



## Employee Retirement System of the City of Providence

Actuarial Valuation as of July 1, 2025 to  
Determine the City's Contribution for the  
Fiscal Year Ending June 30, 2027

# Bolton

Submitted by:

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Employee Benefits, Actuarial & Investment Consulting

October 31, 2025

Gina Costa  
Internal Auditor  
City of Providence, RI  
25 Dorrance Street  
Providence, RI 02903

*Re: City of Providence, RI Valuation*

Dear Gina:

The following sets forth the actuarial valuation of the Employee Retirement System of the City of Providence as of July 1, 2025. The actuarial valuation was performed at the request of the City. Section I of the report provides the Executive Summary, Section II sets forth our Actuarial Certification, and Section III contains the development of the City's contribution for the 2027 fiscal year. Section IV provides discussion of risk metrics in accordance with ASOP 51, while sections V through VIII contain a summary of the census and asset data, a ten-year projection of benefit payments, plan provisions, assumptions and actuarial methods. The appendices of the report provide information on plan funding and cost allocations, as well as a glossary of many of the terms used in this report.

We are available to answer any questions on the material in this report or to provide explanations or further details as appropriate.

Respectfully submitted,

A handwritten signature in blue ink that reads "Thomas Vicente".

Thomas Vicente, FSA, EA, FCA, MAAA

A handwritten signature in black ink that reads "Jordan McClane".

Jordan McClane, FSA, EA, FCA, MAAA

A handwritten signature in black ink that reads "Alan Torroella".

Alan Torroella, ASA, EA



## Section I. Executive Summary

### Background

Bolton Partners, Inc. has prepared the following report that sets forth the actuarial valuation of the Employee Retirement System of the City of Providence as of July 1, 2025. This report provides the funded status of the plan as of July 1, 2025 as well as the Actuarially Determined Contribution (ADC) for the plan for the fiscal year ending June 30, 2027 (FY 2027). Accounting results under Government Accounting Standards Board Statements 67 and 68 are provided in a separate report.

### Actuarially Determined Contributions (ADC)

|                          | FYE 2025      | FYE 2026      | FYE 2027      |
|--------------------------|---------------|---------------|---------------|
| ADC                      | \$112,272,205 | \$117,805,823 | \$121,748,789 |
| Percent of Total Payroll | 60.69%        | 60.33%        | 57.87%        |

Details of the determination of the City's contribution for FY2027 are shown in Section II of this report.

### Key Demographic Elements

| Participants                             | 7/1/2024       | 7/1/2025      |
|------------------------------------------|----------------|---------------|
| 1. Participants                          |                |               |
| a. Active Members                        | 3,087          | 3,079         |
| b. Service Retirements                   | 2,319          | 2,348         |
| c. Beneficiaries                         | 590            | 575           |
| d. Disabled Retirements                  | 404            | 394           |
| e. Inactives with Deferred Benefits      | 126            | 130           |
| f. Members Due a Refund of Contributions | 688            | 776           |
| <b>g. Total</b>                          | <b>7,214</b>   | <b>7,302</b>  |
| 2. Active Payroll                        | \$ 200,972,595 | \$214,579,790 |

### Funding Measures

|                                                              | 7/1/2024        | 7/1/2025        | % Change |
|--------------------------------------------------------------|-----------------|-----------------|----------|
| 1. Actuarial Accrued Liability                               | \$1,836,032,055 | \$1,850,952,836 | 0.8%     |
| 2. Actuarial Value of Assets                                 | \$514,424,934   | \$582,007,398   | 13.1%    |
| 3. Plan Funded Ratio (2. / 1.)                               | 28.0%           | 31.4%           |          |
| 4. Market Value of Assets                                    | \$525,882,000   | \$609,610,000   | 15.9%    |
| 5. Funded Ratio based on<br>Market Value of Assets (4. / 1.) | 28.6%           | 32.9%           |          |

## Experience Analysis

The following factors affected the City of Providence, Rhode Island's contribution as a percentage of payroll:

- **Plan assets and investment performance** – the net return for the year ended June 30, 2025 after investment expenses was 11.9% on a market value basis and 9.1% on an actuarial value basis. Investment returns during FY2025 were about \$26.4 million higher than assumed. A portion of this gain is reflected in the actuarial value of assets (AVA) in this valuation, and the remaining portions will be reflected in future valuations. The AVA and the return on the AVA also reflect the continued recognition of net investment gains and losses from prior valuations. As of July 1, 2025, there is a total of \$27.6 million in net deferred investment gains that will be reflected in future valuations.
- **Payroll changes** - Pay for returning employees increased approximately 8.2% over the prior year; more than our expected increase of 3.2% for returning actives. Total participant payroll increased by 6.8%, over the prior year; more than the assumption of 3.0% growth per year.

## Risk Measures

The primary risk that a plan sponsor incurs from a defined benefit plan is the risk of substantial increases in annual contributions. Many variables can influence future results and the sensitivity of the ADC will vary from plan to plan. As part of the annual valuation, we monitor commonly used measures of the relative riskiness of a pension plan, relative to the plan sponsor and the employee group covered by the plan. A brief review of the risk metrics and a discussion of key risks are shown in Section IV. Additional detailed or focused assessment of risks is outside the scope of the actuarial valuation but can be conducted as a separate assignment.

## Changes in Methods, Assumptions, and Plan Provisions

Based on the experience study dated July 9, 2025, the following assumptions were changed:

- Class A
  - Retirement Rates
  - Termination Rates
  - Mortality Rates
  - Salary Scale
- Class B
  - Retirement Rates
  - Termination Rates
  - Mortality Rates
  - Salary Scale
  - Service Purchase Loads

## Sources of Information

The July 1, 2025 participant data and market value of assets were provided by or at the direction of the City. While we have reviewed this data for consistency and completeness, we have not audited this data.

## Section II. Actuarial Certification

This actuarial valuation sets forth our calculation of an estimate of the liabilities of the Employee Retirement System of the City of Providence (the Plan), together with a comparison of these liabilities with the value of the plan assets, as submitted by The City of Providence, Rhode Island (the City). This liability calculation and comparison with assets are applicable for the valuation date only. The future is uncertain, and the plan may become better funded or more poorly funded in the future. This valuation does not provide any guarantee that the plan will be able to provide the promised benefits in the future.

This report was prepared for the internal use of the City and its auditors in connection with our actuarial valuations of the pension plan. The purpose of this report is to provide the recommended employer contribution for the 2027 fiscal year. It is neither intended nor necessarily suitable for other purposes. Bolton is not responsible for the consequences of any other use or the reliance upon this report by any other party.

This report is based on plan provisions, census data, and asset data submitted by the City. We have relied on this information for purposes of preparing this report. We have not audited the census or asset data provided; however, based on our review, the data appears to be reasonable and consistent with previously provided information. Unless otherwise noted in our report, we believe the information provided is sufficiently complete and reliable for purposes of the results presented in this report. The accuracy of the results presented in this report is dependent upon the accuracy and completeness of the underlying information. The City is solely responsible for the validity and completeness of this information.

The City is responsible for selecting the plan's funding policy, actuarial valuation methods, asset valuation methods, and assumptions. The policies, methods and assumptions used in this valuation are those that have been so prescribed and are described in this report. The City is solely responsible for communicating to Bolton any changes required thereto.

The City is solely responsible for selecting the plan's investment policies, asset allocations and individual investments. Bolton's actuaries have not provided any investment advice to the City.

This is a deterministic valuation in that it is based on a single set of assumptions. This set of assumptions is one possible basis for our calculations. We may consider that some factors are not material to the valuation of the plan and may not provide a specific assumption for those factors. We may have used other assumptions in the past. We will likely consider changes in assumptions at a future date.

Different assumptions or scenarios within the range of possibilities may also be reasonable and results based on those assumptions would be different. As a result of the uncertainty inherent in a forward-looking projection over a very long period of time, no one projection is uniquely "correct" and many alternative projections of the future could also be regarded as reasonable. Two different actuaries could, quite reasonably, arrive at different results based on the same data and different views of the future.

The City could reasonably ask how the valuation would change if we used a different assumption set or if plan experience exhibited variations from our assumptions. This report does not contain such an analysis. That type of analysis would be a separate assignment.



In addition, decisions regarding benefit improvements, benefit changes, the trust's investment policy, and similar issues should not be based on this valuation. These issues are complex and other factors should be considered when making such decisions. Other factors might include the anticipated vitality of the local economy and future growth expectations, as well as other economic and financial factors.

The cost of this plan is determined by the benefits promised by the plan, the plan's participant population, the investment experience of the plan and many other factors. An actuarial valuation is a budgeting tool for the City. It does not affect the cost of the plan. Different funding methods provide for different timing of contributions to the plan. As the experience of the plan evolves, it is normal for the level of contributions to the plan to change. If a contribution is not made for a particular year, either by deliberate choice or because of an error in a calculation, that contribution can be made in later years. We are not responsible for the consequences of any decision by the City to make contributions at a future time rather than an earlier time. The City is responsible for funding the cost of the plan.

The report is conditioned on the assumption of an ongoing plan and is not meant to present the actuarial position of the plan in the case of plan termination. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions, changes in economic or demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements (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.

The valuation was completed using both proprietary and third-party models (including software and tools). We have tested these models to ensure they are used for their intended purposes, within their known limitations, and without any known material inconsistencies unless otherwise stated.

The calculations in this report have been computed in accordance with our understanding of generally accepted actuarial principles and practices and fairly reflect the actuarial position of the plan. The various actuarial assumptions and methods which have been used are, in our opinion, appropriate for the purposes of this report.

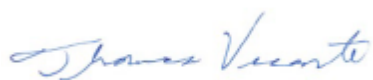
We make every effort to ensure that our calculations are accurately performed. We reserve the right to correct any potential errors by amending the results of this report or by including the corrections in a future valuation report.

Bolton does not practice law and, therefore, cannot and does not provide legal advice. Any statutory interpretation on which this report is based reflects Bolton's understanding as an actuarial firm. Bolton recommends that recipients of this report consult with legal counsel when making any decisions regarding compliance with ERISA, the Internal Revenue Code, or any other statute or regulation.

The City should notify Bolton promptly after receipt of this report if the City disagrees with anything contained in the report or is aware of any information that would affect the results of the report that has not been communicated to Bolton or incorporated herein. The report will be deemed final and acceptable to the City unless the City promptly provides such notice to Bolton.

The undersigned credentialed actuaries meet/actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. We are not aware of any direct or material indirect financial interest or relationship, including investments or other services, which could create a conflict of interest that would impair the objectivity of our work.

We are available to answer any questions on the material in this report to provide explanations or further details as appropriate.



Tom Vicente, FSA, EA, FCA, MAAA



Jordan McClane, FSA, EA, FCA, MAAA



Alan Torroella, ASA, EA



## Section III. Determination of Contributions

### Derivation of Liabilities

Below is a summary of the actuarial accrued liability of the future benefits expected to be paid from the plan.

| Participants                             | 7/1/2024       | 7/1/2025       |
|------------------------------------------|----------------|----------------|
| 1. Participants                          |                |                |
| a. Active Members                        | 3,087          | 3,079          |
| b. Service Retirements                   | 2,319          | 2,348          |
| c. Beneficiaries                         | 590            | 575            |
| d. Disabled Retirements                  | 404            | 394            |
| e. Inactives with Deferred Benefits      | 126            | 130            |
| f. Members Due a Refund of Contributions | 688            | 776            |
| <b>g. Total</b>                          | <b>7,214</b>   | <b>7,302</b>   |
| 2. Active Payroll                        | \$ 200,972,595 | \$ 214,579,790 |

| Actuarial Accrued Liability                                           | 7/1/2024                | 7/1/2025                |
|-----------------------------------------------------------------------|-------------------------|-------------------------|
| 1. Active Participants                                                | \$ 563,703,896          | \$ 573,705,085          |
| 2. In-pay Participants                                                |                         |                         |
| a. Service Retirements                                                | \$ 819,434,715          | \$ 841,612,270          |
| b. Beneficiaries                                                      | 156,224,387             | 147,098,290             |
| c. Disabled Retirements                                               | \$ 266,523,694          | 258,035,076             |
| d. Total In-pay Participants                                          | \$ 1,242,182,796        | \$ 1,246,745,636        |
| 3. Inactives with Deferred Benefits                                   | \$ 21,347,674           | \$ 20,477,164           |
| 4. Members Due a Refund of Contributions                              | \$ 8,797,689            | \$ 10,024,951           |
| <b>5. Total Actuarial Accrued Liability<br/>(1. + 2.d. + 3. + 4.)</b> | <b>\$ 1,836,032,055</b> | <b>\$ 1,850,952,836</b> |
| 6. Actuarial Value of Assets (AVA)                                    | \$ 514,424,934          | \$ 582,007,398          |
| 7. Unfunded Liability Based on AVA<br>(5. - 6.)                       | \$ 1,321,607,121        | \$ 1,268,945,438        |
| 8. Funded Ratio Based on AVA<br>(6. / 5.)                             | 28.0%                   | 31.4%                   |
| 9. Market Value of Assets (MVA)                                       | \$ 525,882,000          | \$ 609,610,000          |
| 10. Unfunded Liability Based on MVA<br>(5. - 9.)                      | \$ 1,310,150,055        | \$ 1,241,342,836        |
| 11. Funded Ratio Based on MVA<br>(9. / 5.)                            | 28.6%                   | 32.9%                   |



## Normal Cost

The normal cost and the projected normal cost are shown below.

| Normal Cost                                         | 7/1/2024      | 7/1/2025      |
|-----------------------------------------------------|---------------|---------------|
| 1. Total Benefit Normal Cost                        | \$ 30,704,862 | \$ 35,678,282 |
| 2. Expected Employee Contributions                  | (18,399,833)  | (21,065,602)  |
| 3. Employer Normal Cost for the Plan Year           | \$ 12,305,029 | \$ 14,612,680 |
| 4. Projected Employer Normal Cost for FYE 6/30/2027 |               | \$ 14,196,844 |

## Projection of Unfunded Liability

The projection of the unfunded actuarial liability from July 1, 2025 to July 1, 2026 is shown below.

| Projection of Unfunded Liability                                                                  | 7/1/2025                |
|---------------------------------------------------------------------------------------------------|-------------------------|
| 1. Unfunded Liability as of July 1, 2025                                                          | \$ 1,268,945,438        |
| 2. Expected Employer Contributions 7/1/2025 - 6/30/2026                                           | \$ 117,805,823          |
| 3. Expected Employee Contributions 7/1/2025 - 6/30/2026                                           | \$ 21,790,428           |
| 4. Expected Expenses 7/1/2025 - 6/30/2026                                                         | 0                       |
| 5. Total Benefit Normal Cost 7/1/2025 - 6/30/2026                                                 | \$ 35,678,282           |
| 6. Interest                                                                                       | \$ 90,573,894           |
| <b>7. Projected Unfunded Liability as of July 1, 2026</b><br><b>(1. - 2. - 3. + 4. + 5. + 6.)</b> | <b>\$ 1,255,601,363</b> |

## Actuarially Determined Contribution

Below is the derivation of the actuarially determined contribution.

| Actuarially Determined Contribution                             | FY 2027               |
|-----------------------------------------------------------------|-----------------------|
| 1. Projected Normal Cost for FYE 06/30/2027                     | \$ 36,748,630         |
| 2. Expected Employee Contributions                              | (22,551,786)          |
| 3. Employer Normal Cost (1. + 2.)                               | \$ 14,196,844         |
| 4. Amortization Amount                                          | 99,587,071            |
| 5. Actuarially Determined Contribution (ADC) (3. + 4.)          | \$ 113,783,915        |
| <b>6. ADC Adjusted for Timing of Payment</b>                    | <b>\$ 121,748,789</b> |
| 7. Projected Participant Payroll                                | 210,391,713           |
| 8. Employer Contribution as a Percentage of Participant Payroll | 57.87%                |



## Actuarial Gain/Loss

Development of actuarial (gain)/loss for July 1, 2024 to June 30, 2025.

|                                           | Liability           | Actuarial<br>Value of<br>Assets | UAAL                  |
|-------------------------------------------|---------------------|---------------------------------|-----------------------|
| 1. Beginning of year total                | \$ 1,836,032,055    | \$ 514,424,934                  | \$ 1,321,607,121      |
| 2. Normal cost (net of admin exp)         | 30,704,862          |                                 | 30,704,862            |
| 3. Administration expense                 |                     | (180,000)                       | 180,000               |
| 4. Benefit payments                       | (113,120,000)       | (113,120,000)                   | 0                     |
| 5. Contributions                          |                     | 133,093,000                     | (133,093,000)         |
| 6. Interest                               | 126,712,384         | 36,702,500                      | 90,009,884            |
| 7. Expected end of year total             | \$ 1,880,329,301    | \$ 570,920,434                  | \$ 1,309,408,867      |
| 8. Actual end of year<br>(before changes) | 1,884,126,001       | 582,007,398                     | 1,302,118,603         |
| <b>9. (Gain)/Loss</b>                     | <b>\$ 3,796,700</b> | <b>\$ (11,086,964)</b>          | <b>\$ (7,290,264)</b> |

Development of actuarial unfunded accrued liability as of June 30, 2025.

| Development of Unfunded Actuarial<br>Accrued Liability as of June 30, 2025 |                  |
|----------------------------------------------------------------------------|------------------|
| 1. Expected UAAL as of June 30, 2025                                       | \$ 1,309,408,867 |
| 2. Changes to UAAL due to:                                                 |                  |
| a. Actuarial (Gain)/Loss                                                   | (7,290,264)      |
| b. Plan Change                                                             | 0                |
| c. Assumption Change                                                       | (33,173,165)     |
| d. Method Change                                                           | 0                |
| e. Other                                                                   | 0                |
| 3. Total of All Changes in UAAL                                            | (40,463,429)     |
| 4. Actual UAAL as of June 30, 2025 (1. + 3.)                               | \$ 1,268,945,438 |

The following section provides the breakdown of this year's actuarial (gain)/loss.

## Actuarial Experience

There was an actuarial gain of \$7,290,264 for the 2024 - 2025 fiscal year. The gain or loss on liabilities is measured by comparing expected liabilities to actual liabilities before any changes are made to the valuation, such as any assumption or plan changes reflected in the current valuation. The individual sources of gains and losses that follow are based upon a comparison of actual and expected experience in the year ending on the valuation date.

| Source     |                  | (Gain)/Loss           |
|------------|------------------|-----------------------|
| 1.         | Investments      | \$ (11,086,964)       |
| 2.         | New Entrants     | \$ 1,011,000          |
| 3.         | COLAs            | 0                     |
| 4.         | Salary increases | 19,500,000            |
| 5.         | Mortality        | (6,313,000)           |
| 6.         | Turnover         | 954,000               |
| 7.         | Disability       | (1,076,000)           |
| 8.         | Retirement       | (4,139,000)           |
| 9.         | Data Corrections | (8,193,000)           |
| 10.        | Miscellaneous    | 2,052,700             |
| <b>11.</b> | <b>Total</b>     | <b>\$ (7,290,264)</b> |



## Schedule of Amortization Bases

Below is a schedule of the amortization bases as of July 1, 2027.

| Description                  | Date Established | Years Remaining | Outstanding Balance     | Amortization Amount  |
|------------------------------|------------------|-----------------|-------------------------|----------------------|
| Deferral Liability           | 7/1/2026         | 5               | \$ 1,805,962            | \$ 411,642           |
| Remaining Unfunded Liability | 7/1/2026         | 14              | \$ 1,253,795,401        | \$ 99,175,429        |
| <b>Totals</b>                |                  |                 | <b>\$ 1,255,601,363</b> | <b>\$ 99,587,071</b> |

The *Deferral Liability* unfunded liability base is amortized as a level dollar amount.

The *Remaining Unfunded Liability* base is amortized as an equal percent of payroll each year with total payroll expected to increase 5.3% annually.

The July 1, 2026 amortization payment of \$99,587,071 is sufficient to cover the interest on the plan's unfunded liability. Based on the the total payment shown above, the total amount will be fully amortized in approximately 14 years.

## Section IV. Risk Discussion

### Risk Measures

Pension plans are complicated financial instruments designed to provide income security for plan participants as they move through their working lives and into retirement. As such they can be subject to many different forces that can put the plan in better or worse positions over time. The primary risk that a plan sponsor incurs from a defined benefit plan is the risk of substantial increases in annual contributions.

The “maturity” level of a plan can indicate the likely sensitivity the plan will have to different events whether positive or negative. Variations in the investment returns are a common source of these types of events or shocks. Other sources might be experience that differs from that assumed, assumption changes, or plan changes.

The purpose of this section is to provide the reader with a basic understanding of the fundamentals of pension financing and the associated risks, including implications of the Plan’s funding policy on future plan funding, how future experience may differ from the assumptions used, and the potential volatility of future measurements resulting from these differences.

### Elements of Pension Plan Financing

The following equation lays out the fundamental elements of pension plan financing:

$$\text{Contributions} + \text{Investment Returns} = \text{Benefit Payments} + \text{Expenses}$$

Employers and employees **contribute** to a plan based on the statutory requirements, plan terms, and plan sponsor funding policy. The plan invests these contributions and earns a **return** on that investment. Together, these contributions and investment returns are the sole sources of income to the plan. **Benefits** are paid to participants who have met the eligibility and vesting requirements defined by the plan. Plans also pay administrative, investment, auditing, legal, and other **expenses** for maintaining the plan. **Over time, contributions and investment earnings must equal benefits and expenses.**

From this equation, it is evident that funding, investment, and benefit policies must be developed together. Once the benefit terms are established, each plan sponsor must determine the desired balance of contributions versus investment returns needed to finance benefits accrued to participants. It is important to remember that the plan sponsor’s investment and funding policies, along with the selected actuarial assumptions, determine the assumed balance between contributions and investment returns. **The actual cost of a plan is based on the actual experience of the plan and may result in a different balance than is assumed.** Ultimately, the expected return does not impact the long-term relationship between the contributions required and the benefit level that can be supported by such contributions. Using a higher expected return assumption may give a false sense of benefit security if the plan does not realize that level of actual returns over time.

The development of integrated benefit, funding, and investment policies generally requires consideration of many factors such as:

- Balancing benefit security and intergenerational equity;
- Risk appetite and ability to absorb short-term volatility in plan contributions;
- Current plan funded status;
- Timing and expected duration of benefit payments; and
- Nature and frequency of past and anticipated future plan amendments.

### Significant Risks Affecting Pension Plans

Examples of risk common to most public plans include the following (generally listed from greatest to least risk):

- **Investment risk:** The potential that investment returns will be different than expected.
- **Contribution risk:** the potential that actual future contributions are not made in accordance with the plan's actuarially based funding policy.
- **Longevity and other demographic risks:** The potential that mortality or other demographic experience will be different than expected.
- **Asset/liability mismatch risk:** The potential that changes in the value of liabilities are not matched by changes in asset values.
- **Cash flow risks:** The potential that contributions to the plan will not cover benefit payments and expenses.

Investment risk is often the single most significant risk for defined benefit plans. Plans that seek a higher investment return are typically forced to accept a higher level of volatility that can change the plan's funded status drastically year-to-year. Use of an asset smoothing method that phases in investment gains and losses over a period of years can give the perception of less volatility in the funded status from year to year.

Contribution risk most commonly results from either large contribution increases that are difficult for the plan sponsor to meet, or from a material decrease in the number of covered employees and/or covered payroll.

Assumptions regarding mortality and other demographic factors related to participant behavior bring the risk that future experience will diverge from the reasonable assumptions utilized within the actuarial valuation model. For example, participants living longer than expected will increase plan costs, while people terminating sooner than expected will generally decrease plan costs. Additionally, what is considered a reasonable assumption may change over time and lead to an increase or decrease in future contributions. Actual life expectancies may be longer or shorter than what is reflected in the valuation and benefit payment projections and will increase or decrease the cost of the plan as actual experience emerges.

Asset/liability mismatch risk is also another potential risk for many pension plans. To the extent that the duration of plan assets is not matched to the duration of plan liabilities a change in discount rates could have an impact on the plan's funded status. For most public pension plans, changes in asset values and interest rates do not directly affect the measurement of the plan's liability.

As plans mature, they become more reliant on investment returns to pay benefits and expenses. When plans have negative cash flows, they must spend interest and dividends, or may be forced to sell assets at inopportune times, to meet those obligations. Plans with DROP or other lump sum payment features are particularly exposed to this risk.

One item left off this list is "interest rate risk" (i.e., the potential that interest rates will be different than expected). This risk is common in corporate ERISA plans where funding is based on bond rates. Interest rates on bonds are still an important consideration when setting an expected return assumption and can change over time, along with long-term capital market expectations. Together these may lead to a change in the interest rate used to value plan liabilities which will increase or decrease the measurement of plan liabilities and the actuarially determined contribution.

### Quantifying Investment and Funded Status Risk

Although cash and money market funds have the lowest absolute investment risk, they are typically not the lowest risk investment for a pension plan. With respect to interest rate risk, a pension plan liability behaves like the price of a bond because both equal the discounted value of a series of future cash flows. The present value will change in the opposite direction to a change in interest rates. Therefore, a bond portfolio with the timing of expected income cash flows matched to the expected benefit payment outflows is typically the lowest risk investment approach for a pension plan.

Corporate, Treasury, and municipal bonds, often considered lower risk investment classes, can still have a high level of interest rate risk in their present values. If the duration (timing and pattern of income payments) of the fixed income assets are misaligned with the duration of the plan's liability, there can be significant funded status volatility as interest rates change. The way to mitigate this volatility is minimizing the asset/liability (or duration) mismatch risk.

One means of quantifying the expected cost of assuming future investment and asset/liability mismatch risk is to compare the Plan's current assets to a liability calculated assuming very low default risk. One such measure is called a **Low Default-Risk Obligation Measure** (LDROM). An example of an LDROM is the Plan's Funding Liability determined using a discount rate based on the yields on high quality municipal bonds, similar to what is referenced under GASB statement 68.

|                                                    | Liability Measure |               | Assumed Return |
|----------------------------------------------------|-------------------|---------------|----------------|
| Actuarial Liability - Funding Policy Return        | \$                | 1,850,952,836 | 7.00%          |
| Actuarial Liability - Municipal Bond Yield (LDROM) | \$                | 2,427,651,383 | 4.81%          |

The difference between the LDROM and the Actuarial Liability used to determine funding contributions can be viewed in several ways, and certain views of this measure may be more relevant for different plan sponsors:

- The expected long-term contribution savings to be achieved by investing in asset classes with higher expected risk and returns than bonds.
- The cost of investing in an all-bond portfolio and significantly lowering expected long-term investment returns in exchange for protecting the Plan's current funded status.
- A measure of the Plan's non-diversifiable investment risk.

Investors expect to be compensated for assuming risk when they make an investment. The risk premium of an investment is the return an asset is expected to generate in excess of the risk-free rate of return. The more risk assumed by the investor, the greater the return they expect to achieve in exchange for accepting that risk.

For plans whose assumed long-term rate of return on plan assets is greater than the municipal bond yield used for the LDROM calculation, the expected cost to the plan sponsor of funding the plan will be lower because of the greater level of investment risk accepted. This in turn leads to greater volatility in the plan's funded status because the actual return on plan investments is expected to vary considerably year-to-year. Conversely, if a plan has taken steps to reduce asset/liability mismatch risk the expected cost of contributions to fund the plan will be greater (if the plan is not already fully funded) and the volatility in the plan's funded status will be reduced.

Selecting the right level of investment risk (and associated asset/liability mismatch risk) for a plan requires complex analysis that goes beyond the scope of these basic disclosures. Included in any such analysis must be an evaluation of the plan sponsor's funding policy.

### Risk Considerations in Assessing a Funding Policy

When assessing a plan's funding policy, two primary considerations are:

- Whether the contributions are determined using reasonable and appropriate actuarial cost, amortization, and asset valuation methods (i.e., is the contribution an Actuarially Determined Contribution (ADC)), and
- The projected period until any Unfunded Actuarial Accrued Liability (UAAL) is fully amortized.

Under the current funding policy, the annual contribution is an ADC. The Plan's UAAL is required to be amortized over a closed 15 years.

Assuming all actuarial assumptions reflected in the annual valuation are met and the funding policy contributions are made as expected, this funding policy is expected to reduce the plan's UAAL in future years. The funding policy contribution is at least equal to the sum of the normal cost and interest on the UAAL. The effect of declining interest rates, investment losses, or other actuarial losses may offset the favorable effect of these contributions and cause the UAAL to remain steady or increase in future years.

Some examples of changes from year to year that will shorten or lengthen the period until the UAAL is fully amortized include:

| Factors that Shorten the Amortization Period    | Factors that Lengthen the Amortization Period    |
|-------------------------------------------------|--------------------------------------------------|
| Contributing more than the ADC                  | Contributing less than the ADC                   |
| Investment and demographic gains                | Investment and demographic losses                |
| Increasing interest rates                       | Decreasing interest rates                        |
| Shorter life expectancies                       | Longer life expectancies                         |
| Reducing or eliminating future benefit accruals | Increasing benefit accruals (past and/or future) |

## Historical Plan Risk and Maturity Measures

There are several plan maturity measures that can be significant to understanding the risks associated with the plan. The following table shows four commonly used measures of the relative riskiness of a pension plan, relative to the plan sponsor and the employee group covered by the plan and how they have changed over time.

| Risk Measure                                       | July 1, 2022 | July 1, 2023 | July 1, 2024 | July 1, 2025 |
|----------------------------------------------------|--------------|--------------|--------------|--------------|
| Inactive Liability as a Percent of Total Liability | 69%          | 68%          | 69%          | 69%          |
| Assets to Payroll                                  | 2.3          | 2.4          | 2.6          | 2.8          |
| Liabilities to Payroll                             | 9.7          | 9.4          | 9.1          | 8.6          |
| Benefit Payments to Contributions                  | 1.0          | 0.9          | 0.9          | 0.8          |

The Assets to Payroll ratio, also called the Asset Volatility Ratio (AVR), is equal to the market value of assets (MVA) divided by payroll. A higher AVR implies that the plan is exposed to greater contribution volatility. The current AVR of 2.8 indicates that a:

- 1% asset gain/loss can be related to about 2.8% of the annual payroll.
- The City's contribution changes by about 0.2% of payroll for each 1.0% gain or loss on the market assets.

The Liabilities to Payroll ratio, also called the Liability Volatility Ratio (LVR), is equal to the Actuarial Accrued Liability (AAL) divided by payroll. A higher LVR implies that the plan is exposed to greater contribution volatility due to changes in liability measurements. The current LVR of 8.6 indicates that a:

- 1% liability gain/loss can be related to about 8.6% of the annual payroll.
- The City's contribution changes by about 0.7% of payroll for each 1.0% gain or loss on the AAL.

As the plan approaches a 100% funded level, the AVR will converge to the LVR.

The use of payroll in these risk measures is an easily available substitute for the employer's revenue and often reflects the employer's ability to afford the plan. Each of these measures are a measure of plan maturity. The common evolution of a pension plan is to become more mature over time. Mature plans present more risk to plan sponsors because changes to the liability or assets will result in large changes in the unfunded liability as compared to the overall size of the employer as measured by payroll. As a result, the change in the metrics over time can be as important as the nominal size of the metric itself.

### Additional Review

In some instances, more detailed quantitative assessment of risks is warranted either by the above maturity metrics, part of a periodic self-assessment of risks, or due to changes in investment allocations and capital market assumptions. The following are examples of tests that could be performed:

- **Scenario Test**—A process for assessing the impact of one possible event, or several simultaneously or sequentially occurring possible events, on a plan's financial condition. A scenario test could show, for example, the effect of a layoff or reduction in workforce, or early retirement program.
- **Sensitivity Test**—A process for assessing the impact of a change in an actuarial assumption on an actuarial measurement. A sensitivity analysis could demonstrate, for example, the impact of a decrease in the valuation discount rate or a change in future life expectancies.
- **Stochastic Modeling**—A process for generating numerous potential outcomes by allowing for random variations in one or more inputs over time for the purpose of assessing the distribution of those outcomes. This type of analysis could show, for example, a range of potential future contribution levels and the likelihood of contributions increasing to a certain level.
- **Stress Test**—A process for assessing the impact of adverse changes in one or relatively few factors affecting a plan's financial condition. A stress test could show, for example, the impact of a single year or period of several years with significant investment losses.

## Section V. Assets

### Statement of Assets

Below is a statement of assets as of June 30, 2024 and June 30, 2025 from the trust asset statements provided by the City.

|                                    | 6/30/2024      | 6/30/2025      |
|------------------------------------|----------------|----------------|
| 1. Receivables                     |                |                |
| a. Employer Contributions          | \$ 0           | \$ 0           |
| b. Employee Contributions          | 0              | 0              |
| c. Loans                           | 25,951,000     | 26,241,000     |
| d. Other                           | 42,000         | 408,000        |
| e. Due from Fiduciary, Net         | 40,610,000     | 57,865,000     |
| f. Total Receivables               | \$ 66,603,000  | \$ 84,514,000  |
| 2. Investments at Fair Value       |                |                |
| a. Equities                        | \$ 449,727,000 | \$ 462,938,000 |
| b. Alternative Investments         | 0              | 18,930,000     |
| c. Money Market Mutual Funds       | 2,402,000      | 2,172,000      |
| d. Fixed Income                    | 9,947,000      | 44,230,000     |
| e. Real Estate                     | 0              | 0              |
| f. Other                           | 0              | 0              |
| g. Total Investments               | \$ 462,076,000 | \$ 528,270,000 |
| 3. Prepaid Insurance               | 0              | 0              |
| 4. Total Assets (1.f. + 2.g. + 3.) | \$ 528,679,000 | \$ 612,784,000 |
| 5. Liabilities                     |                |                |
| a. Investments Purchased           | 0              | 0              |
| b. Accounts Payable                | 2,295,000      | 3,174,000      |
| c. Other                           | 502,000        | 0              |
| d. Total Liabilities               | \$ 2,797,000   | \$ 3,174,000   |
| 6. End of Year Assets (4. - 5.d.)  | \$ 525,882,000 | \$ 609,610,000 |



## Reconciliation of Assets

Below is a reconciliation of assets (unaudited) from July 1, 2023 through June 30, 2025.

|                                          | 7/1/2023 to<br>6/30/2024 | 7/1/2024 to<br>6/30/2025 |
|------------------------------------------|--------------------------|--------------------------|
| 1. Beginning of Year Assets              | \$ 453,622,000           | \$ 525,882,000           |
| 2. Receipts                              |                          |                          |
| a. Employer Contributions                | \$ 104,943,000           | \$ 113,616,000           |
| b. Employee Contributions                | 18,193,000               | 19,477,000               |
| c. Interest and Dividends                | 7,301,000                | 7,546,000                |
| d. Realized and Unrealized Gain/(Loss)   | 51,729,000               | 56,389,000               |
| e. Stock Loan Income                     | 0                        | 0                        |
| f. Other                                 | 0                        | 0                        |
| g. Total Receipts                        | \$ 182,166,000           | \$ 197,028,000           |
| 3. Deductions                            |                          |                          |
| a. Benefit Payments                      | \$ (109,716,000)         | \$ (113,120,000)         |
| b. Administrative Expenses               | (190,000)                | (180,000)                |
| c. Investment Expenses                   | 0                        | 0                        |
| d. Total Disbursements                   | \$ (109,906,000)         | \$ (113,300,000)         |
| 4. Net Increase (2.g. + 3.d.)            | \$ 72,260,000            | \$ 83,728,000            |
| 5. Preliminary Ending Value (1. + 4.)    | \$ 525,882,000           | \$ 609,610,000           |
| 6. Contribution Receivable               | \$ 0                     | \$ 0                     |
| 7. End of Year Assets (5. + 6.)          | \$ 525,882,000           | \$ 609,610,000           |
| 8. Rate of Return Net of Investment Fees | 12.83%                   | 11.93%                   |



## Determination of Investment Gain/(Loss) for Assets

| Market Value of Assets |  |  |                |
|------------------------|--|--|----------------|
| As of June 30, 2024    |  |  | \$ 525,882,000 |

| Item<br>(1)                             | Amount<br>(2)  | Weight<br>for<br>Timing<br>(3) | Weighted<br>Amount<br>(2) × (3) |
|-----------------------------------------|----------------|--------------------------------|---------------------------------|
| Contributions                           | \$ 133,093,000 | 50%                            | \$ 66,546,500                   |
| Benefits Paid                           | (113,120,000)  | 50%                            | (56,560,000)                    |
| Expenses                                | (180,000)      | 50%                            | (90,000)                        |
| <b>Total</b>                            |                |                                | <b>9,896,500</b>                |
| Market Value plus Total Weighted Amount |                |                                | 535,778,500                     |
| Assumed Rate of Return for the Year     |                |                                | 7.00%                           |
| <b>Expected Return</b>                  |                |                                | <b>\$ 37,504,495</b>            |

| Actual Return                                |                      |
|----------------------------------------------|----------------------|
| 1. Market Value as of June 30, 2024          | \$ 525,882,000       |
| 2. Contributions                             | 133,093,000          |
| 3. Benefits and Administrative Expenses Paid | (113,300,000)        |
| 4. Market Value as of June 30, 2025          | 609,610,000          |
| <b>Actual Return [(4) - (1) - (2) - (3)]</b> | <b>\$ 63,935,000</b> |
| Calculation Base (1) + 50% × [(2) + (3)]     | 535,778,500          |
| <b>Market Value Return as a Percentage</b>   | <b>11.9%</b>         |

| Investment Gain/(Loss)              |               |
|-------------------------------------|---------------|
| Actual Return minus Expected Return | \$ 26,430,505 |



## Development of Actuarial Value of Assets

The actuarial asset value as of July 1, 2025 is determined by spreading the asset gain or loss for each year over a five-year period. The asset gain or loss is the amount by which the actual asset return differs from the expected asset return.

| Market Value of Assets |    |             |
|------------------------|----|-------------|
| As of June 30, 2025    | \$ | 609,610,000 |

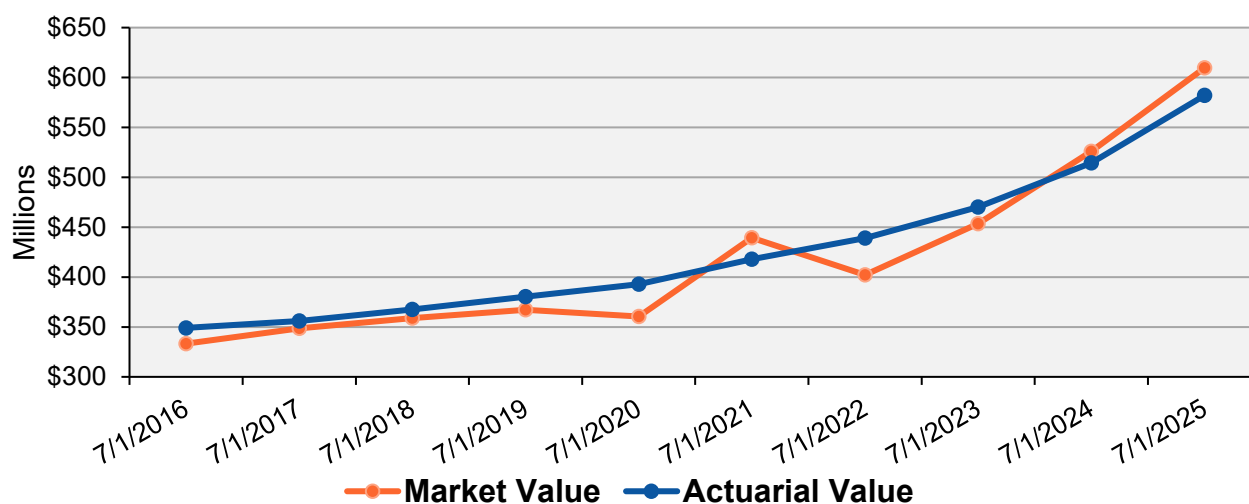
|              | Plan<br>Year End<br>(1) | Investment<br>Gain/(Loss)<br>(2) | Percent<br>Recognized<br>(3) | Percent<br>Deferred<br>(4) | Deferred<br>Gain/(Loss)<br>(2) × (4) |
|--------------|-------------------------|----------------------------------|------------------------------|----------------------------|--------------------------------------|
|              | 6/30/2025               | 26,430,505                       | 20%                          | 80%                        | \$ 21,144,404                        |
|              | 6/30/2024               | 26,813,410                       | 40%                          | 60%                        | 16,088,046                           |
|              | 6/30/2023               | 11,221,350                       | 60%                          | 40%                        | 4,488,540                            |
|              | 6/30/2022               | (70,591,940)                     | 80%                          | 20%                        | (14,118,388)                         |
| <b>Total</b> |                         |                                  |                              |                            | <b>\$ 27,602,602</b>                 |

| Preliminary Actuarial Value of Assets                    |    |             |
|----------------------------------------------------------|----|-------------|
| As of July 1, 2025                                       |    |             |
| (Market Value of Assets less total Deferred Gain/(Loss)) | \$ | 582,007,398 |

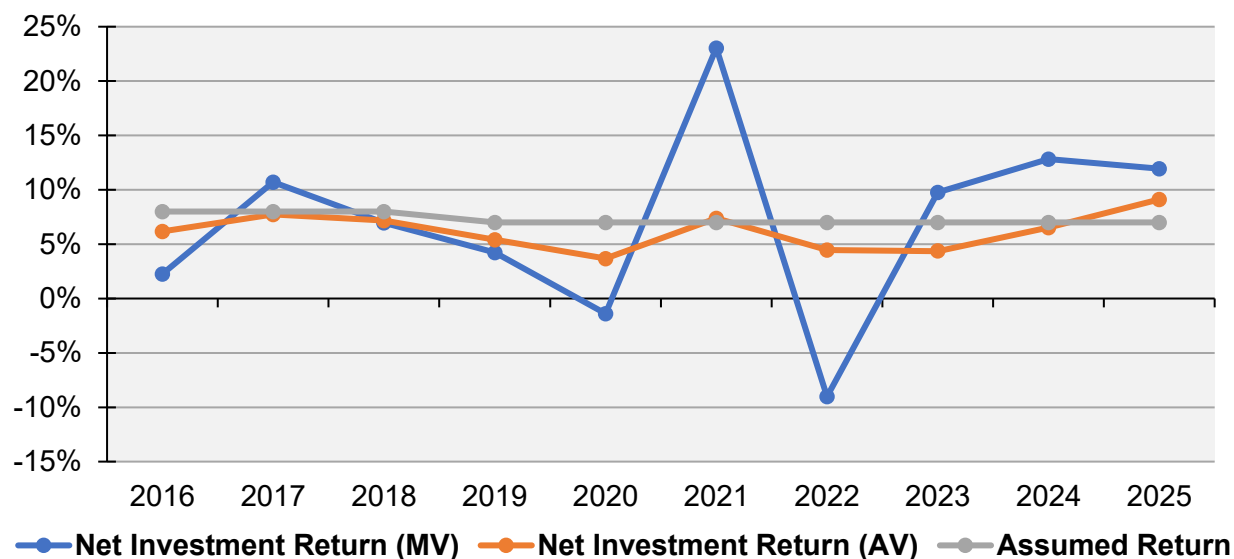
| Final Actuarial Value of Assets                     |           |                    |
|-----------------------------------------------------|-----------|--------------------|
| Minimum Actuarial Value of Assets (80% of MVA)      |           | 487,688,000        |
| Maximum Actuarial Value of Assets (120% of MVA)     |           | 731,532,000        |
| As a Percentage of Market Value                     |           | 95.5%              |
| <b>Actuarial Value of Assets as of July 1, 2025</b> | <b>\$</b> | <b>582,007,398</b> |

| Calculation of Actuarial Return                     |    |               |
|-----------------------------------------------------|----|---------------|
| 1. Actuarial Value as of July 1, 2024               | \$ | 514,424,934   |
| 2. Contributions                                    |    | 133,093,000   |
| 3. Benefits and Administrative Expenses Paid        |    | (113,300,000) |
| 4. Actuarial Value as of July 1, 2025               |    | 582,007,398   |
| 5. Actuarial Return [(4) - (1) - (2) - (3)]         |    | 47,789,464    |
| 6. Calculation Base (1) + 50% × [(2) + (3)]         |    | 524,321,434   |
| <b>Actuarial Return as a Percentage [(5) / (6)]</b> |    | <b>9.1%</b>   |

## 10-Year: Market Value vs. Actuarial Value of Assets



## 10-Year: Market Value vs. Actuarial Value Rates of Return

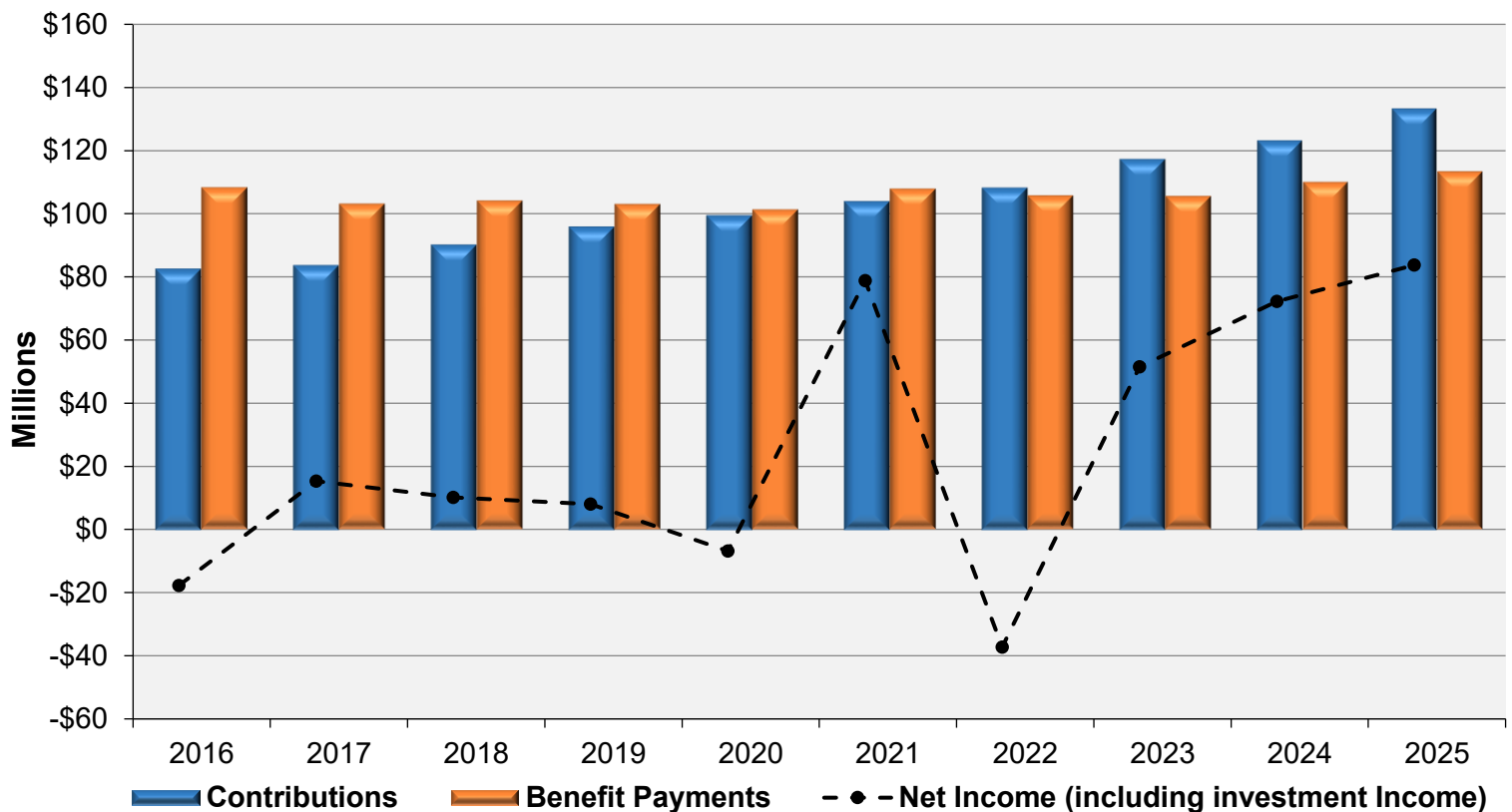


| Average Rates of Return              | Market Value | Actuarial Value |
|--------------------------------------|--------------|-----------------|
| Most recent year return              | 11.9%        | 9.1%            |
| Most recent five-year average return | 9.2%         | 6.3%            |
| Most recent ten-year average return  | 6.8%         | 6.2%            |

## Summary of Investment Returns & Historical Cash Flows

| Plan<br>Year<br>Ending | Market Value   |         | Total<br>Contributions | Benefit<br>Payments<br>& Expenses |    | Net Income   |
|------------------------|----------------|---------|------------------------|-----------------------------------|----|--------------|
|                        | Net Investment | Return  |                        |                                   |    |              |
|                        | Amount         | Percent |                        |                                   |    |              |
| 2016                   | \$ 7,665,000   | 2.3%    | 82,747,000             | 108,193,000                       | \$ | (17,781,000) |
| 2017                   | 34,630,000     | 10.7%   | 83,815,000             | 103,088,000                       |    | 15,357,000   |
| 2018                   | 23,802,000     | 7.0%    | 90,369,000             | 104,042,000                       |    | 10,129,000   |
| 2019                   | 15,073,000     | 4.2%    | 96,011,000             | 103,004,000                       |    | 8,080,000    |
| 2020                   | (5,144,000)    | -1.4%   | 99,565,000             | 101,259,000                       |    | (6,838,000)  |
| 2021                   | 82,658,000     | 23.0%   | 103,964,000            | 107,832,000                       |    | 78,790,000   |
| 2022                   | (39,747,000)   | -9.0%   | 108,196,000            | 105,688,000                       |    | (37,239,000) |
| 2023                   | 39,781,000     | 9.8%    | 117,219,000            | 105,527,000                       |    | 51,473,000   |
| 2024                   | 59,030,000     | 12.8%   | 123,136,000            | 109,906,000                       |    | 72,260,000   |
| 2025                   | 63,935,000     | 11.9%   | 133,093,000            | 113,300,000                       |    | 83,728,000   |
| Total                  | \$ 281,683,000 |         | \$ 1,038,115,000       | \$ 1,061,839,000                  | \$ | 257,959,000  |

## Comparison of Net Income versus Historical Cash Flow



## Benefit Payment Projection

The following table shows the estimated benefit payments from July 1, 2025 through June 30, 2035 based on existing members of the plan.

| Fiscal Year<br>End | Benefits       |
|--------------------|----------------|
| 2026               | \$ 122,623,749 |
| 2027               | 117,088,896    |
| 2028               | 121,591,394    |
| 2029               | 125,755,943    |
| 2030               | 129,929,316    |
| 2031               | 134,098,533    |
| 2032               | 137,929,490    |
| 2033               | 141,429,657    |
| 2034               | 144,644,391    |
| 2035               | 148,038,855    |



## Section VI. Participant Information

### Total Participant Summary

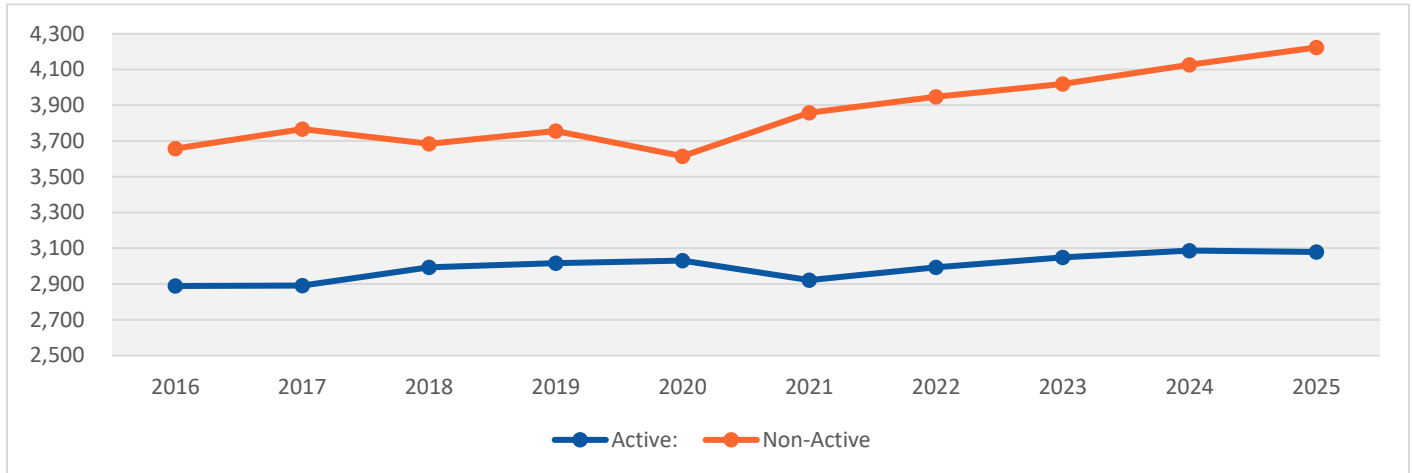
The following table summarizes the counts, ages and benefit information for planparticipants used in this valuation and the last valuation.

|    |                                       | 7/1/2024       | 7/1/2025       | % Change |
|----|---------------------------------------|----------------|----------------|----------|
| 1. | Actives                               |                |                |          |
| a. | Number                                | 3,087          | 3,079          | -0.3%    |
| b. | Average Age                           | 46.1           | 45.6           | -1.1%    |
| c. | Average Service                       | 11.6           | 11.5           | -0.9%    |
| d. | Total Compensation                    | \$ 200,972,595 | \$ 214,579,790 | 6.8%     |
| e. | Average Salary                        | \$ 65,103      | \$ 69,691      | 7.0%     |
| f. | Participant Contributions             | \$ 205,439,019 | \$ 215,889,216 | 5.1%     |
| 2. | Inactives with Deferred Benefits      |                |                |          |
| a. | Number                                | 126            | 130            | 3.2%     |
| b. | Average Age                           | 52.9           | 53.4           | 1.0%     |
| c. | Average Monthly Benefits              | \$ 1,563       | \$ 1,459       | -6.7%    |
| 3. | Members Due a Refund of Contributions |                |                |          |
| a. | Number                                | 688            | 776            | 12.8%    |
| b. | Total Contributions Due               | \$ 8,797,689   | \$ 10,024,951  | 13.9%    |
| 4. | Retired Participants                  |                |                |          |
| a. | Number                                | 2,319          | 2,348          | 1.3%     |
| b. | Average Age                           | 71.2           | 71.5           | 0.5%     |
| c. | Average Monthly Benefits              | \$ 2,338       | \$ 2,395       | 2.4%     |
| 5. | Disabled Participants                 |                |                |          |
| a. | Number                                | 404            | 394            | -2.5%    |
| b. | Average Age                           | 70.7           | 71.2           | 0.6%     |
| c. | Average Monthly Benefits              | \$ 4,536       | \$ 4,598       | 1.4%     |
| 6. | Beneficiaries                         |                |                |          |
| a. | Number                                | 590            | 575            | -2.5%    |
| b. | Average Age                           | 75.4           | 75.6           | 0.2%     |
| c. | Average Monthly Benefits              | \$ 2,335       | \$ 2,388       | 2.3%     |



## Total Plan Participation: Ten Years

|           | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  | 2025  |
|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| In Pay:   | 3,185 | 3,234 | 3,220 | 3,255 | 3,152 | 3,260 | 3,268 | 3,268 | 3,313 | 3,317 |
| Inactive: | 473   | 533   | 465   | 500   | 463   | 598   | 679   | 751   | 814   | 906   |
| Active:   | 2,889 | 2,891 | 2,993 | 3,017 | 3,031 | 2,921 | 2,994 | 3,049 | 3,087 | 3,079 |
| Total:    | 6,547 | 6,658 | 6,678 | 6,772 | 6,646 | 6,779 | 6,941 | 7,068 | 7,214 | 7,302 |





## Participant Summary: Class A

The following table summarizes the counts, ages and benefit information for plan participants used in this valuation and the last valuation.

|    |                                       | 7/1/2024       | 7/1/2025       | % Change |
|----|---------------------------------------|----------------|----------------|----------|
| 1. | Actives                               |                |                |          |
| a. | Number                                | 2,256          | 2,193          | -2.8%    |
| b. | Average Age                           | 48.3           | 48.1           | -0.3%    |
| c. | Average Service                       | 11.3           | 11.5           | 1.3%     |
| d. | Total Compensation                    | \$ 129,699,820 | \$ 131,516,898 | 1.4%     |
| e. | Average Salary                        | \$ 57,491      | \$ 59,971      | 4.3%     |
| f. | Participant Contributions             | \$ 117,998,549 | \$ 121,288,372 | 2.8%     |
| 2. | Inactives with Deferred Benefits      |                |                |          |
| a. | Number                                | 118            | 123            | 4.2%     |
| b. | Average Age                           | 53.5           | 54.0           | 0.9%     |
| c. | Average Monthly Benefits              | \$ 1,532       | \$ 1,427       | -6.8%    |
| 3. | Members Due a Refund of Contributions |                |                |          |
| a. | Number                                | 661            | 742            | 12.3%    |
| b. | Total Contributions Due               | \$ 7,856,314   | \$ 8,761,195   | 11.5%    |
| 4. | Retired Participants                  |                |                |          |
| a. | Number                                | 1,523          | 1,542          | 1.2%     |
| b. | Average Age                           | 73.5           | 73.9           | 0.5%     |
| c. | Average Monthly Benefits              | \$ 1,641       | \$ 1,665       | 1.5%     |
| 5. | Disabled Participants                 |                |                |          |
| a. | Number                                | 71             | 71             | 0.0%     |
| b. | Average Age                           | 72.7           | 73.1           | 0.6%     |
| c. | Average Monthly Benefits              | \$ 1,771       | \$ 1,851       | 4.5%     |
| 6. | Beneficiaries                         |                |                |          |
| a. | Number                                | 229            | 220            | -3.9%    |
| b. | Average Age                           | 74.6           | 75.1           | 0.6%     |
| c. | Average Monthly Benefits              | \$ 1,357       | \$ 1,294       | -4.6%    |



## Participant Summary: Class B

The following table summarizes the counts, ages and benefit information for plan participants used in this valuation and the last valuation.

|    |                                       | 7/1/2024 |            | 7/1/2025 |            | %<br>Change |
|----|---------------------------------------|----------|------------|----------|------------|-------------|
| 1. | Actives                               |          |            |          |            |             |
| a. | Number                                |          | 831        |          | 886        | 6.6%        |
| b. | Average Age                           |          | 40.2       |          | 39.2       | -2.4%       |
| c. | Average Service                       |          | 12.5       |          | 11.7       | -6.4%       |
| d. | Total Compensation                    | \$       | 71,272,775 | \$       | 83,062,892 | 16.5%       |
| e. | Average Salary                        | \$       | 85,767     | \$       | 93,750     | 9.3%        |
| f. | Participant Contributions             | \$       | 87,440,470 | \$       | 94,600,844 | 8.2%        |
| 2. | Inactives with Deferred Benefits      |          |            |          |            |             |
| a. | Number                                |          | 8          |          | 7          | -12.5%      |
| b. | Average Age                           |          | 44.3       |          | 44.0       | -0.7%       |
| c. | Average Monthly Benefits              | \$       | 2,026      | \$       | 2,014      | -0.6%       |
| 3. | Members Due a Refund of Contributions |          |            |          |            |             |
| a. | Number                                |          | 27         |          | 34         | 25.9%       |
| b. | Total Contributions Due               | \$       | 941,375    | \$       | 1,263,756  | 34.2%       |
| 4. | Retired Participants                  |          |            |          |            |             |
| a. | Number                                |          | 796        |          | 806        | 1.3%        |
| b. | Average Age                           |          | 66.6       |          | 67.0       | 0.5%        |
| c. | Average Monthly Benefits              | \$       | 3,671      | \$       | 3,791      | 3.3%        |
| 5. | Disabled Participants                 |          |            |          |            |             |
| a. | Number                                |          | 333        |          | 323        | -3.0%       |
| b. | Average Age                           |          | 70.3       |          | 70.7       | 0.6%        |
| c. | Average Monthly Benefits              | \$       | 5,126      | \$       | 5,202      | 1.5%        |
| 6. | Beneficiaries                         |          |            |          |            |             |
| a. | Number                                |          | 361        |          | 355        | -1.7%       |
| b. | Average Age                           |          | 75.9       |          | 75.9       | 0.0%        |
| c. | Average Monthly Benefits              | \$       | 2,955      | \$       | 3,066      | 3.7%        |



## Active Age/Service Distribution Including Compensation: Class A

Shown below is the distribution of active participants in Class A based on age and service. The compensation shown is the average rate of pay as of July 1, 2025.

| Age      | Years of Service as of 07/01/2025 |        |        |        |        |        |        |        |        |         | Total  |
|----------|-----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|---------|--------|
|          | Under 1                           | 1-4    | 5-9    | 10-14  | 15-19  | 20-24  | 25-29  | 30-34  | 35-39  | 40 & Up |        |
| Under 25 | 31                                | 51     | -      | -      | -      | -      | -      | -      | -      | -       | 82     |
|          | 40,194                            | 42,527 | -      | -      | -      | -      | -      | -      | -      | -       | 41,645 |
| 25 to 29 | 49                                | 111    | 14     | -      | -      | -      | -      | -      | -      | -       | 174    |
|          | 42,385                            | 53,625 | 45,184 | -      | -      | -      | -      | -      | -      | -       | 49,780 |
| 30 to 34 | 39                                | 114    | 43     | 8      | -      | -      | -      | -      | -      | -       | 204    |
|          | 57,252                            | 62,969 | 68,710 | 70,781 | -      | -      | -      | -      | -      | -       | 63,392 |
| 35 to 39 | 22                                | 96     | 51     | 40     | 8      | -      | -      | -      | -      | -       | 217    |
|          | 49,532                            | 60,036 | 75,918 | 65,571 | 79,447 | -      | -      | -      | -      | -       | 64,440 |
| 40 to 44 | 20                                | 73     | 41     | 39     | 27     | 9      | -      | -      | -      | -       | 209    |
|          | 54,667                            | 58,972 | 75,662 | 67,608 | 65,124 | 72,697 | -      | -      | -      | -       | 64,831 |
| 45 to 49 | 14                                | 55     | 42     | 28     | 28     | 37     | 25     | -      | -      | -       | 229    |
|          | 46,349                            | 67,885 | 59,482 | 69,881 | 63,559 | 68,359 | 65,616 | -      | -      | -       | 64,571 |
| 50 to 54 | 10                                | 57     | 39     | 36     | 42     | 40     | 52     | 12     | 3      | -       | 291    |
|          | 41,790                            | 58,895 | 58,212 | 75,414 | 59,303 | 62,750 | 63,827 | 59,620 | 69,061 | -       | 61,864 |
| 55 to 59 | 11                                | 42     | 42     | 46     | 35     | 51     | 54     | 19     | 6      | -       | 306    |
|          | 47,351                            | 67,779 | 46,264 | 58,443 | 53,533 | 64,518 | 72,296 | 82,307 | 99,856 | -       | 62,843 |
| 60 to 64 | 9                                 | 36     | 33     | 37     | 39     | 51     | 39     | 17     | 9      | 2       | 272    |
|          | 57,619                            | 53,206 | 54,306 | 56,558 | 57,712 | 55,721 | 62,615 | 72,822 | 62,397 | 71,081  | 58,070 |
| 65 to 69 | 3                                 | 18     | 18     | 17     | 26     | 19     | 17     | 8      | 8      | -       | 134    |
|          | 51,995                            | 50,052 | 57,508 | 58,860 | 47,618 | 62,782 | 59,929 | 69,729 | 78,308 | -       | 57,662 |
| 70 & up  | 3                                 | 13     | 10     | 12     | 10     | 10     | 3      | 5      | 5      | 4       | 75     |
|          | 37,216                            | 36,326 | 52,473 | 47,188 | 48,440 | 43,715 | 61,780 | 33,554 | 65,656 | 39,047  | 45,787 |
| Total    | 211                               | 666    | 333    | 263    | 215    | 217    | 190    | 61     | 31     | 6       | 2,193  |
|          | 47,927                            | 57,949 | 61,936 | 64,051 | 58,192 | 62,008 | 65,840 | 69,555 | 74,924 | 49,725  | 59,971 |

| Averages |      |
|----------|------|
| Age      | 48.1 |
| Service  | 11.5 |



## Active Age/Service Distribution Including Compensation: Class B

Shown below is the distribution of active participants in Class B based on age and service. The compensation shown is the average rate of pay as of July 1, 2025.

| Age      | Years of Service as of 07/01/2025 |        |        |        |         |         |         |         |         |         | Total   |
|----------|-----------------------------------|--------|--------|--------|---------|---------|---------|---------|---------|---------|---------|
|          | Under 1                           | 1-4    | 5-9    | 10-14  | 15-19   | 20-24   | 25-29   | 30-34   | 35-39   | 40 & Up |         |
| Under 25 | 22                                | 32     | -      | -      | -       | -       | -       | -       | -       | -       | 54      |
|          | 51,685                            | 76,093 | -      | -      | -       | -       | -       | -       | -       | -       | 66,149  |
| 25 to 29 | 24                                | 80     | 34     | -      | -       | -       | -       | -       | -       | -       | 138     |
|          | 49,442                            | 81,778 | 90,082 | -      | -       | -       | -       | -       | -       | -       | 78,200  |
| 30 to 34 | 8                                 | 47     | 83     | 31     | -       | -       | -       | -       | -       | -       | 169     |
|          | 64,499                            | 80,316 | 90,386 | 99,034 | -       | -       | -       | -       | -       | -       | 87,946  |
| 35 to 39 | 6                                 | 17     | 71     | 48     | 15      | -       | -       | -       | -       | -       | 157     |
|          | 45,549                            | 78,509 | 88,685 | 96,297 | 103,406 | -       | -       | -       | -       | -       | 89,668  |
| 40 to 44 | -                                 | 4      | 29     | 25     | 42      | 11      | -       | -       | -       | -       | 111     |
|          | -                                 | 80,077 | 91,749 | 93,726 | 112,546 | 110,685 | -       | -       | -       | -       | 101,519 |
| 45 to 49 | -                                 | 1      | 10     | 13     | 26      | 34      | -       | -       | -       | -       | 84      |
|          | -                                 | 89,348 | 87,553 | 95,740 | 106,894 | 113,342 | -       | -       | -       | -       | 105,266 |
| 50 to 54 | -                                 | -      | 1      | 3      | 13      | 38      | 12      | 11      | -       | -       | 78      |
|          | -                                 | -      | 89,472 | 98,627 | 99,250  | 109,205 | 120,219 | 116,410 | -       | -       | 109,597 |
| 55 to 59 | -                                 | -      | 1      | 1      | 5       | 21      | 11      | 30      | 8       | -       | 77      |
|          | -                                 | -      | 89,492 | 98,691 | 102,185 | 107,461 | 128,496 | 125,525 | 107,597 | -       | 116,828 |
| 60 to 64 | -                                 | -      | -      | -      | -       | 3       | 2       | 5       | 6       | 2       | 18      |
|          | -                                 | -      | -      | -      | -       | 111,255 | 96,658  | 125,933 | 107,825 | 149,742 | 116,844 |
| 65 to 69 | -                                 | -      | -      | -      | -       | -       | -       | -       | -       | -       | -       |
|          | -                                 | -      | -      | -      | -       | -       | -       | -       | -       | -       | -       |
| 70 & up  | -                                 | -      | -      | -      | -       | -       | -       | -       | -       | -       | -       |
|          | -                                 | -      | -      | -      | -       | -       | -       | -       | -       | -       | -       |
| Total    | 60                                | 181    | 229    | 121    | 101     | 107     | 25      | 46      | 14      | 2       | 886     |
|          | 51,883                            | 80,091 | 89,855 | 96,484 | 107,509 | 110,386 | 121,976 | 123,390 | 107,695 | 149,742 | 93,750  |

| Averages |      |
|----------|------|
| Age      | 39.2 |
| Service  | 11.7 |

## Total Participant Reconciliation

Shown below is the reconciliation of participants between the prior and current valuation date.

|                                    | Active<br>Participants | Inactive Participants |                              | Total |
|------------------------------------|------------------------|-----------------------|------------------------------|-------|
|                                    |                        | Receiving<br>Benefits | With<br>Deferred<br>Benefits |       |
| Participants in Last Valuation     | 3,087                  | 3,313                 | 814                          | 7,214 |
| Retired                            | (80)                   | 96                    | (16)                         | 0     |
| Vested Termination                 | (36)                   | 0                     | 36                           | 0     |
| Nonvested Termination              | (148)                  | 0                     | 148                          | 0     |
| Disabled                           | (5)                    | 5                     | 0                            | 0     |
| Deceased                           | (4)                    | (109)                 | 0                            | (113) |
| Benefits Suspended/Payment Expired | (10)                   | (14)                  | (2)                          | (26)  |
| Return of Employee Contributions   | (109)                  | 0                     | (42)                         | (151) |
| New QDRO                           | 0                      | 9                     | 0                            | 9     |
| New Participants                   | 352                    | 0                     | 0                            | 352   |
| Rehired                            | 32                     | 0                     | (32)                         | 0     |
| Beneficiary                        | 0                      | 31                    | 0                            | 31    |
| Adjustments                        | 0                      | (14)                  | 0                            | (14)  |
| Participants in This Valuation     | 3,079                  | 3,317                 | 906                          | 7,302 |

Note: Inactive participants 'With Deferred Benefits' includes those participants only due a refund of contributions.

## Participant Reconciliation: Class A

Shown below is the reconciliation of participants between the prior and current valuation date.

|                                    | Active<br>Participants | Inactive Participants |                              | Total    |
|------------------------------------|------------------------|-----------------------|------------------------------|----------|
|                                    |                        | Receiving<br>Benefits | With<br>Deferred<br>Benefits |          |
| Participants in Last Valuation     | 2,256                  | 1,823                 | 779                          | 4,858    |
| Retired                            | (53)                   | 68                    | (15)                         | 0        |
| Vested Termination                 | (35)                   | 0                     | 35                           | 0        |
| Nonvested Termination              | (140)                  | 0                     | 140                          | 0        |
| Disabled                           | (3)                    | 3                     | 0                            | 0        |
| Deceased                           | (3)                    | (62)                  | 0                            | (65)     |
| Benefits Suspended/Payment Expired | (10)                   | (14)                  | (2)                          | (26)     |
| Return of Employee Contributions   | (104)                  | 0                     | (40)                         | (144)    |
| New QDRO                           | 0                      | 2                     | 0                            | 2        |
| New Participants                   | 253                    | 0                     | 0                            | 253      |
| Rehired                            | 32                     | 0                     | (32)                         | 2        |
| Beneficiary                        | 0                      | 11                    | 0                            | 11       |
| Adjustments                        | <u>0</u>               | <u>2</u>              | <u>0</u>                     | <u>2</u> |
| Participants in This Valuation     | 2,193                  | 1,833                 | 865                          | 4,891    |

Note: Inactive participants 'With Deferred Benefits' includes those participants only due a refund of contributions.

## Participant Reconciliation: Class B

Shown below is the reconciliation of participants between the prior and current valuation date.

|                                    | Active<br>Participants | Inactive Participants |                              | Total |
|------------------------------------|------------------------|-----------------------|------------------------------|-------|
|                                    |                        | Receiving<br>Benefits | With<br>Deferred<br>Benefits |       |
| Participants in Last Valuation     | 831                    | 1,490                 | 35                           | 2,356 |
| Retired                            | (27)                   | 28                    | (1)                          | 0     |
| Vested Termination                 | (1)                    | 0                     | 1                            | 0     |
| Nonvested Termination              | (8)                    | 0                     | 8                            | 0     |
| Disabled                           | (2)                    | 2                     | 0                            | 0     |
| Deceased                           | (1)                    | (47)                  | 0                            | (48)  |
| Benefits Suspended/Payment Expired | 0                      | (16)                  | 0                            | 0     |
| Return of Employee Contributions   | (5)                    | 0                     | (2)                          | (7)   |
| New QDRO                           | 0                      | 7                     | 0                            | 7     |
| New Participants                   | 99                     | 0                     | 0                            | 99    |
| Rehired                            | 0                      | 0                     | 0                            | 0     |
| Beneficiary                        | 0                      | 20                    | 0                            | 20    |
| Adjustments                        | 0                      | 0                     | 0                            | (16)  |
| Participants in This Valuation     | 886                    | 1,484                 | 41                           | 2,411 |

Note: Inactive participants 'With Deferred Benefits' includes those participants only due a refund of contributions.

## Section VII. Summary of Plan Provisions

### Plan Year

July 1 – June 30.

### Compensation

Regular annual rate of pay, exclusive of extra compensation of any kind such as overtime pay, bonuses, and commissions.

### Final Compensation

Final compensation is the average of the highest four years of base compensation including the base wage increases for longevity earned by a member during their total service as an employee.

### Employee Contributions

| Member Type                 | Contribution Rate                                                                                                                                                    |
|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Class A                     | 8% of compensation                                                                                                                                                   |
| Class B – Police            | 14.5% of compensation for fiscal 2024,<br>15.0% of compensation for fiscal 2025,<br>15.5% of compensation for fiscal 2026,<br>16.0% for the fiscal years thereafter. |
| Class B - Fire              | 11.5% of compensation for fiscal 2024,<br>13.0% of compensation for fiscal 2025,<br>14.5% of compensation for fiscal 2026,<br>16.0% for the fiscal years thereafter. |
| Elected Officials (Class A) | \$350 per year plus 8% compensation                                                                                                                                  |

The interest on employee contributions is 4.00%, compounded annually. There is no interest on employee contributions for inactive members after 5 years.

Class B Police member contributions may cease after 32.5 years of service.

### Normal Retirement Date

The age and service requirements for normal retirement are as follows:

| Class A<br>NRD based on DOH |                            |                                   |                                   |
|-----------------------------|----------------------------|-----------------------------------|-----------------------------------|
| Prior to<br>7/1/1995        | 7/1/1995<br>-<br>6/30/2004 | 7/1/2004<br>-<br>6/30/2009        | On or after<br>7/1/2009           |
| Age 55<br>or<br>25 YOS      | Age 55<br>or<br>30 YOS     | Age 60 and 10 YOS<br>or<br>30 YOS | Age 62 and 10 YOS<br>or<br>30 YOS |

| Class B - Fire<br>NRD based on DOH |                             |                         |
|------------------------------------|-----------------------------|-------------------------|
| Prior to<br>9/18/2010              | 9/18/2010<br>-<br>6/30/2012 | On or after<br>7/1/2012 |
| Age 55<br>or<br>20 YOS             | Age 55<br>or<br>23 YOS      | Age 55<br>or<br>23 YOS  |

| Class B - Police<br>NRD based on DOH |                         |
|--------------------------------------|-------------------------|
| Prior to<br>7/1/2011                 | On or after<br>7/1/2011 |
| Age 55<br>or<br>20 YOS               | Age 55<br>or<br>25 YOS  |

(Payments cannot  
commence until 25 YOS  
after membership date)

[NRD = Normal Retirement Date]

[DOH = Date of Hire]

[YOS = Years of Service]

### Normal Retirement Benefit

The normal retirement benefit is equal to an annuity portion which is the actuarial equivalent of the member's accumulated contributions at the time of their retirement plus a pension portion. The total retirement allowance varies based on member type, hire date, years of total service and Union membership for members of the Police Department.

The total retirement allowance are as follows:

| Class A<br>Benefit Differs by DOH |                            |                         |                            |
|-----------------------------------|----------------------------|-------------------------|----------------------------|
| Prior to<br>7/1/1996              |                            | On or after<br>7/1/1996 |                            |
| YOS                               | % of Final<br>Compensation | YOS                     | % of Final<br>Compensation |
| 0 – 20                            | 2.5% per year              | All                     | 2.0% per year              |
| 20+                               | 2.0% per year              |                         |                            |

\*Class A benefits are limited to 100% of final compensation.

| Class B - Fire |                    |
|----------------|--------------------|
| YOS            | % of Final<br>Comp |
| 0 – 20         | 2.5%<br>per year   |
| 20+            | 2.0%<br>per year   |

\* Class B Fire benefits are limited to 75% of final compensation.

| Class B - Police<br>Benefit Differs by DOH |                    |                            |                    |                         |                    |
|--------------------------------------------|--------------------|----------------------------|--------------------|-------------------------|--------------------|
| Prior to<br>9/1/2001                       |                    | 9/1/2001<br>-<br>6/30/2011 |                    | On or after<br>7/1/2011 |                    |
| YOS                                        | % of Final<br>Comp | YOS                        | % of Final<br>Comp | YOS                     | % of Final<br>Comp |
| < 20                                       | 2.5%<br>per year   | < 20                       | 2.5%<br>per year   | < 20                    | 2.5%<br>per year   |
| 20                                         | 50%                | 20                         | 50%                | 20                      | 50.0%              |
| 21                                         | 52%                | 21                         | 52%                | 21                      | 50.0%              |
| 22                                         | 54%                | 22                         | 54%                | 22                      | 50.0%              |
| 23                                         | 56%                | 23                         | 56%                | 23                      | 50.0%              |
| 24                                         | 58%                | 24                         | 58%                | 24                      | 50.0%              |
| 25                                         | 65%                | 25                         | 60%                | 25                      | 50.0%              |
| 26                                         | 62%                | 26                         | 62%                | 26                      | 52.5%              |
| 27                                         | 64%                | 27                         | 64%                | 27                      | 55.0%              |
| 28                                         | 66%                | 28                         | 66%                | 28                      | 57.5%              |
| 29                                         | 68%                | 29                         | 68%                | 29                      | 60.0%              |
| 30                                         | 75%                | 30                         | 70%                | 30                      | 62.5%              |
| 31                                         | 72%                | 31                         | 72%                | 31                      | 65.0%              |
| 32                                         | 80%                | 32                         | 80%                | 32                      | 67.5%              |
|                                            |                    |                            |                    | 33                      | 70.0%              |
|                                            |                    |                            |                    | 34                      | 72.5%              |
|                                            |                    |                            |                    | 35                      | 75.0%              |

\* Class B Police non-union members are limited to 75% of final compensation.

## Forms of Benefit

For *Maximum Retirement Option*, a life annuity where, upon the member's death, any unpaid portion of the member's accumulated contributions will be paid to their beneficiary.

*Option 1*, a reduced life annuity where, upon the member's death, the beneficiary will receive the difference between the value of the expected benefit at the member's date of retirement and the total value of payments made by the life annuity.

*Option 2*, a reduced 100% Joint & Survivor Annuity.

*Option 3*, a reduced 50% Joint & Survivor Annuity.

*Option 4*, a single life annuity where members receive their annuity portion as an immediate lump sum payment upon retirement (equivalent to the member's employee contribution balance).

Class B members who retire on Accidental Disability Retirement may not elect Option 4.

Married Class B members may not elect Option 1.

Class B members may not elect Option 2 or Option 3.

There is an optional form that is exclusive to Class B members, a life annuity with a 67.5% spouse's survivor benefit.

## Early Retirement Eligibility

Class A members hired on or after July 1, 2004 with at least 10 years of service.

All other members are not eligible for early retirement benefits.

## Early Retirement Benefit

For Class A members hired before June 30, 2009: the member's normal retirement benefit reduced by 5/12% for each month benefit commencement date precedes the Normal Retirement Date.

For Class A members hired on or after July 1, 2009: the member's normal retirement benefit reduced by 5/12% for each month benefit commencement date precedes age 62.

## Termination Benefit

Members may receive a refund of contributions with payable interest.

In lieu of a refund of contributions, members with at least 10 years of service, are eligible for a deferred benefit payable upon minimum age for Normal Retirement

## Disability Eligibility

Members are eligible for Ordinary Disability after 10 years of service.

There is no age or service requirement for Accidental Disability.

### Ordinary Disability Benefit

For Class A: a pension which, when added to the annuity portion, is equivalent to 1.8% of final compensation for each year of total service had the member continued in service to the minimum age for Normal Retirement.

Class B Fire: a pension which, when added to the annuity portion, is equivalent to 2.25% of final compensation for each year of total service had the member continued in service to the minimum age for Normal Retirement. Such total is not to exceed 45% of the member's final compensation.

Class B Police: a pension which, when added to the annuity portion, is equivalent to a percentage of final compensation, as described in the following table:

| Years of Service | Percentage of Final Compensation |
|------------------|----------------------------------|
| 10               | 22.50%                           |
| 11               | 24.75%                           |
| 12               | 27.00%                           |
| 13               | 29.25%                           |
| 14               | 31.50%                           |
| 15               | 33.75%                           |
| 16               | 36.00%                           |
| 17               | 38.25%                           |
| 18               | 40.50%                           |
| 19               | 42.75%                           |

### Accidental Disability Benefit

For all, the annuity portion of benefit plus a pension equal to 66⅔% of final compensation, but not less than the Normal Retirement benefit.

Upon the death of the member within 5 years after accidental disability, 50% of final compensation is payable to surviving spouse (if Class B, 67.5% of the member's benefit be paid to surviving spouse).

### Pre-Retirement Death Benefit

#### Accidental Death Benefit

Greater of accrued benefit or 50% of final earnings.

#### Ordinary Death Benefit

A refund of the member's accumulated contributions with interest. If the member is of minimum retirement age, the surviving spouse is entitled to, in lieu of a refund of contributions, to a benefit equal to that which would have been payable under an Option 2 retirement. For Class B, the benefit of to the spouse shall not be less than 67½% of the benefit that would have been paid to such retired member without reduction.

### Normal Form of Benefit

For Class A, the normal form of benefit is the *Maximum Retirement Option*.

For Class B, the normal form of benefit is the *Maximum Retirement Option*, however, an unreduced 67½% Joint & Survivor annuity is granted for married participants.

### Cost of Living Adjustment – COLA

COLAs commence on January 1, 2023, except for widows of accidental death participants who receive an immediate COLA and participants identified by the City who opted out of the Consent Judgements agreed to by the City.

For participants who opted out of the Consent Judgements, COLAs have been reinstated as a result of the Rhode Island Supreme Court decision issued on June 30, 2020.

A ten-year freeze period was implemented effective January 1, 2013 and no COLAs will be issued during this period. COLAs will resume on January 1, 2023. Once COLAs resume, they will be paid in the amount of the lesser of 3% compounded or the percentage the member received prior to the freeze, provided that their total benefit is lower than 150% of Rhode Island state median income and is lower than the base compensation of a current employee holding the same rank that the retiree held at the time of retirement. If a member's benefit is above either of these amounts, no COLA is granted.

150% of the state median income as reported by the City was approximately \$105,458 as of the valuation date. It is assumed that the median income will increase by 3.0% per year. The initial COLA payment is deferred until the January 1 that occurs three years after the member's retirement date.

The following COLAs resumed on January 1, 2023:

| Member Type                                     | Retirement Date                   | COLAs                                                                                                                                                    |
|-------------------------------------------------|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Class A, was not a member of Local 1033         | Before 12/18/91                   | 3% compounded                                                                                                                                            |
| Class A, was a member of Local 1033             | Before 12/18/91                   | 3% simple on first 12,000 of annual benefit                                                                                                              |
| Class A                                         | After 12/18/91                    | None                                                                                                                                                     |
| Class B - Police                                | Before 1/1/1990                   | 5% compounded                                                                                                                                            |
| Class B - Police                                | Between 1/1/1990 and 12/18/1991   | 6% compounded                                                                                                                                            |
| Class B - Police                                | Between 12/19/1991 and 12/31/1992 | 5% compounded                                                                                                                                            |
| Class B – Police, Non-Union                     | On or after 1/1/1993              | 3% simple on first 12,000 of annual benefit                                                                                                              |
| Class B – Police, Union                         | On or after 1/1/1993              | 3% compounded                                                                                                                                            |
| Class B – Police, Special Court Awarded Members | -                                 | 5% compounded                                                                                                                                            |
| Class B – Police, Hired on or after 7/1/2012    | -                                 | Will be based on the CPI for the Northeastern Region, shall not be less than 1% simple and shall not exceed 3% simple and %150 of RI state median income |
| Class B - Fire                                  | Before >1/1/1990                  | 5% compounded                                                                                                                                            |
| Class B – Fire                                  | Between 1/1/1990 and 12/18/1991   | 6% compounded                                                                                                                                            |
| Class B - Fire                                  | Between 12/19/1991 and 6/30/1992  | 5% compounded                                                                                                                                            |
| Class B - Fire                                  | Between 7/1/1992 and 6/30/1995    | 6% compounded                                                                                                                                            |
| Class B - Fire                                  | Between 7/1/1995 and 3/16/2006    | 3% simple on first \$12,000                                                                                                                              |
| Class B - Fire                                  | On or after 3/16/06               | 3% compounded                                                                                                                                            |
| Class B – Fire, Special Court Awarded Members   | -                                 | 5% compounded                                                                                                                                            |
| Class B – Fire, hired on or after 7/1/2012      | -                                 | Will be based on the CPI for the Northeastern Region, shall not exceed 3% simple                                                                         |

### Elected Officials

Any Class A member who has served as Mayor or City Councilman for at least 8 years prior to January 2015, is entitled to an additional retirement allowance. Such allowance is based on service as an elected official upon attainment of age 52 or the completion of 20 consecutive years as an elected official, whichever is earlier, or the occurrence of total and permanent disability.

Such retirement allowance is currently \$350 for each year of service, provided that no more than 20 years of such service are to be used.

### Changes in Plan Provisions Since Prior Valuation

None.

## Section VIII. Actuarial Methods and Assumptions

### Actuarial Cost Method

Entry Age Normal Funding Method. A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit.

### Amortization Policy

Level dollar for the 1995 deferral liability and level percentage of payroll for the remaining unfunded liability.

### Asset Method

Asset smoothing method which spreads the investment gains or losses in excess of the assumed return over a five-year period. The Actuarial Value of Assets can be no less than 50% of market value of assets and no more than 150% of market value of assets.

### Discount Rate and Investment Rate of Return

7.00% compounded annually, net of investment expenses. This assumption is based on the plan's investment policy and the long-term expectation of each investment class, based upon the recommendations of the plan's investment advisor.

### Inflation

3.00%, compounded annually.

### Cost of Living Increase in Benefits

Any Class B retired participant whose total benefit is greater than 150% of the Rhode Island state median income and is greater than the base of compensation of a current employee holding the same rank that the retiree held at the time of retirement, will not receive a COLA in any year until this is no longer true. 150% of the state median income was approximately \$100,750 as of the valuation date. The median income and Class B average compensation for all ranks is assumed to increase by 3.0% per year. Future COLAs will not exceed 3% per year.

## Salary Increases

Generally, the salary increase assumption is comprised of three components: general price inflation, wage inflation in excess of price inflation (sometimes referred to as productivity), and merit increase. The salary increase assumption structure for Providence has an additional component, longevity increase, which is associated with the merit increase. The values for each of the first three components are added together and the longevity component is then layered on top.

### Class A

The current assumptions for Class A members are:

1. General Inflation: 2.50% *plus*
2. Wage Inflation Increment: 0.50% *plus*
3. Service-based merit increase: 1.50% annually for first 10 years, 1.00% for next 10 years, 0.00% thereafter
4. Longevity Increases

| Hired Prior to 10/24/99 |                            |
|-------------------------|----------------------------|
| Years of Service        | Rate of Base Wage Increase |
| 5-9                     | 4%                         |
| 10-14                   | 5%                         |
| 15-19                   | 6%                         |
| 20+                     | 7%                         |

| Hired 10/24/99 to 6/30/15 |                            |
|---------------------------|----------------------------|
| Years of Service          | Rate of Base Wage Increase |
| 7-11                      | 3%                         |
| 12-16                     | 4%                         |
| 17-19                     | 5%                         |
| 20+                       | 6%                         |

| Hired After 6/30/15 |                            |
|---------------------|----------------------------|
| Years of Service    | Rate of Base Wage Increase |
| 7-11                | 2%                         |
| 12-16               | 3%                         |
| 17-19               | 4%                         |
| 20+                 | 5%                         |

The final resulting salary scales are presented below. Note, the first column represents years of service (YOS) at the beginning of the year, with the indicated rate applied at the end of the year.

| Hired Prior to 10/24/99 |               |
|-------------------------|---------------|
| YOS                     | Increase Rate |
| 0                       | 4.50%         |
| 1                       | 4.50%         |
| 2                       | 4.50%         |
| 3                       | 4.50%         |
| 4                       | 8.68%         |
| 5                       | 4.50%         |
| 6                       | 4.50%         |
| 7                       | 4.50%         |
| 8                       | 4.50%         |
| 9                       | 5.50%         |
| 10                      | 4.00%         |
| 11                      | 4.00%         |
| 12                      | 4.00%         |
| 13                      | 4.00%         |
| 14                      | 4.99%         |
| 15                      | 4.00%         |
| 16                      | 4.00%         |
| 17                      | 4.00%         |
| 18                      | 4.00%         |
| 19                      | 4.98%         |
| 20+                     | 3.00%         |

| Hired 10/24/99 to 6/30/15 |               |
|---------------------------|---------------|
| YOS                       | Increase Rate |
| 0                         | 4.50%         |
| 1                         | 4.50%         |
| 2                         | 4.50%         |
| 3                         | 4.50%         |
| 4                         | 4.50%         |
| 5                         | 4.50%         |
| 6                         | 7.63%         |
| 7                         | 4.50%         |
| 8                         | 4.50%         |
| 9                         | 4.50%         |
| 10                        | 4.00%         |
| 11                        | 5.01%         |
| 12                        | 4.00%         |
| 13                        | 4.00%         |
| 14                        | 4.00%         |
| 15                        | 4.00%         |
| 16                        | 5.00%         |
| 17                        | 4.00%         |
| 18                        | 4.00%         |
| 19                        | 4.99%         |
| 20+                       | 3.00%         |

| Hired After 6/30/15 |               |
|---------------------|---------------|
| YOS                 | Increase Rate |
| 0                   | 4.50%         |
| 1                   | 4.50%         |
| 2                   | 4.50%         |
| 3                   | 4.50%         |
| 4                   | 4.50%         |
| 5                   | 4.50%         |
| 6                   | 6.59%         |
| 7                   | 4.50%         |
| 8                   | 4.50%         |
| 9                   | 4.50%         |
| 10                  | 4.00%         |
| 11                  | 5.02%         |
| 12                  | 4.00%         |
| 13                  | 4.00%         |
| 14                  | 4.00%         |
| 15                  | 4.00%         |
| 16                  | 5.01%         |
| 17                  | 4.00%         |
| 18                  | 4.00%         |
| 19                  | 5.00%         |
| 20+                 | 3.00%         |

## Class B – Fire:

The current assumptions for Class B Fire members are:

1. General Inflation: 2.50% *plus*
2. Wage Inflation Increment: 0.50% *plus*
3. Service-based merit increase: 1.50% annually for first 10 years, 1.00% for next 10 years, 0.00% thereafter
4. Longevity Increases

| <u>Hired Prior to 7/1/96</u> |                            | <u>On or After 7/1/96</u> |                            |
|------------------------------|----------------------------|---------------------------|----------------------------|
| Years of Service             | Rate of Base Wage Increase | Years of Service          | Rate of Base Wage Increase |
| 5-9                          | 8%                         | 7-11                      | 7%                         |
| 10-14                        | 9%                         | 12-16                     | 8%                         |
| 15-19                        | 10%                        | 17-19                     | 9%                         |
| 20+                          | 11%                        | 20+                       | 11%                        |

The final resulting salary scales are presented below. Note, the first column represents years of service (YOS) at the beginning of the year, with the indicated rate applied at the end of the year.

| <u>Hired Prior to 7/1/96</u> |               | <u>On or After 7/1/96</u> |               |
|------------------------------|---------------|---------------------------|---------------|
| YOS                          | Increase Rate | YOS                       | Increase Rate |
| 0                            | 4.50%         | 0                         | 4.50%         |
| 1                            | 4.50%         | 1                         | 4.50%         |
| 2                            | 4.50%         | 2                         | 4.50%         |
| 3                            | 4.50%         | 3                         | 4.50%         |
| 4                            | 12.86%        | 4                         | 11.82%        |
| 5                            | 4.50%         | 5                         | 4.50%         |
| 6                            | 4.50%         | 6                         | 4.50%         |
| 7                            | 4.50%         | 7                         | 4.50%         |
| 8                            | 4.50%         | 8                         | 4.50%         |
| 9                            | 5.47%         | 9                         | 5.48%         |
| 10                           | 4.00%         | 10                        | 4.00%         |
| 11                           | 4.00%         | 11                        | 4.00%         |
| 12                           | 4.00%         | 12                        | 4.00%         |
| 13                           | 4.00%         | 13                        | 4.00%         |
| 14                           | 4.95%         | 14                        | 4.96%         |
| 15                           | 4.00%         | 15                        | 4.00%         |
| 16                           | 4.00%         | 16                        | 4.00%         |
| 17                           | 4.00%         | 17                        | 4.00%         |
| 18                           | 4.00%         | 18                        | 4.00%         |
| 19                           | 4.95%         | 19                        | 4.95%         |
| 20+                          | 3.00%         | 20+                       | 3.00%         |



## Class B – Police:

The current and proposed assumptions for Class B Police members are:

1. General Inflation: 2.50% *plus*
2. Wage Inflation Increment: 0.50% *plus*
3. Service-based merit increase: 0.75% annually for first 10 years, 0.50% for next 10 years, 0.00% thereafter
4. Longevity Increases

| Hired Prior to 7/1/98 |                            | Hired 7/1/98 to 8/31/16 |                            | Hired After 8/31/16 |                            |
|-----------------------|----------------------------|-------------------------|----------------------------|---------------------|----------------------------|
| Years of Service      | Rate of Base Wage Increase | Years of Service        | Rate of Base Wage Increase | Years of Service    | Rate of Base Wage Increase |
| 6-10                  | 8%                         | 6-10                    | 7%                         | 6-10                | 4%                         |
| 11-15                 | 9%                         | 11-15                   | 8%                         | 11-15               | 5%                         |
| 16-20                 | 10%                        | 16-20                   | 9%                         | 16-20               | 6%                         |
| 21+                   | 11%                        | 21+                     | 10%                        | 21+                 | 7%                         |

The final resulting salary scales are presented below. Note, the first column represents years of service (YOS) at the beginning of the year, with the indicated rate applied at the end of the year.

| Hired Prior to 7/1/98 |               | Hired 7/1/98 to 8/31/16 |               | Hired After 8/31/16 |               |
|-----------------------|---------------|-------------------------|---------------|---------------------|---------------|
| YOS                   | Increase Rate | YOS                     | Increase Rate | YOS                 | Increase Rate |
| 0                     | 3.75%         | 0                       | 3.75%         | 0                   | 3.75%         |
| 1                     | 3.75%         | 1                       | 3.75%         | 1                   | 3.75%         |
| 2                     | 3.75%         | 2                       | 3.75%         | 2                   | 3.75%         |
| 3                     | 3.75%         | 3                       | 3.75%         | 3                   | 3.75%         |
| 4                     | 3.75%         | 4                       | 3.75%         | 4                   | 3.75%         |
| 5                     | 12.05%        | 5                       | 11.01%        | 5                   | 7.90%         |
| 6                     | 3.75%         | 6                       | 3.75%         | 6                   | 3.75%         |
| 7                     | 3.75%         | 7                       | 3.75%         | 7                   | 3.75%         |
| 8                     | 3.75%         | 8                       | 3.75%         | 8                   | 3.75%         |
| 9                     | 3.75%         | 9                       | 3.75%         | 9                   | 3.75%         |
| 10                    | 4.46%         | 10                      | 4.47%         | 10                  | 4.50%         |
| 11                    | 3.50%         | 11                      | 3.50%         | 11                  | 3.50%         |
| 12                    | 3.50%         | 12                      | 3.50%         | 12                  | 3.50%         |
| 13                    | 3.50%         | 13                      | 3.50%         | 13                  | 3.50%         |
| 14                    | 3.50%         | 14                      | 3.50%         | 14                  | 3.50%         |
| 15                    | 4.45%         | 15                      | 4.46%         | 15                  | 4.49%         |
| 16                    | 3.50%         | 16                      | 3.50%         | 16                  | 3.50%         |
| 17                    | 3.50%         | 17                      | 3.50%         | 17                  | 3.50%         |
| 18                    | 3.50%         | 18                      | 3.50%         | 18                  | 3.50%         |
| 19                    | 3.50%         | 19                      | 3.50%         | 19                  | 3.50%         |
| 20                    | 3.94%         | 20                      | 3.94%         | 20                  | 3.97%         |
| 21+                   | 3.00%         | 21+                     | 3.00%         | 21+                 | 3.00%         |

All recommended salary scale assumptions are based on Providence compensation grids and long-term expectations of pay increases.

## Mortality

### Pre-Retirement:

Class A: PubG-2016 Employee Mortality Table projected generationally from the 2016 base year using Scale MP-2021

Class B: PubS-2016 Employee Mortality Table projected generationally from the 2016 base year using Scale MP-2021

### Post-Retirement Healthy Retiree:

Class A: PubG-2016 Retiree Mortality Table projected generationally from the 2016 base year using Scale MP-2021

Class B: PubS-2016 Retiree Mortality Table projected generationally from the 2016 base year using Scale MP-2021

### Post-Retirement Disabled Retiree:

Class A: PubG-2016 Disabled Retiree Mortality Table projected generationally from the 2016 base year using Scale MP-2021

Class B: PubS-2016 Disable Retiree Mortality Table projected generationally from the 2016 base year using Scale MP-2021

### Post-Retirement Survivor:

Pub-2016 Contingent Survivor Mortality Table projected generationally from the 2016 base year using Scale MP-2021

### Ordinary vs. Accidental Deaths:

40% of Class A deaths are assumed to be Accidental.

55% of Class B deaths are assumed to be Accidental.

## Active Retirement Rates

The retirement rates are listed in the table below:

| Age | Rate per year (%) |                |                  |
|-----|-------------------|----------------|------------------|
|     | Class A           | Class B - Fire | Class B - Police |
| 40  | 0.00              | 5.50           | 5.50             |
| 41  | 0.00              | 5.50           | 5.50             |
| 42  | 0.00              | 5.50           | 5.50             |
| 43  | 0.00              | 5.50           | 5.50             |
| 44  | 0.00              | 5.50           | 5.50             |
| 45  | 0.00              | 5.75           | 5.75             |
| 46  | 0.00              | 6.00           | 6.00             |
| 47  | 0.00              | 6.25           | 6.25             |
| 48  | 0.00              | 6.50           | 6.50             |
| 49  | 0.00              | 6.75           | 6.75             |
| 50  | 0.00              | 7.00           | 7.00             |
| 51  | 0.00              | 7.25           | 7.25             |
| 52  | 0.00              | 7.50           | 7.50             |
| 53  | 8.00              | 7.75           | 7.75             |

|              |        |        |         |
|--------------|--------|--------|---------|
| <b>54</b>    | 8.00   | 8.00   | 8.00    |
| <b>55</b>    | 8.00   | 10.00  | 10.00%  |
| <b>56</b>    | 8.00   | 12.50  | 12.50%  |
| <b>57</b>    | 8.00   | 15.00  | 15.00%  |
| <b>58</b>    | 8.00   | 17.50  | 17.50%  |
| <b>59</b>    | 8.00   | 25.00  | 25.00%  |
| <b>60</b>    | 8.00   | 100.00 | 25.00%  |
| <b>61</b>    | 12.00  | 100.00 | 25.00%  |
| <b>62</b>    | 12.00  | 100.00 | 25.00%  |
| <b>63</b>    | 12.00  | 100.00 | 25.00%  |
| <b>64</b>    | 12.00  | 100.00 | 25.00%  |
| <b>65</b>    | 12.00  | 100.00 | 100.00% |
| <b>66-70</b> | 20.00  | 100.00 | 100.00% |
| <b>71-74</b> | 25.00  | 100.00 | 100.00% |
| <b>75</b>    | 100.00 | 100.00 | 100.00% |

### Inactive Retirement Rates

Vested former participants who terminated after June 30, 2013 are assumed to retire at the minimum age for normal retirement. Vested participants who terminated before or on June 30, 2013 were assumed to take an immediate refund of their employee contributions. Current active participants in the Fire department who terminate with 23 years or more of service are assumed to retire on their 25<sup>th</sup> anniversary of employment. Other participants who terminate at age 45 or older and are vested are assumed to retire at their minimum age for a normal retirement. Other participants who terminate prior to age 45 or without vesting are assumed to take an immediate refund of their employee contributions.

### Termination of Employment

Sample termination rates are as follows:

| Age       | Rate per year (%)   |                     |                            |                            |                              |                              |
|-----------|---------------------|---------------------|----------------------------|----------------------------|------------------------------|------------------------------|
|           | Class A<br>< 10 YOS | Class A<br>≥ 10 YOS | Class B - Fire<br>< 10 YOS | Class B - Fire<br>≥ 10 YOS | Class B - Police<br>< 10 YOS | Class B - Police<br>≥ 10 YOS |
| <b>20</b> | 30.00               | N/A                 | 5.00                       | N/A                        | 3.00                         | N/A                          |
| <b>25</b> | 25.00               | N/A                 | 3.00                       | N/A                        | 2.00                         | N/A                          |
| <b>30</b> | 22.50               | 12.50               | 2.00                       | 2.00                       | 2.00                         | 2.00                         |
| <b>35</b> | 10.00               | 10.00               | 1.00                       | 1.00                       | 2.00                         | 2.00                         |
| <b>40</b> | 8.70                | 8.70                | 1.00                       | 1.00                       | 2.00                         | 2.00                         |
| <b>45</b> | 7.50                | 7.50                | 1.00                       | 0.00                       | 1.00                         | 1.00                         |
| <b>50</b> | 6.20                | 6.20                | 1.00                       | 0.00                       | 1.00                         | 1.00                         |
| <b>55</b> | 5.00                | 5.00                | 0.00                       | 0.00                       | 0.00                         | 0.00                         |
| <b>60</b> | 5.00                | 5.00                | 0.00                       | 0.00                       | 0.00                         | 0.00                         |

### Non-Vested Terminations

Non-vested terminated participants are assumed to take an immediate refund of their employee contribution.

### Disability Rates

Sample disability rates are as follows:

| Age | Rate per year (%) |         |
|-----|-------------------|---------|
|     | Class A           | Class B |
| 20  | 0.02              | 0.08    |
| 25  | 0.02              | 0.13    |
| 30  | 0.04              | 0.19    |
| 35  | 0.06              | 0.25    |
| 40  | 0.08              | 0.37    |
| 45  | 0.13              | 0.66    |
| 50  | 0.17              | 1.14    |
| 55  | 0.21              | 1.64    |
| 60  | 0.27              | 2.28    |

For Class A, 33.33% of disabilities are assumed to be Accidental disabilities.

For Class B, 90% of disabilities are assumed to be Accidental disabilities.

### Marital Status

80% of participants are assumed to be married. Females are assumed to be three years younger than males

### Administrative Expenses

None.

### Purchase of Service Load

An additional 0.25 years of service were added to the service totals for participants that are participants of the Police and Fire departments to estimate the impact of Purchased Service

### Rationale for Assumptions

All current assumptions have been determined via our experience study dated July 9, 2025. We believe the assumptions are reasonable for the valuation purposes.

### Changes Since Prior Valuation

Based on the experience study dated July 9, 2025, the following assumptions were changed:

- Class A
  - Retirement Rates
  - Termination Rates
  - Mortality Rates
  - Salary Scale
- Class B
  - Retirement Rates
  - Termination Rates
  - Mortality Rates
  - Salary Scale
  - Service Purchase Loads

## Appendix 1

### Summary of Funding Progress

|                | (1)                       | (2)                         | (3)                            | (4)                                               | (5)                    | (6)                                                                                  |
|----------------|---------------------------|-----------------------------|--------------------------------|---------------------------------------------------|------------------------|--------------------------------------------------------------------------------------|
| Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability | Percentage Funded<br>(1) / (2) | Unfunded Actuarial Accrued Liability<br>(2) - (1) | Annual Covered Payroll | Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll<br>(4) / (5) |
| 7/1/2015       | \$353,520,549             | \$1,305,338,091             | 27.08%                         | \$951,817,542                                     | \$140,908,879          | 675.48%                                                                              |
| 7/1/2016       | \$349,094,428             | \$1,330,301,262             | 26.24%                         | \$981,206,834                                     | \$138,236,828          | 709.80%                                                                              |
| 7/1/2017       | \$356,030,203             | \$1,356,171,912             | 26.25%                         | \$1,000,141,709                                   | \$140,752,162          | 710.57%                                                                              |
| 7/1/2018       | \$367,599,364             | \$1,378,187,364             | 26.67%                         | \$1,010,588,000                                   | \$149,921,633          | 674.08%                                                                              |
| 7/1/2019       | \$380,468,536             | \$1,593,646,026             | 23.87%                         | \$1,213,177,490                                   | \$154,798,802          | 783.71%                                                                              |
| 7/1/2020       | \$392,934,540             | \$1,641,199,008             | 23.94%                         | \$1,248,264,468                                   | \$163,191,115          | 764.91%                                                                              |
| 7/1/2021       | \$417,886,023             | \$1,694,544,265             | 24.66%                         | \$1,276,658,242                                   | \$168,623,965          | 757.10%                                                                              |
| 7/1/2022       | \$439,085,986             | \$1,726,736,078             | 25.43%                         | \$1,287,650,092                                   | \$178,118,180          | 722.92%                                                                              |
| 7/1/2023       | \$470,139,241             | \$1,787,456,438             | 26.30%                         | \$1,317,317,197                                   | \$191,000,155          | 689.69%                                                                              |
| 7/1/2024       | \$514,424,934             | \$1,836,032,055             | 28.02%                         | \$1,321,607,121                                   | \$200,972,595          | 657.61%                                                                              |
| 7/1/2025       | \$582,007,398             | \$1,850,952,836             | 31.44%                         | \$1,268,945,438                                   | \$214,579,790          | 591.36%                                                                              |

Analysis of the dollar amounts of net assets available for benefits, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the actuarial accrued liability provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of City of Providence, Rhode Island's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.



## Appendix 2

### Summary of Funding Schedule

| (1)<br>Fiscal<br>Year<br>Ended<br>June<br>30: | (2)<br>Employer<br>Normal<br>Cost | (3)<br>Amortization<br>of Deferral<br>Liability | (4)<br>Amortization<br>of<br>Remaining<br>Unfunded<br>Liability | (5)<br>Interest<br>Adjustment<br>for<br>Assumed<br>Payment<br>Timing<br>End of Year | (6)<br>Actuarially<br>Determined<br>Contribution<br>(2)+(3)+(4)+(5) | (7)<br>Increase | (8)<br>Payroll | (9)<br>Contributions<br>as a % of<br>Payroll | (10)<br>Actuarial<br>Accrued<br>Liability<br>(BOY) | (11)<br>Actuarial<br>Value of<br>Assets<br>(BOY) | (12)<br>Total<br>Unfunded<br>Actuarial<br>Accrued<br>Liability | (13)<br>Projected<br>UAAL | (14)<br>Funded<br>Ratio |
|-----------------------------------------------|-----------------------------------|-------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------------------------------------|---------------------------------------------------------------------|-----------------|----------------|----------------------------------------------|----------------------------------------------------|--------------------------------------------------|----------------------------------------------------------------|---------------------------|-------------------------|
| 2026                                          | 14,612,680                        | 411,642                                         | 95,074,578                                                      | 7,706,923                                                                           | 117,805,823                                                         |                 | 204,263,799    | 57.67%                                       | 1,850,952,836                                      | 582,007,398                                      | 1,268,945,438                                                  | 1,255,601,363             | 31.44%                  |
| 2027                                          | 14,196,844                        | 411,642                                         | 99,175,429                                                      | 7,964,874                                                                           | 121,748,789                                                         | 3.35%           | 210,391,713    | 57.87%                                       | 1,891,779,716                                      | 636,885,200                                      | 1,254,894,516                                                  | 1,236,178,966             | 33.67%                  |
| 2028                                          | 14,622,749                        | 411,642                                         | 104,376,045                                                     | 8,358,731                                                                           | 127,769,167                                                         | 4.94%           | 216,703,464    | 58.96%                                       | 1,942,338,323                                      | 721,070,365                                      | 1,221,267,958                                                  | 1,194,633,889             | 37.12%                  |
| 2029                                          | 15,061,432                        | 411,642                                         | 108,462,003                                                     | 8,675,455                                                                           | 132,610,532                                                         | 3.79%           | 223,204,568    | 59.41%                                       | 1,992,955,578                                      | 810,085,913                                      | 1,182,869,665                                                  | 1,149,175,742             | 40.65%                  |
| 2030                                          | 15,513,275                        | 411,642                                         | 112,971,328                                                     | 9,022,737                                                                           | 137,918,982                                                         | 4.00%           | 229,900,705    | 59.99%                                       | 2,044,020,753                                      | 900,501,139                                      | 1,143,519,614                                                  | 1,102,246,209             | 44.06%                  |
| 2031                                          | 15,978,674                        | 411,642                                         | 118,302,737                                                     | 9,428,514                                                                           | 144,121,567                                                         | 4.50%           | 236,797,726    | 60.86%                                       | 2,095,592,520                                      | 993,346,311                                      | 1,102,246,209                                                  | 1,052,379,058             | 47.40%                  |
| 2032                                          | 16,458,034                        | 0                                               | 124,560,421                                                     | 9,871,292                                                                           | 150,889,747                                                         | 4.70%           | 243,901,658    | 61.86%                                       | 2,147,748,186                                      | 1,095,369,128                                    | 1,052,379,058                                                  | 992,765,941               | 51.00%                  |
| 2033                                          | 16,951,775                        | 0                                               | 131,162,123                                                     | 10,367,973                                                                          | 158,481,871                                                         | 5.03%           | 251,218,708    | 63.09%                                       | 2,200,917,393                                      | 1,208,151,452                                    | 992,765,941                                                    | 921,916,085               | 54.89%                  |
| 2034                                          | 17,460,329                        | 0                                               | 138,113,715                                                     | 10,890,183                                                                          | 166,464,227                                                         | 5.04%           | 258,755,269    | 64.33%                                       | 2,255,553,288                                      | 1,333,637,202                                    | 921,916,086                                                    | 838,668,537               | 59.13%                  |
| 2035                                          | 17,984,138                        | 0                                               | 145,433,742                                                     | 11,439,252                                                                          | 174,857,132                                                         | 5.04%           | 266,517,927    | 65.61%                                       | 2,312,094,987                                      | 1,473,426,450                                    | 838,668,537                                                    | 741,761,230               | 63.73%                  |
| 2036                                          | 18,523,662                        | 0                                               | 153,141,731                                                     | 12,016,578                                                                          | 183,681,971                                                         | 5.05%           | 274,513,465    | 66.91%                                       | 2,370,532,132                                      | 1,628,770,902                                    | 741,761,230                                                    | 629,822,863               | 68.71%                  |
| 2037                                          | 19,079,372                        | 0                                               | 161,258,242                                                     | 12,623,633                                                                          | 192,961,247                                                         | 5.05%           | 282,748,869    | 68.24%                                       | 2,431,460,034                                      | 1,801,637,170                                    | 629,822,864                                                    | 501,364,146               | 74.10%                  |
| 2038                                          | 19,651,754                        | 0                                               | 169,804,930                                                     | 13,261,968                                                                          | 202,718,652                                                         | 5.06%           | 291,231,335    | 69.61%                                       | 2,495,318,110                                      | 1,993,953,964                                    | 501,364,146                                                    | 354,768,361               | 79.91%                  |
| 2039                                          | 20,241,307                        | 0                                               | 178,804,591                                                     | 13,933,213                                                                          | 212,979,111                                                         | 5.06%           | 299,968,275    | 71.00%                                       | 2,562,568,071                                      | 2,207,799,710                                    | 354,768,361                                                    | 188,281,233               | 86.16%                  |
| 2040                                          | 20,848,546                        | 0                                               | 188,281,233                                                     | 14,639,085                                                                          | 223,768,864                                                         | 5.07%           | 308,967,323    | 72.42%                                       | 2,633,415,664                                      | 2,445,134,431                                    | 188,281,233                                                    | 0                         | 92.85%                  |
| 2041                                          | 21,474,002                        | 0                                               | 0                                                               | 1,503,180                                                                           | 22,977,182                                                          | -89.73%         | 318,236,343    | 7.22%                                        | 2,708,481,552                                      | 2,708,481,552                                    | 0                                                              | 0                         | 100.00%                 |
| 2042                                          | 22,118,222                        | 0                                               | 0                                                               | 1,548,276                                                                           | 23,666,498                                                          | 3.00%           | 327,783,433    | 7.22%                                        | 2,788,187,413                                      | 2,788,187,413                                    | 0                                                              | 0                         | 100.00%                 |
| 2043                                          | 22,781,769                        | 0                                               | 0                                                               | 1,594,724                                                                           | 24,376,493                                                          | 3.00%           | 337,616,936    | 7.22%                                        | 2,873,059,532                                      | 2,873,059,532                                    | 0                                                              | 0                         | 100.00%                 |
| 2044                                          | 23,465,222                        | 0                                               | 0                                                               | 1,642,566                                                                           | 25,107,788                                                          | 3.00%           | 347,745,444    | 7.22%                                        | 2,963,318,882                                      | 2,963,318,882                                    | 0                                                              | 0                         | 100.00%                 |
| 2045                                          | 24,169,179                        | 0                                               | 0                                                               | 1,691,843                                                                           | 25,861,022                                                          | 3.00%           | 358,177,807    | 7.22%                                        | 3,059,012,214                                      | 3,059,012,214                                    | 0                                                              | 0                         | 100.00%                 |
| 2046                                          | 24,894,255                        | 0                                               | 0                                                               | 1,742,598                                                                           | 26,636,853                                                          | 3.00%           | 368,923,141    | 7.22%                                        | 3,160,819,770                                      | 3,160,819,770                                    | 0                                                              | 0                         | 100.00%                 |

## Appendix 3

### Cost Allocations

|                                           | Class A       | Class B - Police | Class B - Fire | Class B - Total | Total         |
|-------------------------------------------|---------------|------------------|----------------|-----------------|---------------|
|                                           | Amount        | Amount           | Amount         | Amount          | Amount        |
| 1. Projected Compensation for Fiscal 2027 | 127,636,301   | 43,372,507       | 39,382,905     | 82,755,412      | 210,391,713   |
| 2. Total Benefit Normal Cost 7/1/2025     | \$ 14,603,923 | \$10,408,853     | \$10,665,506   | \$ 21,074,359   | \$ 35,678,282 |
| as a % of Projected Compensation          | 11.4%         | 24.0%            | 27.1%          | 25.5%           | 17.0%         |
| 3. Expected Employee Contributions        | (9,594,158)   | (6,109,778)      | (5,361,666)    | (11,471,444)    | (21,065,602)  |
| as a % of Projected Compensation          | -7.5%         | -14.1%           | -13.6%         | -13.9%          | -10.0%        |
| 4. Net Normal Cost for the Plan Year      | \$ 5,009,765  | \$ 4,299,075     | \$ 5,303,840   | \$ 9,602,915    | \$ 14,612,680 |
| as a % of Projected Compensation          | 3.9%          | 9.9%             | 13.5%          | 11.6%           | 6.9%          |
| 5. Actuarial Accrued Liability            | 607,289,771   | 616,411,240      | 627,251,825    | 1,243,663,065   | 1,850,952,836 |
| 6. Actuarial Value of Assets              | 190,954,157   | 193,822,282      | 197,230,959    | 391,053,241     | 582,007,398   |
| 7. Unfunded Actuarial Accrued Liability   | 416,335,614   | 422,588,958      | 430,020,866    | 852,609,824     | 1,268,945,438 |
| 8. Total Fiscal 2027 Contribution         | 39,945,261    | 40,545,237       | 41,258,291     | 81,803,528      | 121,748,789   |
| as a % of Projected Compensation          | 31.3%         | 93.5%            | 104.8%         | 98.8%           | 57.9%         |

## Appendix 3

### Cost Allocations

| Department             | Fiscal 2026        |                        | Fiscal 2027        |                        |
|------------------------|--------------------|------------------------|--------------------|------------------------|
|                        | Total Contribution | Projected Compensation | Total Contribution | Projected Compensation |
| General                | \$ 15,398,264      | \$ 50,230,156          | \$ 17,391,894      | \$ 55,571,972          |
| School                 | 16,045,847         | 52,342,614             | 14,539,257         | 46,457,001             |
| School Crossing Guards | -                  | -                      | 288,657            | 922,339                |
| Water                  | 5,173,725          | 16,877,032             | 5,728,029          | 18,302,658             |
| Workforce Development  | 106,700            | 348,061                | 133,239            | 425,736                |
| Fire Civilians         | 481,834            | 1,571,774              | 457,660            | 1,462,352              |
| Police Civilians       | 1,504,264          | 4,907,010              | 1,406,525          | 4,494,243              |
| <b>Total</b>           | <b>38,710,634</b>  | <b>126,276,647</b>     | <b>39,945,261</b>  | <b>127,636,301</b>     |

## Appendix 4 – Glossary

### Actuarial Accrued Liability (AAL)

The difference between the Present Value of Future Benefits and the Present Value of Future Normal Costs or the portion of the present value of future benefits allocated to service before the valuation date in accordance with the actuarial cost method. Represents the present value of benefits expected to be paid from the plan in the future allocated to service prior to the date of the measurement.

### Actuarial Assumptions

Estimates of future plan experience such as investment return, expected lifetimes and the likelihood of receiving a pension from the pension plan. Demographic, or “people” assumptions include rates of mortality, retirement and separation. Economic, or “money” assumptions, include expected investment return, inflation and salary increases.

### Actuarial Cost Method

A procedure for allocating the Present Value of Future Benefits into the Present Value of Future Normal Costs and the Actuarial Accrued Liability. Also known as the “funding method”.

### Actuarial Value of Assets (AVA)

The value of the assets as of a given date, used by the actuary for valuation purposes. The AVA may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially determined contribution (ADC).

### Actuarially Determined Contribution (ADC)

The employer’s periodic determined contribution to a pension plan, calculated in accordance with the assumptions and methods used by the plan actuary.

### Amortization Method

A procedure for payment of the Unfunded Actuarial Accrued Liability (UAAL) by means of periodic contributions of interest and principal. The components of the amortization payment for the UAAL includes the amortization period length, amortization payment increase (level dollar or level percentage of pay), and amortization type (closed or open).

### Experience Gain/Loss

A measure of the difference between actuarial experience and experience anticipated by a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.

### Funded Ratio

The actuarial value of assets expressed as a percentage of the plan’s actuarial accrued liability.

### Market Value of Assets (MVA)

The value of the assets as of a given date held in the trust available to pay for benefits of the pension plan.

### Normal Cost

That portion of the Present Value of Future Benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.

### Present Value of Future Benefits (PVFB)

The present value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits, and inactive, non-retired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.

### Present Value of Future Normal Cost (PVFNC)

The portion of the Present Value of Future Benefits (PVFB) allocated to future service.

### Unfunded Actuarial Accrued Liabilities (UAAL)

The difference between the Actuarial Accrued Liability (AAL) and the Actuarial Value of Assets (AVA).