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**Crookston  
Police Relief Association**



**Annual Actuarial Valuation**

**December 31, 1995**

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1995

**Gabriel, Roeder, Smith & Company**  
**Actuaries and Consultants**

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**GABRIEL, ROEDER, SMITH & COMPANY**  
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June 5, 1996

Board of Trustees  
Crookston Police Relief Association  
Crookston, Minnesota

Submitted in this report are the results of the December 31, 1995 actuarial valuation of the assets, actuarial values and contribution requirements associated with the benefits provided by the Crookston Police Relief Association.

The valuation results contained in Section A provide the actuarial information needed to determine the employer's "minimum obligation" effective January 1, 1997. Section A also contains comments regarding the valuation results.

The valuation was based upon information furnished by the Association concerning benefits, financial transactions, active members, terminated members, retirants and beneficiaries. Data was checked for year to year consistency but was not otherwise audited by us. This information is summarized in Section B.

A description of the actuarial funding method and the risk experience assumptions used is contained in Section C. The economic risk experience assumptions, as well as the actuarial funding method to be used, are established by state law.

Information needed to comply with Statement No. 5 of the Governmental Accounting Standards Board is contained in Section D.

The actuarial valuation was prepared using generally accepted actuarial principles and practices based upon the methods, assumptions, summary of plan provisions and the member and financial data described in this report.

Respectfully submitted,

   
J. Daniel Petersen      Mary Ann Vitale

## **SECTION A**

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### **Valuation Results**



## COMMENTS

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### **Economic Assumptions and Financing Method**

The economic assumptions of 5% annual investment return and 3-1/2% annual salary increases are established by state law. State law also specifies that the annual minimum obligation of the municipality shall be determined by adding (i) the employer normal cost percent times covered payroll to (ii) the level dollar amount required to amortize the unfunded actuarial accrued liability by December 31, 2010.

It is worth noting that when the same assumptions and methods are applied to plans which differ in nature, the valuation results may not be comparable. Caution should be exercised when attempting to assess the financial condition of one Association relative to another on the basis of valuation results produced using the assumptions and methods mandated by state law.

**CONTRIBUTION RATE TO PROVIDE BENEFITS  
MEMBER PORTION & EMPLOYER PORTION  
EFFECTIVE JANUARY 1, 1997**

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Contributions for	If Paid Equally Throughout Year		
	Normal Cost % of Active Payroll for 1997	+	UAAL Dollars
Normal cost of annuities:			
Age & service: to members	17.43%		
Age & service: to survivors	2.39		
Disability	1.45		
Death before retirement	1.60		
Refunds of member contributions	<u>0.14</u>		
Total Normal Cost	23.01%		
Amortization of unfunded actuarial accrued liabilities (UAAL) (14 year level dollar payment)			
Retired lives			\$ 0
Active members			<u>30,943</u>
Total			30,943
Total Cost of Benefits	23.01%	+	\$30,943
Member contributions	8.00%		
<b>COMPUTED EMPLOYER RATE:</b>			
(a) If Paid Equally Throughout Year	15.01%	+	\$30,943
(b) IF PAID AT CALENDAR YEAR END	15.38%	+	\$31,707

## PRESENT ACTUARIAL CONDITION

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The Association's accrued actuarial assets were in excess of \$1.7 million on December 31, 1995 -- a considerable sum of money if unencumbered and allocated among a small group of persons. This is not the case with the Association's assets.

The following schedule puts the \$1.7 million into perspective by showing the relationship between accrued actuarial assets, actuarial accrued liabilities, and the number of persons with actual and potential claims on the Association's assets.

	<b>Accrued Actuarial Assets</b>	<b>Actuarial Accrued Liabilities</b>	<b>Unfunded Actuarial Accrued Liabilities</b>	<b>Percent Funded</b>
Retirants and Beneficiaries				
Retired Members (8)		\$1,130,520		
Surviving Spouses (3)		97,284		
Surviving Children (0)		<u>0</u>		
Total (11)	\$1,227,804	\$1,227,804	\$ 0	100.0%
Deferred Members (1)	129,504	129,504	0	100.0
Active Members (4)	<u>427,650</u>	<u>741,535</u>	<u>313,885</u>	57.7
Total	\$1,784,958	\$2,098,843	\$313,885	85.0%

## COMPUTED CONTRIBUTIONS - COMPARATIVE SCHEDULE

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Year Ended December 31		Total Normal Cost as a Percent of Valuation Payroll*	Contribution For Unfunded Actuarial Accrued Liabilities
Valuation	Fiscal		
1986	1988	22.00%	\$26,944
1987	1989	22.39	22,335
1988	1990	23.47	33,342
1989	1991	23.42	38,348
1990	1992	23.45	33,261
1991	1993	23.50	36,299
1992	1994	23.07	33,263
1993	1995	23.08	30,134
1994	1996	23.05	32,320
1995	1997	23.01	30,943

\* Includes employee contributions.



## CONTRIBUTION FOR CALENDAR YEAR EFFECTIVE JANUARY 1, 1997

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For any period of time the percent-of-payroll contribution rate is converted to dollars. The amount of dollars for any calendar year depends upon the results of the last actuarial valuation, and the timing of contributions within the year. The later the contribution date, the greater the dollar amount will be.

The municipality's dollar contribution for the year may be determined as follows:

- |      |   |            |
|------|---|------------|
| (1)  | Estimated covered payroll for 1997  | \$_____    |
| (2)  | Total normal cost % from page A-2   | 23.01      |
| (3)  | Total normal cost (Line 1 times line 2)   | \$_____    |
| (4)  | _____ x 1.035<br>1995 Administrative expenses paid from<br>the Special Fund   | _____      |
| (5)  | Amortization payment on UAAL from page A-2  | 30,943     |
| (6)  | Total contributions required<br>(Line 3 plus line 4 plus line 5)  | _____      |
| (7)  | Employee contributions (Line 1 times 8%)  | \$_____    |
| (8)  | (a) State amortization aid based on<br>12/31/78 UAAL of \$405,703   | \$6,106    |
|      | (b) State amortization aid based on<br>1984 legislation   | <u>980</u> |
|      | (c) Total State amortization aid  | 7,086      |
| (9)  | Estimated insurance premium aid   | _____      |
| (10) | Estimated total contributions from<br>other sources (Line 7 plus line 8 plus line 9)                                    | _____      |
| (11) | Employer's Minimum Obligation if payment<br>is made in equal installments throughout<br>the year (Line 6 minus line 10) | \$_____    |
| (12) | EMPLOYER'S MINIMUM OBLIGATION IF PAYMENT<br>IS MADE AT YEAR END (LINE 11 TIMES 1.0247)                                  | \$_____    |

## **SECTION B**

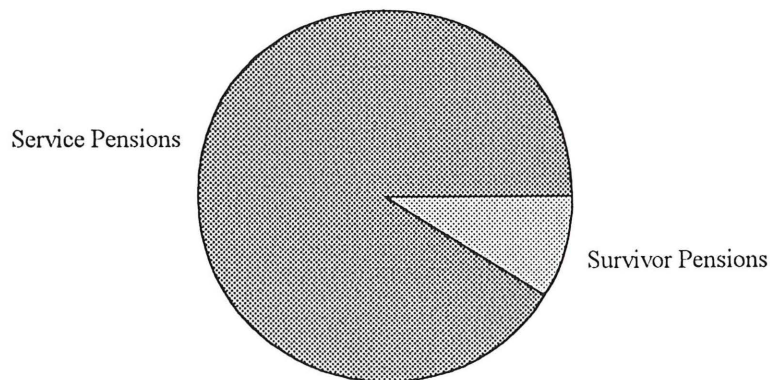
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### **Valuation Data and Summary of Benefit Provisions**

# RETIRANTS AND BENEFICIARIES DECEMBER 31, 1995

## BY TYPE OF ANNUITY BEING PAID

Type of Annuity Being Paid	No.	Monthly Amounts	Computed Actuarial Accrued Liabilities
Retirants receiving:			
Age & service	8	\$7,777.75	\$1,130,520
Disability	<u>0</u>	<u>0.00</u>	<u>0</u>
Totals	8	7,777.75	1,130,520
Beneficiaries receiving:			
Spouse	3	762.89	97,284
Child	<u>0</u>	<u>0.00</u>	<u>0</u>
Totals	3	762.89	97,284
	—	—	—
Totals	11	\$8,540.64	\$1,227,804



Monthly Amount Paid by Benefit

**INACTIVE MEMBERS ELIGIBLE FOR DEFERRED BENEFITS**  
**DECEMBER 31, 1995**

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<b>No.</b>	<b>Monthly Amount</b>	<b>Computed Accrued Liabilities</b>
1	\$919.88	\$129,504



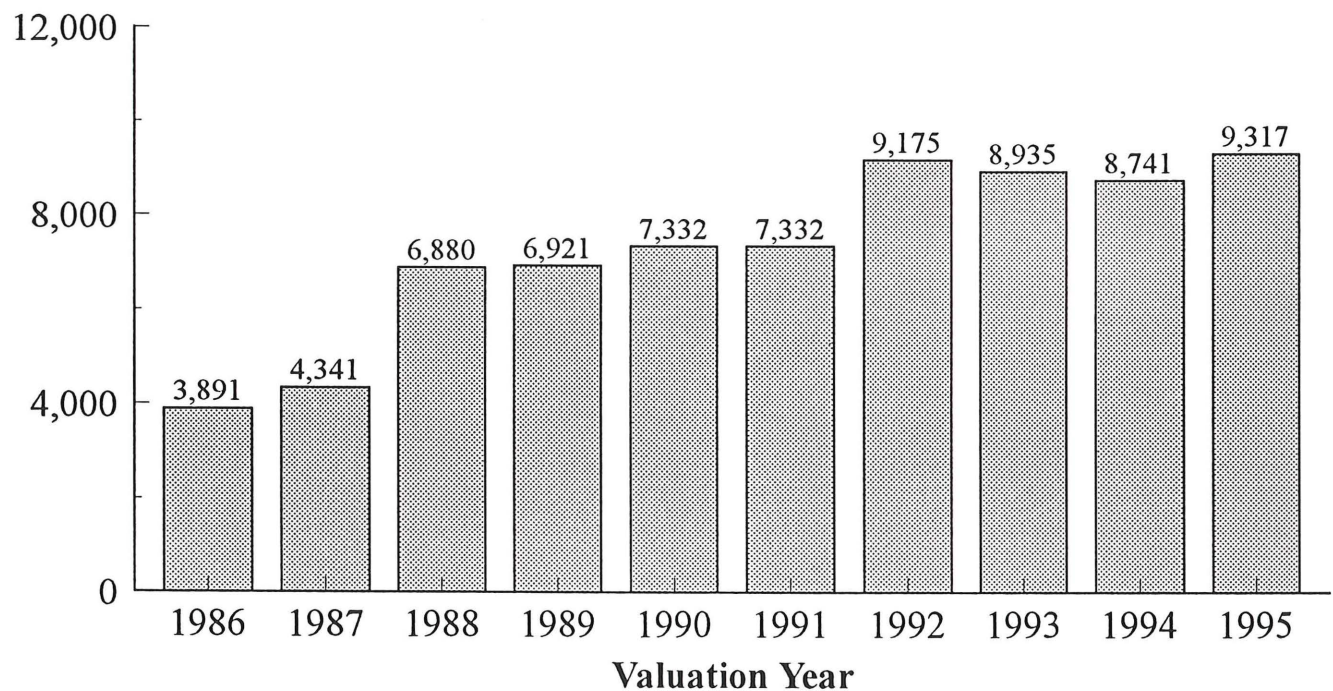
# **RETIRANTS AND BENEFICIARIES DECEMBER 31, 1995** **BY ATTAINED AGES** ---

Attained Ages	Number		
	Age & Service	Disability	Death Before Retirement
50-54	1		
55-59	5		
65-69	2		
75-79	1		
80-84	1		
90-94	1		
<b>Totals</b>	<b>11</b>		

## RETIRANTS AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS COMPARATIVE STATEMENT

Valuation Date December 31	No. Added to Rolls	No. Removed from Rolls	Rolls End of Year		Discounted Value of Total Allowances
			No.	Annual Allowances	
1986			9	\$ 35,020	\$ 393,552
1987	2	1	10	43,414	478,440
1988	2		12	82,560	1,039,332
1989			12	83,056	1,025,412
1990		1	11	80,653	1,001,616
1991			11	80,653	979,440
1992	1	1	11	100,930	1,237,272
1993	1		12	107,214	1,307,196
1994	1	1	12	104,891	1,255,212
1995		1	11	102,488	1,227,804

### Average Annual Allowances



**ACTIVE MEMBERS DECEMBER 31, 1995**  
**BY ATTAINED AGE AND YEARS OF SERVICE**

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Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
40-44				2				2	\$ 77,986
45-49					1			1	37,999
50-54					1			1	33,971
<b>Totals</b>				<b>2</b>	<b>2</b>			<b>4</b>	<b>\$149,956</b>

*While not used in the financial computations, the following group averages are computed and shown because of their general interest.*

**Group Averages:**

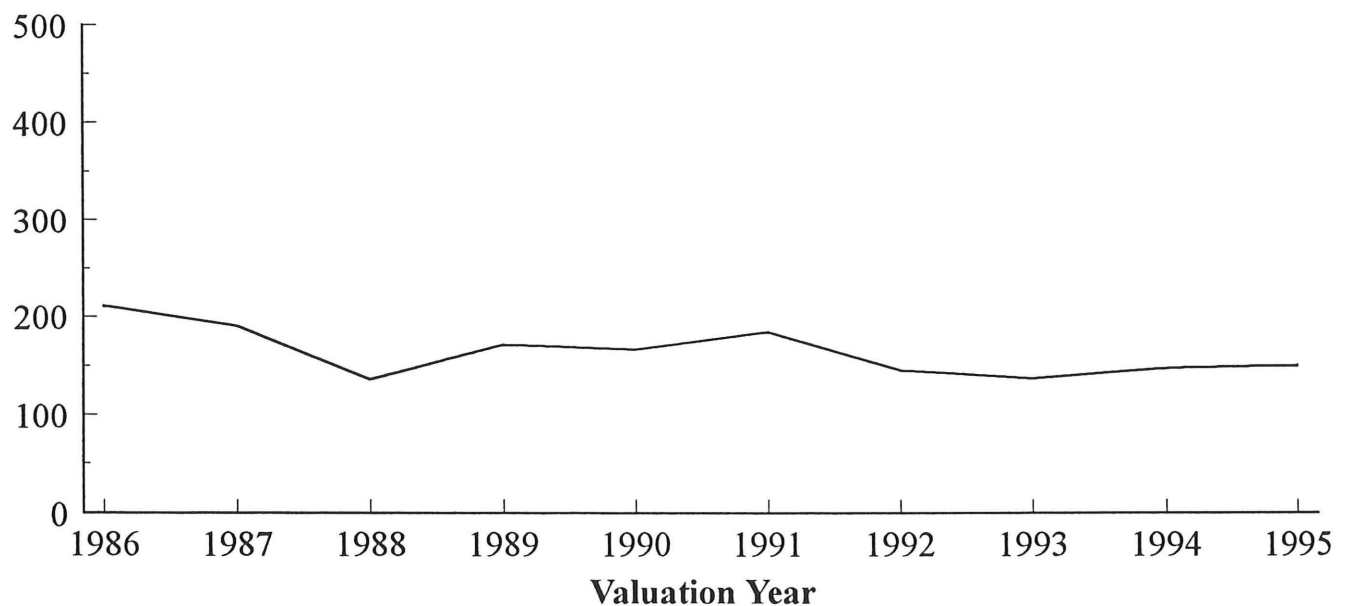
Age: 45.5 years  
Service: 19.0 years  
Annual Pay: \$37,489

## COMPARATIVE SCHEDULE OF ACTIVE MEMBERS

Valuation Date December 31	Active Members	Valuation Payroll	Average			
			Age	Service	Pay	% Incr.
1986	8	\$210,785	41.6 yrs.	16.1 yrs.	\$26,348	3.5%
1987	7	190,800	43.1	17.0	27,257	3.4
1988	5	135,847	41.4	14.0	27,169	(0.3)
1989	5	171,395	42.4	15.0	34,279	26.2
1990	5	166,447	43.4	16.0	33,289	(2.9)
1991	5	183,975	44.4	17.0	36,795	10.5
1992	4	144,996	42.5	16.0	36,249	(1.5)
1993	4	136,676	43.5	17.0	34,169	(5.7)
1994	4	147,317	44.5	18.0	36,829	7.8
1995	4	149,956	45.5	19.0	37,489	1.8

### Valuation Payroll

\$ Thousands





## BRIEF SUMMARY (12/31/95) OF BENEFIT PROVISIONS EVALUATED AND/OR CONSIDERED

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### AGE & SERVICE RETIREMENT

*Eligibility.* 10 years of service and 50 years of age.

*Amount.* For first 10 years of service, 25% of final salary. For each year in excess of 10, an additional 2-1/2% is added to a maximum of 75% of final salary for 30 or more years of service.

### DISABILITY RETIREMENT

*Eligibility.* Disabled to the extent that unable to perform duties of police officer before being eligible for age and service retirement.

*Amount.* For service up to 11 years, 25% of final salary. For each year in excess of 11, 2-1/2% is added. In addition, \$300 per year is payable for dependent child who is under age 18. Maximum benefit is 50% of final salary.

### MEMBER'S DEATH WHILE ACTIVE, OR IN DEFERRED STATUS, OR RETIRED

*Eligibility.*

*Spouse.* Legally married to member at separation from service and residing with member at time of death. Benefits terminate upon remarriage.

*Child.* Younger than age 18, or age 21 if full-time student.

*Amount.*

*Spouse.* 30% of final salary.

*Child.* 10% of final salary per child.

Maximum Family Benefit. \$5,400 per year.

**VESTED DEFERRED.** 10 years of service and separated before age 50. Payment beginning is deferred to attainment of age 50.

**MEMBER CONTRIBUTIONS.** 8% of compensation. Total member contributions are refundable, without interest, if no benefit is payable upon separation from service.

## **SECTION C**

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### **Valuation Methods and Assumptions**

## VALUATION METHODS AND ASSUMPTIONS

The Entry Age Normal Cost method was used to determine the normal cost of all benefits. The rate of investment return (interest) as required by state law used in making the valuation was 5.0 percent per annum, compounded annually. Age & service retirement was assumed to occur at age 58, attained age if older.

**Mortality Table\***

Sample Ages	Single Life Values: Present Value of \$1 Monthly				Future Life Expectancy (Years)	
	Level For Life		Increasing 3.5% Yearly			
	Men	Women	Men	Women	Men	Women
45	\$177.21	\$189.58	\$280.82	\$314.75	29.50	34.00
50	163.12	177.21	246.55	280.82	25.20	29.50
55	147.50	163.12	212.60	246.55	21.16	25.20
60	130.52	147.50	179.49	212.60	17.42	21.16
65	112.87	130.52	148.28	179.49	14.05	17.42
70	95.20	112.87	119.70	148.28	11.09	14.05
75	77.77	95.20	93.83	119.70	8.52	11.09
80	61.71	77.77	71.69	93.83	6.39	8.52

\* UP-1984 Table set forward 2 years for males and set back 3 years for females.

## SAMPLE RATES OF SEPARATING FROM ACTIVE EMPLOYMENT BEFORE RETIREMENT, DEATH OR DISABILITY

Sample Ages	% of Active Members Separating within Next Year
20	1.50%
25	1.25
30	1.00
35	0.75
40	0.50
45	0.25
50+	0.00

## **PAY ADJUSTMENT FACTOR USED TO PROJECT CURRENT PAYS**

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<b>Sample Ages</b>	<b>Present Pay Resulting in Pay of \$1,000 at Age 60</b>	<b>Present Increase in Pay During Next Year</b>
20	\$ 253	3.5%
25	300	3.5
30	356	3.5
35	423	3.5
40	503	3.5
45	597	3.5
50	709	3.5
55	842	3.5
60	1,000	3.5

Use of the pay adjustment factor illustrated above is required by state law.

## **ANTICIPATED DISABILITY RETIREMENTS**

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<b>Sample Ages</b>	<b>% of Active Members Becoming Disabled within Next Year</b>
20	0.08%
25	0.08
30	0.08
35	0.08
40	0.20
45	0.26
50	0.49
55	0.89

## **SECTION D**

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### **The Pension Benefit Obligation and Certain Other Disclosures Required by Statement No. 5 of The Governmental Accounting Standards Board**



## PENSION BENEFIT OBLIGATION

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The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to (i) help users assess the plan's funding status on a going-concern basis, (ii) assess progress being made in accumulating sufficient assets to pay benefits when due, and (iii) allow for comparisons among public employee retirement plans. The measure is independent of the actuarial funding method used to determine contributions to the plan.

The pension benefit obligation was determined as part of an actuarial valuation of the plan as of December 31, 1995. Significant actuarial assumptions used in determining the pension benefit obligation include (a) a rate of return on the investment of present and future assets of 5.0% per year compounded annually, (b) projected salary increases of 3.5% per year compounded annually, attributable to inflation, and (c) the assumption that benefits will not increase after retirement.

At December 31, 1995, the unfunded pension benefit obligation was \$267,961 determined as follows:

Pension Benefit Obligation:

Retirants and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$1,357,308
Current employees --	
Accumulated employee contributions including allocated investment income	140,865
Employer financed	<u>543,934</u>
Total Pension Benefit Obligation	\$2,042,107
Net assets available for benefits, at cost (market value was \$1,806,583)	<u>1,774,146</u>
Unfunded Pension Benefit Obligation	<u>\$ 267,961</u>

The total pension benefit obligation as of January 1, 1994 was \$2,011,788. During the year, the plan experienced a net change of \$30,319 in the pension benefit obligation.

## CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

The Association's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities are being amortized as a level dollar amount over a period of 14 years.

During the year ended December 31, 1995, contributions totaling \$94,212 -- \$83,700 employer and \$10,512 employee -- were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 1993. The employer contributions consisted of \$20,611 for normal cost and \$63,089 for amortization of the unfunded actuarial accrued liability. Employer contributions represented 61.24% of covered payroll.

Significant actuarial assumptions used to compute contribution requirements were the same as those used to compute the standardized measure of the pension benefit obligation.

### Computed Contribution Comparative Schedule

Fiscal Year December 31	Valuation Date December 31	Contribution Rates		Valuation Payroll	Dollar Contribution For Fiscal Year	
		Normal Cost % of Valuation Payroll	UAAL Dollars		Computed	Actual
1988	1986	14.00%	\$26,944	\$210,785	\$56,454	\$79,182
1989	1987	14.39	22,335	190,800	49,791	69,423
1990	1988	15.47	33,342	135,847	54,358	66,812
1991	1989	15.42	38,348	171,395	64,777	72,095
1992	1990	15.45	33,261	166,447	58,977	75,641
1993	1991	15.50	36,289	183,975	64,815	75,849
1994	1992	15.07	33,263	144,996	55,114	80,396
1995	1993	15.08	30,134	136,676	50,745	83,700
1996	1994	15.05	32,320	147,317	54,491	
1997	1995	15.01	30,943	149,956	53,451	

**REQUIRED SUPPLEMENTARY INFORMATION**  
**ANALYSIS OF FUNDING PROGRESS**

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<b>Valuation Date December 31</b>	<b>(1) Net Assets Available for Benefits</b>	<b>(2) Pension Benefit Obligation (PBO)</b>	<b>(3) Percent Funded (1)/(2)</b>	<b>(4) Unfunded PBO (2)-(1)</b>	<b>(5) Annual Covered Payroll</b>	<b>(5) Unfunded PBO as a Percentage of Covered Payroll (4)/(5)</b>
1987	\$1,162,952	\$1,401,841	83.0%	\$238,889	\$190,800	125.2%
1988	1,270,161	1,665,911	76.2	395,750	135,847	291.3
1989	1,375,548	1,810,931	76.0	435,383	171,395	254.0
1990	1,475,173	1,827,396	80.7	352,223	166,447	211.6
1991	1,573,183	1,947,363	80.8	374,180	183,975	203.4
1992	1,639,361	1,967,964	83.3	328,603	144,996	226.6
1993	1,692,953	1,973,207	85.8	280,254	136,676	205.0
1994	1,736,013	2,011,788	86.3	275,775	147,317	187.2
1995	1,774,146	2,042,107	86.9	267,961	149,956	178.7

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the plan's funded status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. The unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress being made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

## APPENDICES

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## APPENDIX I

### FINANCIAL PRINCIPLES AND OPERATIONAL TECHNIQUES

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***Promises Made, and Eventually Paid.*** As each year is completed, the plan in effect hands an "IOU" to each member then acquiring a year of service credit -- the "IOU" says: "The Pension Plan owes you a portion of your retirement benefits, payments to be made in cash, commencing when you qualify for retirement."

The related key financial questions are: Which generation of taxpayers contributes the money to cover the IOU? The present taxpayers, who receive the benefit of the member's present year of service? Or the future taxpayers, who happen to be in town paying taxes at the later time when the IOU becomes a cash demand?

A sound principle of sound retirement plan financing is to have this year's taxpayers contribute the money to cover the IOUs being handed out this year. By following this principle, THE CONTRIBUTION RATE WILL REMAIN APPROXIMATELY LEVEL FROM GENERATION TO GENERATION -- our children and grandchildren will contribute the same percents of active payroll we contribute now.

### A PENSION PLAN BECOMES CLOSED

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The diagram in this appendix shows two important activities which occur after a plan has been closed to employees hired in the future.

Cash benefits paid continue to increase for decades, while active member payroll begins to decrease to zero.



***Funding Method.*** A funding method is the long-term, planned pattern for employer contributions.

For an open plan (a plan covering future employees), the level-percent-of-active-member payroll funding method is the basic funding method.

The level-percent funding method can also be applied to a closed plan. However, the resulting contribution percent usually jumps to a high rate, because the number of covered active members is decreasing.

A preferred funding method for a closed plan consists of: level-percent funding for normal cost (the cost of members' service now being rendered); plus a level dollar contribution for unfunded actuarial accrued liabilities over a limited period of years. The period of years must be limited so that plan assets don't become zero while benefits are still payable.

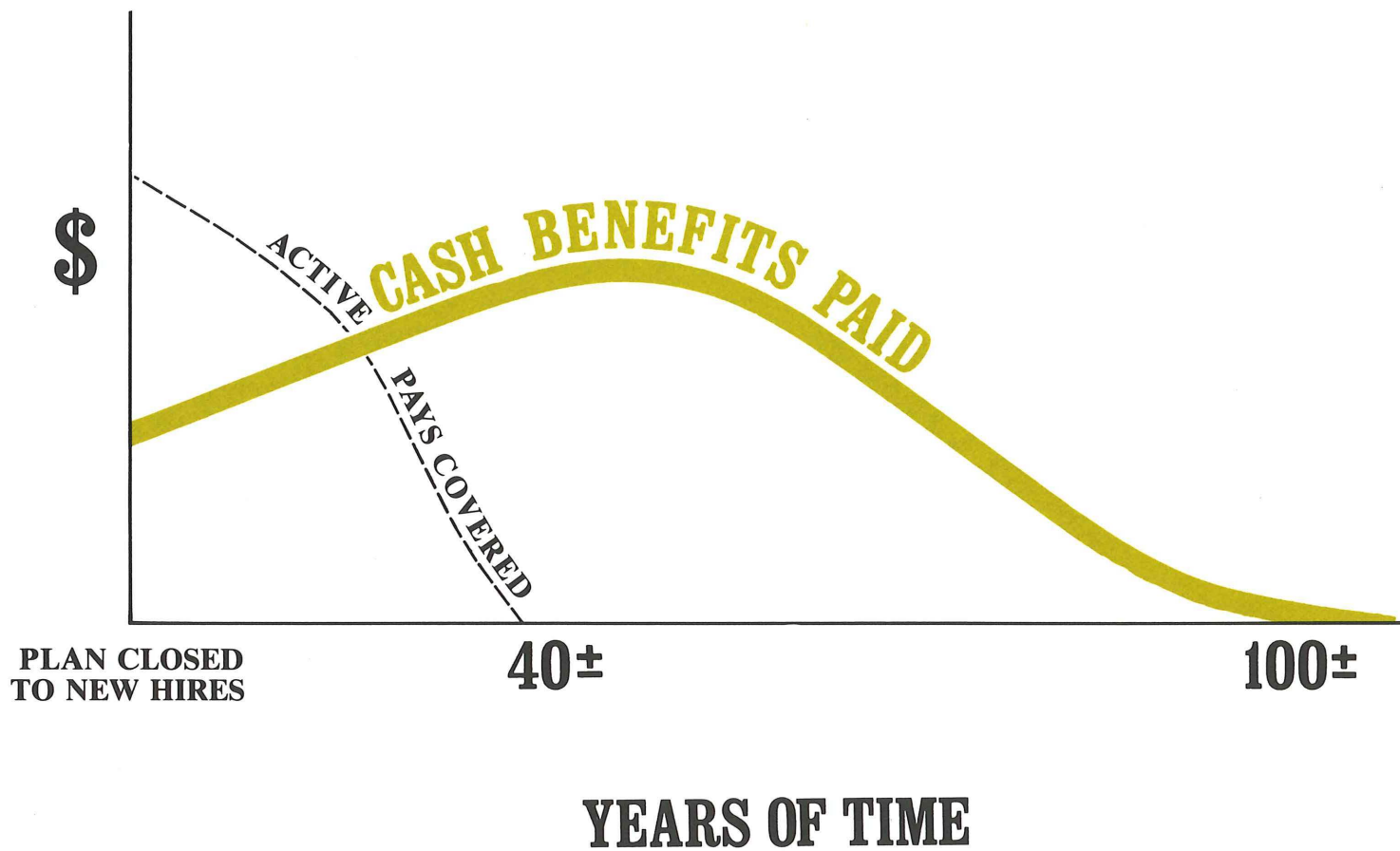
***Computing Contributions To Support Plan Benefits.*** From a given schedule of benefits and from the employee data and asset data furnished him, the actuary determines the contribution rates to support the benefits by means of an actuarial valuation and a funding method.

In making an actuarial valuation, assumptions must be made regarding anticipated financial experiences for the next year and for decades in the future. Only the subsequent actual experience of the plan can indicate the degree of accuracy of the assumptions.

***Reconciling Differences Between Assumed Experience and Actual Experience.*** Once actual experience has occurred and been observed, it will not coincide exactly with assumed experience, regardless of the wisdom of the assumptions or the skill of the actuary and the millions of calculations he made. The future can be predicted with considerable but not 100% precision, except for inflation which seems to defy reliable prediction.

A well-managed plan copes with these continually changing differences by having periodic actuarial valuations. Each actuarial valuation is a complete recalculation of assumed future experience, taking into account all past differences between assumed and actual experience. The result is continuing adjustment in financial position.

# A CLOSED PENSION PLAN



A plan becomes closed when no new hires are admitted to active membership. The persons covered by the plan at the time of closing continue their normal activities and continue to be covered by the plan, until the last survivor dies.

**CASH BENEFITS LINE.** After a pension plan becomes closed, the usual pattern is for cash benefits to continue to increase for decades of time. Eventually the cash benefits will peak, and then gradually decrease over more decades of time, ultimately to zero. The last cash benefit is likely to occur a century after the time the plan is closed.

The precise amounts of cash benefits cannot be known now, and must be estimated by assumptions of future experiences in a variety of financial risk areas.

## APPENDIX II

### MEANING OF UNFUNDED ACCRUED LIABILITIES

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Almost every pension plan (public or private) has "unfunded accrued liabilities," so whatever they are, they aren't rare. Since the term is not part of everyday conversation, it needs some definition.

"Accrued liabilities" are the present value \$ of plan promises to pay benefits in the future based upon service already rendered - - - a liability has been established ("accrued") because the service has been rendered, but the resulting monthly cash benefit may not be payable until years in the future. Accrued liabilities \$ are the result of complex mathematical calculations, which are made by the plan's actuary (which is the name given to the specialist who makes such calculations).

If "accrued liabilities" at any time exceed the plan's accrued assets (cash & investments), the difference is "unfunded accrued liabilities." This is the common condition. If the plan's assets equaled the plan's "accrued liabilities," the plan would be termed "fully funded." This is a rare condition.

Each time a plan adds a new benefit which applies to service already rendered, an "accrued liability" is created, which is also an "unfunded accrued liability" because the plan can't print instant cash to cover the accrued liability. Payment for such unfunded accrued liabilities is spread over a period of years, commonly in the 20-40 year range.

Unfunded accrued liabilities can occur in another way: If actual financial experience is less favorable than assumed financial experience, the difference is added to unfunded accrued liabilities. In plans where plan benefits are directly related to an employee's pay near time of retirement (a common plan provision) rather than his average pay throughout his working career, unfunded accrued liabilities have been increasing in recent years because unexpected rates of pay increase have created additional accrued liabilities which could not be matched by reasonable investment results. Some of these unexpected pay increases are the direct result of inflation, which is a very destructive force on financial stability.

The existence of unfunded accrued liabilities is not bad, then (any more than a mortgage on your house is "bad"), but the changes from year to year in amount of unfunded accrued liabilities are important - - - "bad" or "good" or somewhere in between.

Nor are unfunded accrued liabilities a bill payable immediately (your food costs are payable immediately), but it is important that policy-makers prevent the amount from becoming unreasonably high and it is vital that your plan have a sound method for making payments toward them so that they are controlled.

The existence of large amounts of unfunded accrued liabilities indicates that total contributions in past years were less than level - - - an almost certain history if retired life liabilities are not fully funded now.