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**Nebraska Public Employees
Retirement Systems
2014**

County Equal Retirement Benefit Fund
Actuarial Valuation Results
as of January 1, 2014 for Fiscal Year
ending June 30, 2015





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April 3, 2014

Public Employees Retirement Board
Nebraska Public Employees Retirement Systems
1526 "K" Street
Suite 400
Lincoln, NE 68509-4816

RE: Certification of Actuarial Valuation
County Equal Retirement Benefit Fund

Members of the Board:

At your request we have prepared an actuarial valuation of the County Equal Retirement Benefit Fund as of January 1, 2014 for the purpose of determining the funded status of the Plan and any required contribution for the plan year. Funding required from each participating County for current plan members, as approved by the Retirement Board, is equal to an amount necessary to fully fund the benefit obligation, or alternatively, an annual payment which would amortize the unfunded liability over a period of twenty years commencing January 1, 1999. There was no change to the actuarial assumptions or methods from the prior valuation.

This is the first actuarial valuation report prepared by Cavanaugh Macdonald Consulting, LLC (CMC). As part of our transition work, we replicated the January 1, 2013 actuarial valuation. Results were well within acceptable limits with only slight differences in the liabilities.

The actuarial valuation is based on unaudited financial data provided by the System and member data provided by the Ameritas Life Insurance Corporation, the recordkeeper for the Plan. We found this information to be reasonably consistent and comparable with the information used in the prior report. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete, our results may be different and our calculations may need to be revised. The benefits considered are those delineated in Nebraska State Statutes as of January 1, 2014.

We further certify that all costs, liabilities, rates of interest and other factors for the County Equal Retirement Benefit Fund have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable expectations); and which, in combination, offer the best estimate of anticipated experience affecting the System. Nevertheless, the emerging costs will vary from those presented in this report to the extent actual experience differs from that projected by the actuarial

3906 Raynor Pkwy, Suite 106, Bellevue, NE 68123

Phone (402) 905-4461 • Fax (402) 905-4464

www.CavMacConsulting.com

Offices in Englewood, CO • Kennesaw, GA • Bellevue, NE • Hilton Head Island, SC



April 3, 2014
Public Employees Retirement Board
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assumptions. The Public Employees Retirement Board has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix B.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

The consultants who worked on this assignment are pension actuaries. CMC's advice is not intended to be a substitute for qualified legal or accounting counsel.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein. We are available to answer any questions on the material contained in the report or to provide explanations or further details as may be appropriate.

We respectfully submit the following report and look forward to discussing it with you.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Patrice Beckham'.

Patrice Beckham, FSA, FCA, EA, MAAA
Principal and Consulting Actuary

A handwritten signature in blue ink that reads 'Brent A. Banister'.

Brent Banister, PhD, FSA, FCA, EA, MAAA
Chief Pension Actuary



EXHIBIT 1 – SUMMARY OF ACTUARIAL RESULTS AND CONTRIBUTION ALTERNATIVES

Below is a comparison of the aggregate results of the current and prior years' actuarial valuations.

Results	Actuarial Valuation as of January 1	
	2013	2014
Number of Members		
Cash Balance	139	167
Defined Contribution	182	126
Total	321	293
Pre-1984 Account Balance with Interest, Beginning of Year		
Cash Balance	\$ 4,247,119	\$ 5,304,588
Defined Contribution	5,550,256	3,881,095
Total	\$ 9,797,375	\$ 9,185,683
Projected Benefit Cost*		
a. Amount	\$ 145,717	\$ 127,370
b. As a percent of the account balance	1.487%	1.387%
Actuarial Value of Assets (Market Value)		
a. Asset Value as of prior year's valuation	\$ 287,605	\$ 314,920
b. Deposits during the year	148	0
c. Withdrawals during the year	8,384	3,349
d. Investment Return or (Loss)	35,551	55,755
e. Actuarial Value of Assets as of Valuation Date [a. + b. - c. + d]	\$ 314,920	\$ 367,326
Unfunded Liability/(Surplus)	\$ (169,203)	\$ (239,956)

*Cost is based on the assumption that 75% of members will elect a lump sum or installment payment instead of an annuity. To the extent that actual experience in the future deviates from this assumption, the costs in future years could vary as well, at times significantly.



EXHIBIT 2 – SUMMARY OF FUND ASSETS BY COUNTY

County Name	Beginning Balance January 1, 2013	Employer Contributions for 2013	Withdrawals	Investment Return	Ending Balance December 31, 2013
1. Adams	\$ 12,762.45	\$ 0.00	\$ 0.00	\$ 2,275.76	\$ 15,038.21
2. Banner*	0.00	0.00	0.00	0.00	0.00
3. Box Butte	5,077.42	0.00	0.00	905.39	5,982.81
4. Buffalo	15,253.70	0.00	0.00	2,719.99	17,973.69
5. Cass	843.38	0.00	0.00	150.40	993.78
6. Cedar	930.61	0.00	0.00	165.94	1,096.55
7. Cheyenne	2,767.11	0.00	0.00	493.43	3,260.54
8. Cuming	10,104.93	0.00	564.24	1,754.35	11,295.04
9. Custer	8,717.92	0.00	0.00	1,554.55	10,272.47
10. Dawson	19,391.03	0.00	0.00	3,457.75	22,848.78
11. Dodge	16,508.00	0.00	0.00	2,943.64	19,451.64
12. Franklin*	0.00	0.00	0.00	0.00	0.00
13. Frontier*	0.00	0.00	0.00	0.00	0.00
14. Gage	7,358.90	0.00	0.00	1,312.21	8,671.11
15. Gosper	2,511.96	0.00	0.00	447.93	2,959.89
16. Hall	22,658.28	0.00	0.00	4,040.36	26,698.64
17. Harlan	2,646.89	0.00	0.00	471.99	3,118.88
18. Hitchcock	5,757.22	0.00	0.00	1,026.61	6,783.83
19. Jefferson	10,027.29	0.00	0.00	1,788.05	11,815.34
20. Kearney*	0.00	0.00	0.00	0.00	0.00
21. Kimball	8,925.65	0.00	0.00	1,591.59	10,517.24
22. Lincoln	3,222.08	0.00	0.00	574.55	3,796.63
23. Madison	7,396.43	0.00	0.00	1,318.90	8,715.33
24. Morrill	9,289.96	0.00	0.00	1,656.55	10,946.51
25. Otoe*	0.00	0.00	0.00	0.00	0.00
26. Phelps*	288.37	0.00	317.69	29.32	0.00
27. Platte	21,246.84	0.00	0.00	3,788.67	25,035.51
28. Polk	3,521.97	0.00	0.00	628.04	4,150.01
29. Red Willow	3,570.09	0.00	0.00	636.61	4,206.70
30. Richardson	6,134.39	0.00	0.00	1,093.86	7,228.25
31. Saline	6,681.47	0.00	0.00	1,191.42	7,872.88
32. Sarpy	37,177.01	0.00	2,467.37	6,298.34	41,007.98
33. Saunders	14,916.26	0.00	0.00	2,659.83	17,576.09
34. Scotts Bluff	18,566.17	0.00	0.00	3,310.67	21,876.84
35. Seward	10,849.03	0.00	0.00	1,934.56	12,783.59
36. Washington	11,768.73	0.00	0.00	2,098.56	13,867.29
37. York	8,048.99	0.00	0.00	1,435.27	9,484.26
Totals	\$ 314,920.52	\$ 0.00	\$ 3,349.30	\$ 55,755.09	\$ 367,326.31

* County no longer has any members covered by the fund.



EXHIBIT 3 – ACTUARIAL RESULTS AND CONTRIBUTION ALTERNATIVES BY COUNTY

County Name	Number of Members	Projected Benefit Cost**	Assets	2013 Full Contribution	2014 Full Contribution
1. Adams	8	\$ 1,865.08	\$ 15,038.21	\$ 0.00	\$ 0.00
2. Banner*	0	0.00	0.00	0.00	0.00
3. Box Butte	8	2,997.89	5,982.81	0.00	0.00
4. Buffalo	23	9,303.80	17,973.69	0.00	0.00
5. Cass	2	708.01	993.78	0.00	0.00
6. Cedar	2	185.18	1,096.55	0.00	0.00
7. Cheyenne	3	745.53	3,260.54	0.00	0.00
8. Cuming	1	128.08	11,295.04	0.00	0.00
9. Custer	12	4,221.90	10,272.47	0.00	0.00
10. Dawson	11	6,469.77	22,848.78	0.00	0.00
11. Dodge	13	8,864.68	19,451.64	0.00	0.00
12. Franklin*	0	0.00	0.00	0.00	0.00
13. Frontier*	0	0.00	0.00	0.00	0.00
14. Gage	12	4,266.38	8,671.11	0.00	0.00
15. Gosper	4	1,286.36	2,959.89	0.00	0.00
16. Hall	15	4,172.05	26,698.64	0.00	0.00
17. Harlan	5	1,933.93	3,118.88	0.00	0.00
18. Hitchcock	4	2,038.30	6,783.83	0.00	0.00
19. Jefferson	6	2,967.01	11,815.34	0.00	0.00
20. Kearney*	0	0.00	0.00	0.00	0.00
21. Kimball	5	1,414.43	10,517.24	0.00	0.00
22. Lincoln	8	1,553.08	3,796.63	0.00	0.00
23. Madison	13	4,761.39	8,715.33	0.00	0.00
24. Morrill	5	3,226.53	10,946.51	0.00	0.00
25. Otoe*	0	0.00	0.00	0.00	0.00
26. Phelps*	0	0.00	0.00	0.00	0.00
27. Platte	21	9,584.10	25,035.51	0.00	0.00
28. Polk	7	1,764.71	4,150.01	0.00	0.00
29. Red Willow	4	562.77	4,206.70	0.00	0.00
30. Richardson	5	2,450.83	7,228.25	0.00	0.00
31. Saline	9	2,722.16	7,872.88	0.00	0.00
32. Sarpy	34	19,343.62	41,007.98	0.00	0.00
33. Saunders	14	9,682.39	17,576.09	0.00	0.00
34. Scotts Bluff	15	9,634.64	21,876.84	0.00	0.00
35. Seward	10	4,407.16	12,783.59	0.00	0.00
36. Washington	9	1,540.94	13,867.29	0.00	0.00
37. York	5	2,567.54	9,484.26	0.00	0.00
Totals	293	\$ 127,370.27	\$ 367,326.31	\$ 0.00	\$ 0.00

* County no longer has any members covered by the fund.

** Cost is based on the assumption that 75% of retiring members will choose a lump sum or installment payment instead of an annuity.



EXHIBIT 4 – SUMMARY OF MEMBER DATA

Age Range	Data	Gender		Total
		Male	Female	
35-40	Count of Members	0	0	0
	Average of Total Balance	\$ 0	\$ 0	\$ 0
	Sum of Total Balance	\$ 0	\$ 0	\$ 0
40-44	Count of Members	0	0	0
	Average of Total Balance	\$ 0	\$ 0	\$ 0
	Sum of Total Balance	\$ 0	\$ 0	\$ 0
45-49	Count of Members	0	0	0
	Average of Total Balance	\$ 0	\$ 0	\$ 0
	Sum of Total Balance	\$ 0	\$ 0	\$ 0
50-54	Count of Members	0	1	1
	Average of Total Balance	\$ 0	\$ 17,315	\$ 17,315
	Sum of Total Balance	\$ 0	\$ 17,315	\$ 17,315
55-59	Count of Members	48	36	84
	Average of Total Balance	\$ 23,468	\$ 17,108	\$ 20,743
	Sum of Total Balance	\$ 1,126,488	\$ 615,905	\$ 1,742,393
60-64	Count of Members	63	44	107
	Average of Total Balance	\$ 35,504	\$ 20,310	\$ 29,256
	Sum of Total Balance	\$ 2,236,725	\$ 893,637	\$ 3,130,362
65-69	Count of Members	28	27	55
	Average of Total Balance	\$ 44,190	\$ 37,463	\$ 40,887
	Sum of Total Balance	\$ 1,237,312	\$ 1,011,499	\$ 2,248,811
70-74	Count of Members	16	13	29
	Average of Total Balance	\$ 56,567	\$ 29,604	\$ 44,480
	Sum of Total Balance	\$ 905,065	\$ 384,857	\$ 1,289,922
75+	Count of Members	11	6	17
	Average of Total Balance	\$ 56,956	\$ 21,728	\$ 44,522
	Sum of Total Balance	\$ 626,515	\$ 130,365	\$ 756,880
Total Members		166	127	293
Total Average Balance		\$ 36,940	\$ 24,044	\$ 31,350
Grand Total Balance		\$ 6,132,105	\$ 3,053,578	\$ 9,185,683



EXHIBIT 5 – SUMMARY OF MEMBER DATA BY COUNTY

County*	Data	Gender		Total
		Male	Female	
Adams	Count of Members	4	4	8
	Sum of Total Balance	\$ 89,939	\$ 55,666	\$ 145,605
Box Butte	Count of Members	4	4	8
	Sum of Total Balance	\$ 104,289	\$ 27,768	\$ 232,057
Buffalo	Count of Members	13	10	23
	Sum of Total Balance	\$ 431,989	\$ 20,952	\$ 652,941
Cass	Count of Members	2	0	2
	Sum of Total Balance	\$ 61,128	\$ 0	\$ 61,128
Cedar	Count of Members	0	2	2
	Sum of Total Balance	\$ 0	\$ 14,197	\$ 14,197
Cheyenne	Count of Members	1	2	3
	Sum of Total Balance	\$ 27,145	\$ 25,494	\$ 52,639
Cumming	Count of Members	0	1	1
	Sum of Total Balance	\$ 0	\$ 9,898	\$ 9,898
Custer	Count of Members	7	5	12
	Sum of Total Balance	\$ 212,262	\$ 86,038	\$ 298,300
Dawson	Count of Members	8	3	11
	Sum of Total Balance	\$ 254,069	\$ 93,017	\$ 447,086
Dodge	Count of Members	6	7	13
	Sum of Total Balance	\$ 318,064	\$ 282,025	\$ 600,089
Gage	Count of Members	6	6	12
	Sum of Total Balance	\$ 208,519	\$ 118,489	\$ 327,008
Gosper	Count of Members	2	2	4
	Sum of Total Balance	\$ 20,420	\$ 70,474	\$ 90,894
Hall	Count of Members	8	7	15
	Sum of Total Balance	\$ 186,298	\$ 104,939	\$ 291,237
Harlan	Count of Members	1	4	5
	Sum of Total Balance	\$ 100,070	\$ 48,085	\$ 148,155
Hitchcock	Count of Members	2	2	4
	Sum of Total Balance	\$ 56,956	\$ 67,553	\$ 124,509
Jefferson	Count of Members	4	2	6
	Sum of Total Balance	\$ 167,326	\$ 47,753	\$ 215,079
Kimball	Count of Members	1	4	5
	Sum of Total Balance	\$ 61,385	\$ 54,791	\$ 116,176
Lincoln	Count of Members	4	4	8
	Sum of Total Balance	\$ 84,538	\$ 36,429	\$ 120,967
Madison	Count of Members	7	6	13
	Sum of Total Balance	\$ 169,860	\$ 152,321	\$ 322,181
Morrill	Count of Members	3	2	5
	Sum of Total Balance	\$ 218,527	\$ 33,442	\$ 251,969

* Banner, Franklin, Frontier, Kearney, Otoe and Phelps Counties no longer have any members covered by the Fund.



EXHIBIT 5 (Continued) – SUMMARY OF MEMBER DATA BY COUNTY

County*	Data	Gender		Total
		Male	Female	
Platte	Count of Members	15	6	21
	Sum of Total Balance	\$ 538,362	\$ 160,947	\$ 699,309
Polk	Count of Members	5	2	7
	Sum of Total Balance	\$ 111,006	\$ 16,438	\$ 127,444
Red Willow	Count of Members	2	2	4
	Sum of Total Balance	\$ 6,676	\$ 39,825	\$ 46,501
Richardson	Count of Members	4	1	5
	Sum of Total Balance	\$ 128,354	\$ 23,458	\$ 151,812
Saline	Count of Members	6	3	9
	Sum of Total Balance	\$ 150,767	\$ 50,920	\$ 201,687
Sarpy	Count of Members	22	12	34
	Sum of Total Balance	\$ 1,126,079	\$ 311,254	\$ 1,437,333
Saunders	Count of Members	9	5	14
	Sum of Total Balance	\$ 388,126	\$ 267,749	\$ 655,875
Scotts Bluff	Count of Members	10	5	15
	Sum of Total Balance	\$ 609,192	\$ 101,873	\$ 711,065
Seward	Count of Members	5	5	10
	Sum of Total Balance	\$ 178,566	\$ 154,207	\$ 332,773
Washington	Count of Members	3	6	9
	Sum of Total Balance	\$ 46,696	\$ 70,375	\$ 117,071
York	Count of Members	2	3	5
	Sum of Total Balance	\$ 75,496	\$ 107,202	\$ 182,698
	Members			
	Cash Balance	95	72	167
	Defined Contribution	71	55	126
	Total	166	127	293
Grand Total Balance				
Cash Balance		\$ 3,599,503	\$ 1,705,085	\$ 5,304,588
Defined Contribution		<u>2,532,603</u>	<u>1,348,492</u>	<u>3,881,095</u>
Total		\$ 6,132,106	\$ 3,053,577	\$ 9,185,683

* Banner, Franklin, Frontier, Kearney, Otoe and Phelps Counties no longer have any members covered by the Fund.



APPENDIX A – SUMMARY OF BENEFIT PROVISIONS

Member	Any person employed by a County participating in either the Defined Contribution or Cash Balance Benefit under the County Employees Retirement System who has an accumulated account balance based on contributions which were made prior to January 1, 1984.
Contributions	Each participating County shall make contributions to the fund on an actuarial basis as approved by the Retirement Board.
Eligibility for Benefits	Any member who retires or terminates service and elects to convert to an annuity using their accumulated account balance, with interest, commencing on or after age 55, is eligible to receive a benefit from the fund.
Benefit Amount	<p>The fund shall provide the Actuarially Equivalent amount required to purchase the additional monthly annuity, if any, which is equal to:</p> <p>a. the income provided by the Member's accumulated contributions made prior to January 1, 1984 with interest, based on male annuity conversion factors in effect on the annuity starting date,</p> <p style="text-align: center;">Less</p> <p>b. the income provided by the Member's accumulated contributions made prior to January 1, 1984 with interest, which are based on 50% male / 50% female annuity conversion factors in effect on the annuity starting date.</p>
Cash Balance Conversion	Any member who elected to transfer his or her account balance to the Nebraska County Cash Balance Plan as of January 1, 2003, January 1, 2008 or January 2, 2013 will have his or her Benefit Amount determined using the annuity conversion interest rate applicable to the County Employees Retirement System (Cash Balance Benefit), which for 2014 is 7.75%. Any other member will have his or her Benefit amount determined using the annuity conversion interest rate applicable to the County Employees Retirement System (Defined Contribution benefit), which for 2014 is 4.10%.

Changes in Benefit Provisions Since the Prior Year

There were no changes in the benefit provisions since the last valuation.



APPENDIX B – SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Economic Assumptions

- | | |
|--|--|
| 1. Investment Return | 7.75% per annum, compounded annually, net of expenses. |
| 2. Consumer Price Inflation | 3.25% per annum, compounded annually. |
| 3. Interest on accumulated contribution balances (contributions made before January 1, 1984) | 7.75% per annum, compounded annually. |
| 4. COLA (optional purchase applicable to annuities) | 2.5% per annum, compounded annually. |

Demographic Assumptions

- | | |
|--------------------|--|
| 1. Mortality | |
| a. Pre-retirement | None. |
| b. Post-retirement | 1994 Group Annuity Mortality (based on Actuarial Equivalence definition in statute). |
| 2. Withdrawal | None. |
| 3. Disability | None |



APPENDIX B – SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

4. Retirement

Rates vary by age as follows:

Age	County Annual Rates
55	5%
56	5
57	5
58	5
59	5
60	5
61	5
62	10
63	10
64	10
65	20
66	20
67	15
68	15
69	15
70-79	20
80	100

Other Assumptions

1. Payment election

75% of retiring members were assumed to elect a lump sum distribution or installment payments, and 25% of retiring members were assumed to elect an annuity form of distribution.

2. Form of Annuity Payment

Of members electing an annuity, 80% of those members were assumed to elect a 5-year certain and life annuity without COLA, and 20% of those members were assumed to elect a 5-year certain and life with a 2.5% annual COLA.



APPENDIX B – SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Methods

1. Funding Method

Aggregate Actuarial Cost Method. The present value of future benefits or Projected Benefit Cost, less the Actuarial Value of Assets, equals the Unfunded Liability or Surplus. The minimum recommended contribution is equal to an annual amount necessary to amortize the Unfunded Liability over ten years from January 1, 1999.

2. Asset Valuation Method

Fair market value.

Changes in Assumptions Since the Prior Year

No Changes.