



**Retirement System for the City of Cincinnati
December 31, 2014 Actuarial Valuation**

**EXECUTIVE SUMMARY
COMBINED REPORTS**



EXECUTIVE SUMMARY

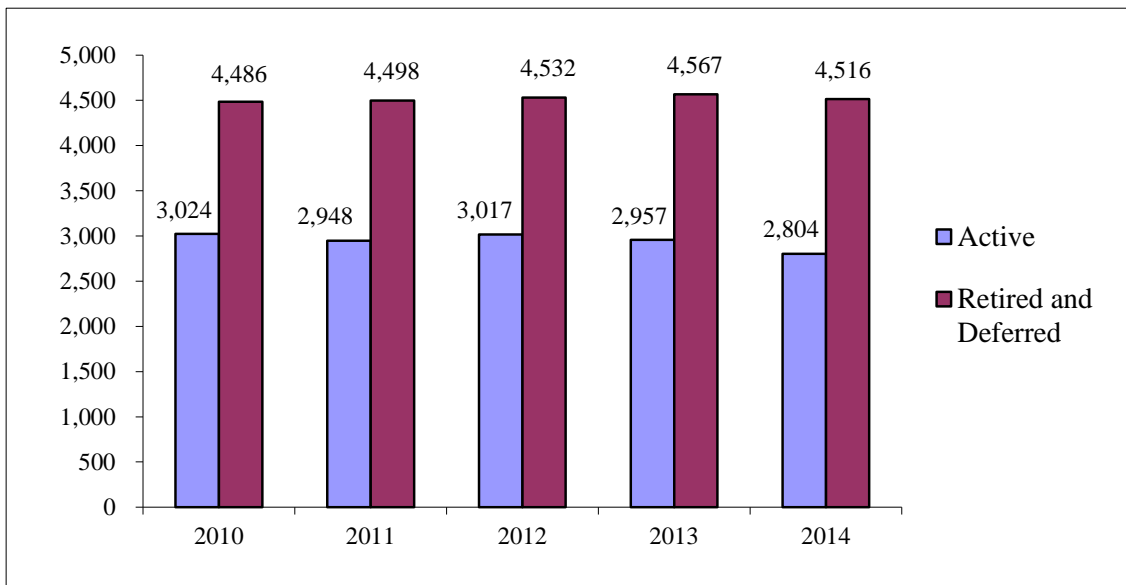
This summary outlines the main findings of the December 31, 2014 actuarial valuation of the Retirement System for the City of Cincinnati (CRS). Please note that the Pension results and the Retiree Health Benefits results have been combined for the purpose of this Executive Summary. If you wish to see individual results, please refer to the valuation reports.

Since the previous valuation, some minor programming and method changes were made based upon an internal review of current valuation procedures. In addition, the initial per capita health care costs and the rates of health care inflation used to project the per capita health care costs have been updated to reflect the System's recent experience.

Membership

The overall System membership has dropped about 2.5% over the last five years mainly due to the decrease in the active and inactive counts for the 2014 valuation.

Pension Census Data - December 31



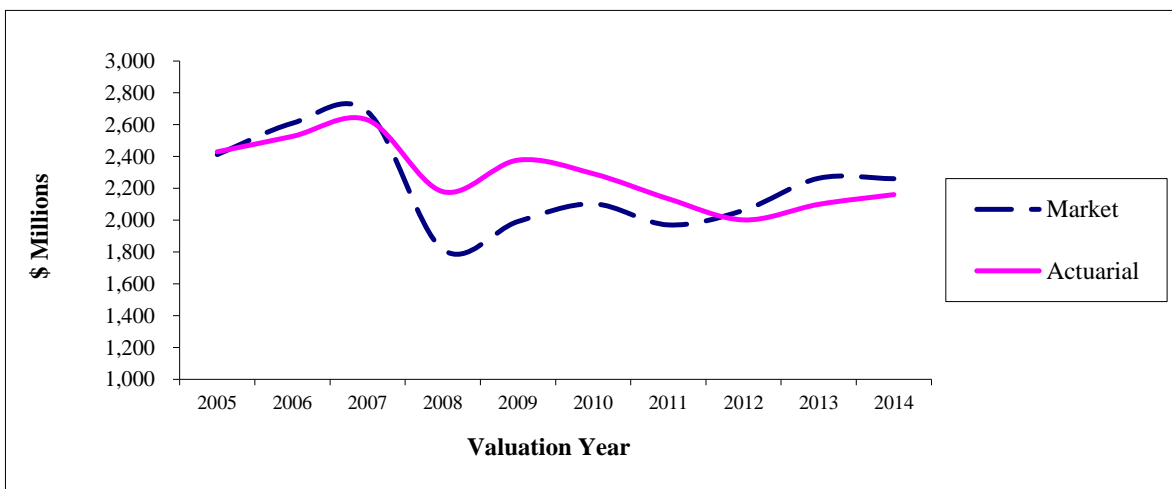


Current Assets

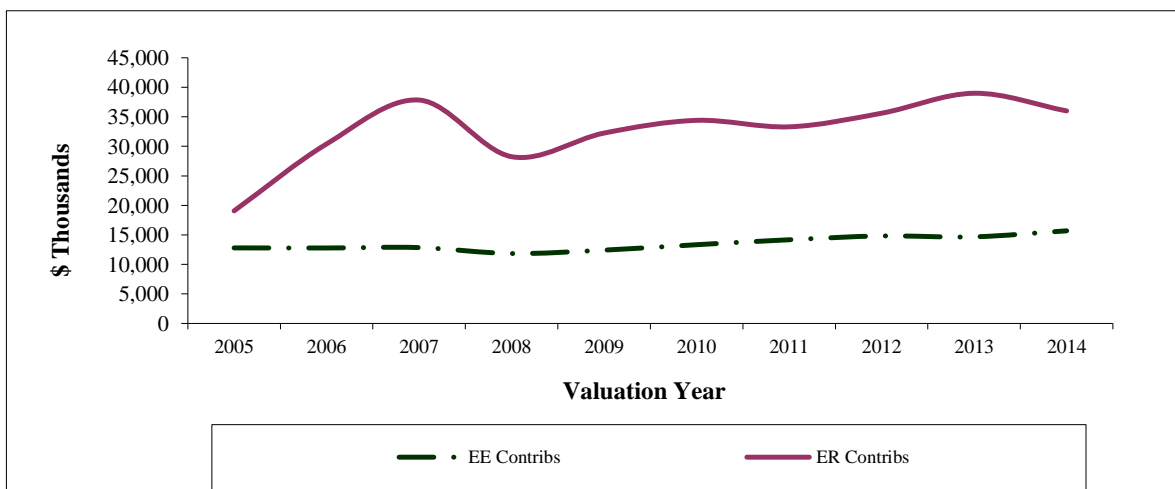
The actuarial value of assets of the System, which recognizes 20% of the unrecognized and unanticipated gains and losses, amounted to \$2,160.9 million as of December 31, 2014. This represented an increase in value of \$61.2 million from the previous year, with a weighted average actuarial value investment return between the two funds of 10.12% (which may be compared to the assumed investment return of 7.50%). 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 \$2,260.6 million which represents a decrease of \$3 million from the previous year, with a weighted average market value investment return between the two funds of 6.43%.

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

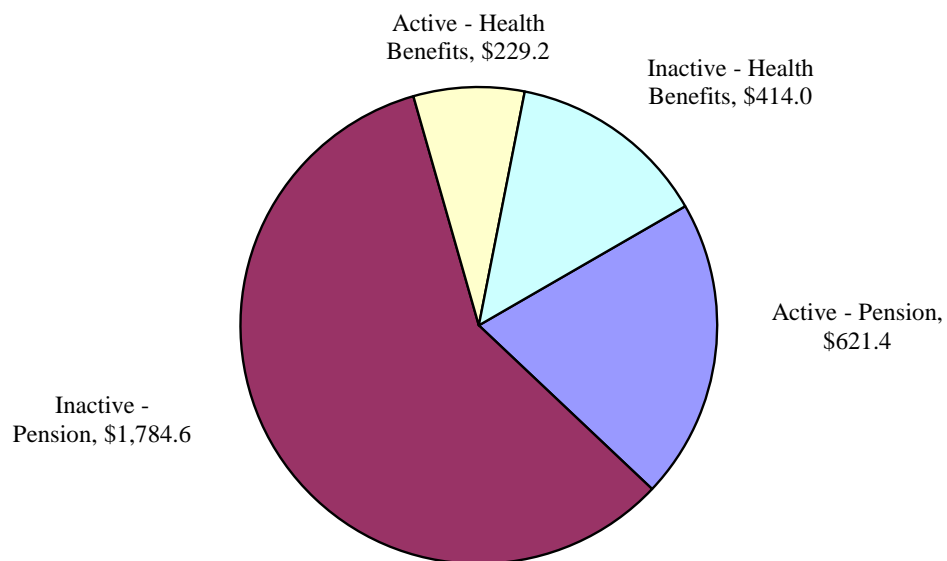




Current Liability

The total liability of the System as of December 31, 2014 was \$3,049.2 million. This liability may be divided into the following categories:

Value of Future Benefits to be Provided



The total liability of the System decreased by \$23.7 million from last year or about 0.8%.

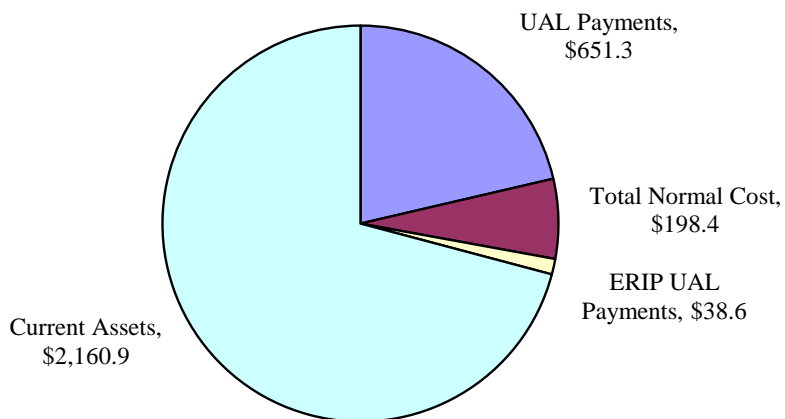


CRS financing

The \$3,049.2 million liability of the System as of December 31, 2014 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 \$3,049.2 Million of Retirement Benefit Promises



The financing plan for CRS requires employer contributions of 42.19% of payroll, which will amortize the unfunded actuarial liability as of December 31, 2014 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)

City's Fiscal Year End	Member Rate	Employer Rate			Total	Total Rate
		Normal	UAL	ERIP		
12/31/2012	8.50%	6.11%	22.35%	2.70%	31.16%	39.66%
6/30/2013	9.00%	6.92%	35.95%	3.19%	46.06%	55.06%
6/30/2014	9.00%	6.07%	43.75%	3.57%	53.39%	62.39%
6/30/2015	9.00%	5.65%	39.74%	3.96%	49.35%	58.35%
6/30/2016	9.00%	5.82%	32.46%	3.91%	42.19%	51.19%



RETIREMENT SYSTEM FOR THE CITY OF CINCINNATI

**ACTUARIAL VALUATION
AS OF DECEMBER 31, 2014**

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

	<u>December 31, 2014</u>	<u>December 31, 2013</u>	<u>Change</u>
1. PENSION PARTICIPANT DATA			
Number of:			
Active Members	2,804	2,957	-5.17%
Retired Members, Beneficiaries and those with Deferred Benefits	<u>4,516</u>	<u>4,567</u>	-1.12%
Total Participants	7,320	7,524	-2.71%
 Annual Salaries of Active Members	\$ 157,825	\$ 155,965	1.19%
 Annual Pension Benefits Paid to Retired Members, Beneficiaries and those with Deferred Benefits	\$ 160,096	\$ 154,091	3.90%
2. RETIREE HEALTH BENEFITS PARTICIPANT DATA			
Number of:			
Active Members	2,804	2,957	-5.17%
Retired Members	3,954	4,071	-2.87%
Spouses of Retired Members	<u>1,535</u>	<u>1,558</u>	-1.48%
Total Participants	8,293	8,586	-3.41%
 Annual Retiree Health Benefits Paid to Retired Members and their Spouses	\$ 35,623	\$ 35,457	0.47%
3. ASSETS AND LIABILITIES			
Total Actuarial Liability	\$ 3,049,154	\$ 3,072,854	-0.77%
Assets for Valuation Purposes	2,160,881	2,099,642	2.92%
Unfunded Accrued Liability	689,843	772,987	-10.76%
Future Normal Contributions	198,430	200,225	-0.90%
4. CONTRIBUTION RESULTS			
Contribution Rates (% of Payroll)			
Normal Cost (includes ee contribution)	14.82%	14.65%	1.16%
Unfunded Liability Contributions	<u>36.37%</u>	<u>43.70%</u>	-16.77%
Total Plan Contributions	51.19%	58.35%	-12.27%
 Contribution Amounts (\$)			
Normal Cost (includes ee contribution)	\$ 23,389	\$ 22,848	
Unfunded Liability Contributions	57,408	68,159	
Total Plan Contributions	80,797	91,007	
 UAL Amortization Period (years)*	30	30	

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