The estimates upon which the cost of the Plan is calculated, including: <u>Investment return</u> - the rate of investment yield that the Plan will earn over the long-term future; <u>Mortality rates</u> - the rate or probability of death at a given age for employees and retirees; <u>Retirement rates</u> - the rate or probability of retirement at a given age or service; <u>Disability rates</u> - the rate or probability of disability retirement at a given age; <u>Withdrawal rates</u> - the rate or probability at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement; <u>Salary increase rates</u> - the rates of salary increase due to inflation, real wage growth and merit and promotion increases.
Closed Amortization Period:	A specific number of years that is counted down by one each year, and therefore declines to zero with the passage of time. For example, if the amortization period is initially set at 20 years, it is 19 years at the end of one year, 18 years at the end of two years, etc. See Open Amortization Period.
Decrements:	Those causes/events due to which a member's status (active-inactive-retiree-beneficiary) changes, that is: death, retirement, disability, or withdrawal.
Defined Benefit Plan:	A retirement plan in which benefits are defined by a formula based on the member's compensation, age and/or years of service.
Defined Contribution Plan:	A retirement plan, such as a 401(k) plan, a 403(b) plan, or a 457 plan, in which the contributions to the plan are assigned to an account for each member, the plan's earnings are allocated to each account, and each member's benefits are a direct function of the account balance.
Employer Normal Cost:	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
Experience Study:	A periodic review and analysis of the actual experience of the Plan that may lead to a revision of one or more actuarial assumptions. Actual rates of decrement and salary increases are compared to the actuarially assumed values and modified based on recommendations from the Actuary.
Funded Ratio:	The ratio of the Actuarial Value of Assets (AVA) to the Actuarial Accrued Liability (AAL). Plans sometimes also calculate a market funded ratio, using the Market Value of Assets (MVA), rather than the AVA.

Section 3: Supplemental Information

GASB 67 and GASB 68:	Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68. These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 68 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 67 sets the rules for the systems themselves.
Investment Return:	The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.
Net Pension Liability (NPL):	The Net Pension Liability is equal to the Total Pension Liability minus the Plan Fiduciary Net Position.
Normal Cost:	The portion of the Actuarial Present Value of Future Benefits and expenses allocated to a valuation year by the Actuarial Cost Method. Any payment with respect to an Unfunded Actuarial Accrued Liability is not part of the Normal Cost (see Amortization Payment). For pension plan benefits that are provided in part by employee contributions, Normal Cost refers to the total of member contributions and employer Normal Cost unless otherwise specifically stated.
Open Amortization Period:	An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. If the initial period is set as 30 years, the same 30-year period is used in each future year in determining the Amortization Period.
Plan Fiduciary Net Position:	Market value of assets.
Total Pension Liability (TPL):	The actuarial accrued liability under the entry age normal cost method and based on the blended discount rate as described in GASB 67 and 68.
Unfunded Actuarial Accrued Liability:	The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets. This value may be negative, in which case it may be expressed as a negative Unfunded Actuarial Accrued Liability, also called the Funding Surplus or an Overfunded Actuarial Accrued Liability.
Valuation Date or Actuarial Valuation Date:	The date as of which the value of assets is determined and as of which the Actuarial Present Value of Future Benefits is determined. The expected benefits to be paid in the future are discounted to this date.

Section 4: Actuarial Valuation Basis

Exhibit I: Actuarial Assumptions and Actuarial Cost Method

Rationale for Assumptions:	The information and analysis used in selecting methods and each economic and mortality assumption that has a significant effect on this actuarial valuation is shown in in the Review of Actuarial Experience for the five-year period ended June 30, 2019 dated March 17, 2021. The information used in selecting each other demographic assumption that has a significant effect on this valuation is shown in the Review of Actuarial Experience for the five-year period ended June 30, 2019 dated April 20, 2022.	
Net Investment Return:	7.00%, the investment return rate is assumed to be net of investment expenses. The net investment return assumption was chosen by the Pension Fund's Board of Trustees, with input from the actuary. This assumption is a long-term estimate derived from historical data, current and recent market expectations, and professional judgment. As part of the analysis, a building block approach was used that reflects inflation expectations and anticipated risk premiums for each of the portfolio's asset classes as provided by Marquette and Segal Marco Advisors, as well as the Fund's target asset allocation.	
Administrative Expenses:	\$200,000 per year, projected annually with 2.25% inflation. As of July 1, 2021, the assumed annual expense is \$218,617.	
Salary Increases:	Age	Rate (%)
	Under 25	8.00%
	25 - 29	7.00%
	30 - 34	6.00%
	35 - 39	5.50%
	40 - 44	4.50%
	45 - 49	3.50%
	50 - 54	3.25%
	55 - 59	3.25%
	60 - 64	3.00%
	65 & over	3.00%
	Salary increases include an assumed inflation rate of 2.25% and 0.75% productivity	

Section 4: Actuarial Valuation Basis

Sick Leave Pay Adjustment:	Retirement benefits are increased by 2.00%																																																																											
Payroll Growth:	3.00%, compounded annually																																																																											
Cost-of-Living Adjustments:	2.25%, compounded annually after retirement																																																																											
Mortality Rates:																																																																												
<i>Pre-retirement:</i>	Sex-distinct Pri-2012 Blue Collar Employee Amount-weighted Mortality Table with rates increased by 6%, projected generationally with scale MP-2020																																																																											
<i>Healthy annuitants and beneficiaries of living retirees:</i>	Sex-distinct Pri-2012 Blue Collar Healthy Retiree Amount-weighted Mortality Table with rates increased by 6%, projected generationally with scale MP-2020																																																																											
<i>Disabled annuitants:</i>	Sex-distinct Pri-2012 Disabled Retiree Amount-weighted Mortality Table with rates increased by 6%, projected generationally with scale MP-2020																																																																											
<i>Contingent survivors:</i>	Sex-distinct Pri-2012 Blue Collar Healthy Contingent Survivor Amount-weighted Mortality Table with rates increased by 6%, projected generationally with scale MP-2020																																																																											
	The underlying tables with the generational projection to the ages of participants as of the measurement date reasonably reflect the mortality experience of the Fund as of the measurement date. These mortality tables were then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.																																																																											
Annuitant Mortality Rates:	<table border="1"> <thead> <tr> <th rowspan="3">Age</th> <th colspan="6">Rate (%)¹</th> </tr> <tr> <th colspan="2">Healthy</th> <th colspan="2">Disabled</th> <th colspan="2">Contingent Survivors</th> </tr> <tr> <th>Male</th> <th>Female</th> <th>Male</th> <th>Female</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>55</td> <td>0.68</td> <td>0.52</td> <td>2.30</td> <td>1.56</td> <td>1.79</td> <td>0.87</td> </tr> <tr> <td>60</td> <td>0.99</td> <td>0.75</td> <td>2.49</td> <td>1.82</td> <td>2.17</td> <td>1.16</td> </tr> <tr> <td>65</td> <td>1.35</td> <td>1.14</td> <td>3.04</td> <td>2.26</td> <td>2.75</td> <td>1.62</td> </tr> <tr> <td>70</td> <td>2.18</td> <td>1.74</td> <td>4.17</td> <td>3.01</td> <td>3.62</td> <td>2.31</td> </tr> <tr> <td>75</td> <td>3.53</td> <td>2.77</td> <td>6.15</td> <td>4.28</td> <td>4.99</td> <td>3.40</td> </tr> <tr> <td>80</td> <td>6.06</td> <td>4.61</td> <td>9.46</td> <td>6.52</td> <td>7.19</td> <td>5.11</td> </tr> <tr> <td>85</td> <td>10.37</td> <td>7.94</td> <td>14.53</td> <td>10.46</td> <td>10.81</td> <td>8.14</td> </tr> <tr> <td>90</td> <td>17.53</td> <td>13.83</td> <td>21.75</td> <td>17.08</td> <td>17.30</td> <td>13.83</td> </tr> </tbody> </table>	Age	Rate (%) ¹						Healthy		Disabled		Contingent Survivors		Male	Female	Male	Female	Male	Female	55	0.68	0.52	2.30	1.56	1.79	0.87	60	0.99	0.75	2.49	1.82	2.17	1.16	65	1.35	1.14	3.04	2.26	2.75	1.62	70	2.18	1.74	4.17	3.01	3.62	2.31	75	3.53	2.77	6.15	4.28	4.99	3.40	80	6.06	4.61	9.46	6.52	7.19	5.11	85	10.37	7.94	14.53	10.46	10.81	8.14	90	17.53	13.83	21.75	17.08	17.30	13.83
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Section 4: Actuarial Valuation Basis

Termination Rates Before Retirement:	Rate (%)					
	Age	Mortality ¹		Disability		Withdrawal ²
		Male	Female	Male	Female	All Lives
	20	0.07	0.02	0.03	0.01	18.00
	25	0.07	0.03	0.03	0.02	18.00
	30	0.07	0.03	0.04	0.03	15.00
	35	0.08	0.04	0.06	0.06	5.00
	40	0.09	0.06	0.09	0.09	3.00
	45	0.12	0.09	0.14	0.13	2.00
	50	0.19	0.14	0.23	0.21	9.00
	55	0.30	0.21	0.41	0.34	6.00
	60	0.47	0.32	0.61	0.42	10.00
	¹ Rates shown do not include generational projection					
	² Withdrawal rates are amount-weighted and do not apply at or beyond the later of age 50 and 5 years of service					
Retirement Rates:	Less than 30 Years of Service		30 or More Years of Service			
	Age	Rate	Age	Rate		
	50-52	2%	50-54	30%		
	53-54	3	55-59	25		
	55-59	5	60	35		
	60-62	25	61-69	25		
	63-64	15	70 & over	100		
	65-69	30				
	70 & over	100				
Retirement Age for Vested Inactive Participants:	Age 65 for participants in vested inactive status as of the valuation date; age 60 for active participants assumed to terminate prior to retirement eligibility.					
Unknown Data for Participants:	There were no records that were missing both service amounts and dates of hire. For participants with less than one year of benefit service, salaries were annualized.					

Section 4: Actuarial Valuation Basis

Additional Accumulated Unused Sick Leave at Retirement:	Additional 0.50 years if service included in total service (prior to application of maximum)
Weighted Average Retirement Age:	Age 62.1, determined as follows: The weighted average retirement age for each participant is calculated as the sum of the product of each potential current or future retirement age times the probability of surviving from current age to that age and then retiring at that age, assuming no other decrements. The overall weighted retirement age is the average of the individual retirement ages based on all the active participants included in the July 1, 2021 actuarial valuation.
Percent Married:	Assumption based on active participant contribution rate provided with valuation data
Form of Payment:	Married participants are assumed to elect a 75% joint and survivor annuity. Unmarried participants are assumed to elect a single life annuity.
Age of Spouse: <i>Male Participants</i> <i>Female Participants</i>	Assumed to be three years older than their female spouses. Assumed to be one year younger than their male spouses.
Refunds of Employee Contributions for Terminated Vested Participants:	90% of participants elect a refund of their employee contribution balances.
Actuarial Value of Assets:	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the actuarial value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Actuarial Cost Method:	Entry Age Actuarial Cost Method. Entry Age is current age minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salary.

Section 4: Actuarial Valuation Basis

Justification for Change in Actuarial Assumptions:

An Actuarial Experience Review, analyzing the demographic assumptions (other than mortality) for the period July 1, 2014 through June 30, 2019, was completed. As a result, the following assumption and method changes were proposed by the actuary and subsequently approved by the Board on May 2, 2022. These changes are reflected for the first time in this valuation.

- The gender-neutral, service-based withdrawal assumption was modified to reflect an amount-weighted set of rates rather than a headcount-weighted set of rates.
- The sex-distinct ordinary disability rates were increased for males and decreased for females. The distinction for occupational disability of 10% of ordinary disability rates was removed.
- The retirement rates for participants with 30 or more years of service at retirement were increased for ages 50 to 59 and for ages 61 to 69. Increases were also made to the retirement rates for participants with less than 30 years of service at retirement for ages 60 to 62 and for ages 65 to 69.
- The spousal age assumption was modified for female participants only to assume male spouses are one year older.
- The percent married assumption for participants was changed from 75% to an assumption based on the active participant contribution rate provided with the valuation data.
- The assumption that 50% of terminated participants will take a refund of contributions was increased to 90%.
- A load of 2.00% on retirement benefits for unused sick leave pay was introduced.
- An assumption of 0.50 years of additional service of unused sick leave at retirement for use in the calculation of retirement benefits was also introduced.
- The 4% vacation pay load on retirement benefits was removed.

Section 4: Actuarial Valuation Basis

Exhibit II: Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year:	July 1 through June 30
Plan Status:	Ongoing
Normal Retirement/Unreduced Early:	
<i>Eligibility</i>	<ul style="list-style-type: none">• A participant may retire at:<ul style="list-style-type: none">(a) age 60 after completing 10 years of service, or(b) age 65 after completing 5 years of service, or(c) any age after completing 30 years of service.
<i>Monthly Amount</i>	<ul style="list-style-type: none">• 2.5% of average monthly salary for each year of credited service. This amount cannot be less than \$17 per month for each year of service and is capped at 80% of average monthly salary.
<i>Average Monthly Salary:</i>	<ul style="list-style-type: none">• Average of the highest consecutive 36 months of salary
<i>Normal Form of Payment</i>	<ul style="list-style-type: none">• 75% joint and survivor annuity (no reduction in benefit for providing survivor coverage)
Early Retirement:	
<i>Service Requirement</i>	<ul style="list-style-type: none">• 10 years credited service or age 60 with five years
<i>Monthly Amount</i>	<ul style="list-style-type: none">• Normal pension monthly amount reduced by 1/2 of 1% per month for the first 60 months and by 1/4 of 1% per month for the remaining months by which age at retirement is less than 60. More favorable early retirement adjustments may apply to participants in prior plans.

Section 4: Actuarial Valuation Basis

Disability:

Service Requirement

- 5 years credited service for non-job-related disability. None for job-related disability.

Monthly Amount Payable until Normal Retirement

- Greater of 50% of highest consecutive 36 months of salary at disability *and* benefit calculated as 2.50% times service accrued times average of the highest consecutive 36 months of salary at disability; benefit payable immediately

Recalculated Monthly Amount Payable at Normal Retirement for Surviving Disabled Participants

- 2.50% times service (accrued at disability plus imputed through Normal Retirement) times average of the highest consecutive 36 months of salary; benefit payable at age 60
- Benefit amount at Normal Retirement cannot exceed 80% of final average salary and can be less than what participant was receiving during period of disability.

Vesting:

- An employee who terminates employment may receive a percentage of his accrued benefit payable at age 60 as determined below:

Completed Years of Service	Percentage Vesting ¹
Less than 5	0%
5	25
6	30
7	35
8	40
9	45
10 or more	100

¹A participant is always 100% vested in his/her contributions to the Fund.

Termination:

- A participant terminating employment may elect a refund of their own contributions with interest or leave contributions in the fund and receive a monthly benefit to commence at normal retirement date equal to the accrued benefit as of the date of termination. A refund will cause the forfeiture of any other vested accrued benefit from the Fund.

Pre-retirement Death Benefits:

- 75% of 2.50% times service accrued times vested percentage times average of the highest consecutive 36 months of salary at death
- Benefit prior to application of 75% cannot exceed 80% of final average salary.
- Eligible beneficiaries are the spouse or children under age 23 (18 if not in post-secondary school).
- Beneficiaries can elect to receive a refund of employee contributions in lieu of an annuity benefit.

Section 4: Actuarial Valuation Basis

Death Benefits after Retirement Eligibility:	<ul style="list-style-type: none"> If an active participant who is eligible to retire, or a disabled or retired participant dies, 75% of the accrued pension benefit is payable to the beneficiary. Eligible beneficiaries are the spouse or unmarried children under 23 (18 if not in post-secondary school). If the spouse is more than five years younger than the participant, the amount payable is reduced by 2% per year by which the spouse is younger. 								
Credited Service:	<ul style="list-style-type: none"> Service is credited for employment as an employee of the Atlanta Board of Education or as a general employee of the City of Atlanta. Additional credit is granted for accumulated sick leave and for other prior service as specified in the plan. 								
Participation:	<ul style="list-style-type: none"> All employees of the Atlanta Board of Education who are not covered by the Georgia Teachers' Retirement System or the Employees' Retirement System of Georgia. 								
Employee Contributions:	<table border="1"> <thead> <tr> <th>Employee</th> <th>% of Base Salary</th> </tr> </thead> <tbody> <tr> <td>Unmarried employees without beneficiaries</td> <td>7%</td> </tr> <tr> <td>Unmarried employees with beneficiaries</td> <td>8%</td> </tr> <tr> <td>Married employees</td> <td>8%</td> </tr> </tbody> </table>	Employee	% of Base Salary	Unmarried employees without beneficiaries	7%	Unmarried employees with beneficiaries	8%	Married employees	8%
Employee	% of Base Salary								
Unmarried employees without beneficiaries	7%								
Unmarried employees with beneficiaries	8%								
Married employees	8%								
Interest on Employee Contributions:	<ul style="list-style-type: none"> Employee contributions earn 5% interest each year. 								
Cost-of-Living Provision:	<ul style="list-style-type: none"> Benefits for retirees and beneficiaries are adjusted annually on January 1 of each year based on the change in the Consumer Price Index from November 1 through October 31 of the preceding year. Such annual adjustment cannot exceed 3%. The COLA is compounded annually. 								
Changes in Plan Provisions:	There have been no changes in plan provisions since the last valuation.								

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