



nyhart
part of FuturePlan by Ascensus®

City of Pontiac Police and Fire Retirement System

December 31, 2024 | Actuarial Valuation Report

Nyhart Actuary & Employee Benefits

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Actuarial Certification

At the request of the plan sponsor, this report summarizes the City of Pontiac Police and Fire Retirement System as of December 31, 2024. The purpose of this report is to communicate the following results of the valuation:

- Funded Status; and
- Determine Actuarially Recommended Contribution.

This report has been prepared in accordance with the applicable Federal and State laws. Consequently, it may not be appropriate for other purposes. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than that explained above. Failure to do so may result in misrepresentation or misinterpretation of this report.

The results in this report were prepared using information provided to us by other parties. The census and asset information has been provided to us by the employer. We have reviewed the provided data for reasonableness when compared to prior information provided, but have not audited the data. Where relevant data may be missing, we have made assumptions we believe to be reasonable. We are not aware of any significant issues with and have relied on the data provided. Any errors in the data provided may result in a different result than those provided in this report. A summary of the data used in the valuation is included in this report.

The actuarial assumptions and methods were chosen by the Board. In our opinion, all actuarial assumptions and methods are individually reasonable and in combination represent our best estimate of anticipated experience of the plan. 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.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement. This report has been prepared in accordance with generally accepted actuarial principles and practice.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable.

Actuarial Certification

In preparing these results, Nyhart used ProVal valuation software developed by Winklevoss Technologies, LLC. This software is widely used for the purpose of performing pension valuations. We coded the plan provisions, assumptions, methods, and participant data summarized in this report, and reviewed the liability and cost outputs for reasonableness. We are not aware of any weaknesses or limitations in the software, and have determined it is appropriate for performing this valuation.

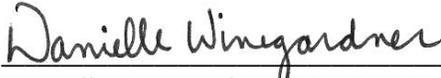
Neither Nyhart nor any of its employees have any relationship with the plan or its sponsor which could impair or appear to impair the objectivity of this report. To the extent that this report or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law.

The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States and are available for any questions.

Nyhart



Jennifer Turk, FSA, EA, MAAA



Danielle Winegardner, FSA, EA, MAAA

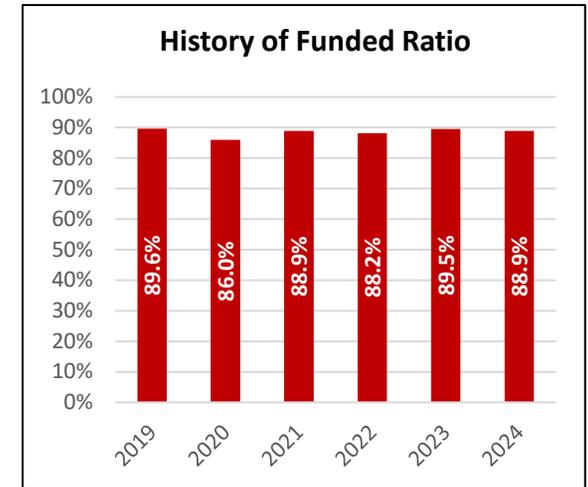
July 11, 2025
Date

Executive Summary

Summary Results

The actuarial valuation’s primary purpose is to produce a scorecard measure displaying the funding progress of the plan toward the ultimate goal of paying benefits at retirement. The accrued liability is based on an entry age level dollar.

| | December 31, 2023 | December 31, 2024 |
|---|--------------------------|--------------------------|
| Funded Status Measures | | |
| Accrued Liability | \$236,829,871 | \$233,394,440 |
| Actuarial Value of Assets | \$211,958,131 | \$207,376,797 |
| Unfunded Actuarial Accrued Liability (UAAL) | \$24,871,740 | \$26,017,643 |
| Funded Percentage (AVA) | 89.5% | 88.9% |
| Funded Percentage (MVA) | 84.0% | 88.9% |
| Cost Measure | | |
| Recommended Contribution | \$2,997,551 | \$3,198,090 |
| Expected Date of Recommended Contribution | January 1, 2026 | January 1, 2027 |
| Asset Performance | | |
| Market Value of Assets (MVA) | \$198,870,715 | \$207,414,946 |
| Actuarial Value of Assets (AVA) | \$211,958,131 | \$207,376,797 |
| Actuarial Value/Market Value | 106.6% | 100.0% |
| Market Value Rate of Return | 8.9% | 13.8% |
| Actuarial Value Rate of Return | 6.8% | 6.4% |
| Participant Information | | |
| Active Participants | 0 | 0 |
| Terminated Vested Participants | 96 | 90 |
| Retirees and Beneficiaries | 433 | 434 |
| Total | 529 | 524 |



Executive Summary

Changes since Prior Valuation and Key Notes

Plan Provisions

There have been no changes to the plan provisions since the last valuation.

Assumptions

The amortization period of the unfunded liability has been lowered from 19 years to 18 years.

Executive Summary

Historical Valuation Summary

| | 12/31/2020 | 12/31/2021 | 12/31/2022 | 12/31/2023 | 12/31/2024 |
|--|--------------------------|---------------|---------------|-------------------|-------------------|
| Funding | | | | | |
| Accrued Liability | \$249,854,074 | \$246,905,871 | \$243,211,632 | \$236,829,871 | \$233,394,440 |
| Actuarial Value of Assets | \$214,814,588 | \$219,510,558 | \$214,422,433 | \$211,958,131 | \$207,376,797 |
| Unfunded Actuarial Accrued Liability | \$35,039,486 | \$27,395,313 | \$28,789,199 | \$24,871,740 | \$26,017,643 |
| Funded Percentage | 86.0% | 88.9% | 88.2% | 89.5% | 88.9% |
| Normal Cost (NC) | \$0 | \$0 | \$0 | \$0 | \$0 |
| Actual Contribution | \$3,709,236 | \$3,819,003 | \$2,672,104 | Expected 1/1/2026 | Expected 1/1/2027 |
| Recommended Contribution Determined at Valuation | \$3,709,236 ¹ | \$3,134,384 | \$3,356,723 | \$2,997,551 | \$3,198,090 |
| Interest Rate | 7.25% | 7.25% | 7.25% | 7.25% | 7.25% |
| Amortization Period | 22 years | 21 years | 20 years | 19 years | 18 years |
| Rate of Return | | | | | |
| Actuarial Value of Assets | 8.8% | 10.1% | 5.6% | 6.8% | 6.4% |
| Market Value of Assets | 9.1% | 15.0% | (9.8)% | 8.9% | 13.8% |
| Demographic Information | | | | | |
| Active Participants | 0 | 0 | 0 | 0 | 0 |
| Terminated Vested Participants | 120 | 114 | 104 | 96 | 90 |
| Retired Participants | 340 | 341 | 344 | 342 | 341 |
| Beneficiaries | 71 | 68 | 68 | 71 | 73 |
| Disabled Participants | 21 | 21 | 21 | 20 | 20 ² |
| Total Participants | 552 | 544 | 537 | 529 | 524 |

¹ Recommended contribution adjusted for August 1, 2022 payment date.

² Of the 20 disabled participants above, there are currently 4 who are receiving a disability benefit. The remaining participants have converted to a Normal Retirement benefit.

Executive Summary

Identification of Risks

The results presented in this report are shown as single point values. However, these values are derived using assumptions about future markets and demographic behavior. If actual experience deviates from our assumptions, the actual results for the plan will consequently deviate from those presented in this report. Therefore, it is critical to understand the risks facing this pension plan. The following table shows the risks we believe are most relevant to the City of Pontiac Police and Fire Retirement System. The risks are generally ordered with those we believe to have the most significance at the top. Also shown are possible methods by which a more detailed assessment of the risk can be performed.

| Type of Risk | Method to Assess Risk |
|-----------------------|---|
| Investment Return | Scenario Testing; Asset Liability Study |
| Interest Rates | Scenario Testing; Stochastic Modeling |
| Participant Longevity | Scenario Testing; Stress Testing |

Executive Summary

Plan Maturity Measures - January 1, 2025

Each pension plan has a distinct life-cycle. New plans promise future benefits to active employees and then accumulate assets to pre-fund those benefits. As the plan matures, benefits are paid and the pre-funded assets begin to decumulate until ultimately, the plan pays out all benefits. A plan's maturity has a dramatic influence on how risks should be viewed. The following maturity measures illustrate where the City of Pontiac Police and Fire Plan falls in its life-cycle.

Duration of Liabilities: 9.6%

Duration is the most common measure of plan maturity. It is defined as the sensitivity of the liabilities to a change in the interest rate assumption. The metric also approximates the weighted average length of time, in years, until benefits are expected to be paid. A plan with high duration is, by definition, more sensitive to changes in interest rates. A plan with low duration is more susceptible to risk if asset performance deviates from expectations as there would be less time to make up for market losses in adverse market environments while more favorable environments could result in trapped surplus from gains. Conversely, high duration plans can often take on more risk when investing, and low duration plans are less sensitive to interest rate fluctuations.

Demographic Distribution - Ratio of Actively Accruing Participants to All Participants: 0.0%

A plan with a high ratio is more sensitive to fluctuations in salary (if a salary-based plan) and statutory changes. A plan with a low ratio is at higher risk from demographic experience. Such a plan should pay close attention to valuation assumptions as there will be less opportunity to realize future offsetting gains or losses when current experience deviates from assumptions. Plans with a low ratio also have limited opportunities to make alterations to plan design to affect future funded status.

Asset Leverage - Ratio of Payroll for Plan Participants to Market Value of Assets: 0.0%

Younger plans typically have a large payroll base from which to draw in order to fund the plan while mature plans often have a large pool of assets dedicated to providing benefits to a population primarily consisting of members no longer on payroll. Plans with low asset leverage will find it more difficult to address underfunding, as the contributions needed to make up the deficit will represent a higher percentage of payroll than for a plan with high asset leverage.

Benefit Payment Percentage - Ratio of Annual Benefit Payments to Market Value of Assets: 9.8%

As a plan enters its decumulation phase, a larger percentage of the pre-funded assets are paid out each year to retirees. A high percentage is not cause for alarm as long as the plan is nearly fully funded. However, such a plan is more sensitive to negative asset performance, especially if cash contributions are not an option to make up for losses.

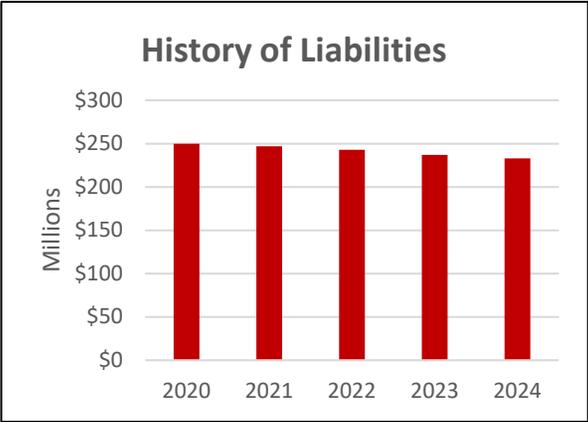
Assets and Liabilities

Actuarial Accrued Liability

The Actuarial Accrued Liability measures the present value of benefits earned as of the valuation date, using a specified set of actuarial assumptions.

December 31, 2024

| | |
|--|----------------------|
| Funding Liabilities – Entry Age Normal level dollar | |
| Active participants | |
| Retirement | \$0 |
| Disability | 0 |
| Death | 0 |
| Termination | 0 |
| Refund of contributions | 0 |
| Total Active | \$0 |
| Inactive participants | |
| Retired participants | \$191,618,737 |
| Beneficiaries | 19,678,422 |
| Disabled participants | 9,406,170 |
| Terminated vested participants | 12,691,111 |
| Total Inactive | \$233,394,440 |
| Total | \$233,394,440 |
| Normal Cost | \$0 |
| Interest Rate | 7.25% |

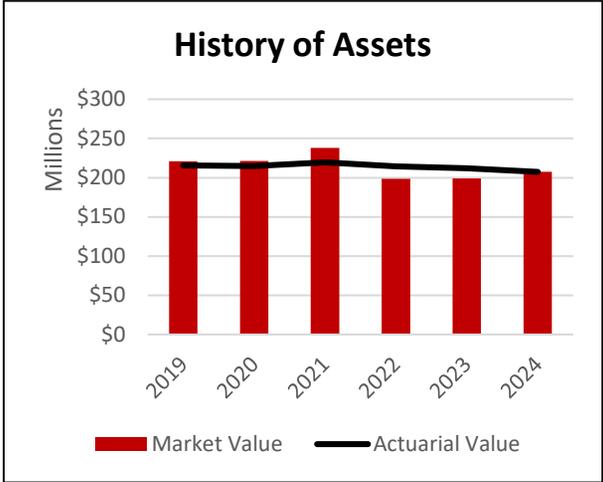


Assets and Liabilities

Asset Information

The amount of assets backing the pension promise is the most significant driver of volatility and future costs within a pension plan. The investment performance of the assets directly offsets the ultimate cost.

| | December 31, 2024 |
|---|--------------------------|
| Market Value Reconciliation | |
| Market value of assets, beginning of prior year | \$198,870,715 |
| Contributions | |
| Employer contributions | 2,672,104 |
| Employee contributions | 0 |
| Total | \$2,672,104 |
| Investment income | \$26,458,116 |
| Refund of Member Contributions | \$0 |
| Benefit payments | \$(20,266,304) |
| Administrative expenses | \$(319,685) |
| Market value of assets, beginning of current year | \$207,414,946 |
| Return on Market Value | 13.75% |
| Market value of assets available for pension benefits | \$207,414,946 |
| Actuarial Value of Assets | |
| Value at beginning of current year | \$207,376,797 |



Monitoring the pension plan’s investment performance is crucial to eliminating surprises.

Assets and Liabilities

Asset Information (continued) – 20% Phase in

Plan Assets are used to develop funded percentages and contribution requirements.

| | December 31, 2024 |
|--|--------------------------|
| Investment Gain or (Loss) | |
| 1. Prior year's market value of assets | \$198,870,715 |
| 2. Employer contributions for the prior plan year | \$2,672,104 |
| 3. Employee contributions for the prior plan year | 0 |
| 4. Benefit payments during the prior plan year | (20,266,304) |
| 5. Administrative expenses | (319,685) |
| 6. Expected earnings at 7.25% to the end of the plan year on | |
| (a) Market value of assets | \$14,418,127 |
| (b) Contributions | 96,864 |
| (c) Benefit payments | (734,654) |
| (d) Administrative expenses | (11,589) |
| (e) Total expected earnings, (a) + (b) + (c) + (d) | \$13,768,748 |
| 7. Expected market value of assets, (1) + (2) + (3) + (4) + (5) + (6e) | \$194,725,578 |
| 8. Actual market value of assets | \$207,414,946 |
| 9. Investment Gain or (Loss), (8) – (7) | \$12,689,368 |
| Actuarial Value of Assets | |
| 10. Market value of assets | \$207,414,946 |
| 11. Deferred Investment gains or (losses) | |
| (a) Current year: 80% x \$12,689,368 | \$10,151,494 |
| (b) First prior year: 60% x \$3,449,797 | 2,069,878 |
| (c) Second prior year: 40% x (\$39,137,841) | (15,655,136) |
| (d) Third prior year: 20% x \$17,359,563 | 3,471,913 |
| (e) Total | \$38,149 |
| 12. Final actuarial value of assets, (10 – (11e)) | \$207,376,797 |
| 13. Return on actuarial value of assets | 6.41% |

Funding Results

Reconciliation of Gain/Loss

| | December 31, 2024 |
|---|--------------------------|
| Liability (Gain)/Loss | |
| 1. Actuarial liability, beginning of prior year | \$236,829,871 |
| 2. Normal cost for prior year | 0 |
| 3. Benefit payments | (20,266,304) |
| 4. Expected Interest | 16,435,512 |
| 5. Change in Assumptions | 0 |
| 6. Change in Plan Provisions | 0 |
| 7. Expected actuarial liability, beginning of current year | <u>\$232,999,079</u> |
| 8. Actual actuarial liability | <u>233,394,440</u> |
| 9. Liability (Gain)/Loss, (8) – (7) | <u>\$395,361</u> |
| Asset Gain/(Loss) | |
| 10. Actuarial value of assets, beginning of prior year | \$211,958,131 |
| 11. Contributions | 2,672,104 |
| 12. Benefit payments and administrative expenses | (20,585,989) |
| 13. Expected Investment return | 14,717,586 |
| 14. Expected actuarial value of assets, beginning of current year | <u>208,761,832</u> |
| 15. Actual actuarial value of assets, beginning of current year | <u>207,376,797</u> |
| 16. Asset (Gain)/Loss, (14) – (15) | <u>\$1,385,035</u> |
| Total (Gain)/Loss, (9) + (16) | \$1,780,396 |

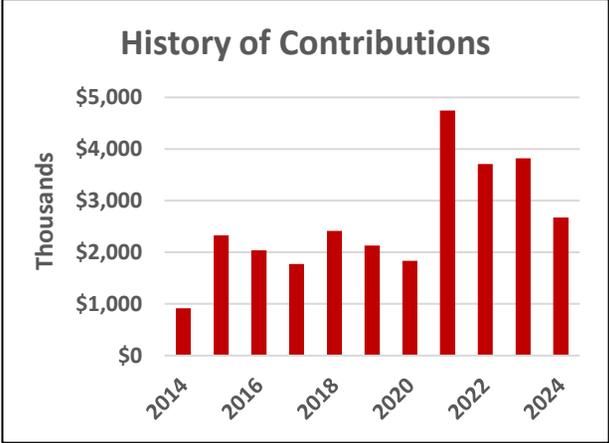
Funding Results

Development of Actuarial Recommended Contribution

The actuarial recommended contribution is the annual amount necessary to fund the plan according to funding policies and/or applicable laws.

Valuation Date **December 31, 2024**

| | |
|--|---------------|
| Funded Position | |
| 1. Entry age accrued liability | \$233,394,440 |
| 2. Actuarial value of assets | 207,376,797 |
| 3. Unfunded actuarial accrued liability (UAAL) | \$26,017,643 |
| Employer Contributions | |
| 1. Normal Cost | 0 |
| 2. Administrative Expenses | 325,000 |
| 3. Amortization of UAAL | 2,455,328 |
| 4. Applicable Interest | 417,762 |
| 5. Total recommended contribution | \$3,198,090 |



In accordance with ASOP No. 4, we reviewed the plan’s funding method (liability method, amortization method and period, asset smoothing method), contribution policy & allocation procedures, and the computation of the actuarially determined contribution. We believe each to be reasonable, both individually and in combination, as expected plan costs are expected to be fully funded over a reasonable timeframe.

The contribution calculated as of December 31, 2024 is assumed to be paid January 1, 2027. Please see the following page for alternative payment dates.

Funding Results

Alternative Payment Date for the Actuarial Recommended Contribution

The actuarial recommended contribution is the annual amount necessary to fund the plan according to funding policies and/or applicable laws. The contribution is adjusted with interest to the actual payment date. The required contribution amounts may be adjusted if they are made prior to January 1, 2026 or January 1, 2027 as shown in the following schedule.

| December 31, 2023 | |
|----------------------------------|----------------------------|
| Assumed Contribution Date | Contribution Amount |
| July 1, 2025 | \$2,894,461 |
| August 1, 2025 | \$2,911,393 |
| September 1, 2025 | \$2,928,424 |
| October 1, 2025 | \$2,945,555 |
| November 1, 2025 | \$2,962,786 |
| December 1, 2025 | \$2,980,118 |
| January 1, 2026 | \$2,997,551 |
| December 31, 2024 | |
| Assumed Contribution Date | Contribution Amount |
| July 1, 2026 | \$3,088,105 |
| August 1, 2026 | \$3,106,170 |
| September 1, 2026 | \$3,124,340 |
| October 1, 2026 | \$3,142,617 |
| November 1, 2026 | \$3,161,000 |
| December 1, 2026 | \$3,179,491 |
| January 1, 2027 | \$3,198,090 |

Funding Results

Michigan PA 202 Reporting Requirements

| | December 31, 2024 | |
|---------------------------------------|--------------------------|---|
| | Plan Assumptions | State Treasury Uniform Assumptions |
| Interest Rate | 7.25% | 6.90% |
| Mortality | Pub-S 2010 with MP-21 | No change |
| Amortization Period | 20 years | 15 years |
| Accrued Liability | \$233,394,440 | \$240,840,973 |
| Market Value of Assets | \$207,414,946 | \$207,414,946 |
| Unfunded Accrued Liability, MVA Basis | \$25,979,494 | \$33,426,027 |
| Funded Percentage (MVA) | 88.9% | 86.1% |
| Underfunded Status | Not Underfunded | Not Underfunded |
| Actuarially Determined Contribution | \$3,356,723 | \$4,676,781 |

The Actuarially Determined Contribution payable during 2024 is calculated as of December 31, 2022 and based on data, assumptions, and plan provisions summarized in the December 31, 2022 Actuarial Valuation Report. The Actuarially Determined Contribution under Uniform Assumptions is calculated using the December 31, 2022 assumptions and plan provisions other than a 6.90% discount rate and 15-year amortization.

Data, Assumptions, and Plan Provisions

Demographic Information

The foundation of a reliable actuarial report is the participant information provided by the plan sponsor. Monitoring trends in demographic information is crucial for long-term pension planning.

| | December 31, 2023 | December 31, 2024 |
|--|-------------------|-------------------|
| Participant Counts | | |
| Active Participants | 0 | 0 |
| Retired Participants | 342 | 341 |
| Beneficiaries | 71 | 73 |
| Disabled Participants ¹ | 20 | 20 |
| Terminated Vested Participants | 96 | 90 |
| Total Participants | 529 | 524 |
| Active Participant Demographics | | |
| Average Age | N/A | N/A |
| Average Service | N/A | N/A |
| Average Compensation | N/A | N/A |

As of the December 31, 2024 valuation, there are 4 disabled participants who are receiving a disability benefit and the rest are receiving a normal retirement benefit. The 4 disabled participants have an average age of 59.5, receive an average monthly benefit of \$2,146, and received an average annual pension improvement check of \$8,539.

As of the December 31, 2023 valuation, there were 5 disabled participants who are receiving a disability benefit and the rest are receiving a normal retirement benefit. The 5 disabled participants have an average age of 57.8, receive an average monthly benefit of \$2,414, and received an average annual pension improvement check of \$8,367.

Data, Assumptions, and Plan Provisions

Demographic Information (continued)

| | December 31, 2023 | December 31, 2024 |
|---|-------------------|-------------------|
| Retiree Statistics | | |
| Average Age | 67.4 | 67.8 |
| Average Monthly Benefit | \$3,046 | \$3,032 |
| Average Annual 13th Check Pension Improvement | \$13,056 | \$13,404 |
| Beneficiary Statistics | | |
| Average Age | 77.5 | 76.9 |
| Average Monthly Benefit | \$2,045 | \$1,988 |
| Average Annual 13th Check Pension Improvement | \$8,570 | \$9,885 |
| Disabled Participant Statistics | | |
| Average Age | 69.1 | 70.1 |
| Average Monthly Benefit | \$2,560 | \$2,567 |
| Average Annual 13th Check Pension Improvement | \$13,320 | \$13,390 |
| Terminated Vested Participant Statistics | | |
| Average Age | 46.3 | 47.0 |
| Average Monthly Benefit | \$880 | \$812 |

Monitoring the average age of the population is important due to the relationship of actuarial cost to age. Generally speaking, an older population generates a higher actuarial cost.

Changes in the ratio of active to retired participants can be a significant driver of costs in a volatile asset market.

Data, Assumptions, and Plan Provisions

Participant Reconciliation

| | Active | Terminated Vested | Disabled | Retired | Beneficiaries | Totals |
|--------------------------|---------------|--------------------------|-----------------|----------------|----------------------|---------------|
| Prior Year | 0 | 96 | 20 | 342 | 71 | 529 |
| Active | | | | | | |
| Terminated Vested | | | | | | |
| To Retired | 0 | (6) | 0 | 6 | 0 | 0 |
| Retired | | | | | | |
| To Death | 0 | 0 | 0 | (7) | 0 | (7) |
| Survivor | | | | | | |
| To Death | 0 | 0 | 0 | 0 | (4) | (4) |
| Disabled | | | | | | |
| To Death | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions | 0 | 0 | 0 | 0 | 6 | 6 |
| Departures | 0 | 0 | 0 | 0 | 0 | 0 |
| Current Year | 0 | 90 | 20 | 341 | 73 | 524 |

Data, Assumptions, and Plan Provisions

Plan Status

Established July 1, 1962 and amended through October 4, 2007. In addition, the provisions may be amended for certain members covered under Collective Bargaining Agreements (CBA) of the applicable groups. The latest CBA's and applicable groups are described as follows:

- PFFU Members of Local #376, Pontiac Fire Fighters Union International Association of Fire Fighters Affiliated with AFL-CIO are covered under the July 1, 2004 through June 30, 2010 CBA.
- PPOA/PPSA Members of The Michigan Association of Police are covered under the January 1, 2007 through December 31, 2012 CBA.

Eligibility for Participation

Participation in the Plan is closed.

Benefits

Normal Retirement

Eligibility

- PFFU Age 50 with 10 years of service or 25 years of service regardless of age
- PPOA/PPSA Age 50 with 10 years of service or 25 years of service regardless of age
- Others Age 55 with 20 years of service

Benefit

- PFFU 3% of FAS for the first 20 years of service, 2.5% of FAS for the next 5 years of service, and 1% of FAS for the next 5 years of service, subject to a maximum of 77.5%
- PPOA/PPSA 3% of FAS for the first 20 years of service, 2.5% of FAS for the next 5 years of service, and 1% of FAS for the next 5 years of service, subject to a maximum of 77.5%
- Others 2.4% of Final Average Salary for each complete year of service, subject to a maximum of 75% of Final Average Salary

Data, Assumptions, and Plan Provisions

Late Retirement

| | |
|-------------|---|
| Eligibility | Participation continues after normal retirement date. |
| Benefit | Accrued retirement benefit |

Service-Connected Death Benefit

| | |
|-------------|--|
| Eligibility | Immediately eligible upon hire |
| Benefit | 50% of the Member's rate of salary at the date of the Member's death to the surviving spouse |

Non-Service-Connected Death Benefit

| | |
|-------------|--|
| Eligibility | A member with 3 years of credited service |
| Benefit | Benefit 30% of the Member's Final Average Salary, increased 1% for each year of credited service above 3 years up to a maximum equal to 50% of Final Average Salary payable to the Member's spouse upon her attainment of age 55 (if later). |

Termination Benefit

| | |
|-------------|---|
| Eligibility | 10 years of credited service |
| Benefit | Computed as a regular retirement but based upon service and Final Average Salary at termination date. |

Service-Connected Disability

| | |
|-------------|---|
| Eligibility | Immediately upon permanent disability, prior to age 55 |
| Benefit | 66-2/3% of salary at disablement, increased 10% of salary for each child under the age of 18 subject to a maximum of 80% of salary, payable until age 55. |

Data, Assumptions, and Plan Provisions

Non-Service-Connected Disability

| | |
|-------------|--|
| Eligibility | 10 years of service and deemed to be permanently disabled, prior to age 55 |
| Benefit | 1-3/4% of FAS subject to a minimum of 25% and a maximum of 50% of FAS |

Final Average Salary

The average annual salary of the highest three consecutive years of credited service within the last 10 years of credited service of a Member.

Credited Service

For Vesting and Benefit Accrual
All years of completed months of continuous service with the city as a Policeman or Fireman.

Payment Forms

Normal Form
A single life annuity, with non-service-connected death benefit

Optional Forms
50% and 100% Joint and Survivor Annuity. Employees may also receive a refund of their employee contributions with interest and an annuity reduced by the actuarial equivalent value of withdrawal.

Cost of Living Adjustments

| | |
|------|--|
| PFFU | 2.00% simple for 10 years for those members who retire on or after 7/1/1972 but prior to 12/31/1984 2.00% simple for 25 years for those members who retire on or after 1/1/1985 |
| PPOA | 2.00% simple for 12 years with an additional 1% for the 13 th year for those members who retire on or after 7/1/1983 but prior to 12/31/1990 2.00% simple for 25 years for those members who retire on or after 1/1/1991 |

The COLA is paid as a 13th check at the end of each year.

Data, Assumptions, and Plan Provisions

Actuarial Equivalence

Actuarial Equivalence will be computed using the interest rate and mortality table used in the annual actuarial valuation of the year of distribution.

Plan Provisions Not Included

We are not aware of any plan provisions not included in the valuation

Adjustments Made for Subsequent Events

We are not aware of any event following the measurement date and prior to the date of this report that would materially impact the results of this report.

Data, Assumptions, and Plan Provisions

Except where otherwise indicated, the following assumptions were selected by the plan sponsor with the concurrence of the actuary.

| | |
|--|---|
| Valuation Date | December 31, 2024 |
| Participant and Asset Information Collected as of | December 31, 2024 |
| Cost Method | Individual Entry Age Cost Method – Level Dollar |
| Amortization Method | 18 year closed level dollar amortization of Unfunded Actuarial Accrued Liability |
| Asset Valuation Method | Market value of assets with a 5-year phase in of market gains and losses, subject to a 20% corridor |
| Interest Rates | 7.25% net of investment expenses Support for the interest rate assumption has been provided in the experience study report dated August 2020 |
| Mortality Rates | |
| Healthy | Pub-S 2010 Mortality with generational improvements using scale MP-2021 |
| Disabled | Pub-S 2010 Disabled Retiree Mortality Table with generational improvements using scale MP-2021 |
| | As the plan is not large enough to have credible experience, mortality assumptions are set to reflect general population trends. |
| Marital Assumption | 80% of Terminated Vested members are assumed to be married with husbands 3 years older than wives. |
| Administrative Expense Load | 3-year average of administrative expenses, rounded to the nearest \$5,000 |

Other Measurements

Low-Default-Risk Obligation Measure (LDRM)

For reports issued after February 15, 2023 the Plan’s actuary is generally required to disclose liabilities under an alternative low-default-risk based discount rate. This LDRM liability measure represents the estimated asset value as of the measurement date the Plan would need in order to purchase a low-default-risk fixed income securities portfolio with durations that are reasonably consistent with the timing of benefits expected to be paid from the plan.

| | December 31, 2024 |
|------------------------|--------------------------|
| LDRM liability | \$(277,552,845) |
| Market value of assets | <u>207,414,946</u> |
| LDRM funded status | \$(70,137,899) |

The LDRM liability and funded status is for informational purposes only. The plan sponsor has no requirements to contribute to the Plan to meet this threshold.

If Plan assets are invested to earn in excess of a fixed income portfolio, a shortfall on this basis may not necessarily mean the security of participant benefits is at risk. If the plan is fully funded, or nearly fully funded, on the LDRM measure, the plan sponsor may want to consider reducing investment risk in order to offer greater benefit security and lower contribution volatility. We did not perform an analysis of assumption or provision changes resulting from a potential shift in investment policy due to the limited scope of our engagement.

The above LDRM liability measure applies a single effective discount rate of 5.43%. This is the single effective discount rate that would produce approximately the same discounted cashflows as the FTSE Pension Liability Curve as of December 31, 2024. All other data, assumptions, methods and provisions are the same as those detailed in this report.

While intended to be a market consistent measure, the above funded status is not appropriate for assessing the plan’s sufficiency to settle plan obligations.