

**City of Atlanta General Employees' Pension Fund**

*Actuarial Valuation and Review  
as of July 1, 2008*

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July 30, 2009

Board Members  
City of Atlanta General Employees' Pension Fund  
Atlanta, Georgia

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of July 1, 2008. This report has been revised from the report issued May 12, 2009 to reflect the City's decision to discontinue paying 1% of employee contributions. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2009 and analyzes the preceding year's experience.

The census information on which our calculations were based was prepared by the General Employees of the City of Atlanta and the financial information was provided by the Administrative Office. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of Jeanette R. Cooper, FSA, MAAA, Enrolled Actuary.

**I hereby certify that the City of Atlanta General Employees' Pension Fund for the General Employees of the City has been funded in conformity with the minimum funding standards specified in Code Section 47-20-10 of the Official Code of Georgia Annotated known as the Public Retirement Systems Standards Law. This certification covers the 2008 fiscal year of the Plan.**

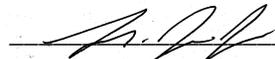
This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and the expectations for the Plan.

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

Sincerely,

THE SEGAL COMPANY

By:

  
\_\_\_\_\_  
Leon F. Joyner, Jr., FCA, MAAA, EA  
Vice President and Actuary

  
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Eric J. Atwater, FSA, MAAA, EA  
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## SECTION 1: Valuation Summary for the City of Atlanta General Employees' Pension Fund

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### Purpose

This report has been prepared by The Segal Company to present a valuation of the City of Atlanta General Employees Pension Fund as of July 1, 2008. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Pension Plan, as administered by the Board;
- The characteristics of covered active participants, inactive vested participants, and retired participants and beneficiaries as of December 31, 2007, provided by the City;
- The assets of the Plan as of June 30, 2008, provided in audited financial statements by the City's auditors Banks, Finley, White and Company;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

### Executive Summary

- The July 1, 2008 valuation is used to determine the recommended contribution for the fiscal year beginning July 1, 2009. The recommended contribution is adjusted for interest to July 1, 2009 and based on the minimum amount required to satisfy the minimum funding standards under Georgia law by virtue of Code Section 47-20-10. The minimum required contribution under Georgia law is based on the Plan's normal cost plus the sum of individual bases established for experience gains/losses, plan amendments, assumption changes and method changes. *Georgia Code Section 47-20-10(b) also allows a Plan to be in compliance if the sponsor make contributions equal to the Annual Required Contribution (ARC) under Governmental Accounting Standards Board (GASB) Statement No. 25.*
- The plan currently receives employee contributions of 7% or 8% of base salary and the City contributes an amount to make up the difference between the employee contributions and the recommended contribution amount. Prior to this valuation, the City had been contributing 1% of employee contributions. Thus, employees had been contributing 6% (or 7% if married) of base salary. The recommended contribution amount is composed of the employer's normal cost and a payment on the unfunded actuarial accrued liability (UAAL). The recommended contribution is actuarially determined as a level percentage of payroll and will increase 4.5% annually if all assumptions are met.

## SECTION 1: Valuation Summary for the City of Atlanta General Employees' Pension Fund

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- Prior to this valuation, the amortization period of the Unfunded Actuarial Accrued Liability (UAAL) was designed to eliminate the UAAL as of December 31, 2024. At the direction of the City's Finance department, Segal conducted a study to analyze the impact of changing the amortization period of the UAAL. Segal analyzed the impact on the Plan's annual cash flows, ability to meet future benefit promises and funded status as part of the amortization study. Ultimately, the City decided to extend the amortization period from a closed period of 20 years (16.5 years remaining at July 1, 2008) to an open 30-year period beginning with the July 1, 2008 valuation. This change caused the recommended contribution as of July 1, 2008 to decrease by \$17.4 million. While a 30-year open amortization period is permitted by GASB, the Board should be aware that this method will never amortize the plan's unfunded actuarial accrued liability.
- The City's recommended contribution for the Fiscal Year beginning July 1, 2009 is \$51.7 million, or 27.5% of projected payroll. This amount is a decrease of \$18.3 million, or about 15.7% of payroll, over the prior valuation's cost. The decrease in cost is due primarily to extending the UAAL amortization period from 16.5 years to 30 years. The change in the UAAL amortization period lowered the recommended contribution by about \$18.2 million. The impact on the recommended contribution of investment losses, experience gains and the impact of the increasing amortization period is shown on page 13.
- The market value of assets as of July 1, 2007 reflects a \$25,350,000 adjustment per the Plan's auditor, Banks, Finley, White and Company. This adjustment is noted as a correction for prior year error on the financial statement received from the auditor.
- The market value of assets earned -3.2% over the period July 1, 2007 through June 30, 2008. To minimize the impact of market fluctuations on the City's required contributions, the Plan uses an asset valuation method that recognizes 20% of each year's net market value appreciation or depreciation. Based on this methodology, the Plan's actuarial value of assets earned 6.45% on an annualized basis, compared with the valuation assumption of 8.0%, generating an investment loss of about \$12.0 million.
- This actuarial valuation report as of July 1, 2008 is based on financial information as of that date provided by Banks, Finley, White and Company. Changes in the value of assets subsequent to that date, to the extent that they exist, are not reflected. Declines in asset values will increase the actuarial cost of the Plan, while increases will lower the actuarial cost of the Plan. For example, a 10% change in the current year's actuarial value of assets would produce a \$4.7 million change in the recommended contribution level. Because the actuarial value of assets involves a smoothing method, a 10% change in market value would not be fully reflected immediately in the actuarial value of assets. Rather, that effect would be spread over a period of years. We have shown the full impact immediately in order to indicate the sensitivity of costs to market fluctuations.

## SECTION 1: Valuation Summary for the City of Atlanta General Employees' Pension Fund

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- This valuation reflects the liability for 92 former participants (compared to 201 last year) who have vested rights to a deferred benefit. As a result of Segal working with the City's pension department, approximately 80 terminated vested participants were eliminated from this year's valuation due to receiving refunds or dying. The terminated vested liability decreased about \$2.5 million due to eliminating 90 participants from this year's valuation. The current terminated vested participants were determined based on a listing of terminated employees provided by the City, compared against a listing of participants who received refunds. A participant who terminated employment and did not receive a refund of his or her contributions was assumed to be entitled to a deferred vested benefit based on service data provided. The monthly benefits for these participants were estimated based on benefit service, salary and vesting percentage. The actual benefits for these participants may vary from that estimated.
- This valuation reflects a \$16 million increase in actuarial accrued liability for 511 participants who were formerly in the defined contribution plan that transferred to the defined benefit plan. The majority, or about 450, of the participants have less than two years of service. These participants were sent in a listing provided by the City's pension department in September 2008. The City's pension department verified amounts and dates of assets transferred on behalf of these participants in June 2009.
- This actuarial valuation report as of July 1, 2008 is based on financial information as of that date. Declines in the value of assets subsequent to that date are not reflected. Those declines would increase the future actuarial costs of the Plan unless asset values recover by the next valuation date. We are prepared to work with the City model the effects of these and any other subsequent developments.
- ***We recommend the Pension Board authorize a full review of recent plan experience. The assumptions used in the valuation of plan obligations need to be reviewed periodically to ensure the valuation continues to produce reasonable results. It has been over five years since the last in-depth experience study was preformed. Therefore, pursuant to current industry standards, an experience analysis should be conducted before the next valuation.***

## SECTION 1: Valuation Summary for the City of Atlanta General Employees' Pension Fund

### Summary of Key Valuation Results

	July 1, 2008	July 1, 2007
<b>Contributions for:</b>		
1. Normal cost	\$27,697,052	\$23,644,923
2. Expected employee contributions	13,851,634	10,004,067
3. Payment to amortize unfunded liability*	<u>33,759,802</u>	<u>50,807,728</u>
4. Total required city annual contributions (1-2+3)**	\$49,472,796	\$66,976,934
5. Total required city contributions as a percentage of payroll	27.5%	43.2%
6. Projected city contribution for the next fiscal year	\$51,699,072	\$69,990,896
<b>Funding elements for plan year beginning July 1:</b>		
7a. Actuarial value of assets***	829,734,232	749,352,366
b. Market value of assets	833,507,259	830,265,841
8. Actuarial accrued liability	1,483,733,265	1,436,277,829
9. Unfunded actuarial accrued liability	653,999,033	686,925,463
10. Funded ratio (7a/8)	55.9%	52.2%
<b>GASB 25/27 for plan year:</b>		
Annual city required contributions at beginning of year	\$47,605,220	\$64,448,584
Actual contributions	-	\$70,334,827
Covered payroll	\$179,981,706	\$155,184,963
<b>Demographic data for plan year beginning January 1:</b>		
Number of retired participants and beneficiaries	3,308	3,235
Number of terminated vested participants	92	201
Number of participants receiving Workers' Compensation benefits	6	7
Number of active participants	4,261	3,511
Total payroll	\$179,981,706	\$155,184,963
Average payroll	42,239	44,200

\* Period to amortize unfunded actuarial accrued liability changed from 17.5 years as of July 1, 2007 to 30 years as of July 1, 2008.

\*\*Adjusted for timing.

\*\*\* Includes a \$25,350,000 adjustment per Banks, Finley, White and Company.

## SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund

### A. PARTICIPANT DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered participants, including active participants, vested terminated participants, retired participants and beneficiaries.

This section presents a summary of significant statistical data on these participant groups.

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

*A historical perspective of how the participant population has changed over the past ten valuations can be seen in this chart.*

**CHART 1**  
**Participant Population: 1997 – 2007**

Year Ended December 31	Active Participants*	Vested Terminated Participants	Retired Participants and Beneficiaries	Ratio of Non-Actives to Actives
1997	4,412	522	3,171	0.84
1999	4,486	62	3,169	0.72
2000	4,454	--	3,104	0.70
2001	4,589	--	3,194	0.70
2002	4,107	--	3,058	0.74
2003	3,847	--	3,049	0.79
2004	3,528	--	3,031	0.86
2005	3,319	--	3,083	0.93
2006	3,511	201	3,235	0.98
2007**	4,261	92	3,308	0.80

\* Excludes participants receiving worker's compensation benefits.

\*\* Includes 511 new active participants who transferred from defined contribution plan.

**SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund**

**Active Participants**

Plan costs are affected by the age, years of service and payroll of active participants. In this year's valuation, there were 4,261 active participants with an average age of 46.0, average years of service of 11.0 years and average payroll of \$42,239. The 3,511 active participants in the prior valuation had an average age of 46.9, average service of 13.2 years and average payroll of \$44,200.

Among the active participants, there were 30 participants (0.7%) with unknown service information. The actuarial calculations were adjusted for the missing information by assuming that it was the same as information provided for other active participants with similar known characteristics.

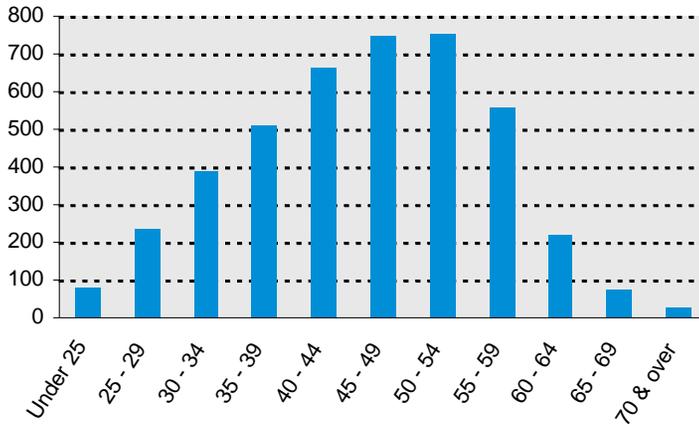
**Inactive Participants**

In this year's valuation, there were 92 participants with a vested right to a deferred or immediate vested benefit.

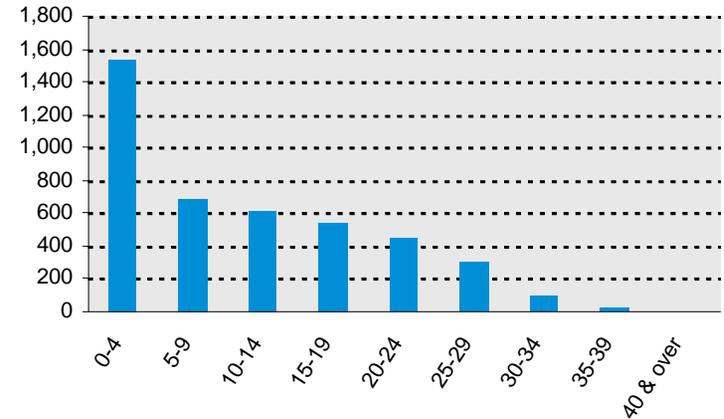
These participants were listed as terminated employees in data provided by the City, but they were not on the list of participants who received a refund of their contributions. We assume that 50% of these participants will receive a deferred vested benefit. Their accrued benefit is estimated based on salary, service and vested percentage data provided. The other 50% are assumed to receive a refund of their contributions.

*These graphs show a distribution of active participants by age and by years of service.*

**CHART 2**  
**Distribution of Active Participants by Age as of December 31, 2007**



**CHART 3**  
**Distribution of Active Participants by Years of Service as of December 31, 2007**



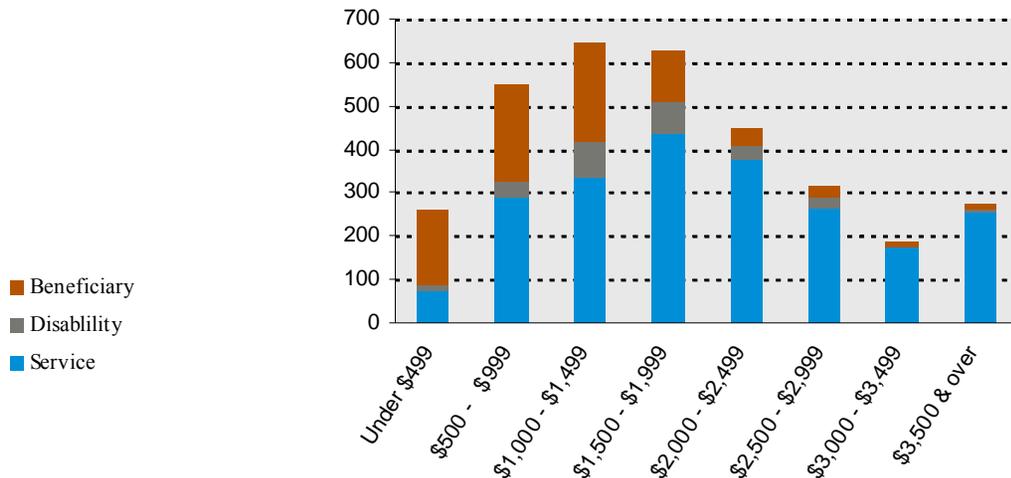
**SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund**

**Retired Participants and Beneficiaries**

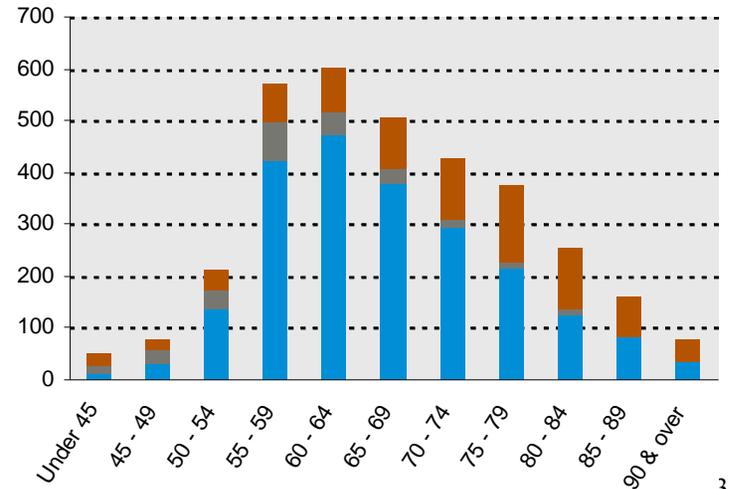
As of December 31, 2007, 2,469 retired participants and 839 beneficiaries were receiving total monthly benefits of \$6,071,890. For comparison, in the previous valuation, there were 2,388 retired participants and 847 beneficiaries receiving monthly benefits of \$5,649,119.

*These graphs show a distribution of the current retired participants and beneficiaries based on their monthly amount and age, by type of pension.*

**CHART 4**  
**Distribution of Retired Participants and Beneficiaries by Type and by Monthly Amount as of December 31, 2007**



**CHART 5**  
**Distribution of Retired Participants and Beneficiaries by Type and by Age as of December 31, 2007**



**SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund**

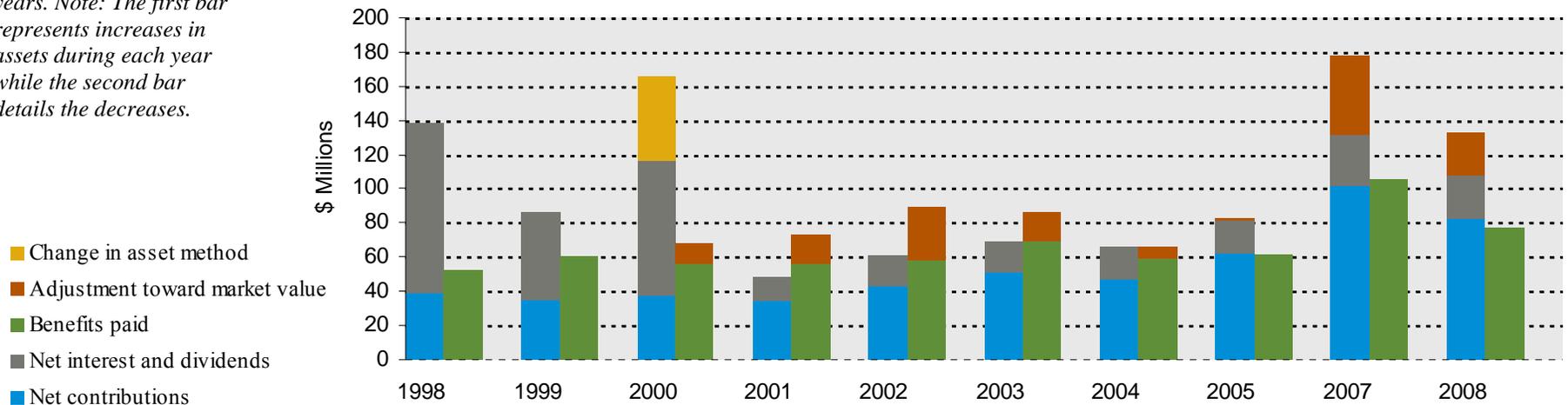
**B. FINANCIAL INFORMATION**

Retirement plan funding anticipates that, over the long term, both net contributions and net investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D and E.

*The chart depicts the components of changes in the actuarial value of assets over the last ten years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.*

**CHART 6**  
**Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended December 31, 1998 – 2005 and June 30, 2007\*- 2008**



\* The Plan Year was changed from January 1 to July 1, effective July 1, 2007.

## SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

*The chart shows the determination of the actuarial value of assets as of the valuation date.*

### CHART 7

#### Determination of Actuarial Value of Assets for Year Ended June 30, 2008

Actuarial Value as of July 1, 2007		\$749,352,366	
Correction as reported by auditor*		25,350,000	
Net new money (contributions plus dividends and interest less expenses and benefit payments)		30,558,468	
20% of asset appreciation/(depreciation) for the current year and the four prior years		24,473,398	
	<b>Year Ended June 30:</b>	<b>Asset Appreciation/ (Depreciation)</b>	<b>20% Amount</b>
	2008	-\$52,667,050	-\$10,533,410
	2007**	71,858,090	14,371,618
	<b>December 31:</b>		
	2005	-17,694,672	-3,538,934
	2004	49,348,436	9,869,687
	2003	<u>71,522,184</u>	<u>14,304,437</u>
	Total	\$122,366,988	\$24,473,398
Actuarial Value of assets as of June 30, 2008			\$829,734,232
Market Value of assets as of June 30, 2008			\$833,507,259
Actuarial Value as percentage of Market Value			99.5%

\* Correction per Banks, Finley, White and Company.

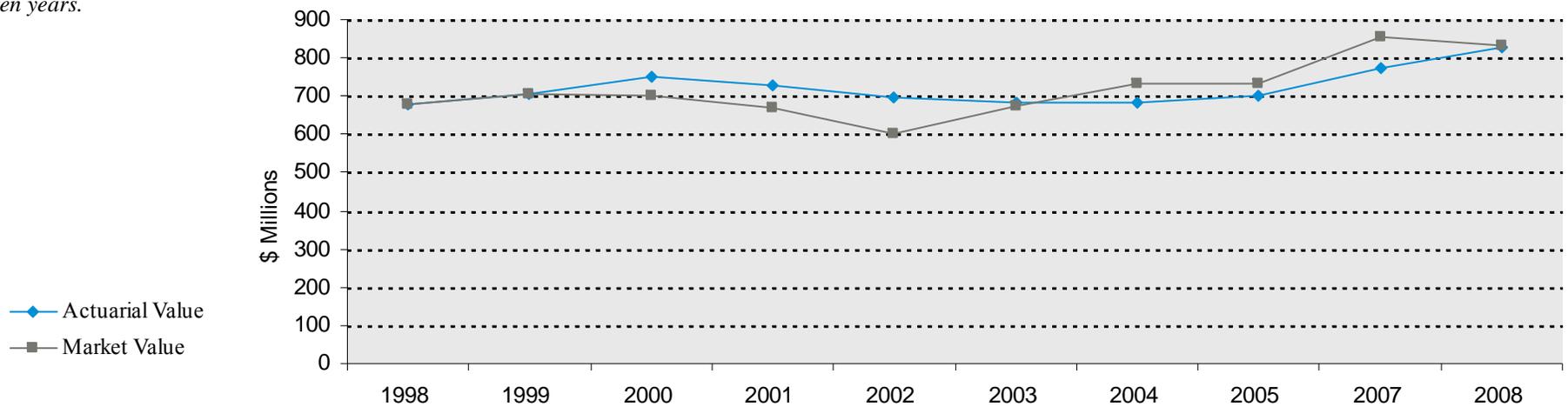
\*\* The Plan Year was changed from January 1 to July 1, effective July 1, 2007. Therefore, the asset appreciation for the year ended June 30, 2007 represents the 18-month period from January 1, 2006 through June 30, 2007..

**SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund**

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

*This chart shows the change in the actuarial value of assets versus the market value over the past ten years.*

**CHART 8**  
**Actuarial Value of Assets vs. Market Value of Assets as of December 31, 1998 – 2005 and June 30, 2007\* - 2008**



\* The Plan year was changed from January 1 to July 1, effective July 1, 2007.

**SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund**

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**C. ACTUARIAL EXPERIENCE**

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

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term

development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total gain is \$27,785,141, which is comprised of a \$12,046,510 loss from investments, a \$27,378,000 gain due to an asset correction, and a \$12,453,651 gain from all other sources. The net experience variation from individual sources other than investments was 0.8% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

*This chart provides a summary of the actuarial experience during the past year.*

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**CHART 9  
Actuarial Experience for Year Ended June 30, 2008**

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1. Net loss from investments*	-\$12,046,510
2. Net gain due to asset correction noted by auditor	\$27,378,000
3. Net gain from other experience	<u>12,453,651</u>
4. Net experience gain: (1) + (2)	\$27,785,141

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\* Details in Chart 10

**SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund**

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**Investment Rate of Return**

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the General Employees of the City of Atlanta's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 8.00%. The actual rate of return on an actuarial basis for the plan year ending June 30, 2008 was 6.45%.

Since the actual return for the year was less than the assumed return, the General Employees of the City of Atlanta experienced an actuarial loss during the year ended June 30, 2008 with regard to its investments.

*This chart shows the gain/(loss) due to investment experience.*

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**CHART 10**

**Actuarial Value Investment Experience for Year Ended June 30, 2008**

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1. Actual return	\$50,125,917
2. Average value of assets	777,155,341
3. Actual rate of return: (1) ÷ (2)	6.45%
4. Assumed rate of return	8.00%
5. Expected return: (2) x (4)	\$62,172,427
6. Actuarial loss: (1) – (5)	<u>-\$12,046,510</u>

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## SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last ten years, including five-year and ten-year averages.

While returns in recent years have been lower than the assumed rate of return, this is a long-term assumption and should not reflect short-term market fluctuation. We recommend the Board review the selection of the discount rate given the change in economic conditions since the discount rate was selected.

### CHART 11

#### Investment Return – Actuarial Value vs. Market Value: 1998 - 2008

Year Ended December 31 /June 30*	Net Interest and Dividend Income		Recognition of Capital Appreciation		Change in Asset Method		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
1998	\$99,411,000	17.02%	--	--	--	--	\$99,411,000	17.02%	\$99,411,000	17.02%
1999	51,690,000	7.78	--	--	--	--	51,690,000	7.78	51,690,000	7.78
2000	79,323,000	11.43	-\$12,239,800	-1.76%	\$48,959,200	7.05	116,042,400	9.67	18,124,000	2.61
2001	13,298,000	1.79	-17,476,800	-2.36	--	--	-4,178,800	-0.56	-12,887,000	-1.86
2002	18,127,000	2.52	-31,239,400	-4.35	--	--	-13,112,400	-1.82	-50,686,000	-7.67
2003	18,247,735	2.65	-16,934,963	-2.46	--	--	1,312,772	0.19	89,769,919	15.12
2004	19,066,970	2.82	-7,065,273	-1.05	--	--	12,001,697	1.78	68,415,406	10.24
2005	18,348,787	2.69	1,635,590	0.24	--	--	19,984,377	2.93	654,115	0.09
2007**	29,605,185	2.82	21,244,208	2.02	--	--	50,849,394	4.78	101,463,275	9.06
2008***	<u>25,652,519</u>	3.30	<u>24,473,398</u>	3.15	--	--	<u>50,1255,917</u>	6.45	<u>-27,014,531</u>	-3.15
Total	\$372,770,196		-\$12,253,040		\$48,959,200		\$409,476,357		\$338,940,184	
							Five-year average return	3.47%		5.91%
							Ten-year average return	4.61%		4.68%

Note: Each year's yield is weighted by the average asset value in that year.

\* The Plan Year was changed from January 1, to July 1, effective July 1, 2007.

\*\* The amounts for the year ended June 30, 2007 represent the 18-month period from January 1, 2006 through June 30, 2007. The percentages shown have been annualized.

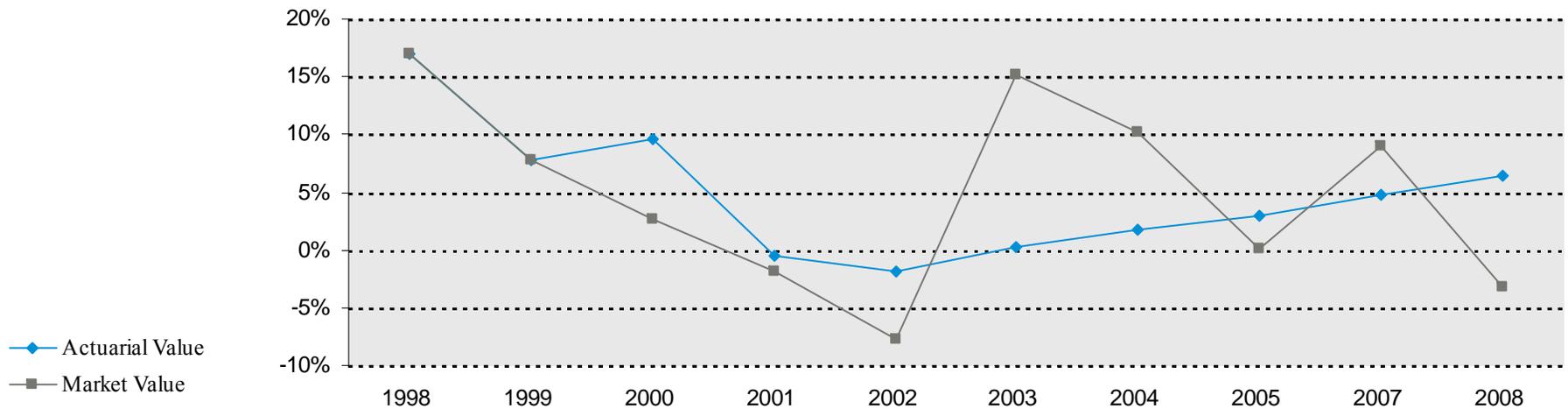
\*\*\* There was a \$25,350,000 correction to the market value of assets at 7/1/2007 per Banks, Finley, White and Company.

**SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund**

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

*This chart illustrates how this leveling effect has actually worked over the years 1998 - 2008.*

**CHART 12**  
**Market and Actuarial Rates of Return for Years Ended December 31, 1998 – 2005 and June 30, 2007\* - 2008**



\* The Plan year was changed from January 1 to July 1, effective July 1, 2007.

## SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund

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### **Other Experience**

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

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net gain from this other experience for the year ended June 30, 2008 amounted to \$12,453,651 which is 0.8% of the actuarial accrued liability.

This gain is primarily attributable to data corrections that eliminated 90 terminated vested participants from the valuation as well as salary increases for active participants less than assumed, partially offset by the transfer of 511 participants from the defined contribution plan to this plan.

**SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund**

**D. RECOMMENDED CONTRIBUTION**

The amount of annual contribution required to fund the Plan is comprised of an Employer normal cost payment and a payment on the unfunded actuarial accrued liability. This total amount is then divided by the projected payroll for active members to determine the funding rate of 27.5% of payroll.

The recommended contribution is based on an open 30-year amortization of the unfunded actuarial accrued liability as directed by the City's Finance department.

In 2005, the amortization period was changed to 20 years as directed by the Board of Trustees in accordance with City charter. As of July 1, 2008 there would have 16.5 years remaining on this schedule.

Prior to 2005, the recommended contribution was based on a 40-year amortization from January 1, 1979 that would have resulted in 10.5 years remaining on this schedule.

*The chart compares this valuation's recommended contribution with the prior valuation.*

**CHART 13**  
**Recommended Contribution\***

	Year Beginning July 1	
	2008	2007
	Amount	Amount
1. Total normal cost	\$27,697,052	\$23,644,923
2. Expected employee contributions*	<u>-13,851,634</u>	<u>-10,004,067</u>
3. Employer normal cost: (1) + (2)	\$13,845,418	\$13,640,856
4. Actuarial accrued liability	1,483,733,265	1,436,277,829
5. Actuarial value of assets	<u>829,734,232</u>	<u>749,352,366</u>
6. Unfunded actuarial accrued liability: (4) - (5)	\$653,999,033	\$686,925,463
7. Payment on unfunded accrued liability**	<u>33,759,802</u>	<u>50,807,728</u>
8. Total recommended contribution: (3) + (7), adjusted for timing***	<u>49,472,796</u>	<u>\$66,976,934</u>
9. Projected payroll	\$179,981,706	\$155,184,963
10. Total recommended contribution as a percentage of payroll	<u>27.5%</u>	<u>43.2%</u>
11. Projected City contribution for next fiscal year	\$51,699,072	\$69,990,896

\* *Expected employee contributions changed from 6% (7% if married) to 7% (8% if married) as of the July 1, 2008 valuation since the City is no longer paying 1% of employee contributions.*

\*\* *Amortized over 30 years for 2008 and 17.5 years for 2007.*

\*\*\* *Recommended contributions are assumed to be paid at the middle of every year.*

## SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund

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### Reconciliation of Recommended Contribution

The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation.

The decrease in cost is primarily due to the change in amortization period and correction reported by the auditor.

*The chart reconciles the contribution from the prior valuation to the amount determined in this valuation.*

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### CHART 14

#### Reconciliation of Recommended Contribution from July 1, 2008 to July 1, 2009

<b>Recommended Contribution as of July 1, 2008</b>	\$66,976,934
Effect of change in amortization period	-17,441,719
Effect of employer contributions more than recommended contribution	-187,203
Effect of investment loss	646,243
Effect of asset correction from auditor	-1,359,918
Effect of not paying 1% of employee contributions	-1,857,424
Effect of other gains on accrued liability	-668,084
Effect of net other changes including anticipated increase due to payroll growth	<u>3,363,967</u>
<b>Total change</b>	<u><u>\$-17,504,138</u></u>
<b>Recommended Contribution as of July 1, 2009</b>	\$49,472,796

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## SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund

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### **E. INFORMATION REQUIRED BY THE GASB**

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to GASB is the historical comparison of the GASB required contribution to the actual contributions. This comparison demonstrates whether a plan is being funded within the range of the GASB reporting requirements.

The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the plan as calculated under GASB. High ratios indicate a well-funded plan with assets sufficient to pay most benefits. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits II, III, and IV.

## SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund

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### F. STATE MINIMUM REQUIREMENTS

Under Georgia minimum funding requirements, this liability may be amortized as a percent of payroll, rather than a fixed dollar amount. In general, with fixed dollar amortization, actual experience close to the assumptions will result in a total contribution requirement (the normal cost plus the payment on the unfunded actuarial liability) that decreases over time as a percentage of payroll. With percentage of payroll amortization, given expected experience, the total contribution requirement should remain level as a percentage of payroll. (It should be noted that pensioner increases are an exception and must be amortized as a fixed dollar amount over 10 years.)

Prior to the 2005 valuation, the Plan had adopted the policy of amortizing the unfunded actuarial liability as a level percentage of payroll over a closed 40-year period from January 1, 1979. At January 1, 2005, the amortization was reset to a closed 20-year period. Effective July 1, 2008, the amortization period was changed to an open 30-year period. The contributions determined under this method continue to meet the Georgia minimum funding requirements by virtue of Georgia Code Section 47-20-10(b). Georgia Code Section 47-20-10(b) allows a plan to be in compliance if the sponsor makes contributions equal to the Annual Required Contribution (ARC) under Governmental Accounting Standards Board (GASB) Statement No.25.

**SECTION 3: Supplemental Information for the City of Atlanta General Employees' Pension Fund**

**EXHIBIT A**

**Table of Plan Coverage**

<b>Category</b>	<b>Year Ended June 30</b>		<b>Change From Prior Year</b>
	<b>2008</b>	<b>2007</b>	
<b>Active participants in valuation:</b>			
Number	4,261	3,511	21.4%
Average age	46.0	46.9	N/A
Average service	11.0	13.2	N/A
Projected total payroll	\$179,981,706	\$155,184,963	16.0%
Projected average payroll	42,239	44,200	-4.4%
Account balances	85,854,606	138,284,673	-37.9%
Number with unknown age and/or service information	30	0	N/A
Total active vested participants	2,837	2,929	-3.1%
<b>Vested terminated participants</b>	92	201	-54.2%
<b>Participants receiving Worker's Compensation Benefits</b>	6	7	-14.3%
<b>Retired participants:</b>			
Number in pay status	2,203	2,115	4.2%
Average age	67.3	67.2	N/A
Average monthly benefit	\$2,127	\$2,029	4.8%
<b>Disabled participants:</b>			
Number in pay status	266	273	-2.6%
Average age	60.8	60.2	N/A
Average monthly benefit	\$1,549	\$1,512	2.4%
<b>Beneficiaries:</b>			
Number in pay status	839	847	-0.9%
Average age	72.4	72.3	N/A
Average monthly benefit	\$1,162	\$1,116	4.1%

**SECTION 3: Supplemental Information for the City of Atlanta General Employees' Pension Fund**

**EXHIBIT B**

**Participants in Active Service as of December 31, 2007  
By Age, Years of Service, and Average Payroll**

Age	Years of Service									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	79	79	--	--	--	--	--	--	--	--
	\$33,246	\$33,246	--	--	--	--	--	--	--	--
25 - 29	238	217	21	--	--	--	--	--	--	--
	34,317	34,507	\$32,352	--	--	--	--	--	--	--
30 - 34	388	275	97	16	--	--	--	--	--	--
	36,229	35,876	36,845	\$38,559	--	--	--	--	--	--
35 - 39	511	231	145	104	31	--	--	--	--	--
	39,984	36,018	41,232	45,289	\$45,902	--	--	--	--	--
40 - 44	665	231	124	148	116	44	2	--	--	--
	40,443	36,097	37,894	43,304	45,637	\$46,431	\$55,547	--	--	--
45 - 49	747	181	106	137	136	137	50	--	--	--
	43,488	36,311	40,251	44,631	46,814	48,483	50,462	--	--	--
50 - 54	753	173	90	88	126	128	112	33	3	--
	45,470	37,810	41,257	46,373	46,958	49,912	50,899	\$51,587	\$65,231	--
55 - 59	558	113	63	61	82	94	96	40	8	1
	47,315	39,408	41,984	45,291	47,627	51,607	53,458	52,970	60,623	\$48,933
60 - 64	222	32	33	41	30	36	29	15	6	--
	45,039	35,791	40,585	45,522	46,377	47,947	51,422	52,601	41,646	--
65 - 69	74	4	11	16	17	12	8	1	4	1
	46,956	45,984	41,220	50,235	46,345	44,131	53,530	36,081	53,712	37,055
70 & over	26	3	1	5	6	2	--	4	2	3
	46,353	33,157	40,011	52,536	51,251	54,209	--	43,561	40,364	44,037
Total	4,261	1,539	691	616	544	453	297	93	23	5
	\$42,239	\$36,150	\$39,636	\$44,849	\$46,677	\$49,203	\$51,806	\$51,834	\$53,310	\$43,620

**SECTION 3: Supplemental Information for the City of Atlanta General Employees' Pension Fund**

**EXHIBIT C**

**Reconciliation of Participant Data**

	Active Participants	Vested Former Participants	Disabled	Retired Participants	Beneficiaries	Total
Number as of January 1, 2007	3,511	201	273	2,115	847	6,947
New participants	359	N/A	N/A	N/A	N/A	359
Show-ups*	132	0	0	0	50	182
Transfers**	511	0	0	0	0	511
Terminations – with vested rights	-33	33	0	0	0	0
Terminations – without vested rights	-21	N/A	N/A	N/A	N/A	-21
Retirements	-79	-53	N/A	132	N/A	0
New disabilities	-5	-1	6	N/A	N/A	0
Rehired	5	-5	0	0	N/A	0
Deaths	-14	-6	-14	-62	-45	-141
Lump sum payoffs	-105	-78	0	0	0	-183
Certain period expired	N/A	N/A	0	0	-4	-4
Data adjustments	<u>0</u>	<u>1</u>	<u>1</u>	<u>18***</u>	<u>-9</u>	<u>11</u>
Number as of January 1, 2008	4,261	92	266	2,203	839	7,661

\* Show-ups are participants with prior service not included in the July 1, 2007 valuation.

\*\* Transfers are participants formerly in the defined contribution plan included in the valuation for the first time.

\*\*\* Includes 9 participants coded as beneficiaries last year and 9 new retirees appearing for the first time in this valuation.

**SECTION 3: Supplemental Information for the City of Atlanta General Employees' Pension Fund**

**EXHIBIT D**

**Summary Statement of Income and Expenses on an Actuarial Value Basis**

	Year Ended June 30, 2008**	Year Ended June 30, 2007*
<b>Contribution income:</b>		
Employer contributions	\$70,334,827	\$84,672,851
Employee contributions	<u>12,003,484</u>	<u>17,284,877</u>
Net contribution income	\$82,338,311	\$101,957,728
<b>Investment income:</b>		
Interest, dividends and other income	\$27,960,572	\$34,278,313
Adjustment toward market value	24,473,398	21,244,208
Less investment and administrative fees	<u>-2,308,053</u>	<u>-4,673,127</u>
Net investment income	<u>50,125,917</u>	<u>50,849,394</u>
<b>Total income available for benefits</b>	<b>\$132,464,228</b>	<b>\$152,807,122</b>
<b>Less benefit payments:</b>		
Pension payments	-\$77,314,003	-\$102,615,007
Refunds	-10,030	-22,817
Early Withdrawals	<u>-108,329</u>	<u>-2,994,754</u>
Net benefit payments	-\$77,432,362	-\$105,632,578
<b>Change in reserve for future benefits</b>	<b>\$55,031,866</b>	<b>\$47,174,544</b>

\* The amounts shown are for the 18-month period January 1, 2006 through June 30, 2007.

\*\* There was a \$25,350,000 correction to the market value at July 1, 2007 per Banks, Finley, White and Company.

**SECTION 3: Supplemental Information for the City of Atlanta General Employees' Pension Fund**

**EXHIBIT E**

**Development of the Fund Through June 30, 2008**

<b>Year Ended December 31</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>	<b>Net Investment Return*</b>	<b>Benefit Payments</b>	<b>Actuarial Value of Assets at End of Year</b>
1998	\$22,667,900	\$16,528,100	\$99,411,000	\$52,402,000	\$676,944,000
1999	23,807,500	10,987,500	51,690,000	60,048,000	703,381,000
2000	26,206,000	10,886,000	116,042,400	55,816,000	751,740,200
2001	22,460,000	12,054,000	-4,178,800	55,895,000	726,180,400
2002	30,910,000	12,390,000	-13,112,400	58,619,000	697,749,000
2003	40,699,549	10,533,540	1,312,772	69,135,592	681,159,269
2004	37,051,528	10,670,811	12,001,697	59,738,630	681,144,675
2005	51,785,164	10,893,857	19,984,377	61,630,251	702,177,822
<b>June 30</b>					
2007**	84,672,851	17,284,877	50,849,394	105,632,578	749,352,366***
2008	70,334,827	12,003,484	50,125,917	77,432,362	829,734,232

\* Net of investment fees and administrative expenses and includes \$48,959,200 adjustment for asset method change in 2000.

\*\* The Plan Year was changed from January 1 to July 1, 2007. Therefore, the amounts as of June 30, 2007 represent the 18-month period from January 1, 2006 through June 30, 2007.

\*\*\* Before Banks, Finley, White and Company correction of \$25,350,000.

**SECTION 3: Supplemental Information for the City of Atlanta General Employees' Pension Fund**

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**EXHIBIT F**

**Development of Unfunded/(Overfunded) Actuarial Accrued Liability for Year Ended June 30, 2008**

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1. Unfunded actuarial accrued liability at beginning of year		\$686,925,463
2. Total normal cost at beginning of year		23,644,923
3. Total contributions		-82,338,311
4. Interest		
(a) For whole year on (1) + (2)	\$56,845,631	
(b) For half year on (3)	<u>-3,293,532</u>	
(c) Total interest		<u>53,552,099</u>
5. Expected unfunded actuarial accrued liability		\$681,784,174
6. Changes due to:		
(a) Experience gain	-\$407,141	
(b) Asset correction from auditor	<u>-27,378,000</u>	
(c) Total changes		<u>-27,785,141</u>
7. Unfunded actuarial accrued liability at end of year		<u>\$653,999,033</u>

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**SECTION 3: Supplemental Information for the City of Atlanta General Employees' Pension Fund**

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**EXHIBIT G**

**Definitions of Pension Terms**

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

**Assumptions or Actuarial**

**Assumptions:**

The estimates on which the cost of the Plan is calculated including:

- (a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;
- (b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;
- (c) Retirement rates — the rate or probability of retirement at a given age;
- (d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

**Normal Cost:**

The amount of contributions required to fund the benefit allocated to the current year of service.

**Actuarial Accrued Liability**

**For Actives:**

The equivalent of the accumulated normal costs allocated to the years before the valuation date.

**Actuarial Accrued Liability**

**For Pensioners:**

The single sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

**Unfunded Actuarial Accrued**

**Liability:**

The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

**SECTION 3: Supplemental Information for the City of Atlanta General Employees' Pension Fund**

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**Amortization of the Unfunded**

**Actuarial Accrued Liability:** Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.

**Investment Return:**

The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

**SECTION 3: Supplemental Information for the City of Atlanta General Employees' Pension Fund**

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**EXHIBIT H**

**Supplemental Information - Actuarial Present Value of Accumulated Plan Benefits**

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The actuarial present value of accumulated plan benefits is shown below as of July 1, 2008 and as of July 1, 2007.

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	Benefit Information Date	
	July 1, 2008	July 1, 2007
Actuarial present value of vested accumulated plan benefits:		
Participants currently receiving payments	\$868,577,668	\$807,888,106
Other vested benefits	<u>356,791,294</u>	<u>372,398,586</u>
Total vested benefits	\$1,225,368,962	\$1,180,286,692
Actuarial present value of non-vested accumulated plan benefits	<u>57,295,152</u>	<u>53,288,181</u>
Total actuarial present value of accumulated plan benefits	<u>\$1,282,664,114</u>	<u>\$1,233,574,873</u>
Actuarial Value of Assets	\$829,734,232	\$749,352,366
Funded Ratios:		
Assets as a percentage of present value of vested accumulated benefits	67.7%	63.5%
Assets as a percentage of present value of accumulated benefits	64.7%	60.7%

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

**SECTION 3: Supplemental Information for the City of Atlanta General Employees' Pension Fund**

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**EXHIBIT H (continued)**

**Supplemental Information - Actuarial Present Value of Accumulated Plan Benefits**

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

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<b>Factors</b>	<b>Change in Actuarial Present Value of Accumulated Plan Benefits</b>
Benefits accumulated, net experience gain or loss, changes in data	\$30,932,908
Benefits paid	-77,432,362
Interest	<u>95,588,695</u>
Total	<u>\$49,089,241</u>

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**SECTION 3: Supplemental Information for the City of Atlanta General Employees' Pension Fund**

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**EXHIBIT H (continued)**

**Supplemental Information – Balance Sheet as of July 1, 2008**

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Present Value of Benefits*	
1) Present Value of Retired Employees' Benefits*	\$868,577,668
2) Present Value of Active Employees' Benefits**	827,089,188
3) Present Value of Terminated Vested Benefits	<u>4,592,311</u>
Total Present Value of Benefits	\$1,700,259,167
Assets (Current and Future)	
1) Assets on Hand (Actuarial Value)	\$829,734,232
2) Present Value of Future Employee Contributions	93,711,994
3) Present Value of Future City Contributions (Includes 1% Portion of Employee Contributions)	122,813,908
4) Present Value of Future City Contributions Necessary to Fund Unfunded Actuarial Accrued Liability Over 30 years from July 1, 2008	<u>653,999,033</u>
Total Assets	\$1,700,259,167

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\* 3,308 retired members (including 839 beneficiaries in pay status) with an average monthly benefit of \$1,835.

\*\* Includes liability for employees receiving Workers' Compensation benefits who are continuing to accrue pension credit.

**SECTION 3: Supplemental Information for the City of Atlanta General Employees' Pension Fund**

**EXHIBIT H (continued)**

**Supplemental Information – Estimated Projection of Total Payroll and Unfunded Accrued Liabilities (\$ in thousands) with 30-year Closed Amortization Period**

Year	Total Payroll**	Payment on Unfunded Accrued Liability		Estimated Unfunded Accrued Liability at End of Year**
		Dollar Amount	As a % of UAL	
2007	--	--	--	653,999
2008	\$179,982	\$36,444	5.2%	669,858
2009	188,081	38,084	5.3%	685,346
2012	214,633	43,460	5.6%	728,481
2017	267,471	54,159	6.5%	780,692
2022	333,317	67,493	7.9%	786,092
2027	415,374	84,108	10.7%	705,155
2032	517,631	104,814	18.1%	475,481
2037	645,063	130,617	100.0%	--

\* Total payroll is assumed to increase 4.5% per year.

\*\* Unfunded accrued liability at end of previous year, plus 8.0% interest, less payment on unfunded accrued liability with interest to end of year. It should be noted that the payments on the unfunded accrued liability reduce this amount until the end of the year 2037 (when the unfunded accrued liability will be fully amortized).

**SECTION 3: Supplemental Information for the City of Atlanta General Employees' Pension Fund**

**EXHIBIT H (continued)**

**Supplemental Information – Estimated Projection of Total Payroll and Unfunded Accrued Liabilities (\$ in thousands) with 30-year Open Amortization Period**

Year	Total Payroll**	Payment on Unfunded Accrued Liability		Estimated Unfunded Accrued Liability at End of Year**
		Dollar Amount	As a % of UAL	
2007	--	--	--	653,999
2008	\$179,982	\$35,084	5.2%	669,858
2009	188,081	35,935	5.2%	686,102
2012	214,633	38,613	5.2%	737,236
2017	267,471	43,528	5.2%	831,067
2022	333,317	49,068	5.2%	936,840
2027	415,374	55,313	5.2%	1,056,075
2032	517,631	62,352	5.2%	1,190,486
2037	645,063	70,288	5.2%	1,342,003

\* Total payroll is assumed to increase 4.5% per year.

\*\* Unfunded accrued liability at end of previous year, plus 8.0% interest, less payment on unfunded accrued liability with interest to end of year. It should be noted that the payments on the unfunded accrued liability increases over the 30-year period.

**SECTION 4: Reporting Information for the City of Atlanta General Employees' Pension Fund**

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**EXHIBIT I**

**Summary of Actuarial Valuation Results**

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The valuation was made with respect to the following data supplied to us:

1. Retired participants as of December 31, 2007 (including 839 beneficiaries in pay status)		3,308
2. Participants inactive during year ended December 31, 2007 with vested rights		92
3. Participants active during the year ended December 31, 2007		4,261
Fully vested	2,191	
Partially vested	646	
Not vested	1,424	

---

The actuarial factors as of the valuation date are as follows:

1. Total Normal cost		\$27,697,052
2. Actuarial accrued liability		1,483,733,265
Retired participants and beneficiaries	\$868,577,668	
Inactive participants with vested rights	4,592,311	
Active participants	610,563,286	
3. Actuarial value of assets (\$833,507,259 at market value)		829,734,232
4. Unfunded actuarial accrued liability		\$653,999,033

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**SECTION 4: Reporting Information for the City of Atlanta General Employees' Pension Fund**

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**EXHIBIT I (continued)**

**Summary of Actuarial Valuation Results**

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The determination of the recommended contribution is as follows:

1. Total normal cost	\$27,697,052
2. Expected employee contributions	<u>-13,851,634</u>
3. Employer normal cost: (1) + (2)	\$13,845,418
4. Payment on unfunded actuarial accrued liability	33,759,802
5. Total recommended contribution: (3) + (4), adjusted for timing	<u>\$49,472,796</u>
6. Projected City contribution for next calendar year	\$51,699,072

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**SECTION 4: Reporting Information for the City of Atlanta General Employees' Pension Fund**

**EXHIBIT II**

**Supplementary Information Required by the GASB – Schedule of Employer Contributions**

<b>Plan Year Ending</b>	<b>Annual Required Contributions</b>	<b>Actual Contributions</b>	<b>Percentage Contributed</b>
<b>December 31</b>			
2003	\$38,748,328	\$40,699,549	100%
2004	44,791,334	37,051,528	83%
2005	49,818,392	51,785,164	100%
2006*	57,523,527	57,523,527	100%
<b>June 30</b>			
2007**	64,448,584	70,334,827	100%
2008**	47,605,220	--	--

\* Includes plan and funding changes effective January 1, 2006.

\*\* Plan Year changed from January 1 to July 1 as of July 1, 2007. Thus amounts for 2007 and beyond are as of June 30<sup>th</sup>.

**SECTION 4: Reporting Information for the City of Atlanta General Employees' Pension Fund**

**EXHIBIT III**

**Supplementary Information Required by the GASB – Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b) - (a)</b>	<b>Funded Ratio (a) / (b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll** [(b) - (a)] / (c)</b>
01/01/2003	697,749,000	1,070,173,370	372,424,370	65.20%	163,462,875	227.83%
01/01/2004	681,159,269	1,110,501,349	429,342,080	61.34%	160,766,642	267.06%
01/01/2005	681,144,675	1,143,675,808	462,531,133	59.56%	157,664,615	293.36%
01/01/2006*	702,177,822	1,335,974,342	633,796,520	52.56%	152,407,546	415.86%
07/01/2007	749,352,366	1,436,277,829	686,925,463	52.17%	155,184,963	442.65%
07/01/2008	829,734,232	1,483,733,265	653,999,033	55.92%	179,981,706	363.37%

\* Includes new plan provisions.

\*\* Not less than zero

**SECTION 4: Reporting Information for the City of Atlanta General Employees' Pension Fund**

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**EXHIBIT IV**

**Supplementary Information Required by the GASB**

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<b>Valuation date</b>	July 1, 2008
<b>Actuarial cost method</b>	Entry Age Normal Cost Method
<b>Amortization method</b>	Level percent of payroll
<b>Amortization period</b>	30- year open
<b>Asset valuation method</b>	Actuarial value from the prior year plus net new money plus 20% of the asset appreciation /(depreciation) for the current year and each of the prior four years.

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**Actuarial assumptions:**

Investment rate of return	8.00%
Projected salary increases	4.50% (plus age-related salary scale)
Cost of living adjustments	3.00%

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**Plan membership:**

Retired participants and beneficiaries receiving benefits	3,308
Participants receiving Workers' Compensation benefits	6
Terminated vested participants	92
Active plan members	<u>4,261</u>
Total	7,667

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**SECTION 4: Reporting Information for the City of Atlanta General Employees' Pension Fund**

**EXHIBIT V**

**Actuarial Assumptions and Actuarial Cost Method**

**Mortality Rates:**

*Healthy:* RP-2000 Combined Healthy Mortality Table  
*Disabled:* RP-2000 Disabled Retiree Mortality Table

**Mortality and Disability Rates before Retirement:**

Age	Rate (%)			
	Mortality		Ordinary Disability	
	Male	Female	Male	Female
20	0.03	0.02	0.11	0.05
25	0.04	0.02	0.13	0.08
30	0.04	0.03	0.17	0.13
35	0.08	0.05	0.23	0.23
40	0.11	0.07	0.35	0.33
45	0.15	0.11	0.54	0.51
50	0.21	0.17	0.91	0.80
55	0.36	0.27	1.59	1.34
60	0.67	0.51	2.38	1.64

\* Occupational disability rates are 10% of the ordinary disability rates.

**Termination Rates before Retirement:**

Age	In 1 <sup>st</sup> year of Employment	1 yr. of Service	2 yrs. of Service	3 yrs. of Service	4 yrs. of Service	5 or more yrs. of Service
25	26.25%	22.50%	18.75%	15.00%	11.25%	11.25%
30	26.25	22.50	18.75	15.00	11.25	9.18
35	26.25	22.50	18.75	15.00	11.25	6.72
40	26.25	22.50	18.75	15.00	11.25	4.92
45	26.25	22.50	18.75	15.00	11.25	3.48
50	26.25	22.50	18.75	15.00	11.25	0.00
55	22.50	18.75	15.00	11.25	0.00	0.00

**SECTION 4: Reporting Information for the City of Atlanta General Employees' Pension Fund**

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**Retirement Rates:**

Age	Retirement Probability	
	<30 Years of Service	≥30 Years of Service
50-54	2%	10%
55	15	22.5
56-59	10	15
60	40	40
61-64	20	20
65-69	30	30
70	100	100

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**Percent Married:** 75%

**Age of Spouse:** Females are assumed to be 3 years younger than their male spouses.

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**Net Investment Return:** 8.00%; the investment return rate is assumed to be net of investment and administrative expenses.

**Salary Increases:**

Age	Rate (%)
25	9.00
30	8.25
35	7.50
40	6.75
45	6.00
50	5.25

*Above rates include 4.50% inflation.*

*Retirement benefits are increased by 4% to reflect vacation pay.*

**SECTION 4: Reporting Information for the City of Atlanta General Employees' Pension Fund**

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<b>Cost of Living Adjustment:</b>	3.00%, compounded annually.
<b>Actuarial Value of Assets:</b>	Actuarial value from the prior year, plus net new money, plus 20% of the asset appreciation/(depreciation) for the current year and each of the prior four years.
<b>Actuarial Cost Method:</b>	Entry Age Normal Actuarial Cost Method. Entry Age is the age at the date of hire.
<b>Changes in Methods and Assumptions:</b>	The period for amortizing the UAAL was changed from a closed 20-year period ending December 31, 2024 to an open 30-year period. There have been no other method or assumption changes since the last valuation.

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**SECTION 4: Reporting Information for the City of Atlanta General Employees' Pension Fund**

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**EXHIBIT VI**

**Summary of Plan Provisions**

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

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**Plan Year:** July 1 through June 30

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**Normal Pension:**

*Eligibility*

A participant may retire at (a) age 65, or (b) age 60 after completing 15 years of service.

*Monthly Amount*

2.5% of average monthly salary for each year of credited service. This amount cannot be less than \$12 per month for each year of service, capped at 80% of average monthly salary.

Average monthly salary is defined as the highest average monthly base compensation over any 36-month period.

*Normal Form of Payment*

75% joint and survivor (no reduction in benefit for providing survivor coverage).

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**Early Pension:**

*Service Requirement*

15 years credited service

*Monthly Amount*

Normal pension monthly amount reduced by 1/2 of 1% per month for the first 60 months and by 1/4 of 1% per month for the remaining months by which age at retirement is less than 60. More favorable early retirement adjustments may apply to participants in prior plans.

Unreduced early retirement is available with 30 years of credited service.

**SECTION 4: Reporting Information for the City of Atlanta General Employees' Pension Fund**

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**Disability:**

<i>Service Requirement</i>	5 years credited service for non-job-related disability. None for job related disability.
<i>Monthly Amount</i>	Normal pension based on service accrued and final average salary at disability, payable immediately; cannot be less than 50% of average monthly salary. This amount is payable until attainment of normal retirement age at which time the benefit is recalculated to include years while disabled as years of service.

**Vesting Schedule:**

An employee who terminates employment may receive a percentage of the accrued benefit payable at normal retirement as determined below:

<u>Completed Years of Service</u>	<u>Percentage Vested*</u>
Less than 5	0%
5	25
6	30
7	35
8	40
9	45
10	100
11	100
12	100
13	100
14	100
15 or more	100

\* A participant is always 100% vested in his/her contributions to the Plan.

**Termination:**

A participant terminating employment may elect a refund of their own contributions with interest. A refund will cause the forfeiture of any other vested accrued benefit from the Plan.

**SECTION 4: Reporting Information for the City of Atlanta General Employees' Pension Fund**

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**Death Benefits:**

If a participant dies prior to attainment of eligibility for retirement, a lump sum of contributions with interest is payable to a beneficiary or estate.

If an active participant who is eligible to retire, or a retired participant, dies, 75% of the accrued pension benefit is payable to the beneficiary. Eligible beneficiaries are the spouse or unmarried children under 18. If the spouse is more than five years younger than the participant, the amount payable is reduced by 2% per year by which the spouse is younger.

**Credited Service:**

Service is credited for employment as an employee of the Atlanta Board of Education or as a general employee of the City of Atlanta. Additional credit is granted for accumulated sick leave and for other prior service as specified in the plan.

**Participation:**

All employees of the City of Atlanta, excluding temporary employees, firefighters, police officers, and employees of the Atlanta Board of Education covered by the Georgia Teachers' Retirement System. Effective September 1, 2005, new employees will participate in this plan.

**Employee Contributions:**

<u>Employee</u>	<u>% of Base Salary</u>
Unmarried employees without dependents	7%
Unmarried employees with dependent minor children	8%
Married employees	8%

Employee contributions earn 5% interest each year.

Note: Prior to this valuation, the City of Atlanta had been paying 1% of the employee contribution rates shown above for City employees. This valuation reflects the employee contribution rates shown above.

**Cost-of-Living Provision:**

Benefits are adjusted annually on January 1 of each year based on the change in the Consumer Price Index from November 1 through October 31 of the preceding year. Such annual adjustment cannot exceed 3%.

**SECTION 4: Reporting Information for the City of Atlanta General Employees' Pension Fund**

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**Changes in Plan Provisions:**

None.

**Change in Plan Year:**

There have been no plan changes since the last valuation. The City decided to discontinue paying 1% of employee contributions in this valuation.

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