

**FORMER CITY OF NASHVILLE
PENSION PLAN**

**VALUATION AND REPORT
AS OF
JUNE 30, 2008**

TABLE OF CONTENTS

| <u>SECTION</u> | <u>PAGE</u> |
|-------------------------------|-------------|
| A. SUMMARY OF REPORT | 1 |
| B. SUMMARY OF PLAN PROVISIONS | 3 |
| C. APPENDIX | 5 |

A. SUMMARY OF REPORT

An actuarial valuation of the former City of Nashville Pension System was performed as of June 30, 2008. The purpose of the valuation was to examine the liabilities and cost implications of the two funds (the Civil Service Employees' Fund and the Firemen's and Policemen's Fund) which together comprise this closed pension system. Prior to June 30, 2005, the plan was being funded on a pay-as-you-go basis. The closed pension system is now being actuarially funded through the Guaranteed Payment Plan.

The former City of Nashville Pension System is larger than the former Davidson County System, because fewer members transferred to the successor Metro plan in 1963. In particular, no firemen or policemen transferred from the City plan to that Metro plan. However, all but one of the remaining actives transferred to Division B of the Metro plan when it became available in 1995. As of the valuation date, there were no active employees in either the Civil Service or Fire and Police plan. There were 227 retired employees in the Civil Service plan and 401 retired employees in the Fire and Police plan as of June 30, 2008.

The present value of future benefits under the City system was \$68,552,808 as of the valuation date. All of this amount would be classified as "past service liability" if the entry age normal method (the method used for the valuation of the Metro plan) were applied to the City system. The amount listed includes the effect of the cost-of-living adjustment effective July 1, 2007.

Since the plan is a closed system with no active employees, funding had traditionally been conducted on a pay-as-you-go basis without following a fixed amortization schedule. However, commencing with the plan year beginning July 1, 2004, some prefunding of the plan has been undertaken through the Guaranteed Payment Plan. The Guaranteed Payment Plan is an umbrella plan created by the Metro Council to ensure actuarially sound funding for a group of five closed plans supervised by the Metro Employee Benefit Board and the Board of Education.

The table below shows the unfunded liabilities of the plan as of June 30, 2008.

| | |
|--|--------------------|
| Present Value of Benefits | \$68,552,808 |
| Accumulated Assets | <u>(6,816,106)</u> |
| Unfunded Liability as of June 30, 2008 | \$61,736,702 |

Former City of Nashville Pension Plan

The following table shows the results of applying the usual "normal cost plus amortization of past service liabilities" approach to the funding of the closed system.

| | <u>Annual Contribution</u> |
|----------------------|--------------------------------|
| 40-Year Amortization | \$4,985,481 |
| 30-Year Amortization | 5,280,829 |
| 20-Year Amortization | 6,055,155 |

Under the GPP, unfunded liabilities of the aggregate plan are amortized over a period of no more than thirty years commencing July 1, 2000. Payments for the City System move to a payment account from which distributions are paid to the constituent plans of the GPP as necessary to satisfy current benefits and to satisfy funding objectives of the GPP. During the 2007-08 year, payments of \$14,297,691 were paid into the GPP on behalf of the plan. \$9,643,990 was transferred from the GPP account to the plan during this period for the payment of benefits. Funding issues that are specific to the GPP are addressed in a separate report. The following is a summary of GPP transfers for the City of Nashville Pension Plan.

| | |
|--|--------------|
| GPP Appropriation for the Plan | \$14,297,691 |
| Transfer for Benefit Payments | \$9,643,990 |
| Transfer to the other GPP Plans | \$2,923,333 |
| Transfer to the Open Plan Separate Account for Future Payments | \$1,730,368 |

Table III-4 of the Appendix illustrates the annual payout which could be expected from the entire City System during the next twenty calendar years. The annualized payout as of the beginning of the 2008-2009 fiscal year is expected to be approximately \$9,255,000. Actual benefit payments during the 2008-2009 fiscal year will be somewhat less than this amount as payments are reduced due to the death of participants and should be approximately \$8,639,362.

The actuarial valuation underlying this report has been made utilizing employee data furnished by Metro and the actuarial assumptions summarized in Table VII of the Appendix. Since the system was funded on a pay-as-you-go basis prior to June 30, 2005, no assets are shown for those dates. Quantities called for by Statement 25 of the Governmental Standards Accounting Board are set out in Table VI of the Appendix.

B. SUMMARY OF PLAN PROVISIONS

CITY OF NASHVILLE PENSION PLANS

1. Eligibility

All employees of the former City of Nashville who were employed prior to April 1, 1963, who elected not to transfer to the Metropolitan Government Employee Benefit System on that date or on a later open enrollment date and who also (if still active) elected not to transfer to Division B of the Metro plan in 1995, are participants in the former City of Nashville Pension Plan, which included the Civil Service Employee's Pension Plan and the Policemen's and Firemen's Pension Plan.

2. Normal Retirement

(a) Condition

Except for firemen and policemen, the normal retirement date is the date the member completes 25 years of service and attains age 60. For firemen and policemen, the normal retirement date is the date the member completes 25 years of service. Retirement may be delayed, but not later than age 75.

(b) Benefit

The normal retirement benefit, payable monthly for life, is 50% of the member's final monthly salary.

3. Disability Retirement

A member who becomes disabled is eligible to receive a disability retirement benefit equal to 50% of the member's final monthly salary.

4. Survivor Benefits

If the death of a member occurs while he is an active member or after he has retired on service or disability retirement, his surviving widow while unmarried, or dependent mother, will receive a life income equal to \$675 per month. If no widow survives, any surviving dependent children under 16 years of age will receive such survivorship benefit, instead of the mother, for a period not to exceed 10 years.

Former City of Nashville Pension Plan

5. Other Termination of Employment

If a member other than a fireman or policeman terminates his service after 25 years of service but before attaining age 60, he is eligible to receive a deferred vested benefit, commencing at age 60, equal to 50% of the member's final monthly salary.

6. Escalation Provision

Effective July 1, 2002, benefits under the provisions above are increased annually by the increase in the Consumer Price Index during the previous year.

7. Member Contributions

Prior to January 1, 1987, each member contributed by payroll deduction an amount equal to 5% of annual earnings for a period of 25 years, even after retirement (except that policemen or firemen disabled in the line of duty no longer had to make contributions). Contributions for females who elected not to have survivor benefits under paragraph 4 above were 2-1/2%. Thereafter, members no longer contribute toward the cost of the plan.

8. Employer Contributions

The Metropolitan Government provides such additional amounts as are necessary to pay benefits as they become due.

C. APPENDIX

| <u>TABLE</u> | <u>PAGE</u> |
|---|-------------|
| I. Distribution of Annual Benefits by Age Groups - Retired Lives | |
| 1. Widows | 6 |
| 2. Service Retirements | 7 |
| 3. Disabled Lives | 8 |
| 4. Total | 9 |
| II. Distribution of Annual Benefits by Years Since Retirement | |
| 1. Widows | 10 |
| 2. Service Retirements | 11 |
| 3. Disabled Lives | 12 |
| 4. Total | 13 |
| III. Projection of Benefit Payout - Retired Lives | |
| 1. Widows | 14 |
| 2. Service Retirements | 15 |
| 3. Disabled Lives | 16 |
| 4. Total | 17 |
| IV. Determination of Annual Funding Levels | 18 |
| V. Roster of Former Participants with Deferred Vested Benefits | 19 |
| VI. Governmental Accounting Standards Board Statement No. 25 Information | 20 |
| VII. Summary of Actuarial Assumptions | 22 |
| VIII. Actuarial Certification | 23 |

TABLE I-1
DISTRIBUTION OF ANNUAL BENEFITS BY AGE GROUPS
CITY WIDOWS

| Age Group | Male | | | Female | | | Total | | |
|--------------|----------|----------------|---------------|------------|------------------|---------------|------------|------------------|---------------|
| | No | Total Earnings | Average | No | Total Earnings | Average | No | Total Earnings | Average |
| 1-20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 21-25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 26-30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31-35 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 36-40 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 41-45 | 0 | 0 | 0 | 1 | 10,140 | 10,140 | 1 | 10,140 | 10,140 |
| 46-50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 51-55 | 0 | 0 | 0 | 3 | 30,420 | 10,140 | 3 | 30,420 | 10,140 |
| 56-60 | 0 | 0 | 0 | 4 | 40,560 | 10,140 | 4 | 40,560 | 10,140 |
| 61-65 | 0 | 0 | 0 | 8 | 81,120 | 10,140 | 8 | 81,120 | 10,140 |
| 66-70 | 0 | 0 | 0 | 37 | 382,692 | 10,343 | 37 | 382,692 | 10,343 |
| 71-75 | 1 | 35,316 | 35,316 | 46 | 466,440 | 10,140 | 47 | 501,756 | 10,676 |
| 76-80 | 0 | 0 | 0 | 62 | 628,680 | 10,140 | 62 | 628,680 | 10,140 |
| 81-85 | 2 | 20,280 | 10,140 | 80 | 811,200 | 10,140 | 82 | 831,480 | 10,140 |
| 86-90 | 0 | 0 | 0 | 74 | 749,616 | 10,130 | 74 | 749,616 | 10,130 |
| TOTAL | 3 | 55,596 | 18,532 | 315 | 3,200,868 | 10,161 | 318 | 3,256,464 | 10,240 |

TABLE I-2

DISTRIBUTION OF ANNUAL BENEFITS BY AGE GROUPS

CITY SERVICE RETIREMENTS

| Age Group | Male | | | Female | | | Total | | |
|--------------|------------|------------------|---------------|-----------|----------------|---------------|------------|------------------|---------------|
| | No | Total Earnings | Average | No | Total Earnings | Average | No | Total Earnings | Average |
| 1-20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 21-25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 26-30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31-35 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 36-40 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 41-45 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 46-50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 51-55 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 56-60 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 61-65 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 66-70 | 29 | 656,856 | 22,650 | 2 | 25,164 | 12,582 | 31 | 682,020 | 22,001 |
| 71-75 | 29 | 610,056 | 21,036 | 2 | 29,676 | 14,838 | 31 | 639,732 | 20,637 |
| 76-80 | 29 | 617,136 | 21,281 | 10 | 206,916 | 20,692 | 39 | 824,052 | 21,130 |
| 81-85 | 47 | 1,027,032 | 21,852 | 13 | 208,404 | 16,031 | 60 | 1,235,436 | 20,591 |
| 86-90 | 21 | 400,488 | 19,071 | 7 | 111,264 | 15,895 | 28 | 511,752 | 18,277 |
| TOTAL | 155 | 3,311,568 | 21,365 | 34 | 581,424 | 17,101 | 189 | 3,892,992 | 20,598 |

TABLE I-3

DISTRIBUTION OF ANNUAL BENEFITS BY AGE GROUPS

CITY DISABLED LIVES

| Age Group | Male | | | Female | | | Total | | |
|--------------|------------|------------------|---------------|-----------|----------------|---------------|------------|------------------|---------------|
| | No | Total Earnings | Average | No | Total Earnings | Average | No | Total Earnings | Average |
| 1-20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 21-25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 26-30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31-35 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 36-40 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 41-45 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 46-50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 51-55 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 56-60 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 61-65 | 0 | 0 | 0 | 2 | 20,280 | 10,140 | 2 | 20,280 | 10,140 |
| 66-70 | 16 | 334,740 | 20,921 | 0 | 0 | 0 | 16 | 334,740 | 20,921 |
| 71-75 | 32 | 615,636 | 19,239 | 1 | 12,780 | 12,780 | 33 | 628,416 | 19,043 |
| 76-80 | 29 | 550,680 | 18,989 | 3 | 35,712 | 11,904 | 32 | 586,392 | 18,325 |
| 81-85 | 16 | 264,744 | 16,547 | 8 | 81,396 | 10,175 | 24 | 346,140 | 14,423 |
| 86-90 | 12 | 168,696 | 14,058 | 2 | 20,700 | 10,350 | 14 | 189,396 | 13,528 |
| TOTAL | 105 | 1,934,496 | 18,424 | 16 | 170,868 | 10,679 | 121 | 2,105,364 | 17,400 |

TABLE I-4

DISTRIBUTION OF ANNUAL BENEFITS BY AGE GROUPS

CITY TOTALS - RETIRED LIVES

| Age Group | Male | | | Female | | | Total | | |
|--------------|------------|------------------|---------------|------------|------------------|---------------|------------|------------------|---------------|
| | No | Earnings | | No | Earnings | | No | Earnings | |
| | | Total | Average | | Total | Average | | Total | Average |
| 1-20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 21-25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 26-30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31-35 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 36-40 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 41-45 | 0 | 0 | 0 | 1 | 10,140 | 10,140 | 1 | 10,140 | 10,140 |
| 46-50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 51-55 | 0 | 0 | 0 | 3 | 30,420 | 10,140 | 3 | 30,420 | 10,140 |
| 56-60 | 0 | 0 | 0 | 4 | 40,560 | 10,140 | 4 | 40,560 | 10,140 |
| 61-65 | 0 | 0 | 0 | 10 | 101,400 | 10,140 | 10 | 101,400 | 10,140 |
| 66-70 | 45 | 991,596 | 22,035 | 39 | 407,856 | 10,458 | 84 | 1,399,452 | 16,660 |
| 71-75 | 62 | 1,261,008 | 20,339 | 49 | 508,896 | 10,386 | 111 | 1,769,904 | 15,945 |
| 76-80 | 58 | 1,167,816 | 20,135 | 75 | 871,308 | 11,617 | 133 | 2,039,124 | 15,332 |
| 81-85 | 65 | 1,312,056 | 20,185 | 101 | 1,101,000 | 10,901 | 166 | 2,413,056 | 14,536 |
| 86-90 | 33 | 569,184 | 17,248 | 83 | 881,580 | 10,621 | 116 | 1,450,764 | 12,507 |
| TOTAL | 263 | 5,301,660 | 20,158 | 365 | 3,953,160 | 10,831 | 628 | 9,254,820 | 14,737 |

TABLE II-1

DISTRIBUTION OF ANNUAL BENEFITS BY YEARS SINCE RETIREMENT

CITY WIDOWS

| Service Group | Male | | | Female | | | Total | | |
|---------------|----------|---------------|---------------|------------|------------------|---------------|------------|------------------|---------------|
| | No | Earnings | | No | Earnings | | No | Earnings | |
| | | Total | Average | | Total | Average | | Total | Average |
| 0 | 0 | 0 | 0 | 10 | 101,400 | 10,140 | 10 | 101,400 | 10,140 |
| 1 | 0 | 0 | 0 | 10 | 101,400 | 10,140 | 18 | 182,520 | 10,140 |
| 2 | 0 | 0 | 0 | 9 | 91,260 | 10,140 | 11 | 111,540 | 10,140 |
| 3 | 0 | 0 | 0 | 10 | 100,224 | 10,022 | 12 | 120,504 | 10,042 |
| 4 | 0 | 0 | 0 | 9 | 91,260 | 10,140 | 11 | 111,540 | 10,140 |
| 0-4 | 0 | 0 | 0 | 45 | 455,124 | 10,114 | 62 | 627,504 | 10,121 |
| 5-9 | 0 | 0 | 0 | 37 | 375,180 | 10,140 | 62 | 628,680 | 10,140 |
| 10-14 | 1 | 35,316 | 35,316 | 39 | 403,560 | 10,348 | 53 | 570,696 | 10,768 |
| 15-19 | 0 | 0 | 0 | 26 | 263,640 | 10,140 | 38 | 385,320 | 10,140 |
| 20-24 | 0 | 0 | 0 | 26 | 263,484 | 10,134 | 40 | 405,444 | 10,136 |
| 25-29 | 0 | 0 | 0 | 25 | 253,500 | 10,140 | 26 | 263,640 | 10,140 |
| 30-34 | 0 | 0 | 0 | 20 | 202,800 | 10,140 | 15 | 152,100 | 10,140 |
| 35-39 | 0 | 0 | 0 | 24 | 243,360 | 10,140 | 12 | 121,680 | 10,140 |
| 40-44 | 2 | 20,280 | 10,140 | 39 | 395,460 | 10,140 | 6 | 60,840 | 10,140 |
| 45-49 | 0 | 0 | 0 | 34 | 344,760 | 10,140 | 4 | 40,560 | 10,140 |
| TOTAL | 3 | 55,596 | 18,532 | 315 | 3,200,868 | 10,161 | 318 | 3,256,464 | 10,240 |

TABLE II-2

DISTRIBUTION OF ANNUAL BENEFITS BY YEARS SINCE RETIREMENT

CITY SERVICE RETIREMENTS

| Service Group | Male | | | Female | | | Total | | |
|---------------|------------|------------------|---------------|-----------|----------------|---------------|------------|------------------|---------------|
| | No | Total Earnings | Average | No | Total Earnings | Average | No | Total Earnings | Average |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0-4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5-9 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10-14 | 5 | 126,300 | 25,260 | 2 | 40,956 | 20,478 | 7 | 167,256 | 23,894 |
| 15-19 | 67 | 1,602,672 | 23,920 | 12 | 239,460 | 19,955 | 79 | 1,842,132 | 23,318 |
| 20-24 | 55 | 1,095,984 | 19,927 | 14 | 213,864 | 15,276 | 69 | 1,309,848 | 18,983 |
| 25-29 | 22 | 402,324 | 18,287 | 5 | 76,752 | 15,350 | 27 | 479,076 | 17,744 |
| 30-34 | 4 | 58,980 | 14,745 | 1 | 10,392 | 10,392 | 5 | 69,372 | 13,874 |
| 35-39 | 2 | 25,308 | 12,654 | 0 | 0 | 0 | 2 | 25,308 | 12,654 |
| 40-44 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 45-49 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 155 | 3,311,568 | 21,365 | 34 | 581,424 | 17,101 | 189 | 3,892,992 | 20,598 |

TABLE II-3

DISTRIBUTION OF ANNUAL BENEFITS BY YEARS SINCE RETIREMENT

CITY DISABILITY RETIREMENTS

| Service Group | Male | | | Female | | | Total | | |
|---------------|------------|------------------|---------------|-----------|----------------|---------------|------------|------------------|---------------|
| | No | Total Earnings | Average | No | Total Earnings | Average | No | Total Earnings | Average |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | 0 | 0 | 0 | 1 | 10,140 | 10,140 | 1 | 10,140 | 10,140 |
| 3 | 0 | 0 | 0 | 2 | 20,280 | 10,140 | 2 | 20,280 | 10,140 |
| 4 | 0 | 0 | 0 | 1 | 10,140 | 10,140 | 1 | 10,140 | 10,140 |
| 0-4 | 0 | 0 | 0 | 4 | 40,560 | 10,140 | 4 | 40,560 | 10,140 |
| 5-9 | 0 | 0 | 0 | 1 | 10,140 | 10,140 | 1 | 10,140 | 10,140 |
| 10-14 | 4 | 98,736 | 24,684 | 1 | 10,140 | 10,140 | 5 | 108,876 | 21,775 |
| 15-19 | 40 | 1,014,792 | 25,370 | 3 | 33,060 | 11,020 | 43 | 1,047,852 | 24,369 |
| 20-24 | 11 | 210,720 | 19,156 | 0 | 0 | 0 | 11 | 210,720 | 19,156 |
| 25-29 | 3 | 44,868 | 14,956 | 2 | 23,628 | 11,814 | 5 | 68,496 | 13,699 |
| 30-34 | 21 | 278,976 | 13,285 | 2 | 22,224 | 11,112 | 23 | 301,200 | 13,096 |
| 35-39 | 9 | 103,320 | 11,480 | 0 | 0 | 0 | 9 | 103,320 | 11,480 |
| 40-44 | 14 | 151,116 | 10,794 | 2 | 20,556 | 10,278 | 16 | 171,672 | 10,730 |
| 45-49 | 3 | 31,968 | 10,656 | 1 | 10,560 | 10,560 | 4 | 42,528 | 10,632 |
| TOTAL | 105 | 1,934,496 | 18,424 | 16 | 170,868 | 10,679 | 121 | 2,105,364 | 17,400 |

TABLE II-4

DISTRIBUTION OF ANNUAL BENEFITS BY YEARS SINCE RETIREMENT

CITY TOTALS

| Service Group | Male | | | Female | | | Total | | |
|---------------|------|-----------|---------|--------|-----------|---------|-------|-----------|---------|
| | No | Earnings | | No | Earnings | | No | Earnings | |
| | | Total | Average | | Total | Average | | Total | Average |
| 0 | 0 | 0 | 0 | 10 | 101,400 | 10,140 | 10 | 101,400 | 10,140 |
| 1 | 0 | 0 | 0 | 10 | 101,400 | 10,140 | 18 | 182,520 | 10,140 |
| 2 | 0 | 0 | 0 | 10 | 101,400 | 10,140 | 12 | 121,680 | 10,140 |
| 3 | 0 | 0 | 0 | 12 | 120,504 | 10,042 | 14 | 140,784 | 10,056 |
| 4 | 0 | 0 | 0 | 10 | 101,400 | 10,140 | 12 | 121,680 | 10,140 |
| 0-4 | 0 | 0 | 0 | 49 | 495,684 | 10,116 | 66 | 668,064 | 10,122 |
| 5-9 | 0 | 0 | 0 | 38 | 385,320 | 10,140 | 63 | 638,820 | 10,140 |
| 10-14 | 10 | 260,352 | 26,035 | 42 | 454,656 | 10,825 | 65 | 846,828 | 13,028 |
| 15-19 | 107 | 2,617,464 | 24,462 | 41 | 536,160 | 13,077 | 160 | 3,275,304 | 20,471 |
| 20-24 | 66 | 1,306,704 | 19,799 | 40 | 477,348 | 11,934 | 120 | 1,926,012 | 16,050 |
| 25-29 | 25 | 447,192 | 17,888 | 32 | 353,880 | 11,059 | 58 | 811,212 | 13,986 |
| 30-34 | 25 | 337,956 | 13,518 | 23 | 235,416 | 10,235 | 43 | 522,672 | 12,155 |
| 35-39 | 11 | 128,628 | 11,693 | 24 | 243,360 | 10,140 | 23 | 250,308 | 10,883 |
| 40-44 | 16 | 171,396 | 10,712 | 41 | 416,016 | 10,147 | 22 | 232,512 | 10,569 |
| 45-49 | 3 | 31,968 | 10,656 | 35 | 355,320 | 10,152 | 8 | 83,088 | 10,386 |
| TOTAL | 263 | 5,301,660 | 20,158 | 365 | 3,953,160 | 10,831 | 628 | 9,254,820 | 14,737 |

TABLE III-1
PROJECTION OF BENEFIT PAYOUT
CITY WIDOWS

| CALENDAR YEAR | NUMBER RETIRING | EMERGING BENEFITS | EMERGING LIABILITY | TOTAL PAYOUT | TOTAL LIABILITY |
|--------------------------|----------------------------|------------------------------|-------------------------------|-------------------------|----------------------------|
| 2008 | 318 | 3,256,464 | 23,034,346 | 1,575,396 | 23,034,346 |
| 2009 | 0 | 0 | 0 | 2,923,855 | 21,074,752 |
| 2010 | 0 | 0 | 0 | 2,705,069 | 19,223,230 |
| 2011 | 0 | 0 | 0 | 2,494,903 | 17,479,675 |
| 2012 | 0 | 0 | 0 | 2,293,712 | 15,843,388 |
| 2013 | 0 | 0 | 0 | 2,101,770 | 14,313,172 |
| 2014 | 0 | 0 | 0 | 1,919,297 | 12,887,363 |
| 2015 | 0 | 0 | 0 | 1,746,443 | 11,563,853 |
| 2016 | 0 | 0 | 0 | 1,583,321 | 10,340,130 |
| 2017 | 0 | 0 | 0 | 1,430,024 | 9,213,279 |
| 2018 | 0 | 0 | 0 | 1,286,608 | 8,179,972 |
| 2019 | 0 | 0 | 0 | 1,153,075 | 7,236,473 |
| 2020 | 0 | 0 | 0 | 1,029,354 | 6,378,674 |
| 2021 | 0 | 0 | 0 | 915,291 | 5,602,148 |
| 2022 | 0 | 0 | 0 | 810,649 | 4,902,226 |
| 2023 | 0 | 0 | 0 | 715,114 | 4,274,073 |
| 2024 | 0 | 0 | 0 | 628,293 | 3,712,775 |
| 2025 | 0 | 0 | 0 | 549,730 | 3,213,426 |
| 2026 | 0 | 0 | 0 | 478,942 | 2,771,199 |
| 2027 | 0 | 0 | 0 | 415,452 | 2,381,437 |

TABLE III-2
PROJECTION OF BENEFIT PAYOUT
CITY SERVICE RETIREMENTS

| CALENDAR YEAR | NUMBER RETIRING | EMERGING BENEFITS | EMERGING LIABILITY | TOTAL PAYOUT | TOTAL LIABILITY |
|--------------------------|----------------------------|------------------------------|-------------------------------|-------------------------|----------------------------|
| 2008 | 189 | 3,892,992 | 25,093,227 | 1,881,403 | 25,093,227 |
| 2009 | 0 | 0 | 0 | 3,479,365 | 22,621,062 |
| 2010 | 0 | 0 | 0 | 3,198,405 | 20,281,219 |
| 2011 | 0 | 0 | 0 | 2,922,431 | 18,082,003 |
| 2012 | 0 | 0 | 0 | 2,653,889 | 16,029,507 |
| 2013 | 0 | 0 | 0 | 2,395,083 | 14,127,481 |
| 2014 | 0 | 0 | 0 | 2,148,005 | 12,377,292 |
| 2015 | 0 | 0 | 0 | 1,914,385 | 10,778,075 |
| 2016 | 0 | 0 | 0 | 1,695,603 | 9,326,841 |
| 2017 | 0 | 0 | 0 | 1,492,563 | 8,018,690 |
| 2018 | 0 | 0 | 0 | 1,305,716 | 6,847,200 |
| 2019 | 0 | 0 | 0 | 1,135,078 | 5,804,819 |
| 2020 | 0 | 0 | 0 | 980,302 | 4,883,268 |
| 2021 | 0 | 0 | 0 | 840,760 | 4,073,914 |
| 2022 | 0 | 0 | 0 | 715,661 | 3,368,063 |
| 2023 | 0 | 0 | 0 | 604,141 | 2,757,150 |
| 2024 | 0 | 0 | 0 | 505,323 | 2,232,837 |
| 2025 | 0 | 0 | 0 | 418,330 | 1,787,053 |
| 2026 | 0 | 0 | 0 | 342,313 | 1,412,028 |
| 2027 | 0 | 0 | 0 | 276,481 | 1,100,300 |

TABLE III-3
PROJECTION OF BENEFIT PAYOUT
CITY DISABILITY RETIREMENTS

| CALENDAR YEAR | NUMBER RETIRING | EMERGING BENEFITS | EMERGING LIABILITY | TOTAL PAYOUT | TOTAL LIABILITY |
|--------------------------|----------------------------|------------------------------|-------------------------------|-------------------------|----------------------------|
| 2008 | 121 | 2,105,364 | 12,318,294 | 1,022,965 | 12,318,294 |
| 2009 | 0 | 0 | 0 | 1,915,976 | 11,192,927 |
| 2010 | 0 | 0 | 0 | 1,785,836 | 10,117,449 |
| 2011 | 0 | 0 | 0 | 1,656,338 | 9,095,315 |
| 2012 | 0 | 0 | 0 | 1,528,229 | 8,129,321 |
| 2013 | 0 | 0 | 0 | 1,402,218 | 7,221,687 |
| 2014 | 0 | 0 | 0 | 1,278,987 | 6,374,073 |
| 2015 | 0 | 0 | 0 | 1,159,226 | 5,587,591 |
| 2016 | 0 | 0 | 0 | 1,043,597 | 4,862,779 |
| 2017 | 0 | 0 | 0 | 932,695 | 4,199,604 |
| 2018 | 0 | 0 | 0 | 827,118 | 3,597,493 |
| 2019 | 0 | 0 | 0 | 727,434 | 3,055,305 |
| 2020 | 0 | 0 | 0 | 634,116 | 2,571,311 |
| 2021 | 0 | 0 | 0 | 547,537 | 2,143,254 |
| 2022 | 0 | 0 | 0 | 468,004 | 1,768,406 |
| 2023 | 0 | 0 | 0 | 395,728 | 1,443,601 |
| 2024 | 0 | 0 | 0 | 330,785 | 1,165,288 |
| 2025 | 0 | 0 | 0 | 273,116 | 929,630 |
| 2026 | 0 | 0 | 0 | 222,557 | 732,611 |
| 2027 | 0 | 0 | 0 | 178,861 | 570,115 |

TABLE III-4
PROJECTION OF BENEFIT PAYOUT
CITY TOTALS - RETIRED LIVES

| CALENDAR YEAR | NUMBER RETIRING | EMERGING BENEFITS | EMERGING LIABILITY | TOTAL PAYOUT | TOTAL LIABILITY |
|--------------------------|----------------------------|------------------------------|-------------------------------|-------------------------|----------------------------|
| 2008 | 628 | 9,254,820 | 60,445,867 | 4,479,764 | 60,445,867 |
| 2009 | 0 | 0 | 0 | 8,319,196 | 54,888,741 |
| 2010 | 0 | 0 | 0 | 7,689,310 | 49,621,898 |
| 2011 | 0 | 0 | 0 | 7,073,672 | 44,656,993 |
| 2012 | 0 | 0 | 0 | 6,475,830 | 40,002,216 |
| 2013 | 0 | 0 | 0 | 5,899,071 | 35,662,340 |
| 2014 | 0 | 0 | 0 | 5,346,289 | 31,638,728 |
| 2015 | 0 | 0 | 0 | 4,820,054 | 27,929,519 |
| 2016 | 0 | 0 | 0 | 4,322,521 | 24,529,750 |
| 2017 | 0 | 0 | 0 | 3,855,282 | 21,431,573 |
| 2018 | 0 | 0 | 0 | 3,419,442 | 18,624,665 |
| 2019 | 0 | 0 | 0 | 3,015,587 | 16,096,597 |
| 2020 | 0 | 0 | 0 | 2,643,772 | 13,833,253 |
| 2021 | 0 | 0 | 0 | 2,303,588 | 11,819,316 |
| 2022 | 0 | 0 | 0 | 1,994,314 | 10,038,695 |
| 2023 | 0 | 0 | 0 | 1,714,983 | 8,474,824 |
| 2024 | 0 | 0 | 0 | 1,464,401 | 7,110,900 |
| 2025 | 0 | 0 | 0 | 1,241,176 | 5,930,109 |
| 2026 | 0 | 0 | 0 | 1,043,812 | 4,915,838 |
| 2027 | 0 | 0 | 0 | 870,794 | 4,051,852 |

TABLE IV
CITY OF NASHVILLE PENSION PLAN
DETAILED CALCULATION OF FUNDING LEVELS

The contribution levels for the fiscal year beginning June 30, 2008 were derived as follows:

| | |
|--|--------------------|
| (1) Present Value of Benefits | \$68,552,808 |
| (2) Past Service Liability | 68,552,808 |
| (3) Allocated Assets | <u>(6,816,106)</u> |
| (4) Unfunded Past Service Liability (2) - (3) | \$61,736,702 |
| (5) Present Value of Future Normal Costs (1) - (2) | \$ 0 |
| (6) Present Value of Future Salaries | 0 |
| (7) Normal Cost Pct (5)/(6) | 0 |
| (8) Eligible Payroll | 0 |
| (9) Normal Cost (7) x (8) | 0 |
| (10) Total Cost, Including Amortization of Unfunded Past Service Liability Over Specified Period (assuming payments made uniformly throughout plan year) | |
| 40 Years | \$4,985,481 |
| 30 Years | 5,280,829 |
| 20 Years | 6,055,155 |

TABLE V

ROSTER OF FORMER PARTICIPANTS WITH DEFERRED VESTED BENEFITS

There are no former participants.

TABLE VI

GOVERNMENTAL ACCOUNTING STANDARDS BOARD
STATEMENT NO. 25 INFORMATION

In 1994, the Governmental Accounting Standards Board revised the methodology to be used in presenting funding progress results to require reporting based upon the plan's unfunded past service liability (or "unfunded actuarial accrued liability"). The new GASB pronouncements relating to financial reporting standards are effective for fiscal years ending June 30, 1997. The statements provide that certain parameters are to be used in determining the unfunded liability position in each year, including a parameter for the measurement of plan assets. A schedule of funding progress based upon comparison to the unfunded past service liability is to be included in financial statements for the years in which the calculations are consistent with the parameters. The schedule presented herein is based upon valuation results for the current valuation period and the previous eight years. The schedule includes only years during which a valuation has been performed.

*Former City of Nashville Pension Plan
Schedule of Funding Progress
June 30, 2008*

| Plan Year | Actuarial Value of Assets | Actuarial Accrued Liability | Unfunded Actuarial Accrued Liability | Funded Ratio | Covered Payroll | Unfunded Actuarial Accrued Liability as a Pct of Covered Payroll |
|----------------------|--------------------------------------|--|---|-------------------------|------------------------|---|
| June 30, 1994 | \$ 0 | \$125,081,978 | \$125,081,978 | 0.00% | \$4,572,340 | 2,735.6% |
| June 30, 1996 | 0 | 103,380,560 | 103,380,560 | 0.00% | 36,419 | 283,864.4% |
| June 30, 1998 | 0 | 101,792,628 | 101,792,628 | 0.00% | 0 | na |
| June 30, 2000 | 0 | 91,006,918 | 91,006,918 | 0.00% | 0 | na |
| June 30, 2001 | 0 | 82,477,554 | 82,477,554 | 0.00% | 0 | na |
| June 30, 2002 | 0 | 106,725,860 | 106,725,860 | 0.00% | 0 | na |
| June 30, 2003 | 0 | 87,981,174 | 87,981,174 | 0.00% | 0 | na |
| June 30, 2004 | 0 | 85,325,799 | 85,325,799 | 0.00% | 0 | na |
| June 30, 2005 | 1,637,445 | 79,815,871 | 78,178,426 | 2.05% | 0 | na |
| June 30, 2006 | 3,303,691 | 78,318,066 | 75,014,375 | 4.22% | 0 | na |
| June 30, 2007 | 5,239,396 | 74,125,552 | 68,886,156 | 7.07% | 0 | na |
| June 30, 2008 | 6,816,106 | 68,552,808 | 61,736,702 | 9.94% | 0 | na |

TABLE VII

SUMMARY OF ACTUARIAL ASSUMPTIONS
(Sample Values per 1,000 Lives)

| | <u>AGE</u> | | | |
|---|------------|-----------|-----------|-----------|
| | <u>20</u> | <u>35</u> | <u>50</u> | <u>60</u> |
| <u>Mortality Rates</u> | | | | |
| Male: 110% RP-2000 Healthy Annuitant Table | .38 | .85 | 5.88 | 9.01 |
| Female: 110% RP-2000 Healthy Annuitant Table | .21 | .52 | 2.57 | 6.82 |
| <u>Withdrawal Rates</u> | N/A | N/A | N/A | N/A |
| <u>Salary Scale</u> | N/A | N/A | N/A | N/A |
| <u>Disability Rates</u> | N/A | N/A | N/A | N/A |
| <u>Rate of Death and Recovery Among Disabled Lives</u> | | | | |
| Pension Benefit Guaranty Corporation | | | | |
| Male: | 36.20 | 20.90 | 28.70 | 45.20 |
| Female: | 26.30 | 21.40 | 25.70 | 33.10 |
| <u>Social Security Benefit Projection Rate</u> | N/A | N/A | N/A | N/A |
| <u>Rate of Normal Retirement</u> | | | | |
| Assume retirement as soon as eligible. | | | | |
| <u>Rate of Investment Return</u> | | | | |
| 8.0% per annum | | | | |
| <u>Cost-of-Living Adjustment</u> | | | | |
| 2.75% per annum | | | | |
| <u>Spouse Frequency and Ages</u> | | | | |
| Assume 85% married, with husbands four years older than wives | | | | |
| <u>Actuarial Valuation Method</u> | | | | |
| Entry Age Normal | | | | |
| <u>Asset Valuation Method</u> | | | | |
| Market Value | | | | |

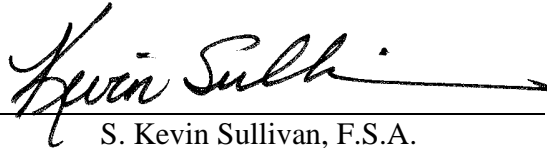
TABLE VIII

ACTUARIAL CERTIFICATION

The actuarial valuation summarized in this report has been performed utilizing generally accepted actuarial principles and is based on actuarial assumptions which we consider to be reasonably related, in the aggregate, to experience under the plan and to reasonable expectations. It is our opinion that the results fully and fairly disclose the actuarial position of the plan on the valuation date.

May 18, 2009

Date



S. Kevin Sullivan, F.S.A.

Enrollment Number 08-6235