

Assumption Changes

November 2015

Funding Policy and Economic Assumption Changes

Assumption	Current	New
Amortization Policy (link)	<p>Open Divisions:</p> <p><i>24 years, decreasing to 20 year rolling</i></p> <p>Closed Divisions:</p> <p><i>Option A or B method, decreasing to a 5 year rolling</i></p>	<p>Open Divisions:</p> <p><i>24 year fixed Period</i></p> <p><i>Future liability gains/losses — 15 years fixed</i></p> <p><i>Future plan amendments — 10 years fixed</i></p> <p><i>Future early retirement incentives — 5 years fixed</i></p> <p>Closed Divisions:</p> <p><i>Option B method, fixed period</i></p> <p><i>Future liability fains/losses — 10 year fixed</i></p> <p><i>Future plan amendments — 5 years fixed</i></p> <p><i>Future early retirement incentives — 5 years fixed</i></p>
Asset Valuation Method	10 year smoothing	5 year smoothing
Price Inflation	3%-4%	2.50%
Wage Inflation	4.50%	3.75%
Investment Return	8.00%	7.75%
Discount Rate	8.25%	8.00%
Administrative Expense	N/A	0.25%

Demographic Assumption Changes

Assumption	Result	Impact on Liabilities
Normal Retirement	New Rates	Slight Increase
Early (Reduced) Retirement	Increase Rates	Slight Decrease
Withdrawal - • Base Rates • Scaling Factors	Decrease Rates Scale by Municipality	Slight Increase Varies
Disability	New Rates	Slight Increase
Pre and Post Retirement Mortality • Healthy Lives • Disabled Lives	Longer Lifetimes Longer Lifetimes	Increase Slight Increase
Merit and Longevity Pay Increases	Slight Decrease	Slight Decrease

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