

Schedule A – Summary of Benefit and Contribution Provisions

A phase out the COLA floor from the existing 2.5% guaranteed minimum to zero over 5-years as follows:

- For those retiring between 7/1/2025 and 6/30/2026 – MERS COLA Minimum = 2.0%
- For those retiring between 7/1/2026 and 6/30/2027 – MERS COLA Minimum = 1.5%
- For those retiring between 7/1/2027 and 6/30/2028 – MERS COLA Minimum = 1.0%
- For those retiring between 7/1/2028 and 6/30/2029 – MERS COLA Minimum = 0.5%
- For those retiring on or after 7/1/2029 – MERS COLA Minimum = 0%

For years in which inflation (as measured by the CPI-W) increases by 2% or less, the MERS COLA will track inflation directly. For those years in which inflation increases by 2% or more, the COLA will be 60% of the annual increase in the CPI up to the 2% plus 100% of the annual increase in the CPI above 2% and capped at a 7.5% COLA.

CONTRIBUTIONS

By Members

For members not covered by Social Security: 5% of compensation.

For members covered by the Social Security: 2-1/4% of compensation up to the Social Security taxable wage base plus 5% of compensation, if any, in excess of such base.

Effective July 1, 2019, member contribution rates are set to increase by 0.50% of compensation each year for six years.

By Municipalities

Participating Municipalities make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the System not met by member contributions.

Employer Contribution Rates for fiscal year ending June 30, 2020 apply a 5-year contribution rate smoothing and are anticipated to increase by 1.5% to 2.0% of payroll per year until the full funding rates are achieved in fiscal year 2024.





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Deferred Retirement Option Plan (DROP) A DROP plan (capped at 5 years of participation within the DROP) will be offered based on the following eligibility:

General Employees Eligibility:

- at age 60 with 30 years of service, or
- at age 62 with 5 years.

Police and Fire Eligibility:

- at age 55 with 25 years,
- at age 57 with 5 years, or
- at any age with 30 years.

Upon entering DROP, the member contribution rate is reduced by half. After 24 months of DROP participation, the member contribution rate is reduced to 0%.

Beginning annually at the 2nd anniversary of the member's DROP entry, the DROP account is credited with interest at a rate not to exceed 4%. Interest is also credited at the 3rd, 4th, and 5th anniversary date of DROP entry.

Pension amount will not increase with annual COLAs while participating in DROP. Once member exits DROP, future COLAs will be determined based on the provisions in effect at the time the member entered the DROP.





Schedule B – Statement of Actuarial Assumptions and Methods

Adopted or reaffirmed by the Commission for the June 30, 2023 and later valuations based on the experience investigation report for the five-year period ending June 30, 2022 which can be found at on the Office of the State Comptroller - Retirement Services Division website.

VALUATION INTEREST RATE: 7.00% per annum, compounded annually, net of expenses.

SALARY INCREASES: Representative values of assumed annual rates of salary increase are as follows:

Service (in Years)	Annual Rates of				
	Merit & Seniority		Base (Economy)	Increase Next Year	
	General Employees	Policemen & Firemen		General Employees	Policemen & Firemen
<= 1	2.00%	6.50%	3.00%	5.00%	9.50%
2	1.50	3.50	3.00	4.50	6.50
3	1.25	3.00	3.00	4.25	6.00
4	1.00	2.50	3.00	4.00	5.50
5	0.75	2.00	3.00	3.75	5.00
6	0.50	1.50	3.00	3.50	4.50
7	0.25	1.00	3.00	3.25	4.00
8	0.00	0.75	3.00	3.00	3.75
9	0.00	0.50	3.00	3.00	3.50
10	0.00	0.25	3.00	3.00	3.25
11 to 19	0.00	0.00	3.00	3.00	3.00
20	1.00	2.00	3.00	4.00	5.00
21 to 23	0.00	0.00	3.00	3.00	3.00
24	1.00	2.00	3.00	4.00	5.00
25+	0.00	0.00	3.00	3.00	3.00





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COST OF LIVING ADJUSTMENTS: Annually compounded increases are applied to disabled and non-disabled retirement benefits and vary based upon member age and date of retirement. For members that retired prior to January 1, 2002, increases of 3.25% are assumed for those who have reached age 65 and (effective January 1, 2002) increases of 2.50% are assumed for those who have not yet reached age 65. For members that retire after December 31, 2001, increases of 2.55% are assumed, regardless of age. For members retiring after July 1, 2025, COLA assumptions are as follows:

<u>Retirement date</u>	<u>COLA Rate</u>
7/1/2025 to 6/30/2026	2.5%
7/1/2026 to 6/30/2027	2.3%
7/1/2027 to 6/30/2028	2.1%
7/1/2028 and after	2.0%

SOCIAL SECURITY WAGE BASE INCREASES: 3.00% per annum.

SEPARATIONS FROM ACTIVE SERVICE OTHER THAN RETIREMENT AND DEATH: Representative values of the assumed annual rates of separation before service retirement are as follows:

GENERAL EMPLOYEES

Age	Withdrawal and Vesting				Disability*
	Male		Female		
	0 – 4 years	5 – 24 years	0 – 4 years	5 – 24 years	
20	14.00%	12.00%	30.00%	15.00%	0.01%
25	14.00	12.00	20.00	13.00	0.01
30	11.00	8.50	15.00	10.00	0.01
35	8.50	6.50	12.50	10.00	0.02
40	7.50	5.00	10.00	8.00	0.05
45	6.75	4.50	9.00	6.50	0.08
50	6.75	4.50	8.50	5.00	0.09
55	6.50	0.00	8.00	0.00	0.12
60	7.00	0.00	9.00	0.00	0.14
65	9.50	0.00	9.00	0.00	0.11
70	13.00	0.00	9.00	0.00	0.08
75	0.00	0.00	0.00	0.00	0.08





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POLICE AND FIRE

Age	Withdrawal and Vesting		Disability*
	0 – 4 years	5 – 24 years	
20	5.00%	5.00%	0.10%
25	5.00	5.00	0.10
30	4.00	3.50	0.12
35	3.75	2.00	0.12
40	2.50	1.50	0.21
45	2.50	1.70	0.38
50	2.50	2.50	0.45
55	3.50	0.00	0.25
60	3.50	0.00	0.35
65	0.00	0.00	0.40

* Disability rates for General Employees are assumed to be 50% Service related and 50% Non-Service related. Disability rates for Police and Fire are assumed to be 100% Service related.

RETIREMENTS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of retirement are as follows:

GENERAL EMPLOYEES COVERED BY SOCIAL SECURITY

Age	Years of Service							
	5	10	15	20	25	30	35	40
45					18.40%	17.60%	19.60%	19.60%
50					8.80	17.60	19.60	19.60
55	6.30%	6.30%	4.40%	9.90%	8.80	12.80	19.60	19.60
60	9.70	9.70	8.90	10.40	16.30	11.40	24.50	24.50
65	17.70	17.70	19.00	25.60	30.60	26.10	24.50	24.50
70	13.20	13.20	13.20	15.80	15.80	17.60	24.50	24.50
75	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00





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GENERAL EMPLOYEES NOT COVERED BY SOCIAL SECURITY

Age	Years of Service							
	5	10	15	20	25	30	35	40
45					7.30%	14.60%	17.20%	17.20%
50					7.30	9.70	17.20	17.20
55	3.60%	3.60%	5.20%	5.40%	6.70	11.70	17.20	17.20
60	3.60	3.60	7.90	10.40	11.20	14.60	12.90	12.90
65	12.00	12.00	14.80	18.90	23.70	14.60	21.50	21.50
70	8.60	8.60	15.30	16.20	16.20	14.60	25.80	25.80
75	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

POLICE AND FIRE COVERED BY SOCIAL SECURITY

Age	Years of Service						
	5	10	15	20	25	30	35
45					13.00%	19.60%	19.60%
50					17.40	13.00	13.00
55	2.60%	2.60%	5.70%	8.40%	43.60	21.80	21.80
60	4.90	4.90	18.50	20.30	43.60	21.80	21.80
65	100.00	100.00	100.00	100.00	100.00	100.00	100.00

POLICE AND FIRE NOT COVERED BY SOCIAL SECURITY

Age	Years of Service						
	5	10	15	20	25	30	35
45					22.00%	17.60%	17.60%
50					22.30	17.60	17.60
55	3.80%	3.80%	6.70%	7.40%	20.60	17.60	17.60
60	2.90	2.90	3.50	8.80	24.80	27.00	27.00
65	100.00	100.00	100.00	100.00	100.00	100.00	100.00





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DROP ELECTION: 33% of eligible members are assumed to enter DROP. 33% of members who elect DROP are assumed to retire after 2 years, 33% are assumed to retire after 3 years, and 33% are assumed to retire after 4 years. No DROP elections are assumed for members with less than 10 years of service. No DROP elections are assumed for Police and Fire after age 61 or for General Employees after age 66.

MORTALITY: The Pub-2010 Mortality Tables set-forward one year (except Active Employees) and projected generationally with scale MP-2021:

General Employees

- Service Retirees: General, Healthy Retiree Mortality Table.
- Disabled Retirees: General, Disabled Retiree Mortality Table.
- Beneficiaries: General, Contingent Annuitant Mortality Table.
- Active Employees: General, Employee Mortality Table.

Policemen and Firemen

- Service Retirees: Public Safety, Healthy Retiree Mortality Table.
- Disabled Retirees: Public Safety, Disabled Retiree Mortality Table.
- Beneficiaries: Public Safety, Contingent Annuitant Mortality Table.
- Active Employees: Public Safety, Employee Mortality Table.

In our opinion, the generational projection of the mortality rates with scale MP-2021 provide a sufficient margin in the assumed rates of mortality to allow for additional improvement in mortality experience.

ASSET METHOD: Market Value of Assets.

VALUATION METHOD: Entry Age Normal Cost method.

SPOUSES: For members who have elected spouse coverage, husbands are assumed to be two years older than their wives.

PERCENT MARRIED: 80% of active members are assumed to be married.

LOAD: For those members who retired under and joint & survivor option and have no reported information for a prospective beneficiary, a probabilistic factor was applied to the reversionary portion of the liability. The factor measures the survivorship of the assumed spouse (with men three years older than women) from the date of retirement to the valuation date, based on the assumptions for death after retirement.

