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REPORT ON  
ACTUARIAL VALUATION OF THE  
LOS ANGELES CITY  
EMPLOYEES' RETIREMENT SYSTEM

JUNE 30, 1988

**TPF&C**

a Towers Perrin company

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*a Towers Perrin company*

November 30, 1988

Board of Administration  
City Employees' Retirement System  
360 East 2nd Street  
8th Floor  
Los Angeles, California 90012

Members of the Board:

We are pleased to enclose our report setting forth the results of the actuarial valuation of your Retirement System as of June 30, 1988.

The valuation is based on financial statements and employee data furnished by the Retirement Office.

We would like to take this opportunity to express our appreciation for the courtesy and cooperation accorded us by the Retirement Office during the course of our work.

Respectfully submitted,

TOWERS, PERRIN, FORSTER & CROSBY



Timothy J. Marnell, M.A.A.A., A.S.A.  
Principal

TJM/kbo

Enclosure

**REPORT ON**  
**ACTUARIAL VALUATION OF THE**  
**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM**

**JUNE 30, 1988**

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REPORT ON ACTUARIAL VALUATION OF THE  
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

SECTION I

INTRODUCTION

In accordance with our agreement with you and with the provisions of the City Charter, we have completed an actuarial valuation of the assets and liabilities of the System as of June 30, 1988.

The Retirement Office furnished us with magnetic tapes containing detailed employee information on all active members of the System as of June 30, 1988. We were also given a tape containing information on all members receiving retirement allowances as of June 30, 1988.

The following schedule shows a summary of the membership of the System as of June 30, 1988.

SUMMARY OF MEMBERSHIP OF SYSTEM  
AS OF JUNE 30, 1988

ACTIVE MEMBERS

	<u>Number</u>	<u>Annual Salary</u>	<u>Age</u>	<u>Average Monthly Salary</u>
Total 6-30-87	20,870	\$645,991,722	41.3	2,579
Total 6-30-88	21,579	697,005,943	41.2	2,692
Percent Increase	+3.4%	+7.9%	-0.2%	+4.4%

PENSIONERS

	<u>Number</u>	<u>Annual Allowance</u>	<u>Average Monthly Allowance</u>
Total 6-30-87	9,794	\$114,857,696	\$ 977
Total 6-30-88	10,052	124,427,120	1,032
Percent Increase	+2.6%	+8.3%	+5.6%

The Retirement Office also furnished us with an accounting balance sheet setting forth the assets and liabilities of the System as of June 30, 1988. We did no physical audit of these assets and our calculations are based on the balance sheet as submitted.

SECTION IIMEMBER CONTRIBUTIONS

Sections 4.1031 and 4.1040(C) of the Administrative Code specify the basis for normal, survivor, and cost-of-living member contribution rates. However, Los Angeles City also enters into collective bargaining agreements with its employees regarding the level of member contributions. The resulting rates need not be those indicated by the code formulas and the current assumptions. To reflect this situation accurately in the current valuation, we have been directed by the Board of Administration to assume that members who have entered the System before February 1, 1983 will contribute at the employee contribution rates specified in the June 30, 1977 valuation report. If certain members contribute at a lower rate through a collective bargaining agreement, the City should contribute 68% of the amount of contribution assumed by the City. A complete list of member contribution rates from the June 30, 1977 valuation report is also in Section VII. The following table illustrates these rates:

Member Rates of Contribution Including 15% Factor for COL

<u>Age</u>	<u>Normal</u>	<u>Continuance</u>	<u>Total</u>
20	8.20%	.44%	8.64%
25	8.58	.63	9.21
30	9.06	.75	9.81
35	9.61	.83	10.44
40	10.19	.91	11.10
45	10.76	.97	11.73
50	11.34	1.03	12.37
55	11.85	1.09	12.94

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In addition, members who enter the System on or after February 1, 1983 contribute at a rate of 6%.

The Family Death Benefit Plan monthly contribution of \$3.50 per participating member should be continued until modified by future study.

### SECTION III

#### RESULTS OF THE ACTUARIAL VALUATION

##### Introduction

The purpose of the actuarial valuation is to analyze the financial condition of the System and to recommend any necessary changes in City contributions. In this section we describe the funding method of the System and give the resulting actuarial balance sheet as of June 30, 1988. Section IV gives the recommended City contributions called for by the funding method. Section V presents various views of the funding progress of the System, including the change in accrued liability over the year as defined by the Governmental Accounting Standards Board (GASB). Throughout the report, all calculations are based on the actuarial assumptions as discussed in Section VI. The "Beta" formula was applied to all active members.

Section VI gives the results of the retiree health subsidy valuation, including the values of the accrued liabilities and the contribution amounts.

##### Funding Method

The primary funding method of the Los Angeles City Employees' Retirement System is the Projected Unit Credit cost method. This method defines the Normal Cost as the present value, based on each member's attained age, of that portion of the total projected benefits deemed to be earned during the current year. The City's Normal Cost is the excess of the Normal Cost over members' contributions. The Actuarial Accrued Liability is equal to the present value of all benefits allocated to years prior to the current year. The excess of the Actuarial Accrued Liability over the assets is called the Unfunded Actuarial Accrued Liability (UAAL). The Unfunded Actuarial Accrued Liability is amor-

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tized over a fixed period of years by City contributions in addition to Normal Cost. Most of the Unfunded Actuarial Accrued Liability is amortized over the period ending June 30, 2004 by contributions that will increase in accordance with the salary scale, i.e., 5-3/4% per year. Certain small liabilities are amortized over shorter periods by level dollar amounts.

The Projected Unit Credit cost method is used to fund all benefits except Family Death Benefits. For the Family Death Benefit Plan, the amount contributed in any one year is the present value of expected claims arising during the year. This method is called the Term Cost Funding Method. Traditionally, the required contribution has been reviewed biennially following the valuation.

Accounting Balance Sheet

Our valuation of the Retirement System as of June 30, 1988 was based on the accounting balance sheet furnished by the Retirement Office as shown on the following page. We accepted this statement of assets without audit.

The total value of applicable assets for this valuation of the Retirement System as of June 30, 1988 was determined as follows:

1. Total assets	\$2,119,602,625
2. Less reserves and liabilities established for the following:	
a. family death benefit insurance	13,205,497
b. 20% of undistributed earnings	2,408,626
c. retiree medical subsidy	5,128,728
d. total	20,742,851
3. Net applicable assets as of June 30, 1988 (item 1 less item 2(c))	2,098,859,774

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Preliminary, Unaudited

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM  
STATEMENT OF RESERVE AND FUND BALANCE ACCOUNTS

<u>ACTUARIAL</u>	<u>1988</u>	<u>1987</u>
Member Contributions	\$ 346,413,747	\$ 323,512,702
Annuities	252,052,699	233,563,996
Subsequent Service	1,105,878,466	1,007,100,710
Cost of Living	390,009,085	347,932,103
Family Death Benefit Insurance	<u>13,205,497</u>	<u>12,420,339</u>
Total Actuarial	2,107,559,494	1,924,529,850
 <u>OTHER</u>		
Undistributed Earnings	12,043,131	11,285,910
Fund Balance	<u>-0-</u>	<u>-0-</u>
Total Other	<u>12,043,131</u>	<u>11,285,910</u>
Total Reserves & Fund Balance	<u>\$2,119,602,625</u>	<u>\$1,935,815,760</u>

**CITY OF LOS ANGELES  
CITY EMPLOYEES' RETIREMENT SYSTEM  
BALANCE SHEETS**

Preliminary, Unaudited

	JUNE 30	
<u>ASSETS</u>	1988	1987
CASH	\$ 3,242,752	\$ 1,955,636
RECEIVABLES:		
Accrued interest and dividend income	\$ 33,876,022	\$ 28,787,582
Other receivables	2,908,012	3,074,621
Proceeds from sale of investment	<u>7,771,420</u>	<u>3,705,230</u>
	44,555,454	35,567,433
INVESTMENTS		
Temporary	161,054,570	215,642,383
Bonds	1,145,191,949	1,021,162,794
Common Stocks	<u>774,774,197</u>	<u>673,588,419</u>
	<u>2,081,020,716</u>	<u>1,910,393,596</u>
TOTAL ASSETS	2,128,818,922	1,947,916,665
<u>LIABILITIES</u>		
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	( 9,216,297)	( 12,100,905)
NET ASSETS AVAILABLE FOR PLAN BENEFITS	<u>\$2,119,602,625</u>	<u>\$1,935,815,760</u>
<u>FUND BALANCE</u>		
MEMBERS' CONTRIBUTIONS	346,413,747	323,512,702
RESERVE FOR RETIREMENT ALLOWANCE FOR RETIRED MEMBERS AT ACTUARIAL VALUATION		
CITY CONTRIBUTIONS AVAILABLE FOR FUTURE RETIRES (CITY CONTRIBUTIONS REQUIRED TO FUND DEFICIENCY)		
Total Fund Balance	<u><u>\$2,119,602,625</u></u>	<u><u>\$1,935,815,760</u></u>

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Actuarial Balance Sheet

This actuarial valuation of the Retirement System as of June 30, 1988 is based on demographic assumptions developed during the last actuarial investigation and an 8% interest assumption, a 5-3/4% salary increase assumption, and a 3% future cost-of-living increase. The resulting values of assets and liabilities developed by the valuation are set forth in the following Actuarial Balance Sheet.

Los Angeles City Employees'  
Retirement System

ACTUARIAL BALANCE SHEET

AS OF JUNE 30, 1988

ASSETS

1. Total Applicable Assets				\$2,098,859,774
2. Present Value of Future Contributions of Members				508,028,400
3. Present Value of Future Contributions by the City on Account of:				
a. Basic Pensions:				
i. Normal Cost			\$344,014,828	
ii. Amortization of Certain Liabilities:				
- Prior Service Pensions	\$	5,796,831		
- Increase due to 1965 Amendments		1,081,777		
- Remaining Unfunded Actuarial Accrued Liability		<u>209,005,160</u>	215,883,768	
b. Cost-of-Living Pensions:				
i. Normal Cost			179,238,372	
ii. Amortization of Certain Liabilities:				
- Increase due to 1967 Amendments		11,222,828		
- Remaining Unfunded Actuarial Accrued Liability		<u>386,810,648</u>	<u>398,033,476</u>	<u>1,137,170,444</u>
4. Total Assets				3,744,058,618

Los Angeles City Employees'  
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ACTUARIAL BALANCE SHEET

AS OF JUNE 30, 1988

LIABILITIES

5. Present Value of Benefits Already Granted:		
a. Basic	\$ 968,538,354	
b. Cost-of-Living	<u>561,838,764</u>	\$1,530,377,118
6. Present Value of Benefits to Be Granted:		
a. Basic	1,725,639,900	
b. Cost-of-Living	<u>488,041,600</u>	<u>2,213,681,500</u>
7. Total Liabilities		3,744,058,618

Los Angeles City Employees'  
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TPF&C prepared the actuarial balance sheet in a condensed format using terminology that we hope will aid in its review and discussion.

"Cost-of-Living Pensions" are the postretirement increases provided by Section 510.1 of Article XXXIV of the City Charter and related ordinances.

"Basic Pensions" are all benefits other than "Cost-of-Living Pensions" and the Family Death Benefit Plan provided by Article XXXIV of the City Charter and related ordinances.

"Amortization of Certain Past Service Liabilities" refers to those liabilities of the System amortized over fixed periods of time pursuant to the Charter, ordinance, or Board authorization.

SECTION IVRECOMMENDED CITY CONTRIBUTIONS

On the basis of the actuarial valuation of the Retirement System as of June 30, 1988, we respectfully submit the following recommendations in accordance with the provisions of Article XXXIV of the City Charter and related ordinances. Using the Projected Unit Credit cost method and assuming that all members will contribute on the basis of the full rates shown in Section III, we recommend that City contributions for fiscal year 1988-1989 be as follows:

	<u>Recommended City Contributions For 1989-1990</u>	
	<u>Percentage of Salary</u>	<u>plus Fixed-Dollar Amount</u>
a. For Basic Pensions:		
i. Normal Cost	3.75%	--
ii. Prior Service-Minimum Pensions (Charter-Period ending June 30, 1997)	--	\$ 927,955
iii. Increase due to 1965 Amendments (Charter-Period ending June 30, 1990)	--	606,627
iv. Unfunded Actuarial Accrued Liability	<u>2.23%</u>	<u>--</u>
v. Total Basic Pensions	5.98%	\$1,534,582
b. For Cost-of-Living Pensions:		
i. Normal Cost	1.95%	--
ii. Increase due to 1967 Amendment (Charter-Period ending June 30, 1997)	--	1,796,547
iii. Unfunded Actuarial Accrued Liability (Period ending June 30, 2004)	<u>4.13%</u>	<u>--</u>
iv. Total Cost-of-Living Pensions	6.08%	1,796,547



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	Recommended City Contributions For 1989-1990	
	<u>Percentage of Salary</u>	<u>Fixed-Dollar Amount</u>
c. Contribution rate for prefunding Health Care Subsidiary (Members eligible to retire or within 5 years of being eligible to retire only)	1.73%	--
d. Total Basic and Cost-of-Living Pensions and Health Care	13.79%	\$3,331,129
e. For the Family Death Benefit Plan:		
<p>\$3.50 per month for each participating member in the Family Death Benefit Insurance Plan until modified by subsequent valuation.</p>		

An ordinance that became effective in October 1975 permits the City to "subsidize" a portion of employee contributions. Because the portion subsidized by the City will not be refunded to the member upon employment termination before retirement, the City does not have to pay the total amount of employee contributions it subsidizes. On the basis of the actuarial valuation as of June 30, 1988, we recommend the City contribute 68.76% of subsidized employee contributions to the System, i.e., for each \$10,000 the City assumes, it should contribute \$6,876. We note the amount the City subsidizes is the difference between members' actual contributions and the amount of contributions if they contribute at the levels shown in Section VII.

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The following table compares present City percentage of salary contribution rates with those proposed.

	<u>City Percentage of Salary Contributions</u>		
	<u>Proposed</u>	<u>Present</u>	<u>Ratio</u>
Normal Cost	5.70%	5.65%	1.01
Amortization of UAAL	6.36%	6.51%	0.98
Health Care Subsidy	1.73%	1.74%*	0.99
Total	13.79%	13.90%	0.99

The main reason for the change in the City's contribution percentage in approximate order of impact are: 1) investment earnings in excess of expected; and 2) aggregate salary growth in excess of expected.

We believe if the recommendations contained herein are adopted, the System will be maintained on a sound basis in accordance with the actuarial assumptions and funding methods underlying the calculations.

\*See Section VI.

SECTION VMEASURES OF FUNDING PROGRESS

Several measures can be used to evaluate the funding progress of a retirement system and, in the past, we have presented four of these measures. Because the Projected Unit Credit Method is used to determine the City's contribution and this method has been specified by the GASB as pointed out below, we have reduced our evaluation to this single ratio.

Unfunded Actuarial Accrued Liability (UAAL)

A common method of measuring funding progress is to compare the change in the UAAL from one year to another. Last year the UAAL was \$614,664,799. This year the UAAL decreased to \$613,917,244.

The schedule below compares the assets on hand with the present value of benefits earned to date. This method has been specified by the Governmental Accounting Standards Board Statement No. 5 (November, 1986) as the appropriate method for disclosure. We have shown figures for the current and previous valuations to acquaint you with the funding progress.

A funding ratio of over 100% would mean that monies had already been paid for benefits yet to be earned, and this may not be appropriate in a public retirement system.

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The present value of benefits earned to date is calculated on the basis of an ongoing system, i.e., reflecting all actuarial assumptions including future salary increases. Death and disability benefits are prorated by years of service to normal retirement age. This is sometimes referred to as the "Plan Continuation Liability."

	<u>June 30, 1988</u>	<u>June 30, 1987</u>
1. Present Value of Benefits Earned to Valuation Date		
(a) Basic Benefits	\$1,882,777,754	\$1,762,826,568
(b) Cost-of-Living Benefits	<u>829,999,264</u>	<u>772,976,470</u>
(c) Total	2,712,777,018	2,535,803,038
2. Applicable Assets on Hand		
(a) Basic Benefits	1,666,893,986	1,534,605,227
(b) Cost-of-Living Benefits	<u>431,965,788</u>	<u>386,533,012</u>
(c) Total	\$2,098,859,774	\$1,921,138,239
3. Funding Ratio		
(a) Basic Benefits	88.6%	87.1%
(b) Cost-of-Living Benefits	52.0%	50.0%
(c) Total	77.4%	75.8%

The increase in funding ratios is primarily a result of expected improvement based on the funding method and a greater than expected investment yield.

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To summarize, there are two basic considerations in contemplating the funding status of a system. The first is the assets accumulated to pay benefits and how they compare with the current liability for benefits already earned. The second consideration is normally more important: what is the financial commitment of the plan sponsor to continue to fund both benefits earned to date and benefits to be earned in the future, and does the plan sponsor have the financial resources to meet budgetary obligations both next year and in the future, as recommended in Section V? However, as pointed out earlier, the City has adopted as a valuation funding method the same method as GASB adopted, namely Projected Unit Credit. Therefore, these two considerations regarding the funding status produce identical measures.

SECTION VIRETIREE HEALTH INSURANCE SUBSIDY

Effective with the June 30, 1986 actuarial valuation and City contribution rates beginning July 1, 1987, the City has begun to prefund the retiree health insurance subsidy.

In the past, when a member eligible for the retiree health insurance subsidy retired, the "retirement" allowance used in the actuarial valuation included the subsidy and hence some "prefunding" occurred. This procedure has continued and the City is now also prefunding for active members eligible to retire.

We have estimated the amount of the reserve from the additional prefunding and used it to determine the recommended contribution for the fiscal year beginning July 1, 1989. The table below gives additional details on the calculations. The amounts have been calculated for members eligible to retire and then determined as a percentage of total system payroll.

	<u>Amount</u>	<u>% of Pay</u>
Normal Cost	\$ 1,533,400	.22%
Actuarial Accrued Liability	146,596,903	N/A
Estimated Reserve	5,128,728	N/A
Unfunded Actuarial Liability	141,468,175	N/A
Amortization Amount	<u>10,524,800</u>	<u>1.51%</u>
Recommended Contribution	\$ 12,058,200	1.73%

**SECTION VII**  
**STATISTICAL INFORMATION**

- Summary of Actuarial Assumptions
  
- Mortality after Service Retirement - Schedule 1
  
- Mortality after Disability Retirement - Schedule 2
  
- Probability of Occurrence (of Decrements from Active Service)  
-- Schedule 3: Male, Female
  
- Member Contribution Rates
  
- Distribution of Active Members by Age and Service
  
- Distribution of Pensioners by Age and Year of Retirement
  
- Summary of Major Plan Provisions

Los Angeles City Employees'  
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SUMMARY OF ACTUARIAL ASSUMPTIONS

The Projected Unit Credit cost Method was used in conjunction with the following actuarial assumptions:

1. Interest: 8.0% per annum.
2. Salary Scale: 5.75% per annum.
3. Spouses and Dependents: 75% of male employees and 55% of female employees assumed married at retirement, with wives assumed four years younger than husbands.
4. Rehire of Former Employees: Assumed not to be rehired.
5. Asset Valuation: Asset values taken directly from statements furnished by the City.
6. Rates of Termination of Employment: As shown on the following pages titled "Probability of Occurrence."
7. Probabilities of Mortality after Retirement: As shown in table that follows (Schedule 1).
8. Probabilities of Mortality after Disability: As shown in table that follows (Schedule 2).
9. Cost-of-Living Increases: 3.0% per annum, compounded annually.



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10. **Health Benefits Liability:** A liability for retired members is determined by computing the present value of health insurance premiums, assuming they will be paid during the future lifetime of each member. An additional liability is also determined for those active participants eligible to retire as of the valuation date.

SCHEDULE 1  
EXPECTATION OF LIFE  
1971 Group Annuity \*  
(x-0) (x-6)

<u>Age</u>	<u>Male</u>	<u>Female</u>
15	60.13 years	65.97 years
20	55.26	61.10
25	50.40	56.23
30	45.57	51.37
35	40.76	46.53
40	36.01	41.72
45	31.36	36.96
46	30.45	36.01
47	29.55	35.07
48	28.66	34.13
49	27.78	33.20
50	26.91	32.28
51	26.05	31.36
52	25.20	30.45
53	24.36	29.55
54	23.53	28.66
55	22.71	27.78
56	21.90	26.91
57	21.10	26.05
58	20.31	25.20
59	19.53	24.36
60	18.76	23.53
61	18.00	22.71
62	17.26	21.90
63	16.53	21.10
64	15.81	20.31
65	15.00	19.53
66	14.43	18.76
67	13.77	18.00
68	13.13	17.26
69	12.50	16.53
70	11.91	15.81

\* This table was used with a two-year age setback.

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SCHEDULE 1

(continued)

EXPECTATION OF LIFE1971 Group Annuity \*

(x-0) (x-6)

<u>Age</u>	<u>Male</u>	<u>Female</u>
71	11.33 years	15.11 years
72	10.79	14.43
73	10.26	13.77
74	9.74	13.13
75	9.24	12.50
76	8.76	11.91
77	8.28	11.33
78	7.83	10.79
79	7.41	10.26
80	7.00	9.74
81	6.63	9.24
82	6.27	8.76
83	5.94	8.28
84	5.63	7.83
85	5.34	7.41
86	5.06	7.00
87	4.80	6.63
88	4.55	6.27
89	4.31	5.94
90	4.08	5.63
91	3.87	5.34
92	3.66	5.06
93	3.46	4.80
94	3.26	4.55
95	3.07	4.31
96	2.89	4.08
97	2.71	3.87
98	2.54	3.66
99	2.37	3.46
100	2.20	3.26
101	2.04	3.07
102	1.88	2.89
103	1.72	2.71
104	1.55	2.54
105	1.38	2.37

\* This table was used with a two-year age setback.

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SCHEDULE 1

(continued)

EXPECTATION OF LIFE1971 Group Annuity \*

(x-0) (x-6)

<u>Age</u>	<u>Male</u>	<u>Female</u>
106	1.21 years	2.20 years
107	1.04	2.04
108	.88	1.88
109	.71	1.72
110	.50	1.55

\* This table was used with a two-year age setback.

1981 DISABILITY MORTALITY TABLE

<u>Age</u>	<u>General</u>	<u>Safety</u>	<u>Age</u>	<u>General</u>	<u>Safety</u>
20	.0066	.0019	65	.0379	.0368
21	.0074	.0020	66	.0390	.0385
22	.0080	.0021	67	.0400	.0400
23	.0085	.0022	68	.0411	.0411
24	.0091	.0023	69	.0422	.0422
25	.0096	.0024	70	.0437	.0437
26	.0100	.0026	71	.0454	.0454
27	.0106	.0027	72	.0472	.0472
28	.0106	.0028	73	.0496	.0496
29	.0112	.0030	74	.0526	.0526
30	.0122	.0031	75	.0553	.0553
31	.0127	.0033	76	.0601	.0601
32	.0132	.0034	77	.0659	.0659
33	.0137	.0036	78	.0726	.0726
34	.0143	.0038	79	.0797	.0797
35	.0148	.0040	80	.0874	.0874
36	.0154	.0042	81	.0955	.0955
37	.0159	.0044	82	.1037	.1037
38	.0165	.0046	83	.1123	.1123
39	.0170	.0049	84	.1211	.1211
40	.0176	.0051	85	.1301	.1301
41	.0182	.0054	86	.1393	.1393
42	.0188	.0057	87	.1487	.1487
43	.0194	.0060	88	.1585	.1585
44	.0201	.0064	89	.1687	.1687
45	.0208	.0067	90	.1795	.1795
46	.0215	.0071	91	.1905	.1905
47	.0222	.0076	92	.2017	.2017
48	.0229	.0081	93	.2123	.2123
49	.0236	.0086	94	.2265	.2265
50	.0244	.0092	95	.2412	.2412
51	.0252	.0099	96	.2562	.2562
52	.0259	.0107	97	.2725	.2725
53	.0267	.0117	98	.2902	.2902
54	.0275	.0130	99	.3091	.3091
55	.0284	.0150	100	.3298	.3298
56	.0293	.0177	101	.3525	.3525
57	.0303	.0210	102	.3772	.3772
58	.0312	.0236	103	.4062	.4062
59	.0321	.0260	104	.4415	.4415
60	.0330	.0280	105	.4852	.4852
61	.0339	.0298	106	.5393	.5393
62	.0348	.0315	107	.6061	.6061
63	.0358	.0332	108	.6874	.6874
64	.0369	.0350	109	.7856	.7856
			110	1.0000	1.0000

**TPF&C**

SCHEDULE 3PROBABILITY OF TERMINATION OF EMPLOYMENT

The following pages indicate the probability of termination of employment for each of nine separate sources of termination:

- Ordinary withdrawal: member terminates and elects refund of member contributions.
- Vested withdrawal: member terminates and contributions are left on deposit.
- Ordinary death: member dies before eligibility for retirement; death not employment-related.
- Ordinary disability: member receives disability retirement where the member's disability is not employment-related.
- Service retirement: member retires after satisfaction of requirements of age and/or service for reasons other than disability.
- Service disability: member receives disability retirement as the result of employment-related disability.
- Service death: member dies before retirement as the result of performance of assigned duties.
- DWE - Service Retirement: member dies before retirement but after satisfaction of age and/or service requirements for service retirement.
- DWE - Disability Retirement: member dies before retirement but after satisfaction of age and/or service requirements for disability retirement.

The probabilities shown for each cause of termination represent the probability that a given member will terminate at a particular age for the indicated reason. For example, if the probability of ordinary withdrawal at age 25 is .1000, then we are assuming that 10% of the active members at age 25 will terminate without vested rights during the next year.

LOS ANGELES CITY EMPLOYEES  
 MALE GENERAL MEMBERS  
 PROBABILITY OF OCCURRENCE (INCLUDING ELIGIBILITY)

AGE NEXT	ORDINARY WITHDRAW	VESTED WITHDRAW	ORDINARY DEATH	ORDINARY DISABILITY	SERVICE RETIRE	SERVICE DISABILITY	SERVICE DEATH	DWE SVC RET	DWE DIS RET
18	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
19	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.2700	0.0000	0.0003	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
21	0.2520	0.0000	0.0003	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
22	0.2340	0.0000	0.0004	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
23	0.2160	0.0000	0.0004	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
24	0.1980	0.0000	0.0004	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
25	0.1800	0.0000	0.0005	0.0002	0.0000	0.0000	0.0000	0.0000	0.0000
26	0.1680	0.0000	0.0005	0.0002	0.0000	0.0000	0.0000	0.0000	0.0000
27	0.1560	0.0000	0.0006	0.0003	0.0000	0.0000	0.0000	0.0000	0.0000
28	0.1440	0.0000	0.0006	0.0004	0.0000	0.0000	0.0000	0.0000	0.0000
29	0.1320	0.0000	0.0007	0.0005	0.0000	0.0000	0.0000	0.0000	0.0000
30	0.1200	0.0000	0.0007	0.0006	0.0000	0.0000	0.0000	0.0000	0.0000
31	0.1110	0.0000	0.0008	0.0008	0.0000	0.0000	0.0000	0.0000	0.0000
32	0.1020	0.0000	0.0009	0.0009	0.0000	0.0000	0.0000	0.0000	0.0000
33	0.0930	0.0000	0.0009	0.0010	0.0000	0.0000	0.0000	0.0000	0.0000
34	0.0840	0.0000	0.0010	0.0011	0.0000	0.0000	0.0000	0.0000	0.0000
35	0.0750	0.0000	0.0010	0.0013	0.0000	0.0000	0.0000	0.0000	0.0000
36	0.0700	0.0000	0.0011	0.0014	0.0000	0.0000	0.0000	0.0000	0.0000
37	0.0650	0.0000	0.0012	0.0015	0.0000	0.0000	0.0000	0.0000	0.0000
38	0.0600	0.0000	0.0013	0.0016	0.0000	0.0000	0.0000	0.0000	0.0000
39	0.0550	0.0000	0.0014	0.0017	0.0000	0.0000	0.0000	0.0000	0.0000
40	0.0500	0.0000	0.0015	0.0018	0.0000	0.0000	0.0000	0.0000	0.0000
41	0.0480	0.0000	0.0017	0.0018	0.0000	0.0000	0.0000	0.0000	0.0000
42	0.0450	0.0000	0.0018	0.0019	0.0000	0.0000	0.0000	0.0000	0.0000
43	0.0430	0.0000	0.0018	0.0020	0.0000	0.0000	0.0000	0.0000	0.0000
44	0.0400	0.0000	0.0020	0.0020	0.0000	0.0000	0.0000	0.0000	0.0000
45	0.0380	0.0000	0.0023	0.0020	0.0000	0.0000	0.0000	0.0000	0.0000
46	0.0360	0.0000	0.0024	0.0021	0.0000	0.0000	0.0000	0.0000	0.0000
47	0.0340	0.0000	0.0026	0.0021	0.0000	0.0000	0.0000	0.0000	0.0000
48	0.0320	0.0000	0.0027	0.0022	0.0000	0.0000	0.0000	0.0000	0.0000
49	0.0300	0.0000	0.0030	0.0022	0.0000	0.0000	0.0000	0.0000	0.0000
50	0.0280	0.0000	0.0034	0.0023	0.0020	0.0000	0.0000	0.0000	0.0000
51	0.0270	0.0000	0.0038	0.0023	0.0030	0.0000	0.0000	0.0000	0.0000
52	0.0250	0.0000	0.0040	0.0023	0.0040	0.0000	0.0000	0.0000	0.0000
53	0.0240	0.0000	0.0045	0.0023	0.0055	0.0000	0.0000	0.0000	0.0000
54	0.0220	0.0000	0.0050	0.0023	0.0235	0.0000	0.0000	0.0000	0.0000
55	0.0210	0.0000	0.0034	0.0024	0.0945	0.0000	0.0000	0.0026	0.0000
56	0.0190	0.0000	0.0037	0.0024	0.0675	0.0000	0.0000	0.0030	0.0000
57	0.0170	0.0000	0.0040	0.0024	0.0785	0.0000	0.0000	0.0032	0.0000
58	0.0160	0.0000	0.0045	0.0024	0.0900	0.0000	0.0000	0.0036	0.0000
59	0.0140	0.0000	0.0050	0.0024	0.1000	0.0000	0.0000	0.0040	0.0000
60	0.0120	0.0000	0.0055	0.0024	0.1935	0.0000	0.0000	0.0044	0.0000
61	0.0100	0.0000	0.0062	0.0024	0.1400	0.0000	0.0000	0.0054	0.0000
62	0.0080	0.0000	0.0069	0.0025	0.1500	0.0000	0.0000	0.0054	0.0000
63	0.0060	0.0000	0.0076	0.0025	0.1680	0.0000	0.0000	0.0060	0.0000
64	0.0030	0.0000	0.0084	0.0025	0.2125	0.0000	0.0000	0.0066	0.0000
65	0.0000	0.0000	0.0092	0.0000	0.3500	0.0000	0.0000	0.0074	0.0000
66	0.0000	0.0000	0.0102	0.0000	0.2240	0.0000	0.0000	0.0081	0.0000
67	0.0000	0.0000	0.0112	0.0000	0.2240	0.0000	0.0000	0.0090	0.0000
68	0.0000	0.0000	0.0123	0.0000	0.2240	0.0000	0.0000	0.0097	0.0000
69	0.0000	0.0000	0.0133	0.0000	0.2500	0.0000	0.0000	0.0107	0.0000
70	0.0000	0.0000	0.0000	0.0000	1.0000	0.0000	0.0000	0.0000	0.0000

TPF&C

a Towers Perrin company

LOS ANGELES CITY EMI EES  
 FEMALE GENERAL MEMBERS  
 PROBABILITY OF OCCURRENCE (INCLUDING ELIGIBILITY)

ALP NAMES	ORDINARY WITHDRAW	VESTED WITHDRAW	ORDINARY DEATH	ORDINARY DISABTY	SERVICE RETIRE	SERVICE DISABTY	SERVICE DEATH	DWE SVC RET	DWE DIS RET
18	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
19	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1800	0.0000	0.0002	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
21	0.1740	0.0000	0.0002	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
22	0.1680	0.0000	0.0002	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
23	0.1620	0.0000	0.0002	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
24	0.1560	0.0000	0.0003	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
25	0.1500	0.0000	0.0004	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
26	0.1440	0.0000	0.0004	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
27	0.1380	0.0000	0.0005	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
28	0.1320	0.0000	0.0005	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
29	0.1260	0.0000	0.0006	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
30	0.1200	0.0000	0.0006	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000
31	0.1140	0.0000	0.0007	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000
32	0.1080	0.0000	0.0007	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000
33	0.1020	0.0000	0.0008	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000
34	0.0960	0.0000	0.0009	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000
35	0.0900	0.0000	0.0009	0.0002	0.0000	0.0000	0.0000	0.0000	0.0000
36	0.0840	0.0000	0.0010	0.0002	0.0000	0.0000	0.0000	0.0000	0.0000
37	0.0780	0.0000	0.0010	0.0002	0.0000	0.0000	0.0000	0.0000	0.0000
38	0.0720	0.0000	0.0011	0.0003	0.0000	0.0000	0.0000	0.0000	0.0000
39	0.0660	0.0000	0.0012	0.0003	0.0000	0.0000	0.0000	0.0000	0.0000
40	0.0600	0.0000	0.0013	0.0004	0.0000	0.0000	0.0000	0.0000	0.0000
41	0.0580	0.0000	0.0014	0.0005	0.0000	0.0000	0.0000	0.0000	0.0000
42	0.0560	0.0000	0.0015	0.0006	0.0000	0.0000	0.0000	0.0000	0.0000
43	0.0540	0.0000	0.0015	0.0008	0.0000	0.0000	0.0000	0.0000	0.0000
44	0.0520	0.0000	0.0016	0.0010	0.0000	0.0000	0.0000	0.0000	0.0000
45	0.0500	0.0000	0.0017	0.0012	0.0000	0.0000	0.0000	0.0000	0.0000
46	0.0480	0.0000	0.0018	0.0014	0.0000	0.0000	0.0000	0.0000	0.0000
47	0.0460	0.0000	0.0019	0.0014	0.0000	0.0000	0.0000	0.0000	0.0000
48	0.0440	0.0000	0.0020	0.0016	0.0000	0.0000	0.0000	0.0000	0.0000
49	0.0420	0.0000	0.0021	0.0018	0.0000	0.0000	0.0000	0.0000	0.0000
50	0.0400	0.0000	0.0022	0.0010	0.0000	0.0000	0.0000	0.0000	0.0000
51	0.0380	0.0000	0.0024	0.0024	0.0022	0.0000	0.0000	0.0000	0.0000
52	0.0360	0.0000	0.0026	0.0028	0.0040	0.0000	0.0000	0.0000	0.0000
53	0.0340	0.0000	0.0030	0.0036	0.0134	0.0000	0.0000	0.0000	0.0000
54	0.0320	0.0000	0.0033	0.0040	0.0635	0.0000	0.0000	0.0000	0.0000
55	0.0300	0.0000	0.0036	0.0040	0.0286	0.0000	0.0000	0.0000	0.0000
56	0.0280	0.0000	0.0039	0.0040	0.0313	0.0000	0.0000	0.0000	0.0000
57	0.0260	0.0000	0.0043	0.0040	0.0358	0.0000	0.0000	0.0000	0.0000
58	0.0240	0.0000	0.0047	0.0040	0.0581	0.0000	0.0000	0.0000	0.0000
59	0.0220	0.0000	0.0052	0.0000	0.1654	0.0000	0.0000	0.0000	0.0000
60	0.0200	0.0000	0.0057	0.0000	0.0984	0.0000	0.0000	0.0000	0.0000
61	0.0160	0.0000	0.0065	0.0000	0.1118	0.0000	0.0000	0.0000	0.0000
62	0.0120	0.0000	0.0073	0.0000	0.1207	0.0000	0.0000	0.0000	0.0000
63	0.0080	0.0000	0.0081	0.0000	0.1341	0.0000	0.0000	0.0000	0.0000
64	0.0040	0.0000	0.0091	0.0000	0.2240	0.0000	0.0000	0.0000	0.0000
65	0.0000	0.0000	0.0105	0.0000	0.1520	0.0000	0.0000	0.0000	0.0000
66	0.0000	0.0000	0.0121	0.0000	0.1650	0.0000	0.0000	0.0000	0.0000
67	0.0000	0.0000	0.0139	0.0000	0.1920	0.0000	0.0000	0.0000	0.0000
68	0.0000	0.0000	0.0159	0.0000	0.2500	0.0000	0.0000	0.0000	0.0000
69	0.0000	0.0000	0.0000	0.0000	1.0000	0.0000	0.0000	0.0000	0.0000
70	0.0000	0.0000	0.0000	0.0000		0.0000	0.0000	0.0000	0.0000



APPLICABLE TO MEMBERS COVERED UNDER "BETA" FORMULA115% NORMAL CONTRIBUTION RATES

<u>Age</u>	<u>Normal Contribution Rate</u>	<u>Age</u>	<u>Normal Contribution Rate</u>
16	8.00%	40	10.19%
17	8.04	41	10.29
18	8.08	42	10.41
19	8.14	43	10.52
		44	10.64
20	8.20	45	10.76
21	8.27	46	10.89
22	8.34	47	11.01
23	8.42	48	11.12
24	8.50	49	11.24
25	8.58	50	11.34
26	8.66	51	11.44
27	8.75	52	11.55
28	8.86	53	11.65
29	8.96	54	11.75
30	9.06	55	11.85
31	9.17	56	11.94
32	9.28	57	12.03
33	9.40	58	12.13
34	9.50	59	12.19
35	9.61		
36	9.73		
37	9.84		
38	9.96		
39	10.07		

71 GAM  
5-3/4%  
3-1/2% S/S

APPLICABLE TO MEMBERS COVERED UNDER "BETA" FORMULA115% NORMAL CONTRIBUTION RATES

<u>Age</u>	<u>Survivor Contribution Rate</u>	<u>Age</u>	<u>Survivor Contribution Rate</u>
16	.22%	40	.91%
17	.28	41	.92
18	.33	42	.93
19	.39	43	.94
		44	.95
20	.44	45	.97
21	.48	46	.98
22	.53	47	.99
23	.56	48	1.00
24	.60	49	1.01
25	.63	50	1.03
26	.66	51	1.05
27	.68	52	1.06
28	.70	53	1.07
29	.72	54	1.08
30	.75	55	1.09
31	.77	56	1.10
32	.79	57	1.12
33	.81	58	1.13
34	.82	59 and over	1.14
35	.83		
36	.85		
37	.86		
38	.87		
39	.90		

71 GAM  
5-3/4% 3-1/2% S/S

APPLICABLE TO MEMBERS COVERED UNDER "BETA" FORMULA115% NORMAL CONTRIBUTION RATES

Applicable Only to Employees Whose Normal and Survivor  
Contribution Rates Are Assigned by the Same Age

<u>Age</u>	<u>Total Contribution Rate</u>	<u>Age</u>	<u>Total Contribution Rate</u>
16	8.22%	40	11.10%
17	8.32	41	11.21
18	8.41	42	11.34
19	8.53	43	11.46
		44	11.59
20	8.64	45	11.73
21	8.75	46	11.87
22	8.87	47	12.00
23	8.98	48	12.12
24	9.10	49	12.25
		50	12.37
25	9.21	51	12.49
26	9.32	52	12.61
27	9.43	53	12.72
28	9.56	54	12.83
29	9.68		
		55	12.94
30	9.81	56	13.04
31	9.94	57	13.15
32	10.07	58	13.24
33	10.21	59	13.33
34	10.32		
35	10.44		
36	10.58		
37	10.70		
38	10.83		
39	10.97		

71 GAM  
5-3/4% 3-1/2% S/S

AGE/SERVICE DISTRIBUTION TOTAL MEMBERS

AGE *****	** SERVICE **											TOTAL *****		
	0-1 *****	1-2 *****	2-3 *****	3-4 *****	4-5 *****	5-9 *****	10-14 *****	15-19 *****	20-24 *****	25-29 *****	30-34 *****		35- *****	
15-19	*NO. *	33	2	0	0	0	0	0	0	0	0	0	0	35
	*TOT.AMT*	579732	39272	0	0	0	0	0	0	0	0	0	0	619004
	AVE.AMT*	17568	19636	0	0	0	0	0	0	0	0	0	0	17686
20-24	*NO. *	461	286	134	108	30	9	0	0	0	0	0	0	1028
	*TOT.AMT*	9676352	6117886	2977903	2645250	753341	277321	0	0	0	0	0	0	22448053
	AVE.AMT*	20990	21391	22223	24493	25111	30813	0	0	0	0	0	0	21837
25-29	*NO. *	584	587	448	391	240	493	11	0	0	0	0	0	2754
	*TOT.AMT*	13811085	15357447	12547209	11038419	6964404	14016793	306083	0	0	0	0	0	74041440
	AVE.AMT*	23649	26163	28007	28231	29018	28432	27826	0	0	0	0	0	26885
30-34	*NO. *	455	436	382	357	283	863	352	11	0	0	0	0	3139
	*TOT.AMT*	11639799	12288182	11720955	11106783	9185272	26901536	10638006	324956	0	0	0	0	93805489
	AVE.AMT*	25582	28184	30683	31111	32457	31172	30222	29541	0	0	0	0	29884
35-39	*NO. *	327	323	333	269	174	767	753	451	10	0	0	0	3407
	*TOT.AMT*	8926366	9083731	10293073	8732912	5402603	25210544	26022147	14838382	322108	0	0	0	0108831866
	AVE.AMT*	27298	28123	30910	32464	31049	32869	34558	32901	32211	0	0	0	31944
40-44	*NO. *	256	241	170	169	138	498	633	886	282	10	0	0	3283
	*TOT.AMT*	7224366	7311093	5125570	5381905	4422480	16980363	23720871	34011490	10977005	363168	0	0	0115518311
	AVE.AMT*	28220	30336	30150	31846	32047	34097	37474	38388	38926	36317	0	0	35187
45-49	*NO. *	123	140	116	109	86	284	347	555	527	172	10	0	2469
	*TOT.AMT*	3471452	3975378	3584571	3460188	2855555	9705156	12342081	20927581	21332616	6708985	388299	0	0 88751862
	AVE.AMT*	28223	28396	30901	31745	33204	34173	35568	37707	40479	39006	38830	0	35946
50-54	*NO. *	73	89	76	71	52	232	248	393	458	319	207	2	2220
	*TOT.AMT*	2057678	2729061	2467720	2270781	1720124	7477569	8473437	13774808	16965157	12803558	8053118	63193	78856204
	AVE.AMT*	28187	30664	32470	31983	33079	32231	34167	35050	37042	40137	38904	31597	35521
55-59	*NO. *	58	51	39	34	34	134	215	265	275	326	205	30	1666
	*TOT.AMT*	1709129	1312792	1303620	1114666	1070359	4327512	7095551	8855950	9747599	13167247	8359415	1322223	59386063
	AVE.AMT*	29468	25741	33428	32784	31481	32295	33003	33419	35446	40390	40778	44074	35646
60-64	*NO. *	27	26	27	33	23	108	159	202	171	137	95	47	1055
	*TOT.AMT*	791878	733348	832436	1062178	742266	3649658	5359946	6886713	5953314	5006196	3731202	2036350	36785485
	AVE.AMT*	29329	28206	30831	32187	32272	33793	33710	34093	34815	36542	39276	43327	34868
65-	*NO. *	7	9	14	9	5	65	88	101	102	40	48	35	523
	*TOT.AMT*	148807	237828	335114	202367	121055	2101458	3068712	3327282	3548570	1467270	1644615	1759088	17962166
	AVE.AMT*	21258	26425	23937	22485	24211	32330	34872	32943	34790	36682	34263	50260	34344
TOTAL	*NO. *	2404	2190	1739	1550	1065	3453	2806	2864	1825	1004	565	114	21579
	*TOT.AMT*	60036644	59186018	51188171	47015449	33237459	110647910	97026834	102947162	68846369	39516424	22176649	51808546	97005943
	AVE.AMT*	24974	27026	29435	30333	31209	32044	34578	35945	37724	39359	39251	45446	32300

AVERAGE AGE \* 41.2 \* AVERAGE SERVICE \* 9.7 \*

DISTRIBUTION OF PENSIONERS BY YEAR OF RETIREMENT AND BY ATTAINED AGE AS OF 6/88

TOTAL OF ALL MEMBERS

\*\* YEAR OF RETIREMENT \*\*

ATTAINED AGE *****	PRE '68 ***	'68 ***	'69 ***	'70 ***	'71 ***	'72 ***	'73 ***	'74 ***	'75 ***	'76 ***	'77 ***	'78 ***	'79 ***	'80 ***	'81 ***	'82 ***	'83 ***	'84 ***	'85 ***	'86 ***	'87 ***	TOTAL *****	AVG AMT *****
0- 29	4	0	0	0	0	0	0	0	0	0	0	0	1	1	0	1	0	0	3	3	0	13	3352
30- 34	0	0	0	0	0	0	0	0	0	0	0	0	2	1	0	0	0	0	2	2	1	8	8351
35- 39	0	0	0	0	0	0	0	0	0	0	0	3	6	4	6	6	5	7	5	7	1	50	7843
40- 44	0	1	0	0	0	1	1	1	5	5	2	8	5	14	8	9	7	4	7	6	5	89	8163
45- 49	1	0	0	0	1	4	1	5	9	4	10	15	16	7	5	8	6	9	6	8	4	119	7520
50- 54	1	0	2	3	5	2	9	2	7	15	7	10	21	13	16	9	15	11	12	9	3	172	7665
55- 59	4	0	0	3	7	6	4	5	12	13	20	18	11	25	31	18	46	97	98	141	168	727	15085
60- 64	10	4	5	4	14	10	15	22	21	27	37	83	91	111	117	238	228	167	139	181	145	1669	16208
65- 69	34	10	9	10	20	27	20	54	75	104	157	222	181	182	213	246	205	179	110	136	107	2301	14624
70- 74	53	14	27	27	50	63	108	96	160	192	173	198	167	132	134	95	83	79	35	37	32	1955	12205
75- 79	196	51	44	55	70	78	122	81	136	135	101	87	46	33	41	31	17	8	10	4	3	1349	9615
80- 84	321	61	57	42	63	66	84	51	50	33	13	9	7	7	3	2	1	0	3	2	1	876	8429
85- 89	332	44	22	29	20	24	19	1	2	0	1	2	0	0	0	0	1	0	0	0	0	497	7448
90- 94	170	11	4	0	1	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	188	6338
95- 99	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	39	5395
100-104	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
105-999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT NUM	1165	196	170	173	251	281	384	318	478	528	521	655	554	530	574	663	614	561	430	536	470	10052	
AVG AMT	6045	7054	6257	7107	7344	7699	10032	9585	11203	12527	11827	12524	12665	12194	13607	16786	16426	16489	16213	17119	18257		

\* AVG AMT \* 12378

\* TOT. PEN. 124427120 \*

TPF&C

a Towers Perrin company

SUMMARY OF MAJOR PLAN PROVISIONS

1. Membership Requirements

First of month following employment.

2. Final Monthly Compensation

Highest 12-month average salary.

3. Service Retirement

A. Eligibility

Ten years of service and age 55, or 30 years of service any age, or age 70.

B. Allowance

"Beta" Formula - 2.16% of final monthly compensation for each year of service (reduced if retirement before age 60); however, member may retire on full accrued pension if he or she has completed at least 30 years of service and has attained age 55.

Prior Formula - 2% of final monthly compensation for each year of service (reduced if retirement before age 58-3/4).

C. Form of Payment

Monthly allowance payable for life with 50% continuance to eligible spouse. Larger continuance available as option with reduced allowance.

4. Disability Retirement

A. Eligibility

Five or more years of continuous service and physically or mentally incapacitated so unable to perform duties of position.