



DATE: 07/08/2025

TIME: 9:45 a.m.

LOCATION: Executive Boardroom

COMMITTEE MEMBERS: Chadrick Kennedy, Chair | Joseph Peychaud | Tyler Antrup |

| Maurice Sholas, M.D., Ph.D. | Councilmember Freddie King III | Mubashir Maqbool | Jackie Shine |
Rebecca Johnsey | Dexter Joseph

PENSION MEETING AGENDA

PUBLIC MEETING

All meetings are open to the public, and we encourage your attendance.
Those interested can join in person or virtually.

Join In-Person: Executive Board Room, Second Floor
625 St. Joseph St., New Orleans, LA 70165

Join Virtually: <https://www.swbno.org/BoardMeetings>

E-Public comments will be accepted via <https://www.swbno.org/BoardMeetings>.
All e-public comments must be received at least 2 hours prior to the meeting. Comments
will be read verbatim into the record.

I. Roll Call

II. Presentation Item

- A. Employees' Retirement Systems of the Sewerage & Water Board of New Orleans Actuarial Valuation Report as of January 1, 2025– Mitchell Bilbe, Rudd & Wisdom

III. Action Item

- A. Resolution (R-118-2025) Accept 2025 Contribution to the Employees' Retirement System of the Sewerage & Water Board of New Orleans

IV. Executive Session

- A. Pursuant to La. R.S. 42:17(A)(1) and (A)(10), the Pension Committee of the Sewerage and Water Board of New Orleans will meet in executive session to discuss and consider the character, professional competence, physical or mental health of Byron Harris in connection with pension benefit eligibility.

V. Information Item

- A. Actuarial Valuation Report as of January 1, 2025 - Employees' Retirement Systems of the Sewerage & Water Board of New Orleans



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VI. Public Comment

VII. Adjournment

Employees' Retirement System of the Sewerage and Water Board of New Orleans

ACTUARIAL VALUATION

AS OF JANUARY 1, 2025



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May 1, 2025

PERSONAL AND CONFIDENTIAL

Board of Trustees
Sewerage and Water Board of New Orleans
625 St. Joseph Street
New Orleans, Louisiana 70165

Re: Actuarial Valuation as of January 1, 2025

Members of the Board of Trustees:

Enclosed is the Actuarial Valuation of the Employees' Retirement System of the Sewerage and Water Board of New Orleans (the "Plan") as of January 1, 2025. The purpose of this report is to evaluate the funded status of the plan and to determine an actuarially reasonable contribution level that comports with the employer's funding policy for the plan year beginning January 1, 2025.

Note: This report may be provided to third parties only if distributed in its entirety.

Funding Policy

The ultimate goal of a funding policy is to ensure that plan assets will be sufficient to pay all benefits to all plan participants and their beneficiaries as payments come due. A funding policy that requires contributions that are sufficient to pay the plan's Normal Cost and to amortize the plan's Unfunded Accrued Liability (UAL) over a reasonable period of time should be adequate to achieve this goal, subject to the risks inherent in any pension plan as further discussed below in the "Variability in Future Actuarial Measurement and Related Risks" section of this letter.

The Sewerage and Water Board of New Orleans has utilized a funding policy that determines the Normal Cost and Accrued Liability using the Entry Age Normal (EAN) funding method. The UAL is the difference between this Entry Age Normal Accrued Liability and the Actuarial Value of Plan Assets as of the valuation date.

Under the funding policy adopted by the Board of Trustees in 2021 under Board Resolution R-061-2021, the employer is required to make an annual Actuarially Determined Contribution (ADC) sufficient to fund the sum of the Normal Cost under the EAN funding method and a level dollar amortization of the UAL utilizing a closed period, layered amortization approach. The UAL is comprised of various sources, and under the layered amortization approach each component source of UAL is amortized over a separate closed period as follows:

Source of UAL Amortization Layers	UAL Closed Amortization Period ¹
Actuarial Experience Gain/Loss	25 years
Assumption and Method Changes	25 years
Plan Amendments	15 years
Transition to New Policy	29 years ²

¹ Each layer is amortized using the level dollar approach over the specified closed period.

² The current funding policy became effective on January 1, 2021. As of January 1, 2025, the remaining amortization period for the Transition amortization layer is 25 years.

The total ADC (i.e., the sum of the Normal Cost and the amortization amounts for each of the UAL layers) is determined as a percentage of total estimated *Earnable Compensation*, where such term is defined under the Rules and Regulations of the Plan, for the calendar year containing the valuation date. The Employer's portion of the total ADC is equal to the difference between the total ADC and the Employee Members' portion of the ADC and is also expressed as a percentage of total estimated Earnable Compensation. The Employer's contribution each year is determined by applying the percentage so determined to the actual Earnable Compensation paid during the year. The table below summarizes the current and prior year ADC.

	Annual Contribution		Increase / (Decrease) from 2024 to 2025
	2024	2025	
1. Total Funding Policy Contribution			
a. Normal Cost ¹	\$ 6,688,025	\$ 6,772,767	
b. UAL Amortization ¹	8,886,783	8,827,846	
c. Total	\$ 15,574,808	\$ 15,600,613	
2. Employee Contribution²	(3,484,860)	(3,853,952)	
3. Employer Contribution (ADC)	\$ 12,089,948	\$ 11,746,661	\$ (343,287)
4. Projected Pension Payroll³	\$ 58,080,995	\$ 64,232,532	10.6%
5. Employer ADC as a Percent of Pension Payroll (Line 3. / Line 4.)	20.816%	18.288%	(2.528)%

¹ Includes interest to middle of year to reflect payment of contributions throughout the year.

² In accordance with Board Resolution R-140-2020 the Employer's portion of the ADC is determined by offsetting the total ADC by the actual Employee Contributions of 6% of Earnable Compensation.

³ Based on projected Earnable Compensation (i.e., Pension Payroll) for each plan year. Earnable Compensation is not equal to Total Compensation. For example, Earnable Compensation excludes overtime pay. (See page VI-10 of this report for the definition of Earnable Compensation.)

The Employer Contribution reflecting the current funding policy for the 2025 plan year is 18.288% of 2025 Earnable Compensation. This amount is in addition to the Employee Member Contributions of 6.0% of Earnable Compensation. (See page III-1 of this report for the development of the Employer Contribution and page VI-10 for the definition of Earnable Compensation.)

As shown in the table above, the expected employer contribution for 2025 is approximately \$343,000 less than the expected employer contribution for 2024 due to liability gains resulting from assumption changes recently adopted by the Board of Trustees partially offset by actuarial losses during the 2024 plan year and growth in the active population.

As a result of this decrease in the amount of contribution and the 10.6% increase in projected pension payroll from 2024 to 2025, the employer contribution expressed as a percentage of Earnable Compensation decreased from 2024 to 2025 by (2.528)% of Earnable Compensation.

Lastly, the funded status of the plan (i.e., the ratio of the Plan Assets to the Plan Liabilities as determined for funding purposes) increased from 70.20% as of January 1, 2024 to 71.20% as of January 1, 2025. This increase is attributable to a \$0.7M Net Actuarial Gain which decreased the UAL from an expected value of \$106.7M to an actual value of \$106.0M. The Net Actuarial Gain is comprised of Assumption Change Gains (i.e., liabilities using the updated assumptions resulting from the recent Actuarial Experience Study being less than under prior assumptions) which were partially offset by Experience Losses (i.e., actual liabilities and contributions differing from expected liabilities and contributions based upon actuarial assumptions) and Asset Losses (i.e., actual returns on the Actuarial Value of Assets (AVA) being less than expected returns). In 2024, Assumption Change Gains were \$5.2M, the Experience Loss was \$1.6M and the Asset Losses were \$2.9M. Although the plan's Market Value of Assets (MVA) experienced investment gains of 17% in 2024, due to the asset smoothing methodology, the AVA experienced a return of 6%. The purpose of this asset smoothing (as developed on page IV-3 of this report) is to mitigate volatility in the ADC in years in which there are substantial investment gains or losses on the MVA.

Action Items

The following list contains certain action items for company management:

1. Review the Management Summary (Section II) of this report.
2. As soon as administratively possible, change the rate of the Employer Contribution to 18.288% of Earnable Compensation for each payroll period.
3. Notify us of any activities during the remainder of the 2025 plan year that could require updates to the next valuation on January 1, 2026 (e.g., a plan amendment, a change in the funding policy or a change in the investment policy, etc.).

Variability in Future Actuarial Measurement and Related Risks

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- Plan experience differing from that anticipated by the current economic or demographic assumptions;
- Increases or decreases expected as part of the natural operation of the methodology used for these measurements;
- Changes in economic or demographic assumptions; and
- Changes in plan provisions.

Risks that may reasonably be anticipated to significantly affect the plan's future financial condition include:

- Investment Risk (i.e., the potential that investment returns will be different than expected);

Adverse investment experience can increase employer contribution requirements in future years. Favorable investment experience can have the opposite effect.

- Asset/Liability mismatch (i.e., the potential that changes in asset values are not matched by changes in the value of liabilities);

Mismatches can produce effects similar to adverse investment experience, but they can be amplified by assets and liabilities moving in opposite directions. This plan's assets are not matched to its liabilities. Instead, the employer has elected to invest with an asset mix intended to produce higher long-term returns on average than might be expected with an asset/liability matched portfolio, but this will frequently produce short term variances between asset growth and liability growth.

- Longevity and other demographic risks (i.e., the potential that mortality or other demographic experience will be different than expected);

Adverse longevity and other demographic experience can increase employer contribution requirements in future years. Favorable demographic experience can have the opposite effect.

- Contribution risk (i.e., the potential that actual future contributions deviate from expected future contributions).

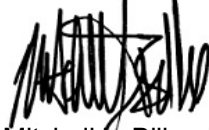
If employer contributions are made below the level required by the funding policy contemplated in this valuation, the employer contribution requirements will grow in the future, compounded with interest.

We can provide more detailed assessments of one or more of the above risks upon request. Assessment methods may include, but are not limited to, scenario tests and sensitivity tests. We have not been asked to perform and have not performed any stochastic or deterministic sensitivity analyses of the potential ranges of such future measurements, nor any of the more detailed assessments described above. If you have an interest in the results of any such analysis, please let us know.

If you have any questions concerning this information, please do not hesitate to call or write.

Respectfully submitted,

RUDD AND WISDOM, INC.

A handwritten signature in black ink, appearing to read "Mitchell L. Bilbe".

Mitchell L. Bilbe, F.S.A.

A handwritten signature in black ink, appearing to read "Christopher S. Johnson".

Christopher S. Johnson, F.S.A.

MLB/CSJ:nm

Enclosures

cc: Kimberly Batiste
Stephanie Chambliss
Yolanda Grinstead
Ghassan Korban
E. Grey Lewis
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Courtney Reed

RptFund_SWBNO_DB_2025_FUNDVAL.docx



**EMPLOYEES' RETIREMENT SYSTEM OF THE
SEWERAGE AND WATER BOARD OF NEW ORLEANS**

ACTUARIAL VALUATION

AS OF

JANUARY 1, 2025



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Section I – Certification of Actuarial Valuation as of January 1, 2025

At the request of the Sewerage and Water Board of New Orleans (SWBNO), we have performed an actuarial valuation of the Employees' Retirement System of the Sewerage and Water Board of New Orleans as of January 1, 2025. The purpose of this report is to evaluate the funded status of the plan and to determine an actuarially reasonable contribution level for the plan year ending December 31, 2025 that comports with the employer's funding policy.

We have based our valuation on current employee, former employee and retiree data as of January 1, 2025 provided by the SWBNO, asset information as of January 1, 2025 provided by Capital One, Whitney Hancock and LAMP, financial statements provided by the SWBNO and plan provisions as of January 1, 2025 provided by the SWBNO. We have used the actuarial methods and assumptions described in Section V of this report. The actuarial valuation has been performed on the basis of the plan benefits described in Section VI.

To the best of our knowledge, all current employees eligible to participate in the plan as of the valuation date and all other individuals who have a remaining vested benefit or a remaining nonvested benefit under the plan have been included in the valuation. Further, all plan benefits have been considered in the development of plan costs.

The plan sponsor remains solely responsible for the accuracy and comprehensiveness of the data provided. However, to the best of our knowledge, no material biases exist with respect to any imperfections in the data provided by these sources. To the extent that any data imperfections exist in the historical compensation database, we have addressed the imperfections by application of the increase assumptions specified in Section V. To the extent any imperfections exist in service records, we have relied on best estimates provided by the employer. We have not audited the data provided, but have reviewed it for reasonableness and consistency relative to previously provided information. We have utilized software licensed from Winklevoss Technologies, LLC in the development of the liabilities summarized in the report. We have independently confirmed the model developed by Winklevoss and have sufficiently tested it to ensure the model is an accurate representation of the plan's liabilities.

To the best of our knowledge, the actuarial information supplied in this report is complete and accurate. In our opinion the assumptions used, in the aggregate and individually, are reasonably related to the experience of the plan and to reasonable expectations. The assumptions represent a reasonable estimate of anticipated experience of the plan over the long-term future, and their selection complies with the applicable actuarial standards of practice. We are neither aware of any material inconsistencies among the assumptions nor are we aware of any unreasonable results caused by the aggregation of the assumptions.

We hereby certify that we are members of the American Academy of Actuaries who meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Mitchell L. Bilbe, F.S.A.
Enrolled Actuary Number 23-6302
Member of American Academy of Actuaries

Christopher S. Johnson, F.S.A.
Enrolled Actuary Number 23-7100
Member of American Academy of Actuaries



Section II – Management Summary

All employer liabilities presented throughout this report have been determined based upon the actuarial methods and assumptions outlined in Section V and the plan provisions outlined in Section VI.

A. Contribution Amount Under Employer's Funding Policy

	Annual Contribution	
	2024	2025
1. Total Funding Policy Contribution		
a. Normal Cost ¹	\$ 6,688,025	\$ 6,772,767
b. UAL Amortization ¹	8,886,783	8,827,846
c. Total	\$ 15,574,808	\$ 15,600,613
2. Employee Funding Policy Contribution²	(3,484,860)	(3,853,952)
3. Employer Funding Policy Contribution	\$ 12,089,948	\$ 11,746,661
4. Employer Funding Policy Contribution as a Percent of Pension Payroll³	20.816%	18.288%

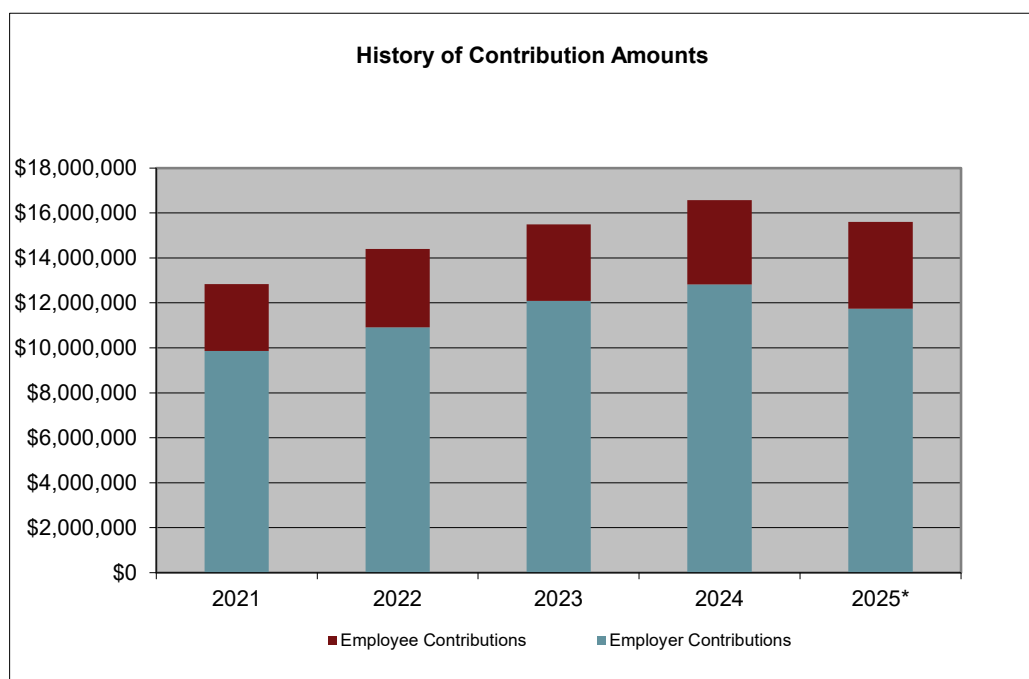
¹ Includes interest to middle of year to reflect payment of contributions throughout the year.

² In accordance with Board Resolution R-140-2020 the Employer's portion of the ADC is determined by offsetting the total ADC by the actual Employee Contributions of 6% of Earnable Compensation.

³ Based on projected Earnable Compensation (i.e., Pension Payroll) of \$58,080,995 for 2024 and \$64,232,532 for 2025.

The employer's Funding Policy determines the annual contribution amount as the sum of the **Normal Cost** and a closed period layered amortization of the **Unfunded Accrued Liability (UAL)**, where the UAL is the difference between the **Actuarial Value of Assets** and the **Actuarial Accrued Liability (AAL)**. (See page III-3 of this report for details about the sources of the amortization layers.) The AAL and the Normal Cost are determined using the **Entry Age Normal (EAN)** actuarial funding method as described in Section V.A. of this report.

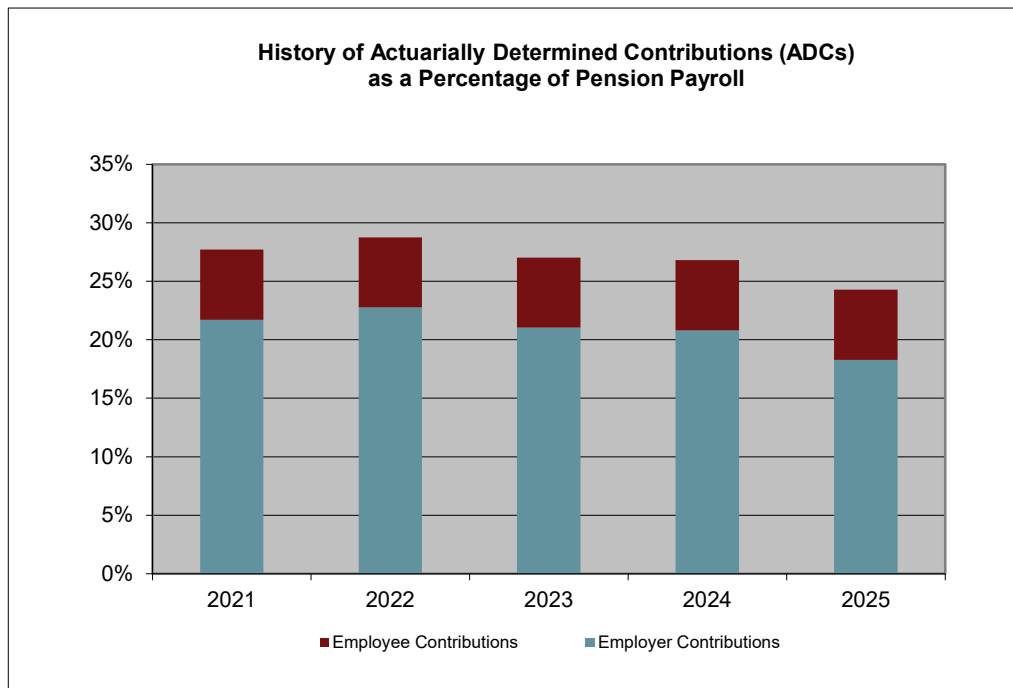
A 5-year history of the plan's actual contribution amounts under the employer's Funding Policy is shown below.



* Assuming the funding policy contribution from this report is contributed by employer.



Below is a history of the Plan's Actuarially Determined Contributions (ADCs) determined under the funding policy in effect for each year and shown as a percentage of Pension Payroll.



B. Participant Demographics as of January 1, 2025

Participants	Number	Estimated Earnable Compensation for 2025
Actives	1,224	\$ 64,232,532
Vested Terminated	85	N/A
Nonvested Terminated	288 ¹	N/A
Retirees and Beneficiaries	909 ²	N/A
Total	2,506	\$ 64,232,532

¹ Nonvested Terminated employees whose employee contribution account balances have not yet been refunded as of the valuation date.

² Includes 62 DROP participants whose period of participation in the DROP has not yet expired as of the valuation date.



C. Funding Liabilities and Assets

	As of January 1, 2024	As of January 1, 2025
1. a. Market Value of Assets	\$ 236,447,698	\$ 267,027,954
b. Actuarial Value of Assets	\$ 255,102,121	\$ 262,026,510
2. Discount Rate	7.00%	7.00%
3. Present Value of Future Benefits		
a. Actives	\$ 156,075,228	\$ 160,271,368
b. Retirees ¹ and Beneficiaries	208,175,861	209,632,116
c. DROP ² Retirees	31,481,307	30,858,897
d. Disabled Retirees	7,695,968	7,039,756
e. Vested Terminated	4,057,194	4,522,914
f. Nonvested Terminated	646,033	663,404
g. Total	\$ 408,131,591	\$ 412,988,455
h. Funded Status [1.b./3.g.]	62.50%	63.45%
4. Entry Age Normal Accrued Liabilities		
a. Actives	\$ 111,343,121	\$ 115,284,583
b. Retirees ¹ and Beneficiaries	208,175,861	209,632,116
c. DROP ² Retirees	31,481,307	30,858,897
d. Disabled Retirees	7,695,968	7,039,756
e. Vested Terminated	4,057,194	4,522,914
f. Nonvested Terminated	646,033	663,404
g. Total	\$ 363,399,484	\$ 368,001,670
h. Funded Status [1.b./4.g.] ³	70.20%	71.20%

¹ Excludes DROP Retirees whose DROP balance has not been paid as of the valuation date.

² DROP Retirees whose DROP balance has not been paid as of the valuation date.

³ The Funded Status measured based on the Market Value of Assets would be 65.07% as of January 1, 2024 and 72.56% as of January 1, 2025.

1. Liabilities

The **Present Value of Future Benefits** (PVFB) is the actuarial present value of the cost to finance projected benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.

The **Entry Age Normal Accrued Liability** attributes a portion of the PVFB to the past service of each individual, where the amount attributed to each year is spread on a level basis over the earnings of an individual from their plan entry date to their assumed exit dates from the plan.

The liability measurements in this report are not appropriate for assessing the sufficiency of plan assets to cover the cost of settling plan obligations in the event the plan is terminated.

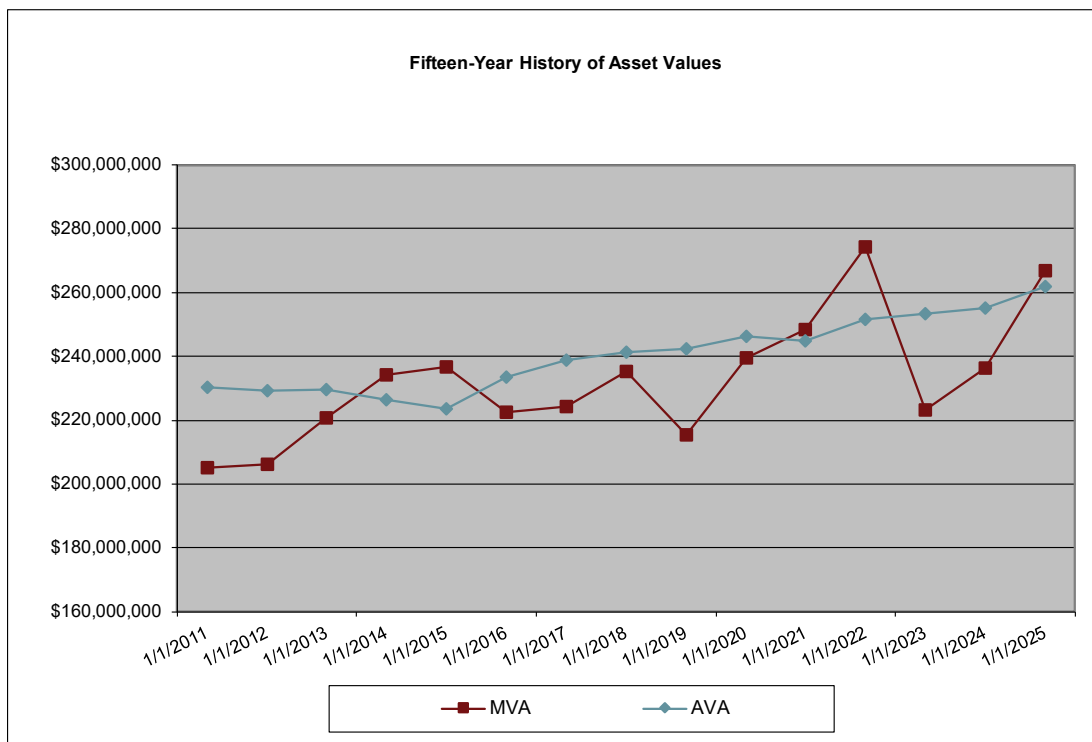
Further, additional contributions from the employer could be needed in the future even if asset values were equal to 100% of liabilities as measured for funding purposes.



2. Assets

The **Actuarial Value of Assets (AVA)** smooths the volatility of the Market Value of Assets (MVA) by deferring recognition of asset gains or losses over a seven-year period. This smoothing of the MVA in turn reduces the year over year fluctuation of Employer Contributions and can make it easier for the employer to budget its contribution each year.

Below is a 15-year history of the MVA and the AVA.



The investment policy's targeted weighted-average asset allocations by asset class are as follows:

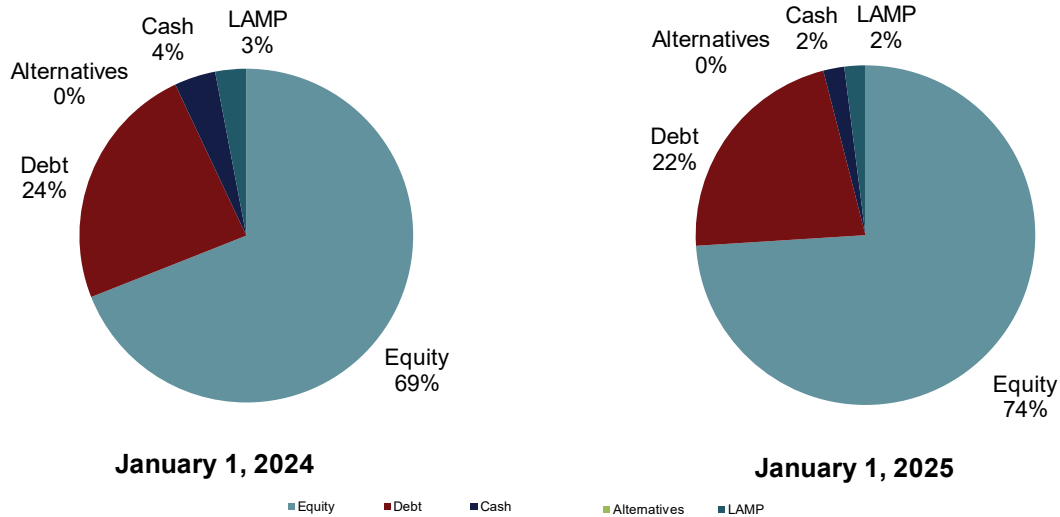
Investment Policy Targeted Asset Allocations			
Asset Class	Minimum Allocation	Target Allocation	Maximum Allocation
Equity Securities	45%	55%	65%
Debt Securities	20%	25%	30%
Alternatives ¹	7%	20%	35%
Cash	0%	0%	0%
Total	N/A	100%	N/A

¹ Real Estate/REITs, Private Equity and Global Infrastructure investments.



The target asset allocation above should be reviewed periodically against actual asset allocations as shown below. Furthermore, from time to time the plan's investment policy itself should be reviewed to ensure that the objectives stated in the policy are consistent with the plan sponsor's investment goals and risk tolerance, particularly as the plan approaches the point at which the value of plan assets equals or exceeds PVFB.

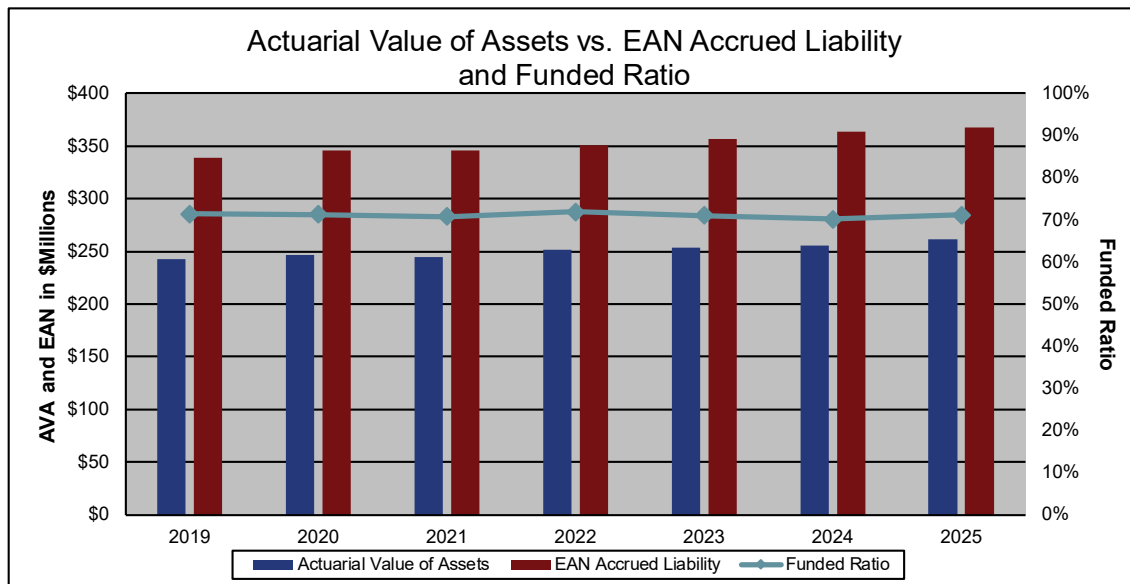
Asset Allocation as of Prior and Current Valuation Dates





D. Funded Status Based on Entry Age Normal Accrued Liability

The **Funded Status** compares a measure of a plan's liabilities to its assets. The graph below compares the Actuarial Value of Assets to the EAN Accrued Liability for each of the last seven years.



E. No Changes in Plan Provisions

This valuation reflects identical plan provisions to those recognized in the prior valuation prepared for the plan. Plan provisions are summarized in Section VI.

F. Changes in Actuarial Methods and Assumptions

This valuation reflects different actuarial assumptions from those recognized in the prior valuation prepared for the plan. Demographic and economic assumptions have been updated to reflect assumptions recently adopted by the Board of Trustees. On December 18, 2024 the Board of Trustees adopted assumptions recommended as a result of an Actuarial Experience Study, where such assumptions include rates of retirement, disability, termination and mortality, assumptions regarding DROP participation, assumed forms of payment at retirement, assumed Cost-of-Living increases and assumed salary increases. Actuarial methods and assumptions are summarized in Section V.



G. Plan Maturity Measures

The following measures may help the employer assess the relative risks associated with a particular asset mix for the trust's portfolio, a particular funding policy, whether to consider or reconsider asset/liability matching for all or a portion of the portfolio, and other risks disclosed in the transmittal letter to this report.

Measure	2025	2024	2023	2022	2021	2020	2019
1. Ratio of Retired Life Accrued Liability to Total Accrued Liability	67.3%	68.1%	69.1%	71.4%	70.6%	70.3%	71.9%
Commentary: Retired participants account for approximately 67% of plan liabilities in 2025. This means that the plan is considered mature. Mature plans are more sensitive to investment volatility. Over the past several years this ratio has decreased slightly, which is a result of a growing active population in the plan.							
2. Ratio of Prior Year Net Cash Flows to Market Value of Assets	(3.5)%	(4.7)%	(5.2)%	(4.3)%	(5.1)%	(4.3)%	(5.2)%
Commentary: Net Cash Flows divided by assets is a benchmark for how quickly assets are being liquidated relative to the investment return assumption. When net cash flows are negative but such ratio is less than the investment return assumption, then investment returns should be sufficient to maintain or improve the plan's funded status on a market value basis. The plan's net cash flows for the most recent year are equal to approximately (3.5)% of the plan's market asset value, an amount below the current long-term rate of return assumption of 7.0%.							
3. Duration of Accrued Liability ¹	9.7	9.6	9.6	9.4	9.5	9.0	9.0
Commentary: Duration is an indicator of the impact of small changes in discount rates on plan liabilities. The higher the duration, the more sensitive a plan's obligations are to changes in discount rates. The typical duration for an on-going pension plan is about 10-15 years. Plans with a higher proportion of retirees will tend to have shorter durations. This measure has increased slightly over the last several years, which is a result of an increasing active population in the plan.							

¹ Modified duration of the plan's Accrued Liability (AL) estimated by examining the impact of a 25 basis point shift in discount rates on AL. We used the following formula for this purpose:

$$\left[1 - \left(\frac{AL_1}{AL_2}\right)\right] / (i_1 - i_2)$$

H. Low-Default-Risk Obligation Measure

This funding report is required to comport with all applicable Actuarial Standards of Practice (ASOPs), including ASOP No. 4 - *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*. ASOP No. 4 was revised in December of 2021 with an effective date for funding reports with measurement dates on or after February 15, 2023. Thus, this report (with a January 1, 2025 measurement date) must meet the requirements of the revised ASOP, including a new disclosure of a Low-Default-Risk Obligation Measure (LDROM) as described below.

The plan invests in a diversified portfolio of stocks, bonds, real estate, and private equity with the objective of maximizing investment returns at a reasonable level of risk. The potential for investment returns to be different than expected is a key risk for the plan. Reducing the plan's investment risk by investing solely in bonds, however, would also likely reduce the plan's investment returns thereby increasing the amount of contributions needed over the long run.

The LDROM represents what the funding liability would be if the plan invested its assets solely in a portfolio of low-default-risk fixed income securities whose cash flows match the expected pattern of benefits (accrued as of the measurement date) expected to be paid in the future.



When calculating this measure, an immediate gain actuarial cost method is used along with a discount rate or discount rates derived from low-default-risk fixed income securities. Examples of discount rates that may meet this requirement include:

1. US Treasury yields;
2. Rates implicit in settlement of pension obligations including purchases of annuities from insurance companies;
3. Yields on corporate or tax-exempt general obligation municipal bonds that receive one of the two highest ratings given by a recognized ratings agency;
4. Non-stabilized ERISA funding rates for single employer plans; and
5. Multiemployer current liability rates.

We have used the entry age normal funding method and 5.00% as the discount rate in our calculation of the LDROM. All other assumptions used in determining the obligation measure are the same assumptions as those used in the funding valuation. The LDROM is shown below:

Low-Default-Risk Obligation Measure	\$ 453,716,464^{1,2}
--	-------------------------------------

¹ Determined using 5.00% discount rate based on annuity purchase rates as of January 1, 2025.

² Compares to a liability of \$368,001,670 determined using the 7.00% discount rate utilized in this report.

Investing in a diversified portfolio is expected to produce lower contribution requirements over time. Comparing the LDROM to the funding actuarial accrued liability illustrates the expected reduction in future funding obligations achieved by investing in a diversified portfolio with appropriate levels of risk instead of solely in fixed income securities.

Low-default-risk investments are still subject to market volatility and investing solely in low-default-risk investments may or may not be considered a prudent investment strategy. Switching to investing solely in high quality bonds could result in unnecessarily high contributions in the near term.

Because plan assets are not invested in all bond-portfolios, the LDROM does not accurately reflect the plan's funding status, nor does it offer insights into required plan contributions or the security of participant benefits.



Section III – Detailed Actuarial Valuation Results

A. Determination of Employer Contribution

	January 1, 2025	As a % of Pension Payroll
1. Projected Participant Earnable Compensation for Current Plan Year (i.e., Pension Payroll)	\$ 64,232,532	
2. Present Value of Future Benefits	\$ 412,988,455	
3. Accrued Liability	\$ 368,001,670	
4. Actuarial Value of Assets	\$ 262,026,510	
5. Unfunded Accrued Liability (UAL) (Item 3. – Item 4.)	\$ 105,975,160	
6. Present Value of Future Normal Costs (Item 2. – Item 3.)	\$ 44,986,785	
7. Normal Cost at Beginning of Year	\$ 6,547,481	
8. Total Funding Policy Actuarially Determined Contribution (ADC)		
a. Normal Cost ¹	\$ 6,772,767	10.544%
b. Amortization of UAL ^{1,2}	8,827,846	13.744%
c. Total	\$ 15,600,613	24.288%
9. Employee Funding Policy Portion of ADC ³ (Item 1. x 6%)	\$ 3,853,952	6.000%
10. Employer Funding Policy Portion of ADC (Item 8.c. – Item 9.)	\$ 11,746,661	18.288%

¹ Includes interest to middle of year to reflect payment of contributions throughout the year.

² Calculated using a layered amortization approach with different closed amortization periods for each layer. (See page III-3 for details.)

³ In accordance with Board Resolution R-140-2020, the Employer Portion of the ADC is determined using actual employee contributions of 6% of Earnable Compensation to offset the total ADC.



B. Development of Expected Unfunded Accrued Liability and Actuarial (Gain)/Loss

	January 1, 2025
1. Prior Year Actual Unfunded Accrued Liability	\$ 108,297,363
2. Prior Year Normal Cost as of Beginning of Year	6,465,558
3. Interest on above amounts ¹	8,033,404
4. Expected Employer and Employee Contributions for Prior Year (with credited interest) ²	(16,110,707)
5. Current Year Expected Unfunded Accrued Liability	\$ 106,685,618
6. Current Year Actual Unfunded Accrued Liability	\$ 105,975,160
7. Actuarial (Gain)/Loss [(6) – (5)]	\$ (710,458)
8. Sources of Actuarial (Gain)/Loss	
a. Plan Amendments	\$ 0
b. Change in Actuarial Assumptions	(5,201,599)
c. Change in Actuarial Methods	0
d. Experience (Gain)/Loss ³	1,639,851
e. Asset (Gain)/Loss	2,851,290
f. Total (Gain)/Loss	\$ (710,458)

¹ Interest calculated using 7% for a full year.

² Interest calculated using 7% for a half year since contributions are assumed to be made throughout the year.

³ Includes both (i) demographic (gains)/losses and (ii) (gains)/losses arising from actual contributions (in excess of)/less than expected contributions.



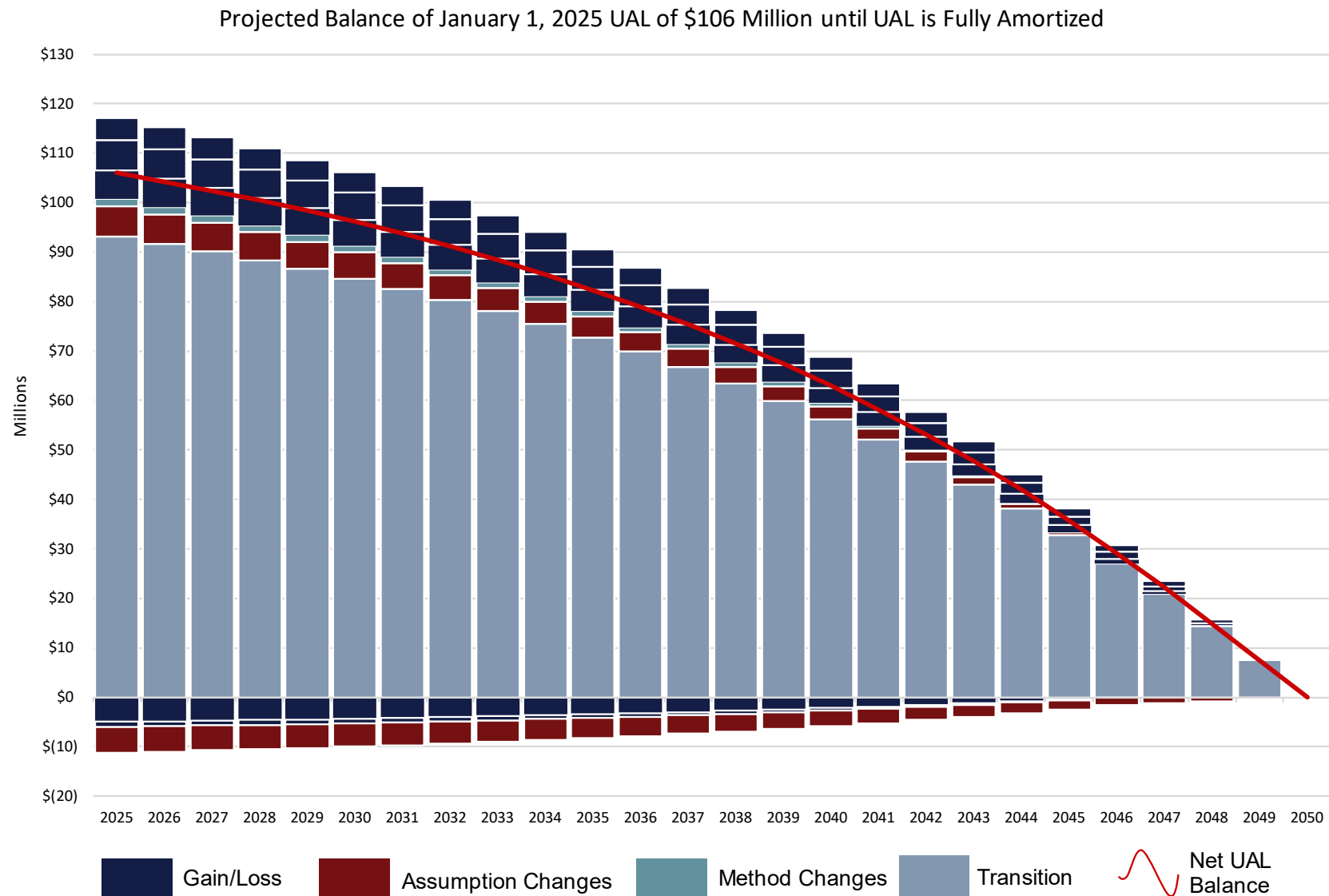
C. Schedule of Unfunded Accrued Liability Layers and Amortization Payments

As of January 1, 2025						
UAL Source	Date Established	Initial Amount	Amortization Period		Outstanding Balance	Annual Amortization Payment
			Initial Years	Years Remaining		
Transition to New Policy	January 1, 2020	\$ 99,176,322	30	25	\$ 93,138,502	\$ 7,469,405
Actuarial (Gain)/Loss	January 1, 2021	(5,304,129)	25	21	(4,931,791)	(425,374)
Assumption Changes	January 1, 2021	6,514,569	25	21	6,057,260	522,447
Method Changes	January 1, 2021	1,663,565	25	21	1,546,786	133,413
Actuarial (Gain)/Loss	January 1, 2022	(1,116,128)	25	22	(1,059,396)	(89,510)
Actuarial (Gain)/Loss	January 1, 2023	6,044,144	25	23	5,846,332	484,721
Actuarial (Gain)/Loss	January 1, 2024	6,185,725	25	24	6,087,925	496,075
Actuarial (Gain)/Loss	January 1, 2025	4,491,141	25	25	4,491,141	360,175
Assumption Changes	January 1, 2025	(5,201,599)	25	25	(5,201,599)	(417,151)
Total					\$ 105,975,160	\$ 8,534,201 ¹

¹ Amount determined as of beginning of the year. The total Annual Amortization Payment with interest to the middle of the year is \$8,827,846.



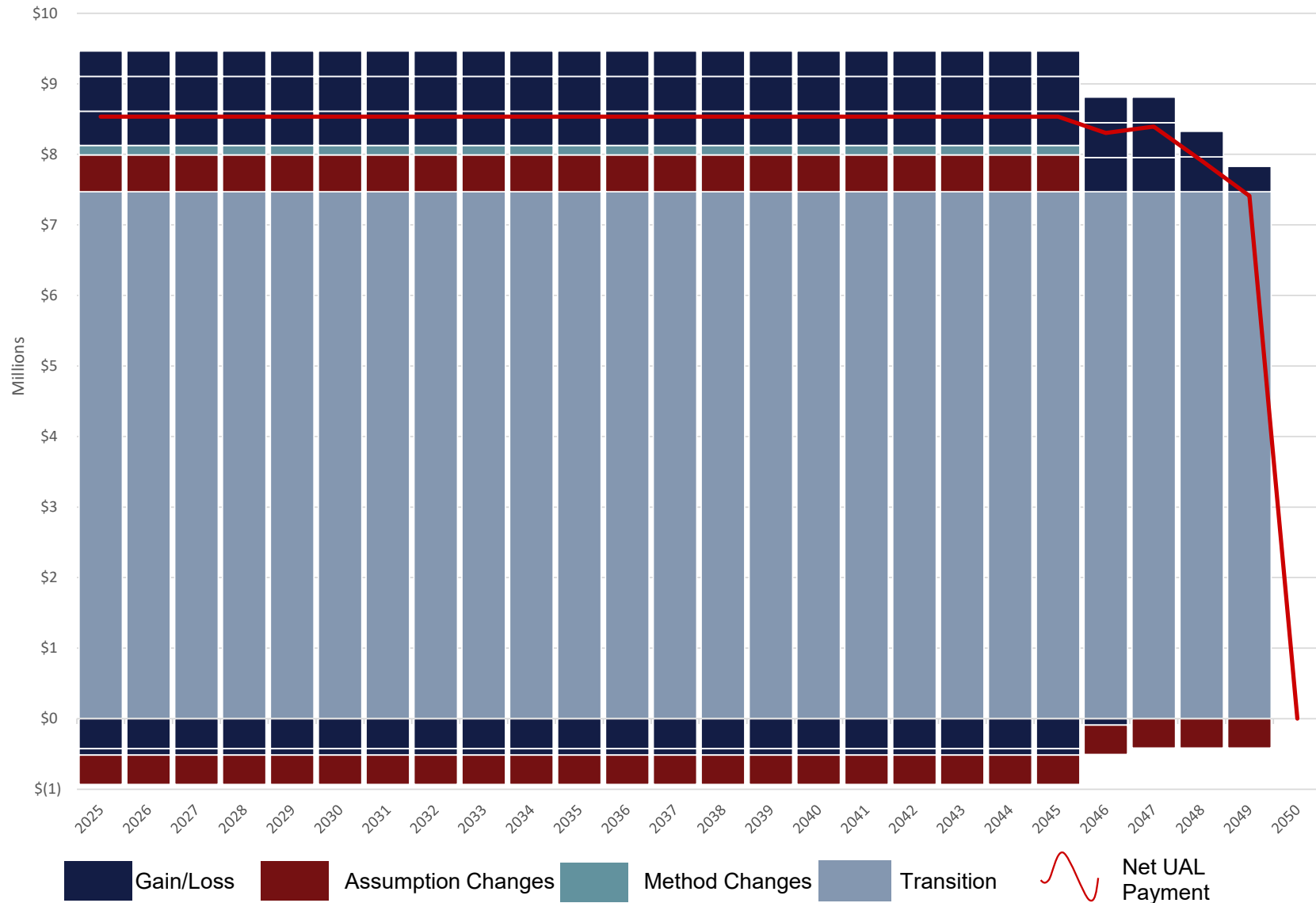
D. Projected Balance of January 1, 2025 UAL





E. UAL Annual Amortization Schedule as of January 1, 2025

Annual Amortization Payment Schedule used to amortize the January 1, 2025 UAL of \$106 Million





F. Present Value of Accrued Benefits (PVAB)

The Present Value of Accrued Benefits (PVAB) only considers past service and past pay in the determination of the plan's liabilities. This actuarial cost method would not be as useful as the current cost method (i.e., the Entry Age Normal cost method) for determining the funding policy contribution since it does not consider the effect of future pay and service accruals on the plan's liabilities. However, the PVAB is useful in determining how the funded status of the plan is progressing relative to the current level of accrued benefits since it determines the present value of the plan benefits as if plan benefits were frozen on the valuation date.

	As of January 1, 2024	As of January 1, 2025
1. PVAB	\$ 332,265,152	\$ 331,223,160
2. Actuarial Value of Assets	\$ 255,102,121	\$ 262,026,510
3. Funded Status of PVAB [Item 2. ÷ Item 1.]	76.78%	79.11%

G. History of Asset Returns

For Plan Year Ending (1)	Market Value ¹ (2)	Actuarial Value (3)
December 31, 2015	(1.79%)	9.08%
December 31, 2016	5.42%	6.92%
December 31, 2017	10.52%	6.48%
December 31, 2018	(3.31%)	5.50%
December 31, 2019	15.97%	5.68%
December 31, 2020	9.67%	4.41%
December 31, 2021	14.96%	7.37%
December 31, 2022	(14.41%)	5.75%
December 31, 2023	10.98%	4.90%
December 31, 2024	16.96%	6.07%

Average Returns:		
Last 5 Years	6.97%	5.70%
Last 10 Years	6.04%	6.21 %

¹ Dollar-weighted return.



Section IV – Summary of Assets

A. Summary of Market Value of Assets

	01/01/2024	01/01/2025
1. Assets		
a. Cash	\$ 3,647,581	\$ 3,762,930
b. Receivables:		
i. Employee and Employer Contributions ¹	\$ 514,543	\$ 151,192
ii. Due from broker for investments sold	0	0
iii. Investment income	19,805	0
iv. Due from other funds	0	525,046
v. Total receivables	\$ 534,348	\$ 676,238
c. Investments:		
i. Money Market	\$ 5,777,328	\$ 84,428
ii. LAMP	6,213,982	6,150,444
iii. Debt Securities	57,427,579	58,953,214
iv. Hedge Funds	0	0
v. Equities	162,846,880	197,400,700
vi. Total investments	\$ 232,265,769	\$ 262,588,786
d. Total assets [a. + b.v. + c.vi.]	\$ 236,447,698	\$ 267,027,954
2. Liabilities		
a. Payables:		
i. Investment management fees	\$ 0	\$ 0
ii. Due to broker for investments purchased	0	0
iii. Due to other fund	0	0
b. Total liabilities	\$ 0	\$ 0
3. Market Value of Assets	\$ 236,447,698	\$ 267,027,954

¹ Includes receivables for City annuities and other transfers-in.



B. Income Statement for Market Value of Assets

	2023	2024
1. Additions		
a. Contributions:		
i. Employer	\$ 12,086,710	\$ 12,827,921
ii. Member	3,410,161	3,746,864
iii. City annuity and other transfers in	1,375,073	1,533,566
iv. Total contributions	\$ 16,871,944	\$ 18,108,351
b. Investment income:		
i. Net appreciation in market value of investments	\$ 22,596,687	\$ 37,866,323
ii. Interest income	793,164	501,136
iii. Dividend income	911,171	1,173,200
iv. Less investment expenses	(700,177)	(643,580)
v. Net investment income	\$ 23,600,845	\$ 38,897,079
c. Other	\$ 0	\$ 0
d. Total additions [a.iv. + b.v. + c.]	\$ 40,472,789	\$ 57,005,430
2. Deductions		
a. Benefit payments including refunds of employee contributions	\$ 27,385,310	\$ 26,425,174
b. Administrative expenses	0	0
c. Other	0	0
d. Total deductions	\$ 27,385,310	\$ 26,425,174
3. Net increase/(decrease) in Market Value [1.d. – 2.d.]	\$ 13,087,479	\$ 30,580,256
4. Market Value of Assets		
a. Beginning of Year	\$ 223,360,219	\$ 236,447,698
b. End of Year [4.a. + 3.]	\$ 236,447,698	\$ 267,027,954
5. Money-weighted Rate of Return		
a. Net of Investment-Related Expenses	10.98%	16.96%
b. Gross	11.24%	17.14%
6. Direct Investment-Related Expenses [5.b. – 5.a.]	0.26%	0.18%



C. Development of Actuarial Value of Assets

1. Calculation of Adjusted Market Value of Assets	01/01/2019 – 12/31/2019	01/01/2020 – 12/31/2020	01/01/2021 – 12/31/2021	01/01/2022 – 12/31/2022	01/01/2023 – 12/31/2023	01/01/2024 – 12/31/2024
a. Market Value of Assets (MVA) at beginning of period	\$ 215,279,783	\$ 239,677,702	\$ 248,401,024	\$ 274,480,175	\$ 223,360,219	\$ 236,447,698
b. Net Cash Flows	(9,264,872)	(12,137,113)	(10,792,940)	(12,431,437)	(10,513,366)	(8,316,823)
c. Expected Investment Return	14,750,799	16,359,825	17,016,708	18,785,871	15,273,471	16,265,173
d. Expected MVA at end of period	\$ 220,765,710	\$ 243,900,414	\$ 254,624,792	\$ 280,834,609	\$ 228,120,324	\$ 244,396,048
e. Actual MVA at end of period	\$ 239,677,702	\$ 248,401,024	\$ 274,480,175	\$ 223,360,219	\$ 236,447,698	\$ 267,027,954
f. Asset (Gain) / Loss [Item 1.d. – Item 1.e.]	\$ (18,911,992)	\$ (4,500,610)	\$ (19,855,383)	\$ 57,474,390	\$ (8,327,374)	\$ (22,631,906)

2. Calculation of Deferred (Gain)/Loss			
Year Ending	Asset (Gain)/Loss	Fraction Deferred	Deferred (Gain) / Loss
a. December 31, 2024	\$ (22,631,906)	6/7	\$ (19,398,777)
b. December 31, 2023	(8,327,374)	5/7	(5,948,124)
c. December 31, 2022	57,474,390	4/7	32,842,509
d. December 31, 2021	(19,855,383)	3/7	(8,509,450)
e. December 31, 2020	(4,500,610)	2/7	(1,285,889)
f. December 31, 2019	(18,911,992)	1/7	(2,701,713)
g. Total			\$ (5,001,444)

3. Calculation of Actuarial Value of Assets	As of January 1, 2025
a. Market Value of Assets (MVA)	\$ 267,027,954
b. Total Deferred (Gain) / Loss [Item 2.g.]	(5,001,444)
c. Preliminary Actuarial Value of Assets (AVA) [Item 3.a. + Item 3.b.]	\$ 262,026,510
d. Corridor for AVA	
i. 70% of Item 3.a.	\$ 186,919,568
ii. 130% of Item 3.a.	\$ 347,136,340
e. AVA [Item 3.c. but not less than Item 3.d.i. nor greater than Item 3.d.ii.]	\$ 262,026,510
f. Ratio of AVA to MVA [Item 3.e. ÷ Item 3.a.]	98.13%



Section V – Actuarial Methods and Assumptions

A. Actuarial Methods

1. Actuarial Funding Method

The Entry Age Normal actuarial funding method is used in determining the contribution requirements for the plan. The actuarial funding method is the procedure by which the actuary annually identifies a series of annual contributions which, along with current assets and future investment earnings, will fund the expected plan benefits. The Entry Age Normal funding method compares the excess of the present value of expected future plan benefits over the current value of plan assets. This difference represents the expected present value of current and future contributions that will be paid into the plan. The contributions are divided into two components: an annual normal cost (or current cost) and an amortization charge for the unfunded accrued liability.

The normal cost for the plan is the sum of individually determined normal costs for each active participant. Each active participant's normal cost is the current annual contribution in a series of annual contributions which, if made throughout the participant's total period of employment, would fund his expected benefits from the plan. Each participant's normal cost is calculated to be an annual constant percentage of his expected compensation in each year of employment.

The plan's current accrued liability is the excess of the present value of expected future benefits over the present value of all future remaining normal cost contributions of active participants.

2. Actuarial Value of Assets

Fair value is equal to the market value of assets as determined by the plan trustee, including any receivable contributions made for a prior plan year after the asset valuation date.

The Actuarial Value of Assets (AVA) is equal to the fair value adjusted by deferred recognition of asset gains and losses over a seven-year period. The asset gains/(losses) are equal to the excess/(shortfall) of actual market value over/(under) expected market value determined using the assumed investment return of 7.00%. The asset gains/(losses) are determined at the end of the year in which they occur. These gains/(losses) are recognized one-seventh (1/7) each year over the next seven (7) years beginning in the year in which the gain or loss occurs. The AVA is subject to a 30% corridor such that the fair value adjusted by the deferred asset gains and losses will not be less than 70% nor greater than 130% of the fair value of assets.

B. Actuarial Assumptions

1. **Mortality:** The active, vested terminated and retired members of the plan are expected to exhibit mortality in accordance with the following published mortality tables:

a. Pre-retirement Mortality: Amount-weighted General Employee Table (i.e., PubG-2010) multiplied by 121% for Males and 119% for Females projected generationally using Scale MP-2021¹ mortality improvement rates with Male projection factors multiplied by 91% and Female projection factors multiplied by 82%

b. Post-retirement Mortality:

i. Healthy Retirees: Amount-weighted General Table for Healthy Retirees (i.e., PubG-2010) multiplied by 121% for Males and 119% for Females projected generationally using Scale MP-2021¹ mortality improvement rates with Male projection factors multiplied by 91% and Female projection factors multiplied by 82%

¹ Per the assumptions adopted by the Board of Trustees in December 2024, in future valuations Scale MP-2021 shall be replaced by its successor if such updated projection scale has been published prior to the time the valuation is performed.



- ii. **Disabled Retirees:** Amount-weighted General Table for Disabled Retirees (i.e., PubG-2010) multiplied by 121% for Males and 119% for Females projected generationally using Scale MP-2021¹ mortality improvement rates with Male projection factors multiplied by 91% and Female projection factors multiplied by 82%
- iii. **Contingent Survivors:** Amount-weighted General Table for Retirees prior to the Retired Member's death and Amount-weighted General Table for Contingent Survivors after the Retired Member's death (i.e., PubG-2010) multiplied by 121% for Males and 119% for Females projected generationally using Scale MP-2021¹ mortality improvement rates with Male projection factors multiplied by 91% and Female projection factors multiplied by 82%

2. **Termination:** The active members are assumed to terminate their employment for causes other than death, disability or retirement in accordance with annual rates as illustrated below.

Terminations Per 100 Members						
Age	Years of Credited Service					
	<1	1-2	2-3	3-4	4-5	5+
<25	30	25	22	20	20	20
25-29	30	22	22	17	14	14
30-34	25	20	18	17	14	10
35-39	23	15	15	15	14	9
40-44	23	15	15	12	9	7
45-49	20	15	15	12	9	6
50-54	18	15	15	12	9	5
55-59	12	12	11	11	9	5
60+	10	10	10	4	4	3

3. **Interest Rate:** 7.00% (net of investment-related expenses) per annum.
4. **Earnings Progression:** The increase in the levels of member compensation is assumed to increase in accordance with annual rates as illustrated below.

Annual Compensation Increases ²	
Age	Annual Rate
20 - 24	12.50%
25 - 29	5.00%
30 - 34	5.00%
35 - 39	4.75%
40 - 44	4.50%
45 - 49	4.25%
50 - 54	4.25%
55 - 59	4.00%
60 - 64	3.50%
65+	3.00%

¹ Per the assumptions adopted by the Board of Trustees in December 2024, in future valuations Scale MP-2021 shall be replaced by its successor if such updated projection scale has been published prior to the time the valuation is performed.

² Includes a 2.50% inflation component.



5. **Retirement Age:** Active members are assumed to retire in accordance with the annual rates illustrated below.

Age	Retirements per 100 Members												
	Years of Credited Service												
	<5	5-19	20	21	22	23	24	25	26	27	28	29	30+
45													
46													
47													
48													5
49													5
50													15
51												15	15
52											15	15	10
53										20	20	10	10
54									20	20	10	10	10
55								20	20	15	15	15	15
56							20	20	15	15	15	15	15
57						35	35	17.5	17.5	17.5	17.5	17.5	17.5
58					30	30	15	15	15	15	15	15	15
59				45	45	20	20	20	20	20	20	20	20
60		17.5	45	45	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5
61		20	20	20	20	20	20	20	20	20	20	20	20
62		30	30	30	30	30	30	30	30	30	30	30	30
63		27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5
64		27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5
65		35	35	35	35	35	35	35	35	35	35	35	35
66		20	20	20	20	20	20	20	20	20	20	20	20
67		20	20	20	20	20	20	20	20	20	20	20	20
68		20	20	20	20	20	20	20	20	20	20	20	20
69		20	20	20	20	20	20	20	20	20	20	20	20
70		20	20	20	20	20	20	20	20	20	20	20	20
71		20	20	20	20	20	20	20	20	20	20	20	20
72		20	20	20	20	20	20	20	20	20	20	20	20
73		20	20	20	20	20	20	20	20	20	20	20	20
74		20	20	20	20	20	20	20	20	20	20	20	20
75	100	100	100	100	100	100	100	100	100	100	100	100	100



6. **Disability:** Active members are expected to become disabled as defined under the plan in accordance with annual rates as illustrated below.

Disability Retirements Per 100 Members	
Age	Rate
20	0.022
30	0.022
40	0.060
50	0.222
55	0.380
60	0.690
65	1.020

7. **Recognition of IRC Benefit and Compensation Limitations:** The limitations under IRC Sections 415(b) and 401(a)(17) have been reflected in the determination of plan costs, and these limits are assumed to increase at the assumed annual rate of inflation of 2.50%.
8. **Cost of Living Increase:** Retirement and Survivor's Benefits are assumed to receive annual Cost of Living Increases at the level of 1.65% per year of the first \$10,000 of the original retirement amount for all years after age 65.
9. **Withdrawal of Employee Contributions:** 75% of members terminating with a vested right are assumed to withdraw their accumulated contributions upon termination, while 25% are assumed to retain their vested deferred benefits by leaving contributions on deposit.
10. **Marital Status:** 85% of members are assumed to be married at the time of separation from service. Female spouses are assumed to be two years younger than their male counterparts.
11. **DROP Participation:** Active members are assumed to elect to participate in the DROP in accordance with the rates illustrated below.

Age at Retirement ¹	Percentage of Members Assumed to Elect the DROP upon Retirement
< 60	85%
60-64	70%
65+	35%

¹ Age at commencement of DROP participation period.

All Members assumed to elect the DROP are also assumed to elect a 5-year DROP participation period.



12. **Assumed Form of Payment:**

- a. Upon separation from service for causes other than death, active members are assumed to elect a form of payment as follows.

Form of Payment	Assumed Percent Elected
Straight Life Annuity	80%
ERISA Joint and Survivor*	20%
Total	100%

* The assumed Joint and Survivor continuation percentage elected is 50%.

- b. Surviving spouses of members who separate from service due to death are assumed to commence payment in the normal form of annuity at the spouse's age 62.
- c. Dependent children of members who separate from service due to death are assumed to receive a temporary annuity for a period of 7 years following the participant's death.
- d. Current deferred vested members who terminated prior to August 1, 2012 are assumed to elect the normal form at age 62.
- e. Current deferred vested members who terminated after July 31, 2012 are assumed to elect the normal form at age 65.
13. **Interest on Employee Contributions:** Accumulated employee contributions are credited with 2% interest compounded annually in accordance with the terms of the plan.
14. **Credited Service for Unused Leave:** At the time an active member is within one year of retirement eligibility, Credited Service is assumed to increase by 0.50 years for Unused Leave (i.e., Unused Sick Leave and Unused Annual Leave combined).
15. **Missing Data:** Information related to benefit amounts payable to certain vested terminated and non-vested terminated members was not provided. We estimated the missing amounts based on the average monthly benefit of vested terminated members and the average employee contribution balance with interest for non-vested terminated members.
16. **Changes in Assumptions:** Reflected in this valuation are revised assumptions from the prior valuation as follows:

a. Mortality:

- i. Current: See item B.1. above.
- ii. Prior: The active, vested terminated and retired members of the plan are expected to exhibit mortality in accordance with the following published mortality tables:

- a. Pre-retirement Mortality: Amount-weighted General Employee Table (i.e., PubG-2010) multiplied by 122% for Males and 119% for Females projected generationally using Scale MP-2019 mortality improvement rates with Male projection factors multiplied by 86% and Female projection factors multiplied by 79%



b. Post-retirement Mortality:

- i. Healthy Retirees: Amount-weighted General Table for Healthy Retirees (i.e., PubG-2010) multiplied by 122% for Males and 119% for Females projected generationally using Scale MP-2019 mortality improvement rates with Male projection factors multiplied by 86% and Female projection factors multiplied by 79%
- ii. Disabled Retirees: Amount-weighted General Table for Disabled Retirees (i.e., PubG-2010) multiplied by 122% for Males and 119% for Females projected generationally using Scale MP-2019 mortality improvement rates with Male projection factors multiplied by 86% and Female projection factors multiplied by 79%
- iii. Contingent Survivors: Amount-weighted General Table for Retirees prior to the Retired Member's death and Amount-weighted General Table for Contingent Survivors after the Retired Member's death (i.e., PubG-2010) multiplied by 122% for Males and 119% for Females projected generationally using Scale MP-2019 mortality improvement rates with Male projection factors multiplied by 86% and Female projection factors multiplied by 79%

b. Termination:

- i. Current: See item B.2. above.
- ii. Prior: The active members are assumed to terminate their employment for causes other than death, disability or retirement in accordance with annual rates as illustrated below.

Terminations Per 100 Members						
Age	Years of Credited Service					
	<1	1-2	2-3	3-4	4-5	5+
<25	30	25	25	25	25	15
25-29	25	18	18	11	11	8
30-34	25	18	18	11	11	8
35-39	25	18	18	11	11	8
40-44	25	18	18	11	11	5
45-49	25	18	18	11	11	5
50-54	25	18	18	11	11	4
55-59	25	18	18	11	11	4
60+	10	10	10	4	4	4



c. Earnings Progression:

- i. Current: See item B.4. above.
- ii. Prior: Member compensation is assumed to increase in accordance with annual rates as illustrated below.

Annual Compensation Increases*	
Age	Annual Rate
20 - 24	6.25%
25 - 29	5.75%
30 - 34	5.25%
35 - 39	4.75%
40 - 44	4.75%
45 - 49	4.75%
50 - 54	4.75%
55 - 59	4.75%
60 - 64	4.75%
65+	4.00%

* Includes a 2.50% inflation component.



d. Retirement Age:

- i. Current: See item B.5. above.
- ii. Prior: Active members are assumed to retire in accordance with the annual rates illustrated below.

Age	Retirements per 100 Members												
	Years of Credited Service												
	<5	5-19	20	21	22	23	24	25	26	27	28	29	30+
45													
46													
47													
48													5
49													15
50													15
51												15	15
52											25	15	15
53										35	25	15	15
54									35	35	15	15	15
55								50	35	18	18	18	18
56							50	50	18	18	18	18	18
57						50	50	20	20	20	20	20	20
58					50	50	30	30	30	30	30	30	30
59				50	50	25	25	25	25	25	25	25	25
60		25	50	50	25	25	25	25	25	25	25	25	25
61		35	50	35	35	35	35	35	35	35	35	35	35
62		35	35	35	35	35	35	35	35	35	35	35	35
63		15	15	15	15	15	15	15	15	15	15	15	15
64		30	30	30	30	30	30	30	30	30	30	30	30
65		40	40	40	40	40	40	40	40	40	40	40	40
66		25	25	25	25	25	25	25	25	25	25	25	25
67		25	25	25	25	25	25	25	25	25	25	25	25
68		25	25	25	25	25	25	25	25	25	25	25	25
69		25	25	25	25	25	25	25	25	25	25	25	25
70		25	25	25	25	25	25	25	25	25	25	25	25
71	100	100	100	100	100	100	100	100	100	100	100	100	100



e. Disability:

- i. Current: See item B.6. above.
- ii. Prior: Active members are expected to become disabled as defined under the plan in accordance with annual rates as illustrated below.

Disability Retirements Per 100 Members	
Age	Rate
20	0.088
30	0.088
40	0.240
50	0.888
55	1.520
60	2.760
65	4.080

f. Cost of Living Increase:

- i. Current: See item B.8. above.
- ii. Prior: Retirement and Survivor's Benefits are assumed to receive annual Cost of Living Increases at the capped level of 2.00% per year of the first \$10,000 of the original retirement amount for all years after age 65.

g. DROP Participation:

- i. Current: See item B.11. above.
- ii. Prior: Active members are assumed to elect to participate in the DROP in accordance with the rates illustrated below.

Age at Retirement ¹	Percentage of Members Assumed to Elect the DROP upon Retirement
< 60	90%
60-64	60%
65+	30%

¹ Age at commencement of DROP participation period.

All Members assumed to elect the DROP are also assumed to elect a 5-year DROP participation period.



h. Assumed Form of Payment upon separation for causes other than death:

- i. Current: See item B.12.a. above.
- ii. Prior:

- a. Upon separation from service for causes other than death, active members are assumed to elect a form of payment as follows.

Form of Payment	Assumed Percent Elected
Straight Life Annuity	75%
Joint and Survivor*	<u>25%</u>
Total	100%

* The assumed Joint and Survivor continuation percentage elected is 50%.

The above Assumptions were updated to reflect the Board of Trustees' adoption of Resolution R-176-2024 at its December 18, 2024 meeting which accepted the recommendations of the Actuarial Experience study for the 5-year period ending December 31, 2023 as published on November 27, 2024 and as presented to the Pension Committee on December 10, 2024.



Section VI – Outline of Principal Plan Eligibility and Benefit Provisions

A. Identifying Data

1. Plan name: Employees' Retirement System of the Sewerage and Water Board of New Orleans
2. Type of plan: Defined Benefit Pension Plan
3. Plan sponsor: Sewerage and Water Board of New Orleans
4. Plan Year: January 1 - December 31
5. Employer: Sewerage and Water Board of New Orleans (the "Board")

B. Membership

1. An Employee enters the plan and becomes a Member on the first day he or she becomes an Employee.
2. An Employee:
 - a. includes any officer or other individual who the Personnel Department classifies as an Employee of the Board, but
 - b. excludes any individual who the Personnel Department classifies as an individual who regularly works less than 17.5 hours per week, a contract employee, a transient employee, a temporary employee (no matter how long the individual works with the Board), an emergency appointment, an independent contractor, or an employee of a contractor or independent contractor.
3. Membership ceases on:
 - a. separation from service, except if a terminated Member leaves his Accumulated Contributions on deposit and becomes an Inactive Member or if an Employee leaves the service of the Board to join the uniformed services and returns to the service of the Board within the applicable timeframe, or
 - b. the Employee enters the DROP program; however, Membership can resume under certain circumstances if the DROP Participant continues employment after the end of the DROP period and is rehired by the Board.
4. An Inactive Member is a Member who terminates employment with the Board and whose Accumulated Contributions remain on deposit in the Retirement System.

C. Contributions

1. Member: each Member shall contribute:
 - a. 4% of Earnable Compensation paid before January 1, 2013,
 - b. 5% of Earnable Compensation after December 31, 2012 and before January 1, 2015, and
 - c. 6% of Earnable Compensation paid after December 31, 2014;
 - d. however, any Member who has accumulated 34 years, 4 months and 15 days of Credited Service shall cease contributions to the Retirement System;
 - e. Member contributions shall be accumulated with 2% Credited Interest compounded annually, where the sum of the contributions and credited interest is referred to as Accumulated Contributions.



2. Employer: The annual Total Contribution is an actuarially determined amount expressed as a percentage of Earnable Compensation based on the Normal Cost and an amortization of the Unfunded Accrued Liability (UAL) of the Retirement System determined in accordance with the stand-alone Funding Policy for the Plan; the Employer's Contribution percentage is equal to the Total Contribution percentage offset by the Employee Contribution percentage determined in accordance with the stand-alone Funding Policy for the Plan. The stand-alone Funding Policy determines the Total Contribution as the sum of the Normal Cost and a closed period, layered amortization of the UAL as follows:

Source of UAL Amortization Layers	UAL Amortization Period ¹
Actuarial Experience Gain/Loss	25 years
Assumption and Method Changes	25 years
Plan Amendments	15 years
Transition to New Policy	29 years ²

¹ Determined as a Level Dollar amount using a Closed Period.

² Transition to new funding policy occurred on January 1, 2021.

D. Eligibility for Retirement

1. Normal Retirement: age 65 (first of month coincident with or next following)
2. Retirement Allowance Eligibility:
 - a. 30 or more years of Credited Service regardless of age, or
 - b. age 60 and Vested, or
 - c. age 65 and 5 or more years of Credited Service (effective January 1, 1996), or
 - d. age 70 regardless of the number of years of Credited Service, or
 - e. the sum of age and years of Credited Service is at least 80 years
3. Early Retirement Eligibility: must be eligible for Retirement Allowance, and:
 - a. Unreduced Early Retirement if:
 - 1) age 62, or
 - 2) 30 years of Credited Service, or
 - 3) the sum of age and years of Credited Service is at least 80 years
 - b. Reduced Early Retirement if:
 - 1) age 60 with less than 30 years of Credited Service, or
 - 2) age 60 but the sum of age and years of Credited Service is less than 80 years
4. Disability Retirement: 10 or more years of Credited Service and Pension Committee approves disability application



E. Retirement Benefit Monthly Amounts

1. Normal Retirement Allowance:

- a. 2.5% of the Member's Average Compensation times years of Credited Service up to 25 years, plus
- b. 4.0% of the Member's Average Compensation times years of Credited Service in excess of 25 years, where such total is subject to the limit described in (c.) below:
- c. In no event shall the total Retirement Allowance, including the supplemental Retirement Allowance earned following a rehired employment period, exceed 100% of a Member's Average Compensation.

2. Late Retirement:

Same formula as Normal Retirement Allowance.

3. Early Retirement:

If the Member is eligible for a Retirement Allowance and is age 62, or has 30 years of Credited Service, or their age plus years of Credited Service is at least 80 years then there is no reduction to the Retirement Allowance for early retirement.

If the Member is eligible for a Retirement Allowance but does not meet the above conditions for unreduced early retirement, then the Early Retirement Allowance is equal to the Retirement Allowance determined at the Early Retirement Date reduced 3% for each year his age at Early Retirement rounded to the nearest day precedes age 62.

See "Vested Termination Benefits" below for a summary of early commencement benefits for vested members who terminate prior to Early Retirement Eligibility.

4. Disability:

The Disability Retirement Allowance is equal to the greater of (a) and (b) offset by (c):

- a. A monthly annuity that is actuarially equivalent to the Member's Accumulated Contributions with interest at the time of retirement, or
- b. A monthly annuity based on 75% of the Member's Accrued Benefit determined by crediting the Disabled Member with years and days of Credited Service that would have been credited to the Member had the Member worked until age 62.
- c. The benefit provided above shall be offset by any worker's compensation benefits which the Member receives.

F. Normal Form of Monthly Payment

Life Annuity payable bi-weekly



G. Optional Forms of Payment

Other optional forms of payment are available that are actuarially equivalent to the Normal Form. Optional Retirement Allowance forms of payment include:

- Joint and X% Contingent Annuity^{1,2}, where X% is any multiple of 5% from Joint and 5% up to and including Joint and 100%
- Joint and X% Contingent Annuity^{1,3} with Pop-up, where X% is any multiple of 5% from Joint and 5% with Pop-up up to and including Joint and 100% with Pop-up

¹ Only available with the Member's Spouse as the Contingent Annuitant (i.e., non-spouse beneficiaries are not permitted).

² Reduces to the contingent survivor percentage only upon the death of the retiree (i.e., does not reduce if the contingent annuitant pre-deceases the retiree).

³ Reduces to the contingent survivor percentage only upon the death of the retiree. However, if the contingent annuitant pre-deceases the retiree, the retiree's monthly benefit pops-up to original amount of the Life Annuity.

H. Vested Termination Benefits

1. Vesting Schedule:

Years of Credited Service	Vesting Percent
Less than 5	0%
5 or more	100%

2. Non-Vested Terminations: A Member who terminates not Vested may remain an Inactive Member of the Retirement System for up to 5 years after the termination by not withdrawing his Accumulated Contributions. If the Inactive Participant does not become reemployed before the end of the 5-year period, the Retirement System will pay the Accumulated Contributions with interest.
3. Refund of Contributions for Vested Members: A member who terminates employment may elect to be paid the amount of Accumulated Contributions with interest. A Member who makes this election shall not be entitled to receive a Retirement Allowance, unless such Member is reemployed and repays the Accumulated Contributions plus additional interest accruals.
4. Separation Retirement Allowance for Vested Terminations:
 - a. Pre-August 1, 2012 Terminations: Any Vested Member who terminated employment before August 1, 2012, other than by Retirement, and before attaining age 60 who remained an Inactive Member by not withdrawing his Accumulated Contributions is entitled to receive a Retirement Allowance beginning on or after age 60 based on his Accrued Benefit at the time of termination subject to the pre-62 early retirement reductions.
 - b. Post-July 31, 2012 Terminations: Any Vested Member who terminated employment on or after August 1, 2012, other than by Retirement, and before attaining age 60 who remained an Inactive Member by not withdrawing his Accumulated Contributions is entitled to receive a Retirement Allowance beginning at age 65 based on the Accrued Benefit at the time of termination.

I. Pre-retirement Death Benefits

1. Death While Eligible for Retirement: If a Member dies while eligible to begin receiving a Retirement Allowance (whether or not actively at work at the time of death), then:
 - a. if the Member has a Spouse, the Spouse shall be entitled to elect and receive retirement benefits had the Member retired on the date he died and elected the Optional Allowance with the 100% continuation percentage to the Spouse. If the Spouse elects this benefit, then the Accumulated Contributions shall not be refunded.



- b. If the member has Eligible Dependents but no Spouse, the Eligible Dependents shall have the option of selecting either:
 - i. 65% of the Disability Retirement Allowance which would have been payable had the Member Retired on Disability before his death payable until the last child ceases to be an Eligible Dependent, or
 - ii. 25% of the Member's Earnable Compensation for the last complete calendar year, plus the Member's Accumulated Contributions with interest.
- 2. Death with 10 Years of Credited Service: If the Member dies while he is still an Employee with at least 10 Years of Credited Service but before he is Eligible for a Retirement Allowance:
 - a. Regular Spousal Benefit: the Spouse, if any, is entitled to receive 80% of the Member's Accrued Benefit determined at death commencing at the later of, the Member's death or the Spouse's age 62, or
 - b. Reduced Early Spousal Benefit: if the Member dies before the Spouse attains age 62, in lieu of the Regular Spousal Benefit, the Spouse may elect the Actuarial Equivalent of the Member's Accrued Benefit at death commencing at any time after the Member's death.
 - c. Spouse with Eligible Dependents: If a Member dies before the Spouse reaches age 62 and there are Eligible Dependents, and the Spouse does not elect the Reduced Early Spousal Benefit, the Spouse may receive 65% of the Disability Retirement Allowance which would have been payable had the Member Retired on Disability before his death payable until the earliest of (i) the Spouse attains age 62, (ii) last child ceases to be an Eligible Dependent or (iii) the Spouse applies for or commences the Reduced Early Spousal Benefit.
 - d. Eligible Dependents but no Spouse: If there is no Spouse, the surviving Eligible Dependents shall have the option of selecting:
 - i. 65% of the Disability Retirement Allowance which would have been payable had the Member Retired on Disability before his death payable until the last child ceases to be an Eligible Dependent, or
 - ii. 25% of the Member's Earnable Compensation for the last complete calendar year, plus the Member's Accumulated Contributions with interest.
 - e. Disabled Spouse with No Eligible Dependents: If the Member's Spouse is Disabled and there are no Eligible Dependents and if the Spouse does not elect to receive the Reduced Early Spousal Benefit, then 65% of the Disability Retirement Allowance which would have been payable had the Member Retired on Disability before his death will be payable to the Disabled Spouse until the Spouse attains age 62 or the Spouse applies for or commences the Reduced Early Spousal Benefit. If the Spouse is able to return to gainful employment this benefit shall be discontinued.
 - f. No Spouse and No Eligible Dependents: If there is no Spouse or Eligible Dependents, the Member's Beneficiary shall be entitled to receive 25% of the Member's Earnable Compensation for the last complete calendar year, plus the Member's Accumulated Contributions with interest.
- 3. Death with 3 to 10 Years of Credited Service: If the Member dies while he is still an Employee but before he is Eligible for a Retirement Allowance and the Member has at least 3 but less than 10 years of Credited Service, the Member's Beneficiary shall receive 25% of the Member's Earnable Compensation for the last complete calendar year, plus the Member's Accumulated Contributions with interest.



4. Death with less than 3 Years of Credited Service: If the Member dies while he is still an Employee and with less than 3 years of Credited Service, the Member's Beneficiary shall receive a refund of the Member's Accumulated Contributions with interest.
5. Death while on Active Military Duty: If the death occurs while on a granted leave of absence for the purpose of joining the armed forces, the death occurs during the performance of qualified military service, and the death occurs after January 1, 2007, the Employee's Spouse, Eligible Dependents and/or Beneficiary will be entitled to any death benefits that would be payable had the Employee resumed employment the day before his death. Furthermore, the qualified military service will be counted as additional years of Service for vesting but not for purposes of calculating his Accrued Benefit.
6. Death of Inactive Member Prior to Retirement Allowance Eligibility (whether or not Vested): Accumulated Contributions with interest shall be paid to the Beneficiary of such an Inactive Member and no other benefits shall be payable.

J. Post-Retirement Death Benefits

1. Regular Retiree (i.e., a retiree who did not retire under the Retirement System's Disability provisions):
 - a. If a Retiree elected an Optional Allowance, then his spouse shall be entitled to receive continued payments based on the continuation percentage provided under the Optional Allowance elected.
 - b. If a Retiree is receiving a Life Annuity, then their Beneficiary shall only be entitled to receive the value of the Retiree's Accumulated Contributions at the time of Retirement less the value of the payments that the Retiree received before death. However, if such Retiree dies within 30 days of retirement and has a Spouse, then the Spouse shall be entitled to the death benefit payable to a Member who is Eligible for Retirement but has not yet retired.
2. Disabled Retiree (i.e., a retiree who retired under the Retirement System's Disability provisions)
 - a. Regular Spousal Benefit: the Spouse is entitled to 80% of the Member's Disability Retirement Allowance commencing at the later of the Member's date of death or the Spouse's attainment of age 62.
 - b. Reduced Early Spousal Benefit: If the Spouse is under age 62 at the time of the Retiree's death, the Spouse can commence an amount that is actuarially equivalent the Member's Accrued Benefit.
 - c. Spouse with Eligible Dependents: if the Disabled Retiree dies before the Spouse reaches age 62 and there are Eligible Dependents, and the Spouse does not elect to receive the Reduced Early Spousal Benefit, then 65% of the Disability Retirement Allowance will continue to the Spouse until the first of the following occurs: the last child ceases to be an Eligible Dependent, the Spouse attains age 62 or the Spouse commences or applies for the Reduced Early Spousal Benefit.
 - d. No Spouse but Eligible Dependents: if there is no Surviving Spouse, the surviving Eligible Dependents (or their legal representatives), if any, may select either:
 - i. The benefit provided to the Spouse with Eligible Dependents, or
 - ii. 25% of the Member's Earnable Compensation for the last complete calendar year, plus the Member's Accumulated Contributions with interest



- e. Disabled Spouse with no Eligible Dependents: if the Disabled Member dies before the Spouse is age 62, the Spouse is Disabled, and there are no Eligible Dependents, then if the Spouse does not elect to receive the Reduced Early Spousal Benefit, 65% of the Disability Retirement Allowance will continue to the Spouse until the Spouse reaches age 62 or until the Spouse commences or applies to receive the Reduced Early Spousal Benefit.
- f. Non-Disabled Spouse with No Eligible Dependents: in lieu of the other benefits available to the Surviving Spouse, the Spouse may elect to receive 25% of the Member's Earnable Compensation for the last complete calendar year, plus the Member's Accumulated Contributions with interest
- g. No Spouse and No Eligible Dependents: if there is no Spouse or Eligible Dependents, the Member's Beneficiary shall be entitled to the Member's Accumulated Contributions with interest in excess of the Disability Retirement Allowance payments made to the Member prior to death.

K. Basis of Actuarial Equivalence

The 1971 Group Annuity Mortality Table using the Male Table for all Members and the Female Table for all Spouses/Beneficiaries, regardless of the actual sex of the Member or Spouse/Beneficiary, and an interest rate of 6.0%.

L. Cost-of-Living Adjustments

The Retirement Allowance for Members over age 65 shall be subject to a Cost-of-Living Adjustment (COLA) each January based on the 12-month change for CPI for Urban Wage Earners utilizing the prior August index; if the change in the CPI is negative or zero, then no COLA shall be given, otherwise if the CPI increase exceeds 2%, then the COLA shall be limited to 2%. The COLA is not compounded annually and is only applied to the first \$10,000 of a Member's original annual Retirement Allowance for periods after age 65. Adjustments for partial years of retirement after age 65 are prorated based on the actual number of days retired over age 65 during the 12-month period ending December 31.

COLAs shall also be applied to optional dependent benefits following the same rules beginning on the first day of the year after the dependent reaches age 65. However, Spouses receiving benefits following the death of a Disabled Retiree shall receive COLAs after the Spouse reaches age 62 rather than age 65 per Section 6.3(b)(1) of the Rules and Regulations.

M. Average Compensation

1. For an Employee who became eligible for Retirement on or before December 31, 2014, regardless of whether the Employee actually retires before or after December 31, 2014, the average of Earnable Compensation over 36 consecutive months of service during which Earnable Compensation was the highest.
2. For an Employee who became eligible for Retirement on or after January 1, 2015 and retires on or after January 1, 2015 and before January 1, 2017, the average of Earnable Compensation over 36 consecutive months of service during which Earnable Compensation was the highest.
3. For an Employee who became eligible for Retirement on or after January 1, 2015 and retires on or after January 1, 2017 but before January 1, 2018, the average of Earnable Compensation over 48 consecutive months of service during which Earnable Compensation was the highest.
4. For an Employee who became eligible for Retirement on or after January 1, 2015 and retires on or after January 1, 2018, the average of Earnable Compensation over 60 consecutive months of service during which Earnable Compensation was the highest.



N. Credited Service

1. Credited Service is granted for all service an Employee renders and on account of which all contributions have been made as required under the terms of the Retirement System. However, service while on leave without pay shall not count towards Credited Service, unless it is to perform service in the uniformed services (as further enumerated under the terms of the Retirement System) or unless it is compensable under workers compensation laws.
2. Unused Leave
 - a. Unused Sick Leave: A Member shall receive Credited Service for Unused Sick Leave on a proportional basis where one year of Credited Service is granted for each 250 days of Unused Sick Leave. Such credit is used in computing the Retirement Allowance and can be used to satisfy eligibility requirements for Retirement benefits, except for the requirement to become Vested. In applying for a Retirement Allowance, a Member shall be required to use all of his Unused Sick Leave towards meeting the eligibility requirements of Credited Service component of Retirement Allowance condition of 80 years based on the sum of age and years of Credited Service.
 - b. Unused Annual Leave: A Member shall receive Credited Service for Unused Annual Leave subject to a maximum of 111 days of unused leave provided the Member is Vested prior to including this service. Credit is granted on a proportional basis where one year of Credited Service is equivalent to 250 days of Unused Annual Leave. Such credit is used in computing the Retirement Allowance and can be used to satisfy eligibility requirements for Retirement benefits, except for the requirement to become Vested.
3. Purchase of Credited Service
 - a. Military Service: A Member who has not yet Retired and has not yet elected to participate in the DROP program may purchase additional days of Credited Service up to 4 years for each day of Active Duty Military Service subject to the conditions outlined under the terms of the Retirement System, including the payment of missed contributions with interest during the time specified under the terms of the Retirement System. If the Member does not purchase the Credited Service within the required timeframe, the Member may still be eligible to purchase Credited Service provided the Member served in the Armed Forces and meets additional terms of the Retirement System.
 - b. Transfers Between Retirement Systems: Pursuant to Louisiana Revised Statutes (La. R.S.) 11:141-43 to the extent it does not conflict with La. R.S. 11:3822, transfers of credits and funds between the Retirement System and any other retirement system authorized under these Transfer Statutes, including the Retirement System of the City of New Orleans, is permitted subject to the terms of the Retirement System.
 - c. Repayment After Reemployment: A former Member, who previously received a distribution of his Accumulated Contributions, becomes reemployed for a period of at least 18 months may repay the Retirement System in a single lump sum the refund previously distributed plus interest at 7% compounded annually in order to have the entire period of Credited Service restored.



- d. Hurricane Katrina: Any Member placed on disaster leave by the Employer beginning October 1, 2005 due to Hurricane Katrina and who returned to work prior to April 1, 2006 may purchase days of Credited Service for the period from October 1, 2005 to the date the Member returned to full time employment but for a period no longer than the 6 months ending March 31, 2006. For each day of Credited Service purchased, the Member must contribute an amount equal to 4% of the Member's daily Base Pay as in effect on October 1, 2005 plus interest at 7% compounded annually from October 4, 2005 through the date of purchase.

All Credited Service shall be combined and rounded to the nearest full day for Retirement Allowance purposes.

O. Deferred Retirement Option Plan (DROP)

1. Participation: In lieu of terminating employment and receiving a Retirement Allowance, any Member who is Eligible for a Retirement Allowance may elect to participate in the DROP program by giving at least 90 days' notice in advance of commencing in the DROP program. The participant must elect the duration of participation for a period not to exceed 5 years. The Member shall be required to make the same type of elections as he would be required had he Retired and such elections shall be irrevocable.
2. Benefits: During the period of the DROP, the Member shall remain employed but his Average Compensation and Credited Service shall remain as they existed on the date of commencement in the DROP program, and no further Employee contributions shall be made. The participant's DROP account shall receive a Retirement Allowance based on any optional elections made, and without regard to any cost-of-living adjustments during the period of the DROP. (However, payments following the termination of participation in the DROP shall be subject to the cost-of-living adjustments under the normal terms of the Retirement System.) Each DROP participant's DROP account shall be credited the actual earnings earned on the DROP account as of the last day of each calendar month, where such earnings may be zero but may never be negative.
3. Termination of Employment: On termination of employment at the end of the specified DROP period (or for any reason before the end of the DROP period including Disability), the participant shall receive a lump sum equal to the balance of the DROP account. Furthermore, the participants Retirement Allowance shall commence in lieu of being deposited into the DROP account.
4. Death: If a DROP participant dies during the period of participation in the DROP, a lump sum payment equal to his DROP account balance shall be paid to his DROP Beneficiary. In addition, normal survivor benefits payable to Beneficiaries of retirees shall be payable.
5. Reemployment: A DROP participant may request to continue employment with the Board beyond his elected period of participation in the DROP program by reapplying with the Board. If the DROP participant is rehired by the Board, the DROP participant will receive a lump sum distribution of his DROP account balance as if he had retired. For DROP participants rehired on a full-time basis after April 20, 2005, the Retirement Allowance that had been paid into the DROP participant's DROP account shall be suspended while re-employed, and the provisions of Section 6.6 shall be applicable. For DROP participants rehired on a part-time basis after April 20, 2005, the Retirement Allowance that had been paid into the DROP participant's DROP account shall not be suspended while re-employed and will be paid to the participant as if he had not been rehired. For purposes of this provision, full-time employment shall be defined as working 17.5 hours or more per week. For purposes of this provision, part-time employment shall be defined as working less than 17.5 hours per week.



P. Worker's Compensation Offset

Any amounts paid or payable under the provisions of any worker's compensation statute or similar law to a Member or the dependents of a Member due to any accidental death or accidental disability shall be offset against and payable in lieu of any benefits payable by the Retirement System on account of any accidental disability or death provision, including any benefit paid under the unreduced early commencement provisions of the Retirement System. This offset shall not deprive a Member or his Beneficiary of a right to receive a refund of Accumulated Contributions.

Q. Earnable Compensation

The regular annual compensation paid to an Employee which shall not include on-call pay, stand-by pay, or over-time. For computing retirement benefits only, Earnable Compensation includes shift differential pay and longevity pay as part of an Employee's base pay.

Earnable Compensation shall be limited as required under Code section 401(a)(17); in general, for Plan Years beginning on or after January 1, 1996, Earnable Compensation shall be limited to \$150,000 adjusted annually in accordance with Code Section 401(a)(17), as applicable to governmental plans. The determination period is the calendar year. If the determination period includes a fraction of a calendar year, the annual compensation limit is the otherwise applicable annual limit multiplied by a fraction, the numerator of which is the number of months in the short year and the denominator of which is twelve.

Notwithstanding the above, for any Plan Year beginning after December 31, 2001, Earnable Compensation shall not exceed \$200,000 (adjusted for cost-of-living increases in accordance with Code Section 401(a)(17), as applicable to governmental plans.

R. Reemployment Provisions

1. Retirees: Any Retiree receiving a Retirement Allowance shall become a Member of the Retirement System again on re-employment.

- a. Retirement Allowance Suspended: During re-employment, no Retirement Allowance payments will be made, but the vesting, the amount and the form of the prior Retirement Allowance will resume upon subsequent retirement in the same amount and form frozen at the original calculation.
- b. Additional Benefit: Upon subsequent retirement, the Member shall be entitled to an additional separate Retirement Allowance based on additional years of Credited Service and Average Compensation during re-employment. The additional percentage of additional Retirement Allowance earned shall consider prior Credited Service earned during the original period of employment.
- c. Death While Re-Employed: If a Member dies while re-employed, the Spouse shall be entitled to the Optional Allowance, if any, previously elected by the Member at original retirement, plus any additional benefits under the death benefit terms of the Retirement System based on the Member's Accumulated Contributions and Retirement Allowance earned since re-employment.

2. Other Re-employments

- a. If re-employed after attaining age 50 and period of non-employment is at least 2 years (5 years if employment was involuntarily terminated due to a Civil Service mandated layoff), then Retirement Allowance shall not exceed the sum of:



- i. The benefit based on Credited Service and Average Compensation before re-employment (provided Accumulated Contributions previously distributed are repaid with interest, subject to the 18-month required period of re-employment applicable to other re-employments), and
 - ii. The benefit based on Credited Service and Average Compensation accrued after re-employment.
- b. If re-employed and do not meet the conditions outlined in (a.) immediately above, then:
 - i. if the Member did not previously receive a distribution of Accumulated Contributions, then the entire period of Credited Service is restored
 - ii. if the Member previously received a distribution of his Accumulated Contributions, becomes re-employed for a period of at least 18 months, the Member may repay the Accumulated Contributions previously distributed plus interest in order to have the entire period of Credited Service restored
 - iii. if the Member previously received a distribution of his Accumulated Contributions and does not repay the Retirement System the amount of the Accumulated Contributions with interest, then the benefits accrued will be based solely on Earnable Compensation and Credited Service accrued following the re-employment
- c. DROP Participants: See Item O.5. above.

S. Eligible Dependent

A dependent who is a child of a Member, either natural or adopted, and who is under age 18 (or age 25 if the child attends school full-time) or who is mentally or physically disabled, as determined by the Pension Committee in its sole discretion, provided such disability occurred before the date the child reached age 18.

T. Pension Supplement

For a closed group of former employees who were hired prior to 1996, a supplemental pension benefit (the Pension Supplement) is provided in addition to the Retirement Allowance from retirement to the earliest of death, attainment of age 65 or the member's receipt of their first Social Security check. This temporary Pension Supplement is only payable to the member and is not subject to the Optional Allowance. For retirees receiving this benefit and Vested Terminated members entitled to this benefit at a future retirement date, the Pension Supplement is based on the records of the employer.



Section VII – Summary of Participant Data

A. Participant Data Reconciliation

	Active Participants	Current Payment Status	Vested Terminated	Nonvested Terminated	Total
1. As of January 1, 2024	1,190	908	80	291	2,469
2. Change of status					
a. retirement	(8)	8	0	0	0
b. DROP retirement	(14)	14	0	0	0
c. disability	0	0	0	0	0
d. death	(5)	(21)	0	0	(26)
e. nonvested termination	(96)	0	0	96	0
f. vested termination	(44)	0	44	0	0
g. completion of payment	0	0	(39)	(93)	(132)
h. rehires	5	0	0	(5)	0
i. other	0	0	0	(1) ¹	(1)
j. net changes	(162)	1	5	(3)	(159)
3. New participants	196	0	0	0	196
4. As of January 1, 2025	1,224	909 ²	85	288 ³	2,506

¹ Removed one duplicate record for a previously reported nonvested terminated participant who was also reported as a rehired active employee.

² Includes 62 DROP Participants whose DROP participation period had not expired as of January 1, 2025.

³ Nonvested terminated members who had not received a refund of their employee contribution account balances as of January 1, 2025.



B. Age/Service Headcount and Pensionable Earnings Table for Actives as of January 1, 2025

Current Years of Credited Service												
Current Age	<1	1 <= t < 5	5 <= t < 10	10 <= t < 15	15 <= t < 20	20 <= t < 25	25 <= t < 30	30 <= t < 35	35 <= t < 40	40 <= t	Age Totals/Row Averages	Percent of Total
< 25	20	37	0	0	0	0	0	0	0	0	57	4.66%
25 ≤ x < 30	36,287	37,814	0	0	0	0	0	0	0	0	37,278	3.28%
	30	61	19	0	0	0	0	0	0	0	110	8.99%
30 ≤ x < 35	38,035	40,295	45,439	0	0	0	0	0	0	0	40,567	6.88%
	31	62	49	8	1	0	0	0	0	0	151	12.34%
35 ≤ x < 40	39,608	44,767	51,257	57,139	40,392	0	0	0	0	0	46,440	10.82%
	31	75	52	33	8	1	0	0	0	0	200	16.33%
40 ≤ x < 45	48,006	55,801	61,486	63,853	73,524	89,449	0	0	0	0	58,277	17.98%
	22	48	47	23	14	1	0	0	0	0	155	12.66%
45 ≤ x < 50	44,320	47,853	52,814	61,739	72,982	49,889	0	0	0	0	53,199	12.72%
	19	42	46	17	11	6	4	1	0	0	146	11.93%
50 ≤ x < 55	43,574	54,810	52,556	54,262	46,770	66,258	72,420	89,449	0	0	53,158	11.97%
	19	31	30	13	13	7	10	11	0	0	134	10.95%
55 ≤ x < 60	61,376	51,580	47,938	53,750	53,866	76,801	64,562	86,205	0	0	57,715	11.93%
	7	26	32	10	12	9	19	12	1	0	128	10.46%
60 ≤ x < 65	42,005	42,456	49,270	56,721	52,267	64,097	62,270	67,042	65,569	0	53,117	10.49%
	8	16	26	11	13	4	8	7	1	3	97	7.92%
65 ≤ x < 70	45,029	50,626	64,777	55,578	71,257	53,554	52,481	81,047	160,377	69,022	61,453	9.20%
	1	6	11	7	3	0	0	2	1	0	31	2.53%
x ≥ 70	46,885	50,353	76,175	59,183	55,190	0	0	125,069	53,750	0	66,796	3.19%
	4	3	1	4	0	1	2	0	0	0	15	1.23%
	80,739	76,254	35,673	64,856	0	42,450	54,586	0	0	0	66,562	1.54%
Service Totals	192	407	313	126	75	29	43	33	3	3	1,224	100.00%
Percent of Total	15.69%	33.24%	25.57%	10.29%	6.13%	2.37%	3.51%	2.70%	0.25%	0.25%	100.00%	
Compensation Average	44,667	47,814	54,456	59,188	61,122	65,794	61,568	80,596	93,232	69,022	52,962	100.00%
Percent of Total	13.23%	30.03%	26.30%	11.50%	7.07%	2.94%	4.08%	4.10%	0.43%	0.32%	100.00%	

Average Attained Age: 43.94
Average Annual Payrate: \$ 52,962
Average Credited Service: 7.66



C. Summary of Vested Terminated Participants as of January 1, 2025

Age	Count	Sum of Monthly Benefits	Average Monthly Benefits
$x < 35$	8	\$ 3,945	\$ 493
$35 \leq x < 40$	13	13,194	\$ 1,015
$40 \leq x < 45$	16	15,902	\$ 994
$45 \leq x < 50$	6	4,879	\$ 813
$50 \leq x < 55$	9	7,455	\$ 828
$55 \leq x < 60$	16	15,473	\$ 967
$60 \leq x < 65$	8	6,524	\$ 816
$x \geq 65$	9	6,333	\$ 704
Total	85	\$ 73,705	\$ 867

D. Summary of Nonvested Terminated Participants as of January 1, 2025

Count ¹	Sum of Employee Contribution Account Balances	Average of Employee Contribution Account Balances
288	\$ 663,404	\$ 2,303

¹ Sewerage and Water Board of New Orleans did not provide dates of birth for all Nonvested Terminated Employees. However, date of birth is not needed for the valuation since the plan liability for these individuals is equal to their employee contribution account balances.

E. Summary of Retirees and Beneficiaries as of January 1, 2025

Age	Count	Sum of Monthly Benefits	Average Monthly Benefits
$x < 45$	2	\$ 2,984	\$ 1,492
$45 \leq x < 50$	2	2,838	\$ 1,419
$50 \leq x < 55$	7	23,589	\$ 3,370
$55 \leq x < 60$	43	155,796	\$ 3,623
$60 \leq x < 65$	132	371,872	\$ 2,817
$65 \leq x < 70$	233	534,033	\$ 2,292
$70 \leq x < 75$	212	478,844	\$ 2,259
$75 \leq x < 80$	143	291,639	\$ 2,039
$80 \leq x < 85$	83	153,805	\$ 1,853
$85 \leq x < 90$	39	54,701	\$ 1,403
$90 \leq x < 95$	10	15,589	\$ 1,559
$95 \leq x$	3	2,320	\$ 773
Total	909	\$ 2,088,010	\$ 2,297



Section VIII – Glossary of Actuarial Terms

Actuarial Accrued Liability	This is computed differently under different actuarial cost methods. Generally, the Actuarial Accrued Liability represents the portion of the Present Value of Future Benefits attributed to periods of service preceding the valuation date.
Actuarial Gain (Loss)	A measure of the difference between actual experience and that expected based on the actuarial assumptions during the period between two actuarial valuation dates, as determined in accordance with the particular actuarial cost method used.
Actuarial Value of Assets	The value of Plan Assets used by an actuary for an actuarial valuation. <i>(See the Actuarial Methods and Assumptions section of this report for a description of the methodology used to determine the Actuarial Value of Assets used in this report.)</i>
Entry Age Normal Actuarial Cost Method	An actuarial cost method under which the Present Value of Future Benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to the year of service during the valuation year is called the Normal Cost. The portion of this present value not provided for at a valuation date by the Present Value of Future Normal Costs is called the Actuarial Accrued Liability.
Normal Cost	Computed differently under different actuarial cost methods, the Normal Cost generally represents the portion of the Actuarial Present Value of Future Benefits attributed to the current year of service for active employees.
Present Value of Accrued Benefits	The actuarial present value of all accrued benefits (i.e., all benefits attributed by the pension benefit formula to employee service and compensation rendered prior to the valuation date).
Present Value of Future Benefits	Future benefits include all benefits estimated to be payable to plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members) as a result of their service through the valuation date and their expected future service. The actuarial Present Value of Future Benefits as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Present Value of Future Normal Costs	The difference between the Present Value of Future Benefits and the Actuarial Accrued Liability under a given actuarial cost method.
Unfunded Accrued Liability	The excess, if any, of the Accrued Liability over the Actuarial Value of Assets.

**2025 CONTRIBUTION TO THE EMPLOYEES' RETIREMENT SYSTEM OF THE
SEWERAGE & WATER BOARD OF NEW ORLEANS**

WHEREAS, the Employees' Retirement System of the Sewerage & Water Board of New Orleans ("Plan") is an actuarially funded qualified governmental defined benefit pension plan under the Internal Revenue Code; and

WHEREAS, an annual 2025 Actuarial Valuation report of the Plan was presented on July 8, 2025; and

WHEREAS, the report reflects an actuarial valuation using the Entry Age Normal funding method; and

WHEREAS, the adopted "minimum contribution" for a plan year equals the Normal Cost plus the amount necessary to amortize the Unfunded Actuarial Liability over 15-year to 30-year closed period amortization layers; and

WHEREAS, the Normal Cost for the plan year beginning January 1, 2025, is \$6,772,767; and

WHEREAS, the Actuarial Valuation report includes the required "amortization" contribution for the Plan to amortize the January 1, 2025 Unfunded Actuarial Liability of \$105,975,160 over 15-year to 30-year closed period amortization layers at a 7% annual effective interest rate, with the longest amortization period as of January 1, 2025 being a 25-year amortization period; and

WHEREAS, the net annual charge required for amortization of the Unfunded Actuarial Liability in such layers beginning January 1, 2025 is \$8,827,846; and

WHEREAS, the total Plan contribution as of January 1, 2025 is \$15,600,613 (Normal Cost - \$6,772,767 plus amortization of Unfunded Actuarial Liability - \$8,827,846), which is 24.288% of the projected Earnable Compensation of \$64,232,532; and

WHEREAS, the annual estimated employee plan contribution as of January 1, 2025 is \$3,853,952, which is 6% of the projected Earnable Compensation as required under Board Resolution R-140-2020; and

WHEREAS, the annual Employer Contribution reflecting the continued utilization of the Entry Age Normal funding method less the Plan determined employee contribution is estimated to be \$11,746,661 for 2025, which is 18.288% of the projected Earnable Compensation; and

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees of the Sewerage & Water Board of New Orleans hereby approves the employer contribution of 18.288% of Earnable Compensation for the Plan Year beginning January 1, 2025, where the projected contribution is \$11,746,661 based on projected Earnable Compensation for 2025; and

BE IT FURTHER RESOLVED, that the employer contribution will be determined through active payroll based on a percentage of 18.288% of Earnable Compensation for the remainder of Plan Year 2025; and

BE IT FURTHER RESOLVED, the Employees' Retirement System of the Sewerage and Water Board of New Orleans accepts the 2025 Actuarial Valuation Report as submitted by Rudd & Wisdom, the Retirement System's actuary, in the presentation to the Pension Committee on July 8, 2025.

I, M. Ron Spooner, P.E., Interim Executive Director,
Sewerage and Water Board of New Orleans, do hereby
certify that the above and foregoing is a true and
correct copy of a resolution adopted at the Regular
Monthly Meeting of said Board of Trustees duly called and held,
according to law, on
July 16, 2025.

M. RON SPOONER, P.E.
INTERIM EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS



Pension Committee Meeting: Training and January 1, 2025 Actuarial Funding Valuation Results



Rudd and Wisdom, Inc.

July 8, 2025



Prepared for

Mitchell L. Bilbe, FSA, EA

Agenda

- Training Topics
 - SWBNO Pension Plan Basic Info
 - What is an Actuary?
 - What services does R&W provide to SWBNO?
 - Responsibilities of Pension Plan's
 - Pension Committee
 - Board of Trustees
 - What is an Actuarial Valuation?
 - Actuarial Assumptions and Methods Overview
 - Funding Policy
- 2025 Pension Plan Valuation Results
 - Effect of Updated Assumptions from Experience Study
 - Recent ADC and Contribution History
 - What's Next?
- Q/A



SWBNO Pension Plan Basic Info

- Benefits governed by terms of the written Plan Document
 - Rules and Regulations of the Employees' Retirement System of the SWBNO
- Retirement Benefits under Rules and Regulations
 - Amount of retirement annuity equals:
 - 2.5% of the Member's Average Compensation times years of Credited Service up to 25 years, plus
 - 4.0% of the Member's Average Compensation times years of Credited Service in excess of 25 years, where such total is not to exceed 100% of a Member's Average Compensation.
 - Retirement Eligibility
 - Age 60 and Vested [5 Years of Service (YOS)]
 - Age 65 and 5 YOS
 - 30 YOS, regardless of age
 - Sum of age and YOS is 80+ years
- Other Death, Disability and Termination Benefits related to above formula



SWBNO Pension Plan Basic Info

- Retirement Benefits Example

- Participant Retires at age 60 with:

- 30 years of Credited Service
- Average Compensation \$6,000 (monthly amount)
- Monthly benefit is:

$$\begin{aligned} & [(2.5\% \times 25 \text{ years}) + (4.0\% \times 5 \text{ years})] \times \$6,000 \\ & = 82.5\% \times \$6,000 \\ & = \$4,950 \text{ per month payable as a life annuity} \end{aligned}$$

Actuarially Equivalent Joint and Survivor options are available if the participant is married.



What is an Actuary?

- An actuary is a credentialed professional who calculates financial values associated with uncertain events subject to risk, such as pension contributions or insurance premiums.
 - Examples of Pension Risks
 - Mortality or Longevity
 - Termination of employment vs. Retirement
- Credentials
 - FSA – Fellow of the Society of Actuaries
 - ASA – Associate of the Society of Actuaries
 - EA – Enrolled Actuary with the DOL and Dept. of Treasury
 - MAAA – Member of the American Academy of Actuaries



What services does R&W provide?

- Annual Actuarial Valuations
 - Determine Employer Contribution and GASB Accounting Information for Employees' Retirement System of SWBNO
 - aka the Pension Plan
 - Determine GASB Accounting Information for the Retiree Component of the Employee Benefit Plan (EBP)
 - medical and prescription drug benefits provided to eligible retirees
 - aka the OPEB Plan (Other Post-Employment Benefits Plan)
- Insurance Reserves for Active and Retiree Components of EBP
- Calculations under Reciprocity Agreement between Pension Plan and NOMERS for employee transfers to/from City
- Calculations for Pension Plan Retirements/Deaths/COLAs/Etc.
- Annual Employee Benefit Statements
- Actuarial Experience Studies
- Pension Portal



Responsibilities of Pension Plan's Pension Committee and Board of Trustees



Pension Committee Responsibilities

- Pension Committee comprised of:
 - 5 members of the Board of Directors, including Chairpersons of Exec and Finance Committees
 - 3 employees elected by fellow employees
 - 1 retiree who is elected by fellow retirees
- Pension Committee's role defined in Section 3.1 of Rules and Regulations
 - Administer the Plan in accordance with the Rules and Regulations
 - Act solely in the interest of the Plan's members and beneficiaries
 - Interpret the Rules and Regulations when plan provisions are unclear
 - Utilize advice of ERISA counsel and plan actuary
 - Apply plan terms consistently



Pension Committee Responsibilities (continued)

- Other responsibilities:
 - Review the annual Actuarial Valuation reports and annual COLA determination
 - Make recommendations to the BOT to:
 - Accept the results of annual Actuarial Valuation and adopt an employer contribution that meets the funding policy objectives each year
 - Adopt a COLA increase that satisfies the terms of Rules and Regulations
 - Review results of periodic Actuarial Experience Studies (generally every 5 years)
 - Make recommendations to the BOT to adopt updated actuarial assumptions and methods, if warranted
 - Make recommendations to the BOT to make changes to the Funding Policy, if warranted
 - Recommend Plan Amendments to BOT under Section 9.6 of Rules and Regulations
 - Cannot amend Plan to reduce Accrued Benefits of Members
 - Determine when and if Pension Committee should seek BOT approval in advance of commissioning a plan amendment study



BOT Responsibilities

- BOT comprised of Board of Directors plus employee and retiree members of the Pension Committee
- BOT responsibilities under Section 3.6 of Rules and Regulations:
 - Employ personnel necessary for proper administration of the Plan
 - Establish rules necessary to administer the Plan based on, but not subject to, the recommendations of the Pension Committee
 - Select the Actuary for the Plan
 - Select the actuarial assumptions for the Plan based on advice of the Plan Actuary
- BOT responsibilities under Section 8.6 of Rules and Regulations
 - Adopt Investment Policy establishing parameters of investment and management of Plan assets which includes
 - Setting investment goals
 - Monitoring performance of investment managers of Plan assets
- Other responsibilities
 - Adopt Funding Policy to determine how Plan shall be funded
 - Adopt annual Resolutions to determine employer contributions and annual COLA amounts
 - May adopt Plan Amendments recommended by Pension Committee



Actuarial Assumptions and Methods Review



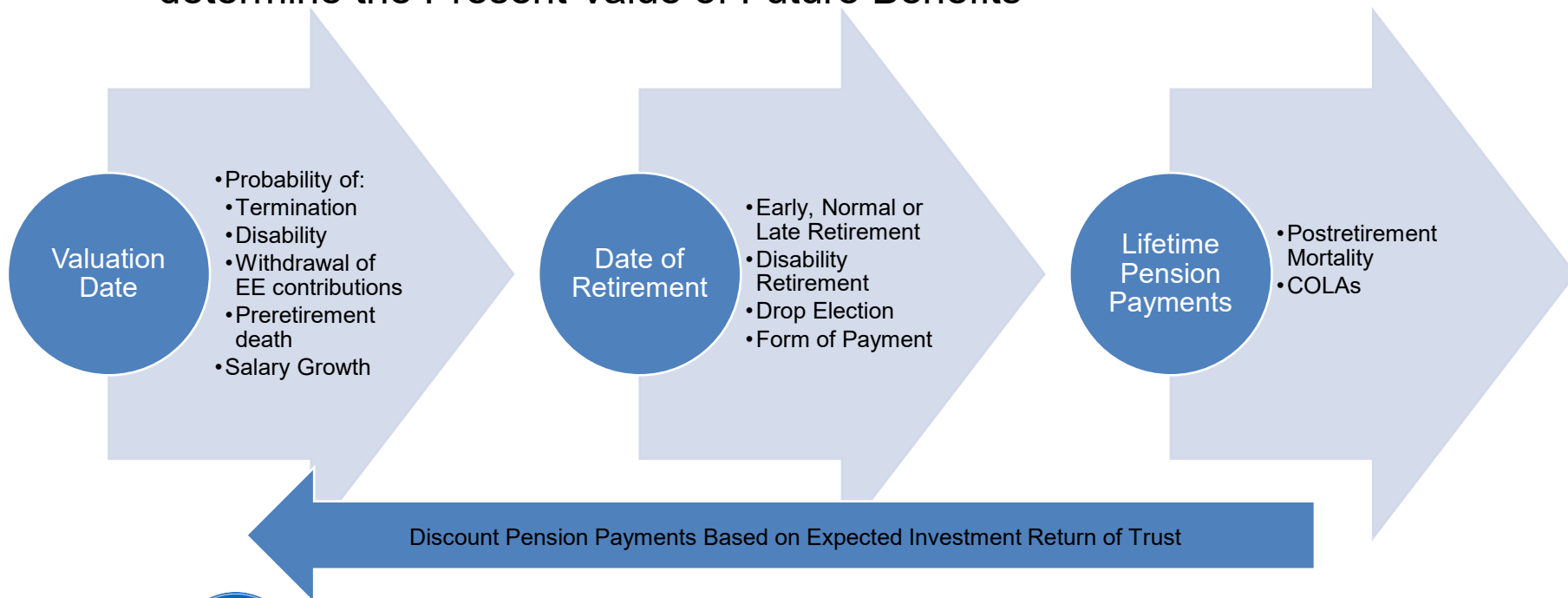
Purpose of Actuarial Assumptions

- Actuarial valuations involve multi-decade projections into the future
 - Determine appropriate levels of funding for retirement plans
 - Model the costs of retirement plans
 - Do not determine the Ultimate Cost of the pension plan
- Ultimate Cost of Pension Plan (i.e., Cumulative Contributions)
 - Equal to total benefits and expenses paid by the plan in excess of investment returns
 - Independent of the actuarial assumptions used to value the plan



Actuarial Assumptions

- Actuarial assumptions are used to:
 - Project plan population to expected future benefit payment dates
 - Estimate benefit amounts at each future payment date
 - Discount projected benefit amounts back to the valuation date to determine the Present Value of Future Benefits



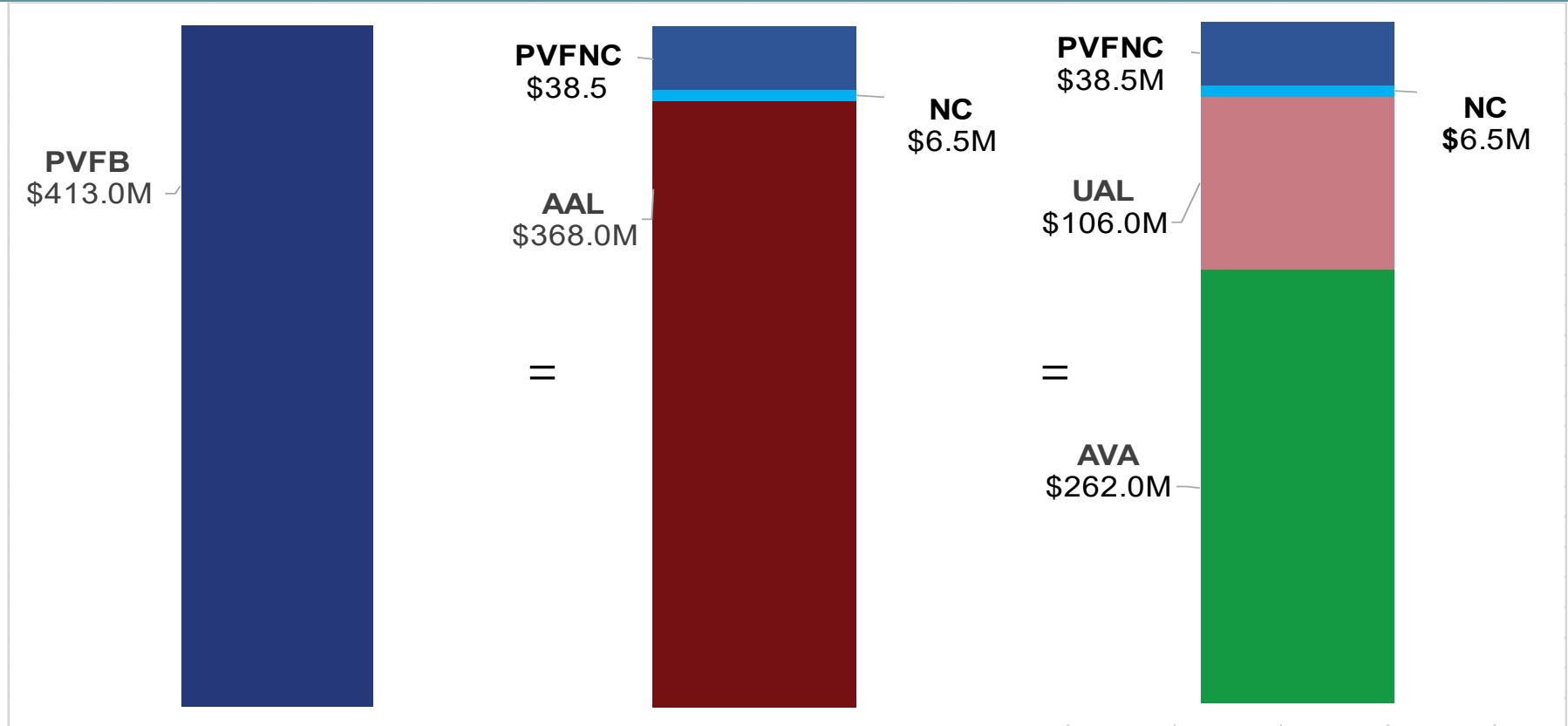
Purpose of Actuarial Methods

- Actuarial Methods
 - Determine assignment of plan costs (i.e., the Present Value of Future Benefits or PVFB) to past, current and future periods
 - Past – Actuarial Accrued Liability (AAL)
 - Current – Normal Cost
 - Future – Present Value of Future Normal Costs
- Determine Plan Asset Value (Market or Smoothed)
- Determine Unfunded Actuarial Accrued Liability (UAAL or UAL) = $AAL - \text{Plan Assets}$
- Determine pattern of plan funding based on UAL and Normal Cost



Funding Liabilities and Assets

As of January 1, 2025



PVFB = Present Value of Future Benefits
PVFNC = Present Value of Future Normal Costs
 (Past and Future Service)
AAL = Actuarial Accrued Liability (Past Service)
NC = Normal Cost (Current Year of Service)

AVA = Actuarial Value of Assets
UAL = Unfunded Actuarial Accrued Liability = $AAL - AVA$
 Funded Status (not shown above) = AVA / AAL
 = $\$262.0 / \$368.0 = 71\%$



Pension Funded Status

- Funded Status
 - < 100%
 - Absent additional contributions or superior investment return, assets projected to be depleted before all benefits are paid
 - = 100% (Fully Funded)
 - Assets projected to be sufficient to pay all benefits associated with past service
 - Contributions still required to fund future annual accruals of Active members (Normal Cost)
- Funding Policy
 - Should determine contribution to fund:
 - Normal Cost plus
 - Amortization of Unfunded Accrued Liability over reasonable period of time
 - Allows 100% Funded Status to be targeted by end of amortization period



Pension Plan Funding Policy and Methods

- Funding Policy adopted by BOT in 2021
- Asset Method – 7-year deferral of gains/losses relative to assumed 7% return with 70%/130% corridor
 - Plan Asset value can be neither less than 70% nor greater than 130% of the market value on the valuation date
- Amortization Method of Unfunded Accrued Liability (UAL) – closed amortization in layers as shown below

Source of UAL Amortization Layer	Closed Amortization Period as Level Dollar ¹
Actuarial Experience Gain/Loss	25 years
Assumption and Method Changes	25 years
Plan Amendments	15 years
Transition to LCAM Policy effective 1/1/2021	29 years ²

¹ Level Cost Amortization Method (LCAM) follows guidance of Conference of Consulting Actuaries' white paper for funding public pension plans.

² Effective January 1, 2021 ERS of SWBNO funding policy changed from a 30-year open period to a 30-year closed period on the amount of UAL at transition. The 30-year amortization amount from the January 1, 2020 valuation was carried forward to January 1, 2021 and amortized over the 29 years remaining on that amount. As of January 1, 2025, 25 years remain.



January 1, 2025 Valuation Results

Prepared For



Plan Membership¹

Member Category	Members as of January 1, 2024	Members as of January 1, 2025
Actives	1,190	1,224
Vested Terminated	80	85
Nonvested Terminated	291	288
Retirees and Beneficiaries ²	908	909
Total	2,469	2,506

¹ See page VII-1 of 2025 valuation report for details of changes in membership from 1/1/2024 to 1/1/2025.

² Includes DROP Retirees. There were 63 DROP Retirees as of January 1, 2024, and there are 62 DROP Retirees as of January 1, 2025.



Actuarial Accrued Liability

	(in \$millions)
1. Actuarial Accrued Liability at Beginning of Year on January 1, 2024	\$363.4
2. Normal Cost on January 1, 2024	6.5
3. Interest Cost	25.0
4. Actuarial (Gains)/Losses	3.2
5. Assumption Changes	(5.2)
6. Benefit Payments	(26.4)
7. City and other Transfers	1.5
8. Actuarial Accrued Liability at End of Year on January 1, 2025	\$368.0



Assumption Changes Adopted Effective January 1, 2025 from Experience Study

	AAL (in \$millions)	Normal Cost (in \$millions)
1. January 1, 2025 <u>Before</u> Assumption Changes	\$373.2	\$7.1
2. Effect of Updated Mortality Rates	0.5	0.0
3. Effect of Updated Retirement Rates	(3.8)	(0.1)
4. Effect of Updated Termination Rates	(2.9)	(0.5)
5. Effect of Updated Disability Rates	5.3	0.4
6. Effect of Updated COLA Assumption	(2.2)	(0.1)
7. Effect of Updated Compensation Increase Assumption	(2.4)	(0.3)
8. Effect of Updated Form of Payment Assumption	<u>0.3</u>	<u>0.0</u>
9. Effect of All Assumption Changes (Sum of 2. through 8.)	(5.2)	(0.6)
10. January 1, 2025 <u>After</u> Assumption Changes (1. + 9.)	\$368.0	\$6.5



Pension Plan Assets

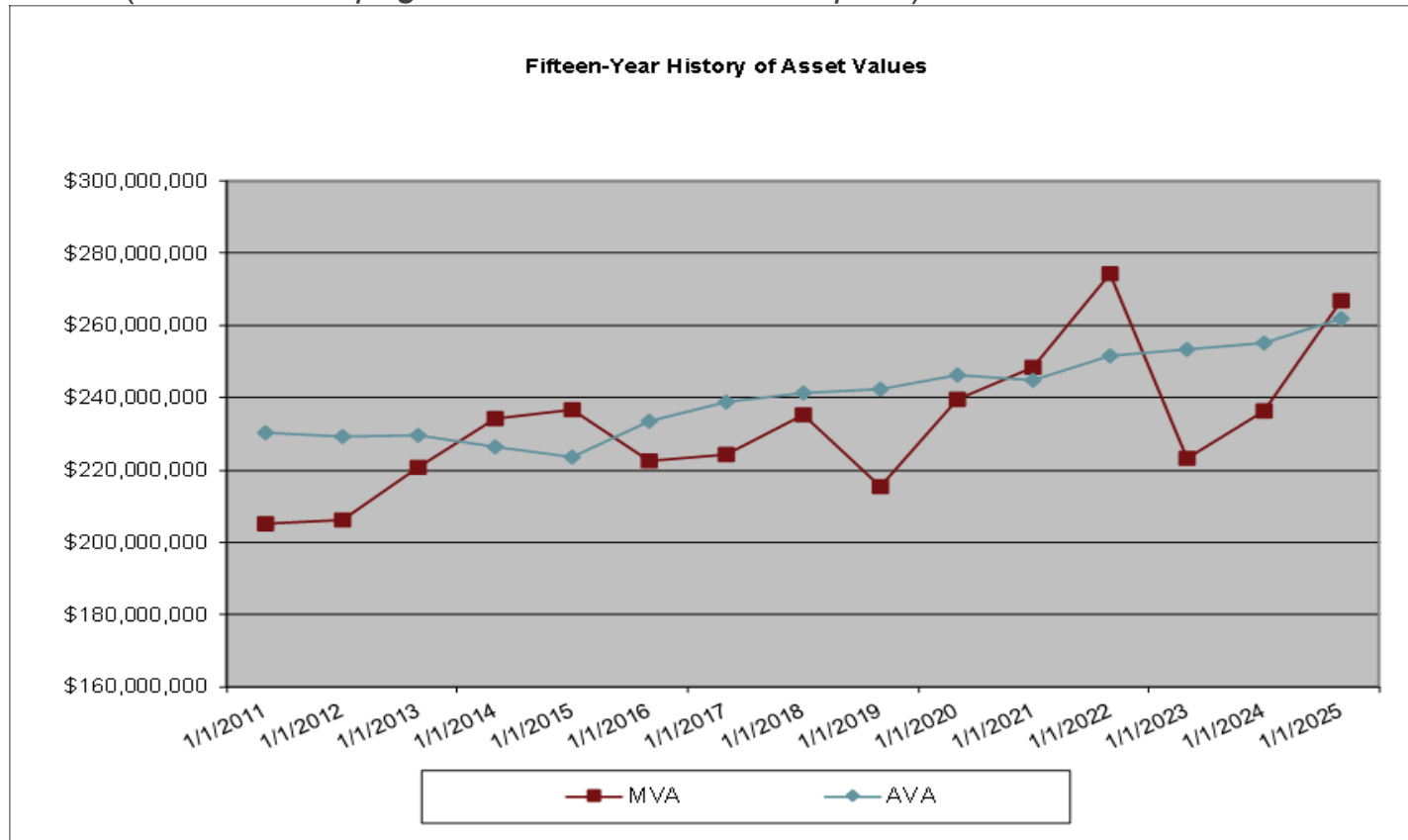
	2023 (in \$millions)	2024 (in \$millions)
1. Market Value of Assets at Beginning of Year	\$223.4	\$236.4
2. Employer Contributions	12.1	12.8
3. Employee Contributions	3.4	3.8
4. Net Investment Income	23.5	38.9
5. Benefit Payments	(27.4)	(26.4)
6. City and other Transfers	<u>1.4</u>	<u>1.5</u>
7. Market Value of Assets at End of Year	\$236.4	\$267.0
8. Rate of Return (Net of Expenses)	11.0%	17.0%



Recent Asset History

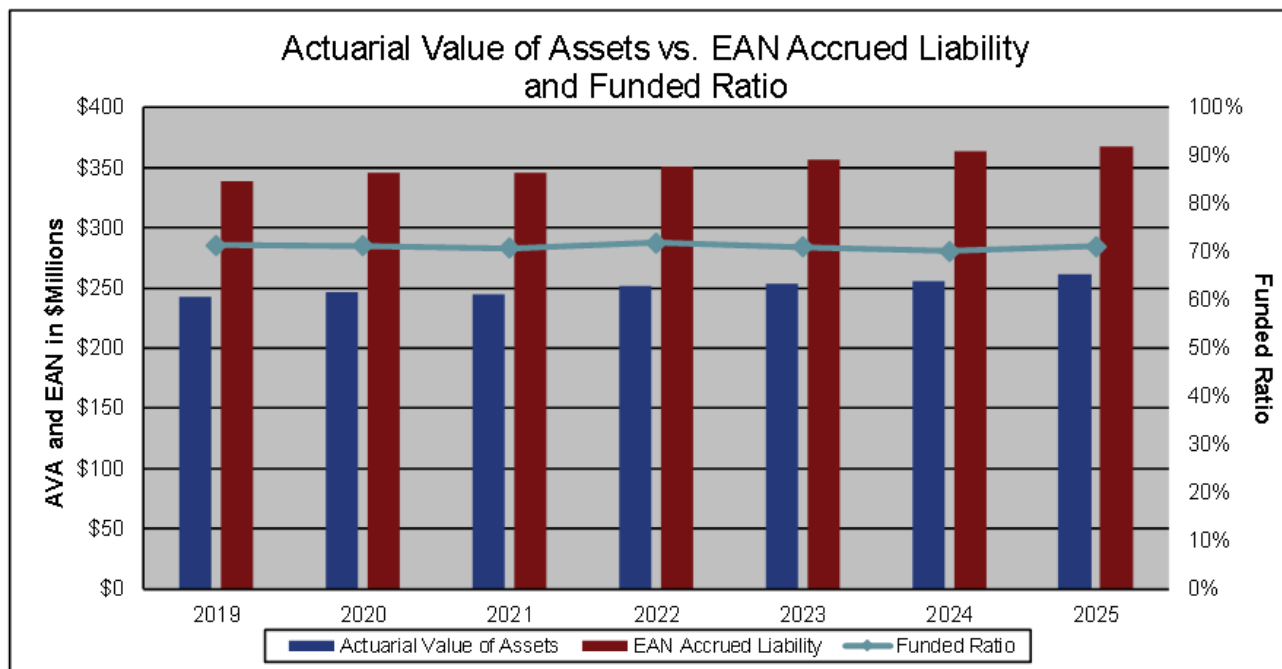
Market Value vs. Actuarial Value

- As of 1/1/2025, Cumulative Asset Gains of \$5.0M are deferred and not yet recognized in Actuarial Value of Assets (AVA) due to smoothing
 - (As shown on page II-4 of 2025 valuation report.)



Funded Ratio

- Actuarial Value of Assets (AVA), Actuarial Accrued Liability (AAL) and Funded Ratio
 - Funded Ratio increased 1.0% during 2024 due to assumption changes offsetting liability losses and AVA losses due to AVA return of 6.1% which is less than 7.0% assumption (even though market return was 17.0%, AVA smoothing does not immediately recognize full asset gain)



Pension Plan Funding Results

- Unfunded Accrued Liability (UAL) as of January 1, 2025
- *(As presented on page III-2 of 2025 valuation report):*

	January 1, 2025
1. Prior Year Actual Unfunded Accrued Liability	\$ 108,297,363
2. Prior Year Normal Cost as of Beginning of Year	6,465,558
3. Interest on above amounts ¹	8,033,404
4. Expected Employer and Employee Contributions for Prior Year (with credited interest) ²	<u>(16,110,707)</u>
5. Current Year Expected Unfunded Accrued Liability	\$ 106,685,618
6. Current Year Actual Unfunded Accrued Liability	\$ 105,975,160
7. Actuarial (Gain)/Loss [(6) – (5)]	\$ (710,458)
8. Sources of Actuarial (Gain)/Loss	
a. Plan Amendments	\$ 0
b. Change in Actuarial Assumptions	(5,201,599)
c. Change in Actuarial Methods	0
d. Experience (Gain)/Loss ³	1,639,851
e. Asset (Gain)/Loss	<u>2,851,290</u>
f. Total (Gain)/Loss	\$ (710,458)

¹ Interest calculated using 7% for a full year.

² Interest calculated using 7% for a half year since contributions are assumed to be made throughout the year.

³ Includes both (i) demographic (gains)/losses and (ii) (gains)/losses arising from actual contributions (in excess of)/less than expected contributions.



Pension Plan Funding Results

- Unfunded Accrued Liability (UAL) Amortization Layers
 - *(As presented on page III-3 of 2025 valuation report):*

As of January 1, 2025						
UAL Source	Date Established	Initial Amount	Amortization Period		Outstanding Balance	Annual Amortization Payment
			Initial Years	Years Remaining		
Transition to New Policy	January 1, 2020	\$ 99,176,322	30	25	\$ 93,138,502	\$ 7,469,405
Actuarial (Gain)/Loss	January 1, 2021	(5,304,129)	25	21	(4,931,791)	(425,374)
Assumption Changes	January 1, 2021	6,514,569	25	21	6,057,260	522,447
Method Changes	January 1, 2021	1,663,565	25	21	1,546,786	133,413
Actuarial (Gain)/Loss	January 1, 2022	(1,116,128)	25	22	(1,059,396)	(89,510)
Actuarial (Gain)/Loss	January 1, 2023	6,044,144	25	23	5,846,332	484,721
Actuarial (Gain)/Loss	January 1, 2024	6,185,725	25	24	6,087,925	496,075
Actuarial (Gain)/Loss	January 1, 2025	4,491,141	25	25	4,491,141	360,175
Assumption Changes	January 1, 2025	(5,201,599)	25	25	(5,201,599)	(417,151)
Total					\$105,975,160	\$ 8,534,201 ¹

¹ Amount determined as of beginning of the year. The total Annual Amortization Payment with interest to the middle of the year is **\$8,827,846**.



Pension Plan Funding Results

- Employer Contribution Comparison of 2024 to 2025

- (As presented on page II-1 of 2025 valuation report):*

	Annual Contribution		Increase / (Decrease)
	2024	2025	
1. Total Funding Policy Contribution			
a. Normal Cost (includes mid-year interest)	\$ 6,688,000	\$ 6,773,000	\$ 85,000
b. UAL Amortization	<u>8,887,000</u>	<u>8,827,000</u>	<u>(60,000)</u>
c. Total	\$15,575,000	\$15,600,000	\$ 25,000
2. Employee Funding Policy Contribution ¹	<u>(3,485,000)</u>	<u>(3,853,000)</u>	<u>(368,000)</u>
3. Employer Funding Policy Contribution	\$12,090,000	\$11,747,000	\$(343,000)
4. Projected Pension Payroll for Valuation Year ²	\$58,081,000	\$64,233,000	10.6%
5. Employer Funding Policy Contribution as a Percent of Payroll [(3.) / (4.)]	20.816%	18.288%	(2.528)%

¹ The Employer's portion of the ADC is determined by offsetting the total ADC by the actual Employee Contributions of 6% of Earnable Compensation.

² Number of covered employees increased by 3% from 1,190 as of January 1, 2024 to 1,224 as of January 1, 2025.



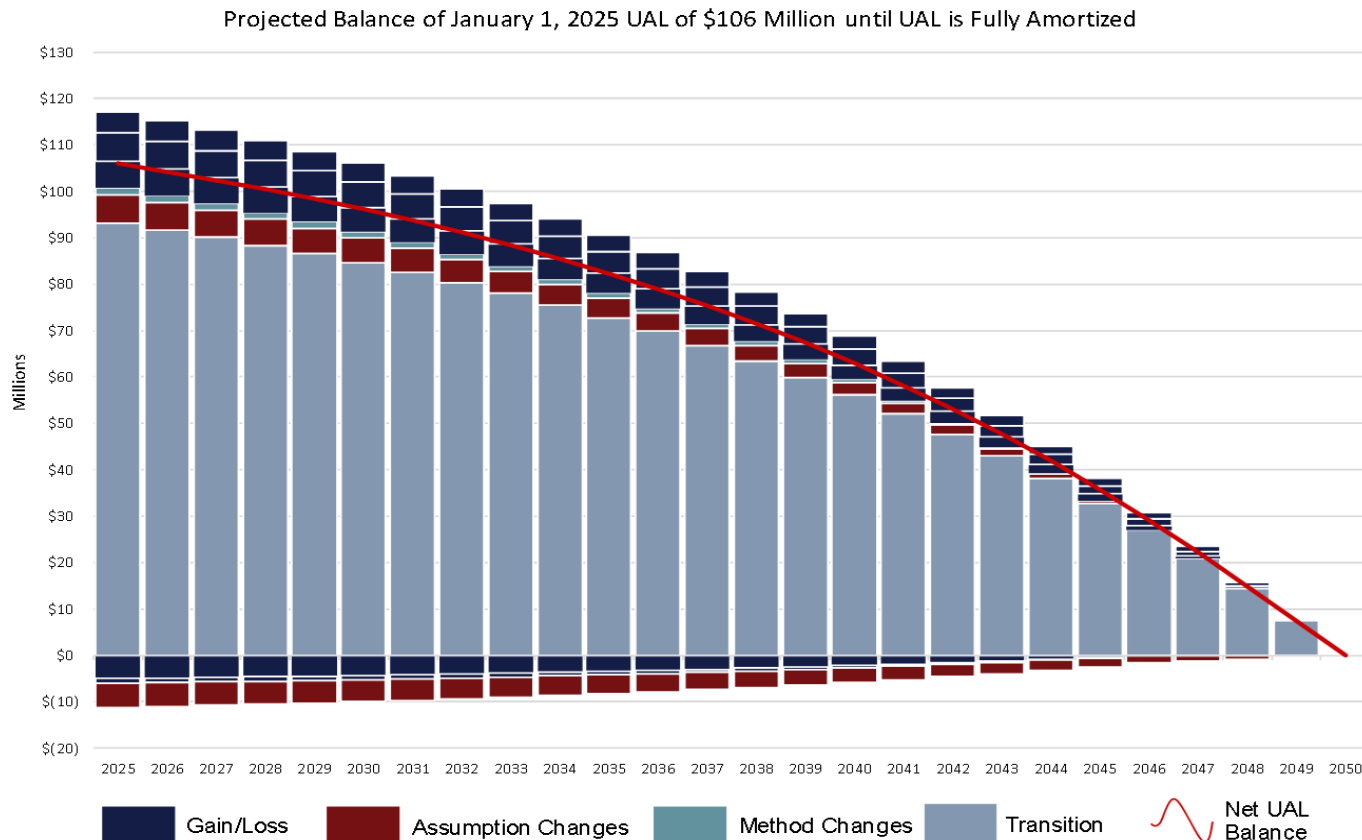
Change in Contribution in 2025

- New Amortization Layers in 2025
 - Unfunded Accrued Liability (UAL) Actuarial Loss of \$4M during 2024
 - \$0.36M annual amortization payment increases total contribution
 - Primarily due to liability losses and small AVA losses (due to deferral of investment gain recognition)
 - Market Value investment return of \$39M
 - Due to AVA smoothing, though, 85% of 2024 investment gains will be deferred and recognized in years 2026 to 2031
 - UAL Gain of \$5M due to Assumption Changes from Experience Study
 - \$(0.42M) annual amortization payment reduces total contribution
- Earnable Compensation expected to increase in 2025
 - 10% growth in Earnable Compensation expected from 2024 to 2025 due to
 - 3% growth in Active Employee population from 2024 to 2025
 - 2024 actual compensation greater than expected 2024 compensation based on assumed pay growth from 2023 to 2024
 - Increases projected plan benefits which contributes to liability losses and increased Normal Cost, but
 - Prior years' level-dollar amortizations are unaffected by such losses (i.e., they are constant as level-dollar amount)
 - Level-dollar amount is smaller percentage of larger expected payroll
 - Net effect is reduction in contribution as a percentage of payroll



Funding Policy

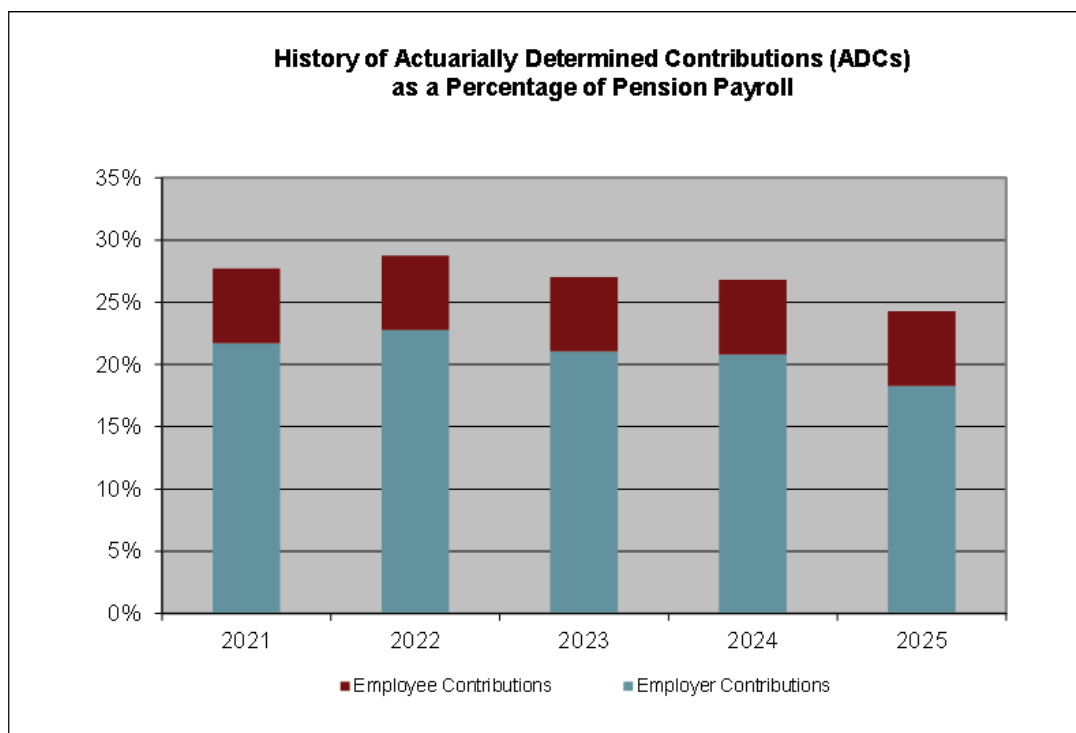
- Projection of Unfunded Accrued Liability (UAL)



Pension Plan Funding History

(As shown on page II-2 of 2025 Valuation Report)

- From 2024 to 2025*
 - Employer Contribution percent decreased by 2.528% of payroll
 - Expected total contribution decreased by \$343,000
 - See slide 27 for details.



* Based on employer funding policy contribution of 18.288% of Pension Payroll for 2025 (estimated to be \$11.7M based on estimated 2025 Pension Payroll).

Recent History of ADC and Contributions

Year	Employer Portion of Actuarially Determined Contribution (ADC) ¹ (in \$millions)	Actual Employer Contribution ² (in \$millions)	Employee Contribution (in \$millions)
2018	\$8.4	\$8.4	\$2.5
2019	\$10.2	\$10.5	\$2.8
2020	\$10.3	\$10.4	\$3.0
2021	\$10.6	\$9.9	\$3.0
2022	\$10.6	\$10.9	\$3.0
2023	\$11.2	\$12.1	\$3.4
2024	\$12.1	\$12.8	\$3.7
2025	\$11.7	\$11.7 ³	\$3.9 ³

¹ Prior to 2021, based on 30-year open period, level dollar amortization of Unfunded Accrued Liability. For 2021+, based on Layered Closed Period Amortization (Layers over 15, 25 and 30 years). Amount determined based on estimated payroll each year.

² Amount based on actual payroll each year.

³ Assumed contributions based on estimated payroll for 2025.



Next Steps

- Pension Committee recommends that the Board of Trustees adopts 2025 Annual Employer Contribution percentage via Resolution
- Annual Employer Contribution Resolution for 2025
 - Decreases Employer Contribution Percentage to 18.288% and ensures no less than such percentage is contributed for 2025 plan year



What's Next

- July 2025 – issue annual employee benefit statements with various benefit projection dates for each active member
- COLA calculations as of January 1, 2025
 - July 2, 2025 - R&W delivered COLA calculations to SWBNO
 - August/September 2025 – Pension Committee recommends aggregate COLA amount to BOT
 - August/September 2025 – BOT adopts Resolution to Implement COLA for 2025
- Next on the horizon
 - COLA Study
 - Consider Pre-65 COLA, COLA in excess of 2.0% Cap, COLA on full benefit not just first \$10,000, etc.
 - Pension Portal
 - Went live January 2025
 - January 1, 2025 Employee Benefit Statements will be posted on portal shortly
 - Next Experience Study scheduled in Fall 2029

