

Town of Scituate Retirement Plan for the Police Department Employees

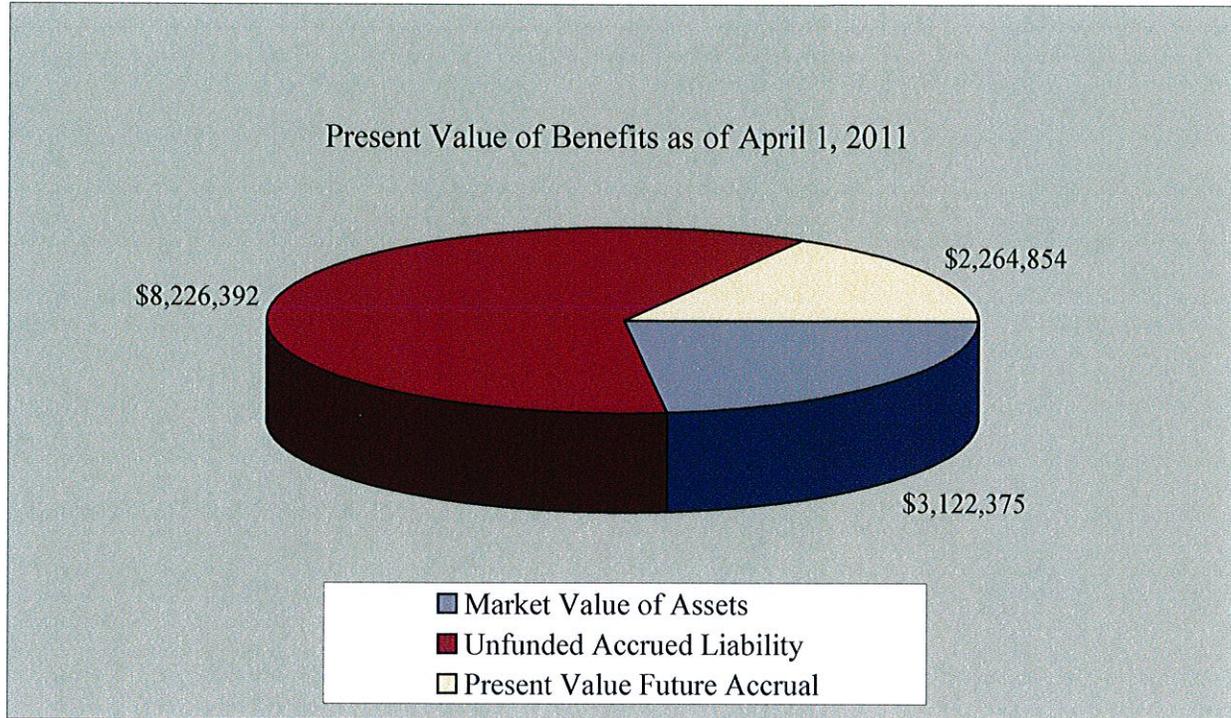
<p style="text-align: center;">SECTION I ACTUARIAL EXPERIENCE ANALYSIS</p>

The purpose of Section I of this report is to review the current condition of the Plan. Included in this section is the Plan's current funded status, as of April 1, 2011, which is the most recent actuarial valuation completed. Additionally, this section will provide the historical funded status of the Plan.

Section I also highlights the current and past participant demographics of the Plan. Included within the analysis of the participant demographic, is a review of the actuarial assumptions and actuarial methods used in the Plan's actuarial valuations.

Town of Scituate Retirement Plan for the Police Department Employees

Current Plan Funded Status



<u>Valuation Results as of April 1, 2011</u>	<u>Share of AAL (\$)</u>	<u>Share of AAL (%)</u>
Market Value of Assets (MVA)	\$3,122,375	27.5%
Unfunded Actuarial Accrued Liability (UAAL)	\$8,226,392	72.5%
Actuarial Accrued Liability (AAL)	\$11,348,767	100.0%

<u>Valuation Results as of April 1, 2011</u>	<u>Share of PVB (\$)</u>	<u>Share of PVB (%)</u>
Actuarial Accrued Liability (AAL)	\$11,348,767	83.4%
Present Value of Future Accruals	\$2,264,854	16.6%
Present Value of Future Benefits (PVB)	\$13,613,621	100.0%

As of April 1, 2011, the Plan is 27.5% funded

Valuation results are based on the closed census data as of April 1, 2011, a 7.50% discount rate and the provisions of the April 1, 2011 actuarial valuation.

Town of Scituate Retirement Plan for the Police Department Employees

Current Plan Funded Status

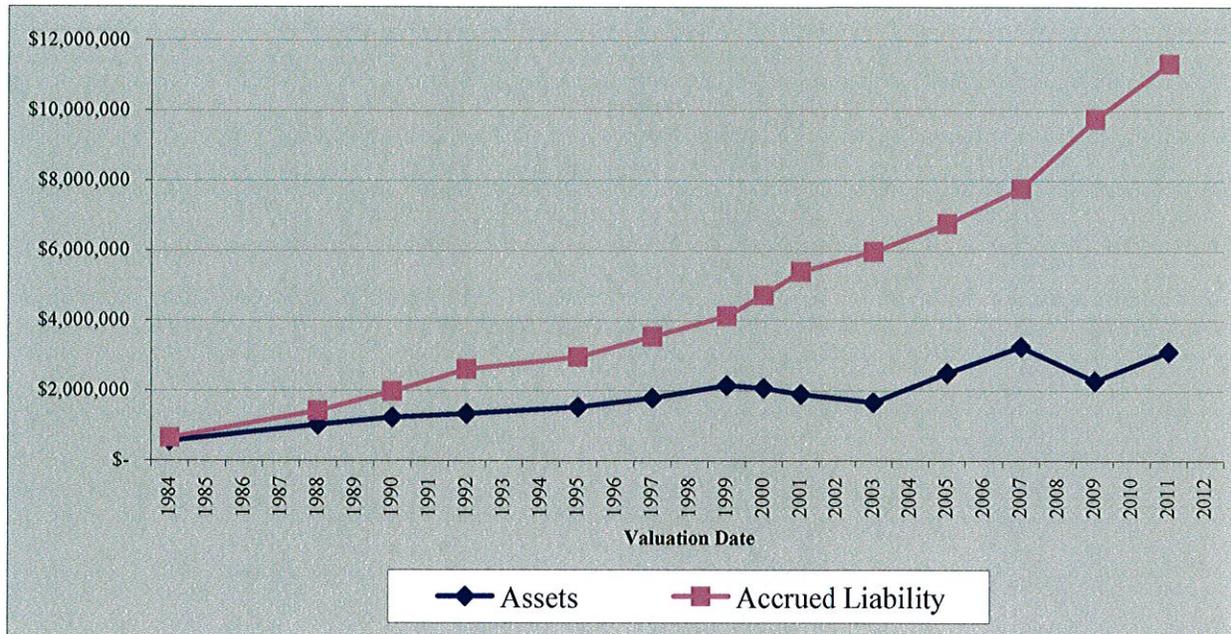
The April 1, 2011 valuation results can also be presented on a basis of funded status for (a) current retirees and (b) current active participants. In reality, the Plan's assets for all participants are commingled and the funded status of the Plan is valued as a whole, not per individual or group. The following illustration is strictly for illustration purposes:

Valuation Results as of April 1, 2011	Total Plan	Retirees & Disabled Share	Actives Share
1. Actuarial Accrued Liability (AAL)	\$11,348,767	\$7,601,158	\$3,747,609
2. Plan Assets*	<u>\$3,122,375</u>	<u>\$3,122,375</u>	TBD
3. Unfunded AAL (UAAL)	\$8,226,392	\$4,478,783	\$3,747,609
4. Funded Ratio	27.5%	41.1%	0.0%
5. April 1, 2011 Annual Required Contribution (ARC)			
a. Normal Cost	\$236,159	\$0	\$236,159
b. Amortization of UAAL	\$475,850	\$259,072	\$216,778
c. Interest (through mid-year)	<u>\$26,700</u>	<u>\$9,715</u>	<u>\$16,985</u>
d. ARC - 25 Year Open	\$738,709	\$268,787	\$469,922
6. Proj. Employee Contributions	\$91,794	\$0	\$91,794
7. Net Employer Contribution (5.d-6)	\$646,915	\$268,787	\$378,128
8. Expected Benefit Payments	\$518,040	\$517,051	\$989
9. Covered Compensation	\$917,936	\$0	\$917,936

*Assets for actives are equal to the aggregate balance of employee contribution account balances. All other assets are allocated to retirees, to the extend funded.

Town of Scituate Retirement Plan for the Police Department Employees

Historical Plan Funded Status



The chart above illustrates the Plan's spread between Accrued Liability and Plan Assets as determined in actuarial valuation reports since 1984. The current underfunding can be attributed to many factors. The following items highlight a few, but not all, of the general events that have attributed to the Plan's underfunded status:

Market Losses from 2000 through 2004: The Plan experienced large losses in assets during the years between 1999 and 2004. Assets as of April 1, 1999 were \$2.1 million and decreased to \$1.6 million by April 1, 2003. During the same period liabilities increased from \$4.1 million to \$5.9 million, an annual increase of 9.5%. This rate of increase is generally anticipated when liabilities are valued using a 9.00% discount rate and experience a few new hired employees during the period, as was the case between 1999 and 2004.

Decrease in Discount Rates Post 2008: The market experienced large losses again beginning in 2008, which caused uncertainty and extreme volatility in the markets. As a result, discount rate and long term rate of return assumptions have started to decrease. The April 1, 2009 actuarial valuation decreased the discount rate from 9.00% to 8.25%. This rate decreased again in 2011 to 7.50%. Below is a history of the Plan's discount rates selected to value Plan liabilities.

<u>Valuation Years</u>	<u>Discount Rate</u>	<u>Valuation Years</u>	<u>Discount Rate</u>
1984 - 1988	7.00%	2009	8.25%
1990 - 1995	8.00%	2011	7.50%
1997 - 2007	9.00%		

Actual Contributions Less Than Recommended: It is a general recommendation (a required for single employer plans) to make contributions to a plan equal to the anticipated benefit accrual for the coming year (Normal Cost), an amortized amount of the underfunding. It has been the Plan's practice to value the annual recommended contribution (commonly referred to as ARC) using a 25-year open amortization schedule. However, the Town has made contributions to the Plan in amounts less than the ARC.

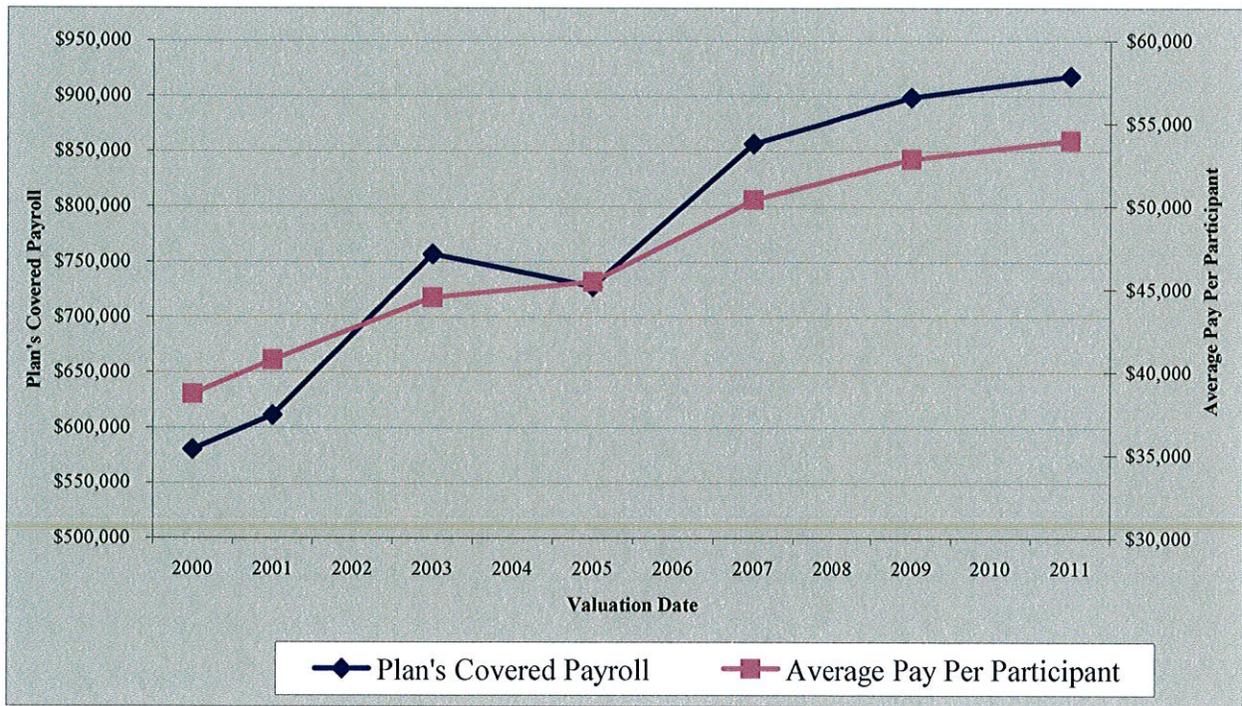
Town of Scituate Retirement Plan for the Police Department Employees

ACTUARIAL EXPERIENCE RESULTS

Salary Scale Assumption

As of April 1, 2011, the salary scale assumption used in the Plan's actuarial valuation is 4.00% per year.

The chart below illustrates the Plan's covered payroll as a whole, over the span of the actuarial valuations completed between April 1, 2000 and April 1, 2011. The geometric average increase over this 11-year time period is 4.25%. The chart also illustrates the average covered payroll per active participant in the Plan over the same period. The average salary increase on a per active participant basis is 3.07%.



Considering only the participants active as of April 1, 2011, the average increase in salary from April 1, 2006 through April 1, 2011 is 3.75%.

Actuarial experience results of salary scale review: Based on the smaller sample size of participants in this Plan, it is reasonable to assume that the Plan's covered payroll on a whole, is a good indicator of the general salary increases budgeted for the active participants. Therefore, the 4.00% salary scale is a reasonable rate to assume in the actuarial valuations at this time.

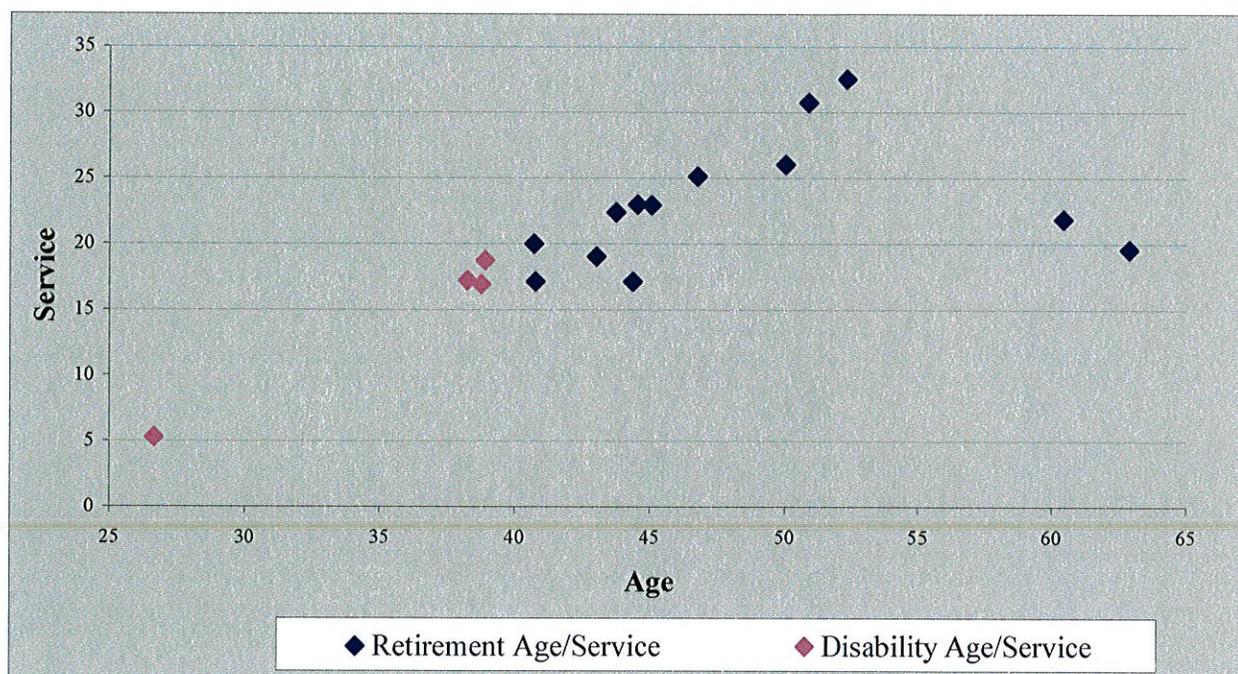
Town of Scituate Retirement Plan for the Police Department Employees

ACTUARIAL EXPERIENCE RESULTS

Retirement Age Assumption

As of April 1, 2011, the retirement assumption used in the Plan's actuarial valuation is 100% retirement at the time a participant attains 25 years of vesting service. At the time a participant attains 25 years of service, he/she will have fully accrued a benefit under the Plan and will be eligible for immediate retirement with an unreduced benefit.

The chart below illustrates the age and service of actual retirements (and disability retirements for comparison) for retirees that were covered under the Plan between April 1, 2000 and April 1, 2011.



The chart above shows that a larger number of retirees (7 of the 13 shown) retired between the ages of 40 and 45, with between 17 and 23 years of service. Not shown on the chart above is a group of 5 active participants between the ages of 45 and 49 with between 20 and 23 years of service, still actively employed. Of all active participants, the current retirement assumption results in retirement ages from 48 to 56, all with 25 years of service.

Actuarial experience results of retirement age review: The current assumption assumes a participant retires at the earliest date possible at the time they are fully accrued in their benefit (the benefit formula has a maximum of 25 years of service). If the retirement age is shifted to shorter service, a portion of participants would be assumed to retire without fully accruing their benefit. If the retirement age is shifted to longer service, there will be a period where the participant's benefit does not increase other than for salary increases; the current built in Cost of Living Adjustments (COLAs) will generally increase benefits in a similar fashion to the increase to salary rates. Therefore, the immediate retirement assumption at 25 years of service is a reasonable and generally conservative assumption in the actuarial valuations at this time.

Town of Scituate Retirement Plan for the Police Department Employees

ACTUARIAL EXPERIENCE RESULTS

Mortality Assumption

The current table being used in the April 1, 2011 actuarial valuation is the gender specific RP-2000 Combined Healthy mortality table. This table was updated from the April 1, 2009 valuation which used a 1983 Group Annuity Mortality table for males only.

The Plan has experienced only 1 death (age 79) since April 1, 2000. The Plan's current and historical population does not provide a significant sample size of members (alive or deceased) to prepare an analysis of the mortality table currently being used in the actuarial valuation.

The State of Rhode Island currently uses a version of the RP-2000 Combined Healthy mortality table for the State Police valuation, with white collar adjustments projected with Scale AA from 2000. Further, the pre-retirement rates are 75% of the typical rates, and post-termination rates are 115% of the rates for males (95% for females).

Analysis of the mortality assumption used by the State of Rhode Island resulted in a slightly lower liability than the assumption currently used by the Plan, but only lower by less than 0.5%. Changing the current RP-2000 Combined Healthy mortality table would result in an immaterial difference under the Plan's valuation at this time, however it is understood that the ongoing mortality improvement will increase this variance in the future and should be re-evaluated in the future.

Termination Rates

Currently, there is no termination assumption being used in the valuation.

Since April 1, 2000, there has been only 3 terminations prior to becoming eligible for retirement. This results in an average turnover of 1.6% per year. Therefore, given the small population of this plan, it is reasonable to assume no termination rate.

Disability Assumption

The current table being used in the April 1, 2011 actuarial valuation to assume a disability retirement occurs is the a table equal to 3 times the 1974 Railroad Retirement Board Incidence.

There are a total of 4 disabled participants receiving pension benefits. No disability retirements have occurred since 1999.

Town of Scituate Retirement Plan for the Police Department Employees

ACTUARIAL EXPERIENCE RESULTS

Investment Rate of Return / Discount Rate

The current investment rate of return (also commonly referred to as the discount rate) used in the April 1, 2011 actuarial valuation is 7.50%.

The historical rate of return on Plan assets from April 1, 1999 through April 1, 2011 is 4.57%.

As of March 31, 2011, the Plan asset allocation was as follows:

Equities:	\$1,859,627	59.6%
Fixed Income:	970,253	31.1%
Hard Assets/Commodities:	244,352	7.8%
Cash & Equivalents:	48,143	1.5%
Total:	\$3,122,375	100.0%

Prior to the current economic uncertainty, the asset allocation above would have typically justified using a long term rate of return assumption of 7.50%, as most assets are invested in equities. Under the current environment, a long term rate of return of 7.50% may be an optimistic assumption until the markets become more stable. For comparison purposes, the State of Rhode Island values the State Police pension plan using a 7.50% discount rate, comprised of 2.75% inflation rate and a 4.75% net real rate of return.

Cost of Living Adjustments

Effective July 1, 2003, any member eligible to retire after completing 20 years of service or more, is entitled to 3.00% non-compounded cost of living adjustment (COLA) annually. This COLA does not apply to past retirees.

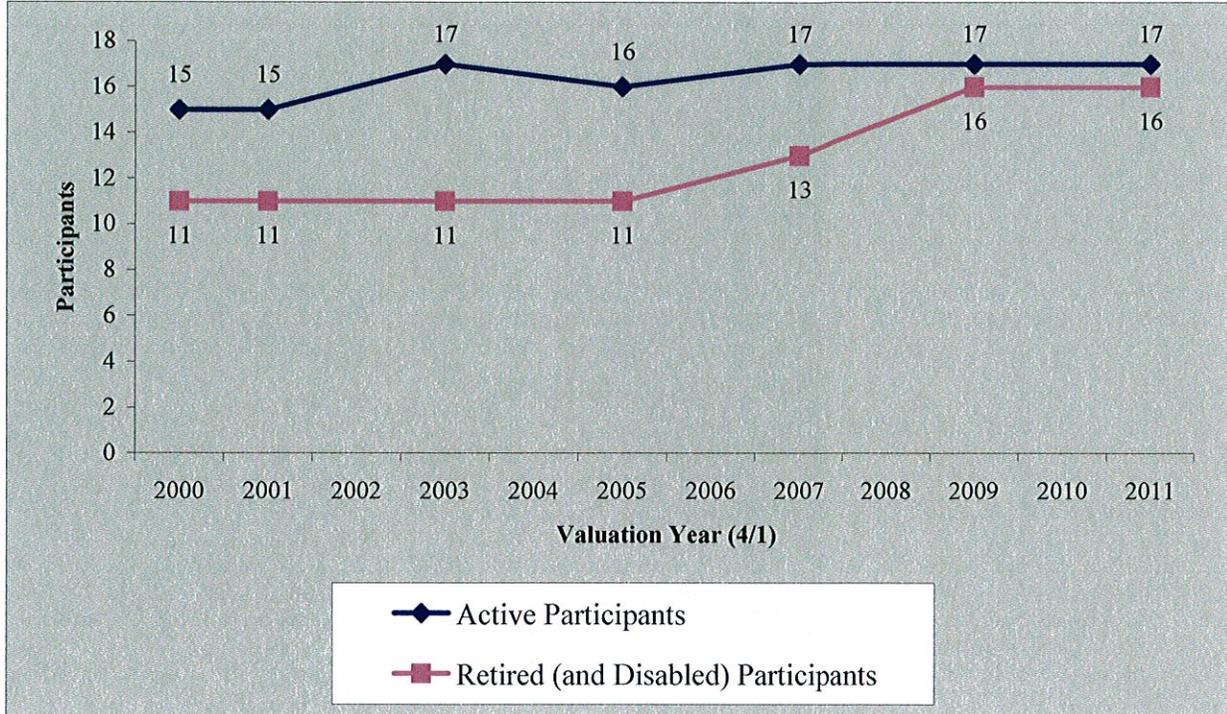
The April 1, 2011 actuarial valuation assumed a 2.00% annual COLA, which is an assumption assuming some participants are entitled to 3.00% COLA and some participants do not receive COLAs.

The annual increase in the Consumer Price Index (CPI) for urban consumers was 2.44% from April 1, 2003 through April 1, 2011.

Members that retired prior to July 1, 2003 will receive an increase to their pension benefit equal to 30% of any percentage increase that has been granted to the position or rank the participant held as of the date of his or her retirement.

Town of Scituate Retirement Plan for the Police Department Employees

Plan Participant Counts

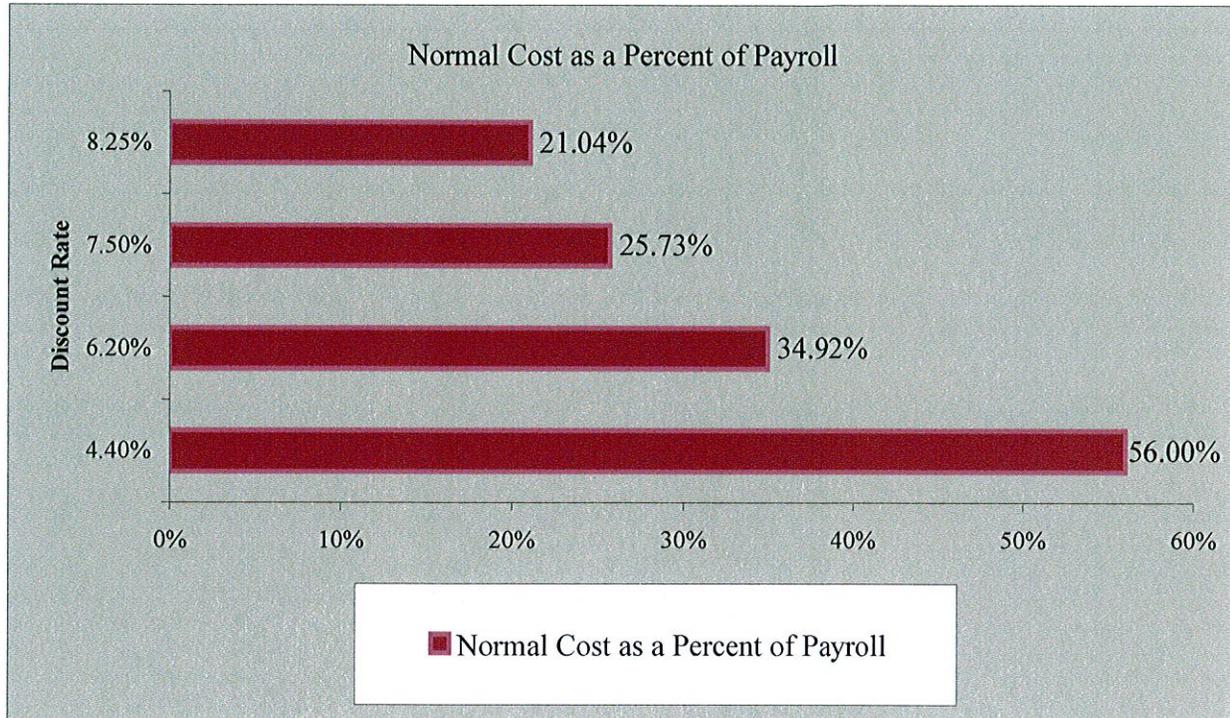


Participant Statistics as of April 1, 2011

Active Participant Count	17
Average Age of Actives	37.43
Average Service of Actives	11.25
Retiree Participant Count	12
Average Age of Retiree	59.10
Average Age at Retirement	48.12
Average Service at Retirement	22.89
Disabled Participant Count	4
Average Age of Disabled	51.29
Average Age at Disability	35.64
Average Service at Disability	14.55

Town of Scituate Retirement Plan for the Police Department Employees

Normal Cost Sensitivity



The Plan's Actuarial Cost Method has been determined under the Entry Age Normal cost method.

The Plan's normal cost is the sum of the normal costs for all participant. For a current participant, the individual normal cost is the participant's normal cost accrual rate multiplied by the participant's current compensation. The normal cost accrual rate equals (a) the present value of future benefits as of the participant's entry age divided by (b) the present value of future compensation as of the participant's entry age. For other than a current participant, the normal cost equals \$0.

The Normal Retirement Benefit for participants, under the Plan's provisions, is:

For participants hired on or before June 30, 2000:	2.5% of base annual pay multiplied by first 20 years of service, plus 2.0% of base annual pay multiplied by the next 5 years of service (maximum of 60% of base annual pay)
For participants hired on or after July 1, 2000:	2.4% of base annual pay multiplied by first 25 years of service (maximum of 60% of base annual pay)

The normal form of benefit is a life annuity increased by 30% of any dollar increase that may be granted in retiree's rank or position held at retirement. In addition, effective July 1, 2003, any member who is eligible to retire after completing 20 years of service or more shall be entitled to a 3 percent (3%) non-compounded cost of living adjustment (COLA) annually. This does not apply to any past retirees.

A participant may retire upon the completion of ten years of service or the attainment of age 56, whichever is later.

Town of Scituate Retirement Plan for the Police Department Employees

Income Replacement Analysis

An income replacement ratio is a participant's gross annual income after retirement, divided by his or her projected gross annual income before retirement. Total compensation is not currently available for each participant, so the ratios provided below are provided as a rate of final (projected) base pay plus longevity at a participant's assumed retirement date. The illustration below provides income replacement ratios based on several age and service assumptions at retirement.

The first ratio represents the base annual pension benefit divided by projected pay. The second ratio assumes a 3.00% annual COLA is provided to the annual pension benefit. The value of this adjusted pension benefit is converted to an equivalent flat annual benefit and divided by projected pay.

<u>Age at Retirement</u>	<u>Service at Retirement</u>	<u>Base Annuity Replacement / "COLA Adjusted" Replacement</u>	
		<u>Hired prior to 6/30/2000</u>	<u>Hired after 7/1/2000</u>
45	20	50.0% / 67.8%	N/A
50	20	50.0% / 66.5%	N/A
50	25	60.0% / 79.8%	60.0% / 79.8%
55	20	50.0% / 65.0%	N/A
55	25	60.0% / 78.1%	60.0% / 78.1%
55	30	60.0% / 78.1%	60.0% / 78.1%
56	10	25.0% / 32.4%	24.0% / 31.1%
56	15	37.5% / 48.6%	36.0% / 46.6%
56	20	50.0% / 64.7%	48.0% / 62.1%

The average plan replacement ratio for the current active participants, depending retirement based on service or age is:

	Retirement at 25 Years of Service	Retirement at 50 Years of Age
Average Retirement Age:	51.2	50.0
Average Service at Retirement:	25.0	23.9
Average Base Income Replacement Ratio:	60.0%	57.3%
Average "COLA Adjusted" Income Replacement Ratio:	79.4%	76.2%

The income replacement ratios above do not include Social Security benefits or individual retirement savings. The conversion of annual benefit with COLA to an adjusted annual benefit used in valuing a replacement ratio was based on a 6.00% interest and RP-2000 Combined Optional mortality table for males.

Town of Scituate Retirement Plan for the Police Department Employees

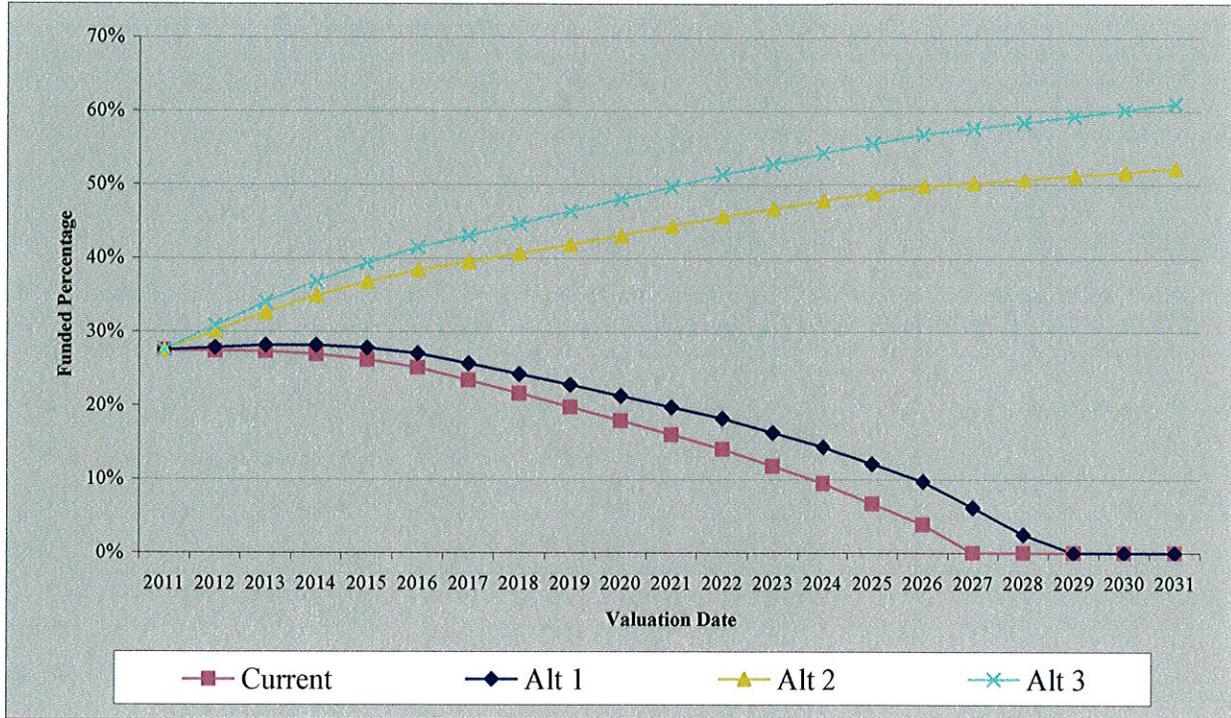
<p style="text-align: center;">SECTION II CURRENT RETIREMENT PLAN FORECASTS</p>
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The purpose of Section II of this report is to forecast the future of the Plan under the current Plan provisions. Future projections include funded status and Town contributions under different funding policies. The current policy is the Town of Scituate contributes \$250,000 in addition to matching the amount that the employees contribute (currently 10% of pay). Projections will show that this funding policy is unsustainable. The Town must begin to make contributions to the Plan that are driven by the calculation of the Annual Required Contribution (ARC).

The next two pages illustrate a few proposed funding policies based on an ARC calculated using a 20 or 25 year amortization, both under open and closed assumptions. Valuation reports in the past have presented the ARC under the 25 year open amortization schedule (with payments assumed to increase 4.00% per year). This is not the most aggressive schedule illustrated, however it has been assumed that this may be the most affordable and reasonable approach the Town will take. Therefore, projections illustrated on the following pages assume the Town begins making contributions to the Plan equal to the ARC (minus any employee contributions) using the 25 year open amortization schedule (with payments assumed to increase 4.00% per year).

Town of Scituate Retirement Plan for the Police Department Employees

Future Funded Status Projections



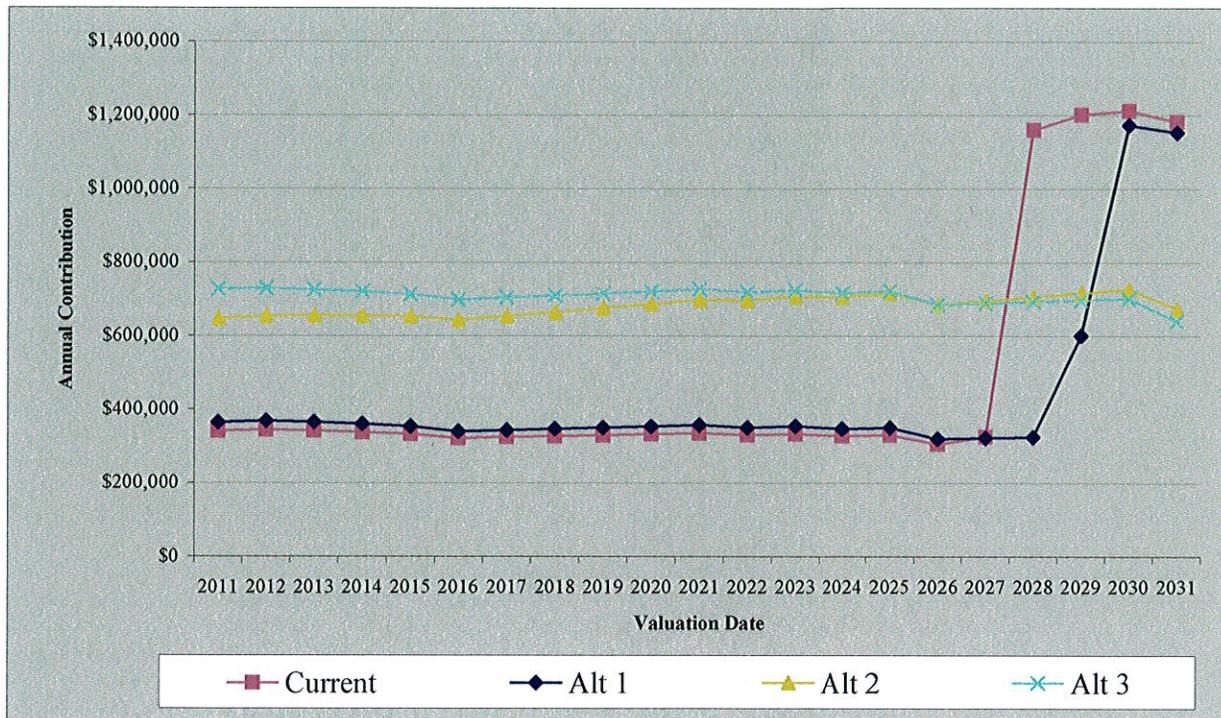
Chart

<u>Indicator</u>	<u>Funding Policy</u>	<u>Employer Share</u>	<u>Employee Share</u>
Current	Current Funding Policy	10% of Pay Plus \$250,000	10% of Pay
Alt 1	Alternative Policy 1	12.5% of Pay Plus \$250,000	12.5% of Pay
Alt 2	Contribute ARC (25 year open)	ARC less Employee Share	10% of Pay
Alt 3	Contribute ARC (20 year open)	ARC less Employee Share	10% of Pay

Funding projection results are based on a 7.50% discount rate to determine liabilities and Annual Required Contributions (ARC), and a 7.50% investment rate of return. Projections assume no changes to current Plan provisions.

Town of Scituate Retirement Plan for the Police Department Employees

Future Contribution Level Projections



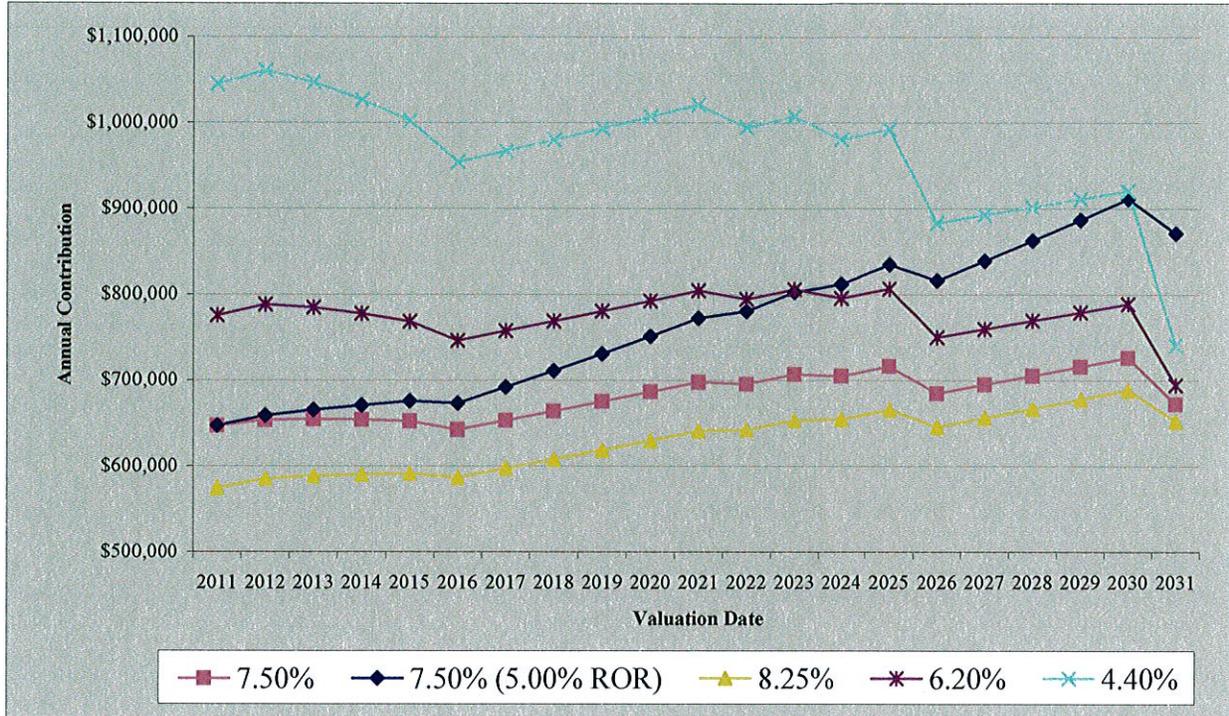
Chart

<u>Indicator</u>	<u>Funding Policy</u>	<u>Employer Share</u>	<u>Employee Share</u>
Current	Current Funding Policy	10% of Pay Plus \$250,000	10% of Pay
Alt 1	Alternative Policy 1	12.5% of Pay Plus \$250,000	12.5% of Pay
Alt 2	Contribute ARC (25 year open)	ARC less Employee Share	10% of Pay
Alt 3	Contribute ARC (20 year open)	ARC less Employee Share	10% of Pay

Funding projection results are based on a 7.50% discount rate to determine liabilities and Annual Required Contributions (ARC), and a 7.50% investment rate of return. Projections assume no changes to current Plan provisions.

Town of Scituate Retirement Plan for the Police Department Employees

Discount Rate Sensitivity



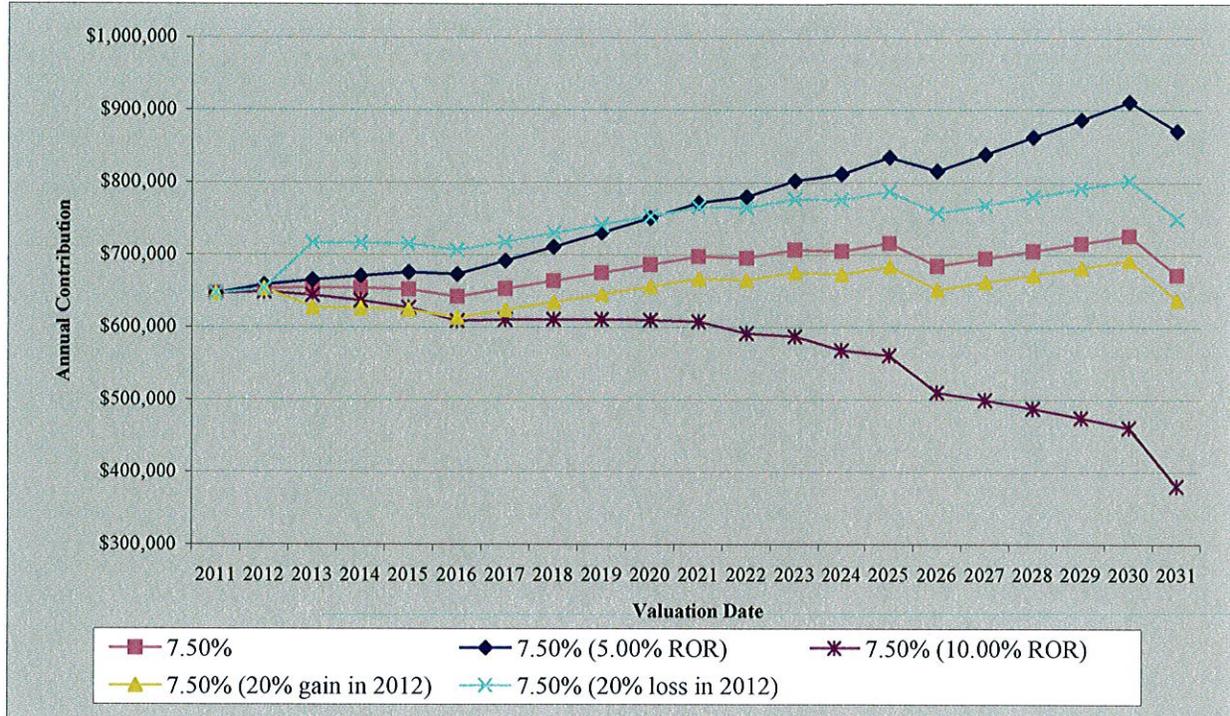
<u>Discount Rate</u>	<u>Rate of Return</u>	<u>2011 Estimated Contribution</u>	<u>Funding Percent As of 4/1/2011</u>	<u>Funding Percent After 20 Years</u>
7.50%	7.50%	\$647,000	27.5%	52.2%
7.50%	5.00%	\$647,000	27.5%	37.1%
8.25%	8.25%	\$574,000	30.3%	52.9%
6.20%	6.20%	\$775,000	23.4%	51.0%
4.40%	4.40%	\$1,045,000	17.9%	51.2%

All projections above assume a contribution schedule of the Annual Required Contribution (ARC) minus Employees' share (10% of pay). The ARC is determined using a 25 year open amortization, with 4.00% annual increase.

Funding projection results are based on the discount rate listed above to determine liabilities and Annual Required Contributions (ARC). Projections also assume that the investment rate of return is the same as the discount rate (with the exception of the second projection that assumed 7.50% discount rate and 5.00% investment rate of return). Projections assume no changes to current Plan provisions.

Town of Scituate Retirement Plan for the Police Department Employees

Rate or Return Sensitivity



<u>Discount Rate</u>	<u>Rate of Return</u>	<u>2011 Estimated Contribution</u>	<u>Funding Percent As of 4/1/2011</u>	<u>Funding Percent After 20 Years</u>
7.50%	7.50%	\$647,000	27.5%	52.2%
7.50%	5.00%	\$647,000	27.5%	37.1%
7.50%	10.00%	\$647,000	27.5%	74.4%
7.50%	7.50% with 20% gain in 2012	\$647,000	27.5%	54.9%
7.50%	7.50% with 20% loss in 2012	\$647,000	27.5%	46.4%

All projections above assume a contribution schedule of the Annual Required Contribution (ARC) minus Employees' share (10% of pay). The ARC is determined using a 25 year open amortization, with 4.00% annual increase.

Funding projection results are based on the 7.50% discount rate to determine liabilities and Annual Required Contributions (ARC). Projections also assume that the investment rate of return is as presented above. Projections assume no changes to current Plan provisions.

Town of Scituate Retirement Plan for the Police Department Employees

<p style="text-align: center;">SECTION III PROPOSED CHANGES TO PLAN PROVISIONS</p>

The purpose of Section III of this report is to forecast the future of the Plan under alternative Plan provisions. The Town of Scituate has proposed the following three scenarios that have been projected. For projection purposes, changes have been assumed to occur on April 1, 2011.

- Study A: Presumes all future Cost of Living Adjustments (COLAs) are removed for future retirees (i.e., current actives). In addition, adjustments to current disabled participants are corrected to be based on 30% of wage improvements.
- Study B: Final average earnings for accrued benefits based on high 5-year average, in addition to provisions of Study A.
- Study C: Presumes future benefit accruals are reduced to a formula of 2.0% of pay for the first 30 years of service (maximum of 60% of pay), in addition to provisions of Study B.

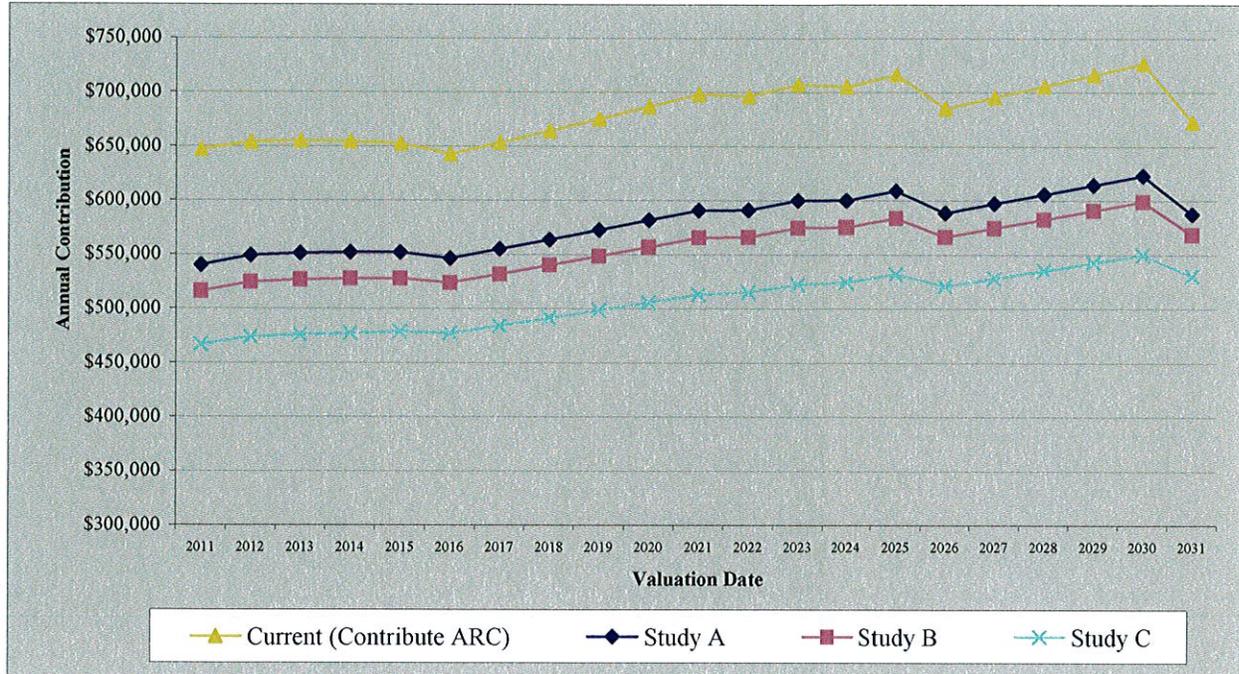
Another alternative that will be reviewed is to freeze the defined benefit plan to future benefit accruals and replace it with a defined contribution plan. The Town would make contributions to a participant's account balance each year, while the participant takes on responsibility of their account balance through investment decisions and market volatility.

- Study D: Presumes all benefit accruals cease March 31, 2012, in addition to provisions of Study A.
- Study E: Presumes a defined contribution plan is established and employer contributions of 21.3% of compensation is made annually to the participants' account. In addition, employees are no longer required to make 10% after-tax contributions, but will make 10% before-tax contributions to their defined contribution account.

Projections illustrated in this section continue to assume the Town begins making contributions to the Plan equal to the ARC (minus any employee contributions) using the 25 year open amortization schedule (with payments assumed to increase 4.00% per year, except in Study D).

Town of Scituate Retirement Plan for the Police Department Employees

Alternative Plan Provision Changes



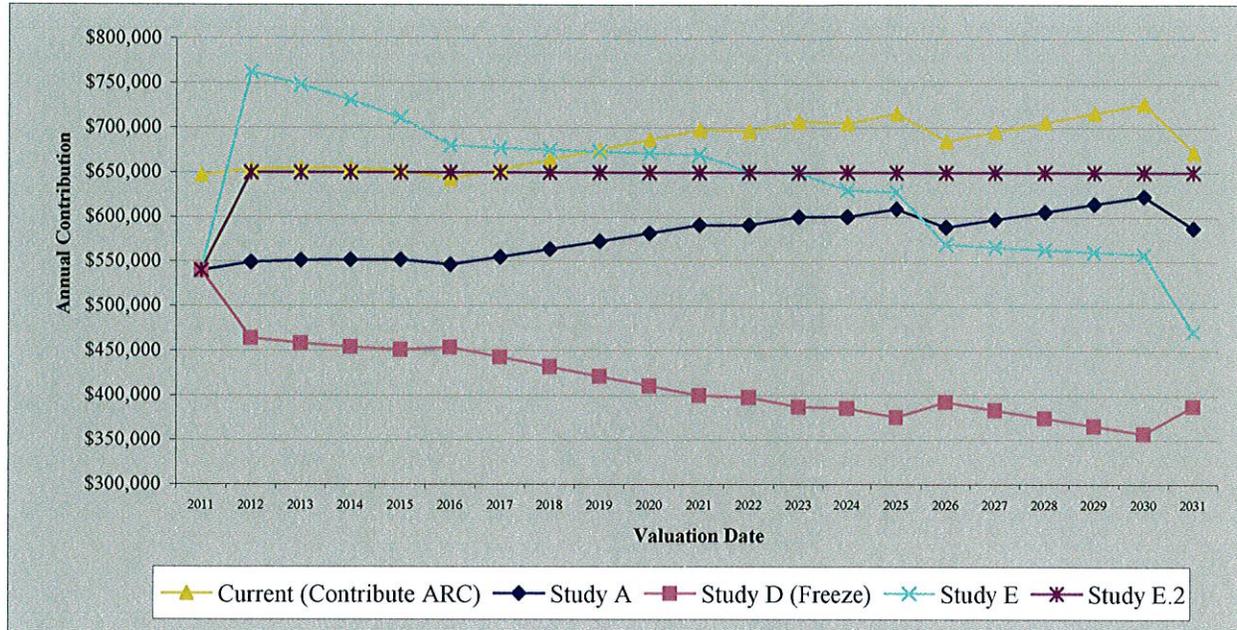
<u>Study</u>	<u>Plan Provisions</u>	<u>2011 Estimated Contribution</u>	<u>Funding Percent As of 4/1/2011</u>	<u>Funding Percent After 20 Years</u>
Current	Current Plan Provisions	\$647,000	27.5%	52.2%
A	Eliminate COLAs from future retirees (i.e., current actives)	\$540,000	30.0%	47.3%
B	Study A provisions and: Begin phasing in a 5-year average for final compensation*	\$516,000	30.5%	46.4%
C	Study B provisions and: Reduce future benefit accrual to 2.0% of pay for the first 30 years (60% maximum)*	\$467,000	31.7%	44.3%

*Benefit accruals through the effective date of the Plan change will be preserved.

All projections above assume a contribution schedule of the Annual Required Contribution (ARC) minus Employees' share (10% of pay). The ARC is determined using a 25 year open amortization, with 4.00% annual increase. Funding projection results are based on a 7.50% discount rate to determine liabilities and Annual Required Contributions (ARC), and a 7.50% investment rate of return. All Plan changes are assumed to become effective April 1, 2011, for projection purposes.

Town of Scituate Retirement Plan for the Police Department Employees

Alternative Plan Provision Changes



<u>Study</u>	<u>Plan Provisions</u>	<u>2011 Estimated Contribution</u>	<u>Funding Percent As of 4/1/2011</u>	<u>Funding Percent After 20 Years</u>
Current	Current Plan Provisions	\$647,000	27.5%	52.2%
A	Eliminate COLAs from future retirees (i.e., current actives)	\$540,000	30.0%	47.3%
D	Freeze benefit accruals 3/31/2012	\$540,000	30.0%	50.9%
E	Frozen DB Plan plus 31.3% annual contribution (21.3% employer contribution plus 10% employee contribution) to defined contribution plan	\$540,000	30.0%	50.9%
E.2	Same as Study E, but Town only contributes \$650,000 each year between DB and DC Plan	\$540,000	30.0%	40.6%

*Benefit accruals through the effective date of the Plan change will be preserved.

All projections above assume a contribution schedule of the Annual Required Contribution (ARC) minus Employees' share (10% of pay). The ARC is determined using a 25 year open amortization (with 4.00% annual increase, except under frozen scenarios). Funding projection results are based on a 7.50% discount rate to determine liabilities and Annual Required Contributions (ARC), and a 7.50% investment rate of return. All Plan changes are assumed to become effective April 1, 2011, for projection purposes.

Town of Scituate Retirement Plan for the Police Department Employees

Alternative Plan Income Replacement Analysis
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The following illustrates the projection income replacement for possible plan changes, and the replacement of benefits to the current plan provisions. The income replacement ratios below assume each participant retires at age 50, for projection and comparison purposes.

Participant Benefits	Income Replacement	Replacement of Base Benefit
Current "COLA Adjusted" Benefit	76.2%	100.0%
Current Base Pension Benefit (Study A)	60.0%	75.6%
Study B - 5-Year Average Compensation	55.7%	70.1%
Study C - Accruals Over 30 Years	48.5%	61.1%
Study E - Freeze with 31.3% DC Contribution	60.0%	75.6%

The income replacement ratios above do not include Social Security benefits or individual retirement savings. The conversion of annual benefit with COLA to an adjusted annual benefit used in valuing a replacement ratio was based on a 6.00% interest and RP-2000 Combined Optional mortality table for males.

Town of Scituate Retirement Plan for the Police Department Employees

APPENDIX I SUMMARY OF ASSUMPTIONS COMPARED TO THE STATE

Methods and Assumptions	State of Rhode Island - State Police	Town of Scituate Police Department	Actual Town Experience																								
Valuation Date	June 30, 2010	April 1, 2010	n/a																								
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	n/a																								
Actuarial Value of Assets	Actuarial smoothing of gains/(losses) over 5-year period	Market Value	n/a																								
Discount Rate / (Investment Return)	7.50%	7.50%	Scituate's actual rate of return since 1999 is 4.57%.																								
Salary Increase	The sum of (i) 4.00% and (ii) service related component: <table style="margin-left: auto; margin-right: auto; border: none;"> <tr> <td style="padding-right: 20px;">Service</td> <td>Rate</td> </tr> <tr> <td style="padding-right: 20px;">0</td> <td>4.25%</td> </tr> <tr> <td style="padding-right: 20px;">1-2</td> <td>4.00%</td> </tr> <tr> <td style="padding-right: 20px;">3</td> <td>8.00%</td> </tr> <tr> <td style="padding-right: 20px;">4</td> <td>5.00%</td> </tr> <tr> <td style="padding-right: 20px;">5</td> <td>3.25%</td> </tr> <tr> <td style="padding-right: 20px;">6-7</td> <td>1.25%</td> </tr> <tr> <td style="padding-right: 20px;">8-9</td> <td>1.00%</td> </tr> <tr> <td style="padding-right: 20px;">10-14</td> <td>0.75%</td> </tr> <tr> <td style="padding-right: 20px;">15-19</td> <td>0.50%</td> </tr> <tr> <td style="padding-right: 20px;">20-24</td> <td>0.25%</td> </tr> <tr> <td style="padding-right: 20px;">25+</td> <td>0.00%</td> </tr> </table>	Service	Rate	0	4.25%	1-2	4.00%	3	8.00%	4	5.00%	5	3.25%	6-7	1.25%	8-9	1.00%	10-14	0.75%	15-19	0.50%	20-24	0.25%	25+	0.00%	4.00%	The current group of active participants have averaged a 3.75% salary increase since April 1, 2006. The Plan's payroll growth since April 1, 2000 has been 4.25% per year.
Service	Rate																										
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20-24	0.25%																										
25+	0.00%																										
Termination Rates	None	None	There have been 3 terminations since April 1, 2000, averaging 1.6% per year.																								

Town of Scituate Retirement Plan for the Police Department Employees

Methods and Assumptions	State of Rhode Island - State Police	Town of Scituate Police Department	Actual Town Experience																																
Disability Rates	<p style="text-align: center;">Sample rates:</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">Age</td> <td style="text-align: center;">Rate</td> </tr> <tr> <td style="text-align: center;">20</td> <td style="text-align: center;">0.12%</td> </tr> <tr> <td style="text-align: center;">25</td> <td style="text-align: center;">0.17%</td> </tr> <tr> <td style="text-align: center;">30</td> <td style="text-align: center;">0.22%</td> </tr> <tr> <td style="text-align: center;">35</td> <td style="text-align: center;">0.29%</td> </tr> <tr> <td style="text-align: center;">40</td> <td style="text-align: center;">0.44%</td> </tr> <tr> <td style="text-align: center;">45</td> <td style="text-align: center;">0.72%</td> </tr> <tr> <td style="text-align: center;">50</td> <td style="text-align: center;">1.21%</td> </tr> </table> <p style="text-align: center;">75% of disabilities are considered work related and result in retirement. Not work-related disabilities result in termination and refund.</p>	Age	Rate	20	0.12%	25	0.17%	30	0.22%	35	0.29%	40	0.44%	45	0.72%	50	1.21%	<p style="text-align: center;">Sample rates:</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">Age</td> <td style="text-align: center;">Rate</td> </tr> <tr> <td style="text-align: center;">20</td> <td style="text-align: center;">0.03%</td> </tr> <tr> <td style="text-align: center;">25</td> <td style="text-align: center;">0.03%</td> </tr> <tr> <td style="text-align: center;">30</td> <td style="text-align: center;">0.03%</td> </tr> <tr> <td style="text-align: center;">35</td> <td style="text-align: center;">0.06%</td> </tr> <tr> <td style="text-align: center;">40</td> <td style="text-align: center;">0.21%</td> </tr> <tr> <td style="text-align: center;">45</td> <td style="text-align: center;">0.39%</td> </tr> <tr> <td style="text-align: center;">50</td> <td style="text-align: center;">0.81%</td> </tr> </table> <p style="text-align: center;">Occupational disability assumed to equal 3x the 1974 Railroad Retirement Board Incidence</p>	Age	Rate	20	0.03%	25	0.03%	30	0.03%	35	0.06%	40	0.21%	45	0.39%	50	0.81%	<p style="text-align: center;">There are currently 4 disabled participants in pay status. No disabilities have occurred since 1999.</p>
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Mortality Rates	<p style="text-align: center;">Post-retirement for healthy males (females) is 115% (95%) of RP-2000 Combined Healthy mortality table for males with white collar adjustments, projected with Scale AA from 2000</p> <p style="text-align: center;">Pre-retirement is 75% of RP-2000 Combined Healthy mortality tables with white collar adjustment. 15% of active member deaths are assumed occupational.</p> <p style="text-align: center;">Disabled retirees use 60% of the PBGC Table Va/Via for males/females for Social Security disability benefits.</p>	<p style="text-align: center;">Pre-retirement and post-retirement assumption for retirees and disabled participants is RP-2000 Combined Healthy mortality tables for males and females.</p>	<p style="text-align: center;">There has been only 1 retiree death since April 1, 2000.</p>																																

Town of Scituate Retirement Plan for the Police Department Employees

Methods and Assumptions	State of Rhode Island - State Police	Town of Scituate Police Department	Actual Town Experience																																				
Retirement Rates	<p>Retirement rates differ for participants hired prior to July 1, 2007 (A) and hired after July 1, 2007 (B)</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Service</th> <th style="text-align: left;">A</th> <th style="text-align: left;">B</th> </tr> </thead> <tbody> <tr><td>20</td><td>25%</td><td>n/a</td></tr> <tr><td>21</td><td>15%</td><td>n/a</td></tr> <tr><td>22</td><td>10%</td><td>n/a</td></tr> <tr><td>23</td><td>20%</td><td>n/a</td></tr> <tr><td>24</td><td>30%</td><td>n/a</td></tr> <tr><td>25</td><td>100%</td><td>35%</td></tr> <tr><td>26</td><td>100%</td><td>25%</td></tr> <tr><td>27</td><td>100%</td><td>20%</td></tr> <tr><td>28</td><td>100%</td><td>30%</td></tr> <tr><td>29</td><td>100%</td><td>40%</td></tr> <tr><td>30</td><td>100%</td><td>100%</td></tr> </tbody> </table>	Service	A	B	20	25%	n/a	21	15%	n/a	22	10%	n/a	23	20%	n/a	24	30%	n/a	25	100%	35%	26	100%	25%	27	100%	20%	28	100%	30%	29	100%	40%	30	100%	100%	<p>100% retirement assumed after 25 Years of Service.</p>	<p>Scituate has experienced retirements at various service markers.</p> <p>Since April 1, 2000, 3 retirees have had less than 25 years of service, and 3 retirees have made more than 25 years of service.</p>
Service	A	B																																					
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Marriage Rates	<p>85% of employees are assumed to be married. Males assumed to be 3 years older than females.</p>	<p>75% of employees are assumed to be married. Males assumed to be 4 years older than females.</p>																																					