Metropolitan Government of Nashville and Davidson County Tennessee

Former City of Nashville Pension Plan

Actuarial Valuation Report

June 30, 2025

USI CONSULTING GROUP

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A. SUMMARY OF REPORT

An actuarial valuation of the former City of Nashville Pension System was performed as of June 30, 2025. 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 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 the Plan. There were 23 retired employees and 120 beneficiaries in the plan as of June 30, 2025.

The present value of future benefits under the City system was $14,892,972 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, 2024.

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, 2025.

Present Value of Benefits	$ 14,892,972
Accumulated Assets	13,381,097
Unfunded Liability as of June 30, 2025	$ 1,511,875

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.

	Annual Contribution
20-Year Amortization	$ 119,917
10-Year Amortization	190,120
5-Year Amortization	335,588

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 2024-2025 year, payments of $14,297,691 were paid into the GPP on behalf of the plan. In total, $16,474,008 was transferred from the GPP account to the plan during this period for the payment of benefits and a reserve for future 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	$16,474,008

Table II-3 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 2025-2026 fiscal year is expected to be approximately $2,828,900. A level payout of this amount will amortize the full liability over a period of approximately 6 years.

The actuarial valuation underlying this report has been made utilizing employee data furnished by Metro and the actuarial assumptions summarized in Table VI of the Appendix. Quantities called for by Statement 25 of the Governmental Standards Accounting Board are set out in Table V 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.

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.

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. ASSESSMENT OF RISK

Risk Factor	Commentary on the Plan's Risk Exposure
Investment	Over a period of years, investment returns below the expected level will create actuarial losses and lead to higher recommend and required contributions. Conversely, investment returns above the expected level will create actuarial gains and lead to lower recommended and required contributions. The plan's low current funded ratio means the plan has a relatively low exposure to investment return risk.
Assumed Rate of Return	Due to the plan's estimated duration of 4 to 5, a 1% decrease in the assumed rate of investment return would increase the measurement of the liability by 4% to 5%.
Longevity	Since all benefits are paid as annuities over the lifetime of the members and beneficiaries, the plan is sensitive to changes in overall population longevity. As a result, the liabilities will fluctuate with the actual mortality experience of the plan. Given the extreme age of the population, there is less sensitivity to long-term changes in overall mortality improvement.
Other demographic factors	No significant risk.
Lump sums	No significant risk.
Inflation	Inflation is a component of future interest rates and investment returns over a long period. As a result, changes to inflation can affect funded percentages. Additionally, the plan provides a cost-of-living adjustment (COLA) that is based on inflation. Higher actual or expected rates of inflation will have the impact of increasing plan liabilities.
Low-Default-Risk Obligation Measurement	In accordance with Actuarial Standards of Practice (ASOP) No. 4, the actuary is required to provide a "Low-Default-Risk Obligation Measurement" (LDROM). The intended purpose of the measurement is to show how the pension obligation could hypothetically be settled on the measurement date using current interest rate conditions. This may provide additional information regarding the security of benefits that members have earned. This is not intended to be a precise calculation as assumptions such as early retirement provisions, lump sum election percentages, and various other assumptions may need to be revised to reflect a terminal liability. This disclosure is required and does not imply the plan sponsor has considered or is considering the termination of this plan and may not be appropriate for other uses. As of the valuation date, the Low-Default-Risk Obligation for the plan is $15,373,114, an increase of 3%.

USI Consulting Group can perform more detailed assessments of these risks as desired by the plan sponsor to provide a better understanding of the risks.

D. APPENDIX

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

Age Group	Number	Total	Average
Under 20	-	-	-
20 - 29	-	-	-
30 - 39	-	-	-
40 - 49	-	-	-
50 - 59	-	-	-
60 - 69	-	-	-
70 - 79	4	60,115	15,029
80 - 89	12	180,344	15,029
90 - 99	60	1,053,047	17,551
100 - 109	44	754,411	17,146
110 - 120	-	-	-
Total	120	2,047,916	17,066

TABLE I-2

DISTRIBUTION OF ANNUAL BENEFITS BY AGE GROUPS

CITY SERVICE RETIREMENTS

Age Group	Number	Total	Average
Under 20	-	-	-
20 - 29	-	-	-
30 - 39	-	-	-
40 - 49	-	-	-
50 - 59	-	-	-
60 - 69	-	-	-
70 - 79	-	-	-
80 - 89	-	-	-
90 - 99	15	480,073	32,005
100 - 109	8	300,910	37,614
110 - 120	-	-	-
Total	23	780,983	33,956

TABLE I-3

DISTRIBUTION OF ANNUAL BENEFITS BY AGE GROUPS

CITY TOTALS - RETIRED LIVES

Age Group	Number	Total	Average
Under 20	-	-	-
20 - 29	-	-	-
30 - 39	-	-	-
40 - 49	-	-	-
50 - 59	-	-	-
60 - 69	-	-	-
70 - 79	4	60,115	15,029
80 - 89	12	180,344	15,029
90 - 99	75	1,533,120	20,442
100 - 109	52	1,055,321	20,295
110 - 120	-	-	-
Total	143	2,828,900	19,783

TABLE II-1

PROJECTION OF BENEFIT PAYOUT AND LIABILITY

CITY BENEFICIARIES

Plan Year	Number of Retirees	Annual Benefits	Beginning of Year Liability
2025	120	1,946,231	11,248,553
2026	105	1,717,128	9,739,133
2027	92	1,503,001	8,399,468
2028	79	1,309,003	7,221,481
2029	69	1,134,789	6,191,505
2030	60	979,639	5,295,638
2031	51	842,537	4,520,126
2032	44	722,249	3,851,660
2033	37	617,413	3,277,628
2034	31	526,575	2,786,266
2035	27	448,258	2,366,798
2036	23	381,034	2,009,494
2037	19	323,565	1,705,668
2038	16	274,607	1,447,632
2039	14	233,027	1,228,639
2040	11	197,805	1,042,814
2041	10	168,021	885,074
2042	8	142,861	751,056
2043	7	121,612	637,047
2044	6	103,659	539,899
2045	4	88,463	456,964
2046	4	75,566	386,028
2047	3	64,577	325,254
2048	3	55,171	273,122
2049	3	47,078	228,383

TABLE II-2

PROJECTION OF BENEFIT PAYOUT AND LIABILITY

CITY SERVICE RETIREMENTS

Plan Year	Number of Retirees	Annual Benefits	Beginning of Year Liability
2025	23	737,808	3,644,419
2026	23	636,094	3,045,893
2027	22	544,508	2,525,774
2028	20	462,482	2,077,050
2029	19	389,515	1,692,998
2030	17	325,110	1,367,120
2031	15	268,792	1,093,148
2032	14	220,056	865,036
2033	12	178,310	676,996
2034	10	142,912	523,596
2035	8	113,203	399,824
2036	7	88,529	301,137
2037	6	68,278	223,458
2038	4	51,872	163,164
2039	3	38,760	117,069
2040	2	28,436	82,413
2041	2	20,447	56,833
2042	1	14,380	38,333
2043	1	9,873	25,250
2044	1	6,606	16,218
2045	0	4,301	10,144
2046	0	2,720	6,170
2047	0	1,668	3,646
2048	0	992	2,091
2049	0	571	1,164

TABLE II-3

PROJECTION OF BENEFIT PAYOUT AND LIABILITY

CITY TOTALS - RETIRED LIVES

Plan Year	Number of Retirees	Annual Benefits	Beginning of Year Liability
2025	143	2,684,039	14,892,972
2026	128	2,353,222	12,785,026
2027	114	2,047,509	10,925,242
2028	99	1,771,485	9,298,531
2029	88	1,524,304	7,884,503
2030	77	1,304,749	6,662,758
2031	66	1,111,329	5,613,274
2032	58	942,305	4,716,696
2033	49	795,723	3,954,624
2034	41	669,487	3,309,862
2035	35	561,461	2,766,622
2036	30	469,563	2,310,631
2037	25	391,843	1,929,126
2038	20	326,479	1,610,796
2039	17	271,787	1,345,708
2040	13	226,241	1,125,227
2041	12	188,468	941,907
2042	9	157,241	789,389
2043	8	131,485	662,297
2044	7	110,265	556,117
2045	4	92,764	467,108
2046	4	78,286	392,198
2047	3	66,245	328,900
2048	3	56,163	275,213
2049	3	47,649	229,547

TABLE III

CITY OF NASHVILLE PENSION PLAN

DETAILED CALCULATION OF FUNDING LEVELS

The contribution levels for the fiscal year beginning June 30, 2025 were derived as follows:

(1) Present Value of Benefits	$14,892,972
(2) Past Service Liability	14,892,972
(3) Allocated Assets	13,381,097
(4) Unfunded Past Service Liability (2) - (3)	$1,511,875
(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)

20 Years	$119,917
10 Years	190,120
5 Years	335,588

TABLE IV

ROSTER OF FORMER PARTICIPANTS WITH DEFERRED VESTED BENEFITS

There are no former participants.

TABLE V

GOVERNMENTAL ACCOUNTING STANDARDS BOARD

STATEMENT NO. 25 INFORMATION

The following is a schedule of funding progress based upon comparison to the unfunded past service liability on the valuation dates 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 historical periods. More information on the Funded Status pursuant to the Government Accounting Standard Board Statements No. 67 and No. 68 can be found in the Actuarial Report GASB 67 and GASB 68, dated October 24, 2025.

Former City of Nashville Pension Plan

Schedule of Funding Progress

June 30, 2025

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, 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, 2002	0	106,725,860	106,725,860	0.00%	0	na
June 30, 2004	0	85,325,799	85,325,799	0.00%	0	na
June 30, 2006	3,303,691	78,318,066	75,014,375	4.22%	0	na
June 30, 2008	6,816,106	68,552,808	61,736,702	9.94%	0	na
June 30, 2009	5,540,723	63,040,366	57,499,643	8.79%	0	na
June 30, 2010	6,171,083	57,090,961	50,919,878	10.81%	0	na
June 30, 2011	7,274,892	55,674,185	48,399,293	13.07%	0	na
June 30, 2012	0	54,198,258	54,198,258	0.00%	0	na
June 30, 2013	0	47,300,784	47,300,784	0.00%	0	na
June 30, 2014	0	42,631,286	42,631,286	0.00%	0	na
June 30, 2015	0	37,777,737	37,777,737	0.00%	0	na
June 30, 2016	0	36,585,493	36,588,493	0.00%	0	na
June 30, 2017	0	33,262,448	33,262,448	0.00%	0	na
June 30, 2018	0	30,065,824	30,065,824	0.00%	0	na
June 30, 2019	0	27,547,576	27,547,576	0.00%	0	na
June 30, 2020	0	24,460,568	24,460,568	0.00%	0	na
June 30, 2021	0	22,749,799	22,749,799	0.00%	0	na
June 30, 2022	0	20,630,488	20,630,488	0.00%	0	na
June 30, 2023	0	20,718,564	20,718,564	0.00%	0	na
June 30, 2024	0	17,431,146	17,431,146	0.00%	0	na
June 30, 2025	13,381,097	14,892,972	1,511,875	89.85%	0	na

TABLE VI

SUMMARY OF ACTUARIAL ASSUMPTIONS

(Sample Values per 1,000 Lives)

	Age			
	60	70	80	90
Mortality Rates – Inactive Employees				
Male: 112% RP-2014 Blue Collar	9.87	22.45	58.36	171.69
Females: 112% RP-2014 Blue Collar	7.10	15.22	43.21	136.19
(Rates projected to 2024 with Scale MP-21)				
Mortality Improvement Rates – Inactive Employees				
Improvement Scale MP-21, Fully Generational				
Withdrawal Rates	N/A	N/A	N/A	N/A
Salary Scale	N/A	N/A	N/A	N/A
Disability Rates	N/A	N/A	N/A	N/A
Rate of Death and Recovery Among Disabled Lives				
Male: 120% RP-2014 Disabled Mortality	31.92	48.42	91.94	207.61
Female: 120% RP-2014 Disabled Mortality	20.40	33.84	73.24	159.18

Rate of Normal Retirement

Assume retirement as soon as eligible.

Rate of Investment Return

5.50% per annum

LD-ROM Discount Rate

4.81% per annum, compounded annually

Based on the 6/30 S&P Municipal Bond 20-year high grade rate index

Cost-of-Living Adjustment

2.50% per annum

Spouse Frequency and Ages

Assume 50% of remaining retirees married, with husbands four years older than wives

Actuarial Valuation Method

Entry Age Normal

Asset Valuation Method

Market Value

TABLE VII

ACTUARIAL CERTIFICATION

This report has been prepared under my supervision; I am a member of the American Academy of Actuaries, a Fellow of the Society of Actuaries, and a consulting actuary USI Consulting Group of Brentwood, Tennessee, and have met the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions herein. To the best of our knowledge this report has been prepared in accordance with generally accepted actuarial standards, including the overall appropriateness of the analysis, assumptions, and results and conforms to appropriate Standards of Practice as promulgated from time to time by the Actuarial Standards Board, which standards form the basis for the actuarial report. We are not aware of any direct or material indirect financial interest or relationship, including investment management or other services that could create, or appear to create, a conflict of interest that would impair the objectivity of our work.

April 29, 2026	Kevin Sullivan
Date	S. Kevin Sullivan, F.S.A. Enrollment Number 23-06235