THE CITY OF NEWPORT, RHODE ISLAND FIRE PENSION SYSTEM

ACTUARIAL VALUATION REPORT

JULY 1, 2023

USI CONSULTING GROUP

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Executive Summary

	July 1, 2023	July 1, 2022
Number of members		
Active employees	93	86
Terminated vested members	2	0
Vested in employee contributions only	1	0
Retired, disabled and beneficiaries	132	131
Total	228	217
Covered employee payroll	6,864,936	6,490,886
Average plan salary	73,817	75,475
Actuarial present value of future benefits	149,183,808	144,057,393
Actuarial accrued liability	130,224,834	127,835,177
Plan assets		
Market value of assets	85,926,116	77,350,071
Actuarial value of assets	87,044,335	81,822,158
Unfunded accrued liability	43,180,499	46,013,019
Funded ratio	66.8%	64.0%
Actuarially determined employer contribution (ADEC)		
Fiscal year ending	2025	2024
ADEC	7,670,436	7,461,283

Valuation Results and Highlights

Purpose of the Valuation

The purpose of the valuation is to develop the Actuarially Determined Employer Contribution (ADEC).

The ultimate cost of a pension plan is based primarily on the level of benefits promised by the plan. The pension fund's investment earnings serve to reduce the cost of plan benefits and expenses. Thus,

Ultimate cost = Benefits Paid + Expenses Incurred – Investment Return – Employee Contributions

The actuarial cost method distributes this ultimate cost over the working lifetime of current plan participants. By means of this budgeting process, costs are allocated to both past and future years, and a cost is assigned to the current year. The current year's allocated cost, or normal cost, is the building block upon which the actuarially determined employer contribution is developed. The July 1, 2023 valuation produces the contribution for the fiscal year ending 2025.

Information Available in the Valuation Report

The Executive Summary is intended to emphasize the notable results of the valuation from the perspective of the Plan Sponsor. Supporting technical detail is documented in Results of the Valuation, Supporting Exhibits and Description of Actuarial Methods and Assumptions. A concise summary of the principal provisions of the Plan is outlined in Summary of Plan Provisions.

Changes Reflected in the Valuation

None.

Cash Contribution for Fiscal Year Ending 2025

The City cost is:	2025 Fiscal Year
	$7,670,436

Liability Experience During Period Under Review

The plan experienced a net actuarial gain on liabilities of approximately $72,000 since the prior valuation.

Asset Experience During Period Under Review

The plan's assets provided the following rates of return during the past fiscal year:

	2023 Fiscal Year
Market Value Basis	10.6%
Actuarial Value Basis	6.2%

The Actuarial Value of assets, rather than the Market Value, is used to determine plan contributions. The Actuarial Value spreads the asset volatility over 5 years, thereby smoothing out fluctuations that are inherent in the Market Value.

Assessment and Measurement of Risks

Financial Significance of Plan

It is important to understand the size of the pension plan compared to the size of the sponsor of that plan. Additional pension contributions may be required at inopportune times for the plan sponsor. In general, a plan sponsor with assets or revenue that are much larger than the liabilities in its pension plans will be better able to withstand increases in required pension contributions.

Plan Maturity Measurements

	July 1, 2023	July 1, 2022
Actuarial accrued liability for members currently in pay status as a percentage of the total actuarial accrued liability	74.8%	76.9%

• A lower percentage results in greater volatility as the investment return assumption changes.

• A higher percentage results in greater demand on cash due to a proportionately higher percentage of benefits being in pay status.

	July 1, 2023
Duration of benefit payments using an investment rate of return of 6.75%	15.0 years

• A higher duration will occur if the plan's percentage of members in pay status decreases. A plan with a higher duration will have a liability that is more sensitive to changes in the investment return assumption.

	July 1, 2023	July 1, 2022
Ratio of market value of assets to covered payroll	12.5	11.9

• A higher ratio is more typical of relatively mature plans with a larger percentage of inactive members and may cause more potential contribution volatility as pension fund assets fluctuate.

Risks to Assess

Overriding Minimum Contribution

	Fiscal Year Ending 2025
Actuarially determined employer contribution (ADEC)	7,670,436
Overriding minimum contribution (OMC)*	5,118,856
Surplus (deficit) - ADEC vs. OMC	2,551,580

• A deficit suggests that a plan's current funding policy contribution approach may result in little to no progress being made towards: (1) reducing the plan's unfunded liability; and (2) increasing the plan's funded ratio in the near-term.

** As defined in "Public Pension Plan Funding Policy" (Society of Actuaries, 2010).*

Estimated Impact of a 5% Reduction in Market Value of Assets

	Fiscal Year Ending 2025
Increase in actuarially determined employer contribution (ADEC)	95,086

• Plans would generally be subject to a larger amortization payment if the market value of assets were 5% smaller. As a result, the ADEC would generally be higher for up to 15 years.

Due to the asset smoothing method, the ADEC will additionally increase by the same amount in each of the next few years. Each of these additional contributions will continue for up to 15 years.

Estimated Impact of a 1-Year Increase in Life Expectancies

	Fiscal Year Ending 2025
Increase in actuarially determined employer contribution (ADEC)	332,161

• If members live longer than expected, it generally results in larger benefits and/or additional benefit payments made. As a result, the ADEC would generally be higher for up to 15 years.

Low-Default-Risk Obligation Measure

	July 1, 2023
Low-default-risk obligation measure (LDROM)*	195,223,395
Total actuarial accrued liability (AAL) for all members**	130,224,834
Difference between LDROM and AAL	64,998,561

• This exhibit illustrates the impact on the ongoing funding liability if the plan decided to invest completely in low-default-risk securities.

** The LDROM discount rate is 3.65%. The discount rate used for this purpose is equal to the published Bond Buyer GO 20-Bond Municipal Index effective as of June 30, 2023. Other than the discount rate, the assumptions and methods are consistent with those used in the actuarial valuation. The disclosure of the LDROM is for illustrative purposes and does not necessarily imply that the associated discount rate should be used for funding purposes.*

*** The discount rate used in the valuation is 6.75%.*

Historical Results

Valuation Year Beginning	Investment Return Assumption	Annual Effective Rate of Return on Market Value of Assets	Market Value of Assets as a % of Actuarial Accrued Liability	Benefit Payments as a % of Market Value of Assets
2023	6.75%	N/A	66.0%	N/A
2022	6.75%	10.6%	60.5%	9.9%
2021	6.75%	-10.3%	70.5%	8.1%
2020	7.00%	28.0%	56.6%	10.4%
2019	7.25%	4.7%	55.2%	10.4%
2018	7.25%	4.2%	54.3%	10.7%
2017	7.25%	9.1%	50.3%	11.5%

Implications of Contribution Allocation Procedure or Funding Policy

I have assessed the impact of the funding policy on the anticipated employer contributions and the plan's funded status. The funding policy is described in the Description of Actuarial Methods section of this report.

I have estimated the approximate length of time before the unfunded accrued liability, if any, will become fully amortized. The period is estimated to be 9 years. Subsequent to the end of this period, the future anticipated employer contributions will be the corresponding annual normal costs.

I have assessed whether the funding policy will be sufficient to cover future benefit payments and administrative expenses. The current funding policy is anticipated to cover these costs indefinitely.

Certification

This report presents the results of the July 1, 2023 Actuarial Valuation for The City of Newport, Rhode Island Fire Pension System (the Plan) for the purpose of estimating the funded status of the Plan and determining the Actuarially Determined Employer Contribution (ADEC) for the fiscal year ending June 30, 2025. This report may not be appropriate for any other purpose.

The valuation has been performed in accordance with generally accepted actuarial principles and practices. It is intended to comply with all applicable Actuarial Standards of Practice.

I certify that the actuarial assumptions and methods that were selected by me and represent my best estimate of anticipated actuarial experience under the Plan. The combined effect of the actuarial assumptions and methods is not expected to contain significant bias, meaning it is not overly optimistic or pessimistic.

In preparing this valuation, I have relied on employee data provided by the Plan Sponsor, and on asset and contribution information provided by the Trustee. I have audited neither the employee data nor the financial information, although I have reviewed them for reasonableness.

The results in this valuation report are based on the Plan as summarized in the *Summary of Plan Provisions* section of this report and the actuarial assumptions and methods detailed in the *Description of Actuarial Methods and Assumptions* section of this report.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, 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 or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of this report, an analysis of the potential range of such future measurements has not been performed.

I have no relationship with the employer or the Plan that would impair, or appear to impair, my objectivity in performing the work presented in this report. I am a member of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

Steve A. Lemanski, FSA, FCA, MAAA
Enrolled Actuary 23-05506

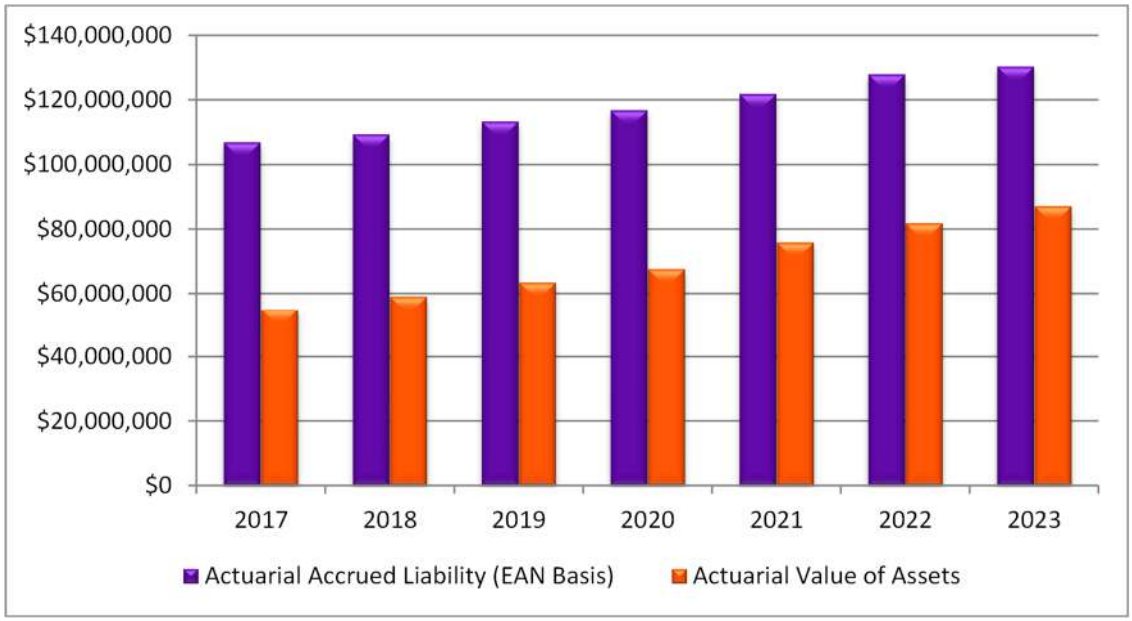
Robert P. Lessard, ASA, FCA, MAAA
Enrolled Actuary 23-08801

September 29, 2023

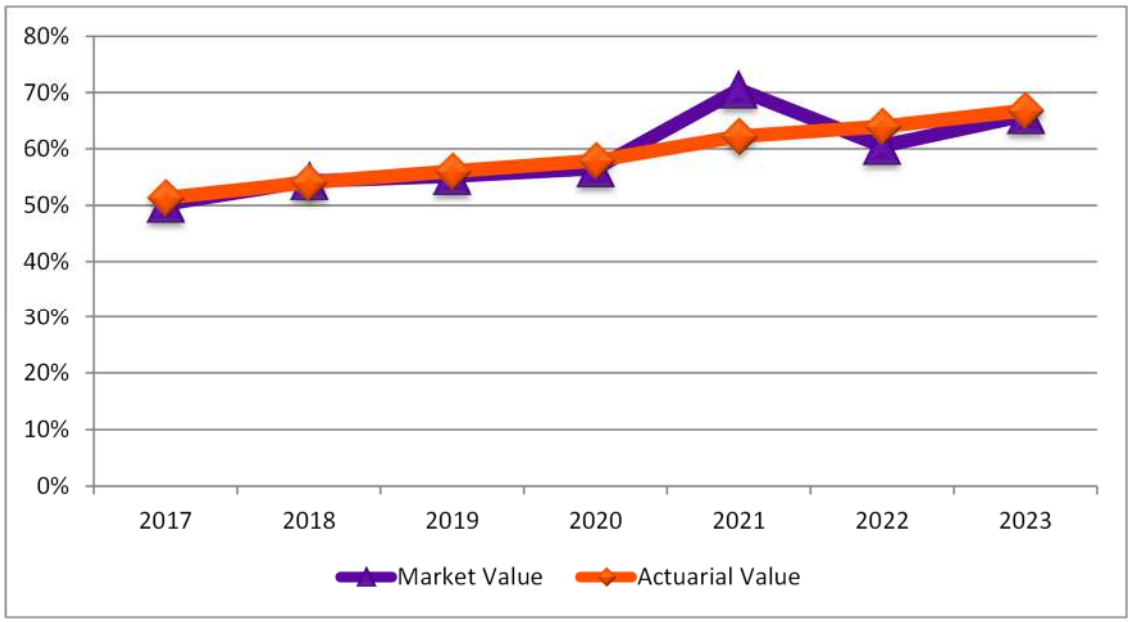
Development of Unfunded Accrued Liability and Funded Ratio

	July 1, 2023	July 1, 2022
Actuarial accrued liability for inactive members		
Retired, disabled and beneficiaries	$97,432,114	$98,293,298
Terminated vested members	765,568	0
Due refund of employee contributions only	53,677	0
Total	98,251,359	98,293,298
Actuarial accrued liability for active employees	31,973,475	29,541,879
Total actuarial accrued liability	130,224,834	127,835,177
Actuarial value of assets	87,044,335	81,822,158
Unfunded accrued liability	43,180,499	46,013,019
Funded ratio	66.8%	64.0%

Actuarial Accrued Liability vs. Actuarial Value of Assets



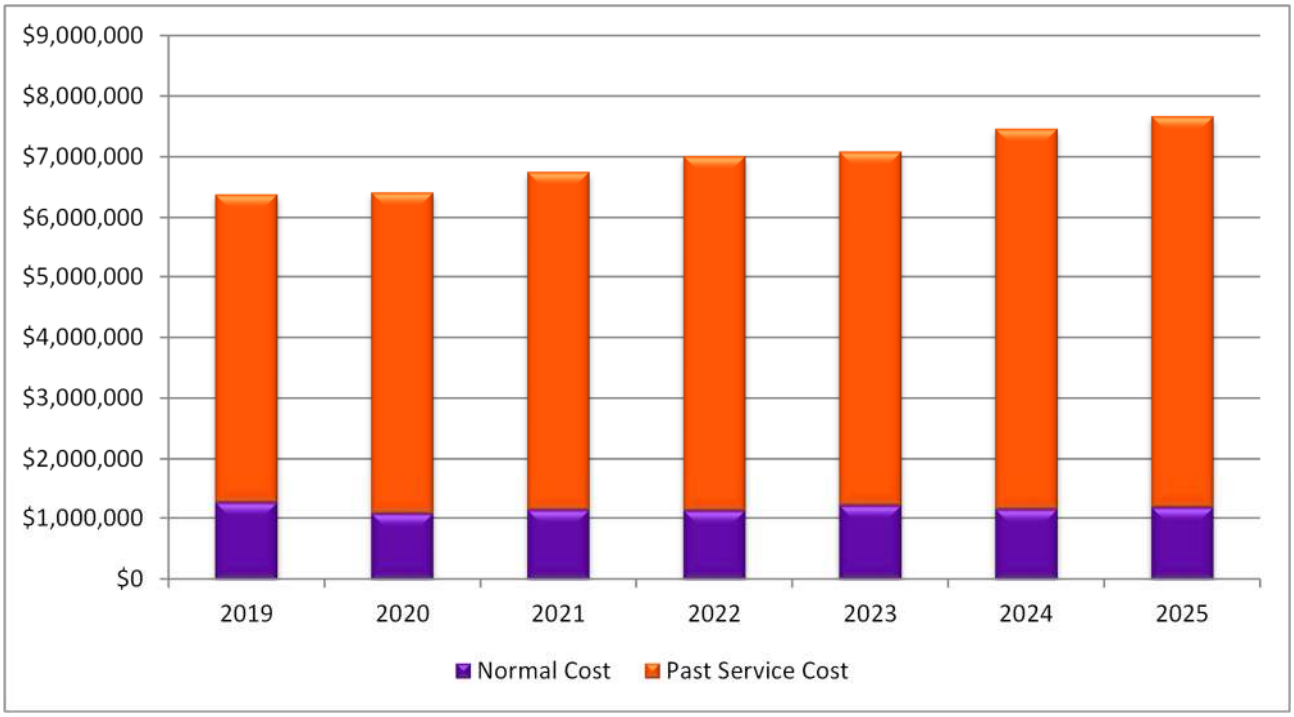
Funded Ratio



Determination of Normal Cost and Actuarially Determined Employer Contribution

	July 1, 2023		July 1, 2022	
	Cost	Percent of payroll	Cost	Percent of payroll
Gross normal cost	$1,770,050	23.7%	$1,635,879	26.0%
Estimated employee contributions	(670,989)	-9.0%	(565,409)	-9.0%
Estimated administrative expenses	55,711	0.8%	54,568	0.9%
City's normal cost	1,154,772	15.5%	1,125,038	17.9%
Amortization of unfunded accrued liability	6,335,888	85.0%	6,161,371	98.1%
Contribution before adjustment as of the valuation date	7,490,660	100.5%	7,286,409	116.0%
Estimated valuation year payroll for actives not yet at 100% assumed retirement age	7,455,429		6,282,320	
Fiscal year ending	2025		2024	
Adjustment for interest and inflation	179,776		174,874	
Actuarially determined employer contribution	7,670,436		7,461,283	

Actuarially Determined Employer Contribution



Determination of Actuarial Gain/Loss

The Actuarial Gain/Loss is the difference between the expected unfunded accrued liability and the actual unfunded accrued liability, without regard to any changes in actuarial methods, actuarial assumptions or plan provisions. This can also be referred to an Experience Gain/Loss, since it reflects the difference between what was expected and what was actually experienced.

Actuarial Gain / Loss	
Expected unfunded accrued liability July 1, 2023	
Expected unfunded accrued liability July 1, 2023	
Unfunded accrued liability July 1, 2022	$46,013,019
Gross normal cost July 1, 2022	1,690,447
City and employee contributions for 2022-2023	(7,709,180)
Interest at 6.75% to July 1, 2023	2,739,977
Expected unfunded accrued liability July 1, 2023	42,734,263
Actuarial (gain) / loss July 1, 2023	446,236
Actual unfunded accrued liability July 1, 2023, prior to plan provision, assumption and method changes	43,180,499
Sources of (gain) / loss	
Assets	518,000
Liabilities	(72,000)
Total (gain) / loss (rounded to nearest $1,000)	446,000

Development of Asset Values

Summary of Fund Activity		
	Market Value	**Actuarial Value**
1. Beginning value of assets July 1, 2022		
Trust assets	$77,398,519	$81,870,606
Accrued contribution	0	0
Benefits payable	0	0
Administrative expenses payable	(48,448)	(48,448)
Net total	77,350,071	81,822,158
2. Contributions		
City contributions during year	7,082,155	7,082,155
Employee contributions during year	627,025	627,025
Change in accrued contribution	0	0
Total for plan year	7,709,180	7,709,180
3. Disbursements		
Benefit payments during year	7,641,827	7,641,827
Administrative expenses during year	55,711	55,711
Change in benefits payable	0	0
Change in administrative expenses payable	(3,511)	(3,511)
Total for plan year	7,694,027	7,694,027
4. Net investment return		
Interest and dividends	0	N/A
Change in accrued income	0	N/A
Realized and unrealized gain / (loss)	8,704,603	N/A
Expected return	N/A	5,425,655
Recognized gain / (loss)	N/A	(218,631)
Required adjustment due to corridor	N/A	0
Reversal of prior year required adjustment	N/A	0
Investment-related expenses	(143,711)	N/A
Total for plan year	8,560,892	5,207,024
5. Ending value of assets July 1, 2023		
Trust assets	85,971,053	87,089,272
Accrued contribution	0	0
Benefits payable	0	0
Administrative expenses payable	(44,937)	(44,937)
Net total: (1) + (2) - (3) + (4)	85,926,116	87,044,335
6. Approximate rate of return	10.6%	6.2%

Relationship of Actuarial Value to Market Value	
1. Market value 7/1/2023	$85,926,116
2. Gain / (loss) not recognized in actuarial value 7/1/2023	(1,118,219)
3. Preliminary actuarial value 7/1/2023: (1) - (2)	87,044,335
4. Preliminary actuarial value as a percentage of market value: (3) ÷ (1)	101.3%
5. Gain / (loss) recognized for corridor minimum / maximum	N/A
6. Actuarial value 7/1/2023 after corridor minimum / maximum: (3) + (5)	87,044,335
7. Actuarial value as a percentage of market value: (6) ÷ (1)	101.3%

Development of Market Value Gain / Loss for 2022-2023 Plan Year	
1. Market value 7/1/2022	$77,350,071
2. City contributions	7,082,155
3. Employee contributions	627,025
4. Benefit payments	7,641,827
5. Administrative expenses	52,200
6. Expected return at 6.75%	5,425,655
7. Expected value 7/1/2023: (1) + (2) + (3) - (4) - (5) + (6)	82,790,879
8. Market value 7/1/2023	85,926,116
9. Market value gain / (loss) for 2022-2023 plan year: (8) - (7)	3,135,237

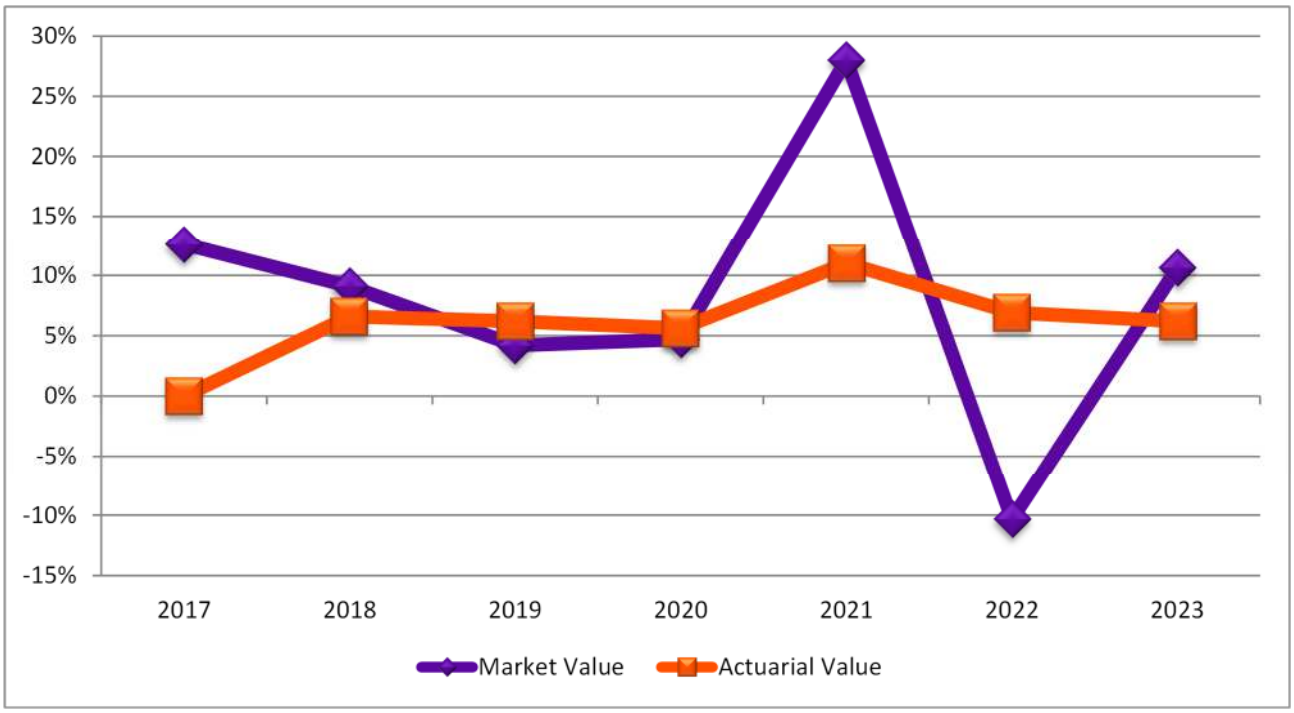
Recognition of Gain / Loss in Actuarial Value

Year	(a) Gain / (loss)	(b) Total recognized as of 7/1/2022	(c) Recognized in current year: 20% of (a)	(d) Total recognized as of 7/1/2023: (b) + (c)	(e) Not recognized as of 7/1/2023: (a) - (d)
2018-2019	($1,919,626)	($1,535,700)	($383,926)	($1,919,626)	$0
2019-2020	(1,689,575)	(1,013,745)	(337,915)	(1,351,660)	(337,915)
2020-2021	14,584,937	5,833,974	2,916,987	8,750,961	5,833,976
2021-2022	(15,204,118)	(3,040,824)	(3,040,824)	(6,081,648)	(9,122,470)
2022-2023	3,135,237	0	627,047	627,047	2,508,190
Total			(218,631)		(1,118,219)

Rate of Return on Market Value of Assets				
Period Ending June 30	Average Annual Effective Rate of Return			
	1 Year	3 Years	5 Years	10 Years
2014	16.7%	N/A	N/A	N/A
2015	4.7%	11.1%	N/A	N/A
2016	-3.0%	5.8%	N/A	N/A
2017	12.6%	4.6%	8.4%	N/A
2018	9.1%	6.0%	7.8%	N/A
2019	4.2%	8.6%	5.4%	N/A
2020	4.7%	6.0%	5.4%	N/A
2021	28.0%	11.8%	11.4%	N/A
2022	-10.3%	6.3%	6.4%	7.4%
2023	10.6%	8.3%	6.7%	7.3%

Rate of Return on Actuarial Value of Assets				
Period Ending June 30	Average Annual Effective Rate of Return			
	1 Year	3 Years	5 Years	10 Years
2014	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A
2017	0.0%	N/A	N/A	N/A
2018	6.6%	N/A	N/A	N/A
2019	6.2%	4.2%	N/A	N/A
2020	5.6%	6.1%	N/A	N/A
2021	11.0%	7.6%	5.8%	N/A
2022	6.9%	7.8%	7.2%	N/A
2023	6.2%	8.0%	7.2%	N/A

Actual Rate of Return on Assets



Target Allocation and Expected Rate of Return
July 1, 2023

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*	Weighting
Large Cap Equity	20.00%	5.00%	1.00%
Mid Cap Equity	15.00%	5.30%	0.80%
Small Cap Equity	15.00%	5.30%	0.80%
International Equity	15.00%	6.40%	0.96%
Fixed Income	20.00%	2.05%	0.41%
Real Estate and Timber	15.00%	4.90%	0.74%
	100.00%		4.71%
Long-Term Inflation Expectation			2.40%
Long-Term Expected Nominal Return			7.11%

**Long-Term Real Returns are provided by Hooker & Holcombe Investment Advisors. The returns are geometric means.*

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included in the pension plan's target asset allocation.

The information above is based on geometric means and does not reflect additional returns through investment selection, asset allocation and rebalancing. An expected rate of return of 6.75% was used.

Amortization of Unfunded Liability

Schedule of Amortization Bases					
	Date established	**Original amount**	**Amortization installment**	**Years remaining**	**Present value of remaining installments as of July 1, 2023**
Initial base	July 1, 2018	$50,227,537	$5,792,056	8	$38,600,099
2019 base	July 1, 2019	1,215,103	131,632	11	999,473
2020 base	July 1, 2020	1,381,747	149,442	12	1,202,948
2021 base	July 1, 2021	(707,431)	(76,450)	13	(648,097)
2022 base	July 1, 2022	2,780,136	300,442	14	2,667,354
2023 base	July 1, 2023	358,722	38,766	15	358,722
Total			6,335,888		43,180,499

Equivalent single amortization period 9 years

Member Data

The data reported by the Plan Sponsor for this valuation includes 93 active employees who met the Plan's minimum age and service requirements as of July 1, 2023.

Member Data					
	Active	**Terminated vested**	**Due refund of contributions**	**Members in pay status**	**Total**
Total members July 1, 2022	86	0	0	131	217
Adjustments	0	0	0	0	0
Retirements	-1	0	N/A	+1	0
Disabilities	0	N/A	N/A	0	0
Terminations					
Vested	-2	+2	N/A	N/A	0
Non-Vested	-1	0	0	N/A	-1
Due contributions only	-1	N/A	+1	N/A	0
Deaths					
With death benefit	0	0	0	-1	-1
Without death benefit	0	0	0	-1	-1
Transfers	0	0	0	N/A	0
Rehires	0	0	0	N/A	0
New beneficiaries	N/A	N/A	N/A	+2	+2
New entrants	+12	N/A	0	N/A	+12
Total members July 1, 2023	93	2	1	132*	228

** Includes 7 alternate payees receiving benefits*

Member Counts by Status

Member Data				
	Active	Terminated vested	Due refund of contributions	Members in pay status
Average age				
July 1, 2022	41.9	N/A	N/A	69.1
July 1, 2023	40.9	45.5	35.0	70.0
Average service				
July 1, 2022	12.7	N/A	N/A	N/A
July 1, 2023	11.9	N/A	N/A	N/A
Covered employee payroll				
July 1, 2022	$6,490,886	N/A	N/A	N/A
July 1, 2023	6,864,936	N/A	N/A	N/A
Total annual benefits				
July 1, 2022	N/A	N/A	N/A	$7,446,903
July 1, 2023	N/A	66,691	N/A	7,544,808

Active Member Count by Age and Years of Service

	Completed Years of Credited Service										
Attained age	**Under 1**	**1 to 4**	**5 to 9**	**10 to 14**	**15 to 19**	**20 to 24**	**25 to 29**	**30 to 34**	**35 to 39**	**40 and over**	**All years**
Under 25	6	1									7
25 to 29	3	3	2								8
30 to 34	1	3	11								15
35 to 39	1	2	4	8	2						17
40 to 44	1	1	3	1	6						12
45 to 49		1	1		4	8					14
50 to 54			1		3	7					11
55 to 59					3	1	2				6
60 to 64						1	1				2
65 to 69				1							1
70 & over											
All ages	**12**	**11**	**22**	**10**	**18**	**17**	**3**				**93**

Description of Actuarial Methods

Asset Valuation Method

The Actuarial Value of assets used in the development of plan contributions phases in the recognition of differences between the actual return on Market Value and expected return on Market Value over a 5-year period at 20% per year.

Actuarial Cost Method

Changes in Actuarial Cost Method: None.

Description of Current Actuarial Cost Method: Entry Age Normal (level percentage of salary)

Normal Cost: Under this method, the total normal cost is the sum of amounts necessary to fund each active member's normal retirement benefit if paid annually from entry age to assumed retirement age. Entry age is the age at which the employee would have been first eligible for the plan, if it had always been in effect. The normal cost for each participant is expected to remain a level percentage of the employee's salary. The normal cost for the plan is the difference between the total normal cost for the year and the anticipated member contributions for that year.

Past Service Liability: The present value of future benefits that relates to service before the valuation date is the total past service liability. The unfunded past service liability is the difference between the total past service liability and any assets (including accumulated member contributions). Unfunded accrued liabilities as of July 1, 2018 were amortized over a closed 13-year period assuming a 2.40% amortization increase rate. Effective with the July 1, 2019 valuation, future changes in the unfunded accrued liability are amortized separately, assuming a new 15-year amortization each valuation with level dollar payments.

Experience Gains and Losses: All experience gains and losses (the financial effect of the difference between the actual experience during the prior period and the result expected by the actuarial assumptions for that prior period) appear directly in the past service liability and are amortized at the same rate the plan is amortizing the remaining unfunded past service liability.

Description of Actuarial Assumptions

Changes in Actuarial Assumptions

None.

Investment rate of return (net of investment-related and administrative expenses)

6.75%.

Rate of compensation increase (including inflation)

2.40% per year plus longevity increases of 3.00% after seventh year of employment and 0.50% for each year of employment thereafter through the thirty-first year of employment. No longevity increases are assumed after the thirty-first year of employment.

The assumption is based on input from the plan sponsor regarding future expectations, as well as our review of long-term inflation expectations.

Inflation

2.40.

This assumption is consistent with the Social Security Administration's current best estimate of the ultimate long-term (75-year horizon) annual percentage increase in CPI, as published in the 2023 OASDI Trustees Report.

Mortality

Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for Public Safety employees, for non-annuitants and annuitants, projected to the valuation date with Scale MP-2021.

Mortality improvement

Projected to date of decrement using Scale MP-2021 (generational).

We have selected this mortality assumption because it is based on the latest published public retirement mortality study released by the Society of Actuaries.

Retirement rates

Years of Credited Service	Rate
20	10%
21-24	2%
25	50%
26-29	10%
30	50%
31-34	20%
35+	100%

Termination prior to retirement

Years of Credited Service	Rate
0	3.00%
1	2.25%
2	2.00%
3	1.75%
4	1.50%
5	1.25%
6	1.00%
7	0.75%
8	0.50%
9	0.25%
10+	0.00%

Disability

Sample Rates	
Age	Rate
25	0.17%
35	0.29
45	0.72
55	1.21

90% of disabilities are assumed to be service related.

The actuarial assumptions in regards to rates of decrement shown above are based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor.

Administrative expenses

The estimate is based on actual administrative expenses paid from the trust in the prior year.

Cost of living increases

2.40% per year.

Amortization increase rate

2.40% per year.

Payroll growth

2.40% per year.

Percent of active employees married

90%.

Spouse's age

Husbands are assumed to be 3 years older than wives.

Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan. It is not intended to be, nor should it be interpreted as a complete statement of all plan provisions. To the extent that this summary does not accurately reflect the plan provisions, then the results of this valuation may not be accurate.

Plan identification

Single-employer pension plan.

Effective data

Most recent amendment: August 31, 2011.

Eligibility

All firefighters who contribute to the pension fund.

Retirement

Eligibility:

Members hired prior to July 1, 2011: 20 years of service.
Members hired on or after July 1, 2011: earlier of attainment of age 58 or completion of 30 years of service.

Benefit formula: The annual benefit at retirement is equal to the percentage of final annual salary specified in the table below, plus $100 per year for each year of service over 25 (maximum $1,000). For pension purposes, annual salary includes regular and longevity pay.

Years of Service	Benefit as a Percentage of Final Annual Salary
20	50%
21	52%
22	54%
23	56%
24	58%
25	65%
26	66%
27	67%
28	68%
29	69%
30+	70%

Commencement date: Retirement benefits commence as of the first payroll period after retirement.

Form of payment: The annual benefit calculated in accordance with the formula above is payable monthly for the remainder of the retired member's life, with 67.5% of the member's benefit payable for the lifetime of the member’s surviving spouse.

Vested termination

Eligibility: Upon termination of employment after 10 years of service, a member is eligible for a benefit deferred to retirement age.

Benefit formula: 2.5% of final annual salary multiplied by full years of service at termination.

Commencement date: 25th anniversary of employment.

Form of payment: The annual benefit calculated in accordance with the formula above is payable monthly for the remainder of the retired member's life, with 67.5% of the member's benefit payable for the lifetime of the member's surviving spouse.

Disability retirement

Eligibility: A member who is retired because of mental or physical incapacity is eligible to receive disability retirement benefits.

Benefit formula:

Non-service related: If a member has fewer than 10 years of service, benefit is 25% of final annual salary.
If a member has more than 10 years of service, benefit is 25% of final annual salary plus an additional 2.5% of final annual salary for each year over 10, up to a maximum of 62.5% of final annual salary.

Service related: 66-2/3% of final annual salary.

Regular retirement: If an employee has 25 or more years of service at disability, his pension will be the greater of the disability or retirement pension.

Commencement date: Benefits commence as of first payroll period after disability.

Form of payment: The annual benefit calculated in accordance with the formula above is payable monthly for the remainder of the retired member's life, with 67.5% of the member's benefit payable for the lifetime of the member's surviving spouse.

Non-vested termination of employment

A member who leaves employment prior to completing 10 years of service will receive a lump sum payment of accumulated contributions.

Death before retirement – survivor annuity benefits

Eligibility: Death while actively employed.

Benefit formula: Surviving spouse (or, if none, dependent children) receives benefit of 67.5% of final annual salary, reduced pro rata if the deceased member had less than 20 years of service.

Commencement date: Benefits commence as of the first payroll period after death.

Form of payment: Monthly life annuity.

Retiree cost of living increase

Members retired prior to August 26, 2011: Pensions for retirees and disabled retirees (but not beneficiaries) are indexed to the negotiated pay increases for active firefighters. Terminated vested members receive 3% annual increases after benefit commencement.

Members retired on or after August 26, 2011: For those entitled to annual increases, they will equal the Bureau of Labor Statistics CPI for Northeast Urban Wage Earners, but will not exceed 3% nor be lower than 0.5%.

Firefighters who retire due to a line of duty injury or sickness shall receive the annual cost of living adjustments provided to active members who retire after July 1, 2011 commencing at the time they would have had 20 years of service if they had remained on active duty.

Employee contributions

9% of salary.