

City of Atlanta General Employees' Pension Fund

Actuarial Valuation and Review as of
July 1, 2013





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April 15, 2014

Board Members

*City of Atlanta General Employees' Pension Fund
Atlanta, Georgia*

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of July 1, 2013. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2015 and analyzes the preceding year's experience.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Pension Fund. The census information on which our calculations were based was prepared by the GEMGroup and the financial information was provided by the Plan's auditors (KPMG, LLP). That assistance is gratefully acknowledged.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law.

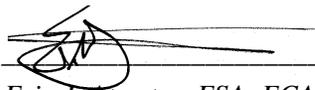
The actuarial calculations were directed under the supervision of Jeanette R. Cooper, FSA, FCA, MAAA, Enrolled Actuary. Ms. Cooper is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of her knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in her opinion, the assumptions as approved by the Board are reasonably related to the experience of and the expectations for the Plan.

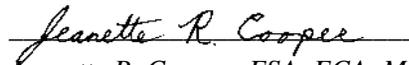
We hereby certify that the City of Atlanta General Employees' Pension Fund for the General Employees of the City has been funded in conformity with the minimum funding standards specified in Code Section 47-20-10 of the Official Code of Georgia Annotated known as the Public Pension Funds Standards Law. This certification covers the 2013 fiscal year of the Plan.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

By: 
Eric J. Atwater, FSA, FCA, MAAA, EA
Vice President and Consulting Actuary


Jeanette R. Cooper, FSA, FCA, MAAA, EA
Vice President and Consulting Actuary

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SECTION 1: Valuation Summary for the City of Atlanta General Employees' Pension Fund

Purpose

This report has been prepared by Segal Consulting to present a valuation of the City of Atlanta General Employees' Pension Fund as of July 1, 2013. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Pension Plan, as administered by the Board;
- The characteristics of covered active participants, inactive vested participants, and retired participants and beneficiaries as of July 1, 2013, provided by the GEMGroup;
- The assets of the Plan as of June 30, 2013, provided by the Plan auditors (KPMG, LLP);
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Executive Summary

The following key findings were the result of this actuarial valuation:

1. The July 1, 2013 valuation is used to determine the recommended contribution for the fiscal year period July 1, 2014 to June 30, 2015 (FY 2015). The recommended contribution is adjusted for interest to the middle of the fiscal period and meets the amount required to satisfy the minimum funding standards under Georgia law by virtue of Code Section 47-20-10. Georgia Code Section 47-20-10(b) also allows a Plan to be in compliance if the sponsor makes contributions equal to the Annual Required Contribution (ARC) under Governmental Accounting Standards Board (GASB) Statement No. 25.
2. The plan receives employee contributions of 12% or 13% of base salary (8% for employees hired after October 31, 2011), and the City contributes an amount to make up the difference between the employee contributions and the recommended contribution amount. The recommended contribution amount is composed of the employer's normal cost and a payment to amortize the Unfunded Actuarial Accrued Liability (UAAL) over 27 years. The recommended contribution is actuarially determined as a level percentage of payroll and will increase 3.5% annually if all assumptions are met.

SECTION 1: Valuation Summary for the City of Atlanta General Employees' Pension Fund

3. The City's recommended contribution for FY '15 is \$48.0 million, or 34.8% of projected payroll. This amount is an increase of about \$5.9 million from the prior valuation's cost. The increase in the recommended contribution is primarily attributable to economic assumption changes (see Section 2, Chart 15 for details).
4. The demographic assumption and asset method recommendations from the experience study for the 7½ year period ending June 30, 2011 were adopted by the City and reflected in last year's valuation. The economic assumption changes adopted as part of the experience study are reflected in this year's valuation.
5. The following is a summary of the economic assumption changes reflected in this valuation:
 - The investment return assumption was lowered from 8.00% to 7.50%.
 - The inflation assumption was lowered from 4.50% to 2.75%.
 - The salary scale assumption was modified to reflect an overall increase in the existing rates, with higher rates at lower ages.
 - The payroll growth rate assumption (used for determining the amortization of the unfunded actuarial accrued liability) was lowered from 4.50% to 3.50%.

The economic assumption changes increased the ARC about \$5.9 million, or about 5.0% of pay, and the Unfunded Actuarial Accrued Liability (UAAL) about \$55.4 million.

6. The plan's Unfunded Actuarial Accrued Liability (UAAL) increased by about \$30 million from approximately \$880 million to about \$910 million (see Section 3, Exhibit G for details). Total plan contributions during the fiscal period July 1, 2012 to June 30, 2013 were not sufficient to cover the normal cost plus interest on the UAAL. Therefore, the UAAL increased by about \$25 million due to the normal cost and interest being greater than the contributions. The UAAL decreased about \$15 million due to investment performance better than assumed and about an additional \$35 million due to demographic changes. The economic changes increase the UAAL by about \$55 million.
7. The market value of assets earned 16.3% over the period July 1, 2012 through June 30, 2013. To minimize the impact of market fluctuations on the City's required contributions, the Plan used an asset valuation method that recognized 20% of each year's net market value gain or loss. Based on this methodology, the Plan's actuarial value of assets earned 9.7% on an annualized basis, compared with the previous valuation assumption of 8.0% that was in place for last year, generating an investment gain of about \$15 million.

SECTION 1: Valuation Summary for the City of Atlanta General Employees' Pension Fund

8. The actuarial valuation report as of July 1, 2013 is based on financial information as of that date. Changes in the value of assets subsequent to that date, to the extent that they exist, are not reflected. Declines in asset values will increase the actuarial cost of the Plan, while increases will decrease the actuarial cost of the Plan. For example, a 10% change in the current year's actuarial value of assets would produce about a \$6.0 million change in the recommended contribution level.
9. As indicated in Section 2, Subsection B of this report, the total unrecognized investment gain as of June 30, 2013 is \$59,464,352. This investment gain will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years, to the extent it is not offset by recognition of investment gains derived from future experience. This implies that earning the assumed rate of investment return of 7.50% per year (net of expenses) on a **market value** basis will result in investment gains on the actuarial value of assets in the next few years. Therefore, if the actual market return is equal to the assumed 7.50% rate and all other actuarial assumptions are met, the contribution requirements would will decrease in each of the next few years
10. The minimum funding requirement in this report is based on calculations derived from the requirements of GASB Statements No. 25 and No. 27. Please note that new GASB Statements, No. 67 and 68, will replace the provisions of GASB 25 and 27. GASB 67 will first impact the Plan effective for the current plan year. Details for the new statements will be provided under separate cover.
11. There have been no changes in plan provisions since the last valuation.

SECTION 1: Valuation Summary for the City of Atlanta General Employees' Pension Fund

Summary of Key Valuation Results

Fiscal Year	2014/2015	2013/2014
Contributions for fiscal year beginning July 1:		
1. Normal cost	\$7,838,781	\$8,338,779
2. Expected employee contributions	15,897,061	16,917,739
3. Payment to amortize unfunded liability	<u>52,759,424</u>	<u>47,386,920</u>
4. Total City required annual contribution, adjusted for timing (1-2+3)*	\$47,969,283	\$42,145,284
5. Projected payroll**	137,725,989	145,367,220
6. City contribution as a percentage of projected payroll [4/5]	34.8%	29.0%
GASB 25/27 for fiscal year beginning July 1:		
7. Annual City required contributions at beginning of year	\$44,701,144	\$38,807,960
8. Actual City contributions	--	38,694,000
Plan Year	2013	2012
Funding elements for plan year beginning July 1:		
9. Actuarial value of assets	\$954,964,648	\$917,486,000
10. Market value of assets	1,014,429,000	917,486,000
11. Actuarial accrued liability	1,863,532,248	1,798,404,471
12. Unfunded actuarial accrued liability (11 – 9)	908,567,600	880,918,471
13. Funded ratio - Actuarial basis (9/11)	51.2%	51.0%
14. Funded ratio - Market basis (10/11)	54.4%	51.0%
Demographic data for plan year beginning July 1:		
15. Number of retired participants and beneficiaries	3,790	3,826
16. Number of terminated vested participants***	129	85
17. Number of active participants	3,171	3,159
18. Covered payroll	\$133,068,588	\$139,107,388
19. Average payroll	41,964	44,035

*As of valuation date; adjusted for timing

** Projected payroll for FY '15 based on covered payroll as of July 1, 2013 increased by 3.5% to approximate budgeted payroll including filled vacancies.

*** Includes 22 terminated participants with contributions remaining in the Plan as of July 1, 2013.

SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund

A. PARTICIPANT DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered participants, including active participants, vested terminated participants, retired participants and beneficiaries.

This section presents a summary of significant statistical data on these participant groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

CHART 1

Participant Population: 2003 – 2013

A historical perspective of how the participant population has changed over the past ten valuations can be seen in this chart.

Year Ended	Active Participants	Vested Terminated Participants*	Retired Participants and Beneficiaries	Ratio of Non-Actives to Actives
<u>December 31:</u>				
2003	3,847	--	3,049	0.79
2004	3,528	--	3,031	0.86
2005	3,319	--	3,083	0.93
2006	3,511	201	3,235	0.98
2007**	4,261	92	3,308	0.80
2008	3,414	116	3,504	1.06
<u>June 30:</u>				
2010	3,261	129	3,605	1.15
2011	3,093	124	3,765	1.26
2012	3,159	85	3,826	1.24
2013	3,171	129	3,790	1.24

*Excludes participants receiving Workers' Compensation benefits and includes 22 terminated participants with contributions remaining in the Plan as of July 1, 2013.

**Excludes 511 new active participants who transferred from the defined contribution plan.

SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund

Active Participants

Plan costs are affected by the age, years of service and payroll of active participants. In this year's valuation, there were 3,171 active participants with an average age of 47.3, average years of service of 12.5 years and average payroll of \$41,964. The 3,159 active participants in the prior valuation had an average age of 47.2, average service of 12.5 years and average payroll of \$44,035.

Inactive Participants

In this year's valuation, there were 107 participants with a vested right to a deferred or immediate vested benefit.

In addition, there were 22 participants entitled to a return of their employee contributions.

These graphs show a distribution of active participants by age and by years of service.

CHART 2
Distribution of Active Participants by Age as of June 30, 2013

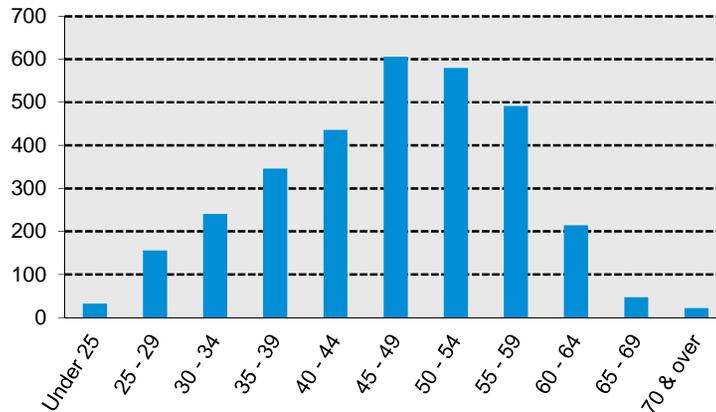
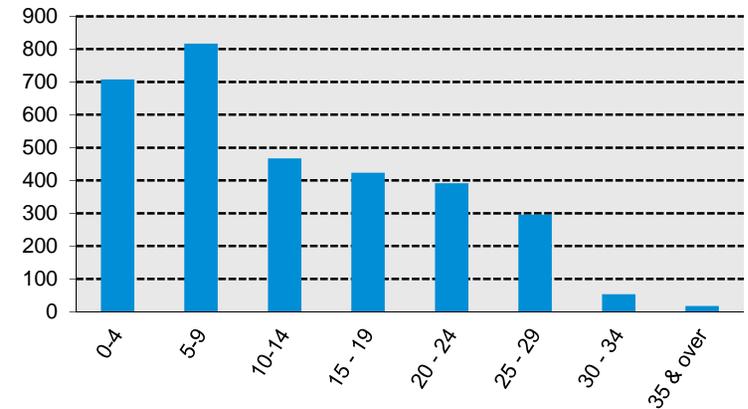


CHART 3
Distribution of Active Participants by Years of Service as of June 30, 2013



SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund

Retired Participants and Beneficiaries

As of June 30, 2013, 3,051 retired participants and 739 beneficiaries were receiving total monthly benefits of \$8,689,156. For comparison, in the previous valuation, there were 3,043 retired participants and 783 beneficiaries receiving monthly benefits of \$8,456,033.

These graphs show a distribution of the current retired participants and beneficiaries based on their monthly amount and age, by type of pension.

- Beneficiary
- Disability
- Service

CHART 4
Distribution of Retired Participants and Beneficiaries by Type and by Monthly Amount as of June 30, 2013

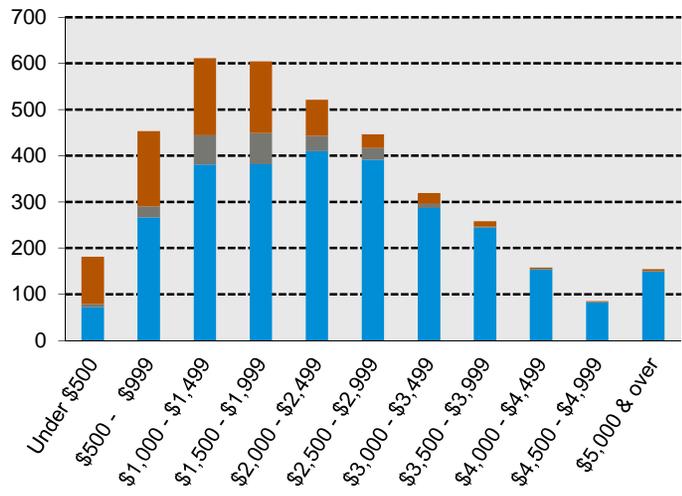
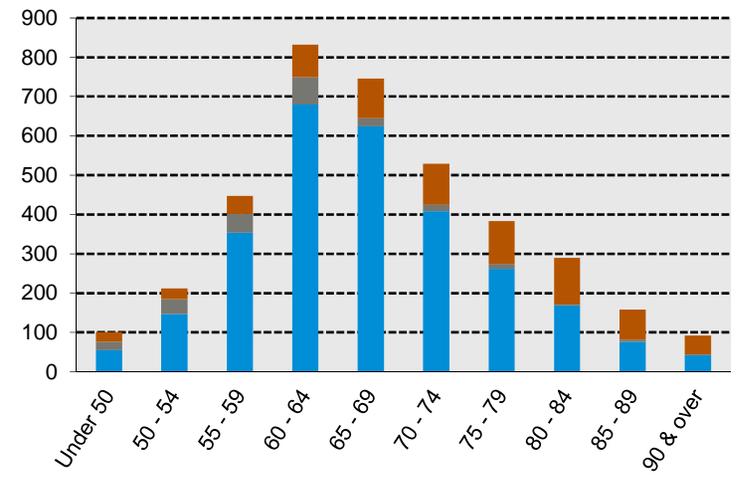


CHART 5
Distribution of Retired Participants and Beneficiaries by Type and by Age as of June 30, 2013



SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund

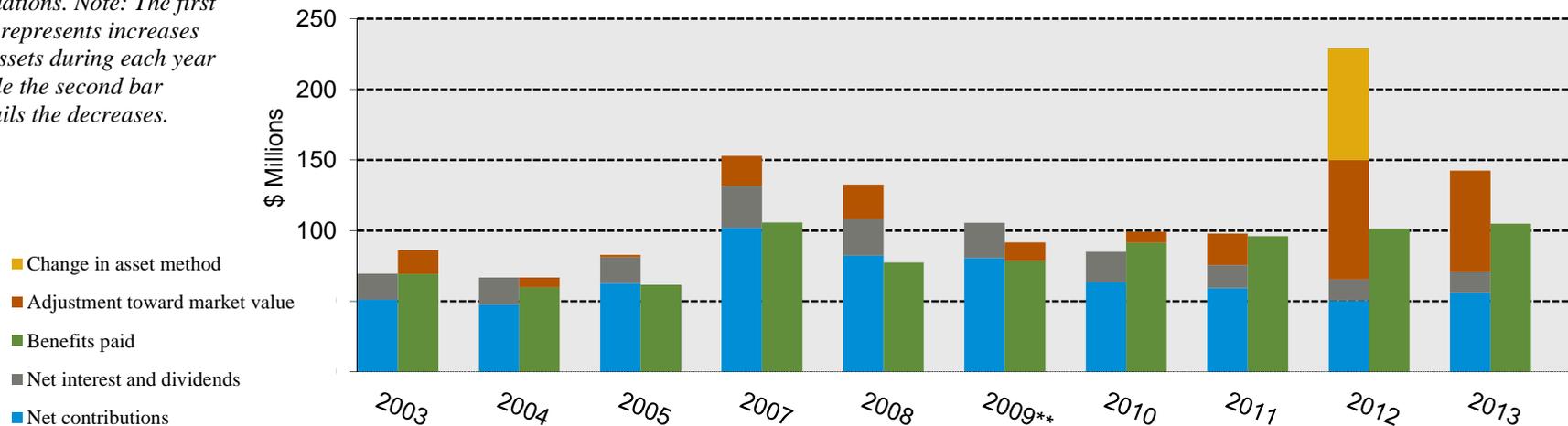
B. FINANCIAL INFORMATION

Retirement plan funding anticipates that, over the long term, both contributions and net investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D, E and F.

The chart depicts the components of changes in the actuarial value of assets over the last ten valuations. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6
Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended December 31, 2003 – 2005 and June 30, 2007* – 2013



* The Plan Year changed from January 1 to July 1, effective July 1, 2007.

** Adjustment toward market value excludes asset corrections provided by the auditor.

SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The actuarial value of assets was reset to equal the market value of assets as of July 1, 2012 with future gains and losses after that date amortized on a straight-line basis over five years.

The chart shows the determination of the actuarial value of assets as of the valuation date.

**CHART 7
Determination of Actuarial Value of Assets for Year Ended June 30, 2013**

1. Market value of assets, June 30, 2013			\$1,014,429,000
2. Calculation of unrecognized return	Original	Unrecognized	
	<u>Amount *</u>	<u>Return**</u>	
(a) Year ended June 30, 2013	\$74,330,440	<u>59,464,352</u>	
(b) Total unrecognized return			59,464,352
3. Preliminary actuarial value: (1) - (2b)			954,964,648
4. Adjustment to be within 20% corridor			0
5. Final actuarial value of assets as of June 30, 2013: (3) + (4)			<u>\$954,964,648</u>
6. Actuarial value as a percentage of market value: (5) ÷ (1)			94.1%
7. Amount deferred for future recognition: (1) - (5)			\$59,464,352

**Total return minus expected return on a market value basis*

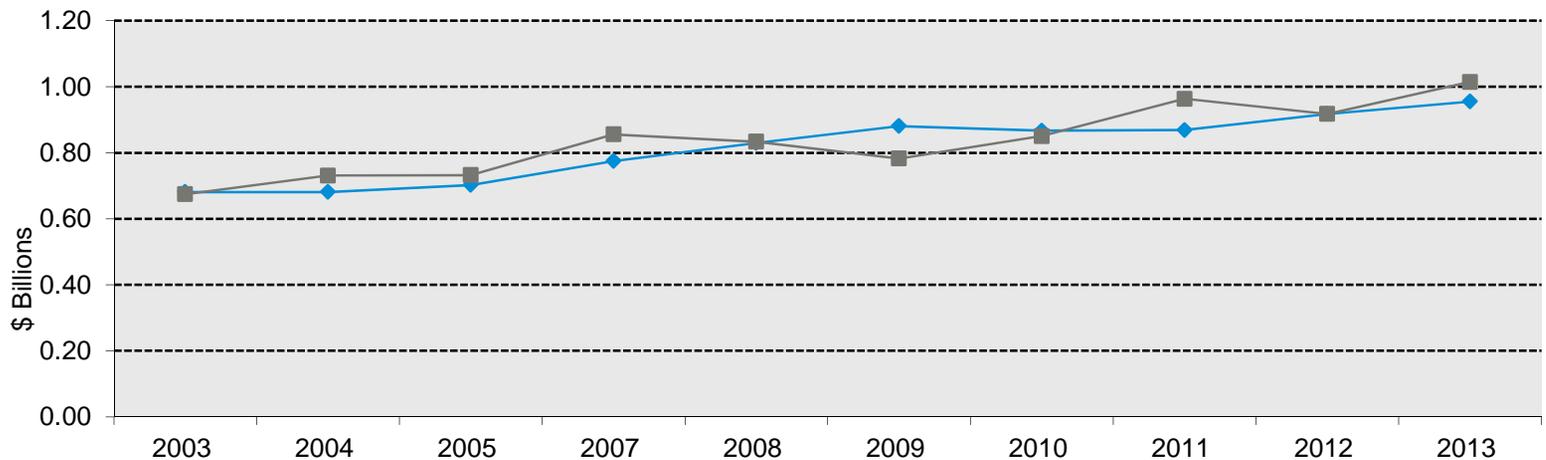
***Recognition at 20% per year over 5 years*

SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund

Both the actuarial value and market value of assets are representations of the General Employees of the City of Atlanta's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the General Employees of the City of Atlanta's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in the actuarial value of assets versus the market value over the past ten valuations.

CHART 8
Actuarial Value of Assets vs. Market Value of Assets as of December 31, 2003 – 2005 and June 30, 2007* – 2013



*The Plan Year was changed from January 1 to July 1, effective July 1, 2007.

SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund

C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total gain is \$48,991,793, including \$14,866,088 from investments and \$34,125,705 from all other sources. The net experience variation from individual sources other than investments was 1.9% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 9

Actuarial Experience for Year Ended June 30, 2013

1. Net gain from investments*	\$14,866,088
2. Net gain from other experience**	<u>34,125,705</u>
3. Net experience gain: (1) + (2)	\$48,991,793

* Details in Chart 10

** Details in Chart 13

SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the General Employees of the City of Atlanta's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 7.50%. effective with this valuation. However, the investment gain is measured against the 8.00% assumption that was in place for last year. The actual rate of return on an actuarial basis for the 2012-2013 plan year was 9.66%.

Since the actual return for the year was greater than the assumed return, the Plan experienced an actuarial gain during the year ended June 30, 2013 with regard to its investments.

This chart shows the gain due to investment experience.

CHART 10
Actuarial Value Investment Experience for Year Ended June 30, 2013

1. Actual return	\$86,311,648
2. Average value of assets	893,069,500
3. Actual rate of return: (1) ÷ (2)	9.66%
4. Assumed rate of return	8.00%
5. Expected return: (2) x (4)	\$71,445,560
6. Actuarial gain: (1) – (5)	<u>\$14,866,088</u>

SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last ten years, including five-year and ten-year averages.

As the result of a recently completed 7.5 year experience study, the Board has elected to lower the assumed rate of return from 8.00% to 7.50%.

CHART 11

Investment Return – Actuarial Value vs. Market Value: for Years Ended December 31, 2003 – 2005 and June 30, 2007¹ – 2013

Year Ended	Net Interest and Dividend Income		Recognition of Capital Appreciation		Change in Asset Method		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
<u>December 31:</u>										
2003	\$18,247,735	2.65%	-\$16,934,963	-2.46%	--	--	\$1,312,772	0.19%	\$89,769,919	15.12%
2004	19,066,970	2.82	-7,065,273	-1.05	--	--	12,001,697	1.78	68,415,406	10.24
2005	18,348,787	2.69	1,635,590	0.24	--	--	19,984,377	2.93	654,115	0.09
<u>June 30:</u>										
2007 ²	29,605,185	2.82	21,244,208	2.02	--	--	50,849,393	4.78	101,463,275	9.06
2008 ³	25,652,519	3.30	24,473,398	3.15	--	--	50,125,917	6.45	-27,014,531	-3.15
2009 ⁴	24,709,202	2.85	-12,896,345	-1.49	--	--	11,812,857	1.36	-90,617,329	-10.39
2010	21,704,665	2.50	-7,858,669	-0.90	--	--	13,845,996	1.60	96,241,481	12.53
2011	16,335,000	1.93	22,344,811	2.63	--	--	38,679,811	4.56	149,657,731	17.98
2012 ⁵	15,091,000	1.79	5,948,393	0.70	\$78,643,853	9.33%	21,039,393	2.49	4,967,000	0.53
2013	<u>14,901,000</u>	1.67	<u>71,410,648</u>	7.99	--	--	<u>86,311,648</u>	9.66	<u>145,776,000</u>	16.32
Total	\$203,662,063		\$102,301,798		\$78,643,853		\$305,963,861		\$539,313,067	
								Five-year average return	3.97%	7.11%
								Ten-year average return	3.72%	6.54%

Note: Each year's yield is weighted by the average asset value in that year.

¹ The Plan Year was changed from January 1 to July 1, effective July 1, 2007.

² The amounts for the year ended June 30, 2007 represent the 18-month period from January 1, 2006 through June 30, 2007. The percentages have been annualized.

³ There was a \$25,350,000 correction to the market value at July 1, 2007, per Auditors.

⁴ There was a \$37,444,215 correction to the market value at July 1, 2008, per Auditors.

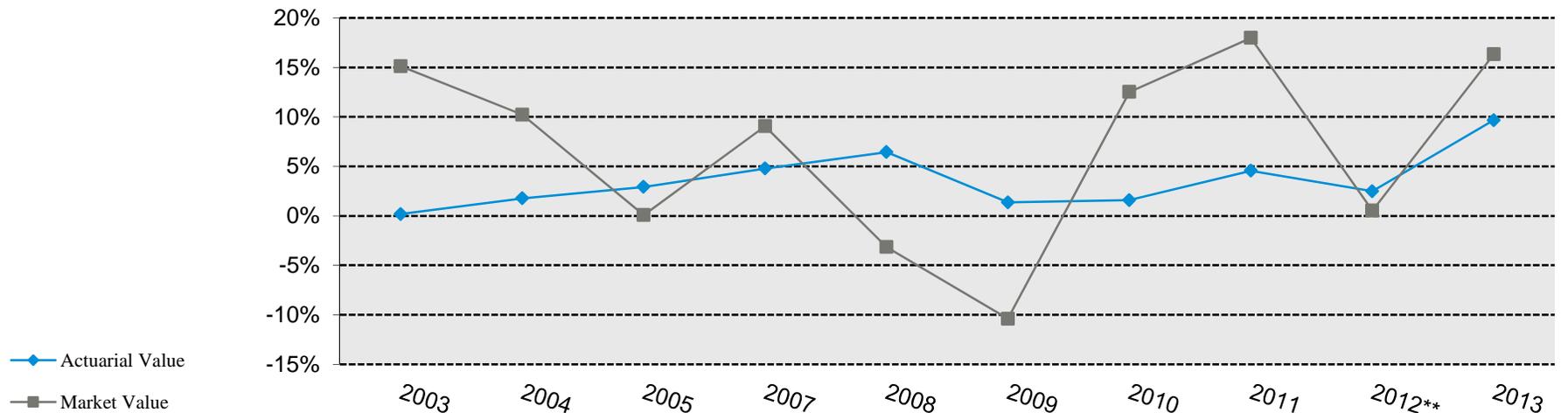
⁵ Actuarial value investment return does not include impact of asset method change.

SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

This chart illustrates how this leveling effect has actually worked over the years 2003 - 2013.

CHART 12
Market and Actuarial Rates of Return for Years Ended December 31, 2003 – 2005 and June 30, 2007* – 2013



*The Plan Year was changed from January 1, to July 1, effective July 1, 2007.

**Actuarial value rate of return before method change.

SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund

Other Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net gain from this other experience for the year ended June 30, 2013 amounted to \$34,125,705, which is 1.9% of the actuarial accrued liability.

A brief summary of the demographic experience of the Plan for the year ended June 30, 2013 is shown in the chart below.

Actual salaries for continuing active employees were less than assumed based on the prior valuation's salary increase assumption producing a large gain. This was partially offset by other demographic experience. Effective with this valuation, the salary increase assumption was lowered based on the results of the 2003-2011 experience study.

The chart shows elements of the experience gain for the most recent year.

CHART 13

Experience Due to Changes in Demographics for Year Ended June 30, 2013

1. Gain due to salary increases less than assumed	\$41,375,425
2. Other demographic experience including net effect of turnover, disability and retirement	<u>-7,249,720</u>
3. Total gain	\$34,125,705

SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund

D. RECOMMENDED CONTRIBUTION

The amount of annual contribution required to fund the Plan is comprised of an employer normal cost payment and a payment on the unfunded actuarial accrued liability. This total amount is then divided by the projected payroll for active members to determine the funding rate of 34.8% of payroll.

The recommended contribution is based on a closed level percentage of payroll 30-year amortization of the unfunded actuarial accrued liability as adopted by the City beginning with the July 1, 2010 valuation. As of July 1, 2013, there are 27 years remaining on this schedule.

The chart compares this valuation's recommended contribution with the prior valuation.

CHART 14
Recommended Contribution

	Fiscal Year Ending June 30	
	2015	2014
	Amount	Amount
1. Total normal cost	\$7,838,781	\$8,338,779
2. Expected employee contributions	<u>-15,897,061</u>	<u>-16,917,739</u>
3. Employer normal cost: (1) + (2)	-\$8,058,280	-\$8,578,960
4. Actuarial accrued liability	1,863,532,248	1,798,404,471
5. Actuarial value of assets	<u>954,964,648</u>	<u>917,486,000</u>
6. Unfunded actuarial accrued liability: (4) - (5)	\$908,567,600	\$880,918,471
7. Payment on unfunded actuarial accrued liability	52,759,424	47,386,920
8. Total recommended contribution: (3) + (7), adjusted for timing*	<u>\$47,969,283</u>	<u>\$42,145,284</u>
9. Projected payroll	\$137,725,989	\$145,367,220
10. Total recommended contribution as a percentage of projected payroll: (8)/(9)	34.8%	29.0%

**Recommended contributions are assumed to be paid at the middle of every year.*

SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund

The contribution requirements for FY 2015 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Contribution

The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation.

The chart reconciles the contribution from the prior valuation to the amount determined in this valuation.

CHART 15

Reconciliation of Recommended Contribution for Fiscal Year 2014 to 2015

Recommended Contribution for Fiscal Year 2014	\$42,145,284
Effect of change in economic assumptions	5,884,765
Effect of expected change in amortization payment due to payroll growth	2,315,790
Effect of salary experience gain on accrued liability	-2,471,722
Effect of other gains and losses on accrued liability	433,090
Effect of investment gain	-888,084
Effect of contributions less than recommended contribution	115,124
Effect of net other changes	<u>435,036</u>
Total change	<u>\$5,823,999</u>
Recommended Contribution for Fiscal Year 2015	\$47,969,283

SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund

E. INFORMATION REQUIRED BY THE GASB

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to the GASB is the historical comparison of the GASB required contribution to the actual contributions. This comparison demonstrates whether a plan is being funded within the range of the GASB reporting requirements.

The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the Plan as calculated under the GASB Standards. High ratios indicate a well-funded plan with assets sufficient to cover the plan's actuarial accrued liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits II, III, and IV.

SECTION 2: Valuation Results for the City of Atlanta General Employees' Pension Fund

F. STATE MINIMUM REQUIREMENTS

Under Georgia minimum funding requirements, this liability may be amortized as a percent of payroll, rather than a fixed dollar amount. In general, with fixed dollar amortization, actual experience close to the assumptions will result in a total contribution requirement (the normal cost plus the payment on the unfunded actuarial liability) that decreases over time as a percentage of payroll. With percentage of payroll amortization, given expected experience, the total contribution requirement should remain level as a percentage of payroll.

Prior to the 2005 valuation, the Plan had adopted the policy of amortizing the unfunded actuarial liability as a level percentage of payroll over a closed 40-year period from January 1, 1979. At January 1, 2005, the amortization was reset to a closed 20-year period. Effective July 1, 2008, the amortization period was changed to an open 30-year period and effective July 1, 2010, the amortization period was changed to a closed 30-year period. The contributions determined under this method continue to meet the Georgia minimum funding requirements by virtue of Georgia Code Section 47-20-10(b). Georgia Code Section 47-20-10(b) allows a plan to be in compliance if the sponsor makes contributions equal to the Annual Required Contribution (ARC) under Governmental Accounting Standards Board (GASB) Statement No.25.

SECTION 3: Supplemental Information for the City of Atlanta General Employees' Pension Fund

EXHIBIT A

Table of Plan Coverage

Category	Year Ended June 30		Change From Prior Year
	2013	2012	
Active participants in valuation:			
Number	3,171	3,159	0.4%
Average age	47.3	47.2	N/A
Average years of service	12.5	12.5	N/A
Total payroll	\$133,068,588	\$139,107,388	-4.3%
Average payroll	41,964	44,035	-4.7%
Account balances	106,888,071	100,005,811	6.9%
Total active vested participants	2,400	2,517	-4.6%
Vested terminated participants*			
	129	85	51.8%
Retired participants:			
Number in pay status	2,818	2,816	0.1%
Average age	67.3	67.0	N/A
Average monthly benefit	\$2,563	\$2,487	3.1%
Disabled participants:			
Number in pay status	233	227	2.6%
Average age	61.0	60.8	N/A
Average monthly benefit	\$1,759	\$1,728	1.8%
Beneficiaries in pay status:			
Number in pay status	739	783	-5.6%
Average age	73.0	72.7	N/A
Average monthly benefit	\$1,429	\$1,353	5.6%

* Includes 22 terminated participants with contributions remaining in the Plan as of July 1, 2013.

SECTION 3: Supplemental Information for the City of Atlanta General Employees' Pension Fund

EXHIBIT B

**Participants in Active Service as of June 30, 2013
By Age, Years of Service, and Average Payroll**

Age	Years of Service									
	Total	0-4	5-9	10-14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40 & over
Under 25	32	32	--	--	--	--	--	--	--	--
	\$26,635	\$26,635	--	--	--	--	--	--	--	--
25 - 29	156	112	44	--	--	--	--	--	--	--
	32,566	32,318	\$33,196	--	--	--	--	--	--	--
30 - 34	241	111	107	22	1	--	--	--	--	--
	35,517	34,208	36,712	\$36,151	\$38,973	--	--	--	--	--
35 - 39	346	108	151	68	19	--	--	--	--	--
	38,101	34,054	40,277	39,982	37,083	--	--	--	--	--
40 - 44	436	94	133	90	90	29	--	--	--	--
	40,795	31,977	38,869	42,464	49,638	\$45,581	--	--	--	--
45 - 49	606	107	147	82	112	110	47	1	--	--
	41,978	32,988	38,125	39,155	47,175	50,052	\$48,022	\$47,432	--	--
50 - 54	580	69	99	72	91	112	127	10	--	--
	45,349	35,776	39,550	42,299	47,555	50,273	50,581	49,072	--	--
55 - 59	491	57	80	78	71	87	90	23	5	--
	46,258	32,854	38,733	43,904	48,056	50,068	53,004	61,492	\$72,891	--
60 - 64	214	17	44	40	31	38	24	13	5	2
	47,005	34,282	41,654	44,055	50,785	48,812	56,835	60,387	41,388	\$48,001
65 - 69	47	--	9	9	6	11	6	4	1	1
	47,254	--	39,508	44,412	45,188	50,272	51,678	55,034	64,893	46,438
70 & over	22	--	3	6	2	4	2	2	1	2
	39,700	--	42,326	40,374	34,385	42,087	37,045	38,885	58,247	28,476
Total	3,171	707	817	467	423	391	296	53	12	5
	\$41,964	\$33,107	\$38,646	\$41,586	\$47,632	\$49,591	\$51,349	\$57,272	\$57,878	\$39,878

SECTION 3: Supplemental Information for the City of Atlanta General Employees' Pension Fund

EXHIBIT C

Reconciliation of Participant Data

	Active Participants	Vested Former Participants ¹	Disableds	Retired Participants	Beneficiaries	Total
Number as of July 1, 2012	3,159	85	227	2,816	783	7,070
New participants ²	291	N/A	N/A	N/A	N/A	291
Terminations – with vested rights	-33	33	0	0	0	0
Terminations – without vested rights	-22	N/A	N/A	N/A	N/A	-22
Retirements	-96	-2	N/A	98	N/A	0
New disabilities	-9	-1	14	N/A	N/A	4
Return to work	4	-3	0	-1	N/A	0
Died	-4	0	-8	-93	-66	-171
New beneficiaries	0	0	0	0	47	47
Lump sum payoffs	-112	-5	0	0	0	-117
Certain period expired	N/A	N/A	0	0	-2	-2
Data adjustments ³	<u>-7</u>	<u>0</u>	<u>0</u>	<u>-2</u>	<u>-23</u>	<u>-32</u>
Number as of July 1, 2013	3,171	107	233	2,818	739	7,068

¹ Exclude 22 terminated participants with contributions remaining in the plan as of July 1, 2013.

² 137 of the 291 new active participants included in the data for the first time this year have over 1 year of credit service.

³ The following data adjustments were made per the TPA:

4 annuitants listed as healthy retirees last year were changed to disabled retirees this year

2 healthy retirees were included for the first time with this valuation

23 beneficiaries with duplicate records were removed from the data this year

7 active participants were verified as non-participants and therefore removed from data this year

SECTION 3: Supplemental Information for the City of Atlanta General Employees' Pension Fund

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2013	Year Ended June 30, 2012
Net assets at actuarial value at the beginning of the year:	\$917,486,000	\$868,798,754
Contribution income:		
Employer contributions	\$38,694,000	\$35,237,000
Employee contributions	<u>17,322,000</u>	<u>15,142,000</u>
Net contribution income	\$56,016,000	\$50,379,000
Investment income:		
Interest, dividends and other income	\$18,708,000	\$18,934,000
Recognition of capital appreciation	71,410,648	5,948,393
Less investment and administrative fees	<u>-3,807,000</u>	<u>-3,843,000</u>
Net investment income	<u>86,311,648</u>	<u>21,039,393</u>
Total income available for benefits	\$142,327,648	\$71,418,393
Less benefit payments	-\$104,849,000	-\$101,375,000
Change in actuarial asset method	\$0	\$78,643,853
Change in reserve for future benefits	\$37,478,648	\$48,687,246
Net assets at actuarial value at the end of the year:	\$954,964,648	\$917,486,000

SECTION 3: Supplemental Information for the City of Atlanta General Employees' Pension Fund

EXHIBIT E

Summary Statement of Income and Expenses on a Market Value Basis

	Year Ended June 30, 2013	Year Ended June 30, 2012
Net assets at market value at the beginning of the year:	\$917,486,000	\$963,515,000
Contribution income:		
Employer contributions	\$38,694,000	\$35,237,000
Employee contributions	<u>17,322,000</u>	<u>15,142,000</u>
Net contribution income	\$56,016,000	\$50,379,000
Investment income:		
Interest, dividends and other income	\$18,708,000	\$18,934,000
Asset appreciation/(depreciation)	130,875,000	-10,124,000
Less investment and administrative fees	<u>-3,807,000</u>	<u>-3,843,000</u>
Net investment income	<u>145,776,000</u>	<u>4,967,000</u>
Total income available for benefits	\$201,792,000	\$55,346,000
Less benefit payments	-\$104,849,000	-\$101,375,000
Change in reserve for future benefits	\$96,943,000	-\$46,029,000
Net assets at market value at the end of the year:	\$1,014,429,000	\$917,486,000

SECTION 3: Supplemental Information for the City of Atlanta General Employees' Pension Fund

EXHIBIT F

Development of the Fund Through June 30, 2013

Year Ended	Employer Contributions	Employee Contributions	Net Investment Return¹	Benefit Payments	Actuarial Value of Assets at End of Year
<u>December 31:</u>					
2003	\$40,699,549	\$10,533,540	\$1,312,772	\$69,135,592	\$681,159,269
2004	37,051,528	10,670,811	12,001,697	59,738,630	681,144,675
2005	51,785,164	10,893,857	19,984,377	61,630,251	702,177,822
<u>June 30:</u>					
2007 ²	84,672,851	17,284,877	50,849,394	105,632,578	749,352,366 ³
2008	70,334,827	12,003,484	50,125,917	77,432,362	829,734,232 ⁴
2009	69,990,896	10,745,574	11,812,857	78,718,820	881,008,954
2010	51,761,766	11,616,599	13,845,996	91,327,372	866,905,943
2011	46,078,000	13,230,000	38,679,811	96,095,000	868,798,754
2012	35,237,000	15,142,000	99,683,246 ⁵	101,375,000	917,486,000
2013	38,694,000	17,322,000	86,311,648	104,849,000	954,964,648

¹ Net of investment fees and administrative expenses

² The Plan Year was changed from January 1 to July 1, 2007. Therefore, the amounts as of June 30, 2007 represent the 18-month period from January 1, 2006 through June 30, 2007.

³ Before Auditor correction of \$25,350,000

⁴ Before Auditor correction of \$37,444,215

⁵ Includes effect of asset method change of \$78,643,853

SECTION 3: Supplemental Information for the City of Atlanta General Employees' Pension Fund

EXHIBIT G

Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2013

1. Unfunded actuarial accrued liability at beginning of year		\$880,918,471
2. Normal cost at beginning of year		8,338,779
3. Total contributions		-56,016,000
4. Interest		
(a) For whole year on (1) + (2)	\$71,140,580	
(b) For half year on (3)	<u>-2,240,640</u>	
(c) Total interest		<u>68,899,940</u>
5. Expected unfunded actuarial accrued liability		\$902,141,190
6. Changes due to:		
(a) Experience gain	-\$48,991,793	
(b) Assumption changes	<u>55,418,203</u>	
(c) Total changes		<u>6,426,410</u>
7. Unfunded actuarial accrued liability at end of year [(5) + (9)]		<u>\$908,567,600</u>

SECTION 3: Supplemental Information for the City of Atlanta General Employees' Pension Fund

EXHIBIT H

Supplemental Information – Actuarial Present Value of Accumulated Plan Benefits

The actuarial present value of accumulated plan benefits is shown below as of July 1, 2013 and as of July 1, 2012.

	Benefit Information Date	
	July 1, 2013	July 1, 2012
Actuarial present value of vested accumulated plan benefits:		
Participants currently receiving payments	\$1,258,434,176	\$1,174,664,971
Other vested benefits	<u>264,365,258</u>	<u>245,139,032</u>
Total vested benefits (PVVB)	\$1,522,799,434	\$1,419,804,003
Actuarial present value of non-vested accumulated plan benefits	<u>55,192,082</u>	<u>51,565,248</u>
Total actuarial present value of accumulated plan benefits (PVAB)	<u>\$1,577,991,516</u>	<u>\$1,471,369,251</u>
Actuarial Value of Assets (AVA)	\$954,964,648	\$917,486,000
Market Value of Assets (MVA)	1,014,429,000	917,486,000
Funded Ratios (PVVB):		
AVA as a percentage of present value of vested accumulated benefits	62.7%	64.6%
MVA as a percentage of present value of vested accumulated benefits	66.6%	64.6%
Funded Ratios: (PVAB):		
AVA as a percentage of present value of accumulated benefits	60.5%	62.4%
MVA as a percentage of present value of accumulated benefits	64.3%	62.4%

The amounts stated as vested benefits include employee contribution accounts, which are considered 100% vested.

SECTION 3: Supplemental Information for the City of Atlanta General Employees' Pension Fund

EXHIBIT H (continued)

Supplemental Information – Actuarial Present Value of Accumulated Plan Benefits

The factors that affected the change in the actuarial present value of accumulated plan benefits from the preceding to the current benefit information date are as follows:

Factors	Change in Actuarial Present Value of Accumulated Plan Benefits
Benefits accumulated, net experience gain or loss, changes in data	\$21,223,200
Benefits paid	-104,849,000
Interest	113,515,580
Assumption changes	<u>76,732,485</u>
Total	<u>\$106,622,265</u>

SECTION 3: Supplemental Information for the City of Atlanta General Employees' Pension Fund

EXHIBIT H (continued)

Supplemental Information – Balance Sheet as of July 1, 2013

Present Value of Benefits

1) Present value of retired employees' benefits*	\$1,258,434,176
2) Present value of active employees' benefits	653,651,346
3) Present value of terminated vested benefits**	<u>8,902,619</u>

Total Present Value of Benefits \$1,920,988,141

Assets (Current and Future)

1) Assets on hand (actuarial value)	\$954,964,648
2) Present value of future employee contributions	117,351,471
3) Present value of future city contributions	<u>848,672,022</u>

Total Assets \$1,920,988,141

**3,790 retired members (including 739 beneficiaries in pay status) with an average monthly benefit of \$2,293*

***Includes balances for terminated participants with employee contribution remaining in the Plan.*

SECTION 3: Supplemental Information for the City of Atlanta General Employees' Pension Fund

EXHIBIT I

Asset Allocation as of June 30, 2013

	General Employees	School Board	Total
1. Market value of assets as of July 1, 2013	\$917,486,000	\$110,283,000	\$1,027,769,000
2. Employer contributions	38,694,000	43,013,000	81,707,000
3. Employee contributions	<u>17,322,000</u>	<u>1,689,000</u>	<u>19,011,000</u>
4. Total contributions: (2) + (3)	\$56,016,000	\$44,702,000	\$100,718,000
5. Benefit payments and refunds	-\$104,849,000	-\$56,511,000	-\$161,360,000
6. Administrative expenses: allocated on (1)	<u>-640,000</u>	<u>-77,000</u>	<u>-717,000</u>
7. Total benefits payment and expenses: (5) + (6)	-\$105,489,000	-\$56,588,000	-\$162,077,000
8. Net cash flow: (4) + (7)	-\$49,473,000	-\$11,886,000	-\$61,359,000
9. Average invested assets: (1) + [.5 x (8)]	892,750,000	104,340,000	997,090,000
10. Net investment return: allocated on (9)	146,416,000	17,112,000	163,528,000
11. Market value of assets as of July 1, 2013: (1) + (8) + (10)	\$1,014,429,000	\$115,509,000	\$1,129,938,000

SECTION 3: Supplemental Information for the City of Atlanta General Employees' Pension Fund

EXHIBIT J

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions:

The estimates on which the cost of the Plan is calculated including:

- (a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;
- (b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;
- (c) Retirement rates — the rate or probability of retirement at a given age;
- (d) Withdrawal rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost:

The amount of contributions required to fund the benefit allocated to the current year of service.

Actuarial Accrued Liability For Actives:

The value of all projected benefit payments for current members less the portion that will be paid by future normal costs.

Actuarial Accrued Liability For Pensioners:

The single-sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded Actuarial Accrued Liability:

The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

SECTION 3: Supplemental Information for the City of Atlanta General Employees' Pension Fund

Amortization of the Unfunded

Actuarial Accrued Liability: Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.

Investment Return:

The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

SECTION 4: Reporting Information for the City of Atlanta General Employees' Pension Fund

EXHIBIT I

Summary of Actuarial Valuation Results

The valuation was made with respect to the following data supplied to us:

1. Retired participants as of the valuation date (including 739 beneficiaries in pay status)		3,790
2. Participants inactive during year ended June 30, 2013 with vested rights (including 22 terminated participants with contributions remaining in the plan)		129
3. Participants active during the year ended June 30, 2013		3,171
Fully vested	1,684	
Partially vested	716	
Not vested	771	

The actuarial factors as of the valuation date are as follows:

1. Total normal cost		\$7,838,781
2. Actuarial accrued liability		1,863,532,248
Retired participants and beneficiaries	\$1,258,434,176	
Inactive participants with vested rights*	8,902,619	
Active participants	596,195,453	
3. Actuarial value of assets (\$1,014,429,000 at market value)		954,964,648
4. Unfunded actuarial accrued liability		\$908,567,600

*Includes 22 terminated participants with contributions remaining in the Plan as of July 1, 2013.

SECTION 4: Reporting Information for the City of Atlanta General Employees' Pension Fund

EXHIBIT I (continued)

Summary of Actuarial Valuation Results

The determination of the recommended contribution is as follows:

1. Total normal cost	\$7,838,781
2. Expected employee contributions	<u>-15,897,061</u>
3. Employer normal cost: (1) + (2)	-\$8,058,280
4. Payment on projected unfunded actuarial accrued liability	52,759,424
5. Total recommended contribution, adjusted for timing	<u>\$47,969,283</u>
6. Projected payroll	\$137,725,989
7. Total projected City contribution as a percentage of projected payroll: (5) ÷ (6)	34.8%

SECTION 4: Reporting Information for the City of Atlanta General Employees' Pension Fund

EXHIBIT II

Supplementary Information Required by the GASB – Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2007	\$69,078,182	\$84,672,851	122.6%
2008	69,078,182	70,334,827	101.8%
2009	69,990,896	69,990,896	100.0%
2010	51,699,072	51,761,766	100.0%
2011	46,067,793	46,078,000	100.0%
2012	35,237,651	35,237,000	100.0%
2013	38,807,960	38,694,000	99.7%

SECTION 4: Reporting Information for the City of Atlanta General Employees' Pension Fund

EXHIBIT III

Supplementary Information Required by the GASB - Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll* [(b) - (a)] / (c)
01/01/2004	\$681,159,269	\$1,110,501,349	\$429,342,080	61.34%	\$160,766,642	267.06%
01/01/2005	681,144,675	1,143,675,808	462,531,133	59.56%	157,664,615	293.36%
01/01/2006**	702,177,822	1,335,974,342	633,796,520	52.56%	152,407,546	415.86%
07/01/2007	749,352,366	1,436,277,829	686,925,463	52.17%	155,184,963	442.65%
07/01/2008	829,734,232	1,483,733,265	653,999,033	55.92%	179,981,706	363.37%
07/01/2009	881,008,954	1,481,562,790	600,553,836	59.46%	150,312,278	399.54%
07/01/2010**	866,905,943	1,614,267,020	747,361,077	53.70%	142,596,506	524.11%
07/01/2011	868,798,754	1,697,082,722	828,283,968	51.19%	135,636,375	610.67%
07/01/2012	917,486,000***	1,798,404,471	880,918,471	51.02%	139,107,388	633.27%
07/01/2013	954,964,648	1,863,532,248	908,567,600	51.24%	133,068,588	682.78%

* Not less than zero

**Includes new plan provisions

***Includes asset method change

SECTION 4: Reporting Information for the City of Atlanta General Employees' Pension Fund

EXHIBIT IV

Supplementary Information Required by the GASB

Valuation date	July 1, 2013
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Remaining amortization period	27 years remaining as of July 1, 2013
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.

Actuarial assumptions:

Investment rate of return	7.50%
Projected salary increases	3.50% (plus age-related salary scale)
Cost of living adjustments	3.00%

Plan membership:

Retired participants and beneficiaries receiving benefits	3,790
Terminated participants entitled to, but not yet receiving benefits*	129
Active participants	<u>3,171</u>
Total	7,090

*Includes 22 terminated participants with contributions remaining in the Plan.

SECTION 4: Reporting Information for the City of Atlanta General Employees' Pension Fund

EXHIBIT V

Actuarial Assumptions and Actuarial Cost Method

Mortality Rates:

Healthy: RP-2000 Combined Healthy Mortality Table
Disabled: RP-2000 Disabled Retiree Mortality Table

These mortality tables were determined to contain provision appropriate to reasonably reflect future mortality improvement, based on a 7½ year review of mortality experience for the 2003-2011 period. The mortality assumptions will be assessed again at the time of the next review, and further adjustment or expected improvements in life expectancy will be made if warranted.

Mortality and Disability Rates before Retirement:

Age	Rate (%)			
	Mortality		Ordinary Disability	
	Male	Female	Male	Female
20	0.03	0.02	0.00	0.00
25	0.04	0.02	0.00	0.00
30	0.04	0.03	0.00	0.00
35	0.08	0.05	0.12	0.11
40	0.11	0.07	0.17	0.17
45	0.15	0.11	0.27	0.25
50	0.21	0.17	0.46	0.40
55	0.36	0.27	0.80	0.67
60	0.67	0.51	1.19	0.82

* Occupational disability rates are 10% of the ordinary disability rates.

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Termination Rates before Retirement:

Years of Service	Rate (%)
Less than 1	25.00
1	22.00
2	12.00
3	11.00
4	10.00
5	9.00
6	7.00
7	7.00
8	6.50
9	5.50
10	5.00
11	4.50
12	4.00
13	3.50
14	3.00
15 or more	2.50

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Retirement Rates:

Less than 30 Years of Service		30 or More Years of Service	
Age	Rate	Age	Rate
50-52	2.0%	50-52	30.0%
53-54	3.0	53-54	35.0
55	5.0	55	35.0
56	6.0	56	35.0
57	6.0	57	40.0
58-59	7.0	58-59	40.0
60	20.0	60	40.0
61-64	15.0	61-64	27.0
65-66	25.0	65-66	25.0
67-68	15.0	67-68	25.0
69	25.0	69	25.0
70	100.0	70	100.0

Retirement Age for Vested Inactive Participants: Age 60

Unknown Data for Participants: There were no records with missing service amounts or dates of hire.

Percent Married: 75%

Age of Spouse: Females are assumed to be 3 years younger than their male spouses.

Net Investment Return: 7.50%; the investment return rate is assumed to be net of investment and administrative expenses.

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Salary Increases:

Age	Rate (%)
Under 30	7.25
30 - 39	5.25
40 - 49	4.25
50 - 59	3.75
60 & over	3.50

Above rates include 2.75% inflation and 0.75% productivity.

Vacation Pay Adjustment:

Retirement benefits are increased by 4% to reflect vacation pay.

Cost of Living Adjustment:

3.00%, compounded annually.

Actuarial Value of Assets:

Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.

Actuarial Cost Method:

Entry Age Normal Actuarial Cost Method. Entry Age is the age at the date of hire.

Changes in Assumptions:

The following is a summary assumption changes reflected in this report:

- The investment return assumption was lowered from 8.00% to 7.50%.
- The inflation assumption was lowered from 4.50% to 2.75%.
- The salary scale assumption was modified to reflect an overall increase in the existing rates, with higher rates at lower ages.
- The payroll growth rate assumption (used for determining the amortization of the unfunded actuarial accrued liability) was lowered from 4.50% to 3.50%.

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EXHIBIT VI

Summary of Plan Provisions

This exhibit summarizes the major provisions of the General Employees of the City of Atlanta included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year: July 1 through June 30

Normal Pension:

Eligibility

Hired before July 1, 2010 Age 65 or Age 60 after completing 5 years of service.

*Hired between July 1, 2010
and October 31, 2011* Age 65 or Age 60 after completing 10 years of service.

Hired after October 31, 2011 Age 65 or Age 62 after completing 15 years of service

Monthly Amount

Hired before July 1, 2010 2.5% of average monthly salary for each year of credited service.

*Hired between July 1, 2010
and October 31, 2011* 2.0% of average monthly salary for each year of credited service.

Hired after October 31, 2011 1.0% of average monthly salary for each year of credited service.

This amount cannot be less than \$12 per month for each year of service, capped at 80% of average monthly salary.

Average Monthly Salary

Hired before November 1, 2011 Average of the highest consecutive 36 months of salary

Hired after October 31, 2011 Average of the highest consecutive 120 months of salary

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Normal Pension (continued)

Normal Form of Payment

Hired prior to November 1, 2011 75% Joint-and-Survivor (no reduction in benefit for providing survivor coverage)

Hired after October 31, 2011 Single life annuity

Early Pension:

Service Requirement

Hired before July 1, 2010 5 years of credited service

*Hired between July 1, 2010
and June 30, 2010* 10 years of credited service

Hired after October 31, 2011 Age 52 and 15 years of credited service

Monthly Amount

Hired before November 1, 2011 Normal pension monthly amount reduced by ½ of 1% per month for the first 60 months and by ¼ of 1% per month for the remaining months by which age at retirement is less than 60. More favorable early retirement adjustments may apply to participants in prior plans. Unreduced early retirement is available with 30 years of credited service.

Hired after October 31, 2011 Normal pension monthly amount reduced by ½ of 1% per month before age 62.

Disability:

Service Requirement

5 years credited service for non-job-related disability. None for job related disability.

Monthly Amount

Normal pension based on service accrued and final average salary at disability, payable immediately; cannot be less than 50% of average monthly salary. This amount is payable until attainment of normal retirement age at which time the benefit is recalculated to include years while disabled as years of service.

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Vesting Schedule:

An employee who terminates employment may receive a percentage of the accrued benefit payable at normal retirement as determined below:

Completed Years of Service (hired before July 1, 2010)	Completed Years of Service (hired after June 30, 2010)	Percentage Vested*
Less than 5	Less than 10	0%
5	10	25
6	11	30
7	12	35
8	13	40
9	14	45
10 or more	15 or more	100

*A participant is always 100% vested in their contributions to the Plan.

Termination:

A participant terminating employment may elect a refund of their own contributions with interest. A refund will cause the forfeiture of any other vested accrued benefit from the Plan.

Death Benefits:

If a participant dies prior to attainment of eligibility for retirement, a lump sum of contributions with interest is payable to a beneficiary or estate.

If an active participant who is eligible to retire, or a retired participant, dies, 75% of the accrued pension benefit is payable to the beneficiary. Eligible beneficiaries are the spouse or unmarried children under 18.

Credited Service:

Service is credited for employment as a general employee of the City of Atlanta. Additional credit is granted for accumulated sick leave if hired prior to November 1, 2011 and for other prior service as specified in the plan.

Participation:

All employees of the City of Atlanta, excluding temporary employees, firefighters, police officers, and employees hired after 2001 in job grades 19 and above.

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Employee Contributions:

Employee	% of Base Salary	
	Hired before October 31, 2011*	Hired after October 31, 2011*
Unmarried employees without beneficiaries	12%	8%
Unmarried employees with beneficiaries	13%	8%
Married employees	13%	8%

**Excludes employees hired prior to January 1, 1984.*

Interest on Employee Contributions: Employee contributions earn 5% interest each year.

Cost-of-Living Provision: Benefits are adjusted annually on January 1 of each year based on the change in the Consumer Price Index from November 1 through October 31 of the preceding year.

Hired before November 1, 2011 Such annual adjustment cannot exceed 3%.

Hired after October 31, 2011 Such annual adjustment cannot exceed 1%.

Changes in Plan Provisions: There have been no changes in plan provisions since the last valuation.

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