Findingsand Recommendations

	Valuation Report	Recommendation	Purpose	GRS or ERF Response
1	Data	Confirm the consistency between the ERF-provided data and valuation data for the beneficiary date of birth	Enhance accuracy of data	Issue has already been resolved.
2	Funding Method	Determine the Actuarially Determined Contribution (ADC) based on funding policy best practices	Provide additional detail between best practice funding policy and statutory contributions	There is not a "Best Practice" for determining the ADC. We will discuss the issue with the Board and determine direction from there.
3	Funding Method	Disclose the history of fully funded year	Provide additional detail on plan funding history	GRS will consider recommendation.
4	Assumptions	Include a statement that the retirement assumptions, and others as appropriate, are not "best estimates" and include a degree of conservatism	Provide greater understanding of the possibility that different estimates may be considered reasonable	GRS will add language that refers to the experience study and tells the reader to review the experience study for justification of the assumptions.
5	Report Content	Demonstrate the sensitivity of the discount rate assumption by providing key metrics using a discount rate 1% higher and 1% lower than the prescribed rate	Increase understanding of impact of experience deviating from expected	GRS will consider adding additional sensitivity information with the GASB 51 disclosures in the next valuation report, after discussions about the issue with the Board.
6	Report Content	Disclose 10-20 years of undiscounted cash flows	Enhance understanding of the plan's financial obligation	GRS will add this to the next valuation report.
	Experience Study	**Recommendation**	**Purpose**	**GRS or ERF Response**
1	Mortality	Consider a more recently-published mortality improvement scale	Align assumption with industry accepted standard	GRS will consider this at next experience study.
2	Withdrawal	Add a separate withdrawal assumption for Tier B employees	Align assumption selection with expected behavior based on plan provisions	Turnover behavior early in a career is tied less to plan provisions than to the employee's employment decisions. While plan provisions can impact turnover later in the career, there is no experience for Tier B on which to base separate rates. At the next experience study we will consider separate termination rates for Tier B for longer periods of service due to plan provision differences.

Appendix Full Summary of Recommendations

Valuation Report

	Area	Recommendations	Purpose	GRS or ERF Response
1	Plan Provisions	Disclose the Tier A early retirement adjustment table found in Section 40(A)-16 of Chapter 40A and the Tier B actuarial equivalence factors mentioned in 40(A)-16(d)	Provide additional detail on plan design	GRS will add to the next valuation report.
2	Plan Provisions	Disclose the eligibility requirements for Tier A and Tier B benefits	Provide additional detail on plan design	GRS will add to the next valuation report.
3	Plan Provisions	Enhance the summary of death benefit provisions to include the service eligibility tiers and optional forms available in each tier, according to Section 40A-21(d)-(f)	Provide additional detail on plan design	GRS will add to the next valuation report.
4	Plan Provisions	Update Tier B's maximum percentage of annual average change disclosed in item (d) from 5% to 3%	Provide additional detail on plan design	Typo. GRS will correct in the next valuation report.
5	Data	Confirm the consistency between the ERF-provided data and valuation data for the beneficiary date of birth	Enhance accuracy of data	Issue has already been resolved.
6	Data	Disclose judgmental data adjustments or assumptions made in the data or note that none exist, to address Section 3.4c of ASOP 23	Provide additional detail on data process for compliance with ASOP 23	We will add a statement about any data adjustments, or lack thereof.
7	Funding Method	Determine the ADC based on funding policy best practices	Provide additional detail between best practice funding policy and statutory contributions	There is not a "Best Practice" for determining the ADC. We will discuss the issue with the Board and determine direction from there.
8	Funding Method	Disclose the history of fully funded year	Provide additional detail on plan funding history	GRS will consider recommendation.
9	Assumptions	Include a statement that the retirement assumptions, and others as appropriate, are not "best estimates" and include a degree of conservatism	Provide greater understanding of the possibility that different estimates may be considered reasonable	GRS will add language that refers to the experience study and tells the reader to review the experience study for justification of the assumptions.

Appendix Full Summary of Recommendations

Valuation Report

	Area	Recommendations	Purpose	GRS or ERF Response
10	Retirement Assumption	Provide detail on the basis for the selection of the Tier B retirement assumption	Enhance support for assumption selection	Tier B was added after the last experience study. The next study will provide the justification for the assumption, which is based on our professional expertise and not on plan experience.
11	Retirement Assumption	Disclose the assumption for retirements from deferred vested status and consider studying the retirement behavior of deferred vested participants	Enhance support for assumption selection	We will disclose the assumption. Tier A employees with less than 18 years of experience cannot commence prior to age 60 and there is no reason for them to commence later than age 60. This covers more than 90% of the deferred members. We will consider a separate assumption for employees with more than 18 years of service at the next experience study.
12	Mortality Assumption	Revise the mortality description for disabled lives and other benefit recipients, as the actuarial report incorrectly states that the "annuitant" tables are used instead of the "combined employee and annuitant" tables	Enhance support for assumption selection	We will correct the description in the next valuation report.
13	Form of Payment Assumption	Disclose the actuarial equivalence Assumption	Enhance support for assumption selection	We will disclose the assumptions used for actuarial equivalence in the next valuation report.
14	Report Content	Demonstrate the sensitivity of the discount rate assumption by providing key metrics using a discount rate 1% higher and 1% lower than the prescribed rate	Increase understanding of impact of experience deviating from expected	GRS will consider adding additional sensitivity information with the GASB 51 disclosures in the next valuation report, after discussions about the issue with the Board.
15	Report Content	Disclose 10-20 years of undiscounted cash flows	Enhance understanding of the plan's financial obligation	GRS will add this to the next valuation report.
16	Report Content	Include a description of how closely current actual and target asset allocations align with the target asset allocation used to select the investment return assumption during the experience study	Improve ability to validate appropriateness of asset management policies and investment return assumption	GRS will consider this recommendation.

Appendix Full Summary of Recommendations

Experience Study

	Assumption	Recommendations	Purpose	GRS or ERF Response
1	Mortality	Validate the overall Actual/Expected (A/E) ratio for healthy female retirees	Support assumption selection	The report appeared to contain a typo which led to the question.
2	Mortality	Use a mortality improvement scale for each type of mortality decrement	Align assumption with industry accepted standard	We will consider this at next experience study.
3	Mortality	Review the appropriateness of updating the base mortality table to the Pub-2010 mortality tables	Align assumption to recently released industry accepted standard	We will consider this at next experience study.
4	Mortality	Consider a more recently-published mortality improvement scale	Align assumption with industry accepted standard	We will consider this at next experience study.
5	Mortality	Discuss the basis for the selection of the Blue-Collar adjustment, the set back/forward period, and the multiplier adjustment, including a credibility analysis	Support assumption selection	The proposed assumptions were based on the assumptions of TMRS. This was discussed in the presentation material but was inadvertently left out of the experience study report.
6	Mortality	Update the healthy retiree mortality table to be a best estimate, targeting an A/E ratio of 100%	Align assumption selection with anticipated experience	See response to 5.
7	Retirement	Provide additional detail on the actual versus expected retirement assumption by age for completeness	Support assumption selection	We will consider this at next experience study.
8	Retirement	Consider separate assumption for the first year in which someone becomes eligible for Tier B, since the data supported such a separation for Tier A	Align assumption selection with expected behavior based on plan provisions	We will consider this at next experience study.
9	Withdrawal	Add a separate withdrawal assumption for Tier B employees	Align assumption selection with expected behavior based on plan provisions	Turnover behavior early in a career is tied less to plan provisions than to the employee's employment decisions. While plan provisions can impact turnover later in the career, there is no experience for Tier B on which to base separate rates. At the next experience study we will consider separate termination rates for Tier B for longer periods of service due to plan provisions differences.
10	Disability	Supplement historical data with industry-standard data for disability incidence for similar job types to develop a more credible assumption	Improve appropriateness of assumption selection	We will consider this at next experience study.

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