

THE WATER AND POWER EMPLOYEES' RETIREMENT,  
DISABILITY AND DEATH BENEFIT INSURANCE PLAN

*Review of the Death Benefit Fund as of July 1, 2008*

- *Family Death Benefit Allowance Fund*
- *Supplemental Family Death Benefit Allowance Fund*
- *Insured Lives Portion of the Death Benefit Fund*

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*December 2, 2008*

*Board of Administration  
The Water and Power Employees' Retirement Plan of the City of Los Angeles  
111 North Hope Street, Room 357  
Los Angeles, California 90012*

*Dear Board Members:*

*We are pleased to submit this review of the Family Death Benefit Allowance Fund, the Supplemental Family Death Benefit Allowance Fund, and the Insured Lives Portion of the Death Benefit Fund as of July 1, 2008. It establishes the funding requirements for fiscal 2008-2009 and analyzes the preceding year's experience.*

*The census and financial information on which our calculations were based was prepared by the Retirement Office. That assistance is gratefully acknowledged.*


*This review has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this review 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 Funds.*

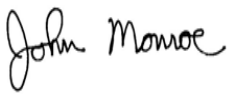
*We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.*

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

*Sincerely,*

*THE SEGAL COMPANY*

By:   
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Senior Vice President and Actuary  
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**SECTION 1**

**REVIEW SUMMARY**

Contribution Recommendations .... i

**SECTION 2**

**FAMILY DEATH BENEFIT ALLOWANCE FUND AND SUPPLEMENTAL FAMILY DEATH BENEFIT ALLOWANCE FUND**

- A. Introduction..... 1
- B. Review of Experience and Recommendations..... 2

**SECTION 3**

**INSURED LIVES PORTION OF THE DEATH BENEFIT FUND**

- A. Introduction..... 8
- B. Insured Lives Death Benefits for Contributing Active Members..... 9
- C. Insured Lives Death Benefit for Noncontributing (Retired and Disabled) Members ..... 11

**SECTION 4**

**SUPPLEMENTAL INFORMATION**

- EXHIBIT I  
History of Contribution Rates..... 13
- EXHIBIT II  
Combined Assets ..... 14
- EXHIBIT III  
Methods, Assumptions and Plan Summary for the Family Death Benefit Fund ..... 15
- EXHIBIT IV  
Methods, Assumptions and Plan Summary for the Supplemental Family Death Benefit Fund ..... 17
- EXHIBIT V  
Methods, Assumptions and Plan Summary for the Insured Lives Death Benefit Fund (Contributing Active Members)..... 19
- EXHIBIT VI  
Methods, Assumptions and Plan Summary for the Insured Lives Death Benefit Fund (Noncontributing Retired and Disabled Members)..... 20

**SECTION 1: Review Summary for the Water and Power Employees' Death Benefit Fund**

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**CONTRIBUTION RECOMMENDATIONS**

- The following table summarizes the contribution recommendations for the Department and the members for the various Funds. We are recommending an increase in the Department contribution rate from \$1.30 to \$1.60 per \$100 of monthly retirement benefit for the Insured Lives Portion (Noncontributing).

	Department	Members	
		Active	Retired and Disabled
Family Death Benefit	Suspended	N/A	N/A
Supplemental Family Death Benefit	N/A	\$2.25 biweekly	\$4.90 monthly
Insured Lives:			
Contributing	Suspended	\$1.00 biweekly	N/A
Noncontributing	\$1.60 per \$100 of monthly retirement benefit	N/A	N/A

- The assumed earnings rate is 5.0% for the combined funds. This 5.0% recommended return assumption is consistent with the assumption currently used by the Board for the Disability Fund, which is invested in similar assets. The earnings rate for the combined fund over the past year was 8.2%. We will continue to monitor the return assumption in future years.
- This review as of July 1, 2008 is based on financial information as of that date. Changes in the value of assets subsequent to that date, to the extent they exist, are not reflected. Declines in asset values may increase the recommended contribution rates for the Funds, while increases may decrease the recommended contribution rates.

## SECTION 2: Family Death Benefit Allowance Fund and Supplemental Family Death Benefit Allowance Fund

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### A. INTRODUCTION

The Family Death Benefit Allowance program was adopted under Resolution No. 470 dated December 19, 1963. The initial benefit was a monthly allowance payable to the surviving spouse of a member with minor children and was equal to \$95 plus \$96 for each minor child up to a maximum monthly allowance of \$254. The individual's benefit was increased to \$120 and the family maximum was increased to \$340 as of July 1, 1969. After 1989, these benefit levels were increased to \$160 and \$450 respectively. On February 18, 2003, the individual's benefit was raised from \$160 to \$416 and the family maximum was raised from \$450 to \$1,170. The increases were applied retroactively to July 1, 2001.

The Department pays the entire cost of the Family Death Benefit Allowance program. Due to the size of the general reserve, contributions have been temporarily suspended since January 1, 1993. A history of contribution rates for this Fund is displayed in Section 4, Exhibit I.

The Supplemental Family Death Benefit Allowance plan was adopted effective September 7, 1981. A monthly allowance of \$200 was provided to each surviving spouse or child, subject to a maximum of \$410 per family. On February 18, 2003, the monthly allowance was raised to \$520 for each surviving spouse or child, in addition to the amounts payable from the Family Death Benefit Allowance Fund, subject to a maximum of \$1,066 for the total of additional allowances. The increases were also applied retroactively to July 1, 2001.

Participation in the supplemental plan is optional and subject to member contributions. Please see Section 4, Exhibit I for a history of contribution rates. The Department will only contribute as necessary to fund the benefit.

Under the funding method for the Family Death Benefit Allowance program and the Supplemental Family Death Benefit Allowance program, the total annual contribution is equal to the expected incurred claims for the coming year. This is the same method used for disability benefits and for the other death benefits. Under the funding method, no additional contributions are expected to accumulate to help cover future claims beyond those incurred during the forthcoming year.

**SECTION 2: Family Death Benefit Allowance Fund and Supplemental Family Death Benefit Allowance Fund**

**B. REVIEW OF EXPERIENCE AND RECOMMENDATIONS**

The attached charts show a summary of the cost of the Family Death Benefit Allowance Fund and the Supplemental Family Death Benefit Allowance Fund from the inception of the plans to June 30, 2008.

In the early years of the operation of the Family Death Benefit Allowance, the Department contribution rate was somewhat low. For this reason, a deficit in the contribution account gradually accumulated. Also, the extension of the \$120 benefit level in 1969 to current recipients temporarily compounded the deficit and produced abnormally high costs per member. To reverse these trends, a \$3.00 contribution rate was adopted in 1973 but was decreased to \$2.50 in 1981. Since that time, substantial reserves have been built up so that contributions were suspended in 1993.

The experience table on pages 4 and 5 shows the cumulative monthly cost per member since 1970. In years 1970 through 1989 the Family Death Benefit level was \$120. After 1989, the benefit level increased to \$160. On February 18, 2003, the benefit level was increased to \$416 per person, subject to a maximum of \$1,170 per family. The increase was retroactive to July 1, 2001. The current cumulative experience in the table has been adjusted as if the benefit had always been \$416. The cumulative cost since 1970 is now \$5.22. Although contributions are currently suspended, based on this cumulative cost the most recent Department contribution rate of \$2.50 would support an individual Family Death Benefit of about \$200.

**CHART 1**

**Family Death Benefit and Supplemental Family Death Benefit Allowance Fund**

	June 30, 2008	June 30, 2007
<u>Family Death Benefit</u>		
Reserve for benefits granted	\$1,494,000	\$1,781,124
Contribution account	<u>5,794,022</u>	<u>5,947,619</u>
Subtotal	\$7,288,022	\$7,728,743
<u>Supplemental Family Death Benefit</u>		
Reserve for benefits granted	\$ (95,990)	\$ (101,978)
Contribution account	<u>5,022,667</u>	<u>4,678,699</u>
Subtotal	\$4,926,667	\$4,576,721
<u>Family Death Benefit and Supplemental Family Death Benefit</u>		
Reserve for benefits granted	\$ 1,398,010	\$ 1,679,146
Contribution account	<u>10,816,689</u>	<u>10,626,318</u>
Grand Total	\$12,214,699	\$12,305,464

## SECTION 2: Family Death Benefit Allowance Fund and Supplemental Family Death Benefit Allowance Fund

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For the Family Death Benefit Allowance program, the Plan's funding goal is to have 20% of the reserve for benefits granted, or \$298,800 (20% of \$1,494,000), in the contribution account. The actual contribution account of \$5,794,022 is more than the target, however this surplus may decrease in future years because the Department contribution has been suspended.

This review also shows the experience for the Supplemental Family Death Benefit Allowance Fund. A stable long-term cost of this benefit is starting to establish itself. On the basis of the experience of the fund, the contribution rate for the Supplemental Family Death Benefit Allowance Fund does appear to be approximately equal to the cost of the benefit (after adjusting earlier years to reflect the current benefit level payable). We will continue to monitor this in future valuations.

Thus, we recommend that the Department do the following:

1. Continue to suspend Department contributions to the Family Death Benefit Allowance Fund. The surplus is large enough to justify a continuation of the contribution holiday.
2. Maintain the employee contribution rate to the Supplemental Family Death Benefit Allowance Fund. No Department contribution is necessary at this time.

**SECTION 2: Family Death Benefit Allowance Fund and Supplemental Family Death Benefit Allowance Fund**

**CHART 2**

**Family Death Benefit Allowance Fund Costs Since 1970**

<b>Year Ending June 30</b>	<b>Department Contribution<sup>(1)</sup></b>	<b>Benefits Paid<sup>(1)</sup></b>	<b>Incurred Claims<sup>(1)</sup></b>	<b>Monthly Cost Per Covered Member</b>	<b>Cumulative Monthly Cost Per Covered Member Since 1970<sup>(2)</sup></b>	<b>Contribution Account<sup>(1)</sup></b>
1970	\$363,096	\$217,040	\$571,988	\$3.94	\$3.94	\$ (668,804)
1971	374,304	257,643	505,849	3.38	3.65	(796,683)
1972	374,796	687,680	378,207	2.52	3.27	(793,744)
1973	364,716	311,080	429,984	2.95	3.19	(857,180)
1974	396,721	334,840	352,399	2.66	3.10	(810,500)
1975	414,036	358,395	144,020	1.04	2.77	(527,656)
1976	396,216	349,267	275,033	2.08	2.68	(389,944)
1977	386,173	321,168	259,379	2.01	2.49	143,731
1978	386,172	305,318	196,128	1.52	2.49	349,389
1979	357,948	309,497	285,996	2.40	2.48	425,441
1980	348,545	304,798	284,255	2.45	2.48	481,694
1981	341,964	283,053	49,077	0.43	2.31	643,080
1982	294,180	267,499	85,774	0.73	2.19	868,296
1983	350,000	274,048	326,799	2.33	2.20	910,910
1984	350,000	257,921	110,795	0.79	2.10	1,087,934
1985	363,125	238,901	(25,809)	(0.18)	1.96	1,311,244
1986	370,348	234,734	41,907	0.28	1.86	1,716,681
1987	308,185	256,954	158,680	1.29	1.77	2,095,779
1988	315,468	240,469	208,955	1.66	1.76	2,453,938
1989	314,648	237,469	37,952	0.30	2.25	3,026,436
1990	310,323	319,285	226,394	1.82	2.23	3,444,701
1991	303,370	307,277	144,080	1.19	2.19	3,942,195
1992	314,800	327,945	213,107	1.69	2.17	4,450,836
1993	138,610	305,640	247,740	2.23	2.17	4,781,241
1994	0	303,760	249,738	2.03	2.17	4,943,478
1995	0	289,345	172,190	1.57	2.15	5,193,160
1996	0	275,635	87,162	0.80	2.12	5,484,570
1997	0	270,250	174,119	1.67	2.10	5,749,544
1998	0	255,710	144,186	1.44	2.13	5,173,823
1999	0	240,510	81,436	1.04	2.11	5,477,863
2000	0	251,304	232,032	2.84	2.13	5,609,914
2001	0	252,315	108,792	1.25	2.11	5,910,787
2002	0	271,890	235,495	2.65	2.12	6,052,048
2003	0	1,081,801	62,037	0.67	5.40	6,423,011



**SECTION 2: Family Death Benefit Allowance Fund and Supplemental Family Death Benefit Allowance Fund**

**CHART 2 (continued)**

**Family Death Benefit Allowance Fund Costs Since 1970**

<b>Year Ending June 30</b>	<b>Department Contribution<sup>(1)</sup></b>	<b>Benefits Paid<sup>(1)</sup></b>	<b>Incurred Claims<sup>(1)</sup></b>	<b>Monthly Cost Per Covered Member</b>	<b>Cumulative Monthly Cost Per Covered Member Since 1970<sup>(2)</sup></b>	<b>Contribution Account<sup>(1)</sup></b>
2004	\$0	\$672,819	\$385,532	\$4.07	\$5.37	\$6,359,890
2005	0	669,108	356,271	3.73	5.33	6,368,082
2006	0	626,379	399,459	4.20	5.31	6,052,843
2007	0	609,538	346,865	3.62	5.27	5,947,619
2008	0	628,434	261,430	2.67	5.22	5,794,022

<sup>(1)</sup> Provided by retirement office. Benefits paid in 2003 included retroactive payments.

<sup>(2)</sup> Experience for earlier years has been adjusted to reflect the benefit level payable at the end of the corresponding plan year. For example, the 2002 cumulative monthly cost reflects the 2002 benefit level for all earlier experience, while the 2003 cost reflects the 2003 benefit level for all earlier experience.

**SECTION 2: Family Death Benefit Allowance Fund and Supplemental Family Death Benefit Allowance Fund**

**CHART 3**

**Supplemental Family Death Benefit Allowance Fund Costs Since 1981**

<b>Year Ending June 30</b>	<b>Member Contribution<sup>(1)</sup></b>	<b>Department Contribution<sup>(1)</sup></b>	<b>Benefits Paid<sup>(1)</sup></b>	<b>Incurred Claims<sup>(1)</sup></b>	<b>Monthly Cost Per Covered Member</b>	<b>Cumulative Monthly Cost Per Covered Member Since 1981<sup>(2)</sup></b>	<b>Contribution Account<sup>(1)</sup></b>
1981	\$ 0	\$ 0	\$ 0	\$ 0	\$0.00	\$0.00	\$ 0
1982	13,671	5,101	0	0	0.00	0.00	18,772
1983	21,226	7,920	0	0	0.00	0.00	50,126
1984	21,080	48,410	2,000	24,723	5.74	1.43	100,057
1985	28,611	0	4,800	0	0.00	1.15	137,476
1986	48,404	0	4,800	0	0.00	0.96	198,659
1987	54,767	0	4,800	0	0.00	0.82	271,350
1988	64,647	0	7,820	39,179	2.97	1.09	318,969
1989	71,156	0	19,680	397	0.00	0.97	417,710
1990	77,032	0	17,010	0	0.00	0.87	530,857
1991	82,920	0	14,013	51,651	3.05	1.07	640,671
1992	82,819	0	24,250	0	0.00	0.98	778,171
1993	86,571	0	27,813	34,148	1.93	1.05	896,213
1994	88,580	0	43,460	0	0.00	0.98	1,060,428
1995	91,712	0	55,450	0	0.00	0.91	1,241,074
1996	92,096	0	55,033	18,189	0.97	0.92	1,436,538
1997	97,317	0	60,990	10,690	0.54	0.89	1,653,015
1998	88,986	0	52,870	13,638	0.70	0.87	1,877,926
1999	82,676	0	47,840	25,523	1.51	0.92	2,114,501
2000	81,992	0	49,450	63,652	3.66	1.11	2,369,023
2001	83,148	0	52,590	33,835	2.05	1.16	2,645,265
2002	83,248	0	58,280	82,257	4.95	1.38	2,943,731
2003	84,444	0	271,238	46,674	2.79	3.80	3,267,363
2004	82,603	0	165,929	162,149	9.50	4.10	3,614,809

**SECTION 2: Family Death Benefit Allowance Fund and Supplemental Family Death Benefit Allowance Fund**

**CHART 3 (continued)**

**Supplemental Family Death Benefit Allowance Fund Costs Since 1981**

<b>Year Ending June 30</b>	<b>Member Contribution<sup>(1)</sup></b>	<b>Department Contribution<sup>(1)</sup></b>	<b>Benefits Paid<sup>(1)</sup></b>	<b>Incurred Claims<sup>(1)</sup></b>	<b>Monthly Cost Per Covered Member</b>	<b>Cumulative Monthly Cost Per Covered Member Since 1981<sup>(2)</sup></b>	<b>Contribution Account<sup>(1)</sup></b>
2005	\$88,088	\$0	\$170,436	\$116,371	\$ 6.69	\$4.23	\$3,995,966
2006	88,784	0	153,510	294,903	16.56	4.85 <sup>(3)</sup>	4,337,758
2007	88,782	0	164,092	51,780	2.87	4.75 <sup>(3)</sup>	4,678,699
2008	91,815	0	165,444	176,260	9.68	4.98	5,022,667

<sup>(1)</sup> Provided by retirement office. Benefits paid in 2003 included retroactive payments.

<sup>(2)</sup> Experience for earlier years has been adjusted to reflect the benefit level payable at the end of the corresponding plan year. For example, the 2002 cumulative monthly cost reflects the 2002 benefit level for all earlier experience, while the 2003 cost reflects the 2003 benefit level for all earlier experience.

<sup>(3)</sup> Amount recalculated using a methodology consistent with the July 1, 2005 Review.

### SECTION 3: Insured Lives Portion of the Death Benefit Fund

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#### A. INTRODUCTION

The funding of the Insured Lives Portion of the Death Benefit is similar to that of the Family Death Benefit allowances, with the following two exceptions:

1. Unlike the Family Death Benefit payments, which may extend over future years, lump sum death benefits are settled promptly. Thus for lump sum death benefits there is little need for claim reserves, and the incurred claims for a year are taken to be the amount of paid claims.
2. Only retirees are covered for noncontributing death benefits, so the cost is paid by the Department as a monthly dollar charge per retiree per \$100 of retirement benefits.

As with the Family Death Benefit allowances, costs do not include any amounts to build up reserves for future claims; hence, if contributions were terminated in the future, the fund would not be sufficient to cover all future claims. A small claims reserve has accumulated which can help manage this potential lag time in processing current benefit payouts.

### SECTION 3: Insured Lives Portion of the Death Benefit Fund

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#### B. INSURED LIVES DEATH BENEFITS FOR CONTRIBUTING ACTIVE MEMBERS

Upon the death of an active member before retirement, the beneficiary receives the deceased member's accumulated contribution from the Retirement Fund, plus a benefit payable from this Death Benefit Fund in an amount equal to 14 times the member's monthly salary (or \$1,000, if greater).

Currently department contributions are suspended. Please see Section 4, Exhibit I for a history of contribution rates.

In Chart 4 that follows, we summarize the cost of the salary related death benefit before retirement for the last 10 fiscal years.

The 10-year average annual rate of total cost of 31 cents per \$100 of covered compensation in Chart 4 does not take into account the amount of interest earnings on the Death Benefit Fund general reserve. The expected interest earnings credited to the Contributing Members' Reserve for the next fiscal year amounts to approximately 4 cents per \$100 of covered compensation (assuming a 5% investment return). After taking the interest credit into account, the net average cost of the past 10 years equals 27 cents per \$100 of covered compensation as compared with the total contribution of zero cents per \$100 of covered compensation currently paid into the fund.

We recommend that the general reserve target be the average of the benefits paid for the last five years, or \$1,945,042. The actual reserve as of June 30, 2008 was \$5,148,581 which is higher than the target.

We recommend that the total Department contribution to the Contributory Death Benefit Fund continue to be suspended until the general reserve is reduced to an amount that is closer to the target level. This event could occur in the next few years, at which point we would recommend that Department contributions be resumed.

**SECTION 3: Insured Lives Portion of the Death Benefit Fund**

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**CHART 4**

**Summary of Cost of Insured Lives Death Benefits for Contributing Members, 1999 - 2008**

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<b>Year Ending June 30</b>	<b>Covered Payroll</b>	<b>Benefits Paid During Year</b>	<b>Total Cost Per \$100 of Covered Payroll</b>	<b>General Reserve</b>
1999	\$355,148,948	\$1,006,165	\$0.28	\$12,843,609
2000	369,509,203	1,010,489	0.27	12,825,466
2001	403,265,472	1,290,690	0.32	12,509,998
2002	430,397,884	1,413,855	0.33	11,901,706
2003	472,432,803	889,407	0.19	11,747,105
2004	522,227,280	2,317,761	0.44	10,099,606
2005	554,839,816	1,585,477	0.29	9,126,152
2006	574,315,572	2,053,469	0.36	7,545,587
2007	604,514,525	1,658,206	0.27	6,436,569
2008	623,634,208	2,110,298	0.34	5,148,581
5-Year Average	\$575,906,280	\$1,945,042	\$0.34	N/A
10-Year Average	\$491,028,574	\$1,533,582	\$0.31	N/A

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### SECTION 3: Insured Lives Portion of the Death Benefit Fund

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#### C. INSURED LIVES DEATH BENEFITS FOR NONCONTRIBUTING (RETIRED AND DISABLED) MEMBERS

In September 26, 1963, the Plan began providing for a benefit payable on the death of a retired member equal to 14 times the retired member's unmodified retirement allowance, with a minimum death benefit of \$2,000 (subsequently changed to \$3,000 if eligible for the minimum pension) and a maximum death benefit of \$10,000. Note that only retired members are covered, not spouses and beneficiaries. Contributions were increased as of July 1, 1973 to cover the entire cost of the benefits, and \$2,598,912 was transferred from the General Reserve – Contributing Members to the General Reserve – Noncontributing Members. The Plan was amended in December 1980 to provide a maximum death benefit of \$20,000. A history of contribution rates is given in Section 4, Exhibit I.

In Chart 5 that follows, we summarize recent costs of the retirees' death benefit.

The monthly experience rate for 2008 was \$1.60. The monthly experience rates do not take into account the amount of interest earned on the Death Benefit fund. Interest expected to be earned on the Noncontributing Members' Reserve for the next year is \$244,142 (assuming a 5% investment return). This is equal to 7 cents per \$100 of retired member payroll. After taking the interest credit into account, the net rate for 2008 amounts to \$1.53 per \$100 of retired payroll.

A previous review recommended that the reserve target be equal to the average death benefits for the last five years, currently \$5,282,851. The reserve amount is currently \$4,882,846, resulting in a target deficit of \$400,005.

If we further adjust the Department contributions so as to increase the general reserves to the target level over a period of 10 years, then Department contributions to the Noncontributing Death Benefit would need to increase to \$1.54 per \$100 of retirement benefits actually paid. However, this cost would be expected to decrease each year until the target level of reserve is achieved.

We recommend that the Department contributions to the noncontributing Death Benefits be increased to the rate of \$1.60. This contribution rate is seven cents higher than the monthly experience rate for 2008, after netting out the interest credit. By contributing this higher rate, we expect the reserve to increase to the target reserve in about four years.

**SECTION 3: Insured Lives Portion of the Death Benefit Fund**

**CHART 5**

**Summary of Cost of Insured Lives Death Benefits for Noncontributing Members, 1999-2008**

<b>Year Ending June 30</b>	<b>Retirement Benefits Paid During Year</b>	<b>Death Benefits Paid During Year</b>	<b>Cost Per \$100 of Retirement Benefits</b>	<b>General Reserve</b>
1999	\$254,253,462	\$5,143,447	\$2.02	\$11,590,172
2000	271,559,094	5,280,248	1.94	13,205,949
2001	275,870,558	4,804,093	1.74	13,202,859
2002	290,243,650	4,916,570	1.69	12,648,289
2003	295,587,105	4,964,155	1.68	11,565,556
2004	302,063,849	5,185,276	1.72	10,132,894
2005	311,551,053	5,445,314	1.75	8,472,423
2006	325,873,101	5,322,196	1.63	6,942,267
2007	338,340,551	4,828,038	1.43	6,111,622
2008	353,178,785	5,633,431	1.60	4,882,846
5-Year Average	\$326,201,468	\$5,282,851	\$1.62	N/A
10-Year Average	\$301,852,121	\$5,152,277	\$1.71	N/A



**SECTION 4: Supplemental Information**

**EXHIBIT I**

**History of Contribution Rates**

<b>Date</b>	<b>Department Contribution to Family Death Benefit Allowance Fund</b>	<b>Members' Contribution to Insured Lives Portion of the Death Benefit Fund (Contributing Active Members)</b>	<b>Department Contribution to Insured Lives Portion of the Death Benefit Fund (Contributing Active Members)</b>	<b>Department Contribution to Insured Lives Portion of the Death Benefit Fund (Noncontributing Retired and Disabled Members)</b>
1942		\$0.48 / \$100 of compensation	\$0.32 / \$100 of compensation	
September 26, 1963				\$23.88 / retired member each year
December 19, 1963	\$1.25 / month			
July 1, 1969	\$2.50 / month	\$0.36 / \$100	\$0.24 / \$100	
July 1, 1973	\$3.00 / month			
Fiscal year 1979 - 1980				\$23.06 / retired member each year
July 1, 1980		\$1.00 / month	Balance of \$0.60 / \$100	\$27.39 / retired member each year
September 1, 1981	\$2.50 / month			
January 9, 1984		\$1.00 / pay period		
March 1, 1984				\$3.36 / \$100 of retired member payroll
July 1, 1988			Balance of \$0.50 / \$100	
July 1, 1993	Suspended		Balance of \$0.15 / \$100	
July 1, 1994			Balance of \$0.05 / \$100	\$2.86 / \$100
March 1, 1996				\$2.35 / \$100
August 1, 1999			Suspended	\$2.00 / \$100
July 1, 2000				\$1.50 / \$100
July 1, 2001				\$1.30 / \$100

Note: Supplemental Family Death Benefit allowance plan is subject to member contributions. The initial member contribution was \$3.35 per biweekly period or \$7.28 per month if retired. This rate was decreased to \$2.25 per biweekly period or \$4.90 per month if retired.

**SECTION 4: Supplemental Information**

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**EXHIBIT II**

**Combined Assets**

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<b>Statement of Death Benefit Fund Assets</b>	<b>Year Ended June 30, 2008</b>	<b>Year Ended June 30, 2007</b>
Cash	\$210,771	\$153,013
Accounts receivable	101,111	128,406
Investment in bonds and mortgage-backed securities at fair value	22,256,185	25,268,474
Short-term commercial paper, amortized cost which approximates market	<u>1,771,694</u>	<u>1,285,573</u>
Total Assets	\$24,339,761	\$26,835,466
Accounts payable	(489,249)	(452,207)
Death claims in process insured lives	<u>(1,755,154)</u>	<u>(1,717,891)</u>
Net Assets	\$22,095,358	\$24,665,368

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**SECTION 4: Supplemental Information**

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**EXHIBIT III**

**Methods, Assumptions and Plan Summary for the Family Death Benefit Fund**

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<b>Plan Year:</b>	July 1 through June 30
<b>Definition of Active Employee:</b>	First day of biweekly payroll period following employment for new Department employees. Immediately following transfer from other City departments.
<b>Net Investment Return:</b>	5.00%
<b>Member Contribution Rate:</b>	None
<b>Department Contribution Rate:</b>	Currently suspended
<b>Funding Method:</b>	Annual contributions equal the expected incurred claims for the coming year subject to modification by the Department's funding policy.
<b>Funding Policy:</b>	Recommend a contribution rate to have 20% of the reserve for allowances granted in the contribution account and general reserve.
<b>Incurred Claims:</b>	Provided by Retirement Office.
<b>Age Requirement:</b>	Upon the death of an active member at any age
<b>Service Requirement:</b>	Six months of continuous service.
<b>Other Requirements:</b>	The plan provides a monthly benefit for each surviving child that is: <ul style="list-style-type: none"><li>• the naturally or legally adopted child of the member</li><li>• is under 18 and unmarried, or</li><li>• disabled and over age 18 (only if the disability occurred before age 18) and unmarried.</li></ul>

**SECTION 4: Supplemental Information**

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**EXHIBIT III (continued)**

**Methods, Assumptions and Plan Summary for the Family Death Benefit Fund**

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**Monthly Benefit:**

The monthly benefit is the sum of:

- \$416 per month to each surviving child, plus
- \$416 per month to spouse (if the member's spouse has care of one or more of the member's eligible children)

limited so that the total amount payable cannot exceed \$1,170 per month. In addition, the spouse's portion will not be paid if the spouse is receiving a Survivor's Optional Death Benefit Allowance or an Eligible Spouse Allowance from the Retirement Plan. The benefit is no longer payable when the member's children no longer satisfy the eligibility requirements noted above.

**SECTION 4: Supplemental Information**

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**EXHIBIT IV**

**Methods, Assumptions and Plan Summary for the Supplemental Family Death Benefit Fund**

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<b>Plan Year:</b>	July 1 through June 30
<b>Definition of Active Employee:</b>	First day of biweekly payroll period following employment for new Department employees. Immediately following transfer from other City departments.
<b>Net Investment Return:</b>	5.00%
<b>Member Contribution Rate:</b>	\$2.25 per biweekly period (or \$4.90 per month if retired).
<b>Department Contribution Rate:</b>	The department will provide any additional funds necessary to fund the benefits.
<b>Funding Method:</b>	Annual contributions equal the expected incurred claims for the coming year subject to modification by the Department's funding policy.
<b>Funding Policy:</b>	To be established once stable annual costs are achieved.
<b>Incurred Claims:</b>	Provided by Retirement Office.
<b>Age Requirement:</b>	Upon the death of an active member at any age
<b>Service Requirement:</b>	Must be enrolled and make contributions by payroll deductions for 39 successive biweekly payroll periods (approximately 18 months) before coverage becomes effective.
<b>Other Requirements:</b>	The plan provides a monthly benefit for each surviving child that is: <ul style="list-style-type: none"><li>• the naturally or legally adopted child of the member</li><li>• is under 18 and unmarried, or</li><li>• disabled and over age 18 (only if the disability occurred before age 18) and unmarried.</li></ul>

**SECTION 4: Supplemental Information**

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**EXHIBIT IV (continued)**

**Methods, Assumptions and Plan Summary for the Supplemental Family Death Benefit Fund**

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**Monthly Benefit:**

The monthly benefit is the sum of

- \$520 per month to each surviving child, plus
- \$520 per month to spouse (if the member's spouse has care of one or more of the member's eligible children)

limited so that the total amount payable cannot exceed \$1,066 per month. In addition, the spouse's portion will not be paid if the spouse is receiving a Survivor's Optional Death Benefit Allowance or an Eligible Spouse Allowance from the Retirement Plan. The benefit is no longer payable when the member's children no longer satisfy the eligibility requirements noted above.

**SECTION 4: Supplemental Information**

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**EXHIBIT V**

**Methods, Assumptions and Plan Summary for the Insured Lives Death Benefit Fund (Contributing Active Members)**

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<b>Plan Year:</b>	July 1 through June 30
<b>Definition of Active Employee:</b>	First day of biweekly payroll period following employment for new Department employees. Immediately following transfer from other City departments.
<b>Net Investment Return</b>	5.00%
<b>Member Contribution Rate:</b>	Employees contribute \$1.00 per biweekly payroll period.
<b>Department Contribution Rate:</b>	Currently suspended
<b>Funding Method:</b>	Pay as you go subject to modification by the Department's funding policy
<b>Funding Policy:</b>	Recommend a contribution rate that maintains the general reserve at a target level of this average of the benefits paid for the last five years.
<b>Incurred Claims:</b>	Provided by Retirement Office.
<b>Age Requirement:</b>	Any age
<b>Service Requirement:</b>	Six months of continuous service.
<b>Additional Requirements:</b>	Death must occur while an active member of the Plan.
<b>Benefit:</b>	A single sum distribution equal to 14 times monthly salary.  In addition to this Insured Lives Death Benefit, death benefits payable from the Retirement Plan include any Retirement Plan contributions plus accrued interest payable to beneficiary.

**SECTION 4: Supplemental Information**

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**EXHIBIT VI**

**Methods, Assumptions and Plan Summary for the Insured Lives Death Benefit Fund (Noncontributing Retired and Disabled Members)**

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<b>Plan Year:</b>	July 1 through June 30
<b>Definition of Active Employee:</b>	First day of biweekly payroll period following employment for new Department employees. Immediately following transfer from other City departments.
<b>Net Investment Return</b>	5.00%
<b>Member Contribution Rate:</b>	None
<b>Department Contribution Rate:</b>	Rate recommended by Board's Actuary as an amount per \$100 of retirement benefits paid during the year.
<b>Funding Method:</b>	Pay as you go subject to modification by the Department's funding policy
<b>Funding Policy:</b>	Recommend a contribution rate that maintains the general reserve at a target level of the average of the benefits paid for the last five years.
<b>Incurred Claims:</b>	Provided by Retirement Office.
<b>Age Requirement:</b>	Any age
<b>Service Requirement:</b>	None
<b>Additional Requirements:</b>	Death must occur after retirement.
<b>Benefit:</b>	<p>A single sum distribution equal to 14 times the member's Full Retirement Allowance (to a maximum of \$20,000), provided member was employed by the Department for at least five years.</p> <p>In addition to this Insured Lives Death Benefit, death benefits payable from the Retirement Plan include any unpaid Retirement Plan allowances due and the balance of contributions remaining in the Retirement Plan if Option A was the member's selected method of pension payment all of which is payable to beneficiary.</p>

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