



**Retirement System for the City of Cincinnati
December 31, 2010 Actuarial Valuation**

**EXECUTIVE SUMMARY
COMBINED REPORTS**



EXECUTIVE SUMMARY

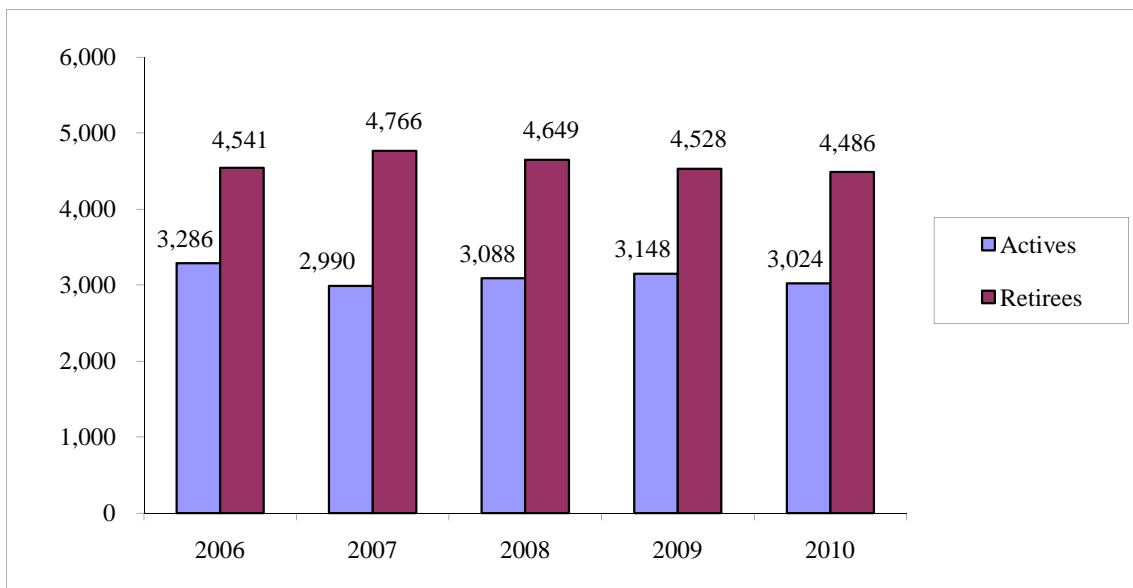
This summary outlines the main findings of the December 31, 2010 actuarial valuation of the Retirement System for the City of Cincinnati (CRS). Please note that the Pension results and the Retiree Health Benefits results have been combined for the purpose of this Executive Summary. If you wish to see individual results, please refer to the valuation reports.

City Ordinances 84-2011 and 85-2011, which were passed by the City Council on March 16, 2011, had a significant effect on liabilities, reducing the present value of total prospective liabilities by \$418.5 million and accrued liabilities by \$342.3 million. This led to a decrease in the total recommended employer contribution rate from 46.22% to 31.16% of payroll.

Membership

The overall System membership has been fluctuating over the last five years. Both the active and retiree counts have decreased from the year before.

Pension Census Data - December 31



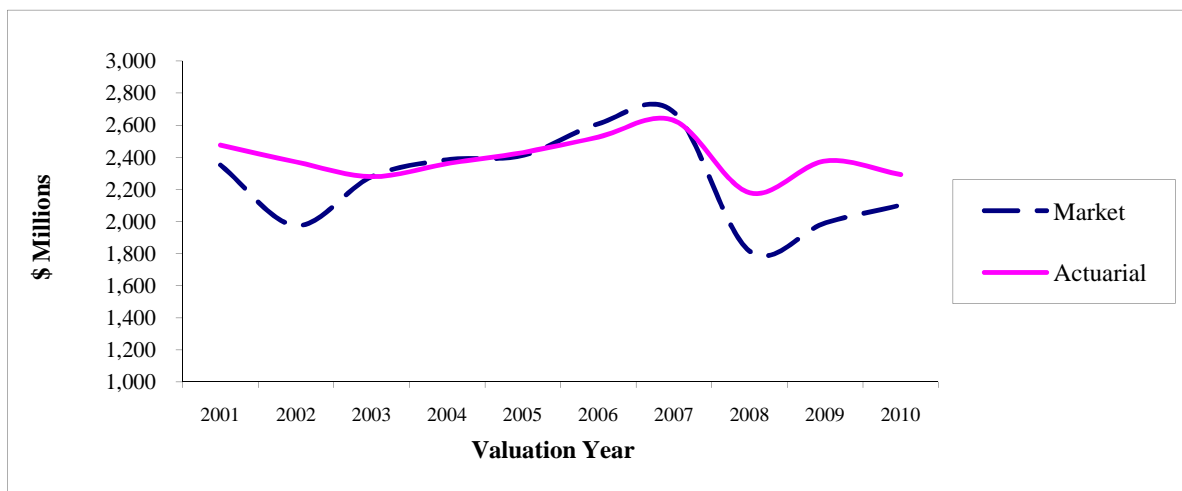


Current Assets

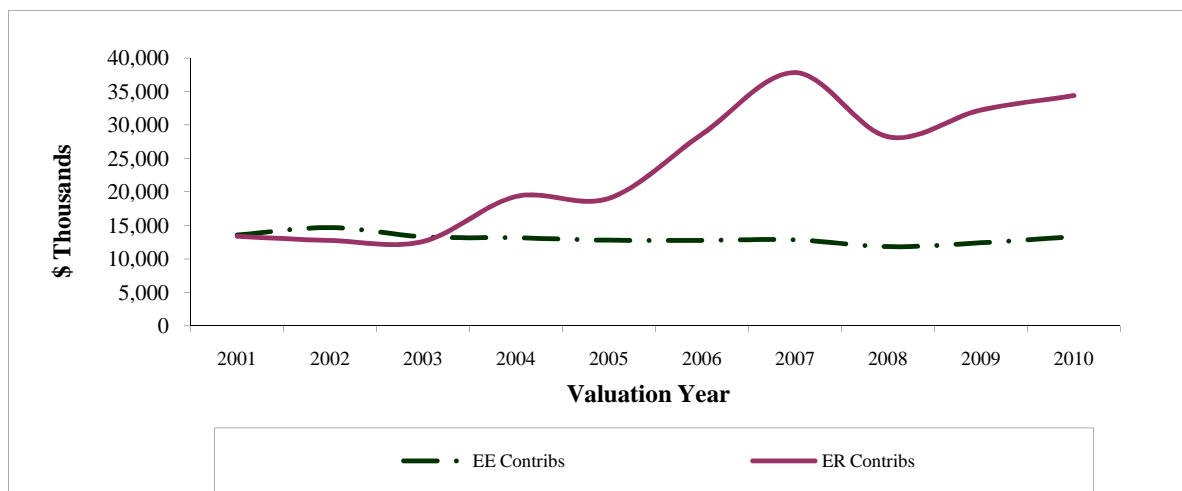
The actuarial value of assets of the System, which recognizes 20% of the unrecognized and unanticipated gains and losses, amounted to \$2,292.4 million as of December 31, 2010. This represented a decrease in value of \$85.0 million from the previous year, with a weighted average actuarial value investment return between the two funds of 2.29% (which may be compared to the assumed investment return of 8.00%). The actuarial value of assets cannot be less than 80% or more than 120% of the market value of assets as of the valuation date. The market value of assets was \$2,102.5 million which represents an increase of \$110.7 million from the previous year, with a weighted average market value investment return between the two funds of 13.11%.

Below is a history of the market and actuarial value of assets and a history of contributions made by the Employers and Employees.

Asset Values



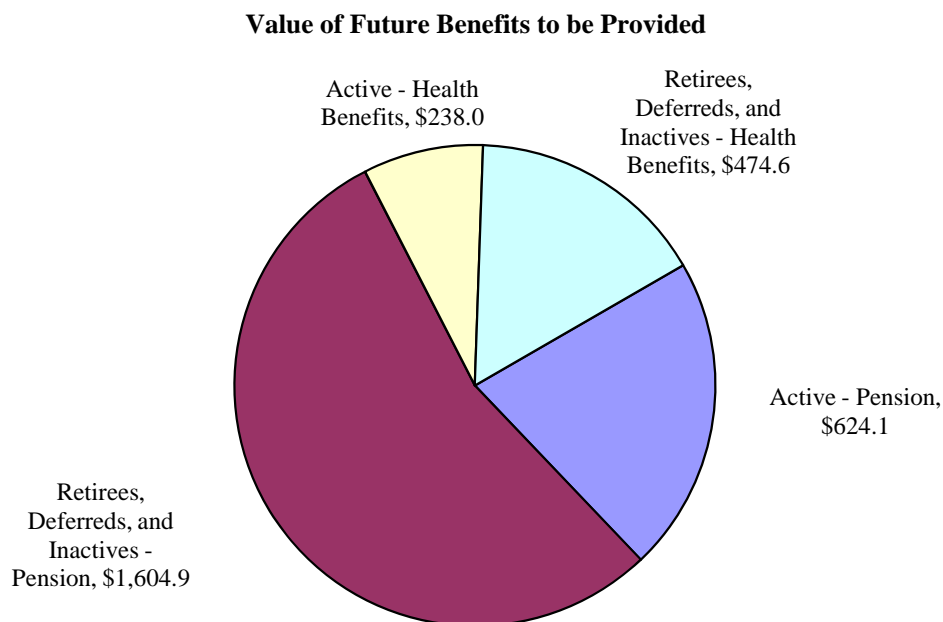
Contributions





Current Liability

The total liability of the System as of December 31, 2010 was \$2,941.6 million. This liability may be divided into the following categories:



The liability of the System decreased by \$337.8 million from last year or about 10.3%. The majority of the decrease in liability was attributable to changes in the plan provisions passed by the City Council from Ordinances 84-2011 and 85-2011 on March 16, 2011.

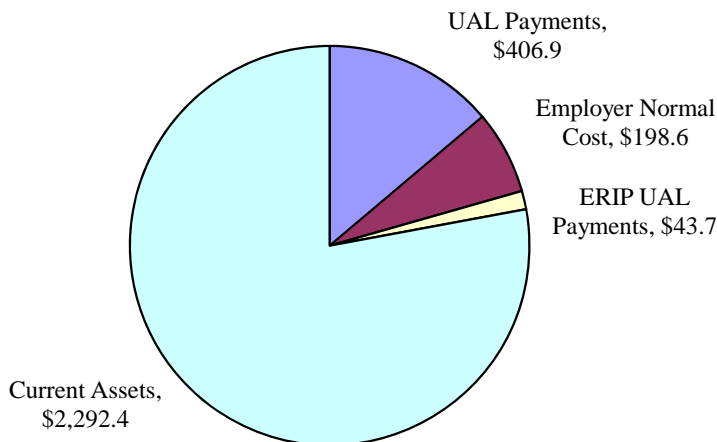


CRS financing

The \$2,941.6 million liability of the System as of December 31, 2010 will be met by funds from various sources: current assets, future member contributions and future employer contributions. In addition to the Unfunded Accrued Liability (UAL) payments that the City is required to contribute, the City is making separate contributions to fund the Early Retirement Incentive Plan (ERIP) that was offered in 2007.

The breakdown is as follows:

Financing \$2,941.6 Million of Retirement Benefit Promises



The financing plan for CRS requires employer contributions of 31.16% of payroll, which will amortize the unfunded actuarial liability as of December 31, 2010 in 30 years from the valuation date. Any liability not covered by current assets and future member contributions is to be met by future contributions by employers. Recent contribution rate allocations by fiscal year have been as follows:

Allocation of Contribution Rate (% of Payroll)

Fiscal Year	Member Rate	Employer Rate			Total	Total Rate
		Normal	UAL	ERIP		
2008	7.00%	14.23%	24.48%	0.00%	38.71%	45.71%
2009	7.00%	14.61%	19.71%	1.58%	35.90%	42.90%
2010	7.50%	13.33%	65.48%	1.95%	80.76%	88.26%
2011	8.00%	11.98%	31.96%	2.28%	46.22%	54.22%
2012	8.50%	6.11%	22.35%	2.70%	31.16%	39.66%



RETIREMENT SYSTEM FOR THE CITY OF CINCINNATI

**ACTUARIAL VALUATION
AS OF DECEMBER 31, 2010**

**SUMMARY OF PRINCIPAL RESULTS
(\$ in thousands)**

	<u>December 31, 2010</u>	<u>December 31, 2009</u>	<u>Change</u>
1. PENSION PARTICIPANT DATA			
Number of:			
Active Members	3,024	3,148	-3.94%
Retired Members and Beneficiaries	<u>4,486</u>	<u>4,528</u>	-0.93%
Total Participants	7,510	7,676	-2.16%
 Annual Salaries of Active Members	\$ 161,756	\$ 161,874	-0.07%
 Annual Pension Benefits Paid to Retired Members and Beneficiaries	\$ 140,582	\$ 136,838	2.74%
2. RETIREE HEALTH BENEFITS PARTICIPANT DATA			
Number of:			
Active Members	3,024	3,148	-3.94%
Retired Members	4,170	4,185	-0.36%
Spouses of Retired Members	<u>1,912</u>	<u>1,940</u>	-1.44%
Total Participants	9,106	9,273	-1.80%
 Annual Retiree Health Benefits Paid to Retired Members and their Spouses	\$ 46,880	\$ 62,329	-24.79%
3. ASSETS AND LIABILITIES			
Total Actuarial Liability	\$ 2,941,620	\$ 3,279,455	-10.30%
Assets for Valuation Purposes	2,292,361	2,377,436	-3.58%
Unfunded Accrued Liability	450,670	625,702	-27.97%
Future Normal Contributions	198,589	276,317	-28.13%
4. CONTRIBUTION RESULTS			
Contribution Rates (% of Payroll)			
Normal Cost (includes ee contribution)	14.61%	19.98%	-26.88%
Unfunded Liability Contributions	25.05%	34.24%	-26.84%
Total Plan Contributions	39.66%	54.22%	-26.85%
 Contribution Amounts (\$)			
Normal Cost (includes ee contribution)	\$ 23,632	\$ 32,340	
Unfunded Liability Contributions	40,522	55,428	
Total Plan Contributions	64,154	87,768	
 UAL Amortization Period (years)*	30	30	

*ERIP liability amortized using a non-level approach over 15 years.