



Schuylkill County Employes' Retirement System

**Report on 2001 Actuarial Valuation Including
Determination of County Annual Required
Contribution for 2001**

April 10, 2001

HayGroup

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for

Schuylkill County Employees' Retirement Board

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April 10, 2001

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I. Introduction

The primary purpose of this report is to investigate and fully and fairly disclose the actuarial position of the System as of January 1, 2001 and to establish the proper appropriation for the 2001 plan year, in accordance with the funding standards of Section 6 of Act 96, 1971 of the Commonwealth of Pennsylvania as amended.

On the basis of the actuarial methods, assumptions and major plan provisions summarized in this report and in reliance on the member data and statement of the Fund's assets furnished by the County, to the best of our knowledge the information in this report is complete and accurate.

In our opinion, this report presents fairly the financial and actuarial position for the Schuylkill County Employees' Retirement Plan as of January 1, 2001 in accordance with generally accepted actuarial principles, and on the basis of actuarial assumptions and methods which, in the aggregate, are reasonable (taking into account past experience under the System and reasonable expectations) and which in combination represent our best estimate of anticipated experience.

Respectfully submitted,

HayGroup

By: _____

Norman C. Pickering
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II. Findings

Certified Annual Required Contribution (ARC)

Please note that the certified Annual Required Contribution which is reported on page 9 of this report and which must be funded in 2001 is \$0.00.

Cost-of-Living Funding Requirements

The amount required to fund the cost-of-living increase granted effective January 1, 2001 is \$537,532.00.

Actuarial Adjustments

Also note that the balances in the Reserve Accounts on page 8 reflect the following transfers which are necessary to keep the balance in the Retired Member's Reserve Account equal to the liability for the retired lives and to reflect the difference between the amount of interest credited to the respective reserves and the interest rate assumed in the valuation of the liabilities. Please make these transfers in your records:

	DEBIT	CREDIT
County Annuity Reserve Account	\$ 478,768.72	
Retired Members Annuity Reserve Account		\$ 478,768.72

III. Schedules

Schedule A

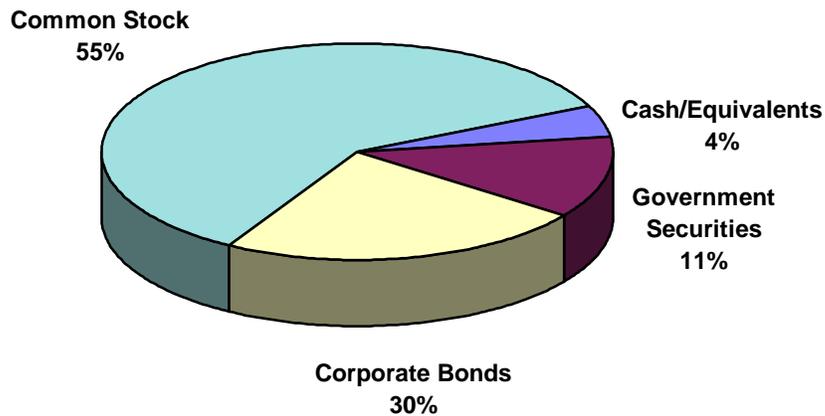
**Disclosure of Pension Information in Accordance with
Statement No. 25 and Statement No. 27 of the
Governmental Accounting Standards Board**

SCHUYLKILL COUNTY EMPLOYES' RETIREMENT SYSTEM			
STATEMENT OF CHANGES IN PLAN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 1999 AND 2000			
Additions			
	<u>2000 Total</u>		<u>1999 Total</u>
Contributions			
County	\$ 0.00	\$	0.00
Plan Members	\$ 1,654,794.99	\$	1,534,895.87
Total Contributions	\$ 1,654,794.99	\$	1,534,895.87
Investment Income			
Realized	\$ 3,132,959.44		
Unrealized	\$ (4,790,638.57)		
Net Depreciation in Fair Value	\$ (1,657,679.13)	\$	7,406,771.98
Interest	\$ 1,931,297.20	\$	1,600,151.32
Dividends	\$ 466,582.16	\$	488,882.55
Investment Income	\$ 740,200.23	\$	9,495,805.85
Less Investment Expense	\$ 379,925.73	\$	353,518.48
Net Investment Income	\$ 360,274.50	\$	9,142,287.37
Total Additions	\$ 2,015,069.49	\$	10,677,183.24
Deductions			
Benefits	\$ 2,655,081.24	\$	2,507,543.80
Refunds of Member Contributions	\$ 525,735.25	\$	401,840.40
Total Deductions	\$ 3,180,816.49	\$	2,909,384.20
Change in Accounts Payable	\$ 7,846.74	\$	(2,392.11)
Net Increase/Decrease	\$ (1,157,900.26)	\$	7,765,406.93
Net Assets Held In Trust For Pension Benefits			
Beginning of Year	\$ 73,139,480.00	\$	65,374,073.07
End of Year	\$ 71,981,579.74	\$	73,139,480.00

Schedule A--Continued

SCHUYLKILL COUNTY EMPLOYEES' RETIREMENT SYSTEM			
STATEMENT OF PLAN ASSETS AS OF DECEMBER 31, 1999 AND 2000			
Assets			
	<u>2000 Total</u>		<u>1999 Total</u>
Cash and Short-Term Investments	\$ 2,624,962.89	\$	3,409,243.00
Investments, at fair market value			
Government Obligations	\$ 8,180,735.50	\$	9,021,304.00
Corporate Bonds	\$ 21,330,811.23	\$	17,101,029.50
Common Stocks	\$ 39,845,070.12	\$	43,607,903.50
Total Investments	\$ 69,356,616.85	\$	69,730,237.00
 Total Assets	 \$ 71,981,579.74	 \$	 73,139,480.00
Liabilities			
Refunds Payable and Other	\$ 0.00	\$	0.00
Net Assets Held In Trust For Pension Benefits			
	\$ 71,981,579.74	\$	73,139,480.00

TOTAL ASSETS (MARKET VALUE 12-31-2000)



Schedule A -- Continued

Schuylkill County Employees' Retirement System

**Notes to the Financial Statements for the Fiscal Year
Ended December 31, 2000**

**Summary of Significant
Accounting Policies**

Basis of Accounting: The Schuylkill County Employees' Retirement System financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments: Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

**Plan Descriptions and
Contribution Information**

Membership of the plan consisted of the following at December 31, 2000, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	378
Terminated Plan Members Entitled to but not yet Receiving Benefits	11
Active Plan Members	741
Total	1,130
Number of Participating Employers	1

Schedule A--Continued

Schuylkill County Employees' Pension System

Plan Description: The Schuylkill County Employees' Pension Plan is a single-employer defined benefit pension plan that covers all employees of the County. The plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living adjustments (COLA) are provided at the discretion of the Schuylkill County Employees' Retirement Board. Act 96 of 1971, as amended cited as the County Pension Law provides for the creation, maintenance and operation of this plan.

Contributions: Plan members are required to contribute 8% of their annual covered salary. The County is required to contribute at an actuarially determined rate. Per Act 96 of 1971, as amended, contribution requirements of the plan members and the County are established and may be amended by the General Assembly of the Commonwealth of Pennsylvania. Administrative costs may be financed through investment earnings.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF EMPLOYER CONTRIBUTIONS

Year	Annual Required Contribution	County Contribution
1998	\$ 0	\$ 42,982
1999	\$ 0	\$ 0
2000	\$ 0	\$ 0
2001	\$ 0	

Schedule A--Continued

NOTES TO THE REQUIRED SCHEDULES	
The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:	
Valuation Date	12/31/00
Actuarial Cost Method	Aggregate **
Asset Valuation Method	5-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return *	7½%
Projected Salary Increases *	4½%
* Includes Inflation at	3%
** Plans that use the <u>aggregate actuarial cost method</u> are not required to present a schedule of funding progress. Separate determination and amortization of the unfunded actuarial liability are not part of the aggregate actuarial cost method and are not required when that method is used.	

ACCOUNTING PROCEDURES FOR CALCULATING - NET PENSION OBLIGATION (NPO)							
(1) Year	(2) ARC	(3) Interest On NPO ***	(4) ARC Adjustment **	(5) Pension Cost (2+3-4)	(6) Contribution	(7) Change in NPO (5-6)	(8) NPO Balance * (BB+7)
1998	0	0	0	0	42,982	-42,982	-42,982
1999	0	-3,224	-5,093	1,869	0	1,869	-41,113
2000	0	-3,083	-4,863	1,780	0	1,780	-39,333
2001	0	-2,950	-4,706	1,756			

* BB = Beginning balance for the year.

** ARC Adjustment -Amortization factor based upon level percentage of projected payroll.

*** Interest on the balance of the NPO at the beginning of the year using the investment return rate assumed in determining ARC. The interest is an estimate of the investment earnings lost to the plan on any contributions that were not made (7½% when applicable).

Schedule B

Schedule B shows the allocation of the assets among the Fund's reserve accounts (see Schedule F for Determination of Reserve Balances) and the Fund's liabilities as of January 1, 2001. The liabilities were determined from the actuarial valuation of the System based upon the data submitted by the County.

ASSETS	
Members' Annuity Reserve Account	\$ 17,315,581.34
County Annuity Reserve Account	\$ 21,187,814.73
Retired Members' Reserve Account	\$ 18,738,052.00
Accounts Payable	\$ 7,846.74
Unrealized Appreciation of Assets	\$ 14,732,284.93
<i>Total Assets, (Market Value) of the Schuylkill County Employees' Retirement Fund</i>	<i>\$ 71,981,579.74</i>
LIABILITIES	
Actuarial Present Value of:	
Accumulated Plan Benefits	
Vested	\$ 9,915,581.00
Nonvested	\$ 707,930.00
Future Benefit Accruals	\$ 18,316,235.00
Terminated Vested Benefits	\$ 484,812.00
Retired Benefits	\$ 18,738,052.00
Member Accumulated Deductions	\$ 17,315,581.34
Accounts Payable	\$ 7,846.74
<i>Total Liabilities of the Schuylkill County Employees' Retirement Fund</i>	<i>\$ 65,486,038.08</i>

Schedule C

Schedule C determines the certified Annual Required Contribution (ARC) of \$0.00 for 2001 for the Schuylkill County Employees' Retirement System.

1. Actuarial Present Value of Projected Future Benefits:		
a. Active Participants		\$ 28,939,746.00
Retirement Benefits	\$ 24,381,258.00	
Termination Benefits	\$ 2,846,992.00	
Death Benefits	\$ 1,711,496.00	
b. Terminated Vested Participants		\$ 484,812.00
c. Retired Members and Beneficiaries		\$ 18,738,052.00
Retirement Benefits	\$ 16,210,944.00	
Cost-of-Living Benefits	\$ 2,527,108.00	
d. Member Accumulated Deductions		\$ 17,315,581.34
e. Accounts Payable		\$ 7,846.74
f. Total (a) + (b) + (c) + (d) + (e)		\$ 65,486,038.08
2. Valuation Assets		
Actuarial Value of Plan Assets (see page 11)		\$ 73,410,770.73
3. Present Value of Future County Normal Costs (1e) - (2)		\$ 0.00
4. Present Value of Future Compensation of Active Members		\$ 173,659,454.00
5. County Normal Cost Accrual Rate (3) / (4)		0%*
6. Estimated 2001 Compensation Rate of Members		\$ 20,776,173.00
7. County Normal Cost for 2000 (5) x (6)		\$ 0.00
(Annual Required Contribution (ARC) for 2001)		
Notes:		
*	The equivalent normal cost accrual rate to be applied to actual 2000 salaries to determine reimbursable expenses is 0%.	

Schedule D

The following are notes to Schedules B and C:

Members' Annuity Reserve Account

The balance of \$17,315,581.34 in this account is the total of the contributions deducted from the salaries of the active and terminated vested members of the retirement system and the IRC 414(h)(2) pickup contributions together with the interest additions as of January 1, 2001. Since these accumulations represent the present value as of January 1, 2001, of future benefits, the reserve balance and liability are identical.

County Annuity Reserve Account

The balance of \$21,187,814.73 in this account as of January 1, 2001 and the amounts expected to be credited in the future, plus investment earnings, represent the reserves set aside for the payment of the county's share of the retirement allowances.

This is the account out of which regular interest is credited to the member's annuity and retired members' reserve account, administrative expenses may be paid and the pension obligations of the County are funded.

When a County Annuity is scheduled to commence for a particular member, sufficient monies are transferred from the County Annuity Reserve Account to the Retired Members' Reserve Account to provide for such County Annuities actually entered upon.

Retired Members' Reserve Account

This is the account out of which monthly retirement allowances including cost-of-living increases and death benefits are paid.

The assets allocated to this reserve account as of January 1, 2001 amount to \$18,738,052.00. The corresponding liability for those annuitants on the roll is identical.

Schedule D--Continued

Adjustment for Market Value Fluctuation

In order to reduce the fluctuations in the County normal cost which can result from full recognition of the unrealized appreciation or depreciation of the Fund's securities each year, the value of assets used to determine costs was determined by adjusting the cost value of the assets by the average ratio of market to cost value for the past five years:

RATIO OF MARKET VALUE TO COST VALUE OF ASSETS					
January 1	(1) Cost Value of Assets		(2) Market Value of Assets		Ratio (2) / (1)
1997	\$	44,325,532	\$	52,131,125	1.1802
1998	\$	47,067,565	\$	61,168,419	1.2996
1999	\$	49,896,832	\$	65,374,073	1.3102
2000	\$	53,616,557	\$	73,139,480	1.3641
2001	\$	57,249,295	\$	71,981,580	1.2573
Average					1.2823

ACTUARIAL VALUE OF ASSETS JANUARY 1, 2001		
(1) Cost Value of Assets	\$	57,249,294.81
(2) Average Ratio		1.2823
(3) Actuarial Value of Assets (see line 2, page 9)	\$	73,410,770.73

Schedule E

APPROXIMATE RATE OF RETURN FOR 2000 PLAN YEAR (MARKET VALUE)		
1. Market Value December 31, 1999	\$	73,139,480.00
2. Contributions Received During Year	\$	1,654,794.99
3. Benefits and Expenses Paid During Year	\$	3,560,742.22
4. Market Value December 31, 2000	\$	71,981,579.74
5. Non-Investment Increment: (2) - (3)	\$	(1,905,947.23)
6. Investment Increment: (4) - (1) - (5)	\$	748,046.97
7. Time Weighted Value of Assets: (1) + .5(5)	\$	72,186,506.39
8. Approximate Rate of Return for 2000: (6) / (7)		1.04%

HISTORY OF RATE OF RETURNS

Plan Year	Rate of Return
1999	14.72 %
1998	9.06 %
1997	19.57 %
1996	14.66 %
1995	18.24 %
1994	(.20) %
1993	8.32 %

Schedule F

Determination of Reserve Balances

	M.A.R.A.	C.A.R.A	R.M.R.A.	ACCOUNTS PAYABLE	TOTAL
Balance 1/1/2000	\$ 16,050,825.07	\$ 19,341,199.43	\$ 18,224,532.00	\$	\$ 53,616,556.50
Member Contributions	1,646,592.05				
Member Purchases		8,202.94			
Net Investment Income		5,530,838.80			
Investment Expenses		-379,925.73			
Member Contributions Refunded	-525,735.25				
Pension Payments			-2,597,722.06		
Death Benefits			-57,359.18		
Retiree and Death Benefit Transfers	-745,717.01	-894,485.58	1,640,202.59		
Cost-of-Living Funding Requirement		-334,261.00	334,261.00		
Change in Accounts Payable				7,846.74	
Balance Before Interest	16,425,964.86	23,271,568.86	17,543,914.35	7,846.74	57,249,294.81
Interest Allocated in 2000	889,616.48	-1,604,985.41	715,368.93		
Balance Before Actuarial Adjustments	17,315,581.34	21,666,583.45	18,259,283.28	7,846.74	57,249,294.81
Actuarial Adjustments		-478,768.72	478,768.72		
Ending Balance 1/1/2001	17,315,581.34	21,187,814.73	18,738,052.00	7,846.74	57,249,294.81
Unrealized Appreciation					14,732,284.93
Total Assets 1/1/2001 (Market Value)					71,981,579.74

Schedule G

Membership History

Below is a ten-year history of the Retirement System's membership.

ACTIVE MEMBERS AND VESTED TERMINATED MEMBERS				RETIRED MEMBERS AND BENEFICIARIES		
January 1	Male	Female	Total	Male	Female	Total
2001	274	478	752	126	252	378
2000	261	454	715	128	253	381
1999	257	440	697	137	248	385
1998	256	414	670	142	226	368
1997	256	422	678	143	215	358
1996	244	422	666	146	217	363
1995	265	458	723	136	192	328
1994	271	468	739	133	180	313
1993	249	453	702	137	173	310
1992	242	441	683	135	159	294

Schedule H

**Changes in Plan Participation From January 1, 2000 to
January 1, 2001**

ACTIVE PARTICIPANTS		
Number as of January 1, 2000		705
Changes During Plan Year:		
Retired	(-)	14
Terminated and Vested	(-)	2
Terminated	(-)	43
Died	(-)	0
New Participants	(+)	95
Number as of January 1, 2001		741

RETIRED PARTICIPANTS		
Number as of January 1, 2000		381
Changes During Plan Year:		
Returned to Active Service	(-)	0
Died	(-)	18
New Retirements from Active Service	(+)	14
New Surviving Annuitants	(+)	0
Vested Terminated Participants Whose Benefits Commenced	(+)	1
Number as of January 1, 2001		378

TERMINATED VESTED PARTICIPANTS		
Number as of January 1, 2000		10
Changes During Plan Year:		
Returned to Active Service	(-)	0
Benefits Commenced	(-)	1
Died	(-)	0
New Termination's with Vesting	(+)	2
Number as of January 1, 2001		11

Schedule I

Age, Service and Average Salary Profile of the Active Members on January 1, 2001.

MALES -- FULL YEARS OF SERVICE TO JANUARY 1, 2001									
Age	0-4	5-9	10-14	15-19	20-24	25-29	30+	Total	Average Salary
0-19	0	0	0	0	0	0	0	0	\$ 0
20-24	7	0	0	0	0	0	0	7	\$ 23,233
25-29	28	8	0	0	0	0	0	36	\$ 26,952
30-34	8	8	3	0	0	0	0	19	\$ 29,374
35-39	9	9	7	3	0	0	0	28	\$ 29,086
40-44	8	8	5	10	6	0	0	37	\$ 27,556
45-49	5	12	9	4	7	8	1	46	\$ 36,071
50-54	6	8	5	2	4	13	1	39	\$ 33,977
55-59	6	4	2	5	0	3	1	21	\$ 32,403
60-64	3	6	5	0	1	0	0	15	\$ 26,989
65 +	2	4	5	4	1	1	1	18	\$ 30,856
Total	82	67	41	28	19	25	4	266	\$ 30,639

Average Age: 44.53
Average Service: 10.79

FEMALES -- FULL YEARS OF SERVICE TO JANUARY 1, 2001									
Age	0-4	5-9	10-14	15-19	20-24	25-29	30+	Total	Average Salary
0-19	0	0	0	0	0	0	0	0	\$ 0
20-24	16	0	0	0	0	0	0	16	\$ 19,390
25-29	40	16	1	0	0	0	0	57	\$ 25,135
30-34	15	18	12	0	0	0	0	45	\$ 24,728
35-39	17	15	18	7	1	0	0	58	\$ 24,408
40-44	14	20	19	11	9	3	0	76	\$ 28,964
45-49	15	20	16	7	9	14	1	82	\$ 28,123
50-54	8	22	18	8	6	6	4	72	\$ 28,938
55-59	6	10	16	4	4	0	2	42	\$ 25,696
60-64	3	2	10	2	2	1	1	21	\$ 26,905
65 +	0	2	3	0	0	1	0	6	\$ 21,923
Total	134	125	113	39	31	25	8	475	\$ 26,606

Average Age: 42.90
Average Service: 10.04

Schedule J

Actuarial Assumptions and Actuarial Cost Method for Funding Purposes, January 1, 2001.

Actuarial Assumptions

Mortality Rates: The life expectancy of all members (active and retired) is determined in accordance with the mortality rates set forth in the 1983 Group Annuity Mortality Table.

Withdrawal Rates: Members not eligible to retire are assumed to terminate employment in accordance with a percentage of the withdrawal rates set forth in Table T-7 of the Actuary's Handbook. The applicable percentage depends on the member's years of service as follows:

YEARS OF SERVICE	PERCENTAGE
less than 1	300 %
1 but less than 2	275 %
2 but less than 3	250 %
3 but less than 4	225 %
4 but less than 5	200 %
5 but less than 6	175 %
6 but less than 7	150 %
7 but less than 8	125 %
8 or more	100 %

It is further assumed that a percentage of members who terminate after having met the Plan's eight year vesting requirement will elect an immediate refund of their own contributions with interest thus forfeiting the County -- provided pension. The applicable percentage is 100% for termination ages up to age 30. After age 30 the applicable percentage is determined as 100% less (age - 30) x 3 1/3%. Illustrative percentages are as follows:

AGE	PERCENTAGE
30 or less	100.0 %
35	83.3 %
40	66.7 %
45	50.0 %
50	33.3 %
55	16.7 %

Schedule J--Continued

The following tables set forth illustrative withdrawal rates as determined in accordance with the methodology described on the previous page.

**Probability of Withdrawing
During Year:**

LESS THAN EIGHT YEARS OF SERVICE								
Age at Hire	Years of Service							
	0	1	2	3	4	5	6	7
20	.2982	.2720	.2460	.2202	.1947	.1693	.1442	.1193
30	.2791	.2532	.2275	.2021	.1770	.1524	.1282	.1046
40	.2326	.2067	.1814	.1570	.1335	.1112	.0901	.0703
50	.1267	.1013	.0781	.0577	.0407	.0271	.0169	.0096
59	.0086	-	-	-	-	-	-	-

EIGHT OR MORE YEARS OF SERVICE		
Age at Beginning of Year	Probability of Withdrawing and Forfeiting County Pension	Probability of Withdrawing and Retaining County Pension
30	.0930	.0000
40	.0517	.0258
50	.0141	.0281
59	.0001	.0028

Schedule J--Continued

Retirement Rates: Members eligible to retire are assumed to retire in accordance with the following rates:

AGE AT BEGINNING OF YEAR	PROBABILITY OF RETIRING DURING YEAR
55-59	.07
60-61	.08
62-64	.15
65	.34
66-70	.23
71-79	.21
80	1.00

Disability Rates Disability rates are not used.

Investment Return 7½% per annum, compounded annually.

Salary Increases 4½% per annum, compounded annually.

Valuation Assets The assets at cost value adjusted by the past five-year average of the market to cost ratio of assets.

Administrative Expenses Assumed to be paid from the County’s general fund and not from plan assets. However, administrative expenses may from year to year be paid from the fund unless it is determined by the actuary that such payment will impair the actuarial soundness of the fund.

Actuarial Cost Method The Aggregate Actuarial Cost Method of funding was used to determine costs. Under this method, the valuation assets of the plan are subtracted from the present value of all projected benefits. The result, when divided by the present value of future compensation, gives a percentage normal cost factor which is applied to the estimated 2001 compensation of all members to arrive at the normal cost at the beginning of the plan year.

Schedule K

Summary of Plan Provisions

- 1. Effective Date** The effective date of this plan is January 1, 1942.
- 2. Eligibility for Plan Membership** An employee shall be eligible to become a participant immediately upon becoming an employee.
- 3. Accrued Benefit** The Retirement Board has authorized benefits equal to a percentage of the members Final Average Salary for each year of service the member has participated in the following Classes:

<u>CLASS</u>	<u>PERCENTAGE</u>	<u>EFFECTIVE</u>
1/120	.833 %	1/1/42
1/100	1.000 %	9/1/49
1/80	1.250 %	9/1/53
1/70	1.429 %	1/1/70

- 4. Normal Retirement (Superannuation)** *Eligibility:* Retirement occurs at age 60 or at age 55 if the participant has completed 20 years of service.

Pension: A monthly pension equal to (a) and (b), as follows:

(a) .833% of 1/12th of Final “Average” Salary multiplied by years of credited service on the 1/120 Class,

1.000% of 1/12th of Final “Average” Salary multiplied by years of credited service on the 1/100 Class,

1.250% of 1/12th of Final “Average” Salary multiplied by years of credited service on the 1/80 Class,

1.429% of 1/12th of Final “Average” Salary multiplied by years of credited service on the 1/70 Class,

PLUS

(b) a monthly annuity based on the actuarial equivalent of the member’s accumulated contributions with credited interest.

Schedule K--Continued

- 5. Final “Average” Salary** The average of the member’s annual compensation received for the three years which produce the highest such average.
- 6. Compensation** Pick-up contributions plus remuneration received as a county employee excluding refunds for expenses, contingency and accountable expense allowances and excluding severance payments or payments for unused vacation or sick leave.
- 7. Early Retirement** *Eligibility:*
- Voluntary:* Upon completion of 20 years of service.
- Involuntary:* Upon completion of 8 years of service.
- Pension:*
- (a) a monthly pension equal to the actuarial equivalent of the benefits calculated in 4(a),
- PLUS
- (b) a monthly annuity based on the actuarial equivalent of the member’s accumulated contributions with credited interest.
- 8. Vesting** One Hundred Percent (100%) upon completion of eight years of credited service. A member who terminates employment after eight years of credited service will receive a deferred annuity commencing at age 60 (or at age 55 if the member has at least 20 years of service at termination). The deferred benefit shall be calculated using the normal retirement pension formula but based on credited service, final average salary and accumulated contributions at termination.
- If a member terminates employment prior to entitlement to Plan benefits, he will receive his accumulated contributions with interest.
- 9. Postponed Retirement** A member may work past normal retirement age and continue to accrue pension credits.

Schedule K--Continued

10. Disability Retirement

Eligibility: Total and permanent disability prior to Superannuation (Normal Retirement) age and after completion of five years of credited service.

Pension: A total monthly pension commencing on the last day of the month following disability retirement equal to 25% of the 1/12th of Final Average Salary at time of retirement. Such total monthly pension shall include the monthly disability that is actuarially equivalent to the member's accumulated contributions at retirement.

11. Normal Form of Pension

Benefits are payable in the form of a modified cash refund life annuity, that is for the member's lifetime only, except that disability benefits shall cease upon cessation of disability.

12. Optional Retirement Benefits

A member may elect to receive the actuarial equivalent of his retirement benefit as a full cash refund annuity (Option One) or a reduced joint and survivor pension payable for the remainder of his life, with either 100% or 50% of the member's pension continuing after death to the designated beneficiary. A member may also elect to receive, in one payment, the full amount of his accumulated deductions and continue to receive the annuity provided by the county.

13. Death Benefits

(a) Pre-Retirement. If a member dies after having attained age 60 or having completed ten years of credited service, his beneficiary will receive a lump sum equal to the actuarially determined present value of the benefits calculated in (7a) based on the member's Final Average Salary and credited service at time of death plus the member's accumulated contributions with interest at time of death.

(b) Post-Retirement. Upon the death of a terminated or retired member, his beneficiary will receive survivor benefits, if any, in accordance with the form under which benefits were being paid to the member. In any event, the total amount of benefits paid to the deceased member and beneficiary must, at least, equal the member's accumulated contributions with interest.

Schedule K--Continued

14. Employee Contributions

Employees on the 1/80 Class must contribute between 7% and 17% of salary.

Employees on the 1/70 Class must contribute between 8% and 18% of salary.

15. Deposit Administrator

Heritage National Bank
Emerald Advisors, Inc.
Martindale Andres

16. Administration

Retirement Board as designated in Act 96 of 1971, the County Pension Law.

17. Cost-of-Living

The cost-of-living increase shall be reviewed at least once in every three years by the Retirement Board. The Board has granted cost-of-living increases nine times in the past from January 1, 1972 through and including January 1, 1990 as follows since January 1, 1990:

PERCENTAGE CHANGE IN C.P.I.	EFFECTIVE DATE OF INCREASE
85 %	1/1/92
85 %	1/1/95
85 %	1/1/97
85 %	1/1/99
85 %	1/1/00
85 %	1/1/01

Schedule L

Historical Trend Information

REVENUES BY SOURCE					
Fiscal Year	Employee Contributions	Employer Contributions	Investment Income	Miscellaneous	Total
1991	\$ 1,069,069	\$ 200,000	\$ 2,223,852	\$ 0	\$ 3,492,921
1992	1,199,857	400,000	3,850,031	0	5,449,888
1993	1,235,207	233,864	3,620,691	0	5,089,762
1994	1,305,513	291,510	1,958,409	0	3,555,432
1995	1,310,280	293,000	3,448,381	0	5,051,661
1996	1,286,984	365,000	3,420,385	0	5,072,369
1997	1,451,765	300,000	3,875,283	0	5,627,048
1998	1,461,042	42,982	4,234,261	0	5,738,285
1999	1,534,896	0	5,450,124	0	6,985,020
2000	1,654,795	0	5,530,839	0	7,185,634

EXPENSES BY TYPE				
Fiscal Year	Benefits	Refunds	Administrative/ Miscellaneous	Total
1991	\$ 1,289,656	\$ 462,637	\$ 0	\$ 1,752,293
1992	1,675,660	212,373	0	1,888,033
1993	1,515,069	153,782	0	1,668,851
1994	1,672,710	331,495	0	2,004,205
1995	1,984,344	331,887	0	2,316,231
1996	2,130,478	251,716	0	2,382,194
1997	2,441,098	329,677	241,732	3,012,507
1998	2,252,388	273,741	257,790	2,783,919
1999	2,507,544	401,840	353,518	3,262,902
2000	2,655,081	525,735	379,926	3,560,742