



***RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND***

***ACTUARIAL VALUATION***

***As of July 1, 2013***

***For Fiscal Year 2014-2015***

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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*Certification*

We have performed an actuarial valuation of the Plan as of July 1, 2013 for the 2014-2015 fiscal year. This report presents the results of our valuation.

The ultimate cost of a pension plan is the total amount needed to provide benefits for plan members and beneficiaries and to pay the expenses of administering the plan. Pension costs are met by contributions and by investment return on plan assets. The principal purpose of this report is to set forth an actuarial recommendation of the range of contributions which will properly fund the plan. In addition, this report provides:

- A valuation of plan assets and liabilities to review the year-to-year progress of funding.
- Information needed to meet disclosure requirements.
- Documentation of the current status of plan investments.
- Review of plan experience for the previous year to ascertain whether the assumptions and methods employed for valuation purposes are reflective of actual events and remain appropriate for prospective application.
- Assessment of the relative funded position of the Plan, i.e., through a comparison of plan assets and projected plan liabilities.
- Comments on any other matters which may be of assistance in the funding and operation of the plan.

In preparing this report, we relied on employee census data and financial information as of the valuation date, furnished by the Town of Portsmouth, Morgan Stanley, and Symmetry Partners. We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have found them to be reasonably consistent and comparable with data used for other purposes. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete and our calculations may need to be revised. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

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***Certification***

The calculations reported herein have been made on a basis consistent with our understanding of ERISA and the related sections of the tax code. Additional determinations may be needed for purposes other than meeting funding requirements, such as judging benefit security at plan termination or meeting employer accounting requirements. On the basis of the foregoing, we hereby certify that, to the best of our knowledge, this report is complete and accurate and all costs and liabilities were determined in conformance with generally accepted actuarial principles and practices. We further certify that, in our opinion, each actuarial assumption, method and technique used is reasonable taking into account the experience of the Plan and reasonable expectations or would, in the aggregate, result in a total contribution equivalent to that which would be determined if each such assumption, method, or technique were reasonable. Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, 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 (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of such future measurement.

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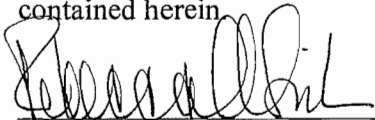
**RETIREMENT PLAN FOR EMPLOYEES OF  
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*Certification*

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

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



Rebecca A. Sielman, FSA

Consulting Actuary

Joint Board Enrollment #11-5063

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION I - EXECUTIVE SUMMARY**

**A. Highlights**

***Annual Required Contribution***

The following is the Annual Required Contribution determined by the current valuation, with the prior year results shown for comparison:

Valuation date For fiscal year	<i>July 1, 2012 2013-2014</i>	<i>July 1, 2013 2014-2015</i>
Net Normal Cost	\$1,013,133	\$1,104,573
Amortization Payment	2,664,067	2,950,148
Annual Required Contribution	3,677,200	4,054,721

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Section III C provides a breakdown of the contribution amounts by employee group.

**RETIREMENT PLAN FOR EMPLOYEES OF  
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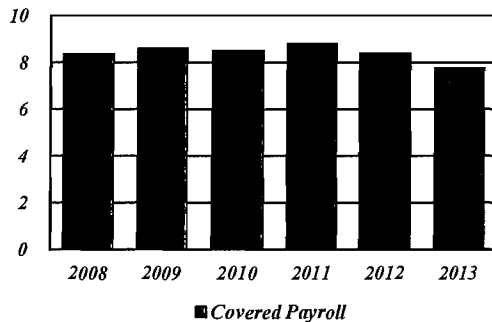
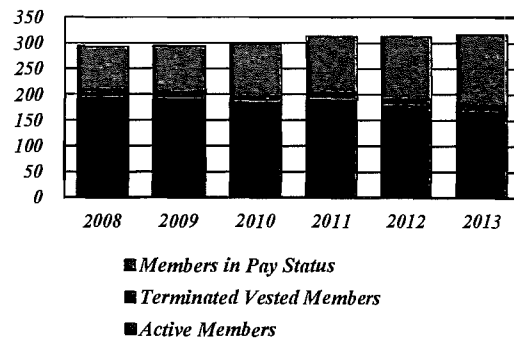
**SECTION I - EXECUTIVE SUMMARY**

**A. Highlights**

**Membership**

There are three basic categories of plan members included in the actuarial valuation: (1) active employees who have met the eligibility requirements for membership (this includes Police and Public Works employees hired on or after July 1, 2010 and Fire employees hired on or after July 1, 2013 who receive only disability benefits from this plan), (2) former employees who have a vested right to benefits but have not yet started collecting, and (3) members who are receiving monthly pension benefits.

From July 1, 2012 to July 1, 2013, the overall membership increased from 312 to 316. The graph to the right shows how the membership has changed over the last several years.



The total covered payroll decreased from \$8,388,446 to \$7,744,997. The graph on the left shows total covered payroll (\$ millions). Average pay went down from \$47,126 to \$46,939, a decrease of 0.4%.

The average pay for active members who were included in both valuations increased by 3.0%. The assumed salary growth rate during this period was 3.5-6.5%, depending on age. Increases that are lower than our assumption result in actuarial gains.

**RETIREMENT PLAN FOR EMPLOYEES OF  
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**SECTION I - EXECUTIVE SUMMARY**

**A. Highlights**

**Assets**

There are two different measures of the plan's assets that are used throughout this report. The **Market Value** is a snapshot of the plan's investments as of the valuation date, including accrual adjustments. The **Actuarial Value** is a smoothed asset value designed to temper the volatile fluctuations in the market.

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	<i>Market</i>	<i>Actuarial</i>
Value as of July 1, 2012	\$35,390,683	\$36,496,791
Contributions	3,367,994	3,367,994
Investment Income	5,140,734	2,031,632
Administrative Expenses	(58,861)	(58,861)
Benefit Payments	<u>(3,020,752)</u>	<u>(3,020,752)</u>
Value as of July 1, 2013	40,819,798	38,816,804

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For the plan year 2012-2013, the plan's assets earned 14.47% on a Market Value basis, which resulted in a market gain of \$2.743 million. On an Actuarial Value basis, since prior market losses are still being recognized, the rate of return was 5.54%. The actuarial assumption for this period was 6.75%; the result is an asset loss of \$0.444 million on a Actuarial Value basis.

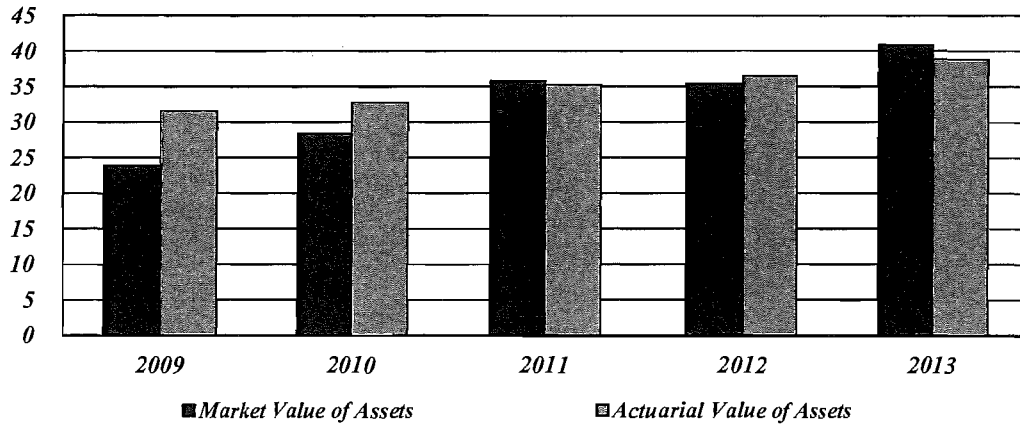


**RETIREMENT PLAN FOR EMPLOYEES OF  
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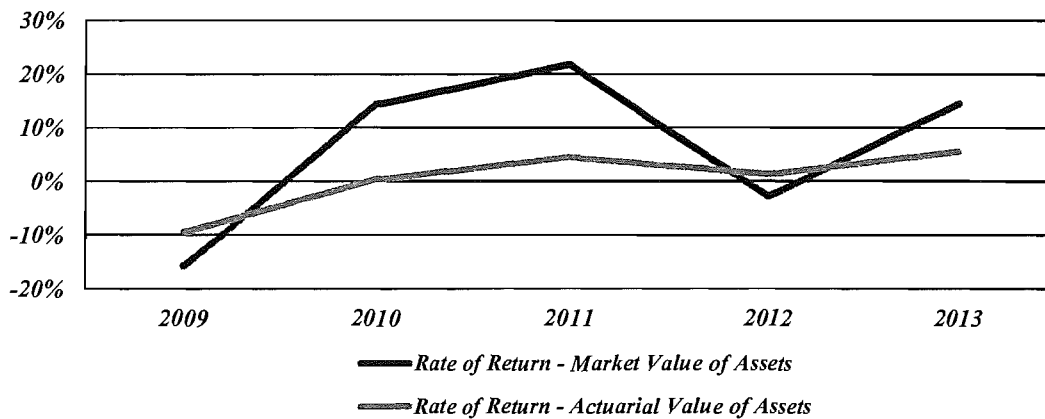
**SECTION I - EXECUTIVE SUMMARY**  
**A. Highlights**

**Assets (Continued)**

Historical asset levels (in \$ millions) are shown below.



Historical returns are shown below.



**RETIREMENT PLAN FOR EMPLOYEES OF  
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**SECTION I - EXECUTIVE SUMMARY**

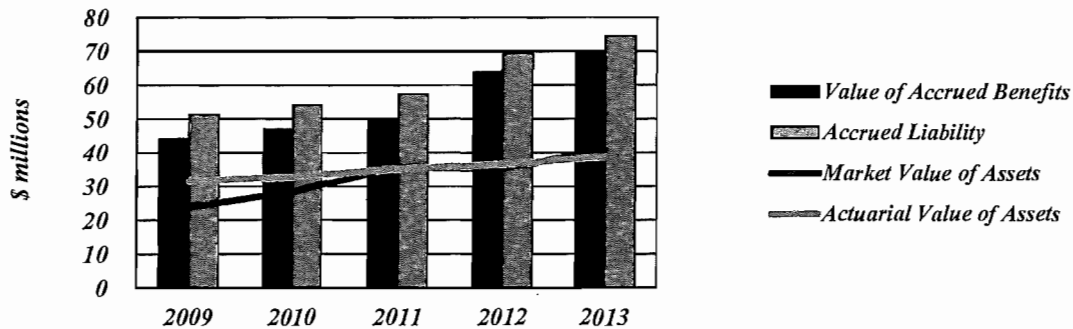
**A. Highlights**

***Funded Status***

Two different measures of liability are commonly used to evaluate a plan's funded status:

- ***Value of Accrued Benefits*** is used for informational purposes and is based on service and payroll as of the valuation date. The liability for accrued benefits can be used as a measure of the funded status of the Plan, and is traditionally compared to the Market Value of Assets.
- ***Accrued Liability*** is used for determining contribution levels. It is based on future payroll projections with service credits as of the valuation date. Since it is our funding target, it is traditionally compared to the Actuarial Value of Assets.

The following graph shows these key measures for the past several years:



**RETIREMENT PLAN FOR EMPLOYEES OF  
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**SECTION I - EXECUTIVE SUMMARY**

**A. Highlights**

***Assumption Changes Since Prior Valuation*** - None

***Funding Method Changes Since Prior Valuation*** - None

***Plan Provision Changes Since Prior Valuation*** - The following changes are effective on or after July 1, 2013:

Town Hall Non-Management (PMEA)

- For retirements on or after July 1, 2013, the automatic COLA changes from 2-3% starting on the 1st anniversary of retirement to 1.7% starting on the 5th anniversary of retirement.
- For employees hired prior to July 1, 2012, the employee contribution rate increases from 5% to 6% effective July 1, 2014. Note the effective date of this change means there is no impact on the 2013 valuation results.
- Employees hired prior to 1991 will contribute 5% effective July 1, 2013.
- For employees hired on or after July 1, 2012, the employee contribution rate will be 6%.

School Council 94

- Employees hired on or after July 1, 2012 are covered by the defined benefit plan through September 30, 2013 and then transfer to the 401(a) plan. Employees hired on or after October 1, 2013 are covered by the 401(a) plan.
- Effective October 1, 2013, the service retirement benefit accrual rate changes from 2.5% reduced pro rata for less than 20 years of service to 1% for all future years. Benefit accruals (accrual rate x service) through September 30, 2013 are grandfathered.
- For employees hired prior to July 1, 1991, the employee contribution rate increases from 2% to 4%. For employees hired between July 1, 1991 and July 1, 2012, the employee contribution rate decreases from 6% to 4%.

**RETIREMENT PLAN FOR EMPLOYEES OF  
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**SECTION I - EXECUTIVE SUMMARY**

**A. Highlights**

***Plan Changes Since Prior Valuation*** (continued)

- For retirements on or after October 1, 2013, the automatic COLA changes from 1.7% starting on the 1st anniversary of retirement to 1.7% starting on the 5th anniversary of retirement.

Public Works Non-Union

- For employees hired on or after July 1, 2004, the employee contribution rate increases from 5.0% to 5.5%.

Fire

- Employees hired on or after July 1, 2013 are covered by the 401(a) plan and are covered by the defined benefit plan only for disability benefits.
- For service retirements on or after July 1, 2013, the automatic COLA changes from 3% starting on the January 1st following retirement to 1.7% starting on the January 1st following the 5th anniversary of retirement.
- Effective July 1, 2013, the service retirement benefit accrual rate changes from 3% for the first 20 years plus 2% for the next 7 years to 1% for all future years. Benefit accruals (accrual rate x service) through June 30, 2013 are grandfathered.
- The employee contribution rate changes from 10% of gross pay to 4% of base salary effective July 1, 2013.
- For employees hired after July 1, 2013, the in-service disability benefit is offset by the annuity value of the 401(a) plan account value.
- The COLA for the non-service disability changes from 3% starting on the January 1st following retirement to 1.7% starting on the January 1st following the 5th anniversary of retirement.

These plan changes were reflected in the revised 2012 valuation results as documented in our letter dated August 8, 2013.

**RETIREMENT PLAN FOR EMPLOYEES OF  
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**SECTION I - EXECUTIVE SUMMARY**

**B. Summary of Principal Results**

<b>Membership</b>	<b>July 1, 2012</b>	<b>July 1, 2013</b>
Active Members	178	165
Terminated Vested Members	13	14
Members in Pay Status	121	137
Total Compensation	\$8,388,446	\$7,744,997
Average Compensation	47,126	46,939
 <b>Assets and Liabilities</b>	 <b>July 1, 2012</b>	 <b>July 1, 2013</b>
Market Value of Assets	\$35,390,683	\$40,819,798
Actuarial Value of Assets	36,496,792	38,816,804
Accrued Liability for Active Members	27,669,295	22,116,168
Accrued Liability for Terminated Vested Members	1,373,738	1,832,307
Accrued Liability for Members in Pay Status	<u>40,155,787</u>	<u>50,576,348</u>
Total Accrued Liability	69,198,820	74,524,823
Unfunded Accrued Liability	32,702,028	35,708,019
Funded Ratio	52.7%	52.1%
 <b>Contribution</b>	 <b>2013-2014</b>	 <b>2014-2015</b>
Net Normal Cost	\$1,013,133	\$1,104,573
Amortization Payment	<u>2,664,067</u>	<u>2,950,148</u>
Annual Required Contribution	3,677,200	4,054,721
as a Percent of Compensation	43.84%	52.35%

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION II - PLAN ASSETS  
A. Summary of Fund Transactions**

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<i>Market Value as of July 1, 2012</i>	\$35,390,683
Town Contributions	2,782,947
Employee Contributions	585,047
Interest and Dividends	745,399
Realized Gains/(Losses)	231,521
Unrealized Gains/(Losses)	4,236,242
Change in Accrued Income	0
Benefit Payments	(3,020,752)
Administrative Expenses	(58,861)
Investment Management Fees	(72,428)
<i>Market Value as of July 1, 2013*</i>	40,819,798
<i>Rate of Return (Net of Investment Fees)</i>	14.47%

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Note: The rate shown here is not the dollar or time weighted investment yield rate which measures investment performance. It is an approximate net return assuming all activity occurred on average midway through the fiscal year.

\* Net of \$8,930 of employee contributions for School Council 94 employees hired after 7/1/2012 who will be transferred to the Town's defined contribution plan effective 10/1/2012 and for Town Hall PMEA employees who are enrolled in the Town's defined contribution plan.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION II - PLAN ASSETS**

**B. Development of Actuarial Value of Assets**

In order to minimize the impact of market fluctuations on the contribution level, we use an Actuarial Value of Assets that recognizes gains and losses over a five year period. The Actuarial Value of Assets as of July 1, 2013 is determined below.

<hr/>				
1. Expected Market Value of Assets:				
a. Market Value of Assets as of July 1, 2012				\$35,390,683
b. Employer and Employee Contributions				3,367,994
c. Benefits Paid and Administrative Expenses				(3,079,613)
d. Expected Investment Return				<u>2,398,062</u>
e. Expected Market Value of Assets as of July 1, 2013				38,077,126
2. Actual Market Value of Assets as of July 1, 2013				40,819,798
3. Market (Gain)/Loss: (1e) - (2)				(2,742,672)
4. Delayed Recognition of Market (Gains)/Losses:				
		Percent		Amount
<u>Plan Year End</u>	<u>(Gain)/Loss</u>	<u>Not Recognized</u>	<u>Not Recognized</u>	
06/30/2013	(\$2,742,672)	80%	(\$2,194,138)	
06/30/2012	3,473,811	60%	2,084,287	
06/30/2011	(3,967,418)	40%	(1,586,967)	
06/30/2010	(1,530,881)	20%	<u>(306,176)</u>	
				(2,002,994)
5. Actuarial Value of Assets as of July 1, 2013: (2) + (4)				38,816,804
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**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION II - PLAN ASSETS  
C. Determination of Asset (Gain) / Loss**

The asset (gain) / loss is the difference between the expected and actual values of the Actuarial Value of Assets. An asset gain is 'negative' since it represents a decrease in the otherwise expected Unfunded Accrued Liability / (Surplus).

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1. Expected Actuarial Value of Assets:	
a. Actuarial Value of Assets as of July 1, 2012	\$36,496,791
b. Employer and Employee Contributions	3,367,994
c. Benefits Paid and Administrative Expenses	(3,079,613)
d. Expected Investment Return	<u>2,475,364</u>
e. Expected Actuarial Value of Assets as of July 1, 2013	39,260,536
2. Actual Actuarial Value of Assets as of July 1, 2013	38,816,804
3. Asset (Gain)/Loss: (1e) - (2)	443,732
4. Net Rate of Return	5.54%

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**RETIREMENT PLAN FOR EMPLOYEES OF  
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**SECTION II - PLAN ASSETS  
D. Accumulation of Member Contributions**

	<i>School</i>	<i>Fire</i>	<i>Police</i>	<i>Public Works</i>	<i>Town Hall</i>	<i>Total Town</i>	<i>Total</i>
1. Active Members	\$1,222,863	\$1,722,348	\$1,458,648	\$0	\$535,155	\$3,716,151	\$4,939,014
2. Inactive Members	72,737	0	81,575	0	56,155	137,730	210,467
3. Total: (1) + (2)	1,295,600	1,722,348	1,540,223	0	591,310	3,853,881	5,149,481

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**RETIREMENT PLAN FOR EMPLOYEES OF  
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**SECTION II - PLAN ASSETS**

**E. Allocation of Market Value of Assets**

	<i>School</i>	<i>Fire</i>	<i>Police</i>	<i>Public Works</i>	<i>Town Hall</i>	<i>Total Town</i>	<i>Total</i>
1. Accrued Liability	\$10,976,932	\$23,609,734	\$25,052,388	\$3,663,958	\$11,221,811	\$63,547,891	\$74,524,823
2. Market Value of Assets							40,819,798
3. Member Contributions	1,295,600	1,722,348	1,540,223	0	591,310	3,853,881	5,149,481
4. Net Town Assets: (2)-(3)							35,670,317
5. Net Town Liability: (1)-(3)	9,681,332	21,887,386	23,512,165	3,663,958	10,630,501	59,694,010	69,375,342
6. (4) allocated by (5)	4,977,794	11,253,710	12,089,114	1,883,876	5,465,823	30,692,523	35,670,317
7. Allocated Market Value of Assets: (3) + (6)	6,273,394	12,976,058	13,629,337	1,883,876	6,057,133	34,546,404	40,819,798

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**RETIREMENT PLAN FOR EMPLOYEES OF  
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**SECTION II - PLAN ASSETS  
F. Allocation of Actuarial Value of Assets**

	<i>School</i>	<i>Fire</i>	<i>Police</i>	<i>Public Works</i>	<i>Town Hall</i>	<i>Total Town</i>	<i>Total</i>
1. Accrued Liability	\$10,976,932	\$23,609,734	\$25,052,388	\$3,663,958	\$11,221,811	\$63,547,891	\$74,524,823
2. Actuarial Value of Assets							38,816,804
3. Member Contributions	1,295,600	1,722,348	1,540,223	0	591,310	3,853,881	5,149,481
4. Net Town Assets: (2)-(3)							33,667,323
5. Net Town Liability: (1)-(3)	9,681,332	21,887,386	23,512,165	3,663,958	10,630,501	59,694,010	69,375,342
6. (4) allocated by (5)	4,698,276	10,621,781	11,410,274	1,778,091	5,158,901	28,969,047	33,667,323
7. Allocated Actuarial Value of Assets: (3) + (6)	5,993,876	12,344,129	12,950,497	1,778,091	5,750,211	32,822,928	38,816,804

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**RETIREMENT PLAN FOR EMPLOYEES OF  
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**SECTION III - DEVELOPMENT OF CONTRIBUTION**

*A. Normal Cost*

	<i>School</i>	<i>Fire</i>	<i>Police</i>	<i>Public Works</i>	<i>Town Hall</i>	<i>Total Town</i>	<i>Total</i>
1. Total Normal Cost	\$193,677	\$320,129	\$476,736	\$89,342	\$221,600	\$1,107,807	\$1,301,484
2. Expected Member Contributions	85,814	70,975	124,341	0	44,624	239,940	325,754
3. Employer Normal Cost: (1) - (2)	107,863	249,154	352,395	89,342	176,976	867,867	975,730
4. Expected Expenses	11,800	11,800	11,800	11,800	11,800	47,200	59,000
5. Final Net Normal Cost: (3)+(4)	119,663	260,954	364,195	101,142	188,776	915,067	1,034,730
6. Final Net Normal Cost with interest to end of year	127,740	278,568	388,778	107,969	201,518	976,833	1,104,573
7. Covered Payroll	2,190,670	1,836,331	1,855,418	702,335	1,160,243	5,554,327	7,744,997
8. Final Normal Cost as a % of Covered Payroll	5.83%	15.17%	20.95%	15.37%	17.37%	17.59%	14.26%

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**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION III - DEVELOPMENT OF CONTRIBUTION**

**B. Amortization Payment**

	<i>School</i>	<i>Fire</i>	<i>Police</i>	<i>Public Works</i>	<i>Town Hall</i>	<i>Total Town</i>	<i>Total</i>
1. Accrued Liability							
Active Members	\$3,432,005	\$4,948,340	\$8,007,281	\$1,633,864	\$4,094,678	\$18,684,163	\$22,116,168
Terminated Vested Members in Pay Status	601,119	0	418,900	0	812,288	1,231,188	1,832,307
Total Accrued Liability	6,943,808	18,661,394	16,626,207	2,030,094	6,314,845	43,632,540	50,576,348
	10,976,932	23,609,734	25,052,388	3,663,958	11,221,811	63,547,891	74,524,823
2. Actuarial Value of Assets	5,993,876	12,344,129	12,950,497	1,778,091	5,750,211	32,822,928	38,816,804
3. Unfunded Accrued Liability: (1) - (2)	4,983,056	11,265,605	12,101,891	1,885,867	5,471,600	30,724,963	35,708,019
4. Remaining years in 30- year funding period	26	26	26	26	26	26	26
5. Declining 30 year amorti- zation of (3), end of year	411,693	930,749	999,842	155,808	452,056	2,538,455	2,950,148

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**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION III - DEVELOPMENT OF CONTRIBUTION**

**C. Annual Required Contribution**

	<i>School</i>	<i>Fire</i>	<i>Police</i>	<i>Public Works</i>	<i>Town Hall</i>	<i>Total Town</i>	<i>Total</i>
1. Final Net Normal Cost (see Section III A)	\$127,740	\$278,568	\$388,778	\$107,969	\$201,518	\$976,833	\$1,104,573
2. Declining 30 year amorti- zation of Unfunded Accrued Liability (see Section III B)	411,693	930,749	999,842	155,808	452,056	2,538,455	2,950,148
3. Annual Required Contribution: (1) + (2)	539,433	1,209,317	1,388,620	263,777	653,574	3,515,288	4,054,721
4. Covered Payroll	2,190,670	1,836,331	1,855,418	702,335	1,160,243	5,554,327	7,744,997
5. Annual Required Contribution as % of covered payroll	24.62%	65.86%	74.84%	37.56%	56.33%	63.29%	52.35%

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**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION III - DEVELOPMENT OF CONTRIBUTION**

**D. Long Range Forecast**

This forecast is based on the results of the July 1, 2013 actuarial valuation and assumes that the Town will pay the Annual Required Contribution each year, the assets will return 6.75% on a market value basis each year, payroll will grow each year as assumed in Section VI B, and there are no future changes in the actuarial methods or assumptions or in the plan provisions. Actual results at each point in time will yield different values, reflecting the actual experience of the plan membership and assets.

Valuation Year	Values as of the Valuation Date				Fiscal Year Ending	Cash Flows Projected to the Following Fiscal Year			
	Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability	Funded Ratio		Town Contributions	Employee Contributions	Benefit Payments	Net Cash Flows
2013	\$74,524,823	\$38,816,804	\$35,708,019	52.1%	2015	\$4,054,721	\$326,502	\$3,582,252	\$798,971
2014	76,360,000	43,094,000	33,266,000	56.4%	2016	3,893,000	322,000	3,756,000	459,000
2015	79,369,000	47,483,000	31,887,000	59.8%	2017	3,800,000	323,000	3,983,000	140,000
2016	82,432,000	50,977,000	31,456,000	61.8%	2018	3,822,000	320,000	4,182,000	(40,000)
2017	85,795,000	55,079,000	30,717,000	64.2%	2019	3,801,000	318,000	4,451,000	(332,000)
2018	88,850,000	58,685,000	30,166,000	66.0%	2020	3,808,000	315,000	4,696,000	(573,000)
2019	91,905,000	62,230,000	29,675,000	67.7%	2021	3,816,000	311,000	4,929,000	(802,000)
2020	94,792,000	65,764,000	29,028,000	69.4%	2022	3,823,000	307,000	5,195,000	(1,065,000)
2021	97,780,000	69,297,000	28,483,000	70.9%	2023	3,842,000	300,000	5,455,000	(1,313,000)
2022	100,923,000	72,795,000	28,128,000	72.1%	2024	3,896,000	293,000	5,771,000	(1,582,000)
2023	103,642,000	76,269,000	27,373,000	73.6%	2025	3,920,000	282,000	6,113,000	(1,911,000)
2024	106,256,000	79,697,000	26,559,000	75.0%	2026	3,906,000	269,000	6,441,000	(2,266,000)
2025	109,684,000	83,014,000	26,670,000	75.7%	2027	4,053,000	258,000	6,805,000	(2,494,000)
2026	112,117,000	86,185,000	25,931,000	76.9%	2028	4,067,000	248,000	7,100,000	(2,785,000)
2027	114,675,000	89,332,000	25,343,000	77.9%	2029	4,153,000	239,000	7,429,000	(3,037,000)
2028	117,022,000	92,388,000	24,634,000	78.9%	2030	4,260,000	226,000	7,753,000	(3,267,000)
2029	119,578,000	95,387,000	24,191,000	79.8%	2031	4,407,000	215,000	8,071,000	(3,449,000)
2030	121,043,000	98,348,000	22,695,000	81.3%	2032	4,427,000	206,000	8,353,000	(3,720,000)
2031	122,488,000	101,318,000	21,171,000	82.7%	2033	4,485,000	196,000	8,658,000	(3,977,000)
2032	124,003,000	104,204,000	19,799,000	84.0%	2034	4,614,000	186,000	8,968,000	(4,168,000)

For purposes of this forecast the amortization period declines to 0 years to illustrate the progress of the plan towards becoming fully funded; in actual practice the amortization period will not be less than 10 years in order to shield the Town from contribution volatility.

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**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION IV - ACCOUNTING INFORMATION**

**A. Schedule of Funding Progress**

<i>Actuarial Valuation Date</i>	<i>For Fiscal Year Ending</i>	<i>(1) Actuarial Value of Assets</i>	<i>(2) Actuarial Accrued Liability (AAL)</i>	<i>(3) Unfunded AAL (UAAL) (2) - (1)</i>	<i>(4) Funded Ratio (1) / (2)</i>	<i>(5) Covered Payroll</i>	<i>(6) UAAL as a Percentage of Covered Payroll (3) / (5)</i>
July 1, 2006	June 30, 2008	\$25,129,703	\$38,459,122	\$13,329,419	65.3%	\$7,767,018	171.6%
July 1, 2007	June 30, 2009	27,628,308	43,087,640	15,459,332	64.1%	7,958,303	194.3%
July 1, 2008	June 30, 2010	30,441,304	47,736,361	17,295,057	63.8%	8,350,605	207.1%
July 1, 2009	June 30, 2011	31,609,237	51,284,315	19,675,078	61.6%	8,468,081	232.3%
July 1, 2010	June 30, 2012	32,779,646	54,054,944	21,275,298	60.6%	8,507,853	250.1%
July 1, 2011	June 30, 2013	35,266,853	57,377,287	22,110,434	61.5%	8,781,718	251.8%
July 1, 2012	June 30, 2014	36,496,792	69,198,820	32,702,028	52.7%	8,388,446	389.8%
July 1, 2013	June 30, 2015	38,816,804	74,524,823	35,708,019	52.1%	7,744,997	461.0%

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**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION IV - ACCOUNTING INFORMATION**

**B. Schedule of Employer Contributions**

<i>Fiscal Year Ending June 30</i>	<i>Annual Required Contribution</i>	<i>Actual Contribution</i>	<i>Percent Funded</i>
2007	\$1,671,713	\$1,671,713	100%
2008	2,088,317	2,088,317	100%
2009	2,346,316	2,346,316	100%
2010	2,590,523	2,590,523	100%
2011	2,514,420	2,514,420	100%
2012	2,662,801	2,662,801	100%
2013	2,782,947	2,782,947	100%
2014	3,677,200	-	-
2015	4,054,721		

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION IV - ACCOUNTING INFORMATION**

**C. Accrued and Vested Benefits**

	<u>School</u>	<u>Fire</u>	<u>Police</u>	<u>Public Works</u>	<u>Town Hall</u>	<u>Total Town</u>	<u>Total</u>
1. Value of Vested Benefits							
Active Members	\$2,766,602	\$4,042,380	\$4,569,813	\$838,685	\$2,491,536	\$11,942,414	\$14,709,016
Terminated Vested	601,119	0	418,900	0	812,288	1,231,188	1,832,307
Retired Members*	6,587,045	16,671,121	13,578,169	1,942,622	6,314,845	38,506,757	45,093,802
Disabled Members	290,932	1,626,729	2,310,422	0	0	3,937,151	4,228,083
Beneficiaries	<u>65,831</u>	<u>363,544</u>	<u>737,616</u>	<u>87,472</u>	<u>0</u>	<u>1,188,632</u>	<u>1,254,463</u>
Total	10,311,529	22,703,774	21,614,920	2,868,779	9,618,669	56,806,142	67,117,671
2. Non-Vested Benefits	56,752	576,575	1,150,432	285,431	762,676	2,775,114	2,831,866
3. Total Value of Accrued Benefits: (1) + (2)	10,368,281	23,280,349	22,765,352	3,154,210	10,381,345	59,581,256	69,949,537
4. Market Value of Assets	6,273,394	12,976,058	13,629,337	1,883,876	6,057,133	34,546,404	40,819,798
5. Vested Funded Ratio: (4) / (1)	60.84%	57.15%	63.06%	65.67%	62.97%	60.81%	60.82%
6. Accrued Funded Ratio (4) / (3)	60.51%	55.74%	59.87%	59.73%	58.35%	57.98%	58.36%

\*Includes liability for retirees with COLA funded through Travelers.

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**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

**A. Summary of Membership**

	<i>July 1, 2012</i>	<i>July 1, 2013</i>
<b><i>Active Members</i></b>		
Number	178	165
Total Annual Compensation	\$8,388,446	\$7,744,997
Average Compensation	47,126	46,939
Average Age	45.3	45.5
Average Service	9.7	9.2
<b><i>Terminated Vested Members</i></b>		
Number	13	14
Total Annual Benefit	\$151,565	\$197,833
Average Annual Benefit	11,659	14,131
Average Age	44.2	46.4
<b><i>Retired Members</i></b>		
Number	101	119
Total Annual Benefit*	\$2,724,530	\$3,320,479
Average Annual Benefit	26,976	27,903
Average Age	65.8	58.6
<b><i>Disabled Members</i></b>		
Number	10	9
Total Annual Benefit	\$290,937	\$283,852
Average Annual Benefit	29,094	31,539
Average Age	53.1	52.0
<b><i>Beneficiaries of Deceased Members</i></b>		
Number	10	9
Total Annual Benefit	\$113,295	\$95,574
Average Annual Benefit	11,330	10,619
Average Age	61.0	70.0

\* Includes retirees with COLA funded through Travelers (19 retirees, 3 beneficiaries and 2 QDRO with annual benefits of \$491,126 in 2012 and 17 retirees, 3 beneficiaries and 2 QDROs with annual benefits of \$434,894 in 2013).

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

**B. Reconciliation of Membership**

**Active Members**

	<i>School</i>	<i>Fire</i>	<i>Police</i>	<i>Public Works</i>	<i>Town Hall</i>	<i>Total</i>
<b>Count as of July 1, 2012</b>	79	32	32	14	21	178
Terminated, not vested	-	-	-	-	-	-
Terminated, vested	-	-	(1)	-	(1)	(2)
Retired	(6)	(4)	(4)	(1)	(2)	(17)
Disabled	-	-	-	-	-	-
Terminated, due refund	(3)	-	-	-	-	(3)
Terminated, paid	(2)	-	-	-	(2)	(4)
Died	-	-	-	-	-	-
Leave of Absence	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
New participant	4	3	2	1	2	12
Rehired	-	-	1	-	-	1
Correction	-	-	-	-	-	-
<b>Count as of July 1, 2013</b>	72	31	30	14	18	165

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

**B. Reconciliation of Membership**

**Terminated Vested Members**

	<i>School</i>	<i>Fire</i>	<i>Police</i>	<i>Public Works</i>	<i>Town Hall</i>	<i>Total</i>
<b><i>Count as of July 1, 2012</i></b>	7	2	2	0	2	13
Retired	-	(1)	-	-	(1)	(2)
Contribution Refund	(1)	(1)	-	-	-	(2)
Rehired	-	-	(1)	-	-	(1)
Terminated Vested	-	-	1	-	1	2
Terminated, Refund Due	3	-	-	-	-	3
Leave of Absence	-	-	-	-	-	-
Correction	1	-	-	-	-	1
<b><i>Count as of July 1, 2013</i></b>	10	0	2	0	2	14

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

**B. Reconciliation of Membership**

**Members In Pay Status\***

	<i>School</i>	<i>Fire</i>	<i>Police</i>	<i>Public Works</i>	<i>Town Hall</i>	<i>Total</i>
<b><i>Count as of July 1, 2012</i></b>	41	21	18	7	10	97
Died	(1)	-	-	-	-	(1)
New Retired/Disabled	6	5	4	1	3	19
Beneficiary/QDRO	-	-	-	-	-	-
<b><i>Count as of July 1, 2013</i></b>	46	26	22	8	13	115
<b><i>Number of Participants with only COLA Increases funded</i></b>	0	8	12	1	1	22
<b><i>Total Including COLA-only Members</i></b>	46	34	34	9	14	137

\* Includes retired and disabled members plus beneficiaries of deceased members.

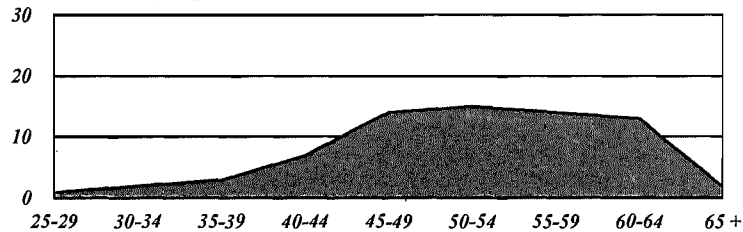
**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

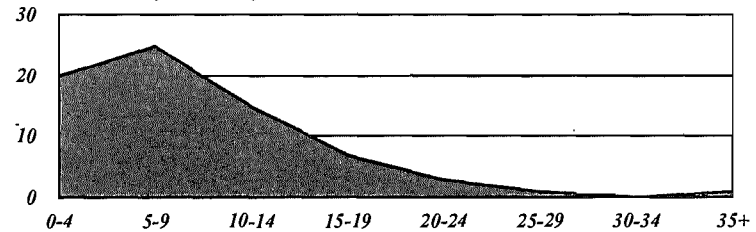
**C. Distribution of Active Members as of July 1, 2013 - Count  
School Employees**

<i>Age</i>	<i>Years of Service</i>								<i>Total</i>
	<i>0-4</i>	<i>5-9</i>	<i>10-14</i>	<i>15-19</i>	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>	<i>35+</i>	
<i>Under 25</i>	1	0	0	0	0	0	0	0	1
<i>25-29</i>	1	0	0	0	0	0	0	0	1
<i>30-34</i>	0	2	0	0	0	0	0	0	2
<i>35-39</i>	1	1	1	0	0	0	0	0	3
<i>40-44</i>	4	1	2	0	0	0	0	0	7
<i>45-49</i>	7	3	3	1	0	0	0	0	14
<i>50-54</i>	4	9	2	0	0	0	0	0	15
<i>55-59</i>	1	2	5	3	2	1	0	0	14
<i>60-64</i>	1	7	2	2	1	0	0	0	13
<i>65+</i>	0	0	0	1	0	0	0	1	2
<b>Total</b>	20	25	15	7	3	1	0	1	72

*Distribution By Age*



*Distribution by Years of Service*



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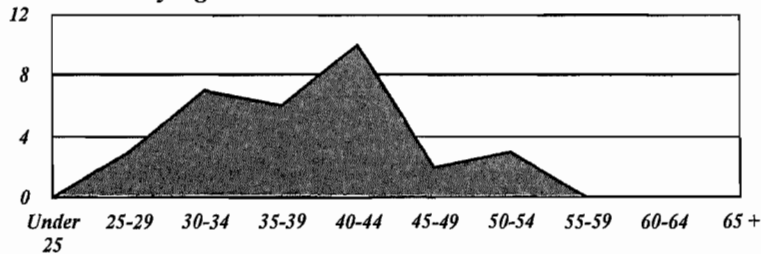
**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

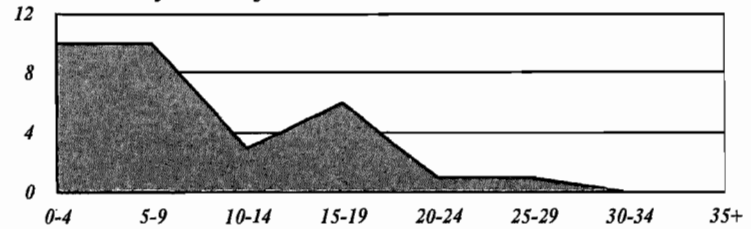
**C. Distribution of Active Members as of July 1, 2013 - Count  
Fire**

<i>Age</i>	<i>Years of Service</i>								<i>Total</i>
	<i>0-4</i>	<i>5-9</i>	<i>10-14</i>	<i>15-19</i>	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>	<i>35+</i>	
<i>Under 25</i>	0	0	0	0	0	0	0	0	0
<i>25-29</i>	3	0	0	0	0	0	0	0	3
<i>30-34</i>	5	2	0	0	0	0	0	0	7
<i>35-39</i>	1	4	0	1	0	0	0	0	6
<i>40-44</i>	1	3	3	2	1	0	0	0	10
<i>45-49</i>	0	1	0	1	0	0	0	0	2
<i>50-54</i>	0	0	0	2	0	1	0	0	3
<i>55-59</i>	0	0	0	0	0	0	0	0	0
<i>60-64</i>	0	0	0	0	0	0	0	0	0
<i>65 +</i>	0	0	0	0	0	0	0	0	0
<b>Total</b>	10	10	3	6	1	1	0	0	31

*Distribution By Age*



*Distribution by Years of Service*



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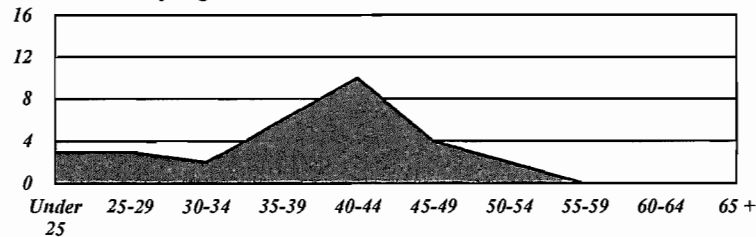
**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

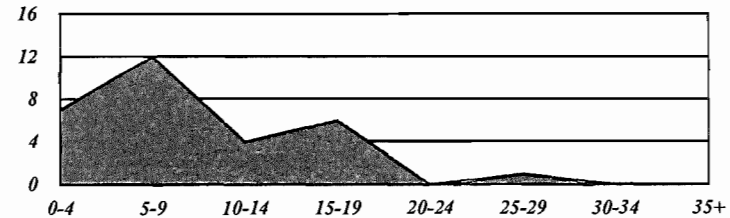
**C. Distribution of Active Members as of July 1, 2013 - Count  
Police**

<i>Age</i>	<i>Years of Service</i>								<i>Total</i>
	<i>0-4</i>	<i>5-9</i>	<i>10-14</i>	<i>15-19</i>	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>	<i>35+</i>	
<i>Under 25</i>	3	0	0	0	0	0	0	0	3
<i>25-29</i>	2	1	0	0	0	0	0	0	3
<i>30-34</i>	0	2	0	0	0	0	0	0	2
<i>35-39</i>	0	4	1	1	0	0	0	0	6
<i>40-44</i>	1	5	2	2	0	0	0	0	10
<i>45-49</i>	1	0	1	2	0	0	0	0	4
<i>50-54</i>	0	0	0	1	0	1	0	0	2
<i>55-59</i>	0	0	0	0	0	0	0	0	0
<i>60-64</i>	0	0	0	0	0	0	0	0	0
<i>65 +</i>	0	0	0	0	0	0	0	0	0
<b><i>Total</i></b>	<b>7</b>	<b>12</b>	<b>4</b>	<b>6</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>30</b>

*Distribution By Age*



*Distribution by Years of Service*



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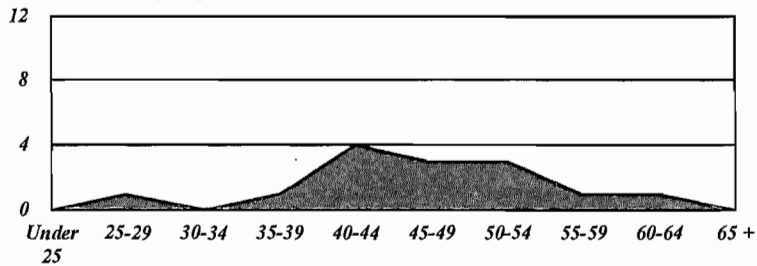
**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

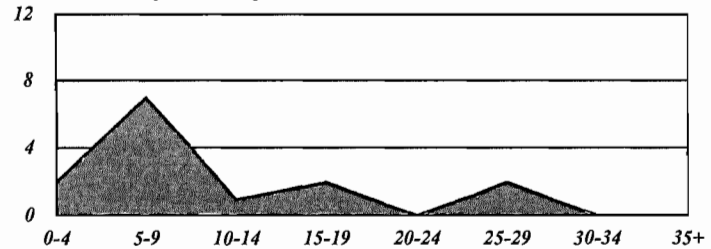
**C. Distribution of Active Members as of July 1, 2013 - Count  
Public Works**

<i>Age</i>	<i>Years of Service</i>								<i>Total</i>
	<i>0-4</i>	<i>5-9</i>	<i>10-14</i>	<i>15-19</i>	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>	<i>35+</i>	
<i>Under 25</i>	0	0	0	0	0	0	0	0	0
<i>25-29</i>	1	0	0	0	0	0	0	0	1
<i>30-34</i>	0	0	0	0	0	0	0	0	0
<i>35-39</i>	0	1	0	0	0	0	0	0	1
<i>40-44</i>	1	3	0	0	0	0	0	0	4
<i>45-49</i>	0	3	0	0	0	0	0	0	3
<i>50-54</i>	0	0	1	1	0	1	0	0	3
<i>55-59</i>	0	0	0	0	0	1	0	0	1
<i>60-64</i>	0	0	0	1	0	0	0	0	1
<i>65 +</i>	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>7</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>14</b>

*Distribution By Age*



*Distribution by Years of Service*



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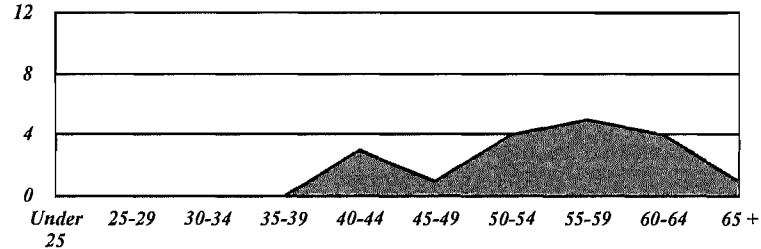
**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

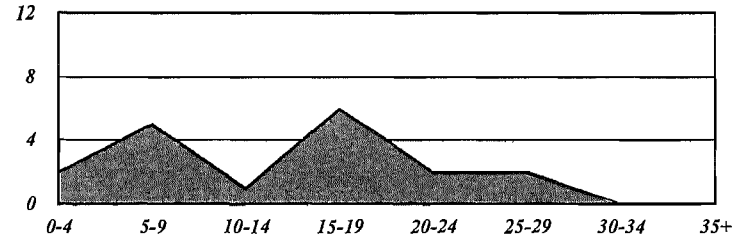
**C. Distribution of Active Members as of July 1, 2013 - Count  
Town Hall**

<i>Age</i>	<i>Years of Service</i>								<i>Total</i>
	<i>0-4</i>	<i>5-9</i>	<i>10-14</i>	<i>15-19</i>	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>	<i>35+</i>	
<i>Under 25</i>	0	0	0	0	0	0	0	0	0
<i>25-29</i>	0	0	0	0	0	0	0	0	0
<i>30-34</i>	0	0	0	0	0	0	0	0	0
<i>35-39</i>	0	0	0	0	0	0	0	0	0
<i>40-44</i>	0	1	0	2	0	0	0	0	3
<i>45-49</i>	1	0	0	0	0	0	0	0	1
<i>50-54</i>	1	0	1	2	0	0	0	0	4
<i>55-59</i>	0	0	0	2	1	2	0	0	5
<i>60-64</i>	0	3	0	0	1	0	0	0	4
<i>65+</i>	0	1	0	0	0	0	0	0	1
<b>Total</b>	<b>2</b>	<b>5</b>	<b>1</b>	<b>6</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>18</b>

*Distribution By Age*



*Distribution by Years of Service*



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**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

**D. Distribution of Active Members as of July 1, 2013 - Average Compensation  
School Employees**

<i>Age</i>	<i>Years of Service</i>								<i>Total</i>
	<i>0-4</i>	<i>5-9</i>	<i>10-14</i>	<i>15-19</i>	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>	<i>35+</i>	
<i>Under 25</i>	15,442	0	0	0	0	0	0	0	15,442
<i>25-29</i>	20,924	0	0	0	0	0	0	0	20,924
<i>30-34</i>	0	40,062	0	0	0	0	0	0	20,031
<i>35-39</i>	64,380	20,495	42,417	0	0	0	0	0	42,431
<i>40-44</i>	70,159	16,377	55,066	0	0	0	0	0	20,229
<i>45-49</i>	202,342	97,204	103,689	48,102	0	0	0	0	32,238
<i>50-54</i>	126,484	197,701	98,927	0	0	0	0	0	28,207
<i>55-59</i>	23,090	59,990	141,236	100,959	69,128	40,378	0	0	31,056
<i>60-64</i>	35,998	234,820	62,487	68,122	42,985	0	0	0	34,186
<i>65 +</i>	0	0	0	36,710	0	0	0	54,996	45,853
<i>Total</i>	558,819	666,649	503,822	253,893	112,113	40,378	0	54,996	30,426

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**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

**D. Distribution of Active Members as of July 1, 2013 - Average Compensation  
Fire**

<i>Age</i>	<i>Years of Service</i>							<i>Total</i>	
	<i>0-4</i>	<i>5-9</i>	<i>10-14</i>	<i>15-19</i>	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>		<i>35+</i>
<i>Under 25</i>	0	0	0	0	0	0	0	0	0
<i>25-29</i>	52,777	0	0	0	0	0	0	0	52,777
<i>30-34</i>	48,206	59,196	0	0	0	0	0	0	51,346
<i>35-39</i>	47,914	60,068	0	62,976	0	0	0	0	58,527
<i>40-44</i>	39,113	61,281	59,841	74,516	101,980	0	0	0	65,349
<i>45-49</i>	0	57,987	0	62,771	0	0	0	0	60,379
<i>50-54</i>	0	0	0	62,697	0	67,773	0	0	64,389
<i>55-59</i>	0	0	0	0	0	0	0	0	0
<i>60-64</i>	0	0	0	0	0	0	0	0	0
<i>65 +</i>	0	0	0	0	0	0	0	0	0
<b><i>Total</i></b>	<b>48,639</b>	<b>60,049</b>	<b>59,841</b>	<b>66,696</b>	<b>101,980</b>	<b>67,773</b>	<b>0</b>	<b>0</b>	<b>59,236</b>

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**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

**D. Distribution of Active Members as of July 1, 2013 - Average Compensation  
Police**

<i>Age</i>	<i>Years of Service</i>								<i>Total</i>
	<i>0-4</i>	<i>5-9</i>	<i>10-14</i>	<i>15-19</i>	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>	<i>35+</i>	
<i>Under 25</i>	45,326	0	0	0	0	0	0	0	45,326
<i>25-29</i>	53,482	62,071	0	0	0	0	0	0	56,345
<i>30-34</i>	0	59,613	0	0	0	0	0	0	59,613
<i>35-39</i>	0	64,368	62,152	74,049	0	0	0	0	65,612
<i>40-44</i>	52,149	62,180	63,911	70,687	0	0	0	0	63,224
<i>45-49</i>	57,472	0	66,722	69,891	0	0	0	0	65,994
<i>50-54</i>	0	0	0	70,598	0	70,689	0	0	70,644
<i>55-59</i>	0	0	0	0	0	0	0	0	0
<i>60-64</i>	0	0	0	0	0	0	0	0	0
<i>65 +</i>	0	0	0	0	0	0	0	0	0
<i>Total</i>	50,366	62,472	64,174	70,967	0	70,689	0	0	61,847

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**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

**D. Distribution of Active Members as of July 1, 2013 - Average Compensation  
Public Works**

<i>Age</i>	<i>Years of Service</i>							<i>Total</i>	
	<i>0-4</i>	<i>5-9</i>	<i>10-14</i>	<i>15-19</i>	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>		<i>35+</i>
<i>Under 25</i>	0	0	0	0	0	0	0	0	0
<i>25-29</i>	46,418	0	0	0	0	0	0	0	46,418
<i>30-34</i>	0	0	0	0	0	0	0	0	0
<i>35-39</i>	0	49,513	0	0	0	0	0	0	49,513
<i>40-44</i>	41,685	55,889	0	0	0	0	0	0	52,338
<i>45-49</i>	0	44,480	0	0	0	0	0	0	44,480
<i>50-54</i>	0	0	51,196	52,585	0	52,068	0	0	51,950
<i>55-59</i>	0	0	0	0	0	50,973	0	0	50,973
<i>60-64</i>	0	0	0	56,791	0	0	0	0	56,791
<i>65 +</i>	0	0	0	0	0	0	0	0	0
<b><i>Total</i></b>	<b>44,052</b>	<b>50,088</b>	<b>51,196</b>	<b>54,688</b>	<b>0</b>	<b>51,521</b>	<b>0</b>	<b>0</b>	<b>50,167</b>

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**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

**D. Distribution of Active Members as of July 1, 2013 - Average Compensation  
Town Hall**

<i>Age</i>	<i>Years of Service</i>								<i>Total</i>
	<i>0-4</i>	<i>5-9</i>	<i>10-14</i>	<i>15-19</i>	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>	<i>35+</i>	
<i>Under 25</i>	0	0	0	0	0	0	0	0	0
<i>25-29</i>	0	0	0	0	0	0	0	0	0
<i>30-34</i>	0	0	0	0	0	0	0	0	0
<i>35-39</i>	0	0	0	0	0	0	0	0	0
<i>40-44</i>	0	61,508	0	64,969	0	0	0	0	63,815
<i>45-49</i>	55,875	0	0	0	0	0	0	0	55,875
<i>50-54</i>	64,884	0	46,703	72,012	0	0	0	0	63,903
<i>55-59</i>	0	0	0	54,724	67,898	66,123	0	0	61,918
<i>60-64</i>	0	66,932	0	0	49,459	0	0	0	62,564
<i>65 +</i>	0	97,467	0	0	0	0	0	0	97,467
<i>Total</i>	60,380	71,954	46,703	63,901	58,679	66,123	0	0	64,458

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**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

**E. Distribution of Inactive Members as of July 1, 2013**

	<i>Age</i>	<i>Number</i>	<i>Monthly Benefits</i>
<b><i>Terminated Vested Members</i></b>			
	< 30	1	0
	30 - 34	0	0
	35 - 39	0	0
	40 - 44	1	1,487
	45 - 49	5	3,391
	50 - 54	3	282
	55 - 59	3	11,327
	60 - 64	1	0
	65 +	0	0
	Total	14	16,486
<b><i>Members in Pay Status</i></b>			
	< 55	23	70,858
	55 - 59	18	58,722
	60 - 64	25	53,054
	65 - 69	27	51,341
	70 - 74	25	42,183
	75 - 79	14	25,042
	80 - 84	4	5,376
	85 - 89	1	1,749
	90 +	0	0
	Total	137	308,325

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION VI – APPENDICES**

**A. Actuarial Funding Method**

***Funding Method***

The actuarial valuation method used in the cost calculations is the ***Entry Age Normal Cost Method***. Recommended annual contributions consist of two pieces: a Normal Cost payment plus an amortization payment toward the Unfunded Accrued Liability.

The funding method begins by determining total plan liabilities as the present value of all benefits to be provided under the plan. For active participants this liability reflects the total pension each member is expected to receive after retirement, not merely the portion accrued to date. For terminated vested employees the liability is the present value of benefits accrued during employment with the Town which will become payable upon retirement. For retired lives this is the value of the benefits being paid to existing retirees and/or beneficiaries.

The Normal Cost is determined as the total liability for current active participants funded as a level percent of pay from entry age to retirement.

The Accrued Liability is determined as the total of all plan liabilities (Present Value of Future Benefits) less the present value of amounts that will be paid as future Normal Costs (Present Value of Future Normal Costs). The Unfunded Accrued Liability is this Accrued Liability less the Actuarial Value of Assets.

The Unfunded Accrued Liability is amortized as a level dollar amount over a decreasing number of years, starting with 30 years on July 1, 2009. The amortization period will decline by one each year until it reaches 10 years, after which time it will remain at 10 years.

***Assets***

The Actuarial Value of Assets is determined by recognizing market gains or losses over five years.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION VI – APPENDICES**

**B. Actuarial Assumptions**

**Interest Rate** 6.75%

<b>Salary Projection</b>	<u>Age</u>	<u>Rate</u>
	25	6.50%
	30	5.00%
	35	4.50%
	40	4.25%
	45	4.00%
	50	3.75%
55+	3.50%	

**Cost of Living Increases** Fire, retired before 6/30/2007: 2.0% (based on 50% of the salary projection)

Fire, retired between 7/1/2007 and 6/30/2013: 3.0%

Fire, retired after 6/30/2013: 1.7%

Police: 3.0%

Public Works: 2.0% (based on 50% of the salary projection)

School Management and Non-Certified: 1.7%

Town Management, retired before 7/1/2004: 2.0%

Town Management, retired on or after 7/1/2004: 3.0%

Town Non Management retired before 7/1/2013: 2.0%

Town Non Management retired on or after 7/1/2013: 1.7%

**Expenses and Contingencies** Prior year's actual expenses rounded up to the next \$1,000.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION VI – APPENDICES**

**B. Actuarial Assumptions**

***Assumed Retirement Age***

Employees are assumed to retire as follows:

Police and Fire: Rates based on length of service

<u>Service</u>	<u>Police</u>	<u>Fire</u>
20	25%	20%
21	15	10
22	5	10
23	5	10
24	5	10
25	50	10
26	50	10
27	50	30
28	50	30
29	50	30
30	100	100

School, Public Works, and Town: Rates based on age

<u>Age</u>	<u>School</u>	<u>Town Mgmt/ Public Works</u>	<u>Town Non- Mgmt</u>
55	2%	5%	
56	2	5	
57	2	5	
58	2	5	
59	2	5	
60	30	10	10%
61	5	10	10
62	35	15	15
63	35	15	15
64	10	15	15
65	10	50	50
66	10	50	50
67	10	100	100
68	30		
69	30		
70	100		

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION VI – APPENDICES**

***B. Actuarial Assumptions***

***Normal Form of Annuity***                      Monthly life annuity; for Fire and Police, the benefits payable in accordance with Section 45-21.3-1, General Laws of Rhode Island (1956).

***Non-Disabled Mortality***                      RP-2000 Combined Healthy Table for males and females with generational mortality projection per Scale AA. This assumption includes a margin for improvements in longevity beyond the valuation date.

***Disabled Mortality***                              RP-2000 Disabled Mortality Table for males and females. No improvement in longevity is expected for disabled lives.

***Disability Rate***                                      School, Public Works, and Town: 50% of the 1985 Pension Disability Table (DP-85 Table) Class 1.  
Fire and Police: 50% of the 1985 Pension Disability Table (DP-85 Table) Class 4.

***Turnover***    Fire and Police:

<u><i>Age</i></u>	<u><i>Male</i></u>	<u><i>Female</i></u>
25	6.87%	9.87%
30	4.87%	6.87%
35	3.87%	4.87%
40	2.65%	3.65%
45	1.50%	2.50%
50	0.16%	1.16%
55	0.00%	0.00%
60 and over	0.00%	0.00%

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION VI – APPENDICES**

**B. Actuarial Assumptions**

**Turnover  
(continued)**

School, Public Works and Town:

<u>Age</u>	<u>Male</u>	<u>Female</u>
25	6.92%	9.92%
30	4.92%	6.92%
35	3.92%	4.92%
40	2.78%	3.78%
45	1.69%	2.69%
50	0.47%	1.47%
55	0.08%	0.08%
60 and over	0.00%	0.00%

**Marriage**

85% of participants are assumed to have an eligible spouse. Female spouses are assumed to be three years younger than male spouses.



**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION VI – APPENDICES**

**C. Summary of Plan Provisions**

***Credited Service***

Full years plus fractions thereof from date of hire to date of termination. Credited service is capped at 25 years for Police and at 27 years for Fire, Public Works, and Town.

An employee covered by the Municipal Retirement System who served as an elected official of the Town and other employees with 10 years of service will be given credited for such service, not to exceed 3 years for elected official and 4 years for others, provided the employee pays a lump sum amount equal to the full actuarial value of such credit as determined by the Retirement Board.

***Gross Annual Salary***

Annual regular earnings including longevity, EMT bonus (Fire) and deferred compensation, excluding overtime, holiday pay, etc.

***Average Monthly Earnings (for Pre-Retirement Death Benefit)***

Fire, Police, Public Works and Town: Gross Annual Earnings are averaged over the last five years of employment.

***Average Monthly Earnings (for Accrued Benefit purposes)***

Fire, Police, and Public Works: Highest Gross Annual Salary during the last 3 years of employment. Effective 7/1/2008: E.M.T. Bonus for Fire department is included.

School: Gross Annual Salary are averaged over the highest 3 years of employment.

Town Non-Management: Gross Annual Salary are averaged over the last 3 years of employment.

Town Management: Highest Gross Annual Salary during the last 3 years of employment (effective 7/1/2004).



**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION VI – APPENDICES**

**C. Summary of Plan Provisions**

***Form of Annuity***

Town, School and Public Works: Monthly life annuity. The benefits will be actuarially adjusted to reflect any other form of annuity payable.

Fire and Police: Benefits will continue to the surviving spouse and dependent children of a deceased retired fireman or policeman in accordance with Section 45-21.3-1, General Laws of Rhode Island (1956). The surviving spouse will receive 67½% of the participant's benefit until death or remarries in which case dependent children will receive the benefit until age 18. On death, if there is no spousal benefit due, the estate will receive a refund of participant contributions in excess of any retirement payments received.

***Participant Contributions***

The following percentage of gross annual earnings:

Fire: 4.0% of base pay (effective 7/1/2013). No contributions for employees hired on or after 7/1/2013.

Fire Chief and Deputy Chiefs: 6.5% of base pay (effective 7/1/2008).

Police: 8.0% (effective 7/1/2001). No contributions for employees hired on or after 7/1/2010.

School: 4.0% (effective 7/1/2012)

Town Non-Management, hired before 7/1/1991: 5.0% (effective 7/1/2013)

Town Non-Management, hired 7/1/1991 to 7/1/2012: 5.0%, increasing to 6.0% effective 7/1/2014

Town Non-Management, hired on or after 7/1/2012: 6.0%

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**C. Summary of Plan Provisions**

Town Management, hired on and after 7/1/2004: 5.5%; contributions will cease once employee earns maximum benefit.

Public Works union employees: none

Public Works nonunion employees hired before 7/1/2004 and management employees: 5.0%.

Public Works nonunion employee hired on or after 7/1/2004: 5.5% (effective 7/1/2012)

Interest on participant contributions credited at 5.0% per year.

Participant contributions are made on a pre-tax basis effective:

Fire: 1/1/1999

Police: 4/1/1999

Town Non Management: 5/1/2000

Town Management: 4/1/2003

***Normal Retirement Benefit***

Fire: For service before 7/1/2013, 60% of average monthly earnings reduced prorata for service less than 20 years plus 2% for 7 additional years beyond 20 years. For service on or after 7/1/2013, 1% of average monthly earnings times years of credited service, subject to a maximum of 74%.

Police: 60% of average monthly earnings reduced prorata for service less than 20 years plus 2% for 5 additional years beyond 20 years subject to a maximum of 70%. Employees hired on or after 7/1/2010 are not entitled to normal retirement benefits.

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Public Works: 50% of average monthly earnings reduced prorata for service less than 20 years plus 2.5% for each additional year beyond age 60 with 20 years of service subject to a maximum of 67.5%. Employees hired on or after July 1, 2010 are not entitled to normal retirement benefits.

School Management and Non Certified: 2.5% of average monthly earnings times years credited service, reduced prorata for service less than 20 years.

School (Council 94): 2.5% of average monthly earnings times years credited service before 10/1/2013, reduced prorata for service less than 20 years plus 1.0% of average monthly earnings times years credited service after 10/1/2013.

Town Non Management: 50% of average monthly earnings reduced prorata for service less than 20 years. Effective 7/1/1998, members of the Portsmouth Municipal Employees Association: 2.5% of average monthly earnings times years of credited service, maximum 27 years.

Town Management: 50% of average monthly earnings reduced prorata for service less than 20 years. Effective 7/1/2004, 60% of average monthly earnings reduced prorata for service less than 20 years plus 2.0% of average monthly earnings for 7 additional years beyond 20 years, subject to a maximum of 74%.

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<b><i>Early Retirement Benefit</i></b>	Town Management, Public Works and School: Benefit accrued to early retirement date reduced by the ratio of credited service as of early retirement date divided by the number of years the employee would have completed if he or she had remained employed until normal retirement date.
<b><i>Deferred Retirement Date</i></b>	Any date after normal retirement date.
<b><i>Deferred Retirement Benefit</i></b>	Accrued benefit calculated based on earnings and service as of the deferred retirement date.
<b><i>Disability Date</i></b>	If employment terminates on account of a disability which has continued for six months (eighteen months for work related disability for Fire employees).
<b><i>Disability Benefit</i></b>	<p>Police, including Police employees hired on or after July 1, 2010, work related accidental disability: 72% of Gross Annual Salary.</p> <p>Fire, including Fire employees hired on or after 7/1/2013, work related accidental disability: 66 2/3% of base salary.</p> <p>Fire and Police, including Police employees hired on or after 7/1/2010, non work related ordinary disability with 10 years of credited service: 50% of highest consecutive years average salary. Average salary is based on 3 years for Fire and 2 years for Police.</p> <p>All Others, including Public Works employees hired on or after 7/1/2010: Prior to early or normal retirement date, benefit equal to the accrued benefit at the disability date multiplied by the ratio of credited service as of the disability date to the number of years the employee would have completed if he or she remained employed until normal retirement date. At early or normal retirement date, benefit equal to the accrued benefit at the disability date adjusted for early retirement if applicable.</p>

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**C. Summary of Plan Provisions**

For Police and Public Works employees hired on or after 7/1/2010 and for Fire employees hired on or after 7/1/2013, the disability benefit will be offset by the actuarially equivalent benefit provided by the account balance from the defined contribution plan.

**Cost of Living Adjustments  
(COLA)**

Fire, prior to 6/30/2007: 50% of the percentage salary increase received the previous 7/1 by the active bargaining unit employees in the department from which the employee retired.

Fire, effective 6/30/2007: 3% commencing on the January 1st following the date of retirement.

Fire, effective 7/1/2013: For service retirements and non-service disability, 1.7% commencing on the January 1st following 5th anniversary of retirement.

Police: Employees who retire on or after 7/1/2003 with 20 years of credited service shall receive a 3% COLA commencing on the January 1st following the first anniversary of retirement. For disability benefits there is no waiting period for the COLA.

Public Works: Employees who retire on or after 7/1/1987 with 20 years of credited service and age 60 shall receive 50% of the percentage salary increase received the previous 7/1 by the active bargaining unit employees in the department from which the employee retired. There is a 2 year waiting period commencing on the January 1st coinciding with or next following the date of retirement.

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Town Non Management: Employees who are members of PMEA and who retire on or after 7/1/1998 at age 60 with 20 years of credited service shall receive a 2% COLA. Effective 7/1/2005, COLA is minimum 2% and not more than 3% COLA. There is a 2 year waiting period from date of retirement. Effective 7/1/2003, the COLA commences on the January 1st immediately following retirement. For retirements on or after 7/1/2013, the COLA is 1.7% and commences on the January 1st starting on the 5<sup>th</sup> anniversary of retirement.

Town Management: Employees who retire on or after 7/1/2002 at age 60 with 20 years of credited service or age 55 with 25 years of credited service shall receive a 2% COLA. There is a 1 year waiting period from date of retirement. Effective 7/1/2004, the COLA is 3% commencing on the January 1st following the first anniversary of retirement.

School Management and Non Certified: Effective 1/1/2001 for School Management and 7/1/2002 for Non Certified employees. Employees who retire at age 60 with 20 years of credited service or age 55 with 25 years of credited service shall receive a 1.7% COLA.

School (Council 94, Local 2669): Effective 7/1/2007, Employees who retire at age 60 with 20 years of credited service or age 55 with 20 years of credited service shall receive a 1.7% COLA. There is a 1 year waiting period from date of retirement. For retirements on or after 10/1/2013, the COLA commences on the 5th anniversary of retirement.

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<b><i>Pre-Retirement Death Benefit</i></b>	<p>Fire, Police, Public Works and Town, excepting Police and Public Works employees hired on or after 7/1/2010: 30% of final five year average earnings payable to the spouse plus 10% final five year average earnings payable to each minor child under age 21. The maximum benefit payable is 50% of final five year average earnings.</p> <p>School: 100% Joint &amp; Survivor benefit is payable to the spouse upon the death of a participant with 10 years of credited service.</p>
<b><i>Vesting Benefit, Payable at Normal Retirement Date</i></b>	<p>Employees with ten years of credited service have a non-forfeitable right to their accrued benefit as of date of termination of employment. Does not apply to Police and Public Works employees hired on or after 7/1/2010.</p>
<b><i>Employee Cash Withdrawal Benefit</i></b>	<p>Employees who do not meet the eligibility requirements for vested benefits are paid their contributions with 5% interest at termination. Does not apply to Police and Public Works employees hired on or after 7/1/2010.</p>