



# **City of South Burlington Retirement Income Plan**

## **Funding Actuarial Valuation as of July 1, 2022**

For the Plan Year of  
July 1, 2022 to June 30, 2023



January 6, 2023



Jessie Baker  
City Manager  
City of South Burlington  
180 Market Street  
South Burlington, VT 05403

Via Email Delivery

**Re: City of South Burlington Retirement Income Plan  
July 1, 2022 Actuarial Funding Valuation**

Dear Jessie,

We are pleased to provide you with the July 1, 2022 actuarial valuation report for the City of South Burlington Retirement Income Plan ("Plan"). Determinations for purposes other than financial accounting requirements may be significantly different from the results reported herein. The use of this report for other than for financial accounting purposes may not be appropriate.

We relied upon participant data supplied by City of South Burlington as of June 30, 2022 and financial information as of June 30, 2022. We reviewed the participant data for internal consistency and reasonableness and have no reason to doubt its substantial accuracy. We also used and relied upon plan information supplied by City of South Burlington. City of South Burlington is solely responsible for the validity and completeness of the information.

This valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board.

The actuarial assumptions are described in the Actuarial Assumptions exhibit of this report. City of South Burlington selected the actuarial assumptions. We provided guidance to City of South Burlington on the support and selection of certain actuarial assumptions. We believe that the actuarial assumptions represent reasonable expectations of future experience of the Plan.

A valuation model was used to develop the liabilities for the plan. The valuation model relies on ProVal software, which was developed by Winklevoss Technologies, LLC. Experts within Newport Group selected this software and determined it is appropriate for performing this valuation. We coded and reviewed the software for the provisions, assumptions, methods, and data of the Plan as outlined in this report.

The undersigned is a Member of the American Academy of Actuaries and other actuarial organizations and meets the Qualification Requirements of the American Academy of Actuaries to render the actuarial opinion contained herein.

We are not aware of any direct or material indirect financial interest or relationship, including investments or other services that could create a conflict of interest that would impair the objectivity of our work.

We want to thank you again for the opportunity to continue serving City of South Burlington and the Plan.

Should you have any questions regarding the information contained in this report, please contact the undersigned.

Sincerely,

Certified by:

A handwritten signature in blue ink, appearing to read "Erik Schait".

Erik Schait, ASA, EA, MAAA  
Actuarial Consultant

**CITY OF SOUTH BURLINGTON  
RETIREMENT INCOME PLAN  
ACTUARIAL VALUATION AS OF  
JULY 1, 2022**

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**CITY OF SOUTH BURLINGTON  
RETIREMENT INCOME PLAN  
ACTUARIAL VALUATION AS OF  
JULY 1, 2022**

**SUMMARY OF ACTUARIAL VALUATION**

	<u>PUBLIC SAFETY</u>	<u>NON-PUBLIC SAFETY</u>	<u>TOTAL</u>
ACTUARIAL VALUATION DATE	7/1/2022	7/1/2022	

**MINIMUM RECOMMENDED EMPLOYER CONTRIBUTION RANGE BASED ON MARKET VALUE OF ASSETS:**

MINIMUM BASED ON 17-YEAR AMORTIZATION OF UEAAL:	1,109,469	328,358	1,437,827
MINIMUM CONTRIBUTION AS PERCENTAGE PAYROLL:	27.4%	22.2%	26.0%

MINIMUM BASED ON 20-YEAR AMORTIZATION OF UEAAL:	1,054,501	316,791	1,371,292
MINIMUM CONTRIBUTION AS PERCENTAGE PAYROLL:	26.0%	21.5%	24.8%

**MINIMUM RECOMMENDED EMPLOYER CONTRIBUTION RANGE BASED ON ACTUARIAL VALUE OF ASSETS:**

MINIMUM BASED ON 17-YEAR AMORTIZATION OF UEAAL:	911,395	264,555	1,175,950
MINIMUM CONTRIBUTION AS PERCENTAGE PAYROLL:	22.5%	17.9%	21.3%

MINIMUM BASED ON 20-YEAR AMORTIZATION OF UEAAL:	871,578	257,869	1,129,447
MINIMUM CONTRIBUTION AS PERCENTAGE PAYROLL:	21.5%	17.5%	20.4%

**PARTICIPANT DATA**

Retired Participants currently receiving benefits:	48	45	93
Terminated vested or inactive but still employed participants:	26	26	52
Participants currently employed:	48	20	68
Total participants:	122	91	213
Ineligible Employees:	0	0	0
Aggregate compensation of active participants:	4,053,152	1,475,988	5,529,140
Average compensation per active participant:	84,441	73,799	81,311

**ASSET DATA**

Fair market value of Plan assets:	30,489,240	9,711,004	40,200,244
Approximate annual rate of return for the plan year (net of expenses):	-10.72%	-10.72%	-10.72%
Actuarial asset value:	32,400,809	10,326,753	42,727,562
Approximate annual rate of return for Actuarial assets (net of expenses):	5.71%	5.70%	5.71%

**SUMMARY OF ASSETS AND LIABILITIES**

Present Value of Accrued Benefits at Valuation Date:	32,108,286	10,155,976	42,264,262
Fair market value of Plan assets:	30,489,240	9,711,004	40,200,244
Market Value Funded ratio:	94.96%	95.62%	95.12%

Entry Age Normal Accrued Liability at Valuation Date:	37,424,415	11,170,312	48,594,727
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Fair market value of Plan assets:	30,489,240	9,711,004	40,200,244
Assets above/(below) Entry Age Normal Accrued Liability:	6,935,175	1,459,308	8,394,483
Market Value Funded ratio:	81.47%	86.94%	82.73%

Actuarial value of Plan assets:	32,400,809	10,326,753	42,727,562
Assets above/(below) total accumulated benefits:	5,023,606	843,559	5,867,165
Actuarial Value Funded ratio:	86.58%	92.45%	87.93%

**CITY OF SOUTH BURLINGTON  
RETIREMENT INCOME PLAN  
ACTUARIAL VALUATION AS OF  
JULY 1, 2022**

**RECONCILIATION OF PARTICIPANT COUNT**

	<u>PUBLIC SAFETY</u>	<u>NON-PUBLIC SAFETY</u>	<u>TOTAL</u>
<b>A. RETIREES AND BENEFICIARIES CURRENTLY RECEIVING BENEFITS:</b>			
1. Retirees and beneficiaries at prior valuation date:	46	43	89
2. New retirees and beneficiaries:	4	3	7
3. Retirees Deceased:	2	1	3
4. Retirees and beneficiaries at current valuation date (1+2-3):	48	45	93
<b>B. TERMINATED VESTED AND INACTIVE BUT STILL EMPLOYED PARTICIPANTS:</b>			
1. Terminated vested participants at prior valuation date:	21	26	47
2. New terminated vested participants:	6	0	6
3. Participants moved to inactive status but not yet terminated:	0	0	0
4. Participants retired, cashed out or moved back to active status:	1	0	1
5. Terminated vested participants at current valuation date (1+2+3-4):	26	26	52
<b>C. ACTIVELY EMPLOYED PARTICIPANTS:</b>			
1. Active participants at prior valuation date:	56	22	78
2. New participants:	1	0	1
3. Participants retired:	3	2	5
4. Terminated without vested benefits:	0	0	0
5. Terminated with vested benefits due in future:	6	0	6
6. Terminated with vested benefits and cashed out:	0	0	0
7. Participants transferred out:	0	0	0
8. Active participants at current valuation date (1+2-3-4-5-6-7):	48	20	68
<b>D. TOTAL PARTICIPANTS (A+B+C):</b>	<b>122</b>	<b>91</b>	<b>213</b>
<b>E. AVERAGE AGES:</b>			
1. Retirees and Beneficiaries:	63.82	75.65	69.55
2. Terminated or Inactive participants with vested benefits:	39.62	54.70	47.16
3. Active participants:	41.52	56.47	45.92
<b>F. AVERAGE MONTHLY BENEFITS:</b>			
1. Retirees and Beneficiaries:	2,884.42	1,056.17	1,999.78
2. Terminated or Inactive participants with vested benefits:	1,032.80	1,058.27	1,045.53
<b>G. AVERAGE YEARS OF SERVICE FOR ACTIVE PARTICIPANTS:</b>	<b>14.04</b>	<b>16.70</b>	<b>14.82</b>
<b>H. AVERAGE EXPECTED YEARS OF <u>FUTURE</u> SERVICE PARTICIPANTS:</b>	<b>8.96</b>	<b>8.04</b>	<b>8.69</b>
<b>I. ENTRY AGE ACCRUED LIABILITY BY STATUS:</b>			
1. Retirees and Beneficiaries:	20,177,673	5,077,277	25,254,950
2. Terminated or Inactive participants with vested benefits:	2,516,621	2,317,720	4,834,341
3. Active participants:	14,730,121	3,775,315	18,505,437

**CITY OF SOUTH BURLINGTON  
RETIREMENT INCOME PLAN  
ACTUARIAL VALUATION AS OF  
JULY 1, 2022**

**PLAN ASSET EXPERIENCE SINCE THE PRECEDING VALUATION DATE**

*SUMMARY OF INCOME, EXPENSES AND RATE OF RETURN*

Asset fair market value at July 1, 2021:		45,902,131
Employer contribution:		1,054,731
Mandatory Employee contributions:		368,209
Benefit Payments to Participants:		(2,248,480)
Investment income and expense:		
Interest and Dividends, other income:	1,058,735	
Realized gains and (losses):	4,273,368	
Unrealized appreciation/(depreciation) in market value:	(9,982,740)	
Expenses paid from Plan assets:	(225,709)	
Investment earnings on market value basis, net of expenses:		(4,876,347)
Asset fair market value at June 30, 2022:		40,200,244
Approximate annual rate of return for the plan year (net of expenses):		-10.72%
Additional Employer Contributions received after year-end:		0
Asset Fair Market Value at June 30, 2022:		40,200,244

*COMPOSITION OF ASSETS:*

	<u>Market Value</u>	<u>Percent Total</u>
Employer Contribution Receivable:	0	--
Money Market Funds:	12,521	0.03%
Equity Mutual Funds:	23,316,473	58.00%
Fixed Income Mutual Funds:	12,866,493	32.01%
Other Assets:	3,979,162	9.90%
Accrued Income:	25,593	0.06%
Total:	<u>40,200,244</u>	<u>100.0%</u>

*ALLOCATION OF ASSETS BETWEEN PUBLIC SAFETY AND NON-PUBLIC SAFETY GROUPS*

	<u>PUBLIC SAFETY</u>	<u>NON-PUBLIC SAFETY</u>	<u>TOTAL</u>
Asset Fair Market Value at July 1, 2021:	34,661,960	11,240,171	45,902,131
Employer contributions:	839,908	214,823	1,054,731
Mandatory Employee contributions:	368,209	0	368,209
Benefit Payments to Participants:	(1,693,297)	(555,183)	(2,248,480)
Share of Investment Earnings (net of expenses):	(3,687,540)	(1,188,807)	(4,876,347)
Asset fair market value at June 30, 2022:	30,489,240	9,711,004	40,200,244
Employer contribution receivable:	0	0	0
Employee contribution receivable:	0	0	0
Asset fair market value at June 30, 2022:	30,489,240	9,711,004	40,200,244

**CITY OF SOUTH BURLINGTON  
RETIREMENT INCOME PLAN  
ACTUARIAL VALUATION AS OF  
JULY 1, 2022**

**DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS**

*DETERMINATION OF ACTUARIAL VALUE OF ASSETS*

Actuarial Asset value at July 1, 2021 (excluding receivables):	41,444,055
Contributions less benefit payments and operating expenses:	(1,051,249)
Average Actuarial Value:	40,918,431
Assumed net investment income, at 7.25%:	2,966,586
Preliminary value of assets at the end of the year:	43,359,392
Asset fair market value at June 30, 2022 (excluding receivables):	40,200,244
Smoothing adjustment, 20%:	(631,830)
Actuarial Asset Value at June 30, 2022:	42,727,562
Contribution receivables:	0
Final Actuarial Value of Assets:	42,727,562
Approximate annual rate of return for the plan year (net of expenses):	5.71%
Actuarial Value of Assets as a percent of market value of assets:	106.29%

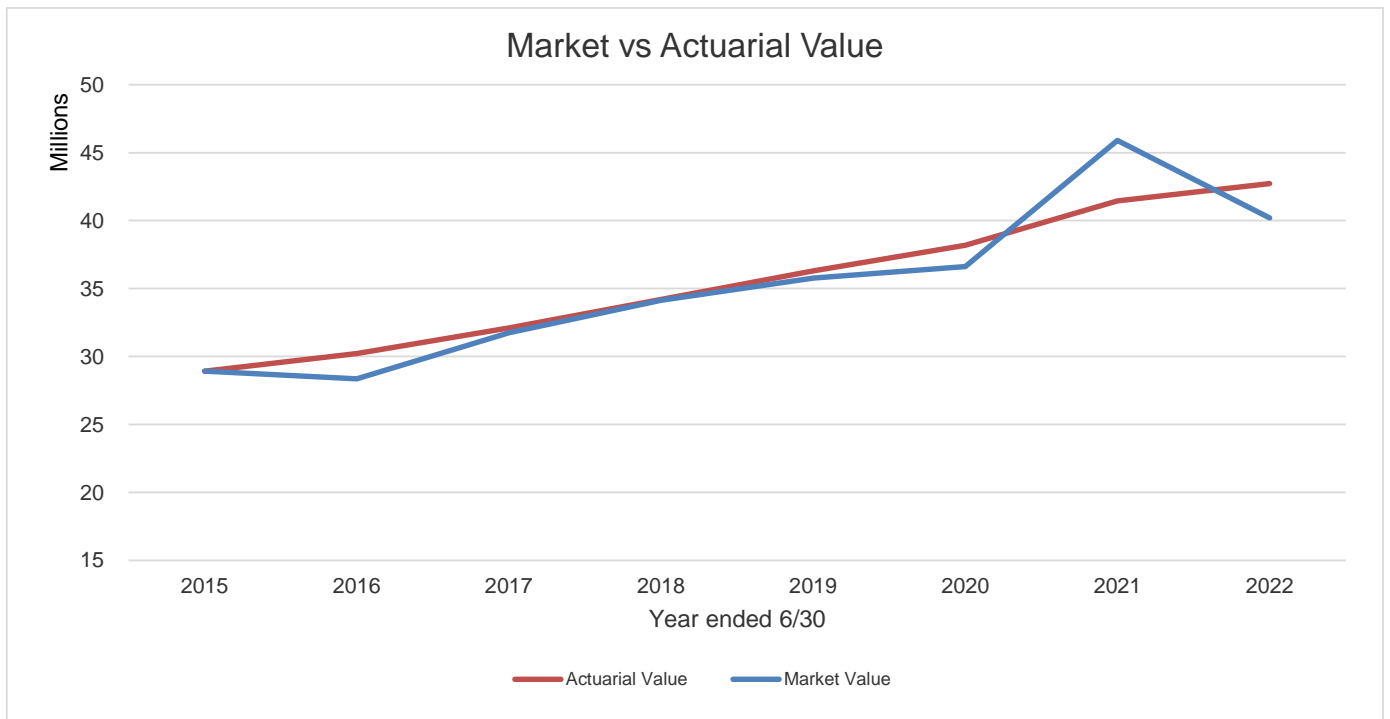
*ALLOCATION OF ACTUARIAL VALUE OF ASSETS BETWEEN PUBLIC SAFETY AND NON-PUBLIC SAFETY GROUPS*

	<u>PUBLIC SAFETY</u>	<u>NON-PUBLIC SAFETY</u>	<u>TOTAL</u>
Actuarial Asset value at July 1, 2021 (excluding receivables):	31,289,592	10,154,463	41,444,055
Contributions less benefit payments and operating expenses:	(655,619)	(395,630)	(1,051,249)
Average Actuarial Value:	30,961,783	9,956,648	40,918,431
Assumed net investment income, at 7.25%:	2,244,729	721,857	2,966,586
Preliminary value of assets at the end of the year:	32,878,702	10,480,690	43,359,392
Asset fair market value at June 30, 2022 (excluding receivables):	30,489,240	9,711,004	40,200,244
Smoothing adjustment, 20%:	(477,893)	(153,937)	(631,830)
Actuarial Asset Value at June 30, 2022:	32,400,809	10,326,753	42,727,562
Contribution receivables:	0	0	0
Final Actuarial Value of Assets:	32,400,809	10,326,753	42,727,562
Approximate annual rate of return for the plan year (net of expenses):	5.71%	5.70%	5.71%
Actuarial Value of Assets as a percent of market value of assets:	106.27%	106.34%	106.29%

**CITY OF SOUTH BURLINGTON  
 RETIREMENT INCOME PLAN  
 ACTUARIAL VALUATION AS OF  
 JULY 1, 2022**

**SUMMARY OF PLAN ASSET EXPERIENCE DURING THE PLAN YEAR**

<b>Year Ended 06/30</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>	<b>Net Investment Return</b>	<b>Benefit Payments</b>	<b>Market Value of Assets</b>	<b>Actuarial Value of Assets</b>
2015	569,198	297,142	451,391	(1,247,876)	28,921,888	28,921,888
2016	765,860	305,476	(306,473)	(1,328,091)	28,358,661	30,216,436
2017	1,037,443	313,535	3,457,472	(1,413,887)	31,753,223	32,098,394
2018	1,246,468	337,958	2,415,936	(1,615,723)	34,137,861	34,203,530
2019	1,394,798	349,543	1,695,376	(1,816,072)	35,761,509	36,297,464
2020	1,384,798	379,718	1,020,612	(1,929,009)	36,617,628	38,180,434
2021	1,302,918	373,582	9,685,649	(2,077,646)	45,902,131	41,444,055
2022	1,054,731	368,209	(4,876,347)	(2,248,480)	40,200,244	42,727,562





**CITY OF SOUTH BURLINGTON  
RETIREMENT INCOME PLAN  
ACTUARIAL VALUATION AS OF  
JULY 1, 2022**

**DETERMINATION OF RECOMMENDED EMPLOYER CONTRIBUTION BASED ON MARKET VALUE OF ASSETS**

<i>MINIMUM RECOMMENDED EMPLOYER CONTRIBUTION RANGE</i>	<i>PUBLIC SAFETY</i>	<i>NON-PUBLIC SAFETY</i>	<i>TOTAL</i>
<i>Minimum based on 17-Year Amortization of Unfunded Entry Age Accrued Liability:</i>			
1. Total Normal Cost:	651,541	166,107	817,648
2. Unfunded Entry Age Accrued Liability:	6,935,175	1,459,308	8,394,483
3. 17-Year Amortization of Unfunded Accrued Liability:	673,832	141,789	815,621
4. Interest to Expected Payment Date:	88,082	20,462	108,544
<b>5. Minimum Total Recommended Contribution (1+2+3+4):</b>	<b>1,413,455</b>	<b>328,358</b>	<b>1,741,813</b>
6. Expected Employee Contributions:	303,986	0	303,986
<b>7. Employer Recommended Contribution (5-6):</b>	<b>1,109,469</b>	<b>328,358</b>	<b>1,437,827</b>
<b>8. Employer Contribution as Percentage Payroll:</b>	<b>27.4%</b>	<b>22.2%</b>	<b>26.0%</b>

*Minimum based on 20-Year Amortization of Unfunded Entry Age Accrued Liability:*

1. Total Normal Cost:	651,541	166,107	817,648
2. Unfunded Entry Age Accrued Liability:	6,935,175	1,459,308	8,394,483
3. 20-Year Amortization of Unfunded Accrued Liability:	622,289	130,943	753,232
4. Interest to Expected Payment Date:	84,657	19,741	104,398
<b>5. Minimum Total Recommended Contribution (1+2+3+4):</b>	<b>1,358,487</b>	<b>316,791</b>	<b>1,675,278</b>
6. Expected Employee Contributions:	303,986	0	303,986
<b>7. Employer Recommended Contribution (5-6):</b>	<b>1,054,501</b>	<b>316,791</b>	<b>1,371,292</b>
<b>8. Employer Contribution as Percentage Payroll:</b>	<b>26.0%</b>	<b>21.5%</b>	<b>24.8%</b>

*Unfunded Entry Age Accrued Liability (Fresh Start):*

1. Entry Age Normal Accrued Liability at Valuation Date:	37,424,415	11,170,312	48,594,727
2. <u>Market Asset Value</u> at Valuation Date:	30,489,240	9,711,004	40,200,244
<b>3. Unfunded EAN Accrued Liability at Valuation Date (1-2):</b>	<b>6,935,175</b>	<b>1,459,308</b>	<b>8,394,483</b>

*Employer Contribution amounts are anticipated to be paid on or before June 1, 2023. Mandatory Employee Contributions are payable during the year, deducted from employee earnings and deposited regularly into the Trust.*

CITY OF SOUTH BURLINGTON  
 RETIREMENT INCOME PLAN  
 ACTUARIAL VALUATION AS OF  
 JULY 1, 2022

**DETERMINATION OF RECOMMENDED EMPLOYER CONTRIBUTION BASED ON ACTUARIAL VALUE OF ASSETS**

<i>MINIMUM RECOMMENDED EMPLOYER CONTRIBUTION RANGE</i>	<i>PUBLIC SAFETY</i>	<i>NON-PUBLIC SAFETY</i>	<i>TOTAL</i>
<i>Minimum based on 17-Year Amortization of Unfunded Entry Age Accrued Liability:</i>			
1. Total Normal Cost:	651,541	166,107	817,648
2. Unfunded Entry Age Accrued Liability:	5,023,606	843,559	5,867,165
3. 17-Year Amortization of Unfunded Accrued Liability:	488,101	81,961	570,063
4. Interest to Expected Payment Date:	75,739	16,486	92,225
<b>5. Minimum Total Recommended Contribution (1+2+3+4):</b>	<b>1,215,381</b>	<b>264,555</b>	<b>1,479,936</b>
6. Expected Employee Contributions:	303,986	0	303,986
<b>7. Employer Recommended Contribution (5-6):</b>	<b>911,395</b>	<b>264,555</b>	<b>1,175,950</b>
<b>8. Employer Contribution as Percentage Payroll:</b>	<b>22.5%</b>	<b>17.9%</b>	<b>21.3%</b>

*Minimum based on 20-Year Amortization of Unfunded Entry Age Accrued Liability:*

1. Total Normal Cost:	651,541	166,107	817,648
2. Unfunded Entry Age Accrued Liability:	5,023,606	843,559	5,867,165
3. 20-Year Amortization of Unfunded Accrued Liability:	450,765	75,692	526,458
4. Interest to Expected Payment Date:	73,257	16,070	89,327
<b>5. Minimum Total Recommended Contribution (1+2+3+4):</b>	<b>1,175,564</b>	<b>257,869</b>	<b>1,433,433</b>
6. Expected Employee Contributions:	303,986	0	303,986
<b>7. Employer Recommended Contribution (5-6):</b>	<b>871,578</b>	<b>257,869</b>	<b>1,129,447</b>
<b>8. Employer Contribution as Percentage Payroll:</b>	<b>21.5%</b>	<b>17.5%</b>	<b>20.4%</b>

*Unfunded Entry Age Accrued Liability (Fresh Start):*

1. Entry Age Normal Accrued Liability at Valuation Date:	37,424,415	11,170,312	48,594,727
2. <u>Actuarial Asset Value</u> at Valuation Date:	32,400,809	10,326,753	42,727,562
<b>3. Unfunded EAN Accrued Liability at Valuation Date (1-2):</b>	<b>5,023,606</b>	<b>843,559</b>	<b>5,867,165</b>

*Employer Contribution amounts are anticipated to be paid on or before June 1, 2023. Mandatory Employee Contributions are payable during the year, deducted from employee earnings and deposited regularly into the Trust.*

**CITY OF SOUTH BURLINGTON  
RETIREMENT INCOME PLAN  
ACTUARIAL VALUATION AS OF  
JULY 1, 2022**

**RECONCILIATION OF UNFUNDED LIABILITY - Market Value of Assets**

	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>
1. Unfunded Liability Beginning of Year:	6,365,561	6,795,385	8,005,369	662,034
2. Normal Cost:	1,049,187	992,682	992,644	775,869
3. Interest:	511,223	544,932	632,647	84,541
4. Contributions - Employer:	(1,394,798)	(1,384,798)	(1,302,918)	(1,054,731)
5. Contributions - Employee:	(349,543)	(379,718)	(373,582)	(368,209)
6. Liability (Gain) or Loss:	(122,211)	(88,506)	(210,987)	161,558
<i>a. Participant Experience</i>	(288,542)	57,126	(194,956)	161,558
<i>b. Change in Discount Rate</i>	0	0	0	0
<i>c. Change in Mortality Tables</i>	(90,846)	(145,632)	(16,031)	0
<i>d. Other Assumption Changes</i>	257,177	0	0	0
<i>e. Plan Amendments</i>	0	0	0	0
7. Asset (Gain) or Loss:	735,966	1,525,393	(7,081,139)	8,133,421
8. Expenses:	0	0	0	0
9. Unfunded Liability End of Year:	6,795,385	8,005,369	662,034	8,394,483

**CITY OF SOUTH BURLINGTON  
RETIREMENT INCOME PLAN  
ACTUARIAL VALUATION AS OF  
JULY 1, 2022**

**RISK AND DURATION MEASURES**

Risk is the potential that actual future measurements deviate from expected future measurements that result from actual experience deviating from actuarially assumed experience. Please see the Appendix to this report for a general discussion on pension plan risk. This section of the report contains additional information that in the judgement of the actuary who has signed this document, a more detailed assessment should be provided.

	<u>7/1/2019</u>	<u>7/1/2020</u>	<u>7/1/2021</u>	<u>7/1/2022</u>
Duration of the actuarial accrued liability	12.67	12.40	12.08	12.08
Ratio of retired liability to total accrued liability	45.78%	45.45%	48.14%	51.97%
Ratio of market value of assets to benefit payments	19.69	18.98	22.09	17.88
Ratio of benefit payments to contributions (cash basis)	1.04	1.09	1.24	1.58
Plan Asset Allocation	<i>See Asset Statements</i>			

**Duration of actuarial liability** - is another method of measuring the effects of interest rates on the plan liabilities. The smaller this number is, the less effect there will be from changing interest rates. A rough estimate is that for every 100 basis point change in interest rates, the liability changes in the opposite direction by the duration divided by 100. Duration is also the weighted average of time of future benefit payments which may also be used for assessing cash flow needs of the plan. This duration may be compared to the asset duration to assess asset/liability mismatch risk, see the Appendix for more risk assessment information.

**Ratio of retired liability to total accrued liability** - The larger this measure is, the more mature the plan is, and the less expected time there will be before the majority of benefits must be paid. The larger the measure, the less susceptible the plan may be to demographic and economic risks.

**Ratio of market value of assets to benefit payments** - is used as a predictor of the number of annual payments a plan can make with the current assets and rate of benefit payments. It is also useful for judging cash flow needs. The lower the number, the fewer years of benefit payments the current assets will support.

**Ratio of benefit payments to contributions** - a number over 1 indicates that the plan pays annual benefits greater than the contributions to the plan. Numbers over 1 indicate a negative cash flow.

**Plan Asset Allocation** - is used to assess the level of risk the underlying investment strategy may hold. Therefore, it is important to the Plan Sponsor to have regular discussions with the plan's investment advisor to ensure that the investment policy of the plan is designed to meet the goals of the Plan Sponsor to meet a specific liability and understand the volatility of the underlying asset returns as they relate to future required contribution levels and expected benefit payments.

*If in the judgement of the actuary who has signed this document, a specific risk should have a more detailed assessment, the actuary will communicate and discuss this issue in a separate document.*

**CITY OF SOUTH BURLINGTON  
RETIREMENT INCOME PLAN  
ACTUARIAL VALUATION AS OF  
JULY 1, 2022**

**ACTUARIAL ASSUMPTIONS AND COST METHOD**

ACTUARIAL VALUATION DATE:	July 1, 2022
VALUATION INTEREST (Pre and Post-retirement):	7.25%
COMPENSATION ANNUAL RATE OF INCREASE:	Public Safety: 5.00% Non-Public Safety: 4.00%
VALUATION COMPENSATION:	Public Safety: Base compensation plus overtime not to exceed 25% of base pay Non-Public Safety: Total compensation
Compensation paid during the plan year preceding the Valuation Date	
EMPLOYEE CONTRIBUTION RATE (Public Safety Only):	Police 7.50% Fire 7.50%
ASSUMED RETIREMENT AGE:	Public Safety: Age 53 Non-Public Safety: Normal Retirement Age Terminated Public Safety Participants: Age 50
MORTALITY (Pre and Post-retirement):	NPS: Pri-2012 Total Dataset projected generationally with scale MP2021 PS: Pri-2012 Blue Collar projected generationally with scale MP2021
EMPLOYEE TURNOVER:	Scale Crocker-Sarason T-3
ASSET VALUATION METHOD:	Actuarial Value and Fair Value of Assets

The actuarial value of assets is calculated as follows:  
(1) the actuarial value at the beginning of the year, plus contributions and expected investment earnings, less benefit payments; plus  
(2) 20% of the difference between the market value at the end of the year and the adjusted actuarial value in (1) above  
(3) Subject to corridor of 80-120% of the actual market value.

ACTUARIAL COST METHOD:	Entry Age Normal
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Under the Entry Age Normal Cost Method the Employer contribution is equal to Normal Cost plus amortization of Unfunded Entry Age Accrued Liability. Normal Cost is computed on an individual basis for all participants as follows:

Projected benefits of each individual included in an actuarial valuation are allocated on a level basis over the earnings of the individual between entry age and assumed exit. The portion of this actuarial present value allocated to a valuation year is the normal cost.

Unfunded Entry Age Accrued Liability was "fresh started" as of July 1, 2019 as the excess of Entry Age Accrued Liability over the Actuarial Value of Plan Assets amortized over a period of 20 years. The amortization period of unfunded liability decreases by one each year.

**CITY OF SOUTH BURLINGTON  
RETIREMENT INCOME PLAN  
ACTUARIAL VALUATION AS OF  
JULY 1, 2022**

**SUMMARY OF PRINCIPAL PLAN PROVISIONS - PUBLIC SAFETY EMPLOYEES**

<i>PLAN EFFECTIVE DATE:</i>	December 1, 1972	
<i>ELIGIBILITY:</i>	Immediate at Employment. <b>Effective July 1, 2019 no new employees shall enter the plan.</b>	
<i>EMPLOYEE CONTRIBUTION RATE:</i>	Police: 7.5% of Plan Compensation Fire: Mandatory 7.5% of Plan Compensation	
<i>NORMAL RETIREMENT AGE:</i>	<u>Retirement * on or After</u>	<u>Age</u>
	Prior to July 1, 2001	60
* or other termination of service	July 1, 2001	55
	July 1, 2005	54
	July 1, 2007	53
	July 1, 2009	52
	July 1, 2010	51
	July 1, 2011	50
<i>BENEFIT FORMULA:</i>	2.5% of average annual compensation per Year of Service with Police or Fire departments up to 25 years.	
<i>POST-RETIREMENT COLA AND SOCIAL SECURITY OFFSET FOR PARTICIPANTS RETIRING ON OR AFTER NORMAL RETIREMENT DATE:</i>		
Participants who retire on or after Normal Retirement Date will receive an annual increase in their monthly benefit of 3% until Social Security benefits commence. Upon commencement of Social Security, the Plan benefit is reduced by a fraction of the Participant's Social Security Benefit based on the Participant's Years of Service at retirement.	<u>Years of Service at later of 6/30/02 or Retirement</u>	<u>PIA Offset Percentage</u>
	25 or Less	50%
	26	45%
	27	40%
	28	35%
	29	30%
	30 or more	25%
<i>AVERAGE ANNUAL COMPENSATION:</i>	Plan Compensation* is averaged over high three consecutive years of service. Compensation is annualized for years in which the Participant completes less than 2,000 Hours of Service but at least 1,000 Hours of Service.	
* Effective July 1, 2009, Plan Compensation includes overtime up to 25% of Base Pay.		
<i>NORMAL ANNUITY FORM:</i>	Life Annuity	
<i>ACCRUED BENEFIT DEFINITION:</i>	Unit Credit Accrual, based on Years of Service completed at determination date	
<i>EARLY RETIREMENT:</i>	Age 50, Accrued Benefit reduced 10% per year for benefit commencement prior to Normal Retirement Date	
<i>DISABILITY:</i>	Actuarial Equivalent of Accrued Benefit	
<i>PRE-RETIREMENT DEATH BENEFIT:</i>	Actuarial Equivalent of Accrued Benefit	
<i>VESTING:</i>	7-Year Graded - 20% after 3 years, 20% per year thereafter, 100% after 7 years.	

**CITY OF SOUTH BURLINGTON  
RETIREMENT INCOME PLAN  
ACTUARIAL VALUATION AS OF  
JULY 1, 2022**

**SUMMARY OF PRINCIPAL PLAN PROVISIONS - NON-PUBLIC SAFETY EMPLOYEES**

<i>PLAN EFFECTIVE DATE:</i>	December 1, 1972
<i>ELIGIBILITY:</i>	Eligible Employees - 36 months of service, entry on July 1st of plan year in which service requirement met
<i>ELIGIBLE EMPLOYEES:</i>	Non-Public Safety Employees who meet age and service requirements <b><u>except the following classes of employee:</u></b> <ol style="list-style-type: none"><li>(1) Employees who are members of the Water Pollution Control Employees Association (WPC) who are hired on or after 1/1/11; and</li><li>(2) Employees who are not members of either the WPC or the South Burlington City Hall &amp; Public Works Employees' Association (SBCH&amp;PW) unless such employee was a Participant in the Plan on 6/30/10.</li><li>(3) Employees who are members of SBCH&amp;PW, unless such employee was a Participant in the plan on June 30, 2013.</li></ol> <b>(4) Employees hired after June 30, 2019.</b>
<i>NORMAL RETIREMENT AGE:</i>	Attainment of Age 65
<i>BENEFIT FORMULA:</i>	1.75% of Average Compensation times Years of Service completed with City Departments other than Police or Fire (Non-Public Safety Departments)
<i>AVERAGE COMPENSATION:</i>	Plan Compensation is averaged over high three consecutive years that produce highest average. Compensation is annualized for years in which the Participant completes less than 2,000 Hours of Service but at least 1,000 Hours of Service.
<i>PLAN COMPENSATION:</i>	SBCH&PW Members - effective 7/1/09, total compensation WPC Members - effective 7/1/07 total compensation, including scheduled and unscheduled overtime, on-call pager pay. For all other Non-Public Safety employees - Base pay
<i>NORMAL ANNUITY FORM:</i>	Life Annuity
<i>ACCRUED BENEFIT DEFINITION:</i>	Unit Credit Accrual, based on Years of Service completed at determination date
<i>EARLY RETIREMENT:</i>	Age 55, Accrued Benefit reduced by 1/15 per year for benefit commencement prior to 65
<i>DISABILITY:</i>	Actuarial Equivalent of Accrued Benefit
<i>PRE-RETIREMENT DEATH BENEFIT:</i>	Actuarial Equivalent of Accrued Benefit
<i>VESTING:</i>	7-Year Graded - 20% after 3 years, 20% per year thereafter, 100% after 7 years.