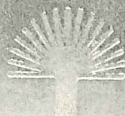


1981 ACTUARIAL REPORT
FOR
BUHL POLICEMEN'S RELIEF
ASSOCIATION



Hewitt Associates

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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.

Active Members

Number	3
Aggregate Salary (on Which Retirement Benefits are Based)	\$30,240
Employee Contributions for Past Plan Year	\$ 2,528
Prospective Annual Retirement Annuities	\$29,910

Other Members

	<u>Number</u>	<u>Annual Annuity Payments</u>
Retired Members	-	\$ -
Disabled Members	-	-
Widows of Deceased Members	-	-
Children of Deceased Members	-	-
Deferred Annuitant Members	-	-

Section 2. The Actuarial Valuation

The results of the valuation on December 31, 1980, are shown below.

1. Accrued Liability	\$202,230
2. Special Fund Assets	<u>229,214</u>
3. Unfunded Accrued Liability (Prior Service Deficit)	\$(26,984)
4. Normal Cost for Current Year	\$ 6,175
5. Normal Cost as a Level Percentage of Current and Projected Future Participating Payroll	19.700%
6. Current Participating Payroll used for Valuation	\$ 30,240

The actuarial assumptions used in determining these results will be found in Appendix A.

Explanation of Actuarial Terminology

Accrued Liability: The present value of benefits earned for service prior to the valuation date under the actuarial method used. The actuarial method used spreads the cost of total expected benefits equally over each member's anticipated period of active membership. The dollar amount shown as the Accrued Liability represents the number of dollars that should be in the Special Fund to provide for benefits already earned.

Section 2. The Actuarial Valuation (Continued)

Unfunded Accrued Liability (Prior Service Deficit): This amount is the difference between the Accrued Liability (the amount that should be in the Special Fund to fully provide for benefits already earned) and the actual amount of Special Fund assets.

Normal Cost: The amount necessary, according to the actuarial method used, to pay for benefits earned in 1981 (and each future year until another actuarial valuation is completed).

Section 3. Contributions

The Volunteer Firemen's Relief Association Guidelines Bill of 1971 (Chapter 261 of Minnesota Statutes 1971) specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and state aid are determined as the amount required to meet the Normal Cost plus amortizing any existing prior service deficit over a 20-year period. This total contribution is shown below.

The contribution required by the municipality for any year is determined by taking Item 3 below, and subtracting one year's estimated state aid expected from the state pursuant to Minnesota Statutes, Chapter 69.

Contribution to Amortize Unfunded Accrued Liability (Prior Service Deficit) Over 20 Years

1. Normal Cost	\$6,175
2. Amortization Payment on Unfunded Accrued Liability (Prior Service Deficit)	<u>0</u>
3. Total Contribution Required, if made 1/1/81 (Including State Aid)	\$6,175
4. Interest at 5% to 12/31/81	<u>309</u>
5. Total Contribution, if made 12/31/81	\$6,484

Section 4. Income of Fund During 1980

Members' Contributions	\$ 2,728.49
Contributions by Municipality	6,071.86
State Aid	6,777.90
Other	<u>0</u>
Total Contributions	\$15,578.25
Investment Income	\$12,908.97

Section 5. 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 our understanding of the requirements of the Volunteer Firemen's Relief Association Guidelines Act of 1971, as amended by Chapter 563, Laws of Minnesota 1978. 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

Eric R. Cerling

Eric R. Cerling
Fellow, Society of Actuaries

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 active members, retired members and for survivors.

Withdrawal Rates

The rate of withdrawal of .060 at age 20 decreasing uniformly to zero at age 45 with no withdrawal after that age.

Disability Rates

The expected Normal Cost of any short term weekly income benefit has been determined using claim statistics based on rates developed by the New York State Employees' Retirement System, and the resulting cost has been included in the Normal Cost shown on page 2.

Retirement Age

Members are assumed to retire after attaining age 58 and 20 years of service.

Salary Scale

A 3 1/2% annual increase in the salary on which retirement benefits are based has been assumed.

Interest Rate

Five percent compounded annually.

Actuarial Method

The Entry Age Normal Cost Method has been used with the Normal Cost determined as a level amount each year from the date of joining the Department to the assumed retirement age.

APPENDIX B
SUMMARY OF PLAN PROVISIONS

Requirements for Benefits

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

Amount of Benefit

Retirement	<u>Benefit When Minimum Requirements are Met:</u> 50% of final pay. <u>Additional Benefits for Service Beyond Minimum Requirements:</u> \$10.00 per month for each additional year of service in excess of 20 years but not to exceed \$50.00.
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Disability

Short Term	\$8.00 per day to a maximum of 26 weeks.
Total and Permanent	<u>In Line of Duty:</u> 50% of final pay. <u>Not in Line of Duty:</u> 50% of final pay.

Vesting	Same as Retirement benefit.
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Widow's Benefit	50% of member's pension benefit based on 50% of final pay.
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Children of Deceased Members	If both parents are deceased, 50% of member's pension. If member dies before retirement, \$125.00 per month per child to age 18 or 22 if in school.
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APPENDIX B

SUMMARY OF PLAN PROVISIONS
(Continued)

Other Death Benefits	None.
Salary Basis for Benefits	Current compensation.
Unit Value	Not applicable.
Member Contribution	6% of compensation.

APPENDIX C

CENSUS DATA



BUHL POLICEMEN'S RELIEF ASSOCIATION

Active Members

<u>Code Number</u>	<u>Age Nearest Birthday</u>	<u>Completed Years of Service</u>	<u>Current Salary</u>	<u>Projected Annual Annuity</u>
1	51	24	\$15,720	\$10,600
2	64	24	\$14,520	\$ 7,740
3	46	15	\$14,520	\$11,570

