

**City of South Burlington
Retirement Income Plan**

**Actuarial Valuation
as of July 1, 2015**

March 11, 2016

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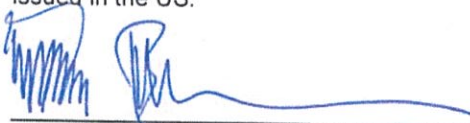
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**CITY OF SOUTH BURLINGTON
RETIREMENT INCOME PLAN
ACTUARIAL VALUATION
AS OF JULY 1, 2015**

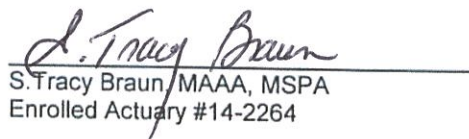
People's United Bank, Retirement Services has been retained by the City of South Burlington to prepare an actuarial valuation of the City of South Burlington Retirement Income Plan for its plan year ending June 30, 2016. This valuation has been conducted in accordance with generally accepted actuarial principles and practices. The results shown in this report are reasonable actuarial results. However, a different set of results could also be considered reasonable. The selection of the best estimate assumption requires professional judgment from the actuary. Thus, reasonable results differing from those presented in this report could have been developed by another actuary.

This communication is intended solely for the use of the City, its financial advisors and its outside auditors. Numbers presented herein should not be shared with other parties without our consent.

In making this year's computations, we relied upon employee data and Plan documentation provided to us by the City of South Burlington. We did not audit the employee data; our valuation is based upon our interpretation of applicable Plan documents. There is no relationship between The City and Annie Brown Voldman or S. Tracy Braun that impairs our objectivity. This report is an actuarial communication for which the undersigned (1) are the responsible actuaries; (2) are credentialed Members of the American Academy of Actuaries and; (3) meet the Academy's Qualification Standards for Statements of Actuarial Opinion issued in the US.



Annie Brown Voldman, MAAA, MSPA
Enrolled Actuary #14-3964



S. Tracy Braun, MAAA, MSPA
Enrolled Actuary #14-2264

March 11, 2016
Date

INTRODUCTION

Following is the report of the actuarial valuation of the City of South Burlington Retirement Income Plan (the "Plan") that has been made for purposes of determining a recommended level of contribution and reviewing the current funded status of the Plan. The valuation, performed as of the beginning of the current plan year, July 1, 2015, measures the liabilities of the Plan, compares them to existing Plan assets and determines what level of contribution, is recommended to properly fund the Plan. This report formalizes valuation results, which were initially issued in draft form on November 30, 2015.

Minimum Recommended Contribution for 2015-2016 Plan Year

The valuation reflects an increase in this year's minimum recommended contribution both in dollar amounts and as a percentage of employee compensation:

Minimum Recommended Contribution for 2015-2016 FY

	<u>10-Year Amortization</u>		<u>20-Year Amortization</u>	
	<u>\$ Amount</u>	<u>% Payroll</u>	<u>\$ Amount</u>	<u>% Payroll</u>
Public Safety Group:	591,845	12.1%	493,956	10.1%
Non-Public Safety Group:	311,735	16.7%	271,904	14.6%
Total:	<u>\$903,580</u>	<u>13.4%</u>	<u>\$765,860</u>	<u>11.4%</u>

The above is the amount payable by the City of South Burlington ("the City"), which is in addition to mandatory employee contributions required from Public Safety employees of 6.5% of compensation. Amortization of unfunded liabilities is assumed to be paid over a minimum of a 20 year period (see page 4). The above amounts are recommended contributions. The City may fund above the recommended contribution, which will reduce future years' contributions.

We have modified some of the actuarial assumptions (see below).

Projected Contribution for 2016-2017 Fiscal Year

We have projected assets and liabilities forward for estimating the total contribution for the next fiscal year to assist with the City's 2016-2017 FY budget process and determined that the expected contribution is expected to be similar to the current fiscal year amounts:

Projected Employer Contribution for 2016-2017 FY – Asset return 7.50%

	<u>10-Year Amortization</u>		<u>20-Year Amortization</u>	
	<u>\$ Amount</u>	<u>% Payroll</u>	<u>\$ Amount</u>	<u>% Payroll</u>
Public Safety Group:	\$586,789	11.6%	\$ 493,107	9.7%
Non-Public Safety Group:	314,390	16.2%	275,779	14.2%
Total:	<u>\$ 901,180</u>	<u>12.9%</u>	<u>\$ 768,885</u>	<u>11.0%</u>

Projected Employer Contribution for 2016-2017 FY – Asset return 0.00%

	<u>10-Year Amortization</u>		<u>20-Year Amortization</u>	
	<u>\$ Amount</u>	<u>% Payroll</u>	<u>\$ Amount</u>	<u>% Payroll</u>
Public Safety Group:	\$818,643	16.1%	\$ 649,217	12.8%
Non-Public Safety Group:	395,887	20.4%	330,651	17.1%
Total:	<u>\$1,214,530</u>	<u>17.3%</u>	<u>\$ 979,868</u>	<u>14.0%</u>

Our projection is based on (1) actuarial assumptions in this year's valuation, including the stated asset returns and 4% payroll increase; and (2) contributions at the expected amount of \$765,860. Asset return of less than those stated will increase the contribution; return in excess of will decrease the contribution.

INTRODUCTION (CONTINUED)

We continue to see volatility in the Plan's contribution as a result of payroll increases on a year to year basis, resulting from significant overtime variance from year to year. We will be addressing this with the City to develop a plan assumption for overtime to help mitigate this volatility. Additionally, this year's asset experience was much less than anticipated, contrasting with the prior two years, which were much more than expected. The City is currently considering a change to an asset smoothing method, which would help reduce volatility in contributions from asset return, which over the long run has been about as expected (see next section).

Plan Experience: Assets

This year's 1.57% investment return was below the 7.5% assumed in the valuation calculations, resulting in actuarial loss, increasing the contribution and decreasing the Plan's funded ratio as compared to last year. Historical approximate rates of annual asset return and assumed rates of return over the last ten years follow:

<u>Plan Year</u>	<u>Rate of Return</u>	<u>Assumed Rate</u>
6/30/15	1.6%	7.5%
6/30/14	16.4%	7.5%
6/30/13	13.5%	7.5%
6/30/12	1.7%	7.5%
6/30/11	20.1%	7.5%
6/30/10	13.2%	7.5%
6/30/09	(16.0%)	7.5%
6/30/08	(9.0%)	7.5%
6/30/07	14.1%	7.5%
6/30/06	9.9%	7.5%
6/30/05	7.9%	7.5%
6/30/04	12.2%	7.5%
3-Year Average:		10.52%
5-Year Average:		10.67%
12-Year Average:		7.13%

Publicly funded plans are generally deemed to exist in perpetuity or at a minimum over a long period of time, due to the ongoing existence of the public employer plan sponsor. The Pension Advisory Committee in conjunction with Plan Investment Managers should continue to evaluate the current investment portfolio to ascertain if the 7.5% assumed rate of return is supported. Its determination should be based primarily on the classes of assets in which the Plan is invested, the risk associated with these classes and the investment manager's long term objectives. In our review of the asset allocation and the Plan's performance, the assumed rate of return of 7.5% appears to be reasonable for the long term, though year to year asset volatility can be expected to continue.

Plan Experience: Liabilities

Liabilities change with payroll and changes in the covered group. Valuation payroll this year, as compared to last year was more than the expected 4% for both the Non-Public Safety group and the Public Safety group. Average Compensation increased 6.65% for Public Safety and 8.6% for Non-Public Safety. We will be reassessing the salary increase assumption in the next actuarial valuation.

INTRODUCTION (CONTINUED)

Funded Status Update

Less than favorable experience from both assets and liabilities has decreased the Plan's funded status:

Funded Ratio Current Year – July 1, 2015

	<u>Public Safety</u>	<u>Non-PS</u>	<u>Total</u>
PV of Accumulated Plan Benefits:	\$19,364,442	\$7,072,093	\$26,436,535
Fair Market Value of Plan Assets:	21,344,596	7,577,292	28,921,888
(Shortfall)/Excess of Assets:	1,980,153	505,201	2,485,354
Funded Ratio:	110%	107%	109%

Funded Ratio Current Year – July 1, 2014

	<u>Public Safety</u>	<u>Non-PS</u>	<u>Total</u>
PV of Accumulated Plan Benefits:	\$17,604,144	\$6,476,823	\$24,080,967
Fair Market Value of Plan Assets:	21,208,471	7,643,561	28,852,033
(Shortfall)/Excess of Assets:	3,604,327	1,166,738	4,771,066
Funded Ratio:	120%	118%	120%

The liabilities stated here have been measured on an *ongoing Plan basis*, and as such are based on the Plan's current funding assumptions. If the Plan were terminated, additional calculations would be required to determine liabilities on a *Plan termination basis*. In the current low interest rate environment, unfunded liabilities on a Plan Termination basis would be considerably higher than have been stated here. Thus the funded ratios on a termination basis would be less than what is stated above.

Under the Plan's funding method, contributions fund both benefits accrued to date and those expected to accrue from future service with the objective of funding a portion of future benefits before they accrue so that over the long term, costs will be consistent as a percentage of payroll. Thus a healthy funded ratio is one which exceeds 100%, thereby helping to keep the costs of future benefits level, as a percentage of payroll.

Actuarial Assumptions and Funding Method

The assumptions and funding method underlying the valuation are outlined on page 6. We have done a review of the current funding assumptions and the following changes were made:

1. The mortality assumption has been updated to the RP-2014 mortality table the change reflects continued improvements in mortality published by the Society of Actuaries.
2. The increase in plan compensation for both groups continues to be a source of volatility primarily because the overtime varies significantly from year to year. Two years ago the plan compensation increase was significantly less than the 4% assumption and last year, much greater than the assumed rate of increase. This year compensation was again much greater than the assumed rate of increase. We will be discussing with the City, implementation of an assumption which will help mitigate the impact on the plan contribution due to this assumption.

Each year's asset and liabilities experience will continue to be reviewed in comparison with experience anticipated under the assumptions, with changes being made as needed in consideration of such experience (over the long term), combined with the City's expectation for the future.

INTRODUCTION (CONTINUED)

Change in Governmental Accounting Standards: GASB 67& 68

In June of 2012, GASB issued Statements GASB 67 and 68 pertaining to reporting and disclosure requirements for public pension plans. GASB 68 applies to the City of South Burlington Retirement Income Plan, effectively replacing GASB 27 as it now applies to the City. GASB 68 significantly changes the amount that is expensed and the net pension liability that will be reported on the City's financial statements. The new rules include the following:

- ARC replaced by Pension Expense
- Pension Expense is determined under a single method, with no flexibility
- Accrued Liability measured under single method
- Amortization of gains/losses and unfunded liabilities will be over a shorter period than those prescribed under GASB 27
- Plan changes (e.g. benefit increases or decreases) are recognized immediately in pension expense (e.g. no amortization)
- Discount rate – reflects expected return on assets only to the point at which assets are projected to be sufficient to pay benefits. Benefits payable beyond that time must be discounted using a prescribed Municipal Bond Rate
- Net Pension Obligation (now an asset for the City), which under GASB 27 is difference between cumulative ARCs and contributions, is replaced with unfunded Entry Age Accrued Liability.

The new requirements are effective for the fiscal year beginning July 1, 2014 for the City, and are reported under the new guidelines at the June 30, 2015 fiscal year end. We have issued a separate GASB report.

**CITY OF SOUTH BURLINGTON
RETIREMENT INCOME PLAN
ACTUARIAL VALUATION AS OF
JULY 1, 2015**

SUMMARY OF ACTUARIAL VALUATION

	<u>PUBLIC SAFETY</u>	<u>NON-PUBLIC SAFETY</u>	<u>TOTAL</u>
ACTUARIAL VALUATION DATE	7/1/2015	7/1/2015	
<i>MINIMUM RECOMMENDED EMPLOYER CONTRIBUTION RANGE:</i>			
<i>MINIMUM BASED ON 10-YEAR AMORTIZATION OF UEAAL:</i>	591,845	311,735	903,580
<i>MINIMUM CONTRIBUTION AS PERCENTAGE PAYROLL:</i>	12.1%	16.7%	13.4%
<i>MINIMUM BASED ON 20-YEAR AMORTIZATION OF UEAAL:</i>	493,956	271,904	765,860
<i>MINIMUM CONTRIBUTION AS PERCENTAGE PAYROLL:</i>	10.1%	14.6%	11.4%

PARTICIPANT DATA

Retired Participants currently receiving benefits:	28	36	64
Terminated vested or inactive but still employed participants:	13	32	45
Participants currently employed:	77	35	112
Total participants:	118	103	221
Ineligible Employees:	0	10	10
Aggregate compensation of active participants:	4,881,898	1,861,983	6,743,881
Average compensation per active participant:	63,401	53,200	60,213

ASSET DATA

Fair market value of Plan assets:	21,344,595	7,577,294	28,921,889
Actuarial asset value:	21,344,595	7,577,294	28,921,889
Approximate annual rate of return for the plan year (net of expenses):	1.57%	1.57%	1.57%

SUMMARY OF ASSETS AND LIABILITIES FOR DISCLOSURE UNDER FAS 35

Present value of vested accumulated benefits:	19,229,446	6,988,942	26,218,388
Present value of non-vested accumulated benefits:	134,996	83,151	218,147
Present value of total accumulated benefits:	19,364,442	7,072,093	26,436,535
Fair market value of Plan assets:	21,344,595	7,577,294	28,921,889
Assets above/(below) total accumulated benefits:	1,980,153	505,201	2,485,354
Funded ratio:	110%	107%	109%

**CITY OF SOUTH BURLINGTON
RETIREMENT INCOME PLAN
ACTUARIAL VALUATION AS OF
JULY 1, 2015**

RECONCILIATION OF PARTICIPANT COUNT

	<u>PUBLIC SAFETY</u>	<u>NON-PUBLIC SAFETY</u>	<u>TOTAL</u>
<i>A. RETIREES AND BENEFICIARIES CURRENTLY RECEIVING BENEFITS:</i>			
1. Retirees and beneficiaries at prior valuation date:	27	35	62
2. New retirees and beneficiaries:	1	2	3
3. Retirees Deceased:	0	1	1
4. Retirees and beneficiaries at current valuation date (1+2-3):	28	36	64
 <i>B. TERMINATED VESTED AND INACTIVE BUT STILL EMPLOYED PARTICIPANTS:</i>			
1. Terminated vested participants at prior valuation date:	11	32	43
2. New terminated vested participants:	2	1	3
3. Participants moved to inactive status but not yet terminated:	0	0	0
4. Participants retired, cashed out or moved back to active status:	0	1	1
5. Terminated vested participants at current valuation date (1+2+3-4):	13	32	45
 <i>C. ACTIVELY EMPLOYED PARTICIPANTS:</i>			
1. Active participants at prior valuation date:	78	32	110
2. New participants:	2	6	8
3. Participants retired:	0	2	2
4. Terminated without vested benefits:	0	0	0
5. Terminated with vested benefits due in future:	2	1	3
6. Terminated with vested benefits and cashed out:	1	0	1
7. Participants transferred out:	0	0	0
8. Active participants at current valuation date (1+2-3-4-5-6-7):	77	35	112
 <i>D. TOTAL PARTICIPANTS (A+B+C):</i>			
	118	103	221
 <i>E. AVERAGE AGES:</i>			
1. Retirees and Beneficiaries:	62.75	72.33	
2. Terminated or Inactive participants with vested benefits:	38.00	53.72	
3. Active participants:	38.44	53.86	
 <i>F. AVERAGE MONTHLY BENEFITS:</i>			
1. Retirees and Beneficiaries:	2,650.95	892.61	
2. Terminated or Inactive participants with vested benefits:	853.62	645.00	
3. Active participants: *	2,980.75	2,051.11	
 <i>G. AVERAGE YEARS OF SERVICE FOR ACTIVE PARTICIPANTS:</i>			
	10.58	13.21	

* Average of benefit expected at retirement age, based on current compensation and service at retirement

**CITY OF SOUTH BURLINGTON
RETIREMENT INCOME PLAN
ACTUARIAL VALUATION AS OF
JULY 1, 2015**

PLAN ASSET EXPERIENCE SINCE THE PRECEDING VALUATION DATE

SUMMARY OF INCOME, EXPENSES AND RATE OF RETURN

Asset fair market value at July 1, 2014:		28,852,033
Employer contribution:		569,198
Mandatory Employee contributions:		297,142
Benefit Payments to Participants:		(1,247,876)
Investment income and expense:		
Interest and Dividends, other income	551,017	
Realized gains and (losses)	763,903	
Unrealized appreciation/(depreciation) in market value:	(735,626)	
Expenses paid from Plan assets:	(127,903)	
Investment earnings on market value basis, net of expenses:		451,391
Asset fair market value at June 30, 2015:		28,921,887
Approximate annual rate of return for the plan year (net of expenses):		1.57%
Additional Employer Contributions received after year-end:		0
Actuarial Asset Value at June 30, 2015:		28,921,887

COMPOSITION OF ASSETS AT JUNE 30, 2015:

	<u>Market Value</u>	<u>Percent Total</u>
Employer Contribution Receivable:	0	--
Equity Mutual Funds:	17,514,987	60.56%
Fixed Income Mutual Funds:	11,389,920	39.38%
Accrued Income:	16,980	0.06%
Total:	<u>28,921,887</u>	<u>100.0%</u>

ALLOCATION OF ASSETS BETWEEN PUBLIC SAFETY AND NON-PUBLIC SAFETY GROUPS

	<u>PUBLIC SAFETY</u>	<u>NON-PUBLIC SAFETY</u>	<u>TOTAL</u>
Asset Fair Market Value at July 1, 2014:	21,208,471	7,643,562	28,852,034
Employer contributions:	392,691	176,507	569,198
Mandatory Employee contributions:	297,142	0	297,142
Benefit Payments to Participants:	(886,493)	(361,383)	(1,247,876)
Share of Investment Earnings (net of expenses):	332,784	118,607	451,391
Asset fair market value at June 30, 2015:	21,344,596	7,577,292	28,921,888
Employer contribution receivable:	0	0	0
Employee contribution receivable:	0	0	0
Asset fair market value at June 30, 2015:	21,344,596	7,577,292	28,921,888

**CITY OF SOUTH BURLINGTON
RETIREMENT INCOME PLAN
ACTUARIAL VALUATION AS OF
JULY 1, 2015**

DETERMINATION OF RECOMMENDED EMPLOYER CONTRIBUTION

<i>MINIMUM RECOMMENDED EMPLOYER CONTRIBUTION RANGE</i>	<i>PUBLIC SAFETY</i>	<i>NON-PUBLIC SAFETY</i>	<i>TOTAL</i>
<i>Minimum based on 10-Year Amortization of Unfunded Entry Age Accrued Liability:</i>			
1. Total Normal Cost:	570,318	177,601	747,919
2. Unfunded Entry Age Accrued Liability:	2,068,782	841,793	2,910,575
3. 10-Year Amortization of Unfunded Accrued Liability:	280,365	114,081	394,446
4. Interest to Expected Payment Date:	58,484	20,053	78,538
5. Minimum Total Recommended Contribution (1+2+3+4):	909,168	311,735	1,220,903
6. Expected Employee Contributions:	317,323	0	317,323
7. Employer Recommended Contribution (5-6):	591,845	311,735	903,580
8. Employer Contribution as Percentage Payroll:	12.1%	16.7%	13.4%

Minimum based on 20-Year Amortization of Unfunded Entry Age Accrued Liability:

1. Total Normal Cost:	570,318	177,601	747,919
2. Unfunded Entry Age Accrued Liability:	2,068,782	841,793	2,910,575
3. 20-Year Amortization of Unfunded Accrued Liability:	188,773	76,812	265,586
4. Interest to Expected Payment Date:	52,188	17,491	69,678
5. Minimum Total Recommended Contribution (1+2+3+4):	811,279	271,904	1,083,183
6. Expected Employee Contributions:	317,323	0	317,323
7. Employer Recommended Contribution (5-6):	493,956	271,904	765,860
8. Employer Contribution as Percentage Payroll:	10.1%	14.6%	11.4%

Unfunded Entry Age Accrued Liability (Fresh Start)

1. Entry Age Normal Accrued Liability at Valuation Date:	23,413,377	8,419,087	31,832,464
2. Actuarial Asset Value at Valuation Date:	21,344,595	7,577,294	28,921,889
3. Unfunded EAN Accrued Liability at Valuation Date (1-2):	2,068,782	841,793	2,910,575

Employer Contribution amounts are anticipated to be paid on or before June 1, 2016. Mandatory Employee Contributions are payable during the year, deducted from employee earnings and deposited regularly into the Trust.

**CITY OF SOUTH BURLINGTON
RETIREMENT INCOME PLAN
ACTUARIAL VALUATION AS OF
JULY 1, 2015**

ACCUMULATED BENEFITS AND ASSETS

A. ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS AS OF VALUATION DATE:

	<u>PUBLIC SAFETY</u>	<u>NON-PUBLIC SAFETY</u>	<u>TOTAL</u>
Actuarial present value of vested accumulated Plan benefits			
Inactive Participants (Retirees, Term Vested):	10,519,345	4,693,828	15,213,173
Actively employed participants:	8,710,101	2,295,114	11,005,215
Total:	19,229,446	6,988,942	26,218,388
Actuarial present value of non-vested accumulated Plan benefits:	134,996	83,151	218,147
Actuarial present value of total accumulated Plan benefits:	19,364,442	7,072,093	26,436,535
Plan assets available to provide accumulated benefits:	21,344,596	7,577,292	28,921,888
Funded ratio:	110.2%	107.1%	109.4%

B. CHANGE IN ACCUMULATED BENEFITS FROM PRIOR VALUATION DATE TO CURRENT VALUATION DATE

Total present value of accumulated benefits at prior valuation date:	17,604,144	6,476,823	24,080,967
Benefits paid:	(886,493)	(361,383)	(1,247,876)
Passage of time (interest accrued):	1,287,067	472,210	1,759,277
Benefits accumulated due to service, retiree COLA's, combined with impact of change in assumptions	1,359,724	484,443	1,844,167
Total present value of accumulated benefits at current valuation date:	19,364,442	7,072,093	26,436,535

C. ACTUARIAL ASSUMPTIONS AND VALUATION DATE

Current actuarial valuation date:	July 1, 2015
Actuarial present value interest rate:	7.50%
Mortality table used in determining actuarial present values:	RP-2014 Static Annuitant and Nonannuitant
Changes in actuarial assumptions from prior valuation date:	Mortality change to RP-2014
Plan changes not reflected at prior valuation date:	None

**CITY OF SOUTH BURLINGTON
RETIREMENT INCOME PLAN
ACTUARIAL VALUATION AS OF
JULY 1, 2015**

ACTUARIAL ASSUMPTIONS AND COST METHOD

ACTUARIAL VALUATION DATE:	July 1, 2015
VALUATION INTEREST (Pre and Post-retirement):	7.50%
COMPENSATION ANNUAL RATE OF INCREASE:	4.00%
VALUATION COMPENSATION:	
Compensation paid during the plan year preceding the Valuation Date	<i>Public Safety:</i> Base compensation plus overtime not to exceed 25% of base pay <i>Non-Public Safety:</i> Total compensation
EMPLOYEE CONTRIBUTION RATE (Public Safety Only):	6.50%
ASSUMED RETIREMENT AGE:	Normal Retirement Age
MORTALITY (Pre and Post-retirement):	RP-2014 Static Annuitant and Nonannuitant
EMPLOYEE TURNOVER:	Scale T-3 from the Pension Actuary's Handbook
IRC SECTION 401(a)(17) MAXIMUM COMPENSATION LIMIT:	\$260,000
IRC SECTION 415(b) MAXIMUM BENEFIT LIMIT:	\$210,000
ASSET VALUATION METHOD:	Fair Market Value
ACTUARIAL COST METHOD:	Entry Age Normal

Under the Entry Age Normal Cost Method the Employer contribution is equal to Normal Cost plus amortization of Unfunded Entry Age Accrued Liability. Normal Cost is computed on an individual basis for all participants as follows:

1. Projected benefits of each individual included in an actuarial valuation are allocated on a level basis over the earnings of the individual between entry age and assumed exit. The portion of this actuarial present value allocated to a valuation year is the normal cost

Unfunded Entry Age Accrued Liability has been "fresh started" as of July 1, 2015 as the excess of Entry Age Accrued Liability over the Actuarial Value of Plan Assets. Unfunded Entry Age Accrued Liability is recommended to be amortized over a period of 10 to 20 years

**CITY OF SOUTH BURLINGTON
RETIREMENT INCOME PLAN
ACTUARIAL VALUATION AS OF
JULY 1, 2015**

SUMMARY OF PRINCIPAL PLAN PROVISIONS - PUBLIC SAFETY EMPLOYEES

PLAN EFFECTIVE DATE: December 1, 1972

ELIGIBILITY: Immediate at Employment

EMPLOYEE CONTRIBUTION RATE: Mandatory 6.5% of Plan Compensation

NORMAL RETIREMENT AGE:

	<u>Retirement * on or After</u>	<u>Age</u>
	Prior to July 1, 2001	60
* or other termination of service	July 1, 2001	55
	July 1, 2005	54
	July 1, 2007	53
	July 1, 2009	52
	July 1, 2010	51
	July 1, 2011	50

BENEFIT FORMULA: 2.5% of average annual compensation per Year of Service with Police or Fire departments up to 25 years.

POST-RETIREMENT COLA AND SOCIAL SECURITY OFFSET FOR PARTICIPANTS RETIRING ON OR AFTER NORMAL RETIREMENT DATE:

Participants whom retire on or after Normal Retirement Date will receive an annual increase in their monthly benefit of 3% until Social Security benefits commence. Upon commencement of Social Security, the Plan benefit is reduced by a fraction of the Participant's Social Security Benefit based on the Participants Years of Service at retirement.	<u>Years of Service at later of 6/30/02 or Retirement</u>	<u>PIA Offset Percentage</u>
	25 or Less	50%
	26	45%
	27	40%
	28	35%
	29	30%
	30 or more	25%

AVERAGE ANNUAL COMPENSATION Plan Compensation* is averaged over high three consecutive years of service. Compensation is annualized for years in which the Participant completes less than 2,000 Hours of Service, but at least 1,000 Hours of Service.

* Effective July 1, 2009, Plan Compensation includes overtime up to 25% of Base Pay.

NORMAL ANNUITY FORM: Life Annuity

ACCRUED BENEFIT DEFINITION: Unit Credit Accrual, based on Years of Service completed at determination date

EARLY RETIREMENT: Age 50, Accrued Benefit reduced 10% per year for benefit commencement prior to Normal Retirement Date

DISABILITY: Actuarial Equivalent of Accrued Benefit

PRE-RETIREMENT DEATH BENEFIT: Actuarial Equivalent of Accrued Benefit

VESTING: 7-Year Graded - 20% after 3 years, 20% per year thereafter, 100% after 7 years.

**CITY OF SOUTH BURLINGTON
RETIREMENT INCOME PLAN
ACTUARIAL VALUATION AS OF
JULY 1, 2015**

SUMMARY OF PRINCIPAL PLAN PROVISIONS - NON-PUBLIC SAFETY EMPLOYEES

<i>PLAN EFFECTIVE DATE:</i>	December 1, 1972
<i>ELIGIBILITY:</i>	Eligible Employees - 36 months of service, entry on July 1st of plan year in which service requirement met
<i>ELIGIBLE EMPLOYEES:</i>	Non-Public Safety Employees who meet age and service requirements <u>except the following classes of employee:</u> <ol style="list-style-type: none">(1) Employees who are members of the Water Pollution Control Employees Association (WPC) who are hired on or after 1/1/11; and(2) Employees who are not members of either the WPC or the South Burlington City Hall & Public Works Employees' Association (SBCH&PW) unless such employee was a Participant in the Plan on 6/30/10.
<i>NORMAL RETIREMENT AGE:</i>	Attainment of Age 65
<i>BENEFIT FORMULA:</i>	1.75% of Average Compensation times Years of Service completed with City Departments other than Police or Fire (Non-Public Safety Departments)
<i>AVERAGE COMPENSATION</i>	Plan Compensation is averaged over high three consecutive years that produce highest average. Compensation is annualized for years in which the Participant completes less than 2,000 Hours of Service, but at least 1,000 Hours of Service.
<i>PLAN COMPENSATION</i>	SBCH&PW Members - effective 7/1/09, total compensation WPC Members - effective 7/1/07 total compensation, including scheduled and unscheduled overtime, on-call pager pay. For all other Non-Public Safety employees - Base pay
<i>NORMAL ANNUITY FORM:</i>	Life Annuity
<i>ACCRUED BENEFIT DEFINITION:</i>	Unit Credit Accrual, based on Years of Service completed at determination date
<i>EARLY RETIREMENT:</i>	Age 55, Accrued Benefit reduced by 1/15 per year for benefit commencement prior to 65
<i>DISABILITY:</i>	Actuarial Equivalent of Accrued Benefit
<i>PRE-RETIREMENT DEATH BENEFIT:</i>	Actuarial Equivalent of Accrued Benefit
<i>VESTING:</i>	7-Year Graded - 20% after 3 years, 20% per year thereafter, 100% after 7 years.