



**Cavanaugh Macdonald**  
CONSULTING, LLC

*The experience and dedication you deserve*

**Nebraska Public Employees  
Retirement Systems  
2015**

**County Equal Retirement Benefit Fund**  
Actuarial Valuation Results  
as of January 1, 2015 for Fiscal Year  
ending June 30, 2016





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April 7, 2015

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, 2015 for the purpose of determining the funded status of the Plan and any required contributions 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.

The actuarial valuation is based on unaudited financial data provided by the System and member data provided by Ameritas, the record keeper 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, 2015.

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

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April 7, 2015  
Public Employees Retirement Board  
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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



## EXECUTIVE SUMMARY

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The County Equal Retirement Benefit Fund provides a benefit for members who had account balances on January 1, 1984 and who elect to annuitize those balances upon retirement. The fund was established to protect members who might have been negatively affected by the change in annuitization factors at that time when sex-distinct factors were replaced with unisex factors. As such, the characteristics of the actuarial liability of the Fund and the funding requirements are somewhat different from the other defined benefit plans overseen by NPERS. This report determines the contribution requirements for the counties who still have members in the Fund as well as providing statistical information that may provide insight into the Fund's longer term financial health.

There are several risk factors that are key to the Fund's financial status over time. One of the most significant of these factors is the proportion of retirees that elect to take an annuity rather than a lump sum. An individual member's choice is based on their own personal situation and may consider different factors from other individuals who are also making this choice. The funding assumption is that 25% of retirees, in aggregate, will elect an annuity. While this assumption is reasonable, there are other assumptions that would also be considered to be reasonable. If a greater portion of retirees elect an annuity at retirement, the liability of the Fund would be higher than estimated in this report. The possible liability volatility, especially at the individual county level, should be considered and evaluated. To assist with this analysis, we have included a new exhibit in the report this year that shows the impact of a higher annuity election by retiring members (Exhibit 4). Liability results are shown should 50% or 75% of the retirees elect an annuity rather than the 25% assumed in the basic liability calculations. These alternative assumptions may or may not be reasonable in the aggregate, but because most counties have relatively few members, the alternative results provide some measure of the possible downside risk.

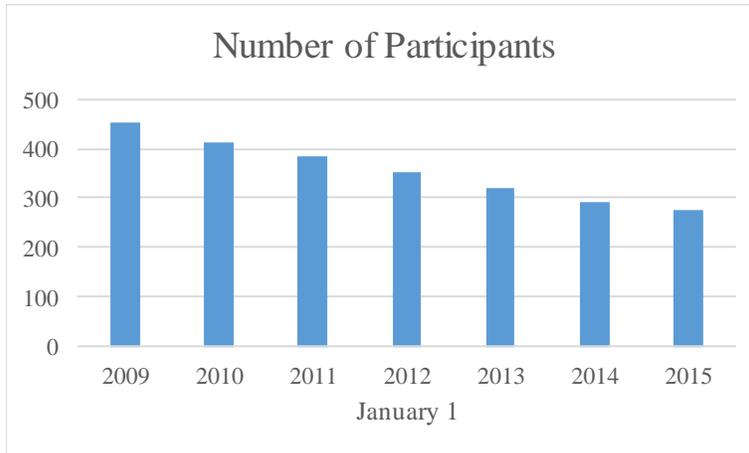
Other factors and assumptions affecting the results include the following:

- Account growth – both the cash balance and defined contribution member balances are assumed to grow at 7.75% annually. To the extent investment returns are lower, the benefits assumed to be paid from the Fund are lower and so are the costs.
- Annuitization rate – the defined contribution balances are assumed to be annuitized at the current applicable interest rate (3.64% as of January 1, 2015). If interest rates increase in the future, higher benefit amounts would be payable and the cost of the Fund would increase.
- General economic conditions – there are connections between the growth in the members' account balances, the interest rate environment (affecting the annuitization rate), the investment return on the assets of the Fund, and the way in which potential retirees view the financial ramifications of retiring and electing an annuity are linked together. The exact interplay of these variables is extremely complex, but the fact that there is a connection means that the possible variability of the Fund's financial situation is potentially greater than it might otherwise appear. Consequently, we urge caution in concluding that the current strong health will continue indefinitely.

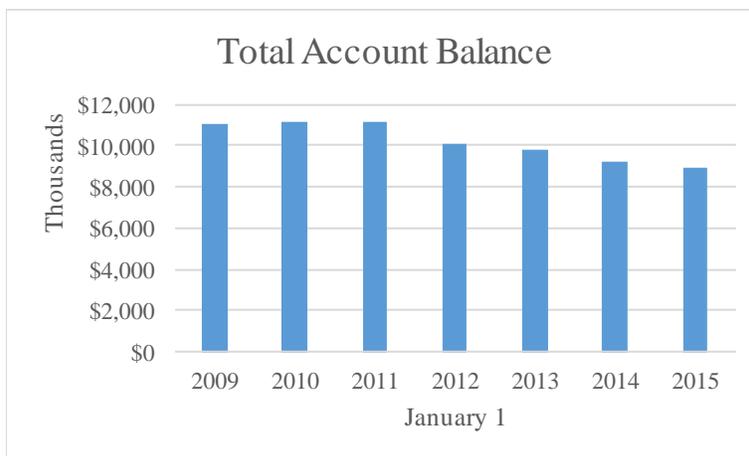


## EXECUTIVE SUMMARY

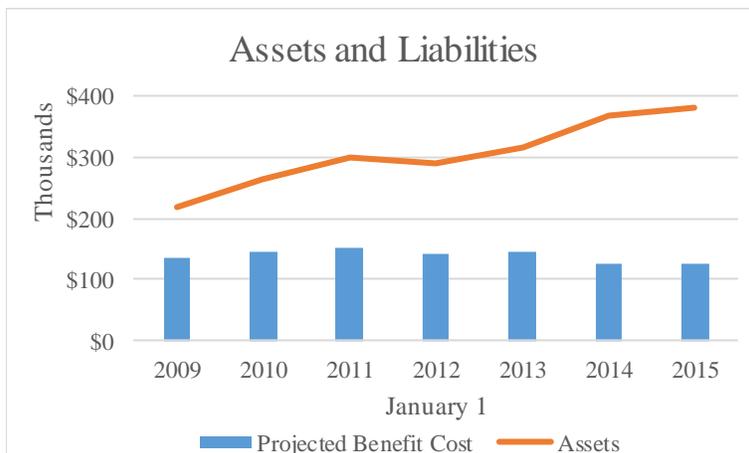
The following graphs show trends in the Fund over recent years:



Because there are no new members in the Fund, the number of participants has declined in past years and is expected to continue to decline in future years.



When comparing the total account balances in the current and past years, the growth in account balances due to investment earnings and contributions partially offsets the impact of a declining membership.



While an individual county may occasionally need to make a contribution to avoid a shortfall between liabilities and assets, the combined assets of the Fund are well above the aggregate liabilities.



**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	
	2015	2014
Number of Members		
Cash Balance	154	167
Defined Contribution	<u>120</u>	<u>126</u>
Total	274	293
Pre-1984 Account Balance with Interest, Beginning of Year		
Cash Balance	\$ 5,032,281	\$ 5,304,588
Defined Contribution	<u>3,855,655</u>	<u>3,811,095</u>
Total	\$ 8,887,936	\$ 9,185,683
Projected Benefit Cost*		
a. Amount	\$ 126,348	\$ 127,370
b. As a Percent of the Account Balance	1.422%	1.387%
c. Annuity Factor Interest Rate – Cash Balance	7.75%	7.75%
d. Annuity Factor Interest Rate – Defined Contribution	3.64%	4.10%
Actuarial Value of Assets (Market Value)		
a. Asset Value as of Prior Year’s Valuation	\$ 367,326	\$ 314,920
b. Deposits During the Year	0	0
c. Withdrawals During the Year	13,484	3,349
d. Investment Return or (Loss)	<u>26,758</u>	<u>55,755</u>
e. Actuarial Value of Assets as of Valuation Date [a. + b. - c. + d]	\$ 380,600	\$ 367,326
Unfunded Liability/(Surplus)	\$ (254,252)	\$ (239,956)
Contribution Amount	\$ 0	\$ 0

\*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, 2014	Employer Contributions for 2014	Withdrawals	Investment Return	Ending Balance December 31, 2014
1. Adams	\$ 15,038.21	\$ 0.00	\$ 0.00	\$ 1,108.29	\$ 16,146.50
2. Box Butte	5,982.81	0.00	0.00	440.93	6,423.74
3. Buffalo	17,973.69	0.00	0.00	1,324.63	19,298.32
4. Cass	993.78	0.00	0.00	73.23	1,067.01
5. Cedar	1,096.55	0.00	0.00	80.81	1,177.36
6. Cheyenne	3,260.54	0.00	0.00	240.29	3,500.83
7. Cuming	11,295.04	0.00	0.00	832.42	12,127.46
8. Custer	10,272.47	0.00	0.00	757.06	11,029.53
9. Dawson	22,848.78	0.00	0.00	1,683.89	24,532.67
10. Dodge	19,451.64	0.00	0.00	1,433.54	20,885.18
11. Gage	8,671.11	0.00	568.74	624.91	8,727.28
12. Gosper	2,959.89	0.00	0.00	218.13	3,178.02
13. Hall	26,698.64	0.00	0.00	1,967.64	28,666.28
14. Harlan	3,118.88	0.00	0.00	229.86	3,348.74
15. Hitchcock	6,783.83	0.00	0.00	499.94	7,283.77
16. Jefferson	11,815.34	0.00	0.00	870.77	12,686.11
17. Kimball	10,517.24	0.00	0.00	775.10	11,292.34
18. Lincoln	3,796.63	0.00	0.00	279.81	4,076.44
19. Madison	8,715.33	0.00	0.00	642.30	9,357.63
20. Morrill	10,946.51	0.00	0.00	806.73	11,753.24
21. Platte	25,035.51	0.00	0.00	1,845.08	26,880.59
22. Polk	4,150.01	0.00	0.00	305.84	4,455.85
23. Red Willow	4,206.70	0.00	0.00	310.01	4,516.71
24. Richardson	7,228.25	0.00	0.00	532.71	7,760.96
25. Saline	7,872.88	0.00	570.86	579.79	7,881.81
26. Sarpy	41,007.98	0.00	3,358.46	2,992.54	40,642.06
27. Saunders	17,576.09	0.00	0.00	1,295.32	18,871.41
28. Scotts Bluff	21,876.84	0.00	4,972.06	1,488.74	18,393.52
29. Seward	12,783.59	0.00	2,467.56	797.88	11,113.91
30. Washington	13,867.29	0.00	1,546.23	1,020.80	13,341.86
31. York	9,484.26	0.00	0.00	698.96	10,183.22
Totals	\$ 367,326.31	\$ 0.00	\$ 13,483.91	\$ 26,757.95	\$ 380,600.35



**EXHIBIT 3 – ACTUARIAL RESULTS AND CONTRIBUTION ALTERNATIVES BY COUNTY**

County Name	Number of Members	Projected Benefit Cost**	Assets	2014 Full Contribution	2015 Full Contribution
1. Adams	7	\$ 1,890.90	\$ 16,146.50	\$ 0.00	\$ 0.00
2. Banner*	0	0.00	0.00	0.00	0.00
3. Box Butte	8	3,233.22	6,423.74	0.00	0.00
4. Buffalo	21	7,386.08	19,298.32	0.00	0.00
5. Cass	2	753.56	1,067.01	0.00	0.00
6. Cedar	1	94.26	1,177.36	0.00	0.00
7. Cheyenne	3	821.65	3,500.83	0.00	0.00
8. Cuming	1	136.63	12,127.46	0.00	0.00
9. Custer	12	4,406.30	11,029.53	0.00	0.00
10. Dawson	11	6,985.28	24,532.67	0.00	0.00
11. Dodge	13	9,579.16	20,885.18	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	11	4,420.04	8,727.28	0.00	0.00
15. Gosper	4	1,398.98	3,178.02	0.00	0.00
16. Hall	13	4,073.19	28,666.28	0.00	0.00
17. Harlan	5	2,063.03	3,348.74	0.00	0.00
18. Hitchcock	4	2,236.12	7,283.77	0.00	0.00
19. Jefferson	6	3,237.40	12,686.11	0.00	0.00
20. Kearney*	0	0.00	0.00	0.00	0.00
21. Kimball	5	1,510.75	11,292.34	0.00	0.00
22. Lincoln	7	1,408.07	4,076.44	0.00	0.00
23. Madison	13	5,245.73	9,357.63	0.00	0.00
24. Morrill	4	2,473.99	11,753.24	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	20	8,960.22	26,880.59	0.00	0.00
28. Polk	7	1,902.13	4,455.85	0.00	0.00
29. Red Willow	4	604.74	4,516.71	0.00	0.00
30. Richardson	5	2,746.37	7,760.96	0.00	0.00
31. Saline	7	2,515.26	7,881.81	0.00	0.00
32. Sarpy	32	19,421.45	40,642.06	0.00	0.00
33. Saunders	14	10,717.34	18,871.41	0.00	0.00
34. Scotts Bluff	13	8,206.92	18,393.52	0.00	0.00
35. Seward	8	4,032.54	11,113.91	0.00	0.00
36. Washington	8	1,329.49	13,341.86	0.00	0.00
37. York	5	2,556.86	10,183.22	0.00	0.00
Totals	274	\$ 126,347.66	\$ 380,600.35	\$ 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. 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 4 – RISK MEASURES BY COUNTY

This exhibit compares the Projected Benefit Cost (liability) assuming 25% of retirees elect an annuity (the funding assumption) with alternative assumptions of 50% and 75%. If a county has assets exceeding the liability of one or both of the alternative assumption scenarios, it indicates it is in a better position to withstand possible adverse experience.

County Name	Number of Members	Projected Benefit Cost 25% Annuitize	Projected Benefit Cost 50% Annuitize	Projected Benefit Cost 75% Annuitize	Assets
1. Adams	7	\$ 1,890.90	\$ 3,781.80	\$ 5,672.70	\$ 16,146.50
2. Box Butte	8	3,233.22	6,466.44	9,699.66	6,423.74
3. Buffalo	21	7,386.08	14,772.16	22,158.24	19,298.32
4. Cass	2	753.56	1,507.12	2,260.68	1,067.01
5. Cedar	1	94.26	188.52	282.78	1,177.36
6. Cheyenne	3	821.65	1,643.30	2,464.95	3,500.83
7. Cuming	1	136.63	273.26	409.89	12,127.46
8. Custer	12	4,406.30	8,812.60	13,218.90	11,029.53
9. Dawson	11	6,985.28	13,970.56	20,955.84	24,532.67
10. Dodge	13	9,579.16	19,158.32	28,737.48	20,885.18
11. Gage	11	4,420.04	8,840.08	13,260.12	8,727.28
12. Gosper	4	1,398.98	2,797.96	4,196.94	3,178.02
13. Hall	13	4,073.19	8,146.38	12,219.57	28,666.28
14. Harlan	5	2,063.03	4,126.06	6,189.09	3,348.74
15. Hitchcock	4	2,236.12	4,472.24	6,708.36	7,283.77
16. Jefferson	6	3,237.40	6,474.80	9,712.20	12,686.11
17. Kimball	5	1,510.75	3,021.50	4,532.25	11,292.34
18. Lincoln	7	1,408.07	2,816.14	4,224.21	4,076.44
19. Madison	13	5,245.73	10,491.46	15,737.19	9,357.63
20. Morrill	4	2,473.99	4,947.98	7,421.97	11,753.24
21. Platte	20	8,960.22	17,920.44	26,880.66	26,880.59
22. Polk	7	1,902.13	3,804.26	5,706.39	4,455.85
23. Red Willow	4	604.74	1,209.48	1,814.22	4,516.71
24. Richardson	5	2,746.37	5,492.74	8,239.11	7,760.96
25. Saline	7	2,515.26	5,030.52	7,545.78	7,881.81
26. Sarpy	32	19,421.45	38,842.90	58,264.35	40,642.06
27. Saunders	14	10,717.34	21,434.68	32,152.02	18,871.41
28. Scotts Bluff	13	8,206.92	16,413.84	24,620.76	18,393.52
29. Seward	8	4,032.54	8,065.08	12,097.62	11,113.91
30. Washington	8	1,329.49	2,658.98	3,988.47	13,341.86
31. York	5	2,556.86	5,113.72	7,670.58	10,183.22
Totals	274	\$ 126,347.66	\$ 252,695.32	\$ 379,042.98	\$ 380,600.35



**EXHIBIT 5 – SUMMARY OF MEMBER DATA**

Age Range	Data	Gender		Total
		Male	Female	
Less Than 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	0	0
	Average of Total Balance	\$ 0	\$ 0	\$ 0
	Sum of Total Balance	\$ 0	\$ 0	\$ 0
55-59	Count of Members	30	27	57
	Average of Total Balance	\$ 19,559	\$ 14,998	\$ 17,399
	Sum of Total Balance	\$ 586,772	\$ 404,948	\$ 991,720
60-64	Count of Members	67	47	114
	Average of Total Balance	\$ 35,346	\$ 22,702	\$ 30,133
	Sum of Total Balance	\$ 2,368,170	\$ 1,067,009	\$ 3,435,179
65-69	Count of Members	27	29	56
	Average of Total Balance	\$ 48,158	\$ 37,105	\$ 42,434
	Sum of Total Balance	\$ 1,300,275	\$ 1,076,055	\$ 2,376,330
70-74	Count of Members	14	12	26
	Average of Total Balance	\$ 39,380	\$ 32,695	\$ 36,294
	Sum of Total Balance	\$ 551,316	\$ 392,336	\$ 943,652
75 and Above	Count of Members	12	9	21
	Average of Total Balance	\$ 69,254	\$ 34,446	\$ 54,336
	Sum of Total Balance	\$ 831,042	\$ 310,013	\$ 1,141,055
Total Members		150	124	274
Total Average Balance		\$ 37,584	\$ 26,213	\$ 32,438
Grand Total Balance		\$ 5,637,575	\$ 3,250,361	\$ 8,887,936



**EXHIBIT 6 – SUMMARY OF MEMBER DATA BY COUNTY**

County*	Data	Gender		Total
		Male	Female	
Adams	Count of Members	4	3	7
	Sum of Total Balance	\$ 94,714	\$ 49,634	\$ 144,348
Box Butte	Count of Members	4	4	8
	Sum of Total Balance	\$ 109,883	\$ 135,273	\$ 245,156
Buffalo	Count of Members	11	10	21
	Sum of Total Balance	\$ 297,089	\$ 233,695	\$ 530,784
Cass	Count of Members	2	0	2
	Sum of Total Balance	\$ 64,368	\$ 0	\$ 64,368
Cedar	Count of Members	0	1	1
	Sum of Total Balance	\$ 0	\$ 6,958	\$ 6,958
Cheyenne	Count of Members	1	2	3
	Sum of Total Balance	\$ 29,133	\$ 26,843	\$ 55,976
Cuming	Count of Members	0	1	1
	Sum of Total Balance	\$ 0	\$ 10,422	\$ 10,422
Custer	Count of Members	7	5	12
	Sum of Total Balance	\$ 214,821	\$ 89,753	\$ 304,574
Dawson	Count of Members	8	3	11
	Sum of Total Balance	\$ 267,787	\$ 202,925	\$ 470,712
Dodge	Count of Members	6	7	13
	Sum of Total Balance	\$ 332,338	\$ 298,274	\$ 630,612
Gage	Count of Members	6	5	11
	Sum of Total Balance	\$ 220,862	\$ 107,318	\$ 328,180
Gosper	Count of Members	2	2	4
	Sum of Total Balance	\$ 21,517	\$ 74,501	\$ 96,018
Hall	Count of Members	6	7	13
	Sum of Total Balance	\$ 166,605	\$ 111,315	\$ 277,920
Harlan	Count of Members	1	4	5
	Sum of Total Balance	\$ 105,371	\$ 50,775	\$ 156,146
Hitchcock	Count of Members	2	2	4
	Sum of Total Balance	\$ 61,994	\$ 69,183	\$ 131,177
Jefferson	Count of Members	2	4	6
	Sum of Total Balance	\$ 81,214	\$ 145,788	\$ 227,002
Kimball	Count of Members	1	4	5
	Sum of Total Balance	\$ 64,636	\$ 58,138	\$ 122,774
Lincoln	Count of Members	3	4	7
	Sum of Total Balance	\$ 73,516	\$ 38,421	\$ 111,937
Madison	Count of Members	7	6	13
	Sum of Total Balance	\$ 179,197	\$ 163,101	\$ 342,298
Morrill	Count of Members	2	2	4
	Sum of Total Balance	\$ 157,072	\$ 35,522	\$ 192,594

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



**EXHIBIT 6 (Continued) – SUMMARY OF MEMBER DATA BY COUNTY**

County*	Data	Gender		Total
		Male	Female	
Platte	Count of Members	14	6	20
	Sum of Total Balance	\$ 469,555	\$ 168,189	\$ 637,744
Polk	Count of Members	5	2	7
	Sum of Total Balance	\$ 116,968	\$ 17,328	\$ 134,296
Red Willow	Count of Members	2	2	4
	Sum of Total Balance	\$ 7,029	\$ 41,935	\$ 48,964
Richardson	Count of Members	4	1	5
	Sum of Total Balance	\$ 137,573	\$ 25,177	\$ 162,750
Saline	Count of Members	5	2	7
	Sum of Total Balance	\$ 139,610	\$ 41,923	\$ 181,533
Sarpy	Count of Members	20	12	32
	Sum of Total Balance	\$ 1,073,431	\$ 327,750	\$ 1,401,181
Saunders	Count of Members	9	5	14
	Sum of Total Balance	\$ 410,201	\$ 289,896	\$ 700,097
Scotts Bluff	Count of Members	8	5	13
	Sum of Total Balance	\$ 491,256	\$ 107,246	\$ 598,502
Seward	Count of Members	3	5	8
	Sum of Total Balance	\$ 128,782	\$ 163,851	\$ 292,633
Washington	Count of Members	3	5	8
	Sum of Total Balance	\$ 50,380	\$ 48,035	\$ 98,415
York	Count of Members	2	3	5
	Sum of Total Balance	\$ 70,673	\$ 111,192	\$ 181,865
	Members			
	Cash Balance	86	68	154
	Defined Contribution	64	56	120
	Total	150	124	274
Grand Total Balance				
	Cash Balance	\$ 3,275,079	\$ 1,757,202	\$ 5,032,281
	Defined Contribution	<u>2,362,496</u>	<u>1,493,159</u>	<u>3,855,655</u>
	Total	\$ 5,637,575	\$ 3,250,361	\$ 8,887,936

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



## **APPENDIX A – SUMMARY OF BENEFIT PROVISIONS**

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<b>Member</b>	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.
<b>Contributions</b>	Each participating County shall make contributions to the fund on an actuarial basis as approved by the Retirement Board.
<b>Eligibility for Benefits</b>	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.
<b>Benefit Amount</b>	<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 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 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>
<b>Cash Balance Conversion</b>	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 2015 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 2015 is 3.64%.

### 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**

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### **Economic Assumptions**

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|--|--|
| 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.   |
| 5. Annuity Rates   | 7.75% for annuities from the Cash Balance Plan<br>3.64% for annuities from the Defined Contribution Plan |

### **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

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### 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**

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### **Methods**

1. Funding 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**

The assumed interest rate used for Defined Contribution annuity calculations changed from 4.10% to 3.64%.