



**Retirement System for Employees of the City of Cincinnati
December 31, 2015 Actuarial Valuation**

**EXECUTIVE SUMMARY
COMBINED REPORTS**



EXECUTIVE SUMMARY

This summary outlines the main findings of the December 31, 2015 actuarial valuation of the Retirement System for Employees of 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.

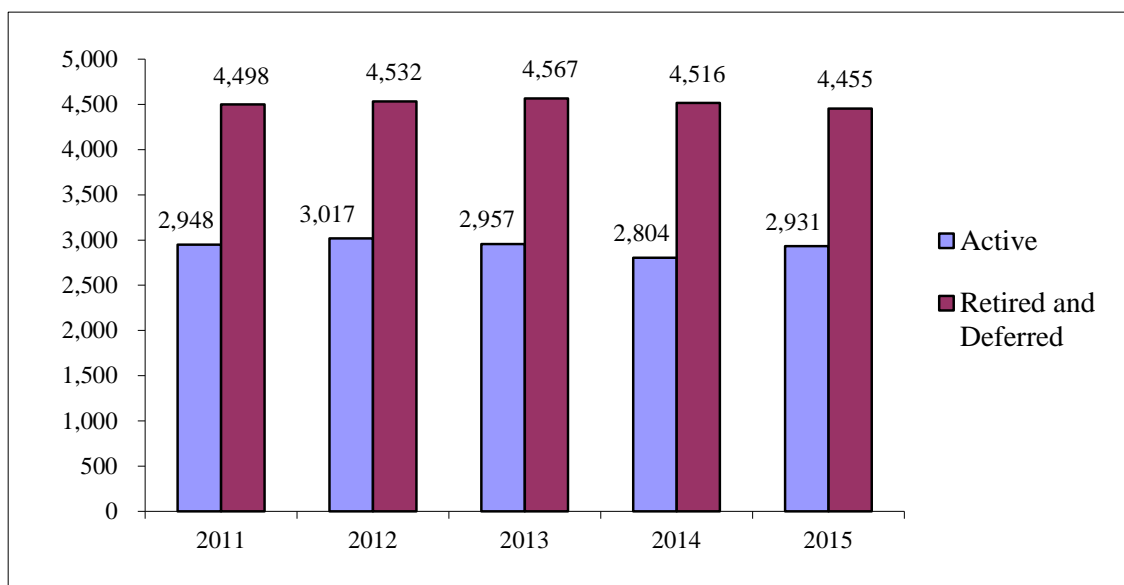
The valuation reflects our understanding of the plan and funding changes included in the Collaborative Settlement Agreement between the City and various plaintiff groups representing certain active and retired members of CRS as approved by the Court on October 5, 2015 and generally effective January 1, 2016.

The initial per capita health care costs, the contribution rates for the Select Plan, 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. Additionally, the assumptions have been revised to reflect the transition to prescription drug benefits provided through a Medicare Prescription Drug Plan.

Membership

CRS experienced a 4.5% increase in active membership this year, but overall the System membership has remained relatively steady over the last five years, even as there have been year-to-year increases and decreases.

Pension Census Data - December 31



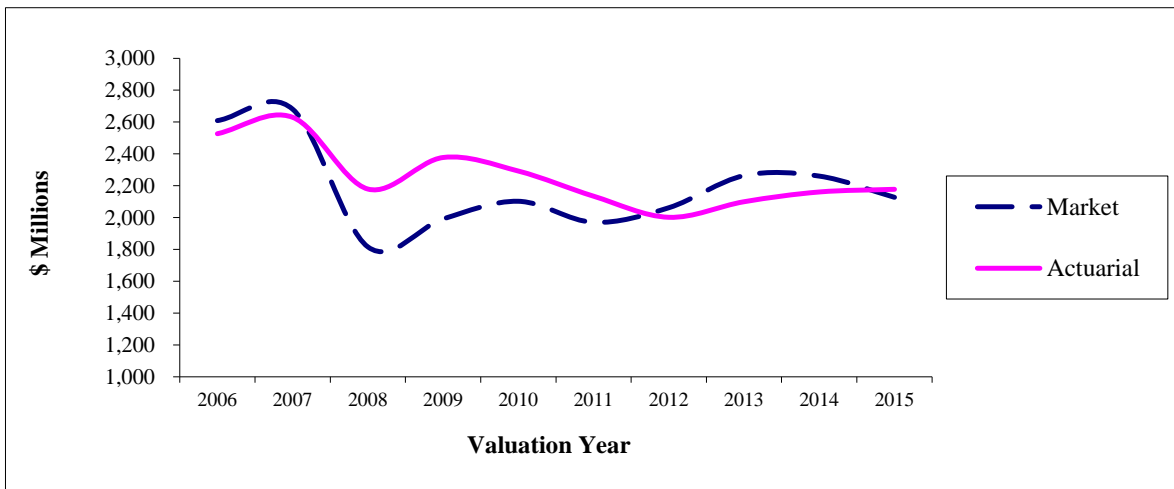


Current Assets

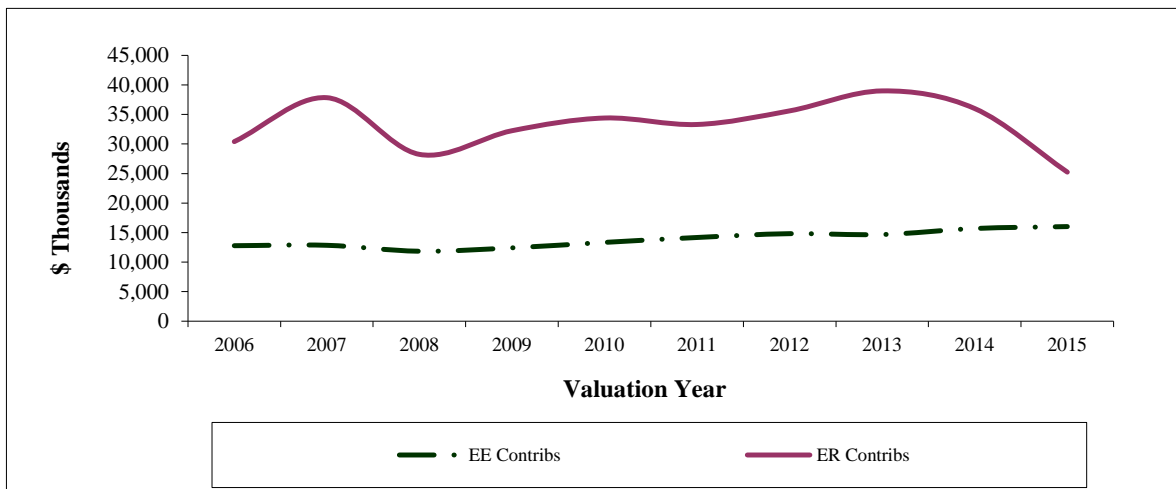
The actuarial value of assets of the System, which recognizes 20% of the unrecognized and unanticipated gains and losses, amounted to \$2,177.7 million as of December 31, 2015. This represented an increase in value of \$16.8 million from the previous year, with a weighted average actuarial value investment return between the two funds of 7.47% (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 \$2,127.4 million which represents a decrease of \$133.2 million from the previous year, with a weighted average market value investment return between the two Trusts of negative 0.11%.

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



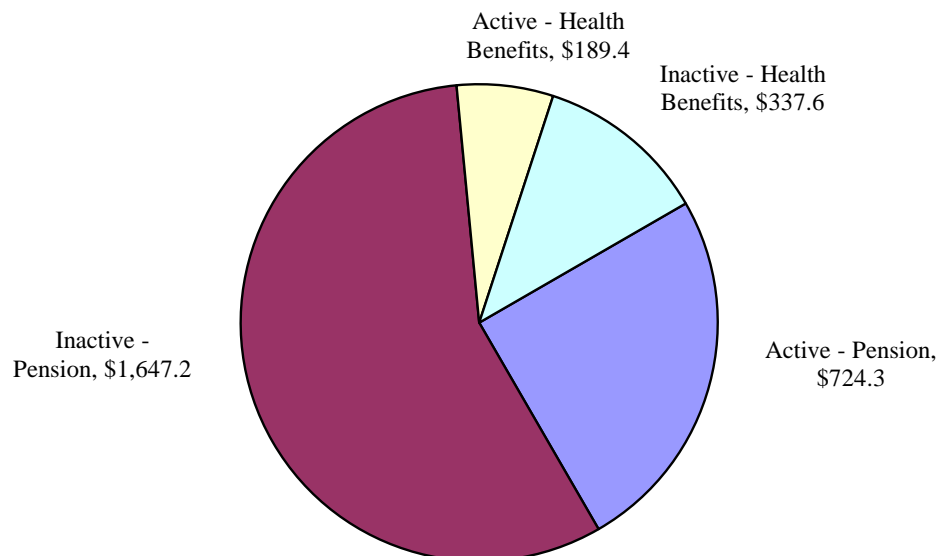
Contributions for 2015 also included an additional contribution of \$32.9 million for the portion of the ERIP liability allocated to the City.



Current Liability

The total liability of the System as of December 31, 2015 was \$2,898.5 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 \$150.7 million from last year or about 4.9%.

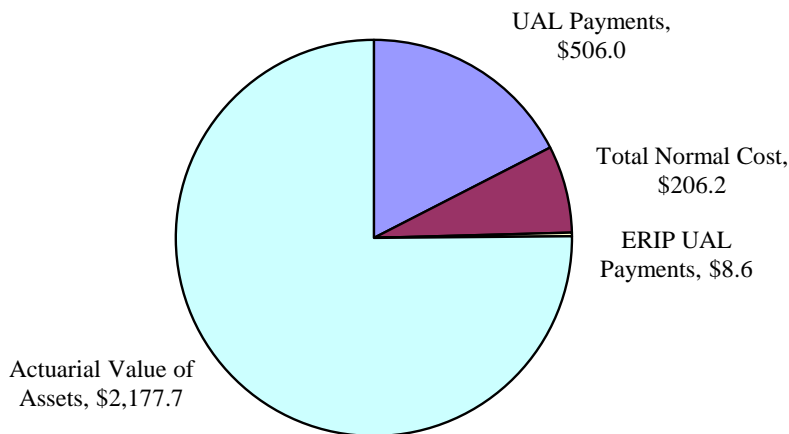


CRS financing

The \$2,898.5 million liability of the System as of December 31, 2015 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 has been making separate contributions to fund the Early Retirement Incentive Plan (ERIP) that was offered in 2007.

The breakdown is as follows:

Financing \$2,898.5 Million of Retirement Benefit Promises



In 2015, the City made a payment of \$32.9 million for the portion of the ERIP liability allocated to the City. The remaining balance of \$8.6 million is that portion of the ERIP liability allocated to the Metropolitan Sewer District (MSD). After the valuation date, the MSD made a payment effectively paying off the remaining balance of the ERIP liability.

The financing plan for CRS requires employer contributions of 31.62% of payroll, which will amortize the unfunded actuarial liability as of December 31, 2015 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		
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%
6/30/2017	9.00%	7.08%	23.77%	0.77%	31.62%	40.62%



RETIREMENT SYSTEM FOR EMPLOYEES OF THE CITY OF CINCINNATI

**ACTUARIAL VALUATION
AS OF DECEMBER 31, 2015**

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>Change</u>
1. PENSION PARTICIPANT DATA			
Number of:			
Active Members	2,931	2,804	4.53%
Retired Members, Beneficiaries and those with Deferred Benefits	<u>4,455</u>	<u>4,516</u>	-1.35%
Total Participants	7,386	7,320	0.90%
 Annual Salaries of Active Members	\$ 167,248	\$ 157,825	5.97%
 Annual Pension Benefits Paid to Retired Members, Beneficiaries and those with Deferred Benefits	\$ 162,712	\$ 160,096	1.63%
2. RETIREE HEALTH BENEFITS PARTICIPANT DATA			
Number of:			
Active Members	2,931	2,804	4.53%
Retired Members	3,847	3,954	-2.71%
Spouses of Retired Members	<u>1,482</u>	<u>1,535</u>	-3.45%
Total Participants	8,260	8,293	-0.40%
 Annual Retiree Health Benefits Paid to Retired Members and their Dependents	\$ 43,591	\$ 35,623	22.37%
3. ASSETS AND LIABILITIES			
Total Actuarial Liability	\$ 2,898,520	\$ 3,049,154	-4.94%
Assets for Valuation Purposes	2,177,748	2,160,881	0.78%
Unfunded Accrued Liability	514,569	689,843	-25.41%
Future Normal Contributions	206,203	198,430	3.92%
4. CONTRIBUTION RESULTS			
Contribution Rates (% of Payroll)			
Normal Cost (includes ee contribution)	16.08%	14.82%	8.50%
Unfunded Liability Contributions	<u>24.54%</u>	<u>36.37%</u>	-32.53%
Total Plan Contributions	40.62%	51.19%	-20.65%
Contribution Amounts (\$)			
Normal Cost (includes ee contribution)	\$ 26,893	\$ 23,389	
Unfunded Liability Contributions	41,036	57,408	
Total Plan Contributions	67,929	80,797	
 UAL Amortization Period (years)*	30	30	

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