



***RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND***

***ACTUARIAL VALUATION***

***As of July 1, 2011***

***For Fiscal Year 2012-2013***



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October 25, 2011

***PERSONAL & CONFIDENTIAL***

Mr. David P. Faucher  
Finance / Personnel Director  
Town of Portsmouth  
2200 East Main Street  
Portsmouth, RI 02871

Re: Retirement Plan for Employees of the Town of Portsmouth, Rhode Island

Dear Dave:

We have performed an actuarial valuation as of July 1, 2011 for the Retirement Plan for Employees of the Town of Portsmouth, Rhode Island to determine the contribution for Fiscal Year 2012-2013. The results of the valuation are contained in the following report.

Respectfully submitted,

**MILLIMAN, INC.**

Veena N. Gupta, MAAA  
Actuary

Rebecca A. Sielman, FSA  
Consulting Actuary

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**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**RETIREMENT PLAN FOR EMPLOYEES OF  
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*Certification*

We have performed an actuarial valuation of the Plan as of July 1, 2011 for the 2012-2013 fiscal year. This report presents the results of our valuation.

The ultimate cost of a pension plan is the total amount needed to provide benefits for plan members and beneficiaries and to pay the expenses of administering the plan. Pension costs are met by contributions and by investment return on plan assets. The principal purpose of this report is to set forth an actuarial recommendation of the range of contributions which will properly fund the plan. In addition, this report provides:

- A valuation of plan assets and liabilities to review the year-to-year progress of funding.
- Information needed to meet disclosure requirements.
- Documentation of the current status of plan investments.
- Review of plan experience for the previous year to ascertain whether the assumptions and methods employed for valuation purposes are reflective of actual events and remain appropriate for prospective application.
- Assessment of the relative funded position of the Plan, i.e., through a comparison of plan assets and projected plan liabilities.
- Comments on any other matters which may be of assistance in the funding and operation of the plan.

In preparing this report, we relied on employee census data and financial information as of the valuation date, furnished by the Town of Portsmouth, Morgan Stanley, and Symmetry Partners. We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have found them to be reasonably consistent and comparable with data used for other purposes. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete and our calculations may need to be revised. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

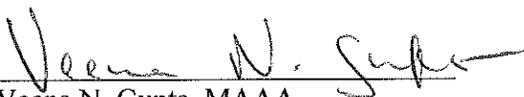
**RETIREMENT PLAN FOR EMPLOYEES OF  
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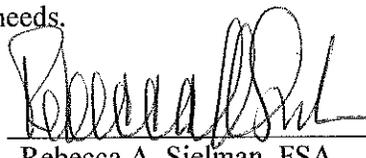
*Certification*

The calculations reported herein have been made on a basis consistent with our understanding of ERISA and the related sections of the tax code. Additional determinations may be needed for purposes other than meeting funding requirements, such as judging benefit security at plan termination or meeting employer accounting requirements. On the basis of the foregoing, we hereby certify that, to the best of our knowledge, this report is complete and accurate and all costs and liabilities were determined in conformance with generally accepted actuarial principles and practices. We further certify that, in our opinion, each actuarial assumption, method and technique used is reasonable taking into account the experience of the Plan and reasonable expectations or would, in the aggregate, result in a total contribution equivalent to that which would be determined if each such assumption, method, or technique were reasonable. Differences between our projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. Actual experience will not conform exactly to the assumptions made for this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience. We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Milliman's work is prepared solely for the internal business use of the Town. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions: (a) the Town may provide a copy of Milliman's work, in its entirety, to the Town's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the Town; and (b) the Town may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law. No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.



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**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION I - EXECUTIVE SUMMARY**

**A. Highlights**

**Contribution Summary**

The following is the recommended range of Town contributions determined by the current valuation, with the prior year results shown for comparison:

Valuation date For fiscal year	<i>July 1, 2010</i> <i>2011-2012</i>	<i>July 1, 2011</i> <i>2012-2013</i>
30 Year Funding Amount	\$2,662,801	\$2,782,947
10 Year Funding Amount	3,926,787	4,077,305

Section III C provides a breakdown of the contribution amounts by employee group.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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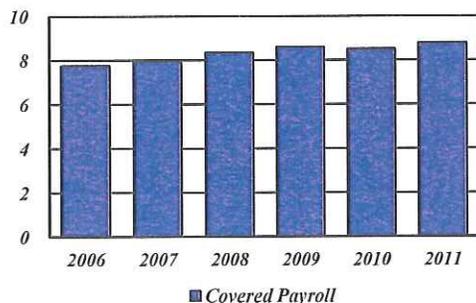
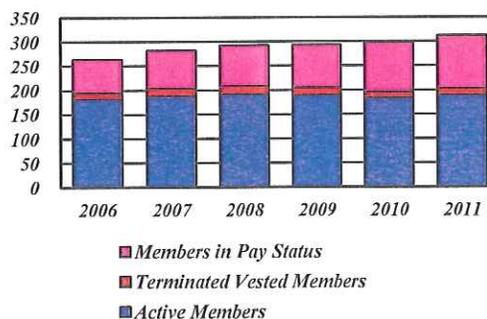
**SECTION I - EXECUTIVE SUMMARY**

**A. Highlights**

**Membership**

There are three basic categories of plan members included in the actuarial valuation: (1) active employees who have met the eligibility requirements for membership (this includes Police and Public Works employees hired on or after July 1, 2010 who receive only disability benefits from this plan), (2) former employees who have a vested right to benefits but have not yet started collecting, and (3) members who are receiving monthly pension benefits.

From July 1, 2010 to July 1, 2011, the overall membership increased from 298 to 312. The graph to the right shows how the membership has changed over the last several years.



The total covered payroll increased from \$8,507,853 to \$8,781,718. The graph on the left shows total covered payroll (\$ millions). Average pay went up from \$46,238 to \$46,464, an increase of 0.49%.

The average pay for active members who were included in both valuations increased by 3.3%. The assumed salary growth rate during this period was 4.0%. Increases that are lower than our assumption result in actuarial gains.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION I - EXECUTIVE SUMMARY**

**A. Highlights**

**Assets**

There are two different measures of the plan's assets that are used throughout this report. The **Market Value** is a snapshot of the plan's investments as of the valuation date, including accrual adjustments. The **Actuarial Value** is a smoothed asset value designed to temper the volatile fluctuations in the market.

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	<i>Market</i>	<i>Actuarial</i>
Value as of July 1, 2010	\$28,394,587	\$32,779,646
Contributions	3,113,501	3,113,501
Investment Income	6,279,096	1,479,938
Administrative Expenses	(29,751)	(29,751)
Benefit Payments	<u>(2,076,481)</u>	<u>(2,076,481)</u>
Value as of July 1, 2011	35,680,952	35,266,852

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For the plan year 2010-2011, the plan's assets earned 21.73% on a Market Value basis, which resulted in a market gain of \$3.967 million. On an Actuarial Value basis, since prior market losses are still being recognized, the rate of return was 4.45%. The actuarial assumption for this period was 8.00%; the result is an asset loss of \$1.181 million on a Actuarial Value basis.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

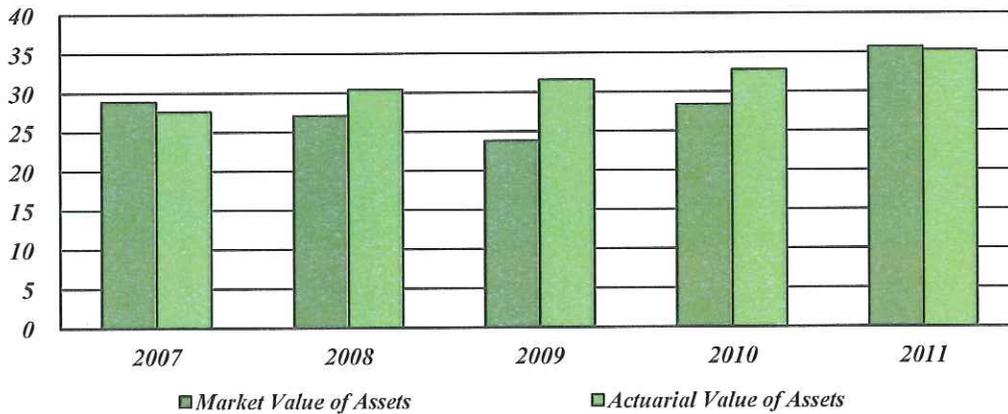
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**SECTION I - EXECUTIVE SUMMARY**

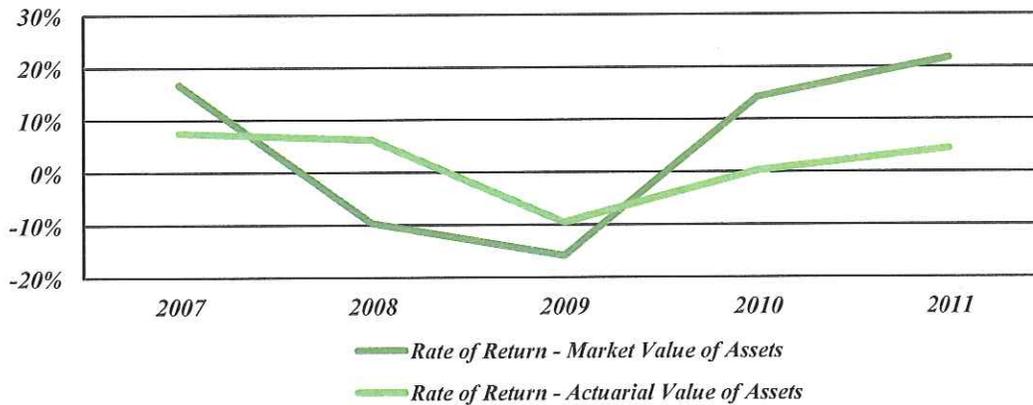
**A. Highlights**

**Assets (Continued)**

Historical asset levels (in \$ millions) are shown below.



Historical returns are shown below.



**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION I - EXECUTIVE SUMMARY**

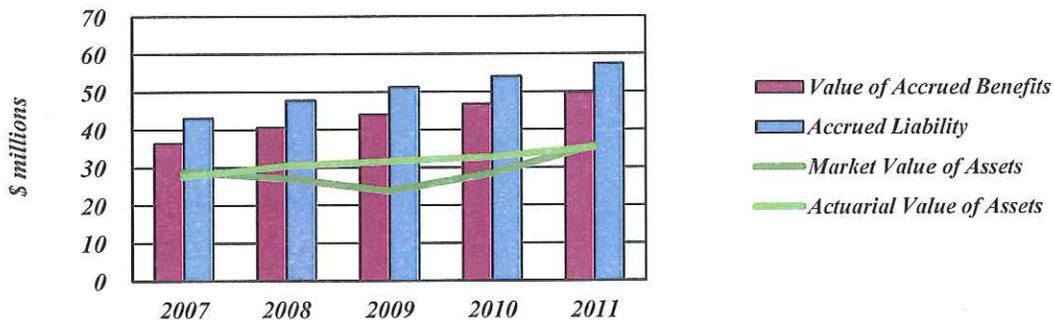
**A. Highlights**

**Funded Status**

Two different measures of liability are commonly used to evaluate a plan's funded status:

- **Value of Accrued Benefits** is used for informational purposes and is based on service and payroll as of the valuation date. The liability for accrued benefits can be used as a measure of the funded status of the Plan, and is traditionally compared to the Market Value of Assets.
- **Accrued Liability** is used for determining contribution levels. It is based on future payroll projections with service credits as of the valuation date. Since it is our funding target, it is traditionally compared to the Actuarial Value of Assets.

The following graph shows these key measures for the past several years:



**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION I - EXECUTIVE SUMMARY**

**A. Highlights**

***Changes Since Prior Valuation***

Plan Provisions - New Police and Public Works employees hired on or after July 1, 2010 will be covered by the Town's defined contribution plan and will be covered under this plan only for their disability pension. The amount of benefits payable to them from this plan will be reduced by the benefit that can be provided on an actuarially equivalent basis by their account balance in the defined contribution plan. This change increased the Normal Cost by \$2,400 and had no impact on the Unfunded Accrued Liability.

Assumptions - None.

Funding Method - None

Asset Method - None

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION I - EXECUTIVE SUMMARY**

**B. Summary of Principal Results**

<b>Membership</b>	<b>July 1, 2010</b>	<b>July 1, 2011</b>
Active Members	184	189
Terminated Vested Members	12	14
Members in Pay Status	102	109
Total Compensation	\$8,507,853	\$8,781,718
Average Compensation	46,238	46,464
<b>Assets and Liabilities</b>	<b>July 1, 2010</b>	<b>July 1, 2011</b>
Market Value of Assets	\$28,394,587	\$35,680,952
Actuarial Value of Assets	32,779,646	35,266,853
Accrued Liability for Active Members	27,007,692	27,988,093
Accrued Liability for Terminated Vested Members	1,036,369	890,031
Accrued Liability for Members in Pay Status	<u>26,010,883</u>	<u>28,499,163</u>
Total Accrued Liability	54,054,944	57,377,287
Unfunded Accrued Liability (UAL)	21,275,298	22,110,434
Funded Ratio	60.6%	61.5%
<b>Contribution Range</b>	<b>2011-2012</b>	<b>2012-2013</b>
Normal Cost	\$756,140	\$782,199
30 Year Amortization of UAL	<u>1,906,661</u>	<u>2,000,748</u>
Town Contribution, 30 Year Payment*	2,662,801	2,782,947
as a Percent of Compensation	31.30%	31.69%
Normal Cost	756,140	782,199
10 Year Amortization of UAL	<u>3,170,647</u>	<u>3,295,106</u>
Town Contribution, 10 Year Payment	3,926,787	4,077,305
as a Percent of Compensation	46.15%	46.43%

\*This is the Annual Required Contribution.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION II - PLAN ASSETS**

**A. Summary of Fund Transactions**

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<b>Market Value as of July 1, 2010</b>	\$28,394,587
Town Contributions	2,514,420
Employee Contributions	599,081
Interest and Dividends	598,349
Realized Gains/(Losses)	519,367
Unrealized Gains/(Losses)	5,245,405
Change in Accrued Income	0
Benefit Payments	(2,076,481)
Administrative Expenses	(29,751)
Investment Management Fees	(84,025)
<b>Market Value as of July 1, 2011</b>	<b>35,680,952</b>
<b>Rate of Return (Net of Investment Fees)</b>	<b>21.73%</b>

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Note: The rate shown here is not the dollar or time weighted investment yield rate which measures investment performance. It is an approximate net return assuming all activity occurred on average midway through the fiscal year.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION II - PLAN ASSETS**

***B. Development of Actuarial Value of Assets***

In order to minimize the impact of market fluctuations on the contribution level, we use an Actuarial Value of Assets that recognizes gains and losses over a five year period. The Actuarial Value of Assets as of July 1, 2011 is determined below.

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1. Expected Market Value of Assets:			
a. Market Value of Assets as of July 1, 2010			\$28,394,587
b. Employer and Employee Contributions			3,113,501
c. Benefits Paid and Administrative Expenses			(2,106,232)
d. Expected Investment Return			<u>2,311,679</u>
e. Expected Market Value of Assets as of July 1, 2011			31,713,535
2. Actual Market Value of Assets as of July 1, 2011			35,680,952
3. Market (Gain)/Loss: (1e) - (2)			(3,967,418)
4. Delayed Recognition of Market (Gains)/Losses:			
		Percent	Amount
<u>Plan Year End</u>	<u>(Gain)/Loss</u>	<u>Not Recognized</u>	<u>Not Recognized</u>
06/30/2011	(\$3,967,418)	80%	(\$3,173,935)
06/30/2010	(1,530,881)	60%	(918,529)
06/30/2009	6,599,306	40%	2,639,722
06/30/2008	5,193,212	20%	<u>1,038,642</u>
			(414,100)
5. Actuarial Value of Assets as of July 1, 2011: (2) + (4)			35,266,852

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**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION II - PLAN ASSETS**

**C. Determination of Asset (Gain) / Loss**

The asset (gain) / loss is the difference between the expected and actual values of the Actuarial Value of Assets. An asset gain is 'negative' since it represents a decrease in the otherwise expected Unfunded Accrued Liability / (Surplus).

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1. Expected Actuarial Value of Assets:	
a. Actuarial Value of Assets as of July 1, 2010	\$32,779,646
b. Employer and Employee Contributions	3,113,501
c. Benefits Paid and Administrative Expenses	(2,106,232)
d. Expected Investment Return	<u>2,660,562</u>
e. Expected Actuarial Value of Assets as of July 1, 2011	36,447,477
2. Actual Actuarial Value of Assets as of July 1, 2011	35,266,853
3. Asset (Gain)/Loss: (1e) - (2)	1,180,624
4. Net Rate of Return	4.45%

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**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION II - PLAN ASSETS**

***D. Accumulation of Member Contributions***

	<i>School</i>	<i>Fire</i>	<i>Police</i>	<i>Public Works</i>	<i>Town Hall</i>	<i>Total Town</i>	<i>Total</i>
1. Active Members	\$1,099,570	\$1,895,257	\$1,603,808	\$0	\$580,555	\$4,079,620	\$5,179,190
2. Inactive Members	97,299	53,395	85,426	0	823	139,644	236,943
3. Total: (1) + (2)	1,196,869	1,948,652	1,689,234	0	581,378	4,219,264	5,416,133

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION II - PLAN ASSETS**

**E. Allocation of Market Value of Assets**

	<i>School</i>	<i>Fire</i>	<i>Police</i>	<i>Public Works</i>	<i>Town Hall</i>	<i>Total Town</i>	<i>Total</i>
1. Accrued Liability	\$10,362,540	\$17,854,687	\$17,038,144	\$2,860,024	\$9,261,892	\$47,014,747	\$57,377,287
2. Market Value of Assets							35,680,952
3. Member Contributions	1,196,869	1,948,652	1,689,234	0	581,378	4,219,264	5,416,133
4. Net Town Assets: (2)-(3)							30,264,819
5. Net Town Liability: (1)-(3)	9,165,671	15,906,035	15,348,910	2,860,024	8,680,514	42,795,483	51,961,154
6. (4) allocated by (5)	5,338,553	9,264,484	8,939,986	1,665,823	5,055,973	24,926,266	30,264,819
7. Allocated Market Value of Assets: (3) + (6)	6,535,422	11,213,136	10,629,220	1,665,823	5,637,351	29,145,530	35,680,952

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION II - PLAN ASSETS**

**F. Allocation of Actuarial Value of Assets**

	<i>School</i>	<i>Fire</i>	<i>Police</i>	<i>Public Works</i>	<i>Town Hall</i>	<i>Total Town</i>	<i>Total</i>
1. Accrued Liability	\$10,362,540	\$17,854,687	\$17,038,144	\$2,860,024	\$9,261,892	\$47,014,747	\$57,377,287
2. Actuarial Value of Assets							35,266,852
3. Member Contributions	1,196,869	1,948,652	1,689,234	0	581,378	4,219,264	5,416,133
4. Net Town Assets: (2)-(3)							29,850,719
5. Net Town Liability: (1)-(3)	9,165,671	15,906,035	15,348,910	2,860,024	8,680,514	42,795,483	51,961,154
6. (4) allocated by (5)	5,265,508	9,137,723	8,817,664	1,643,031	4,986,794	24,585,212	29,850,720
7. Allocated Actuarial Value of Assets: (3) + (6)	6,462,377	11,086,375	10,506,898	1,643,031	5,568,172	28,804,476	35,266,853

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION III - DEVELOPMENT OF CONTRIBUTION**

*A. Normal Cost*

	<i>School</i>	<i>Fire</i>	<i>Police</i>	<i>Public Works</i>	<i>Town Hall</i>	<i>Total Town</i>	<i>Total</i>
1. Total Normal Cost	\$268,524	\$363,306	\$331,600	\$67,333	\$220,078	\$982,317	\$1,250,841
2. Expected Member Contributions	121,165	247,326	142,068	0	46,024	435,418	556,583
3. Employer Normal Cost: (1) - (2)	147,359	115,980	189,532	67,333	174,054	546,899	694,258
4. Expected Expenses	6,000	6,000	6,000	6,000	6,000	24,000	30,000
5. Final Normal Cost: (3)+(4)	153,359	121,980	195,532	73,333	180,054	570,899	724,258
6. Final Normal Cost with interest to end of year	165,628	131,738	211,175	79,200	194,458	616,571	782,199
7. Covered Payroll	2,518,516	1,955,160	1,968,013	676,824	1,663,205	6,263,202	8,781,718
8. Final Normal Cost as a % of Covered Payroll	6.58%	6.74%	10.73%	11.70%	11.69%	9.84%	8.91%

This work product was prepared solely for the Town of Portsmouth, RI for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION III - DEVELOPMENT OF CONTRIBUTION**

**B. Past Service Cost**

	<i>School</i>	<i>Fire</i>	<i>Police</i>	<i>Public Works</i>	<i>Town Hall</i>	<i>Total Town</i>	<i>Total</i>
1. Accrued Liability							
Active Members	\$4,624,745	\$7,671,266	\$7,072,595	\$1,276,833	\$7,342,654	\$23,363,348	\$27,988,093
Terminated Vested	465,312	157,795	197,395	0	69,529	424,719	890,031
Members in Pay Status	5,272,483	10,025,626	9,768,154	1,583,191	1,849,709	23,226,680	28,499,163
Total Accrued Liability	10,362,540	17,854,687	17,038,144	2,860,024	9,261,892	47,014,747	57,377,287
2. Actuarial Value of Assets	6,462,377	11,086,375	10,506,898	1,643,031	5,568,172	28,804,476	35,266,853
3. Unfunded Accrued Liability: (1) - (2)	3,900,163	6,768,312	6,531,246	1,216,993	3,693,720	18,210,271	22,110,434
4. Remaining years in 30-year funding period	28	28	28	28	28	28	28
5. Declining 30 year amortization of (3), end of year	352,921	612,457	591,005	110,124	334,241	1,647,827	2,000,748
6. 10 year amortization of (3), end of year	581,239	1,008,678	973,348	181,368	550,473	2,713,867	3,295,106

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**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION III - DEVELOPMENT OF CONTRIBUTION**

**C. Town Contribution**

	<i>School</i>	<i>Fire</i>	<i>Police</i>	<i>Public Works</i>	<i>Town Hall</i>	<i>Total Town</i>	<i>Total</i>
1. Final Normal Cost	\$165,628	\$131,738	\$211,175	\$79,200	\$194,458	\$616,571	\$782,199
2. Declining 30 year amorti- zation of Unfunded Accrued Liability	352,921	612,457	591,005	110,124	334,241	1,647,827	2,000,748
3. Town Contribution, 30 year funding: (1) + (2)*	518,549	744,195	802,180	189,324	528,699	2,264,398	2,782,947
4. (3) as % of covered payroll	20.59%	38.06%	40.76%	27.97%	31.79%	36.15%	31.69%
5. 10 year amortization of Unfunded Accrued Liability	581,239	1,008,678	973,348	181,368	550,473	2,713,867	3,295,106
6. Town Contribution, 10 year funding: (1) + (5)	746,867	1,140,416	1,184,523	260,568	744,931	3,330,438	4,077,305
7. (6) as % of covered payroll	29.66%	58.33%	60.19%	38.50%	44.79%	53.17%	46.43%

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**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION IV - ACCOUNTING INFORMATION**

**A. Schedule of Funding Progress**

<i>Actuarial Valuation Date</i>	<i>For Fiscal Year Ending</i>	<i>(1) Actuarial Value of Assets</i>	<i>(2) Actuarial Accrued Liability (AAL)</i>	<i>(3) Unfunded AAL (UAAL) (2) - (1)</i>	<i>(4) Funded Ratio (1) / (2)</i>	<i>(5) Covered Payroll</i>	<i>(6) UAAL as a Percentage of Covered Payroll (3) / (5)</i>
July 1, 2006	June 30, 2008	\$25,129,703	\$38,459,122	\$13,329,419	65.3%	\$7,767,018	171.6%
July 1, 2007	June 30, 2009	27,628,308	43,087,640	15,459,332	64.1%	7,958,303	194.3%
July 1, 2008	June 30, 2010	30,441,304	47,736,361	17,295,057	63.8%	8,350,605	207.1%
July 1, 2009	June 30, 2011	31,609,237	51,284,315	19,675,078	61.6%	8,468,081	232.3%
July 1, 2010	June 30, 2012	32,779,646	54,054,944	21,275,298	60.6%	8,507,853	250.1%
July 1, 2011	June 30, 2013	35,266,853	57,377,287	22,110,434	61.5%	8,781,718	251.8%

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**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION IV - ACCOUNTING INFORMATION**

**B. Schedule of Employer Contributions**

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<i>Fiscal Year Ending June 30</i>	<i>Annual Required Contribution</i>	<i>Actual Contribution</i>	<i>Percent Funded</i>
2007	\$1,671,713	\$1,671,713	100%
2008	2,088,317	2,088,317	100%
2009	2,346,316	2,346,316	100%
2010	2,590,523	2,590,523	100%
2011	2,514,420	2,514,420	100%
2012	2,662,801	-	-
2013	2,782,947	-	-

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**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION IV - ACCOUNTING INFORMATION**

**C. Accrued and Vested Benefits**

	<i>School</i>	<i>Fire</i>	<i>Police</i>	<i>Public Works</i>	<i>Town Hall</i>	<i>Total Town</i>	<i>Total</i>
1. Value of Vested Benefits							
Active Members	\$3,114,020	\$4,668,180	\$4,670,920	\$823,395	\$5,528,409	\$15,690,904	\$18,804,924
Terminated Vested	465,312	157,795	197,395	0	69,529	424,719	890,031
Retired Members*	4,952,828	8,623,516	7,808,174	1,409,603	1,849,709	19,691,002	24,643,830
Disabled Members	254,012	1,284,608	1,650,256	84,912	0	3,019,776	3,273,788
Beneficiaries	<u>65,643</u>	<u>117,502</u>	<u>309,724</u>	<u>88,676</u>	<u>0</u>	<u>515,902</u>	<u>581,545</u>
Total	8,851,815	14,851,601	14,636,469	2,406,586	7,447,647	39,342,303	48,194,118
2. Non-Vested Benefits	213,212	256,044	438,904	175,998	478,882	1,349,828	1,563,040
3. Total Value of Accrued Benefits: (1) + (2)	9,065,027	15,107,645	15,075,373	2,582,584	7,926,529	40,692,131	49,757,158
4. Market Value of Assets	6,535,422	11,213,136	10,629,220	1,665,823	5,637,351	29,145,530	35,680,952
5. Vested Funded Ratio: (4) / (1)	73.83%	75.50%	72.62%	69.22%	75.69%	74.08%	74.04%
6. Accrued Funded Ratio (4) / (3)	72.09%	74.22%	70.51%	64.50%	71.12%	71.62%	71.71%

\*Includes liability for retirees with COLA funded through Travelers.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

**A. Summary of Membership**

	<i>July 1, 2010</i>	<i>July 1, 2011</i>
<b>Active Members</b>		
Number	184	189
Total Annual Compensation	\$8,507,853	8,781,718
Average Compensation	46,238	46,464
Average Age	47.1	46.8
Average Service	10.9	10.5
<b>Terminated Vested Members</b>		
Number	12	14
Total Annual Benefit	\$150,772	\$129,385
Average Annual Benefit	12,564	9,242
Average Age	50.7	47.7
<b>Retired Members</b>		
Number	86	92
Total Annual Benefit*	\$2,134,742	\$2,367,313
Average Annual Benefit	24,823	25,732
Average Age	65.3	66.0
<b>Disabled Members</b>		
Number	10	10
Total Annual Benefit	\$284,443	\$284,911
Average Annual Benefit	28,444	28,491
Average Age	50.6	52.1
<b>Beneficiaries of Deceased Members</b>		
Number	6	7
Total Annual Benefit	\$61,119	\$63,475
Average Annual Benefit	10,187	9,068
Average Age	61.3	61.1

\* Includes retirees with COLA funded through Travelers (22 retirees, 2 beneficiaries and 2 QDRO with annual benefits of \$542,884 in 2010 and 22 retirees, 2 beneficiaries and 2 QDROs with annual benefits of \$544,148 in 2011).

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

**B. Reconciliation of Membership  
Active Members**

	<i>School</i>	<i>Fire</i>	<i>Police</i>	<i>Public Works</i>	<i>Town Hall</i>	<i>Total</i>
<i>Count as of July 1, 2010</i>	81	33	31	13	26	184
Terminated, not vested	-	-	-	-	-	-
Terminated, vested	(1)	-	-	-	-	(1)
Retired	(6)	(1)	-	-	-	(7)
Disabled	-	-	-	-	-	-
Terminated, due refund	(2)	-	(2)	-	-	(4)
Terminated, paid	-	-	-	-	-	-
Died	-	-	-	-	-	-
Leave of Absence	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
New participant	11	2	3	-	-	16
Rehired	-	-	-	1	-	1
Correction	-	-	-	-	-	-
<i>Count as of July 1, 2011</i>	83	34	32	14	26	189

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

**B. Reconciliation of Membership  
Terminated Vested Members**

	<i>School</i>	<i>Fire</i>	<i>Police</i>	<i>Public Works</i>	<i>Town Hall</i>	<i>Total</i>
<b><i>Count as of July 1, 2010</i></b>	7	1	2	1	1	12
Retired	(1)	-	-	-	-	(1)
Contribution Refund	-	-	(1)	-	-	(1)
Rehired	-	-	-	(1)	-	(1)
Terminated Vested	1	-	-	-	-	1
Terminated, Refund Due	2	-	2	-	-	4
Leave of Absence	-	-	-	-	-	-
<b><i>Count as of July 1, 2011</i></b>	9	1	3	0	1	14

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

**B. Reconciliation of Membership  
Members In Pay Status\***

	<i>School</i>	<i>Fire</i>	<i>Police</i>	<i>Public Works</i>	<i>Town Hall</i>	<i>Total</i>
<i>Count as of July 1, 2010</i>	30	16	17	7	6	76
Died	(1)	-	-	-	-	(1)
New Retired/Disabled	7	1	-	-	-	8
Beneficiary/QDRO	-	-	-	-	-	-
<i>Count as of July 1, 2011</i>	36	17	17	7	6	83
<i>Number of Participants with only COLA Increases funded</i>	0	10	13	2	1	26
<i>Total Including COLA-only Members</i>	36	27	30	9	7	109

\* Includes retired and disabled members plus beneficiaries of deceased members.

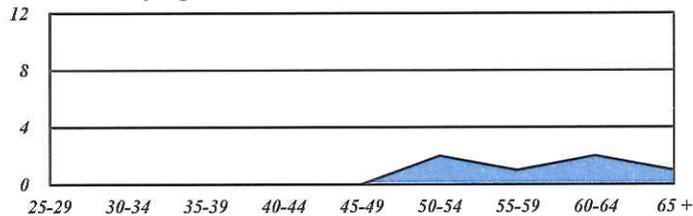
**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

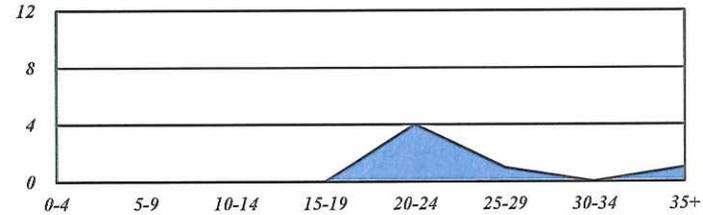
**C. Distribution of Active Members as of July 1, 2011 - Count  
School Employees Hired Before July 1, 1991**

Age	Years of Service								Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	
Under 25	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0	0
50-54	0	0	0	0	1	1	0	0	2
55-59	0	0	0	0	1	0	0	0	1
60-64	0	0	0	0	2	0	0	0	2
65 +	0	0	0	0	0	0	0	1	1
<b>Total</b>	0	0	0	0	4	1	0	1	6

*Distribution By Age*



*Distribution by Years of Service*



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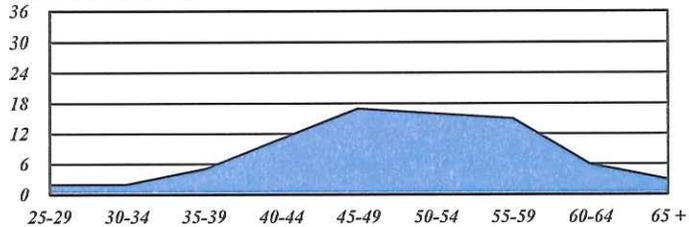
**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

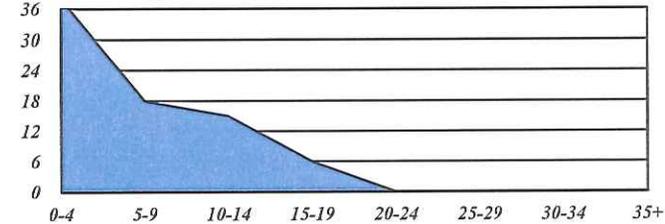
**C. Distribution of Active Members as of July 1, 2011 - Count  
School Employees Hired After July 1, 1991**

<i>Age</i>	<i>Years of Service</i>								<i>Total</i>
	<i>0-4</i>	<i>5-9</i>	<i>10-14</i>	<i>15-19</i>	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>	<i>35+</i>	
<i>Under 25</i>	0	0	0	0	0	0	0	0	0
<i>25-29</i>	2	0	0	0	0	0	0	0	2
<i>30-34</i>	2	0	0	0	0	0	0	0	2
<i>35-39</i>	4	1	0	0	0	0	0	0	5
<i>40-44</i>	6	4	1	0	0	0	0	0	11
<i>45-49</i>	10	5	2	0	0	0	0	0	17
<i>50-54</i>	9	2	4	1	0	0	0	0	16
<i>55-59</i>	4	6	2	3	0	0	0	0	15
<i>60-64</i>	1	0	3	2	0	0	0	0	6
<i>65 +</i>	0	0	3	0	0	0	0	0	3
<b>Total</b>	<b>38</b>	<b>18</b>	<b>15</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>77</b>

*Distribution By Age*



*Distribution by Years of Service*



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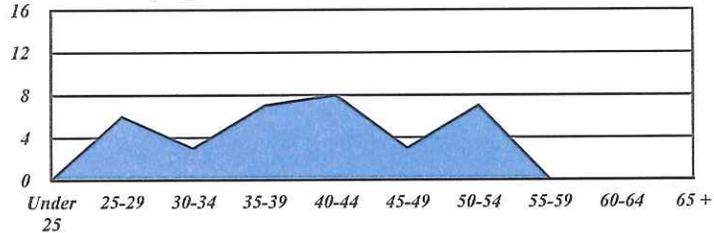
**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

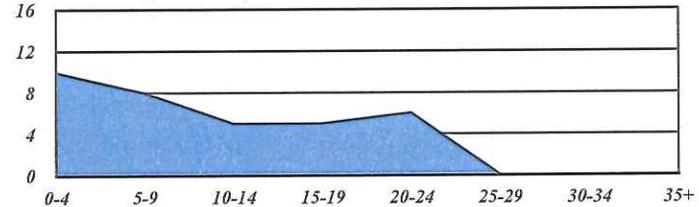
**C. Distribution of Active Members as of July 1, 2011 - Count  
Fire**

<i>Age</i>	<i>Years of Service</i>								<i>Total</i>
	<i>0-4</i>	<i>5-9</i>	<i>10-14</i>	<i>15-19</i>	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>	<i>35+</i>	
<i>Under 25</i>	0	0	0	0	0	0	0	0	0
<i>25-29</i>	6	0	0	0	0	0	0	0	6
<i>30-34</i>	1	2	0	0	0	0	0	0	3
<i>35-39</i>	2	4	1	0	0	0	0	0	7
<i>40-44</i>	1	1	4	2	0	0	0	0	8
<i>45-49</i>	0	1	0	0	2	0	0	0	3
<i>50-54</i>	0	0	0	3	4	0	0	0	7
<i>55-59</i>	0	0	0	0	0	0	0	0	0
<i>60-64</i>	0	0	0	0	0	0	0	0	0
<i>65 +</i>	0	0	0	0	0	0	0	0	0
<b><i>Total</i></b>	10	8	5	5	6	0	0	0	34

*Distribution By Age*



*Distribution by Years of Service*



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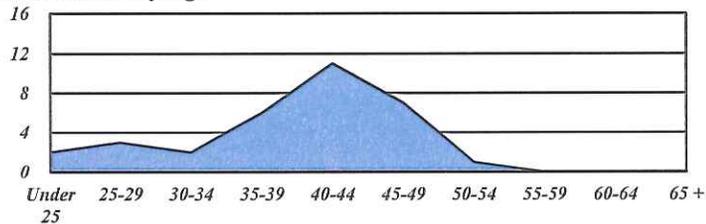
**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

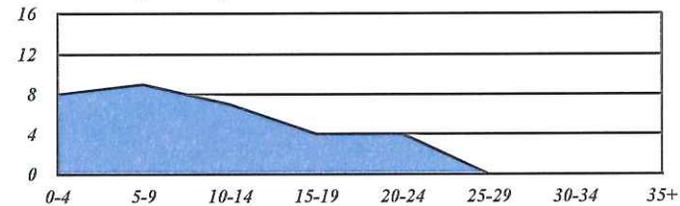
**C. Distribution of Active Members as of July 1, 2011 - Count  
Police**

<i>Age</i>	<i>Years of Service</i>								<i>Total</i>
	<i>0-4</i>	<i>5-9</i>	<i>10-14</i>	<i>15-19</i>	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>	<i>35+</i>	
<i>Under 25</i>	2	0	0	0	0	0	0	0	2
<i>25-29</i>	3	0	0	0	0	0	0	0	3
<i>30-34</i>	0	2	0	0	0	0	0	0	2
<i>35-39</i>	0	2	3	1	0	0	0	0	6
<i>40-44</i>	3	5	2	0	1	0	0	0	11
<i>45-49</i>	0	0	2	3	2	0	0	0	7
<i>50-54</i>	0	0	0	0	1	0	0	0	1
<i>55-59</i>	0	0	0	0	0	0	0	0	0
<i>60-64</i>	0	0	0	0	0	0	0	0	0
<i>65 +</i>	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>8</b>	<b>9</b>	<b>7</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>32</b>

*Distribution By Age*



*Distribution by Years of Service*



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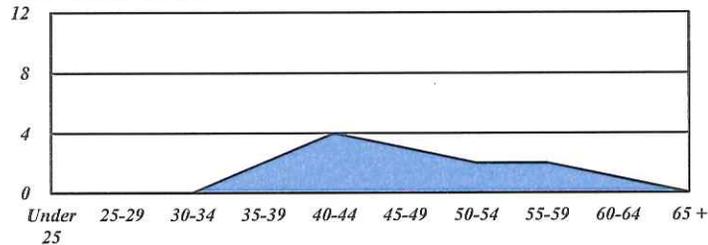
**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

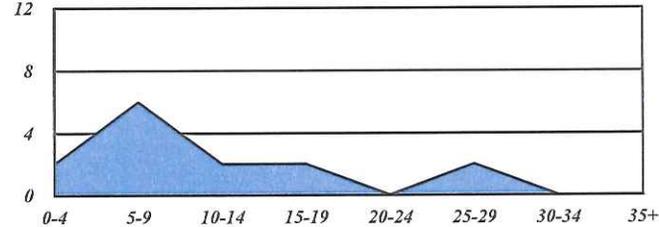
**C. Distribution of Active Members as of July 1, 2011 - Count  
Public Works**

<i>Age</i>	<i>Years of Service</i>								<i>Total</i>
	<i>0-4</i>	<i>5-9</i>	<i>10-14</i>	<i>15-19</i>	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>	<i>35+</i>	
<i>Under 25</i>	0	0	0	0	0	0	0	0	0
<i>25-29</i>	0	0	0	0	0	0	0	0	0
<i>30-34</i>	0	0	0	0	0	0	0	0	0
<i>35-39</i>	1	1	0	0	0	0	0	0	2
<i>40-44</i>	1	3	0	0	0	0	0	0	4
<i>45-49</i>	0	2	0	1	0	0	0	0	3
<i>50-54</i>	0	0	1	0	0	1	0	0	2
<i>55-59</i>	0	0	0	1	0	1	0	0	2
<i>60-64</i>	0	0	1	0	0	0	0	0	1
<i>65 +</i>	0	0	0	0	0	0	0	0	0
<b>Total</b>	2	6	2	2	0	2	0	0	14

*Distribution By Age*



*Distribution by Years of Service*



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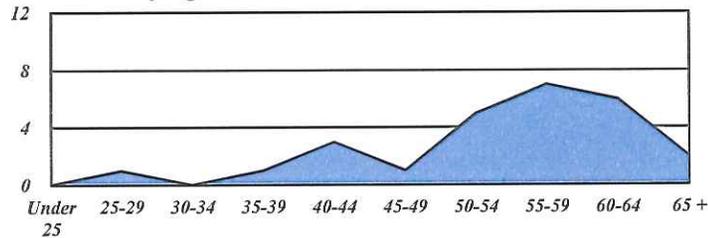
**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

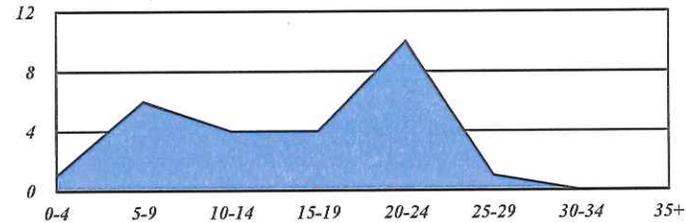
**C. Distribution of Active Members as of July 1, 2011 - Count  
Town Hall**

<i>Age</i>	<i>Years of Service</i>								<i>Total</i>
	<i>0-4</i>	<i>5-9</i>	<i>10-14</i>	<i>15-19</i>	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>	<i>35+</i>	
<i>Under 25</i>	0	0	0	0	0	0	0	0	0
<i>25-29</i>	1	0	0	0	0	0	0	0	1
<i>30-34</i>	0	0	0	0	0	0	0	0	0
<i>35-39</i>	0	1	0	0	0	0	0	0	1
<i>40-44</i>	0	1	1	1	0	0	0	0	3
<i>45-49</i>	0	0	0	1	0	0	0	0	1
<i>50-54</i>	0	0	3	0	2	0	0	0	5
<i>55-59</i>	0	0	0	2	5	0	0	0	7
<i>60-64</i>	0	4	0	0	2	0	0	0	6
<i>65 +</i>	0	0	0	0	1	1	0	0	2
<b><i>Total</i></b>	<b>1</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>10</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>26</b>

*Distribution By Age*



*Distribution by Years of Service*



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**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

**D. Distribution of Active Members as of July 1, 2011 - Average Compensation  
School Employees Hired Before July 1, 1991**

<i>Age</i>	<i>Years of Service</i>								<i>Total</i>
	<i>0-4</i>	<i>5-9</i>	<i>10-14</i>	<i>15-19</i>	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>	<i>35+</i>	
<i>Under 25</i>	0	0	0	0	0	0	0	0	0
<i>25-29</i>	0	0	0	0	0	0	0	0	0
<i>30-34</i>	0	0	0	0	0	0	0	0	0
<i>35-39</i>	0	0	0	0	0	0	0	0	0
<i>40-44</i>	0	0	0	0	0	0	0	0	0
<i>45-49</i>	0	0	0	0	0	0	0	0	0
<i>50-54</i>	0	0	0	0	47,039	39,663	0	0	43,351
<i>55-59</i>	0	0	0	0	47,039	0	0	0	47,039
<i>60-64</i>	0	0	0	0	35,804	0	0	0	35,804
<i>65 +</i>	0	0	0	0	0	0	0	52,657	52,657
<i>Total</i>	0	0	0	0	41,421	39,663	0	52,657	43,001

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

**D. Distribution of Active Members as of July 1, 2011 - Average Compensation  
School Employees Hired After July 1, 1991**

<i>Age</i>	<i>Years of Service</i>								<i>Total</i>
	<i>0-4</i>	<i>5-9</i>	<i>10-14</i>	<i>15-19</i>	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>	<i>35+</i>	
<i>Under 25</i>	0	0	0	0	0	0	0	0	0
<i>25-29</i>	20,154	0	0	0	0	0	0	0	20,154
<i>30-34</i>	19,844	0	0	0	0	0	0	0	19,844
<i>35-39</i>	36,985	41,414	0	0	0	0	0	0	37,870
<i>40-44</i>	22,765	34,186	46,739	0	0	0	0	0	29,097
<i>45-49</i>	29,542	33,525	36,677	0	0	0	0	0	31,553
<i>50-54</i>	26,159	20,120	36,233	20,834	0	0	0	0	27,590
<i>55-59</i>	40,747	26,762	20,120	31,632	0	0	0	0	30,580
<i>60-64</i>	19,678	0	26,327	30,034	0	0	0	0	26,455
<i>65 +</i>	0	0	25,276	0	0	0	0	0	25,276
<b><i>Total</i></b>	<b>28,369</b>	<b>30,367</b>	<b>30,672</b>	<b>29,300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,357</b>

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

**D. Distribution of Active Members as of July 1, 2011 - Average Compensation  
Fire**

<i>Age</i>	<i>Years of Service</i>								<i>Total</i>
	<i>0-4</i>	<i>5-9</i>	<i>10-14</i>	<i>15-19</i>	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>	<i>35+</i>	
<i>Under 25</i>	0	0	0	0	0	0	0	0	0
<i>25-29</i>	46,673	0	0	0	0	0	0	0	46,673
<i>30-34</i>	52,318	55,261	0	0	0	0	0	0	54,280
<i>35-39</i>	52,318	56,077	59,240	0	0	0	0	0	55,455
<i>40-44</i>	52,318	55,229	60,238	63,992	0	0	0	0	59,560
<i>45-49</i>	0	55,229	0	0	68,163	0	0	0	63,852
<i>50-54</i>	0	0	0	58,360	70,246	0	0	0	65,152
<i>55-59</i>	0	0	0	0	0	0	0	0	0
<i>60-64</i>	0	0	0	0	0	0	0	0	0
<i>65 +</i>	0	0	0	0	0	0	0	0	0
<b><i>Total</i></b>	48,931	55,661	60,038	60,613	69,552	0	0	0	57,505

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

**D. Distribution of Active Members as of July 1, 2011 - Average Compensation  
Police**

<i>Age</i>	<i>Years of Service</i>								<i>Total</i>
	<i>0-4</i>	<i>5-9</i>	<i>10-14</i>	<i>15-19</i>	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>	<i>35+</i>	
<i>Under 25</i>	42,301	0	0	0	0	0	0	0	42,301
<i>25-29</i>	52,217	0	0	0	0	0	0	0	52,217
<i>30-34</i>	0	58,956	0	0	0	0	0	0	58,956
<i>35-39</i>	0	58,744	66,829	61,272	0	0	0	0	63,208
<i>40-44</i>	49,197	59,393	64,366	0	71,465	0	0	0	58,614
<i>45-49</i>	0	0	62,771	68,700	83,621	0	0	0	71,269
<i>50-54</i>	0	0	0	0	85,967	0	0	0	85,967
<i>55-59</i>	0	0	0	0	0	0	0	0	0
<i>60-64</i>	0	0	0	0	0	0	0	0	0
<i>65 +</i>	0	0	0	0	0	0	0	0	0
<b><i>Total</i></b>	48,605	59,152	64,966	66,843	81,169	0	0	0	61,500

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

**D. Distribution of Active Members as of July 1, 2011 - Average Compensation  
Public Works**

<i>Age</i>	<i>Years of Service</i>								<i>Total</i>
	<i>0-4</i>	<i>5-9</i>	<i>10-14</i>	<i>15-19</i>	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>	<i>35+</i>	
<i>Under 25</i>	0	0	0	0	0	0	0	0	0
<i>25-29</i>	0	0	0	0	0	0	0	0	0
<i>30-34</i>	0	0	0	0	0	0	0	0	0
<i>35-39</i>	45,322	48,681	0	0	0	0	0	0	47,002
<i>40-44</i>	45,497	49,084	0	0	0	0	0	0	48,187
<i>45-49</i>	0	51,144	0	50,430	0	0	0	0	50,906
<i>50-54</i>	0	0	33,563	0	0	50,046	0	0	41,805
<i>55-59</i>	0	0	0	49,591	0	50,046	0	0	49,819
<i>60-64</i>	0	0	54,108	0	0	0	0	0	54,108
<i>65 +</i>	0	0	0	0	0	0	0	0	0
<b><i>Total</i></b>	<b>45,410</b>	<b>49,704</b>	<b>43,836</b>	<b>50,011</b>	<b>0</b>	<b>50,046</b>	<b>0</b>	<b>0</b>	<b>48,345</b>

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

**D. Distribution of Active Members as of July 1, 2011 - Average Compensation  
Town Hall**

<i>Age</i>	<i>Years of Service</i>								<i>Total</i>
	<i>0-4</i>	<i>5-9</i>	<i>10-14</i>	<i>15-19</i>	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>	<i>35+</i>	
<i>Under 25</i>	0	0	0	0	0	0	0	0	0
<i>25-29</i>	61,504	0	0	0	0	0	0	0	61,504
<i>30-34</i>	0	0	0	0	0	0	0	0	0
<i>35-39</i>	0	45,888	0	0	0	0	0	0	45,888
<i>40-44</i>	0	58,956	81,053	46,745	0	0	0	0	62,251
<i>45-49</i>	0	0	0	46,745	0	0	0	0	46,745
<i>50-54</i>	0	0	66,264	0	60,647	0	0	0	64,017
<i>55-59</i>	0	0	0	66,089	60,711	0	0	0	62,247
<i>60-64</i>	0	67,770	0	0	99,580	0	0	0	78,373
<i>65 +</i>	0	0	0	0	49,085	47,174	0	0	48,130
<i>Total</i>	61,504	62,654	69,961	56,417	67,309	47,174	0	0	63,969

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

**SECTION V - MEMBERSHIP DATA**

***E. Distribution of Inactive Members as of July 1, 2011***

	<i>Age</i>	<i>Number</i>	<i>Monthly Benefits</i>
<b><i>Terminated Vested Members</i></b>			
	< 30	0	0
	30 - 34	2	715
	35 - 39	0	0
	40 - 44	4	3,745
	45 - 49	2	482
	50 - 54	2	4,843
	55 - 59	2	651
	60 - 64	2	346
	65 +	0	0
	Total	14	10,782
<b><i>Members in Pay Status</i></b>			
	< 55	18	46,142
	55 - 59	12	35,635
	60 - 64	24	57,006
	65 - 69	20	27,329
	70 - 74	18	29,909
	75 - 79	14	25,700
	80 - 84	2	2,021
	85 - 89	1	2,566
	90 +	0	0
	Total	109	226,308

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION VI – APPENDICES**

**A. Actuarial Funding Method**

***Funding Method***

The actuarial valuation method used in the cost calculations is the ***Entry Age Normal Cost Method***. Recommended annual contributions consist of two pieces: a Normal Cost payment plus an amortization payment toward the Unfunded Accrued Liability.

The funding method begins by determining total plan liabilities as the present value of all benefits to be provided under the plan. For active participants this liability reflects the total pension each member is expected to receive after retirement, not merely the portion accrued to date. For terminated vested employees the liability is the present value of benefits accrued during employment with the Town which will become payable upon retirement. For retired lives this is the value of the benefits being paid to existing retirees and/or beneficiaries.

The Normal Cost is determined as the total liability for current active participants funded as a level percent of pay from entry age to retirement.

The Accrued Liability is determined as the total of all plan liabilities (Present Value of Future Benefits) less the present value of amounts that will be paid as future Normal Costs (Present Value of Future Normal Costs). The Unfunded Accrued Liability is this Accrued Liability less the Actuarial Value of Assets.

The Unfunded Accrued Liability is amortized as a level dollar amount over a decreasing number of years, starting with 30 years on July 1, 2009. The amortization period will decline by one each year until it reaches 10 years, after which time it will remain at 10 years.

***Assets***

The Actuarial Value of Assets is determined by recognizing market gains or losses over five years.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION VI – APPENDICES**

***B. Actuarial Assumptions***

<b><i>Interest Rate</i></b>	8.0%
<b><i>Salary Projection</i></b>	4.0%
<b><i>Cost of Living Increases</i></b>	Fire, retired before 6/30/2007: 2.0% (based on 50% of the salary projection)  Fire, retired after 6/30/2007: 3.0%  Police: 3.0%  Public Works: 2.0% (based on 50% of the salary projection)  School Management and Non-Certified: 1.7%  Town Management, retired before 7/1/2004: 2.0%  Town Management, retired after 7/1/2004: 3.0%  Town Non Management: 2.0%
<b><i>Expenses and Contingencies</i></b>	Prior year's actual expenses rounded up to the next \$1,000.
<b><i>Assumed Retirement Age</i></b>	Employees are assumed to retire as follows:  Fire: 100% at 27 years of service.  Police: 50% at 25 years of service and the remainder at 27 years of service.  Town and Public Works: 100% at the later of age 60 or 10 years of service.  School (Council #94): 50% on completion of age 55 and 20 years of service, 100% at age 60 with 10 years and 5% between age 56-59.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION VI – APPENDICES**

**B. Actuarial Assumptions**

<b><i>Assumed Retirement Age (continued)</i></b>	<p>School (Non-Council #94): 100% on completion of age 60 with 10 years of service.</p> <p>Any employee who has already passed the Assumed Retirement Age is assumed to retire immediately.</p>
<b><i>Normal Form of Annuity</i></b>	Monthly life annuity; for Fire and Police, the benefits payable in accordance with Section 45-21.3-1, General Laws of Rhode Island (1956).
<b><i>Non-Disabled Mortality</i></b>	<p>RP2000 Combined Healthy Table for males and females with mortality projection to 2010 per Scale AA.</p> <p>Pre-retirement mortality rates for Fire and Police employees are assumed to be 110% of these rates.</p>
<b><i>Disabled Mortality</i></b>	Disabled life mortality and recovery: Unpublished OASDI table of 1957-1966 experience, adjusted for actual experience through 1973, for ages 65 and under; graded into the 1951 Group Annuity projected to 1975 non-disabled life mortality, for ages 85 and over.
<b><i>Disability Rate</i></b>	<p>100% (School, Public Works and Town) and 160% (Fire and Police) of the 1968-1972 Group LTD experience, excluding very large cases, published by the Society of Actuaries.</p> <p>Fire and Police: 50% of disabilities are assumed to be ordinary and 50% of disabilities are assumed to be accidental work related.</p>

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION VI – APPENDICES**

**C. Actuarial Assumptions**

**Turnover**

Fire and Police:

<u>Age</u>	<u>Male</u>	<u>Female</u>
25	6.87%	9.87%
30	4.87%	6.87%
35	3.87%	4.87%
40	2.65%	3.65%
45	1.50%	2.50%
50	0.16%	1.16%
55	0.00%	0.00%
60 and over	0.00%	0.00%

School, Public Works and Town:

<u>Age</u>	<u>Male</u>	<u>Female</u>
25	6.92%	9.92%
30	4.92%	6.92%
35	3.92%	4.92%
40	2.78%	3.78%
45	1.69%	2.69%
50	0.47%	1.47%
55	0.08%	0.08%
60 and over	0.00%	0.00%

**Marriage**

80% of participants are assumed to have an eligible spouse. Female spouses are assumed to be three years younger than male spouses.



**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION VI – APPENDICES**

**C. Summary of Plan Provisions**

<b><i>Gross Annual Salary</i></b>	Annual regular earnings including longevity, EMT bonus (Fire) and deferred compensation, excluding overtime, holiday pay, etc.
<b><i>Average Monthly Earnings (for Pre-Retirement Death Benefit)</i></b>	Fire, Police, Public Works and Town: Gross Annual Earnings are averaged over the last five years of employment.
<b><i>Average Monthly Earnings (for Accrued Benefit purposes)</i></b>	Fire, Police, and Public Works: Highest Gross Annual Salary during the last 3 years of employment. Effective 7/1/2008: E.M.T. Bonus for Fire department is included.  School: Gross Annual Salary are averaged over the highest 3 years of employment.  Town Non-Management: Gross Annual Salary are averaged over the last 3 years of employment.  Town Management: Highest Gross Annual Salary during the last 3 years of employment (effective 7/1/2004).
<b><i>Form of Annuity</i></b>	Town, School and Public Works: Monthly life annuity. The benefits will be actuarially adjusted to reflect any other form of annuity payable.  Fire and Police: Benefits will continue to the surviving spouse and dependent children of a deceased retired fireman or policeman in accordance with Section 45-21.3-1, General Laws of Rhode Island (1956). The surviving spouse will receive 67½% of the participant’s benefit until death or remarries in which case dependent children will receive the benefit until age 18. On death, if there is no spousal benefit due, the estate will receive a refund of participant contributions in excess of any retirement payments received.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION VI – APPENDICES**

**C. Summary of Plan Provisions**

***Participant Contributions***

The following percentage of gross annual earnings:

Fire: 10.0% of gross pay including overtime etc, assumed to be 40% on an average over the base salary (effective 7/1/2010).

Fire Chief and Deputy Chiefs: 6.5% of base pay (effective 7/1/2008).

Police: 8.0% (effective 7/1/2001) No contributions for employees hired on or after 7/1/2010.

School, hired on or after 7/1/1991: 6.0%

School, hired before 7/1/1991: 2.0% (effective 7/1/2001)

Town, hired on or after 7/1/1991: 5.0%

Town Management, hired on and after 7/1/2004: 5.5%; contributions will cease once employee earns maximum benefit.

Public Works union employees: none

Public Works nonunion and management employees: 5.0%. No contributions for employees hired on or after 7/1/10.

Interest on participant contributions credited at 5.0% per year.

Participant contributions are made on a pre-tax basis effective:

Fire: 1/1/1999

Police: 4/1/1999

Town Non Management: 5/1/2000

Town Management: 4/1/2003

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION VI – APPENDICES**

**C. Summary of Plan Provisions**

***Normal Retirement Date***

Fire and Police: 20 years of credited service.

Public Works: Later of age 60 and 10 years of credited service.

School: Later of age 60 and 10 years of credited service.

Town: Later of age 60 and 10 years of credited service.

***Normal Retirement Benefit***

Fire: 60% of average monthly earnings reduced prorata for service less than 20 years plus 2% for 7 additional years beyond 20 years subject to a maximum of 74%.

Police: 60% of average monthly earnings reduced prorata for service less than 20 years plus 2% for 5 additional years beyond 20 years subject to a maximum of 70%. Employees hired on or after July 1, 2010 are not entitled to normal retirement benefits.

Public Works: 50% of average monthly earnings reduced prorata for service less than 20 years plus 2.5% for each additional year beyond age 60 with 20 years of service subject to a maximum of 67.5%. Employees hired on or after July 1, 2010 are not entitled to normal retirement benefits.

School: 2.5% of average monthly earnings times years credited service, reduced prorata for service less than 20 years.

Town Non Management: 50% of average monthly earnings reduced prorata for service less than 20 years. Effective 7/1/1998, members of the Portsmouth Municipal Employees Association: 2.5% of average monthly earnings times years of credited service, maximum 27 years.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION VI – APPENDICES**

**C. Summary of Plan Provisions**

Town Management: 50% of average monthly earnings reduced prorata for service less than 20 years. Effective 7/1/2004, 60% of average monthly earnings reduced prorata for service less than 20 years plus 2.0% of average monthly earnings for 7 additional years beyond 20 years, subject to a maximum of 74%.

**Early Retirement Date**

Public Works and School (Non-Council 94): Age 55 and 20 years of credited service; no COLA on benefit.

School (Council 94, Local 2669): Age 55 and 20 years of credited service; COLA on benefit.

Town: Age 55 and 25 years of credited service; COLA on benefit (for Management Only).

**Early Retirement Benefit**

Town Management, Public Works and School: Benefit accrued to early retirement date reduced by the ratio of credited service as of early retirement date divided by the number of years the employee would have completed if he or she had remained employed until normal retirement date.

**Deferred Retirement Date**

Any date after normal retirement date.

**Deferred Retirement Benefit**

Accrued benefit calculated based on earnings and service as of the deferred retirement date.

**Disability Date**

If employment terminates on account of a disability which has continued for six months.

**Disability Benefit**

Fire and Police, including Police employees hired on or after July 1, 2010, work related accidental disability: 72% of Gross Annual Salary.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION VI – APPENDICES**

**C. Summary of Plan Provisions**

Fire and Police, including Police employees hired on or after July 1, 2010, non work related ordinary disability with 10 years of credited service: 50% of highest consecutive years average salary. Average salary is based on 3 years for Fire and 2 years for Police.

All Others, including Public Works employees hired on or after July 1, 2010: Prior to early or normal retirement date, benefit equal to the accrued benefit at the disability date multiplied by the ratio of credited service as of the disability date to the number of years the employee would have completed if he or she remained employed until normal retirement date. At early or normal retirement date, benefit equal to the accrued benefit at the disability date adjusted for early retirement if applicable.

For Police and Public Works employees hired on or after July 1, 2010, the disability benefit will be offset by the actuarially equivalent benefit provided by the account balance from the defined contribution plan.

**Cost of Living Adjustments  
(COLA)**

Fire, prior to 6/30/2007: 50% of the percentage salary increase received the previous 7/1 by the active bargaining unit employees in the department from which the employee retired.

Fire, effective 6/30/2007: 3% commencing on the January 1st following the date of retirement.

Police: Employees who retire on or after 7/1/2003 with 20 years of credited service shall receive a 3% COLA commencing on the January 1<sup>st</sup> following the first anniversary of retirement. For disability benefits there is no waiting period for the COLA.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION VI – APPENDICES**

**C. Summary of Plan Provisions**

Public Works: Employees who retire on or after 7/1/1987 with 20 years of credited service and age 60 shall receive 50% of the percentage salary increase received the previous 7/1 by the active bargaining unit employees in the department from which the employee retired. There is a 2 year waiting period commencing on the January 1st coinciding with or next following the date of retirement.

Town Non Management: Employees who are members of PMEA and who retire on or after 7/1/1998 at age 60 with 20 years of credited service shall receive a 2% COLA. Effective 7/1/2005, COLA is minimum 2% and not more than 3% COLA. There is a 2 year waiting period from date of retirement. Effective 7/1/2003, the COLA commences on the January 1st immediately following retirement.

Town Management: Employees who retire on or after 7/1/2002 at age 60 with 20 years of credited service or age 55 with 25 years of credited service shall receive a 2% COLA. There is a 1 year waiting period from date of retirement. Effective 7/1/2004, the COLA is 3% commencing on the January 1st following the first anniversary of retirement.

School Management and Non Certified: Effective 1/1/2001 for School Management and 7/1/2002 for Non Certified employees. Employees who retire at age 60 with 20 years of credited service or age 55 with 25 years of credited service shall receive a 1.7% COLA.

School (Council 94, Local 2669): Effective 7/1/2007, Employees who retire at age 60 with 20 years of credited service or age 55 with 20 years of credited service shall receive a 1.7% COLA. There is a 1 year waiting period from date of retirement.

**RETIREMENT PLAN FOR EMPLOYEES OF  
THE TOWN OF PORTSMOUTH, RHODE ISLAND**

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**SECTION VI – APPENDICES**

**C. Summary of Plan Provisions**

<b><i>Pre-Retirement Death Benefit</i></b>	<p>Fire, Police, Public Works and Town, excepting Police and Public Works employees hired on or after July 1, 2010: 30% of final five year average earnings payable to the spouse plus 10% final five year average earnings payable to each minor child under age 21. The maximum benefit payable is 50% of final five year average earnings.</p> <p>School: 100% Joint &amp; Survivor benefit is payable to the spouse upon the death of a participant with 10 years of credited service.</p>
<b><i>Vesting Benefit, Payable at Normal Retirement Date</i></b>	<p>Employees with ten years of credited service have a non-forfeitable right to their accrued benefit as of date of termination of employment. Does not apply to Police and Public Works employees hired on or after July 1, 2010.</p>
<b><i>Employee Cash Withdrawal Benefit</i></b>	<p>Employees who do not meet the eligibility requirements for vested benefits are paid their contributions with 5% interest at termination. Does not apply to Police and Public Works employees hired on or after July 1, 2010.</p>