THE CITY OF NEWPORT, RHODE ISLAND POLICE PENSION SYSTEM

ACTUARIAL VALUATION REPORT

JULY 1, 2019

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Executive Summary

	July 1, 2019	July 1, 2018
Number of members		
Active employees	61	63
Terminated vested members	0	1
Retired, disabled and beneficiaries	129	129
Total	190	193
Covered employee payroll	4,959,139	5,166,795
Average plan salary	81,297	82,013
Actuarial present value of future benefits	117,130,426	115,844,575
Actuarial accrued liability	105,691,678	103,915,509
Plan assets		
Market value of assets	78,103,688	73,578,572
Actuarial value of assets	75,617,858	70,678,568
Unfunded accrued liability	30,073,820	33,236,941
Funded ratio	71.5%	68.0%
Actuarially determined employer contribution (ADEC)		
Fiscal year ending	2021	2020
ADEC	4,320,681	4,485,691

Valuation Results and Highlights

Purpose of the Valuation

The purpose of the valuation is to develop the Actuarially Determined Employer Contribution (ADEC).

The ultimate cost of a pension plan is based primarily on the level of benefits promised by the plan. The pension fund's investment earnings serve to reduce the cost of plan benefits and expenses. Thus,

Ultimate cost = Benefits Paid + Expenses Incurred – Investment Return – Employee Contributions

The actuarial cost method distributes this ultimate cost over the working lifetime of current plan participants. By means of this budgeting process, costs are allocated to both past and future years, and a cost is assigned to the current year. The current year's allocated cost, or normal cost, is the building block upon which the actuarially determined employer contribution is developed. The July 1, 2019 valuation produces the contribution for the fiscal year ending 2021.

Information Available in the Valuation Report

The Executive Summary is intended to emphasize the notable results of the valuation from the perspective of the Plan Sponsor. Supporting technical detail is documented in Results of the Valuation, Supporting Exhibits and Description of Actuarial Methods and Assumptions. A concise summary of the principal provisions of the Plan is outlined in Summary of Plan Provisions.

Changes Reflected in the Valuation

The mortality assumption was updated to better reflect anticipated experience. In addition, the amortization method to calculate the actuarial determined employer contribution (ADEC) was revised to create new 15-year (level dollar) bases to amortize future unfunded liabilities. The impact of these changes was an increase in both actuarial accrued liability and the ADEC of approximately $1,030,000 and $125,000, respectively.

Cash Contribution for Fiscal Year Ending 2021

The City cost is:	2021 Fiscal Year
	$4,320,681

Liability Experience During Period Under Review

The plan experienced a net actuarial gain on liabilities of approximately $2,025,000 since the prior valuation.

This gain was largely attributable to salary and COLA increases that were lower than expected.

Asset Experience During Period Under Review

The plan's assets provided the following rates of return during the past fiscal year:

	2019 Fiscal Year
Market Value Basis	7.1%
Actuarial Value Basis	8.1%

The Actuarial Value of assets, rather than the Market Value, is used to determine plan contributions. The Actuarial Value spreads the asset volatility over 5 years, thereby smoothing out fluctuations that are inherent in the Market Value.

Assessment and Measurement of Risks

Financial Significance of Plan

It is important to understand the size of the pension plan compared to the size of the sponsor of that plan. Additional pension contributions may be required at inopportune times for the plan sponsor. In general, a plan sponsor with assets or revenue that are much larger than the liabilities in its pension plans will be better able to withstand increases in required pension contributions.

Plan Maturity Measurements

	July 1, 2019	July 1, 2018
Actuarial accrued liability for members currently in pay status as a percentage of the total actuarial accrued liability	77.7%	77.0%

• A lower percentage results in greater volatility as the investment return assumption changes.

• A higher percentage results in greater demand on cash due to a proportionately higher percentage of benefits being in pay status.

	July 1, 2019
Duration of benefit payments using an investment rate of return of 7.25%	14.3 years

• A higher duration will occur if the plan's percentage of members in pay status decreases. A plan with a higher duration will have a liability that is more sensitive to changes in the investment return assumption.

	July 1, 2019	July 1, 2018
Ratio of market value of assets to covered payroll	15.7	14.2

• A higher ratio is more typical of relatively mature plans with a larger percentage of inactive members and may cause more potential contribution volatility as pension fund assets fluctuate.

Risks to Assess

Overriding Minimum Contribution

	Fiscal Year Ending 2021
Actuarially determined employer contribution (ADEC)	4,320,681
Overriding minimum contribution (OMC)*	3,100,331
Surplus (deficit) - ADEC vs. OMC	1,220,350

• A deficit suggests that a plan's current funding policy contribution approach may result in little to no progress being made towards: (1) reducing the plan's unfunded liability; and (2) improving the plan's funded ratio in the near-term.

*As defined in "Public Pension Plan Funding Policy" (Society of Actuaries, 2010).

Estimated Impact of a 5% Reduction in Market Value of Assets

	Fiscal Year Ending 2021
Increase in actuarially determined employer contribution (ADEC)	89,378

• Plans would generally be subject to a larger amortization payment if the market value of assets were 5% smaller. As a result, the ADEC would generally be higher for up to 15 years.

Due to the asset smoothing method, the ADEC will additionally increase by the same amount in each of the next few years. Each of these additional contributions will continue for up to 15 years.

Estimated Impact of a 1 Year Increase in Life Expectancies

	Fiscal Year Ending 2021
Increase in actuarially determined employer contribution (ADEC)	238,313

• If members live longer than expected, it generally results in larger benefits and/or additional benefit payments made. As a result, the ADEC would generally be higher for up to 15 years.

Historical Results

Valuation Year Beginning	Investment Return Assumption	Annual Effective Rate of Return on Market Value of Assets	Market Value of Assets as a % of Actuarial Accrued Liability	Benefit Payments as a % of Market Value of Assets
2019	7.25%	N/A	73.9%	N/A
2018	7.25%	7.1%	70.8%	8.0%
2017	7.25%	12.7%	64.5%	8.7%
2016	7.25%	13.5%	59.8%	9.3%
2015	7.50%	-1.7%	64.8%	8.4%

Certification

This report presents the results of the July 1, 2019 Actuarial Valuation for The City of Newport, Rhode Island Police Pension System (the Plan) for the purpose of estimating the funded status of the Plan and determining the Actuarially Determined Employer Contribution (ADEC) for the fiscal year ending June 30, 2021. This report may not be appropriate for any other purpose.

The valuation has been performed in accordance with generally accepted actuarial principles and practices. It is intended to comply with all applicable Actuarial Standards of Practice.

I certify that the actuarial assumptions and methods that were selected by me and represent my best estimate of anticipated actuarial experience under the Plan.

In preparing this valuation, I have relied on employee data provided by the Plan Sponsor, and on asset and contribution information provided by the Trustee. I have audited neither the employee data nor the financial information, although I have reviewed them for reasonableness.

The results in this valuation report are based on the Plan as summarized in the *Summary of Plan Provisions* section of this report and the actuarial assumptions and methods detailed in the *Description of Actuarial Methods and Assumptions* section of this report.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of this report, an analysis of the potential range of such future measurements has not been performed.

I have no relationship with the employer or the Plan that would impair, or appear to impair, my objectivity in performing the work presented in this report. I am a member of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

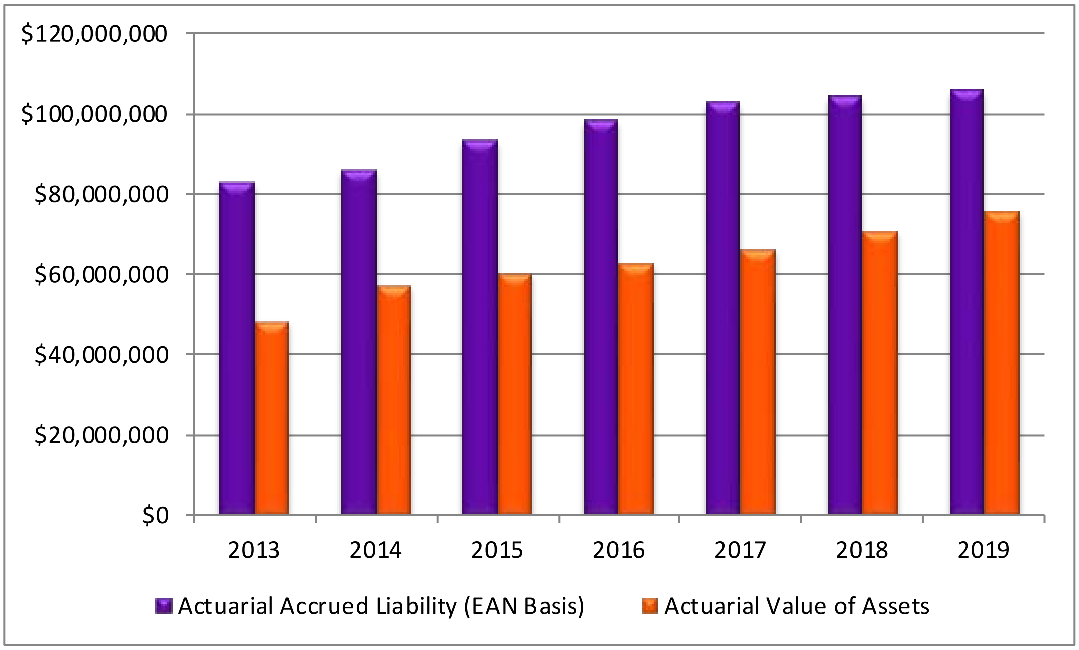
Steve A. Lemanski, FSA, FCA, MAAA
Enrolled Actuary 17-05506

September 30, 2019

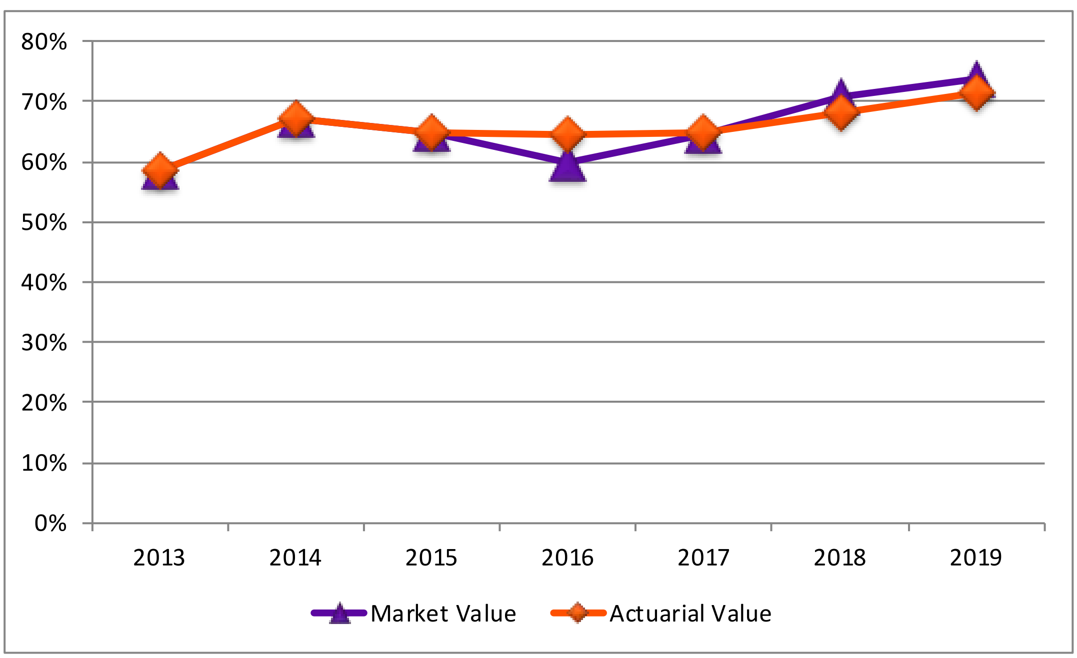
Development of Unfunded Accrued Liability and Funded Ratio

	July 1, 2019	July 1, 2018
Actuarial accrued liability for inactive members		
Retired, disabled and beneficiaries	$82,156,579	$80,012,792
Terminated vested members	0	454,474
Total	82,156,579	80,467,266
Actuarial accrued liability for active employees	23,535,099	23,448,243
Total actuarial accrued liability	105,691,678	103,915,509
Actuarial value of assets	75,617,858	70,678,568
Unfunded accrued liability	30,073,820	33,236,941
Funded ratio	71.5%	68.0%

Actuarial Accrued Liability vs. Actuarial Value of Assets



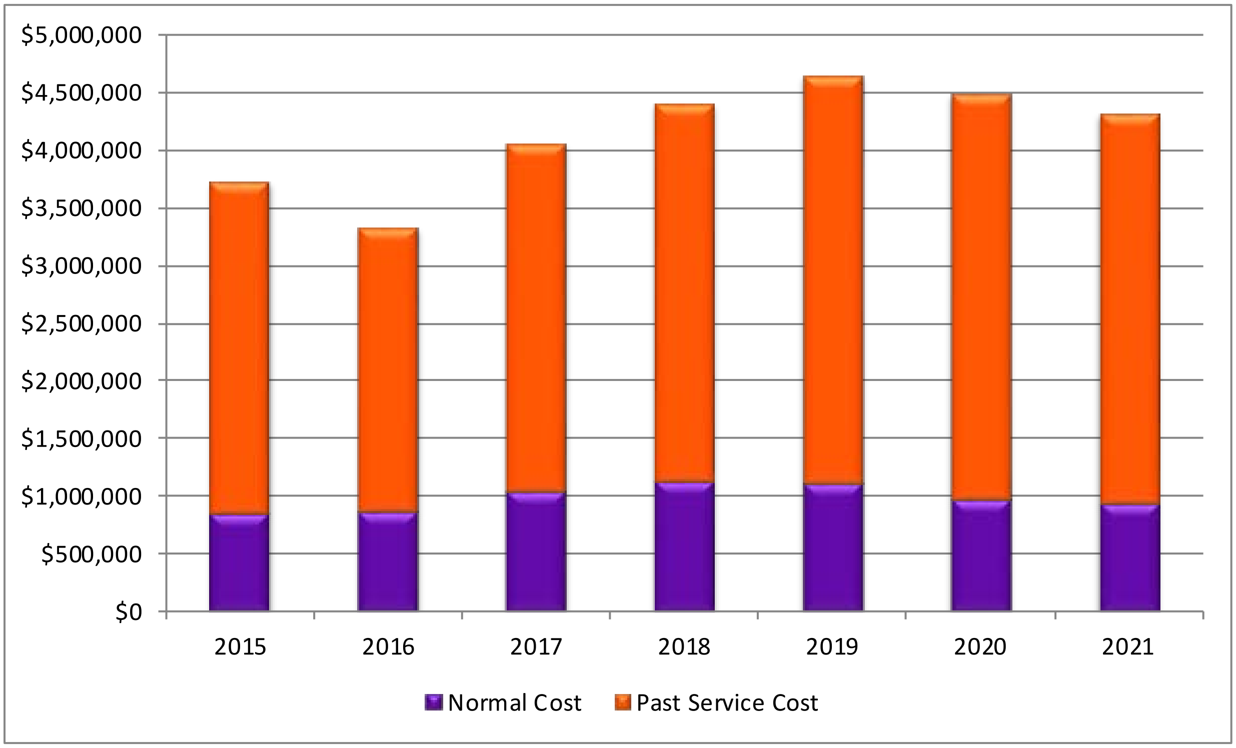
Funded Ratio



Determination of Normal Cost and Actuarially Determined Employer Contribution

	July 1, 2019		July 1, 2018	
	Cost	Percent of payroll	Cost	Percent of payroll
Gross normal cost	$1,217,959	26.2%	$1,246,188	24.1%
Estimated employee contributions	(372,595)	-8.0%	(388,344)	-7.5%
Estimated administrative expenses	65,081	1.3%	74,866	1.4%
City's normal cost	910,445	19.5%	932,710	18.0%
Amortization of unfunded accrued liability	3,300,745	70.9%	3,439,308	66.5%
Contribution before adjustment as of the valuation date	4,211,190	90.4%	4,372,018	84.5%
Estimated valuation year payroll for actives not yet at 100% assumed retirement age	4,657,433		5,175,212	
Fiscal year ending	2021		2020	
Adjustment for interest and inflation	109,491		113,673	
Actuarially determined employer contribution	4,320,681		4,485,691	

Actuarially Determined Employer Contribution



Determination of Actuarial Gain/Loss

The Actuarial Gain/Loss is the difference between the expected unfunded accrued liability and the actual unfunded accrued liability, without regard to any changes in actuarial methods, actuarial assumptions or plan provisions. This can also be referred to as an Experience Gain/Loss, since it reflects the difference between what was expected and what was actually experienced.

Actuarial Gain / Loss		
Expected unfunded accrued liability July 1, 2019		
Expected unfunded accrued liability July 1, 2019		
Unfunded accrued liability July 1, 2018	33,236,941	
Gross normal cost July 1, 2018	1,321,054	
City and employee contributions for 2018-2019	(5,084,610)	
Interest at 7.25% to July 1, 2019	2,165,499	
Expected unfunded accrued liability July 1, 2019	31,638,884	
Actuarial (gain) / loss July 1, 2019	(2,594,634)	
Actual unfunded accrued liability July 1, 2019, prior to plan provision, assumption and method changes		29,044,250
Sources of (gain) / loss		
Assets	(570,000)	
Liabilities	(2,025,000)	
Total (gain) / loss (rounded to nearest $1,000)	(2,595,000)	
Assumption and method changes since prior valuation		1,029,570
Actual unfunded accrued liability July 1, 2019, after plan provision, assumption and method changes		30,073,820

Development of Asset Values

Summary of Fund Activity		
	Market Value	**Actuarial Value**
1. Beginning value of assets July 1, 2018		
Trust assets	$73,632,348	$70,732,344
Accrued contribution	0	0
Benefits payable	0	0
Administrative expenses payable	(53,776)	(53,776)
Net total	73,578,572	70,678,568
2. Contributions		
City contributions during year	4,647,573	4,647,573
Employee contributions during year	437,037	437,037
Change in accrued contribution	0	0
Total for plan year	5,084,610	5,084,610
3. Disbursements		
Benefit payments during year	5,874,934	5,874,934
Administrative expenses during year	65,081	65,081
Change in benefits payable	0	0
Change in administrative expenses payable	(10,520)	(10,520)
Total for plan year	5,929,495	5,929,495
4. Net investment return		
Net investment income	5,370,001	N/A
Change in accrued income	0	N/A
Expected return	N/A	5,445,524
Recognized gain / (loss)	N/A	338,651
Required adjustment due to corridor	N/A	0
Reversal of prior year required adjustment	N/A	0
Total for plan year	5,370,001	5,784,175
5. Ending value of assets July 1, 2019		
Trust assets	78,146,944	75,661,114
Accrued contribution	0	0
Benefits payable	0	0
Administrative expenses payable	(43,256)	(43,256)
Net total: (1) + (2) - (3) + (4)	78,103,688	75,617,858
6. Approximate rate of return	7.1%	8.1%

Relationship of Actuarial Value to Market Value

1. Market value 7/1/2019	$78,103,688
2. Gain / (loss) not recognized in actuarial value 7/1/2019	2,485,830
3. Preliminary actuarial value 7/1/2019: (1) - (2)	75,617,858
4. Preliminary actuarial value as a percentage of market value: (3) ÷ (1)	96.8%
5. Gain / (loss) recognized for corridor minimum / maximum	N/A
6. Actuarial value 7/1/2019 after corridor minimum / maximum: (3) + (5)	75,617,858
7. Actuarial value as a percentage of market value: (6) ÷ (1)	96.8%

Development of Market Value Gain / Loss for 2018-2019 Plan Year

1. Market value 7/1/2018	$73,578,572
2. City contributions	4,647,573
3. Employee contributions	437,037
4. Benefit payments	5,874,934
5. Administrative expenses	54,561
6. Expected return at 7.25%	5,445,524
7. Expected value 7/1/2019: (1) + (2) + (3) - (4) - (5) + (6)	78,179,211
8. Market value 7/1/2019	78,103,688
9. Market value gain / (loss) for 2018-2019 plan year: (8) - (7)	(75,523)

Recognition of Gain / Loss in Actuarial Value

Year	(a) Gain / (loss)	(b) Total recognized as of 7/1/2018	(c) Recognized in current year: 20% of (a)	(d) Total recognized as of 7/1/2019: (b) + (c)	(e) Not recognized as of 7/1/2019: (a) - (d)
2014-2015	$0	$0	$0	$0	$0
2015-2016	(5,537,408)	(3,322,446)	(1,107,482)	(4,429,928)	(1,107,480)
2016-2017	3,649,947	1,459,978	729,989	2,189,967	1,459,980
2017-2018	3,656,246	731,249	731,249	1,462,498	2,193,748
2018-2019	(75,523)	0	(15,105)	(15,105)	(60,418)
Total			338,651		2,485,830

Rate of Return on Market Value of Assets				
Period Ending June 30	Average Annual Effective Rate of Return			
	1 Year	3 Years	5 Years	10 Years
2010	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A
2013	12.6%	N/A	N/A	N/A
2014	18.7%	N/A	N/A	N/A
2015	5.4%	12.1%	N/A	N/A
2016	-1.7%	7.1%	N/A	N/A
2017	13.5%	5.6%	9.5%	N/A
2018	12.7%	7.9%	9.5%	N/A
2019	7.1%	11.1%	7.3%	N/A

Target Allocation and Expected Rate of Return
July 1, 2019

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*	Weighting
Large Cap Equity	20.00%	4.50%	0.90%
Mid Cap Equity	15.00%	5.00%	0.75%
Small Cap Equity	15.00%	5.00%	0.75%
International Equity	15.00%	5.25%	0.79%
Fixed Income	20.00%	2.50%	0.50%
Real Estate and Timber	15.00%	4.50%	0.68%
	100.00%		4.37%
Long-Term Inflation Expectation			2.60%
Long-Term Expected Nominal Return			6.97%

**Long-Term Real Returns are provided by Hooker & Holcombe Investment Advisors. The returns are geometric means.*

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included in the pension plan's target asset allocation.

The information above is based on geometric means and does not reflect additional returns through investment selection, asset allocation and rebalancing. The results support a rate between 7.00% and 7.50%. An expected rate of return of 7.25% was used.

Amortization of Unfunded Liability

Schedule of Amortization Bases					
	Date established	**Original amount**	**Amortization installment**	**Years remaining**	**Present value of remaining installments as of July 1, 2019**
Initial base	July 1, 2018	$33,236,941	$3,528,730	12	$32,117,889
2019 base	July 1, 2019	(2,044,069)	(227,985)	15	(2,044,069)
Total			3,300,745		30,073,820

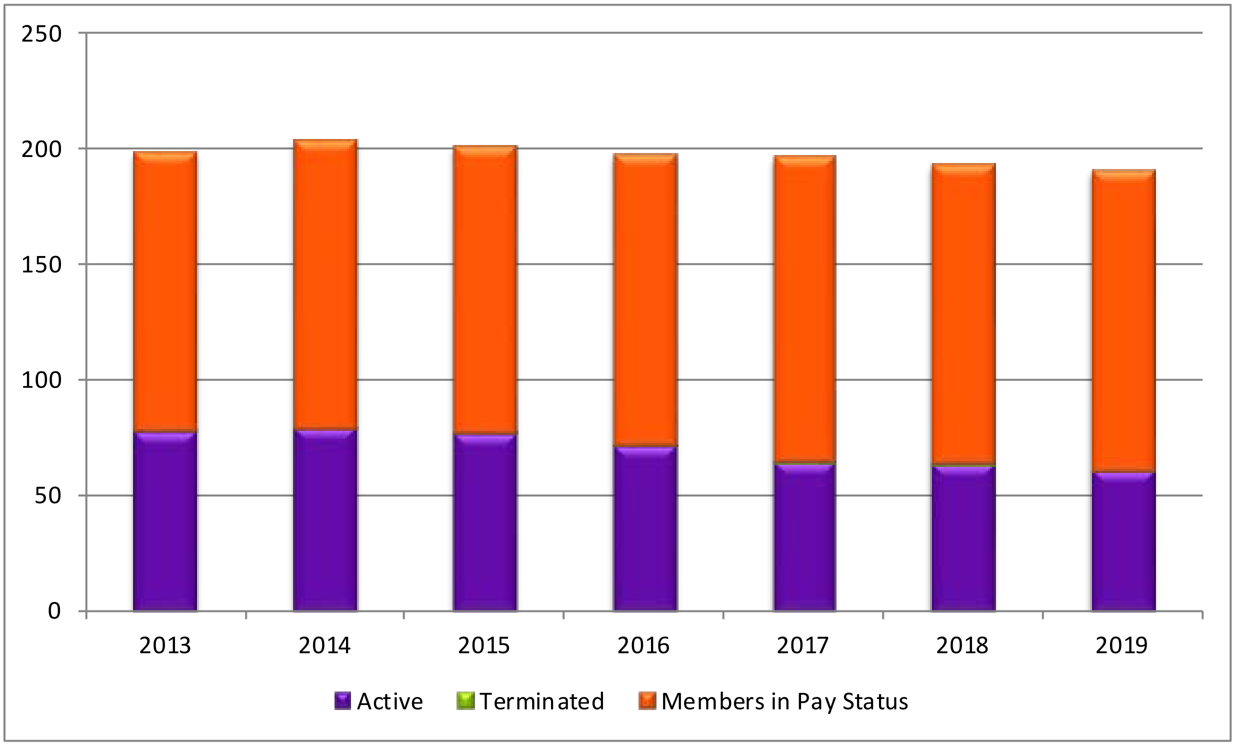
Member Data

The data reported by the Plan Sponsor for this valuation includes 61 active employees who met the Plan's minimum age and service requirements as of July 1, 2019.

Member Data				
	Active	**Terminated vested**	**Members in pay status**	**Total**
Total members July 1, 2018	63	1	129	193
Adjustments	0	0	0	0
Retirements	-2	-1	+3	0
Disabilities	0	N/A	0	0
Terminations				
Vested	0	0	N/A	0
Lump sum payments	0	0	N/A	0
Deaths				
With death benefit	0	0	-2	-2
Without death benefit	0	0	-3	-3
Transfers	0	0	N/A	0
Rehires	0	0	N/A	0
New beneficiaries	N/A	N/A	+2	+2
New entrants	0	N/A	N/A	0
Total members July 1, 2019	61	0	129*	190

** Includes 6 alternate payees receiving benefits*

Member Counts by Status



Member Data			
	Active	Terminated vested	Members in pay status
Average age			
July 1, 2018	41.7	52.2	67.3
July 1, 2019	42.2	N/A	67.5
Average service			
July 1, 2018	13.7	N/A	N/A
July 1, 2019	14.2	N/A	N/A
Covered employee payroll			
July 1, 2018	$5,166,795	N/A	N/A
July 1, 2019	4,959,139	N/A	N/A
Total annual benefits			
July 1, 2018	N/A	$28,521	$5,820,266
July 1, 2019	N/A	N/A	5,983,947

Active Member Count by Age and Years of Service

	Completed Years of Credited Service										
Attained age	**Under 1**	**1 to 4**	**5 to 9**	**10 to 14**	**15 to 19**	**20 to 24**	**25 to 29**	**30 to 34**	**35 to 39**	**40 and over**	**All years**
Under 25											
25 to 29			2								2
30 to 34		1	10	1							12
35 to 39		1	4	6							11
40 to 44			3	3	5						11
45 to 49			1		8	3					12
50 to 54					3	4	1	1			9
55 to 59							2				2
60 to 64				1					1		2
65 to 69											
70 & over											
All ages		**2**	**20**	**11**	**16**	**7**	**3**	**1**	**1**		**61**

Description of Actuarial Methods

Asset Valuation Method

The Actuarial Value of assets used in the development of plan contributions phases in the recognition of differences between the actual return on Market Value and expected return on Market Value over a 5-year period at 20% per year.

Actuarial Cost Method

Changes in Actuarial Cost Method: The amortization method was updated to create new 15-year (level dollar) amortization bases in future valuations to account for changes in the unfunded accrued liability.

Description of Current Actuarial Cost Method: Entry Age Normal (level percentage of salary)

Normal Cost: Under this method, the total normal cost is the sum of amounts necessary to fund each active member's normal retirement benefit if paid annually from entry age to assumed retirement age. Entry age is the age at which the employee would have been first eligible for the plan, if it had always been in effect. The normal cost for each participant is expected to remain a level percentage of the employee's salary. The normal cost for the plan is the difference between the total normal cost for the year and the anticipated member contributions for that year.

Past Service Liability: The present value of future benefits that relates to service before the valuation date is the total past service liability. The unfunded past service liability is the difference between the total past service liability and any assets (including accumulated member contributions). Unfunded accrued liabilities as of July 1, 2018 were amortized over a closed 13-year period, assuming a 2.60% amortization increase rate. Effective with the July 1, 2019 valuation, future changes in the unfunded accrued liability will be amortized separately, assuming a new 15-year amortization each valuation with level dollar payments.

Experience Gains and Losses: All experience gains and losses (the financial effect of the difference between the actual experience during the prior period and the result expected by the actuarial assumptions for that prior period) appear directly in the past service liability and are amortized at the same rate the plan is amortizing the remaining unfunded past service liability.

Description of Actuarial Assumptions

Changes in Actuarial Assumptions

The valuation reflects changes in the actuarial assumptions listed below. (The assumptions used before and after these changes are more fully described in the next section.)

- Mortality

The assumptions indicated were changed to represent the Enrolled Actuary's current best estimate of anticipated experience of the plan.

Investment rate of return (net of investment-related and administrative expenses)

7.25%.

Rate of compensation increase (including inflation)

2.60% per year plus longevity increases of 3.00% after seventh year of employment and 0.50% for each year of employment thereafter through the thirty-first year of employment. No longevity increases are assumed after the thirty first year of employment.

The assumption is based on input from the plan sponsor regarding future expectations, as well as our review of long-term inflation expectations.

Inflation

2.60%.

This assumption is consistent with the Social Security Administration's current best estimate of the ultimate long-term (75-year horizon) annual percentage increase in CPI, as published in the 2019 OASDI Trustees Report.

Mortality

Pub-2010 Public Retirement Plans Mortality Tables for Public Safety employees, for non-annuitants and annuitants, projected to the valuation date with Scale MP-2018.

(Prior: RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017.)

Mortality improvement

Projected to date of decrement using Scale MP-2018 (generational).

(Prior: Projected to date of decrement using Scale MP-2017 (generational).)

We have selected this mortality assumption because it is based on the latest published public pension mortality study released by the Society of Actuaries.

The mortality assumption was updated to better reflect anticipated experience.

Retirement rates

Years of Credited Service	Rate
20	10%
21-24	2%
25	50%
26-29	10%
30	50%
31-34	20%
35+	100%

Termination prior to retirement

Years of Credited Service	Rate
0	3.00%
1	2.25%
2	2.00%
3	1.75%
4	1.50%
5	1.25%
6	1.00%
7	0.75%
8	0.50%
9	0.25%
10+	0.00%

Disability

Sample Rates	
Age	Rate
25	0.17%
35	0.29
45	0.72
55	1.21

90% of disabilities are assumed to be service related.

The actuarial assumptions in regards to rates of decrement shown above are based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor.

Administrative expenses

The estimate is based on actual administrative expenses paid from the trust in the prior year.

Cost of living increases

2.60% per year.

Amortization increase rate

2.60% per year.

Payroll growth

2.60% per year.

Percent of active employees married

75%.

Spouse's age

Husbands are assumed to be 3 years older than wives.

The assumption changes increased liabilities by approximately 1.0%.

Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan. It is not intended to be, nor should it be interpreted as a complete statement of all plan provisions. To the extent that this summary does not accurately reflect the plan provisions, then the results of this valuation may not be accurate.

Effective data

Most recent amendment: July 1, 2014.

Eligibility

All members of the police department who contribute to the pension fund and who were hired before July 1, 2014 (or enrolled in the Police Academy as of September, 2014). All other police hires on or after July 1, 2014 will be covered by the State of Rhode Island Municipal Employees' Retirement System.

Retirement

Eligibility: Members who have completed 20 years of service may retire.

Benefit formula: The annual benefit at retirement is equal to the percentage of final annual salary specified in the table below, plus $100 per year for each year of service over 25 (maximum $1,000). For pension purposes, annual salary includes regular and longevity pay.

Years of Service	Benefit as a Percentage of Final Annual Salary
20	50.0%
21	52.5%
22	55.0%
23	57.5%
24	60.0%
25	65.0%
26	66.0%
27	67.0%
28	68.0%
29	69.0%
30+	70.0%

The benefit levels shown above payable at years of service 25 through 29 were increased as a result of negotiated benefit formula changes that became effective July 1, 2014.

Commencement date: Retirement benefits commence as of the first payroll period after retirement.

Form of payment: The annual benefit calculated in accordance with the formula above is payable monthly for the remainder of the retired member's life, with 67.5% of the member's benefit payable for the lifetime of the member's surviving spouse.

Vested termination

Eligibility: Upon termination of employment after 10 years of service, a member is eligible for a benefit deferred to retirement age.

Benefit formula: 2.5% of final annual salary multiplied by full years of service at termination.

Commencement date: 20th anniversary of employment.

Form of payment: The annual benefit calculated in accordance with the formula above is payable monthly for the remainder of the retired member's life, with 67.5% of the member's benefit payable for the lifetime of the member's surviving spouse.

Disability retirement

Eligibility:

Non-service related: No benefit prior to completion of 7 years of service. A member who is disabled with between 7 and 20 years of service is eligible to receive disability retirement benefits.

Service related: Retirement because of a job-related mental or physical incapacity.

Benefit formula:

Non-service related: 50% of final annual salary.

Service related: 66-2/3% of final annual salary.

Commencement date: Benefits commence as of first payroll period after disability.

Form of payment: The annual benefit calculated in accordance with the formula above is payable monthly for the remainder of the retired member's life, with 67.5% of the member's benefit payable for the lifetime of the member's surviving spouse.

Non-vested termination of employment

A member who leaves employment prior to completing 10 years of service will receive a lump sum payment of accumulated contributions.

Death before retirement – survivor annuity benefits

Eligibility: Death while actively employed.

Benefit formula: Surviving spouse (or, if none, dependent children) receives benefit of 67.5% of final annual salary, reduced pro rata if the deceased member had less than 20 years of service.

Commencement date: Benefits commence as of the first payroll period after death.

Form of payment: Monthly life annuity.

Retiree cost of living increase

For retirements before July 1, 2014: Pensions for retirees (but not disabled retirees or beneficiaries) are indexed to the negotiated pay increases for active police. Terminated vested members receive 3% annual increases after benefit commencement.

For retirements on or after July 1, 2014: Pensions for retirees with at least 20 years of service are indexed to the negotiated pay increases for active police. For retirees with 20 to 25 years of service, the indexing begins when the retiree would have attained 25 years of service. Retirements with less than 20 years of service do not get indexed except for job related disability retirements. Job related disability retirement benefits are indexed using the Bureau of Labor Statistics CPI for Northeast Urban Wage Earners, but will not exceed 3.00% nor be lower than 1.00% per year.

Employee contributions

8% of salary.