

# Summary of Assumption Changes Approved 12/21/2017

Resulting from the recent Study of Demographic Experience during the Years 2012-2016, the following is a brief summary of the demographic assumption changes, effective July 1, 2017. For additional detail, please compare Exhibits 9 and 10 found in the respective actuarial accounting valuation for the demographic changes. For your reference, we have bolded the demographic assumption changes to better highlight the actual assumption changes adopted by the Board of Trustees.

At the same time, the Board of Trustees, along with their actuary, investment consultant and staff, reviewed long-term economic assumptions. The Trustees implemented the investment consultant's recommended economic changes as described below. Refer to Exhibit 11.

## ***Economic Assumption Changes***

- Lowered the Long-term Investment Return Rate from 7.50% to 7.25%
- Lowered the COLA Increase Rate Assumption from 3.00% to 2.75%

## ***Demographic Assumption Changes***

- Minor increases to termination and incremental service rates

	1	2	3	4	5
Previous Assumption	21.5%	14.0%	9.5%	6.5%	4.0%
New Assumption	<b>22.5%</b>	14.0%	<b>10.0%</b>	<b>7.0%</b>	4.0%

Revise ultimate rates to adopt asymmetric U-shape

Ultimate rate bottoms out at age 50

Rates geometrically progress over 15-year intervals

from 15% at age 20 to 9% at age 35

from 9% at age 35 to 5% at age 50

from 5% at age 50 to 10% at age 65

Ultimate rate levels out at 10% for ages 65 and above

- Updates to normal (unreduced) retirement rates

Age Group	55	56-60	61	63
Previous Assumption	35%	20%	10%	30%
New Assumption	<b>25%</b>	<b>17%</b>	<b>17%</b>	<b>20%</b>

No changes to early retirement rates.

- Adjustment to the shape of pay increase curve based on average increases within the past 10 years of historical experience