

**ARIZONA PUBLIC SAFETY PERSONNEL  
RETIREMENT SYSTEM**

**Audit of the  
June 30, 2005 Actuarial Valuation**

DRAFT

Submitted by:

***THE SEGAL GROUP, INC.,  
THE PARENT OF THE SEGAL COMPANY  
ALL RIGHTS RESERVED***

September, 2006

DIRECT DIAL NUMBER  
303-714-9936

E-MAIL ADDRESS  
lthompson@segalco.com

August 28, 2006

Mr. Eric Jorgensen  
Arizona Joint Legislative Budget Committee  
1716 West Adams  
Phoenix, AZ 85007

Re: **Actuarial Auditing Services for the Arizona Joint Legislative Budget Committee  
(Arizona Public Safety Personnel Retirement System June 30, 2005 Actuarial Valuation)**

Dear Mr. Jorgensen:

We are pleased to present the results of this limited-scope audit of the June 30, 2005 actuarial valuation. The purpose of this audit is to conduct a review of the actuarial methods and procedures employed by the Arizona Public Safety Personnel Retirement System. This audit includes the following:

1. **Report review** – this report includes a review of the valuation results and how they comply with actuarial standards, and whether such valuation reflects appropriate disclosure information under any required reporting.
2. **Methods and assumptions review** – this audit provides an analysis and a review of the actuarial assumptions and methods utilized in determining the funded status and accrued liability as of June 30, 2005.
3. **Assumptions and test lives review and reconciliation** – this audit discusses the procedures used to validate the participant data and the test lives selected, with a detailed review of the findings.

This review was conducted under the supervision of Leslie L. Thompson, a Fellow of the Society of Actuaries, Member of the American Academy of Actuaries and an Enrolled Actuary under ERISA. This review was conducted in accordance with the standards of practice prescribed by the Actuarial Standards Board.

Mr. Eric Jorgensen  
August 28, 2006  
Page 2

The assistance of Rodwan Consulting Company, Public Safety Personnel Retirement System (PSPRS) and the Arizona Joint Legislative Budget Committee (JLBC) staff is gratefully acknowledged.

We appreciate the opportunity to be retained as the independent actuarial auditors for Arizona JLBC and we are available to answer any questions you may have on this report.

Sincerely,

Leslie L. Thompson, FSA, MAAA, EA  
Senior Vice President and Consulting Actuary

Susan M. Hogarth, MAAA, EA  
Consulting Actuary

/dqm

cc: Brad Ramirez, ASA, MAAA, EA

DRAFT

# *Table of Contents*

	<b>PAGE</b>
<b>Executive Summary</b> .....	1
<b>Section I</b>	
<b>Purpose, Scope and Methodology of the Audit</b> .....	3
<b>Section II</b>	
<b>Validation of Benefits Valued</b> .....	6
<b>Section III</b>	
<b>Validation of Actuarial Assumptions Employed</b> .....	10
<b>Section IV</b>	
<b>Validation of Funding and Asset Valuation Methods</b> .....	11
<b>Section V</b>	
<b>Conclusions</b> .....	13
<b>Audit Checklist</b> .....	15

A **limited scope audit** (actuarial review) of any system is intended to provide an assurance that the liabilities and costs of the System are reasonable. The review is not a full replication of the actuarial valuation results, but is a review of the key components in the valuation process that encompass the derivation of the liabilities and costs for the System. These key components are the data, the benefits valued, the actuarial assumptions used in the funding, and the asset valuation method employed. The receipt of valuation output for a select group of test lives provides the detail necessary to validate each of these key components.

We reviewed all information supplied to us. We also requested and reviewed additional information provided by the retained actuary. Finally, we considered the reasonableness of the actuarial assumptions and methods in the context of the recently completed experience study and our own experience.

### **Conclusion:**

*We have discovered numerous areas of concern in the valuation of the liabilities. Some may be immaterial but some could have a larger impact. We recommend a review of these concerns with the retained actuary, a confirmation of these changes and then a determination of the liabilities. In addition, we recommend a full scope audit (“parallel”) which is a full replication of the actuarial valuation results, hence a parallel of the entire valuation process. We suggest that the Experience Study be redone and reviewed to determine decrement timing, and that assumptions have been correctly stated.*

The enhancements we recommend are:

### **Data:**

- Confirm duplicates in data with PSPRS and eliminate redundant data; and
- Data processing to request actual salary information and payment form from PSPRS.

### **Liabilities/Benefits:**

- Revise the liability under the active disability benefit to accurately reflect the Fire High versus Fire Low disability rates;
- Review the liability under the active benefits before normal retirement age as we were not able to match these benefits;
- Review the benefits and liability under the Health Insurance Premium Subsidy as part of the revised valuation review;
- Review rates of early retirement with less than 20 years against current retirement rate assumptions and change if warranted; and
- Perform an Experience Study on the effect of the type of disability occurrence (accidental versus duty-related).

### Valuation Process:

- Match timing of salary with timing of decrement.

### Assumptions:

- Assumptions tend to be on the aggressive side, which poses a risk to the ongoing funding of the System. We recommend a review of these assumptions.

### Report:

- Make corrections to plan provisions and assumptions summarized in the actuarial valuation report;
- Review assumptions for future participant election into the Deferred Retirement Option Plan (DROP);
- Add gain/loss by source to actuarial valuation report; and
- Revise valuation results incorporating the audit findings mentioned throughout this report.

The valuation data used by the retained actuary appears both accurate and complete when compared to the System records with minor exceptions. However, we suggest that additional items be included in the data request. We also verified that certain aspects of a select group of sample test life calculations are reasonable.

With respect to the other aspects of this limited scope actuarial audit, we found the following:

- Benefits projected in the sample test life group do not match stated plan provisions in the actuarial valuation report, hence we recommend the valuation be revised;
- Certain assumptions appear on the aggressive side of industry norms (e.g., 8.50% return, 6.00% payroll growth); and
- Funding and asset valuation methods are consistent with those employed in other public sector plans.

## **PURPOSE, SCOPE AND METHODOLOGY OF THE AUDIT**

### **Purpose of the Audit**

The Arizona Joint Legislative Budget Committee (JLBC) retained consulting services to determine whether the actuarial procedures and methods used by Public Safety Personnel Retirement System (PSPRS) and the retained actuary are valid and appropriate to properly value the Arizona Public Safety Personnel Retirement System's retirement benefits. The Arizona JLBC requested a review of the reasonableness of the consulting actuary's conclusions and the conformance of their work with generally accepted actuarial standards and practices. Finally, the Arizona JLBC asked for recommendations of how the System can improve procedures for estimating the required level of funding.

### **Scope of the Audit**

This actuarial audit has a specified, limited scope in its review. A full scope audit would include performing the 2005 actuarial valuation from start to finish; in essence, a parallel valuation. This limited scope audit reviews the valuation already performed, through reviewing the benefits, assumptions and methods, without a full replication of the actuarial valuation results. This review is conducted through analyzing detailed output of certain select test lives from the membership group.

In not performing a full parallel valuation, the following implicit assumptions are made:

- The actuary's valuation system is accurately applying each assumption as stated;
- The actuary's valuation system is properly allocating the present value of benefits between normal cost and actuarial accrued liability; and
- The actuary's valuation system is "adding" together liabilities appropriately for each decrement, for each member, and over the entire population (meaning no segment is being "dropped off" and no particular liabilities are being omitted).

What a limited scope audit can provide is:

- Assurance that appropriate benefits are being valued;
- Confirmation that the valuation system is accurately applying assumptions to the test lives;
- A measurement of actuarial assumptions against a peer group and hence an assessment of their reasonableness;
- Confirmation that the program is valuing benefits as stated in the valuation report;
- A review of the reasonableness of actuarial funding and asset valuation methods; and
- An understanding as to whether there are any indications that the liabilities and contribution rates shown are not reasonable or are incorrectly calculated.

The purpose of this audit is to express an opinion regarding the reasonableness or accuracy of the actuarial assumptions, methods, valuation results, and contribution rates. The limited-scope review is not the same as an actuarial valuation, but represents a “second opinion” of the findings and processes included in the valuation.

### **Methodology of the Audit for the 2005 Actuarial Valuation**

The overall objective of the valuation audit is to ascertain whether, on a long-term basis, the benefit promises can be supported by the existing assets and anticipated contributions to the System.

The measurement of the reasonableness of the funding levels encompass three key analyses:

- A verification of the benefits being projected for future payment;
- A verification of the appropriateness of the actuarial assumptions that are used in calculating the liability; and
- A verification of the appropriateness of the funding and asset valuation methods.

### **Benefits Analysis**

Critical to projecting accurate benefits is receiving complete and accurate data. We reviewed the process by which data is prepared for the actuarial valuation, including:

- An assessment of the completeness of the data; and
- A review of the data screening process employed.

We compared our benefit calculations and projections through the test life review with the retained actuary’s and have noted the differences. We also tested that the benefits projected are consistent with governing provisions.

### **Assumptions Analysis**

The second critical component in assessing the reasonableness of the funding levels is in the selection and the application of the actuarial assumptions. With respect to the selection of assumptions, we;

- Examined individual test life calculations; and
- Verified that the assumptions used in the calculations are accurately described in the valuation report.

**Methods Analysis**

The third component in assessing funding levels is the selection and application of the actuarial cost method (including the method for amortizing the unfunded actuarial accrued liability) and the asset valuation method (including smoothing techniques). We:

- Compared the methods against those used in the industry norm; and
- Provided an assessment of the appropriateness for the System.

DRAFT

## **VALIDATION OF BENEFITS VALUED**

### **Data Used in the Valuation**

The PSPRS staff supplies the participant data to the retained actuary. We obtained data from PSPRS and compared the counts of members to the counts used by the actuary in the valuation report. The counts for all members matched in the data we received to the actuarial valuation report.

The retained actuary receives near complete data from PSPRS. The data reconciliation process completed by the retained actuary involves initial data checks to determine missing or defective data. Questions regarding this data are addressed to the PSPRS staff. Once answered, the retained actuary produces age, service and payroll summaries for active members, and attained age and pension benefit summaries for retirees of each of the groups to confirm the totals are consistent with those provided by the PSPRS staff.

The salary data received by the retained actuary from the PSPRS staff is computed based on the most recent annual member contributions, since the employer groups do not furnish salary data. We recommend that the retained actuary obtain actual salary data from PSPRS to more accurately calculate benefits and liabilities.

During the data review process, we noticed duplicate records were provided in the retained actuary's data. These duplicate records were included in the counts shown in the valuation report, since our counts including the duplicates matched the valuation report. We recommend a more detailed data processing and reconciliation confirmation be performed during the next actuarial valuation to identify all duplicates and the proper records to be valued. Valuing duplicate records may be creating a higher liability than required.

The form of payment for pay status members (retired members and survivors) was not provided in the retained actuary's data nor the PSPRS data. The retained actuary has indicated they are valuing all retired members who have a survivor birth date provided in the data, as receiving an 80% Joint and Survivor benefit. We recommend that the PSPRS staff provide the actual elected forms of payment in the data submitted to the retained actuary, so the liabilities may be more accurately determined.

### **Data Risk Element**

Continuing to include duplicate records on data files will increase the costs of the System. Maintaining duplicate records will result in double counting records and add to liabilities. We recommend a review of all duplicate records and the cost impact to the System.

In testing the data between PSPRS and the retained actuary, the match would indicate the actuary is projecting liabilities and costs on PSPRS's set of complete data. The changes and confirmation of salary and payment form mentioned above further illustrates how the liabilities and costs tie directly to the information provided by PSPRS. Thus accurate data will lead to accurate liabilities and minimize gains and losses due to changes in data.

### **Projected Benefits in the Valuation**

Benefits are projected for each potential benefit payable from the System. We tested the normal retirement, early retirement, withdrawal, death and disability benefits against the provisions as stated in the actuarial valuation report.

We reviewed the detailed calculations for a selected group of test lives to determine whether the valuation correctly projected plan benefits and whether the costs and liabilities were determined in accordance with the System's stated methods and assumptions. We requested specific test lives in order to compare the benefit amounts projected in the valuation against our understanding of the System's benefits summarized in the Summary of Benefits at [www.psprs.com](http://www.psprs.com). We generally found the benefits did not match those summarized in the report.

The Police and Fire units were divided into four assumption groups, based on their expected rates of active member withdrawals. Generally larger, urban units have lower withdrawal rates (labeled Police Low and Fire Low) and small, rural units have higher withdrawal rates (labeled Police High and Fire High).

The following is a list of recommended analysis of the actuarial liabilities requiring a parallel type audit:

- *The valuation assumes all decrements occur at mid-year, while using a beginning of year Final Average Salary. The decrement and salary should occur at the same time. Also, the last year of Final Average Salary used for the retirement decrement in the active liability is the same as the Final Average Salary used for the year prior to retirement. Thus, the liabilities are all off by one year of Final Average Salary. The liabilities could be more accurately valued by matching the timing of salary with the timing of each decrement.*
- *We are not able to match withdrawal, disability nor pre-retirement death benefits under the active liability before Normal Retirement Age for the Fire Low test life. We are not able to ascertain what benefit is being valued, hence we recommend a further review of these benefits.*
- *Through our review we noticed that the early retirement benefits (those with less than 20 years of service) are not valued, since retirement rates for the valuation start at 20 years of service. This could be understating liabilities if this is a benefit actually being paid from the System. We recommend a review of the actual experience of retirement rates to determine if the current assumptions are in line with actual experience.*
- *Fire High disability rates are being used on the Fire Low membership. We recommend that the valuation be revised for the active liability under the disability decrement for Fire Low participants to use Fire Low disability rates.*
- *The valuation report states disability rates for Police and Fire, split by High and Low, but are not split on duty versus non-duty related occurrences. We recommend an Experience Study or analysis regarding the duty versus non-duty related disability to determine if it warrants more specific assumptions due to actual experience.*

- *In the current actuarial valuation, liabilities do not include an assumption for future DROP (Deferred Retirement Option Plan) members. The current DROP members are treated as retired participants with their benefit frozen at their DROP election date. The benefits are accumulated in their DROP account with interest valued at the valuation interest rate. We recommend a review of current DROP members and assumptions for future DROP members, which may impact System costs. Rarely is a DROP cost neutral, hence not valuing the DROP provision is deferring actuarial costs of the DROP into the future.*

The following is a list of suggested changes/corrections to the actuarial valuation report:

- *The spouse age assumption that males are three years older than females should be stated in the actuarial valuation report.*
- *The married assumption of 90% should be stated in the actuarial valuation report.*
- *The Retirement Rates for Fire High and Fire Low are mislabeled in the actuarial valuation report, based on our test life review which matches the rates shown in the Experience Study. These rates should be corrected in the report.*

The actuarial valuation report states that the “Future Benefit Increase Reserve” is an investment income reserve held for future pension increases pursuant to state statute. The Board may consider testing the adequacy of the reserve against an assumption for ad-hoc Cost-of-Living Adjustments (COLA) to the original retirement benefits.

We realize there is a liability accounted for under the Health Insurance Premium Subsidy, but were unable to match the benefit stated under the PSPRS Summary of Benefits. Also, we were not provided with enough detailed data to complete our review, hence we recommend a thorough review of the health benefits during the valuation rerun.

The test life comparison exhibit on the next page summarizes the calculations performed by Segal and the retained actuary, and shows the differences by each decrement in the present value of benefits calculation.

ARIZONA PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

JUNE 30, 2005 VALUATION

TEST LIFE COMPARISON

(excluding health insurance premium subsidy and non-vested refund benefits)

ACTIVES:	Active (Fire Low)		Active (Police High)	
	Rodwan	Segal	Rodwan	Segal
<b>Present Value of Benefits</b>				
<b>CURRENT AGE:</b>				
Death	\$1,371	\$2,474	N/A	N/A
Disability	2,670	7,191	N/A	N/A
Withdrawal	3,079	2,249	N/A	N/A
Retirement	151,332	155,335	\$ 63,275	\$ 69,892
<b>Total PVB (Current Age)</b>	<b>\$158,452</b>	<b>\$167,249</b>	<b>\$63,275</b>	<b>\$69,892</b>
<b>ENTRY AGE:</b>				
Death	\$1,371	\$2,474	N/A	N/A
Disability	\$2,670	\$7,191	N/A	N/A
Withdrawal	\$3,079	\$2,249	N/A	N/A
Retirement	\$151,332	\$155,335	\$24,017	\$26,528
<b>Total PVB (Entry Age)</b>	<b>\$158,452</b>	<b>\$167,249</b>	<b>\$24,017</b>	<b>\$26,528</b>
<b>RATIO OF SEGAL/RODWAN</b>				
<b>Present Value of Benefits:</b>				
<b>CURRENT AGE:</b>				
Death		180.45%		N/A
Disability		269.34%		N/A
Withdrawal		73.04%		N/A
Retirement		102.65%		110.46%
<b>Total PVB (Current Age)</b>		<b>105.55%</b>		<b>110.46%</b>
<b>ENTRY AGE:</b>				
Death		180.45%		N/A
Disability		269.34%		N/A
Withdrawal		73.04%		N/A
Retirement		102.65%		110.46%
<b>Total PVB (Entry Age)</b>		<b>105.55%</b>		<b>110.46%</b>

Inactives	Deferred Vested		Retiree 1		Retiree 2	
	Rodwan	Segal	Rodwan	Segal	Rodwan	Segal
<b>Total PVB</b>	<b>\$40,791</b>	<b>\$40,791</b>	<b>\$376,356</b>	<b>\$376,356</b>	<b>\$259,798</b>	<b>\$259,756</b>
<b>RATIO OF SEGAL/RODWAN</b>						
<b>Total PVB</b>		<b>100.00%</b>		<b>100.00%</b>		<b>99.98%</b>

Inactives	Disabled Retiree		Beneficiary		QDRO	
	Rodwan	Segal	Rodwan	Segal	Rodwan	Segal
<b>Total PVB</b>	<b>\$458,421</b>	<b>\$458,442</b>	<b>\$200,741</b>	<b>\$200,782</b>	<b>\$12,283</b>	<b>\$12,308</b>
<b>RATIO OF SEGAL/RODWAN</b>						
<b>Total PVB</b>		<b>100.00%</b>		<b>100.02%</b>		<b>100.20%</b>

**VALIDATION OF ACTUARIAL ASSUMPTIONS EMPLOYED**

As part of our review of the actuarial assumptions, we recommend the following be reviewed:

- Interest rate of 8.50% - This rate is aggressive when viewed within the public section universe.
- Payroll growth of 6.00% - This rate violates GASB which states that payroll growth is limited to inflation. We recommend a review of the payroll growth assumption.
- Mortality table for Healthy and Disabled participants is based on the 1971 Group Annuity Mortality Table projected to 2000 for males (Healthy) and 1984 for males (Disability), and the same tables are set back six years for females. We recommend updating these tables to more recent mortality tables.

Also, we reviewed the economic and demographic actuarial assumptions adopted by the System against generally accepted actuarial standards and practices contained in Actuarial Standard of Practice No. 27 covering economic assumptions and Actuarial Standard of Practice No. 35 covering demographic and non-economic assumptions, and have noted our concerns.

## **VALIDATION OF FUNDING AND ASSET VALUATION METHODS**

### **Funding Method for Liabilities**

The entry-age normal method is being used in this valuation. This is a common and appropriate method for this type of plan. The entry-age normal funding method is somewhat conservative and provides for a stable annual cost (as a percentage of payroll) throughout a participant's working career.

We spot-checked the liability calculation for two active members, one deferred vested participant, two retirees, one disabled, one beneficiary and one QDRO to verify projected annual benefits. We did not run a "parallel" valuation, which is beyond the scope of this audit.

### **Asset Valuation Method**

An actuarial asset valuation method is commonly used to smooth year-to-year fluctuations in the market value of assets, which helps stabilize the calculated contribution rate from year to year. The current method employed by the System in determining the actuarial value of assets is one that recognizes market gain and loss fluctuations over a seven-year period.

It is common to have gains and losses smoothed over a period of three to five years, although some plans are moving to a longer period. Just as is done here, many plans first calculate the assumed return based on the actuarial valuation interest rate (8.50%, net of expenses in this case) and then smooth any returns that differ from the assumed rate. Thus, if the System earns the assumed rate, no smoothing is needed. As of June 30, 2005, the smoothed value is 118% of the market value, hence the actuarial value of assets exceeds market value. Therefore, deferred losses must be made up as well as the actuarial assumed rate, in order to avoid further losses. This implies the System must earn well in excess of 8.50% in order to maintain a stable contribution rate.

It is unclear if there is a threshold corridor, which maximizes actuarial value of asset volatility, limiting the difference between the actuarial value of assets and market value of assets. A typical corridor would guarantee that the actuarial value is always between 80% and 120% of the market value, regardless of the smoothing method calculation. We recommend reviewing the installation of a corridor and providing the corridor information in the actuarial valuation report, if applicable.

### **Amortization of the Unfunded Actuarial Accrued Liability (UAAL)**

The overriding question for the Arizona Public Safety Personnel Retirement System is "how adequate are the contribution rates for funding the promised benefits?" Since both benefits and contribution rates are established by state statute, one measure of the adequacy is in the period required to pay off the unfunded accrued liability of the System. GASB sets forth recommendations that the maximum acceptable amortization period should not exceed 40 years (30 years for actuarial valuations beginning June 15, 2006).

As of the June 30, 2005 actuarial valuation, the period required to pay the unfunded actuarial accrued liability is 20 years, using a 6.00% payroll growth assumption. The period for amortization is GASB compliant as of the June 30, 2005 valuation date (we understand that the period has been changed to 30 years for the 2006 actuarial valuation), however the payroll growth assumption of 6.00% violates GASB, which limits payroll growth to inflation. Hence we recommend this be reviewed.

The funded ratio for the System as of June 30, 2005 was 82% on an actuarial value of asset (valuation assets) basis, which is within the average of public sector plans (on a market value basis the funded ratio is 77%).

DRAFT

## CONCLUSIONS

This limited scope audit reviewed the data used, the benefits valued, and the actuarial methods and assumptions employed in the June 30, 2005 actuarial valuation. The sample lives provided by the actuary reflect the plan provisions of the System as stated in the 2005 actuarial valuation. These sample lives also demonstrate that application of the entry age normal funding method and the actuarial assumptions were applied as stated in the valuation. This audit raises concerns in the benefits being valued as well as the assumptions.

The Arizona JLBC has asked for suggestions to consider in the ongoing valuation of the System. We suggest:

### Data

- Review duplicate records: Maintaining duplicate records will double count liabilities and increase the costs of the System. We recommend a review of duplicate records and the cost impact to the System.
- Enhance data request: Receiving accurate and detailed census data is essential in correctly calculating liabilities. We recommend that the retained actuary work with PSPRS to obtain accurate salary for actives, and form of payment elected for pay status participants.

### Benefits

- Timing review: The retained actuary assumes all decrements occur at mid-year, while using a beginning of year Final Average Salary. We recommend a review of decrement timing versus salary to more accurately value the liabilities to match the timing of salary with the timing of each decrement.
- Active disability liability revision: The active disability liability for Fire Low participants are currently calculated using Fire High disability rates. We recommend revising these rates and liabilities of the System.
- Retirement rate assumption review: The current assumption for retirement rates begins for members with 20 or more years of service. We recommend an experience study review of normal and early retirements with regards to service.
- Ancillary benefit review: We recommend a review of withdrawal, disability and pre-retirement death benefits for actives before Normal Retirement Age.
- Disability occurrence study: We recommend an Experience Study or analysis regarding duty versus non-duty related occurrences for disability.
- Health Insurance Premium Subsidy review: We recommend a thorough review of benefits and liabilities associated with the Health Insurance Premium Subsidy.

**Assumptions**

- Corrections to Provisions and Assumptions in Actuarial Valuation Report: The actuarial valuation report should be corrected for the following provisions and assumptions:
  - Spouse age assumption of males are three years older than females;
  - Married assumption of 90%;
  - Retirement rates for the Fire High and Fire Low are switched in the actuarial valuation report based upon test life review and the most recent Experience Study. These should be corrected.
  - The DROP election assumption should be reviewed for potential future DROP participants; and
  - Provide threshold corridor for actuarial value of assets, if applicable.
  - The assumptions for the interest rate of 8.50% and payroll growth of 6.00% are aggressive when based on experience and market, and produce lower contribution rates than if the plan used more median assumptions.

**Report**

- Add gain/loss by source analysis to actuarial valuation report: We recommend an analysis of gain/loss by source be provided in the June 30, 2006 valuation report, summarizing the experience between actual decrements versus expected decrements as well as other sources of gains and losses.

- ❑ Review duplicate records. Advise the retained actuary to meet with PSPRS to confirm these records.
- ❑ Enhance data request to include more detailed data. The retained actuary to work with PSPRS regarding additional data fields.
- ❑ Timing review. The retained actuary to review timing of decrements and salary.
- ❑ Active disability liability revision. The retained actuary to correct this liability calculation and determine the cost impact to the System.
- ❑ Retirement rate assumption review. A possible experience study on retirement rates for members with less than 20 years of service.
- ❑ Ancillary benefit review for actives prior to Normal Retirement Age.
- ❑ Review of Health Insurance Premium Subsidy during the rerun of the valuation.
- ❑ DROP account and assumption review, with regards to future elections.
- ❑ Make corrections to System provisions and assumptions summarized in the actuarial valuation report.
- ❑ Experience Study on the effect of type of disability occurrence.
- ❑ Add gain/loss analysis by source to actuarial valuation report.
- ❑ Rerun valuation to analyze actual benefits promised, liabilities and cost impacts to the System of anticipated revisions.