



nyhart

February 16, 2017

Ad-Hoc COLA Cost Estimates

City of Dover, Delaware

**General Employee
Pension Plan**

Highlights

1

Measurements reflect an update to the RP-2014 Total Mortality Table with fully generational improvements from 2006 based on assumptions from the 2015 Social Security Administration's (SSA) Trustee's Report.

2

An ad-hoc increase of 1.0% to current retirees increases total liabilities 0.7% and recommended contributions 1.5%.

3

The 1-year increase in recommended cost of implementing a 1.0% ad-hoc COLA is estimated to be \$44,000. To fully fund the 1.0% ad-hoc COLA upfront would cost approximately \$414,000.

Ad-Hoc COLA Impact



	7/1/2016 Valuation Results	RP-2014 Mortality with SS Gen. Improvements (BASE)	1.00% Ad-Hoc COLA	1.50% Ad-Hoc COLA	2.00% Ad-Hoc COLA
7/1/2016 Accrued Liability	\$32,448,049	\$33,181,991	\$33,409,167	\$33,522,757	\$33,636,346
<i>\$ Increase from BASE</i>			\$227,176	\$340,766	\$454,355
<i>% Increase from BASE</i>			0.68%	1.03%	1.37%
Contribution (1-Year Impact)	\$2,045,645	\$2,123,702	\$2,147,862	\$2,159,942	\$2,172,024
<i>\$ Increase from BASE</i>			\$24,160	\$36,240	\$48,322
<i>% Increase from BASE</i>			1.14%	1.71%	2.28%
Contribution as % of Payroll	59.51%	61.78%	62.49%	62.84%	63.19%
<i>Additional Increase from BASE</i>			0.70%	1.05%	1.41%
To pay for COLA Up-Front			\$227,177	\$340,766	\$454,355

*Note that due to rounding, values shown on individual division pages may not sum to the totals on page 4.

Ad-Hoc COLA Impact



	7/1/2016 Valuation Results	RP-2014 Mortality with SS Gen. Improvements (BASE)	1.00% Ad-Hoc COLA	1.50% Ad-Hoc COLA	2.00% Ad-Hoc COLA
7/1/2016 Accrued Liability	\$21,469,961	\$21,968,883	\$22,120,293	\$22,195,997	\$22,271,701
<i>\$ Increase from BASE</i>			\$151,410	\$227,114	\$302,818
<i>% Increase from BASE</i>			0.69%	1.03%	1.38%
Contribution (1-Year Impact)	\$516,151	\$569,213	\$585,315	\$593,367	\$601,418
<i>\$ Increase from BASE</i>			\$16,102	\$24,154	\$32,205
<i>% Increase from BASE</i>			2.83%	4.24%	5.66%
Contribution as % of Payroll	31.33%	34.55%	35.53%	36.02%	36.50%
<i>Additional Increase from BASE</i>			0.98%	1.47%	1.95%
To pay for COLA Up-Front			\$151,410	\$227,114	\$302,818

*Note that due to rounding, values shown on individual division pages may not sum to the totals on page 4.



Summary of Actuarial Assumptions and Methods

General

- All assumptions, other than mortality, and methods are consistent with those disclosed in the Plan's 7/1/2016 funding valuation dated 12/30/2016

Mortality

- RP-2014 Total Mortality Table with fully generational improvements from 2006 based on assumptions from the 2015 SSA Trustee's Report

Ad-Hoc COLA

- The Ad-Hoc COLA described in the various scenarios presented in this report assumes retired members and beneficiaries receive the applicable one-time COLA as a percentage of the benefit they are currently receiving.
- The Ad-Hoc COLA applies only to those participants who are retired as of 7/1/2016.