

1968 ACTUARIAL REPORT
for
FAIRMONT POLICE BENEFIT ASSOCIATION

May 31, 1968

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Section 1. A Brief Summary of the Census Data

The data on which this actuarial valuation is based is summarized below. Information on each member and beneficiary included in the valuation is presented in Appendix B.

Active Members

Number	14
Aggregate Salary (on which retirement benefits are based)	\$78,168
Employee Contributions for Past Plan Year	2,923
Prospective Annual Retirement Annuities	59,839

Other Members

	<u>Number</u>	<u>Annual Annuity Payments</u>
Retired Members	3	\$7,488
Disabled Members	-	-
Widows of Deceased Members	1	900
Children of Deceased Members	-	-
Deferred Annuitant Members	-	- *

*Prospective Retirement Annuities

Section 2. The Actuarial Valuation

The results of the valuation on December 31, 1967, are shown below.

1.	Accrued Liability	\$667,252
2.	Assets	<u>127,525</u>
3.	Unfunded Accrued Liability (Prior Service Deficit)	\$539,727
4.	Normal Cost for Current Year	\$ 42,997
5.	Normal Cost as a Level Percentage of Current and Projected Future Participating Payroll	55.006%
6.	Current Participating Payroll Used for Valuation	\$ 78,168

The actuarial assumptions will be found in Appendix A.

Section 3. Contributions

The contributions outlined below are the support rates required on an annual basis to meet the level of funding indicated. The amounts shown are based on the payroll used in the current valuation. The Normal Cost portion has been determined as a level percent of the payroll used in determining benefits and will fluctuate in dollar amounts in future years as the participating payroll fluctuates. The support rates shown assume payment as of the valuation date.

Contribution to Amortize Unfunded Accrued Liability (Prior ServiceDeficit) by 2007

1.	Normal Cost for Current Year	\$42,997
2.	Amortization Payment on Unfunded Accrued Liability (Prior Service Deficit)	<u>22,670</u>
3.	Total Contribution	\$65,667

Section 4. The Preparation of the Report

This report has been prepared in accordance with generally accepted actuarial principles and practices. This actuarial survey was made in accordance with the requirements of Chapter 729 of Minnesota Laws 1967. The usual care has been exercised in making the calculations and presenting the results. The contents of this report are, therefore, believed to be a correct appraisal of the state of affairs of the plan.

Respectfully submitted,

HEWITT ASSOCIATES



Rodger R. Patrick, ASA

May 31, 1968

APPENDIX A

ACTUARIAL ASSUMPTIONS

Mortality Rates

The mortality rates used are based on the United States Life Table, 1959-61, White Males and White Females. These tables were used for both active and retired members and for survivors.

Withdrawal Rates

The rate of withdrawal of .030 at age 20 decreasing uniformly to zero at age 50 with no withdrawal after that age.

Disability Rates

These rates are based on "Intermediate Rates of Disablement" that were used by the Social Security Administration in their 1962 cost estimating procedures.

Retirement Age

The assumed average retirement age for this fund is age 53.

Salary Scale

A 3% annual increase in the salary on which retirement benefits are based has been assumed.

Interest Rate

Three per cent compounded annually.

Actuarial Method

The Entry Age Normal Cost Method has been used to determine the Unfunded Prior Service Cost. The Normal Cost has been determined as a level percentage of current and future participating payroll on which the retirement benefits are based.

CENSUS DATA - FAIRMONT POLICE DEPARTMENT
 ACTIVE MEMBERS - CURRENT SALARY IS THE SALARY ON WHICH
 RETIREMENT BENEFITS ARE BASED

CODE NUMBER	AGE	SERVICE	SEX	CURRENT SALARY	PROSP. ANNUAL ANNUITY	CONT. FOR 1967
1	56	30	M	7200	3600	298.00
6	55	9	M	5460	2730	220.00
8	48	16	M	5460	3164	220.00
4	46	12	M	5460	3260	220.00
3	45	19	M	6000	3801	240.00
7	44	19	M	5616	3558	225.00
5	42	17	M	5460	3669	220.00
9	40	9	M	5616	4004	222.00
2	36	10	M	5616	4507	213.00
10	30	5	M	5460	5231	219.00
11	29	1	M	5460	5389	220.00
12	29	1	M	5400	5330	134.00
14	27	0	M	4980	5371	0.00
13	22	0	M	4980	6225	0.00

CENSUS DATA - FAIRMONT POLICE DEPARTMENT
RETIRED MEMBERS

CODE NUMBER	AGE	TYPE ANNUITY	SEX	ANNUAL ANNUITY
1	68	ESCALATOR	M	2040.00
3	52	ESCALATOR	M	2724.00
2	51	ESCALATOR	M	2724.00

CENSUS DATA - FAIRMONT POLICE DEPARTMENT
WIDOWS OF DECEASED MEMBERS

CODE NUMBER	AGE	TYPE ANNUITY	SEX	ANNUAL ANNUITY
1	33	ESCALATOR	F	900.00

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APPENDIX CSUMMARY OF PLAN PROVISIONSRequirements for Benefits

<u>Retirement</u>	20 years of Service and 50 years of age.
<u>Disability</u>	<u>In Line of Duty</u> : None. <u>Not in Line of Duty</u> : None.
<u>Vesting</u>	20 years of Service. Benefit is deferred to the attainment of age 50.

Amount of Benefit

<u>Retirement</u>	<u>Benefit When Minimum Requirements are Met</u> : 50% of the maximum salary paid to an active Patrolman (escalator). <u>Additional Benefits for Service Beyond Minimum Requirements</u> : None.
<u>Disability</u>	<u>In Line of Duty</u> : \$900 per year. <u>Not in Line of Duty</u> : \$900 per year.
<u>Vesting</u>	Same as Retirement benefit.
<u>Widow's Benefit</u>	25% of the maximum salary paid to an active Patrolman (escalator). Maximum family benefit is 50% of the maximum salary paid to an active Patrolman.
<u>Children of Deceased Members</u>	1/16 of the maximum salary paid to an active Patrolman (escalator).
<u>Other Death Benefits</u>	None.
<u>Salary Basis for Benefits</u>	Current compensation.
<u>Unit Value</u>	Not applicable
<u>Member Contribution</u>	4% of compensation.

APPENDIX D

INCOME OF FUND DURING 1967

Member's Contributions	\$ 2,922.62
Taxes or Public Funds	\$10,727.65
Other	\$ -
Total Contributions	\$13,650.27
Investment Income	\$ 4,667.32