

**MONTICELLO POLICE PENSION FUND
Actuarial Valuation Report**

**Showing Assets and Liabilities of the Fund in
Accordance with Actuarial Reserve Requirements
as of January 1, 2020**

Summary

Accrued Liability	\$4,175,440
Actuarial Value of Assets	\$1,371,038
Unfunded Accrued Liability	<u>\$2,804,402</u>
 Funded Ratio	 33%

Liabilities

Reserves for Annuities and Benefits in Force

	Head Count:	Present Value:	
Retirement Annuities	2	1,714,431	
Disability Annuities	1	737,659	
Surviving Spouse Annuities	1	548,156	
Minor Dependent Annuities	0	0	
Deferred Retirement Annuities	1	102,478	
Handicapped Dependent Annuities	0	0	
Dependent Parent Annuities	0	0	
Terminated Liabilities	<u>4</u>	<u>85,563</u>	
Total:	9		\$3,188,287

Accrued Liabilities for Active Members	6	<u>\$987,153</u>
Total Accrued Liabilities		\$4,175,440
Total Normal Cost for Active Members		\$124,081
Total Normal Cost as a Percentage of Payroll		43%

Total Annual Payroll \$291,758

Amortization of Unfunded Liabilities:

Total Accrued Liability	\$4,175,440
90% Funded Ratio Target	\$3,757,896
Actuarial Value of Assets	\$1,371,038
Liabilities Subject to Amortization	\$2,386,858
Amortization Period	21 years
Amortization Payment, Beginning of Year	\$124,920

This report is provided to the Board and Municipality as part of the Public Pension Division advisory services under Section 1A-106 of the Illinois Pension Code. This report should not be relied upon for purposes other than determining the current tax levy required under the Illinois Pension Code. The assumptions have been set based on expectations for all Article 3 funds in the State of Illinois. The actuarial methods are prescribed by the Illinois Pension Code and do not necessarily represent the approach recommended by either the actuary or the Department of Insurance. This report was prepared under the direct supervision of the undersigned:

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GRS

Deputy Director
Public Pension Division
Illinois Department of Insurance

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Assets

Actuarial Value of Assets

Current Year Gain/(Loss):

Market value of assets as of December 31, 2018	\$1,199,302
Benefit payments during fiscal year 2019	(162,258)
Administrative expense during fiscal year 2019	(3,022)
Total contributions during fiscal year 2019	228,153
Expected return during fiscal year 2019	55,383
Expected market value of assets as of December 31, 2019	<u>\$1,317,558</u>
 Actual market value of assets as of December 31, 2019	 \$1,305,806
 Investment gain/(loss) during the fiscal year	 (\$11,752)

Development of Actuarial Value of Assets (market value less unrecognized amounts):

Market value of assets as of December 31, 2019	\$1,305,806
Unrecognized gain/(loss) from fiscal 2019	(9,402)
Unrecognized gain/(loss) from fiscal 2018	(27,089)
Unrecognized gain/(loss) from fiscal 2017	(18,665)
Unrecognized gain/(loss) from fiscal 2016	(10,076)
Actuarial value of assets as of December 31, 2019	<u>\$1,371,038</u>

Actuarially Determined Employer Contributions

Actuarially determined amount to provide the employer normal cost based on the annual payroll of active participants as of January 1, 2020.	\$95,168
 Amount necessary to amortize the unfunded accrued liability as determined by the State of Illinois Department of Insurance over the remaining 21 years as prescribed by Section 3-125 of the Illinois Pension Code.	 \$124,920
 Interest to the end of the fiscal year.	 \$9,904
 Total suggested amount of employer contributions to arrive at the annual requirements of the fund as prescribed by Section 3-125 of the Illinois Pension Code. *	 \$229,992

*The above figure is the suggested amount which should be obtained by the fund from the municipality exclusive of any other items of income, such as interest on investments, contributions from participants, etc. These items have already been taken into consideration in arriving at this amount.

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Actuarial Information

The following methods have been prescribed in accordance with Section 3-125 of the Illinois Pension Code.

Funding method	Projected Unit Credit
Amortization method	Normal cost, plus an additional amount (determined as a level percentage of payroll) to bring the plan's funded ratio to 90% by the end of fiscal year 2040.
Asset valuation method	Investment gains and losses are recognized over a 5-year period.

Actuarial Assumptions

Interest rate	4.50%
Interest rate, prior fiscal year	4.50%
Healthy mortality rates - Male	RP-2014 Healthy Annuitant with Blue Collar Adjustment, males
Healthy mortality rates - Female	RP-2014 Healthy Annuitant with Blue Collar Adjustment, females
Disability mortality rates - Male	115% of RP-2014 Healthy Annuitant with Blue Collar Adjustment, males
Disability mortality rates - Female	115% of RP-2014 Healthy Annuitant with Blue Collar Adjustment, females
Decrements other than mortality	Experience tables
Rate of service-related deaths	10%
Rate of service-related disabilities	60%
Salary increases	Service-related table with rates grading from 11.00% to 3.50% at 33 years of service
Payroll growth	3.50%
Tier 2 cost-of-living adjustment	1.25%
Marital assumptions for active members	80% of members are assumed to be married; male spouses are assumed to be 3 years older than female spouses.

The actuarial assumptions used for determining the above amounts are based on experience for all Article 3 funds for the State of Illinois in aggregate. The Department of Insurance has approved the above actuarial assumptions. Contact the Department of Insurance for complete experience tables.

Data and Fund Information

The above valuation uses personnel data as reported to the Department of Insurance in the Schedule P. Specifically, the following data items have been determined as of the date of the Actuarial Valuation Report: attained age, annual salary or pension, completed years of service of each individual participant.

The fund specific information used in the production of this document was provided to the Department of Insurance by your pension fund board of trustees through the fund's annual statement filing.

Additional critical information regarding actuarial assumptions and methods, and important actuarial disclosures are provided in the Actuarial Valuation Report Disclosures Document located on the following Illinois DOI Website (<https://insurance.illinois.gov/Applications/Pension/FOIAReporting/FOIAPortal.aspx>)