

Source: Actuarial Analysis of Demographic Experience Study during years 2012-2016

Summary of Recommendations

Demographic Assumptions

adopt changes recommended in September Board meeting

- Termination Refer to Pages 2 and 3
- Retirement Refer to Pages 4 and 5
- Pay Increase Refer to Page 6

Other Demographic Assumptions

defer until SOA public employee study released

- Mortality
- Disablement
- Disabled Life Mortality

Economic Assumptions

adopt the following changes

- Investment Return: from 7.50% to 7.25%
- COLA increases: from 3.00% to 2.75%
- Pay Increase: no changes other than demographic

Source: Actuarial Analysis of Demographic Experience Study during years 2012-2016

Termination Assumptions

Ultimate Rates

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

Source: Actuarial Analysis of Demographic Experience Study during years 2012-2016

Termination Assumptions

Select Rates

Level service increment (independent of age)

- added to age-based ultimate rate

Minor increases to incremental service rates

	0	1	2	3	4
Current Assumption	21.5%	14.0%	9.5%	6.5%	4.0%
Recommended Assumption	22.5%	14.0%	10.0%	7.0%	4.0%

Retirement Assumptions

No change to early retirement rates

Update normal (unreduced) retirement rates

No change to full retirement age

Source: Actuarial Analysis of Demographic Experience Study during years 2012-2016

Retirement Assumptions

Normal (Unreduced) Retirement Rates

	Current Assumption	Revised Assumption
55	35%	25%
56	20%	17%
57	20%	17%
58	20%	17%
59	20%	17%
60	20%	17%
61	10%	17%
62	30%	30%
63	30%	20%
64	15%	15%
65	30%	30%
66	30%	30%
67	30%	30%
68	30%	30%
69	30%	30%

Assumption and Method Changes, effective for the year starting July 1, 2018

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Average Pay Increases by Age

