

City of Meriden Employees' Retirement System

*Actuarial Valuation and Review
as of July 1, 2006*

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December 27, 2006

City of Meriden Employees' Retirement System
Mr. John Ivers
142 East Main Street
Meriden, CT 06450

Dear Mr. Ivers:

We are pleased to submit this Actuarial Valuation and Review as of July 1, 2006. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal years ending June 30, 2008 and June 30, 2009 and analyzes the preceding two years' experience.

The census information on which our calculations were based along with the financial information was prepared by the City of Meriden. That assistance is gratefully acknowledged. The actuarial calculations were completed by those listed below.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and the expectations for the Plan.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

THE SEGAL COMPANY

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SECTION 1: Valuation Summary for the City of Meriden Employees' Retirement System

Purpose

This report has been prepared by The Segal Company to present a valuation of the City of Meriden Employees' Retirement System as of July 1, 2006. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Pension Plan, as administered by the Board;
- The characteristics of covered active participants, inactive vested participants, and retired participants and beneficiaries as of July 1, 2006, provided by the City;
- The assets of the Plan as of June 30, 2006, provided by the City;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

- This report values the liabilities and assets as of July 1, 2006. However, it is used to produce the annual required contribution (ARC) for the fiscal years ending June 30, 2008 and June 30, 2009. The ARC for the fiscal year ending June 30, 2008 is \$649,414. The ARC for the fiscal year ending June 30, 2009 is \$764,137. These figures are developed in Exhibit I on page 25.
- This valuation reflects changes to the actuarial assumptions. The salary scale has been reduced from 5.25% per year to 5.00% per year. The administrative expense assumption has been changed from \$40,000 per year to \$60,000 per year.
- The actuarial valuation report as of July 1, 2006 is based on financial information as of that date. Changes in the value of assets subsequent to that date, to the extent that they exist, are not reflected. Declines in asset values will increase the actuarial cost of the Plan, while increases will decrease the actuarial cost of the Plan. For example, a 10% change in the current year's actuarial value of assets would produce a \$1,503,046 change in the recommended contribution level. Because the actuarial value of assets involves a smoothing method, a 10% change in market value would not be fully reflected immediately in the actuarial value of assets. Rather, that effect would be spread over a period of years. We have shown the full impact immediately so as to indicate the sensitivity of costs to market fluctuations.

SECTION 1: Valuation Summary for the City of Meriden Employees' Retirement System

- As indicated in Section 2, Subsection B of this report, the total unrecognized investment loss as of June 30, 2006 is \$5,649,174. This investment loss will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years, to the extent it is not offset by recognition of investment gains derived from future experience. This implies that earning the assumed rate of investment return of 8.00% per year (net of expenses) on a **market value** basis will result in investment losses on the actuarial value of assets in the next few years. Therefore, if the actual market return is equal to the assumed 8.00% rate and all other actuarial assumptions are met, the contribution requirements would still increase in each of the next few years.
- The decrease in the funded percentage this year is mainly attributable to asset returns less than expected. The funded percentage dropped from approximately 118% to 112% over the two-year period. It is important to note that this funded percentage is based upon the actuarial asset value. On a market value of assets basis, the funded percentage is now 107%. See Chart 16 on page 13 for a historical comparison of the Plan's funded ratios.

SECTION 1: Valuation Summary for the City of Meriden Employees' Retirement System

Summary of Key Valuation Results

	2006	2004
Contributions for plan year beginning July 1:		
Valuation	\$540,156	\$0
Actual	--	0
Funding elements for plan year beginning July 1:		
Normal cost, including administrative expenses	\$3,262,228	\$2,984,963
Market value of assets	123,031,492	106,491,418
Actuarial value of assets	128,680,666	122,127,232
Actuarial accrued liability	114,597,050	103,416,190
Unfunded/(overfunded) actuarial accrued liability	-14,083,616	-18,711,042
GASB 25/27 for plan year beginning July 1:		
Annual required contributions	\$185,534 ¹	\$0
Actual contributions	--	0
Percentage contributed	--	N/A
Funded ratio	112.29%	118.09%
Covered payroll	\$30,170,844	\$27,345,499
Demographic data for plan year beginning July 1:		
Number of retired participants and beneficiaries	400	391
Number of vested former participants	54	53
Number of active participants	636	636
Total payroll	\$30,170,844	\$27,345,499
Average payroll	47,438	42,996

¹ Developed in July 1, 2004 actuarial report.

SECTION 2: Valuation Results for the City of Meriden Employees' Retirement System

A. PARTICIPANT DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered participants, including active participants, vested terminated participants, retired participants and beneficiaries.

This section presents a summary of significant statistical data on these participant groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the participant population has changed over the past eight valuations can be seen in this chart.

CHART 1
Participant Population: 1992 – 2006

Year Ended June 30	Active Participants	Vested Terminated Participants*	Retired Participants and Beneficiaries	Ratio of Non-Actives to Actives
1992	485	86	304	0.80
1994	567	112	319	0.76
1996	573	101	352	0.79
1998	597	72	361	0.73
2000	582	58	407	0.80
2002	599	65	390	0.76
2004	636	53	391	0.70
2006	636	54	400	0.71

**Excludes terminated participants due a refund of employee contributions*

SECTION 2: Valuation Results for the City of Meriden Employees' Retirement System

Active Participants

Plan costs are affected by the age, years of service and payroll of active participants. In this year's valuation, there were 636 active participants with an average age of 48.4, average years of service of 11.5 years and average payroll of \$47,438. The 636 active participants in the prior valuation had an average age of 47.9, average service of 11.0 years and average payroll of \$42,996.

Among the active participants, there were no participants with unknown age or service information.

Inactive Participants

In this year's valuation, there were 54 participants with a vested right to a deferred or immediate vested benefit.

In addition, there were 54 participants entitled to a return of their employee contributions.

These graphs show a distribution of active participants by age and by years of service.

CHART 2
Distribution of Active Participants by Age as of June 30, 2006

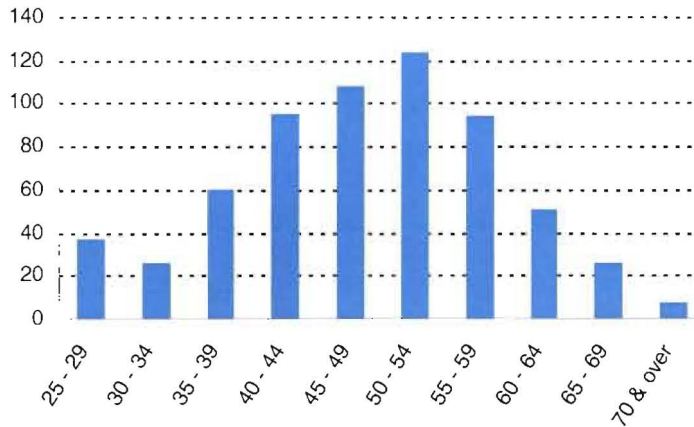
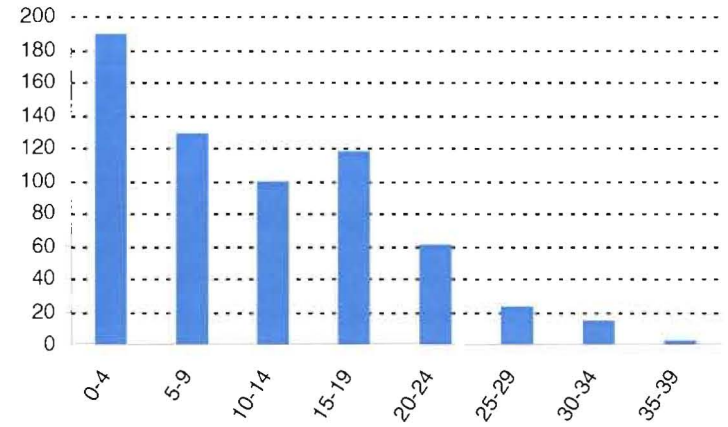


CHART 3
Distribution of Active Participants by Years of Service as of June 30, 2006



SECTION 2: Valuation Results for the City of Meriden Employees' Retirement System

Retired Participants and Beneficiaries

As of June 30, 2006, 376 retired participants and 24 beneficiaries were receiving total monthly benefits of \$415,248. For comparison, in the previous valuation, there were 366 retired participants and 25 beneficiaries receiving monthly benefits of \$383,700.

These graphs show a distribution of the current retired participants based on their monthly amount and age, by type of pension.

CHART 4

Distribution of Retired Participants by Type and by Monthly Amount as of June 30, 2006

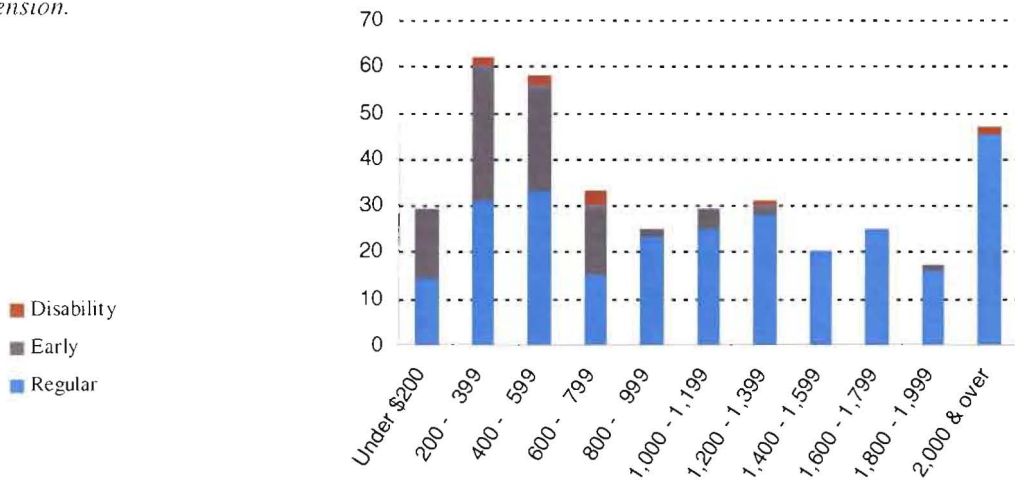
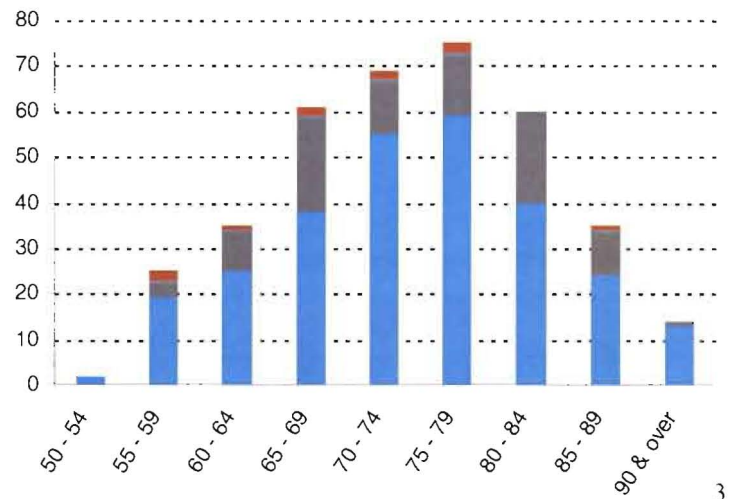


CHART 5

Distribution of Retired Participants by Type and by Age as of June 30, 2006



SECTION 2: Valuation Results for the City of Meriden Employees' Retirement System

B. FINANCIAL INFORMATION

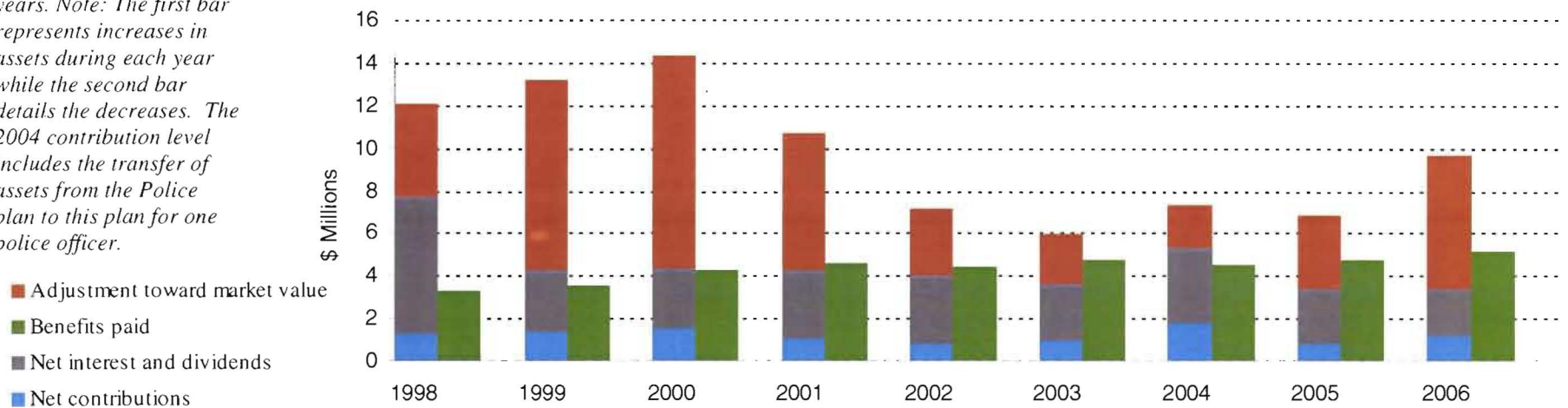
Retirement plan funding anticipates that, over the long term, both net contributions (less administrative expenses) and net investment earnings (less investment fees) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D, E and F.

The chart depicts the components of changes in the actuarial value of assets over the last nine years. Note: The first bar represents increases in assets during each year while the second bar details the decreases. The 2004 contribution level includes the transfer of assets from the Police plan to this plan for one police officer.

CHART 6

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 1998 – 2006



SECTION 2: Valuation Results for the City of Meriden Employees' Retirement System

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The chart shows the determination of the actuarial value of assets as of the valuation date.

**CHART 7
Determination of Actuarial Value of Assets**

	Year Ended	
	June 30, 2006	June 30, 2005
1. Actuarial value of assets at beginning of year	\$124,241,224	\$122,127,232
2. Total contributions	1,285,554	1,140,124
3. Total benefit payments and expenses	(5,215,903)	(5,033,596)
4. Average asset value: $(1) + 0.5 \times [(2) + (3)]$	122,276,050	120,180,496
5a. Expected investment income: $.08 \times (4)$	9,782,084	9,614,440
5b. Expected end of year assets: $(1) + (2) + (3) + (5a)$	130,092,959	127,848,200
6. Actual end of year assets	123,031,492	109,813,322
7. Adjustment toward market value: $20\% \times [(6) - (5b)]$	(1,412,293)	(3,606,976)
8. Actuarial value of assets at end of year: $(5b) + (7)$	128,680,666	124,241,224
9. Actuarial value as a percentage of market value: $(8) \div (6)$	104.59%	113.14%

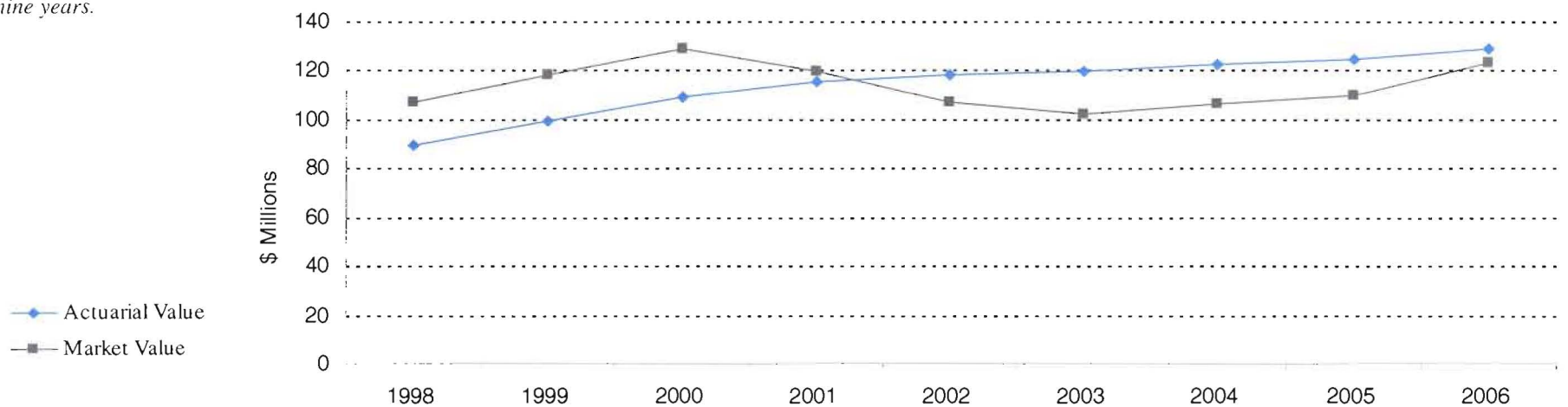
SECTION 2: Valuation Results for the City of Meriden Employees' Retirement System

Both the actuarial value and market value of assets are representations of the City of Meriden's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the City of Meriden's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in the actuarial value of assets versus the market value over the past nine years.

CHART 8

Actuarial Value of Assets vs. Market Value of Assets as of June 30, 1998 – 2006



SECTION 2: Valuation Results for the City of Meriden Employees' Retirement System

C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term

development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total gain/(loss) is (\$4,393,885), (\$5,019,269) from investments and \$625,384 from all other sources. The net experience variation from individual sources other than investments was 0.5% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

CHART 9

Actuarial Experience for Two-Year Period Ended June 30, 2006

1. Net gain/(loss) from investments*	-\$5,019,269
2. Net gain/(loss) from administrative expenses	-298,403
3. Net gain/(loss) from other experience**	<u>923,787</u>
4. Net experience gain/(loss): (1) + (2) + (3)	-\$4,393,885

* Details in Chart 10

** Details in Chart 12

This chart provides a summary of the actuarial experience over the past two years.

SECTION 2: Valuation Results for the City of Meriden Employees' Retirement System

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the City of Meriden's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 8.00%. The smoothed rate of return on an actuarial basis for the 2006 plan year was 6.84% and 5.00% for the 2005 year. The market value rates of return were 15.90% and 6.90%, respectively.

Since the actual return for the year was less than the assumed return, the City of Meriden experienced an actuarial loss during the two-year period ending June 30, 2006 with regard to its investments.

This chart shows the gain/(loss) due to investment experience.

**CHART 10
Actuarial Value Investment Experience**

	Year Ended	
	June 30, 2006	June 30, 2005
1. Actual return	\$8,369,791	\$6,007,464
2. Average value of assets	122,276,050	120,180,496
3. Actual rate of return: (1) ÷ (2)	6.84%	5.00%
4. Assumed rate of return	8.00%	8.00%
5. Expected return: (2) x (4)	\$9,782,084	\$9,614,440
6. Actuarial gain/(loss): (1) – (5)	<u>-\$1,412,293</u>	<u>-\$3,606,976</u>

SECTION 2: Valuation Results for the City of Meriden Employees' Retirement System

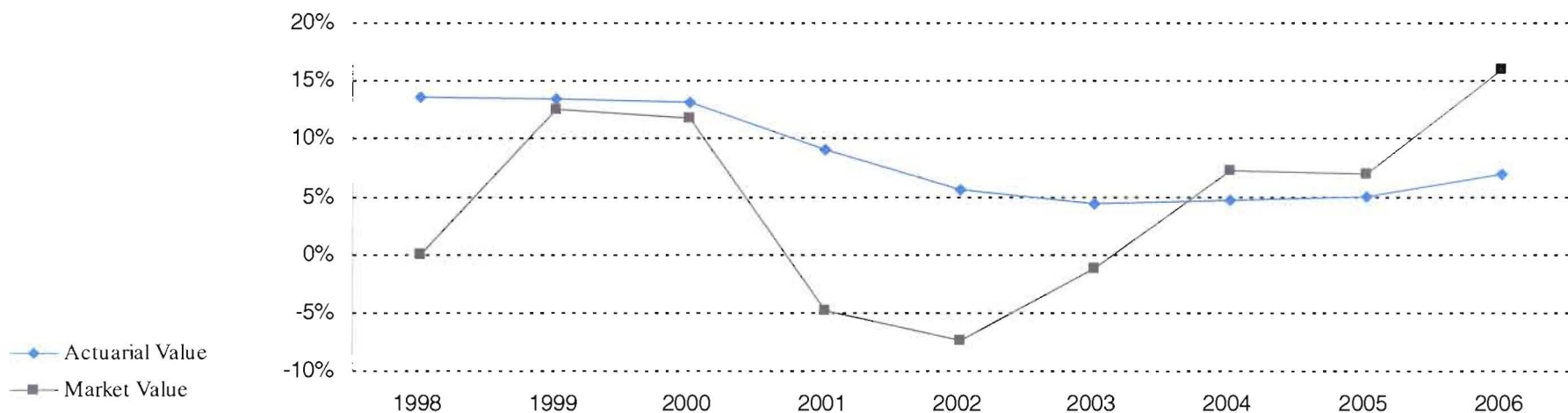
Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

Administrative Expenses

Administrative expenses for the years ended June 30, 2006 and 2005 totaled \$370,551 compared to the assumption of \$80,000. This resulted in a loss of \$298,403 for the two-year period, including an adjustment for interest. We reviewed the assumptions and have increased the assumption from \$40,000 per year to \$60,000 per year. We will continue to monitor this assumption. The \$370,551 amount looks very high in comparison to prior years and a split between investment expenses and administrative expenses was not provided.

This chart illustrates how this leveling effect has actually worked over the years 1998 - 2006 .

CHART 11
Market and Actuarial Rates of Return for Years Ended June 30, 1998 - 2006



SECTION 2: Valuation Results for the City of Meriden Employees' Retirement System

Other Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),

- the number of disability retirements, and
- salary increases different than assumed.

The net gain from this other experience for the two-year period ending June 30, 2006 amounted to \$923,787 which is 0.8% of the actuarial accrued liability.

A brief summary of the demographic gain/(loss) experience of the City of Meriden for the two-year period ending June 30, 2006 is shown in the chart below.

The chart shows elements of the experience gain/(loss) for the most recent years.

CHART 12

Experience Due to Changes in Demographics for Two-Year Period Ended June 30, 2006

1. Turnover	\$671,728
2. Retirement	449,224
3. Deaths among retired members	467,991
4. New hires	-596,826
5. Salary increase for continuing actives	-160,191
6. Miscellaneous	<u>91,861</u>
7. Total	<u>\$923,787</u>

SECTION 2: Valuation Results for the City of Meriden Employees' Retirement System

D. VALUATION CONTRIBUTION

The amount of annual contribution required to fund the Plan is comprised of an employer normal cost payment and a payment on the unfunded/(overfunded) actuarial accrued liability. This total amount is then divided by the projected payroll for active members to determine the funding rate of 1.79% of payroll.

The valuation contribution is based on a 30-year amortization of the unfunded/(overfunded) actuarial accrued liability as specified in the law governing the System. As of July 1, 2006, there are 14 years remaining on this schedule.

The chart compares this valuation's contribution with the prior valuation.

CHART 13
Valuation Contribution

	Year Beginning July 1			
	2006		2004	
	Amount	% of Payroll	Amount	% of Payroll
1. Total normal cost	\$3,202,228	10.61%	\$2,944,963	10.77%
2. Administrative expenses	60,000	0.20%	40,000	0.15%
3. Expected employee contributions	<u>-1,161,090</u>	<u>-3.85%</u>	<u>-1,056,987</u>	<u>-3.87%</u>
4. Employer normal cost: (1) + (2) + (3)	\$2,101,138	6.96%	\$1,927,976	7.05%
5. Actuarial accrued liability	114,597,050		103,416,190	
6. Actuarial value of assets	<u>128,680,666</u>		<u>122,127,232</u>	
7. Unfunded/(overfunded) actuarial accrued liability: (5) - (6)	-\$14,083,616		-\$18,711,042	
8. Payment on unfunded/(overfunded) actuarial accrued liability	-1,581,758	-5.24%	-1,957,329	-7.16%
9. Total valuation contribution: (4) + (8), adjusted for timing,* but not less than \$0	<u>\$540,156</u>	<u>1.79%</u>	<u>\$ 0</u>	<u>0.00%</u>
10. Projected payroll	\$30,170,844		\$27,345,499	

* Valuation contributions are assumed to be paid at the middle of every year.

SECTION 2: Valuation Results for the City of Meriden Employees' Retirement System

The contribution rates as of July 1, 2006 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Valuation Contribution

The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation.

The chart reconciles the contribution from the prior valuation to the amount determined in this valuation.

CHART 14

Reconciliation of Valuation Contribution from July 1, 2004 to July 1, 2006

Valuation Contribution as of July 1, 2004	\$0
Effect of change in administrative expense assumption	\$20,800
Effect of change in other actuarial assumptions	-210,210
Effect of investment loss	586,273
Effect of other gains and losses on accrued liability	-73,047
Effect of net other changes, including expected increase	216,340
Total change	\$540,156
Valuation Contribution as of July 1, 2006	\$540,156

SECTION 2: Valuation Results for the City of Meriden Employees' Retirement System

E. INFORMATION REQUIRED BY THE GASB

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to GASB is the historical comparison of the GASB required contribution to the actual contributions. This comparison demonstrates whether a plan is being funded within the range of the GASB reporting requirements. Chart 15 below presents a graphical representation of this information for the Plan.

The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the

actuarial value of assets to the actuarial accrued liabilities of the plan as calculated under GASB. High ratios indicate a well-funded plan with assets sufficient to pay most benefits. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors.

Although GASB requires that the actuarial value of assets be used to determine the funded ratio, Chart 16 shows the funded ratio calculated using both the actuarial value of assets and the market value of assets.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits II, III, and IV.

These graphs show key GASB factors.

CHART 15
Required Versus Actual Contributions

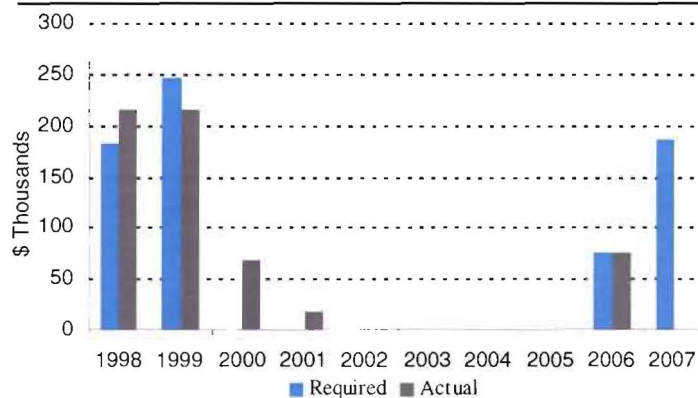
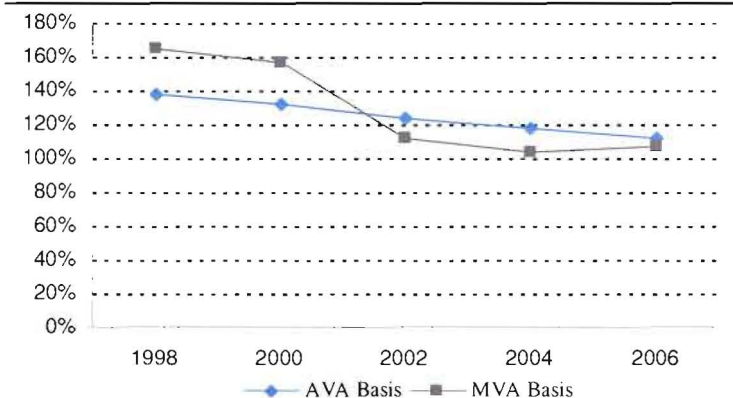


CHART 16
Funded Ratio



SECTION 3: Supplemental Information for the City of Meriden Employees' Retirement System

EXHIBIT A

Table of Plan Coverage

Category	Year Ended June 30		Change From Prior Year
	2006	2004	
Active participants in valuation:			
Number	636	636	0.0%
Average age	48.4	47.9	N/A
Average service	11.5	11.0	N/A
Total payroll	\$30,170,844	\$27,345,499	10.3%
Average payroll	47,438	42,996	10.3%
Member account balances	15,593,715	13,805,612	13.0%
Total active vested participants	323	332	-2.7%
Vested terminated participants	54	53	1.9%
Retired participants:			
Number in pay status	366	354	3.4%
Average age	74.0	73.4	N/A
Average monthly benefit	\$1,066	\$1,005	6.1%
Disabled participants:			
Number in pay status	10	12	-16.7%
Average age	69.8	66.6	N/A
Average monthly benefit	\$987	\$1,068	-7.6%
Beneficiaries in pay status	24	25	-4.0%
Inactive non-vested participants	54	37	45.9%

SECTION 3: Supplemental Information for the City of Meriden Employees' Retirement System

EXHIBIT B

Participants in Active Service as of June 30, 2006
By Age, Years of Service, and Average Payroll

Age	Years of Service								
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39
Under 25	9	9	--	--	--	--	--	--	--
	36,070	36,070	--	--	--	--	--	--	--
25 - 29	37	34	3	--	--	--	--	--	--
	47,188	49,250	23,812	--	--	--	--	--	--
30 - 34	26	21	3	2	--	--	--	--	--
	44,737	40,279	60,590	67,773	--	--	--	--	--
35 - 39	60	26	15	11	8	--	--	--	--
	46,360	37,327	44,789	60,248	59,565	--	--	--	--
40 - 44	95	27	29	14	17	8	--	--	--
	47,273	32,468	43,272	55,343	60,969	68,517	--	--	--
45 - 49	108	32	26	20	19	11	--	--	--
	44,474	30,085	39,493	45,038	61,026	68,491	--	--	--
50 - 54	123	22	22	22	23	18	9	6	1
	50,976	35,855	35,656	42,645	58,468	69,508	66,793	81,184	74,393
55 - 59	94	10	18	18	26	10	5	6	1
	53,006	40,405	43,528	51,979	57,423	53,019	71,584	69,091	63,717
60 - 64	51	6	6	4	16	12	6	1	--
	42,068	24,170	29,640	49,265	43,217	50,173	51,851	20,880	--
65 - 69	26	2	7	5	5	2	3	1	1
	44,020	38,522	37,535	38,471	63,467	39,933	37,228	48,267	55,230
70 & over	7	--	--	3	3	--	--	1	--
	45,553	--	--	34,011	60,401	--	--	35,636	--
Unknown	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
Total	636	189	129	99	117	61	23	15	3
	\$47,438	\$37,406	\$40,428	\$48,880	\$57,267	\$61,718	\$60,080	\$67,095	\$64,447

SECTION 3: Supplemental Information for the City of Meriden Employees' Retirement System

EXHIBIT C

Reconciliation of Participant Data

	Active Participants	Former Vested Participants	Inactive Non- Vested	Pensioners and Disableds	Beneficiaries	Total
Number as of July 1, 2004	636	53	37	366	25	1,117
New participants	87	N/A	4	N/A	N/A	91
Terminations – with vested rights	-7	7	0	N/A	N/A	0
Terminations – without vested rights	-14	N/A	14	N/A	N/A	0
Retirements	-24	-5	0	29	N/A	0
Died with beneficiary	-2	0	0	0	2	0
Died without beneficiary	0	0	0	-19	-3	-22
Lump sum payoffs	-41	-2	-1	0	0	-44
Data adjustments	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Number as of July 1, 2006	636	54	54	376	24	1,144

SECTION 3: Supplemental Information for the City of Meriden Employees' Retirement System

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2006	Year Ended June 30, 2005
Contribution income:		
Employer contributions	\$74,736	\$0
Employee contributions	1,210,818	1,140,124
Less administrative expenses	<u>-47,259</u>	<u>-323,292</u>
Net contribution income	\$1,238,295	\$816,832
Investment income:		
Interest, dividends and other income	\$2,718,069	\$3,400,452
Adjustment toward market value	6,253,265	3,417,235
Less investment fees	<u>-601,543</u>	<u>-810,223</u>
Net investment income	<u>8,369,791</u>	<u>6,007,464</u>
Total income available for benefits	\$9,608,086	\$6,824,296
Less benefit payments	-\$5,168,644	-\$4,710,304
Change in reserve for future benefits	\$4,439,442	\$2,113,992

SECTION 3: Supplemental Information for the City of Meriden Employees' Retirement System

EXHIBIT E

Table of Financial Information

	Year Ended June 30, 2006	Year Ended June 30, 2005
Cash equivalents	\$21,815,198	\$4,701,092
Accounts receivable	181,191	131,589
Total assets	\$123,031,926	\$109,828,414
Less accounts payable	-\$434	-\$15,092
Net assets at market value	<u>\$123,031,492</u>	<u>\$109,813,322</u>
Net assets at actuarial value	<u>\$128,680,666</u>	<u>\$124,241,224</u>

A split of the assets by different investment classifications was not provided.

SECTION 3: Supplemental Information for the City of Meriden Employees' Retirement System

EXHIBIT F

Development of the Fund Through June 30, 2006

Year Ended June 30	Employer Contributions	Employee Contributions	Other Contributions	Net Investment Return*	Administrative Expenses	Benefit Payments	Actuarial Value of Assets at End of Year
1998	\$215,379	\$1,095,092	\$0	\$10,734,641	\$0	\$3,260,799	\$89,530,600
1999	213,999	1,165,870	0	11,785,291	0	3,503,856	99,191,904
2000	67,116	1,475,825	0	12,776,683	0	4,242,070	109,269,458
2001	17,773	1,057,924	0	9,606,780	0	4,602,622	115,349,313
2002	0	965,394	40,000	6,334,223	171,956	4,430,615	118,086,359
2003	0	1,072,224	0	4,967,376	83,194	4,719,877	119,322,888
2004	0	1,073,164	755,534	5,527,934	78,215	4,474,073	122,127,232
2005	0	1,140,124	0	6,007,464	323,292	4,710,304	124,241,224
2006	74,736	1,210,818	0	8,369,791	47,259	5,168,644	128,680,666

* Net of investment fees

SECTION 3: Supplemental Information for the City of Meriden Employees' Retirement System

EXHIBIT G

Development of Unfunded/(Overfunded) Actuarial Accrued Liability

	Year Ended	
	June 30, 2006	June 30, 2005
1. Unfunded/(overfunded) actuarial accrued liability at beginning of year	-\$18,169,894	-\$18,711,042
2. Normal cost at beginning of year	3,141,674	2,984,963
3. Total contributions	-1,285,554	-1,140,124
4. Interest		
(a) For whole year on (1) + (2)	-\$1,202,258	-\$1,258,086
(b) For half year on (3)	<u>-51,422</u>	<u>-45,605</u>
(c) Total interest	<u>-1,253,680</u>	<u>-1,303,691</u>
5. Expected unfunded/(overfunded) actuarial accrued liability	-\$17,567,454	-\$18,169,894
6. Changes due to:		
(a) (Gain)/loss	\$4,393,885	--
(b) Assumptions	<u>-910,047</u>	--
(c) Total changes	<u>3,483,838</u>	--
7. Unfunded/(overfunded) actuarial accrued liability at end of year	<u>-\$14,083,616</u>	<u>-\$18,169,894</u>

SECTION 3: Supplemental Information for the City of Meriden Employees' Retirement System

EXHIBIT H

Allocation of Contributions for Fiscal Year Ending June 30, 2008

	City	Fire	Police	Total
1. a.) Total normal cost	\$2,949,051	\$73,543	\$179,634	\$3,202,228
b.) Projected employee contributions	1,090,945	22,809	47,336	1,161,090
c.) Town normal cost: (a) -- (b)	1,858,106	50,734	132,298	2,041,138
2. Accrued liability				
a.) Active	65,024,048	140,192	332,464	65,496,704
b.) Inactive Vested	2,660,714	0	0	2,660,714
c.) Retirees, Beneficiaries and Disabled	<u>46,439,632</u>	<u>0</u>	<u>0</u>	<u>46,439,632</u>
d.) Total AL	114,124,394	140,192	332,464	114,597,050
3. Assets at actuarial value	128,149,922	157,421	373,323	128,680,666
4. Unfunded Accrued Liability: (2d) -- (3)	(14,025,528)	(17,229)	(40,859)	(14,083,616)
5. Payment on UAL				
a.) Payment	(1,575,234)	(1,935)	(4,589)	(1,581,758)
b.) Amortization Years	14	14	14	14
c.) Interest Rate	8.00%	8.00%	8.00%	8.00%
6. Projected Administrative Expenses	55,256	1,378	3,366	60,000
7. Annual Town Cost, adjusted for timing	351,654	52,184	136,318	540,156
8. Payroll	28,417,229	570,214	1,183,401	30,170,844
a.) Cost as % of Payroll	1.24%	9.15%	11.52%	1.79%
9. Budget for Fiscal Year ending June 30, 2008				
a.) Estimated Normal Cost	1,951,011	53,271	138,913	2,143,195
b.) Estimated Amortization	-1,575,234	-1,935	-4,589	-1,581,758
c.) Estimated Expenses	<u>58,019</u>	<u>1,447</u>	<u>3,534</u>	<u>63,000</u>
d.) Budget Estimate, adjusted for timing	\$451,148	\$54,894	\$143,372	\$649,414
10. Budget for Fiscal Year ending June 30, 2009	\$530,846	\$64,591	\$168,700	\$764,137

SECTION 3: Supplemental Information for the City of Meriden Employees' Retirement System

EXHIBIT I

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions:

The estimates on which the cost of the Plan is calculated including:

- (a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;
- (b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;
- (c) Retirement rates — the rate or probability of retirement at a given age;
- (d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost:

The amount of contributions required to fund the benefit allocated to the current year of service.

Actuarial Accrued Liability For Actives:

The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial Accrued Liability For Pensioners:

The single sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded Actuarial Accrued Liability:

The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There are many approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

SECTION 3: Supplemental Information for the City of Meriden Employees' Retirement System

Amortization of the Unfunded

Actuarial Accrued Liability: Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.

Investment Return:

The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

SECTION 4: Reporting Information for the City of Meriden Employees' Retirement System

EXHIBIT I

Summary of Actuarial Valuation Results

The valuation was made with respect to the following data supplied to us:

1. Retired participants as of the valuation date (including 24 beneficiaries in pay status)		400
2. Participants inactive during year ended June 30, 2006 with vested rights		54
3. Participants active during the year ended June 30, 2006		636
Fully vested	323	
Not vested	313	
4. Inactive non-vested participants as of June 30, 2006		54

The actuarial factors as of the valuation date are as follows:

1. Normal cost, including administrative expenses		\$3,262,228
2. Present value of future benefits		142,747,625
3. Present value of future normal costs		28,150,575
4. Actuarial accrued liability		114,597,050
Retired participants and beneficiaries	\$46,439,632	
Inactive participants with vested rights	2,497,112	
Active participants	65,496,704	
Inactive Non-Vested	163,602	
5. Actuarial value of assets (\$123,031,492 at market value)		128,680,666
6. (Overfunded) actuarial accrued liability		-\$14,083,616

SECTION 4: Reporting Information for the City of Meriden Employees' Retirement System

EXHIBIT I (continued)

Summary of Actuarial Valuation Results

The determination of the recommended contribution is as follows:

1. Total normal cost	\$3,202,228
2. Administrative expenses	60,000
3. Expected employee contributions	<u>-1,161,090</u>
4. Employer normal cost: (1) + (2) + (3)	\$2,101,138
5. Payment on unfunded/(overfunded) actuarial accrued liability	-1,581,758
6. Total valuation contribution: (4) + (5), adjusted for timing	<u>\$540,156</u>
7. Projected payroll	\$30,170,844
8. Total valuation contribution as a percentage of projected payroll: (6) ÷ (7)	1.79%
9. Expected City normal cost as of July 1, 2007: (4) x 1.05	\$2,206,195
10. Payment on unfunded/(overfunded) actuarial accrued liability: (5)	-1,581,758
11. Annual Required Contribution (ARC) for year ending June 30, 2008: (9) + (10), adjusted for timing	\$649,414
12. Expected City normal cost as of July 1, 2008: (9) x 1.05	\$2,316,505
13. Payment on unfunded/(overfunded) actuarial accrued liability: (5)	-1,581,758
14. Annual Required Contribution (ARC) for year ending June 30, 2009: (12) + (13), adjusted for timing	\$764,137

SECTION 4: Reporting Information for the City of Meriden Employees' Retirement System

EXHIBIT II

Supplementary Information Required by the GASB – Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
1997	\$879,100	\$811,867	92.4%
1998	181,700	215,379	118.5%
1999	245,900	213,999	87.0%
2000	0	67,116	N/A
2001	0	17,773	N/A
2002	0	0	N/A
2003	0	0	N/A
2004	0	0	N/A
2005	0	0	N/A
2006	74,741	74,736	100.0%
2007	185,534	--	--
2008	649,414	--	--
2009	764,137	--	--

SECTION 4: Reporting Information for the City of Meriden Employees' Retirement System

EXHIBIT III

Supplementary Information Required by the GASB -- Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
07/01/1996	\$72,100,300	\$58,546,000	-\$13,554,300	123.15%	\$18,990,000	-71.38%
07/01/1997	N/A	N/A	N/A	N/A	N/A	N/A
07/01/1998	89,530,600	64,878,200	-24,652,400	138.00%	20,752,300	-118.79%
07/01/1999	N/A	N/A	N/A	N/A	N/A	N/A
07/01/2000	109,269,458	82,598,002	-26,671,456	132.29%	21,181,333	-125.92%
07/01/2001	N/A	N/A	N/A	N/A	N/A	N/A
07/01/2002	118,086,359	95,327,362	-22,758,997	123.87%	23,977,682	-94.92%
07/01/2003	N/A	N/A	N/A	N/A	N/A	N/A
07/01/2004	122,127,232	103,416,190	-18,711,042	118.09%	27,345,499	-68.42%
07/01/2005	N/A	N/A	N/A	N/A	N/A	N/A
07/01/2006	128,680,666	114,597,050	-14,083,616	112.29%	30,170,844	-46.68%

SECTION 4: Reporting Information for the City of Meriden Employees' Retirement System

EXHIBIT IV

Supplementary Information Required by the GASB

Valuation date	July 1, 2006
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level dollar closed
Remaining amortization period	14 years remaining as of July 1, 2006
Asset valuation method	5-year smoothing of investment returns greater/(less) than expected

Actuarial assumptions:

Investment rate of return	8.00%
Projected salary increases	5.00%
Cost of living adjustments	3.00%

Plan membership:

Retired participants and beneficiaries receiving benefits	400
Terminated participants entitled to, but not yet receiving benefits	54
Active participants	<u>636</u>
Total	1,090

SECTION 4: Reporting Information for the City of Meriden Employees' Retirement System

EXHIBIT V

Development of the Net Pension Obligation and the Annual Pension Cost Pursuant to GASB 27

Plan Year Ended June 30	Employer Annual Required Contribution (a)	Employer Amount Contributed (b)	Interest on NPO (h)* 8.00% (c)	ARC Adjustment (h) / (e) (d)	Amortization Factor (e)	Pension Cost (a) + (c) - (d) (f)	Change in NPO (f) - (b) (g)	NPO Balance NPO + (g) (h)
1997	\$879,100	\$811,867	-\$31,181	-\$33,808	11.5229	\$881,727	\$69,860	-\$319,904
1998	181,700	215,379	-25,592	-28,133	11.3711	184,241	-31,138	-351,042
1999	245,900	213,999	-28,083	-32,699	11.2007	250,516	36,517	-314,525
2000	0	67,116	-25,162	-29,787	10.5596	4,625	-62,491	-377,016
2001	0	17,773	-30,161	-36,360	10.3692	6,199	-11,574	-388,590
2002	0	0	-31,087	-38,235	10.1635	7,148	7,148	-381,442
2003	0	0	-30,515	-38,370	9.9414	7,855	7,855	-373,587
2004	0	0	-29,887	-38,386	9.7323	8,499	8,499	-365,088
2005	0	0	-29,207	-38,542	9.4725	9,335	9,335	-355,753
2006	74,741	74,736	-28,460	-38,703	9.1919	84,984	10,248	-345,505

SECTION 4: Reporting Information for the City of Meriden Employees' Retirement System

EXHIBIT VI

Actuarial Assumptions and Actuarial Cost Method

Mortality Rates: 1994 Group Annuity Mortality Table

Termination Rates before Retirement (City):

Age	Rate (%)					
	Mortality		Disability		Withdrawal	
	Male	Female	Male	Female	Male	Female
20	0.05	0.03	0.03	0.03	5.44	5.44
25	0.07	0.03	0.03	0.03	5.29	5.29
30	0.08	0.04	0.03	0.03	5.07	5.07
35	0.09	0.05	0.03	0.03	4.70	4.70
40	0.11	0.07	0.05	0.05	4.19	4.19
45	0.16	0.10	0.09	0.09	3.54	3.54
50	0.26	0.14	0.20	0.20	2.48	2.48
55	0.44	0.23	0.43	0.43	0.00	0.00
60	0.80	0.44	0.87	0.87	0.00	0.00

*25% of disabilities are service connected

SECTION 4: Reporting Information for the City of Meriden Employees' Retirement System

Termination rates before retirement (Fire):			Rate (%)			
Age	Mortality		Disability		Withdrawal	
	Male	Female	Male	Female	Male	Female
20	0.05	0.03	0.06	0.06	0.00	0.00
25	0.07	0.03	0.09	0.09	0.00	0.00
30	0.08	0.04	0.11	0.11	0.00	0.00
35	0.09	0.05	0.15	0.15	0.00	0.00
40	0.11	0.07	0.22	0.22	0.00	0.00
45	0.16	0.10	0.36	0.36	0.00	0.00
50	0.26	0.14	0.61	0.61	0.00	0.00
55	0.44	0.23	1.01	1.01	0.00	0.00
60	0.80	0.44	1.63	1.63	0.00	0.00

100% of deaths prior to retirement and 100% of the disabilities are assumed service connected.

Termination rates before Retirement (Police):			Rate (%)			
Age	Mortality		Disability		Withdrawal	
	Male	Female	Male	Female	Male	Female
20	0.05	0.03	0.12	0.12	0.00	0.00
25	0.07	0.03	0.17	0.17	0.00	0.00
30	0.08	0.04	0.22	0.22	0.00	0.00
35	0.09	0.05	0.29	0.29	0.00	0.00
40	0.11	0.07	0.44	0.44	0.00	0.00
45	0.16	0.10	0.72	0.72	0.00	0.00
50	0.26	0.14	1.21	1.21	0.00	0.00
55	0.44	0.23	2.02	2.02	0.00	0.00
60	0.80	0.44	3.25	3.25	0.00	0.00

100% of deaths prior to retirement and 100% of the disabilities are assumed to be service connected.

SECTION 4: Reporting Information for the City of Meriden Employees' Retirement System

Retirement rates (City):

Age	Rate	Age	Rate
55	10%	61	7%
56	2	62	13
57	3	63	9
58	4	64	9
59	3	65	100
60	6		

Retirement rates (Fire):

Age	Rate	Age	Rate
50	23%	58	10%
51	5	59	3
52	5	60	5
53	8	61	5
54	3	62	2
55	10	63	3
56	8	64	2
57	3	65	100

SECTION 4: Reporting Information for the City of Meriden Employees' Retirement System

Retirement rates (Police):

Age	Rate	Age	Rate
50	30%	58	2%
51	5	59	2
52	5	60	2
53	11	61	3
54	2	62	3
55	14	63	3
56	11	64	2
57	5	65	100

Percent Married: 75% of male participants and 65% of female participants

Age of Spouse: Males are assumed to be three years older than their spouses

Net Investment Return: 8.00%

Salary Increases: 5.00% (previously, 5.25% per year). The 5.00% assumption includes a 1.5% allowance for promotional increases.

Administrative Expenses: \$60,000, added to plan normal cost (previously, \$40,000)

Actuarial Value of Assets: Sum of actuarial value at beginning of year, contributions and expected investment earnings based on the actuarial interest assumption less benefit payments plus 20% of market value at end of year in excess of that sum, plus additional adjustment toward market value as necessary so that final actuarial value is within 20% of market value.

Actuarial Cost Method: Entry Age Normal Actuarial Cost Method.

Changes in Assumptions: The following actuarial assumptions were changed for this valuation:

- The salary scale assumption was lowered to 5.00% per year (previously, 5.25% per year).
- The expense assumption was increases to \$60,000 per year added to plan normal cost (previously, \$40,000 per year).

SECTION 4: Reporting Information for the City of Meriden Employees' Retirement System

EXHIBIT VII

Summary of Plan Provisions

This exhibit summarizes the major provisions of the City of Meriden included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year: July 1 through June 30

General Plan (City & Board of Education)

Plan Year: July 1 through June 30

Normal Retirement:

<i>Age and service requirement</i>	Age 65 with 10 years of service or Rule of 80 with a minimum of 10 years of service
<i>Amount</i>	2% of average annual pay per year of continuous service in the plan. Average annual pay is defined as the average of the three highest consecutive calendar years of salary during the ten years prior to retirement.
<i>Pay</i>	The salary or wages of an Employee for services with the City, including salary reduction deferrals within the meaning of Sections 402(g), 125 and 457 of the Internal Revenue Code. Salary and wages shall not include education incentive/bonuses, private duty pay and, if applicable, cost of health insurance or tuition reimbursement.

Early Retirement:

<i>Age requirement</i>	55
<i>Service requirement</i>	10 years
<i>Amount</i>	Normal pension accrued, actuarially reduced (6.67% per year for first 5 years, 3.33% for each year after)
<i>Window</i>	An early retirement window was offered to participants that elected to retire on or after July 1, 1999 and before January 1, 2000.

SECTION 4: Reporting Information for the City of Meriden Employees' Retirement System

General Plan (City & Board of Education)

Disability:

Non-service connected

<i>Age requirement</i>	None
<i>Service requirement</i>	10 years
<i>Amount</i>	Normal pension accrued.

Service connected

<i>Age requirement</i>	None
<i>Service requirement</i>	None
<i>Amount</i>	50% of annual rate of regular Pay at disability (not less than normal pension accrued).

Vesting:

<i>Age requirement</i>	None
<i>Service requirement</i>	10 years of service or attainment of Normal Retirement Age
<i>Amount</i>	Normal pension accrued payable at normal retirement date

Pre-Retirement Death Benefit:

If not eligible for spouse's benefit

<i>Age requirement</i>	None
<i>Service requirement</i>	None
<i>Amount</i>	Refund of employee contributions plus interest

Spouse's benefit

<i>Requirement</i>	Eligible for Normal Pension or Early Retirement
<i>Amount</i>	50% of benefit member would have received if he/she had retired the day before death and had elected the 50% Joint and Survivor Option.

SECTION 4: Reporting Information for the City of Meriden Employees' Retirement System

General Plan (City & Board of Education)

Post-Retirement Death Benefits:

Lump sum benefit

100% of employee contributions with interest, less total benefits paid to the pensioner plus a \$1,000 death benefit.

Cost of Living Adjustment:

Effective July 1, 2000, and only for those employees retiring after July 1, 2000, such retiring members shall receive a cost-of-living adjustment (COLA) equal to 2% accrued every year, beginning the later of 2 years from the date of retirement or age 62. In no event shall a COLA over a lifetime amount to more than 50% of the original pension amount.

Effective July 1, 1993, and only for those employees retiring after July 1, 1989 and before July 1, 2000, the COLA shall be equal to 3% accrued every other year, deferred to begin the later of 3 years from the date of retirement or age 65. In no event shall a COLA over a lifetime amount to more than 50% of the original pension amount.

Employee Contribution Rate:

4% of salary plus an additional 2% to be allocated to retiree health benefits. Upon termination, a member may receive a refund of his or her employee contributions with interest in lieu of other benefits.

Group Covered:

All regular full-time employees including elected and appointed officials of the City of Meriden, all Employees of the Board of Education, excluding members of the State Teachers' Retirement Association and teachers who were at any time eligible for Membership with the State Teachers' Retirement Association.

Eligibility:

Employees in the eligible group (described above) may participate after their initial date of hire. They enter the plan once they agree to the required member contributions.

SECTION 4: Reporting Information for the City of Meriden Employees' Retirement System

Firefighters

Normal Retirement:

<i>Age and service requirement</i>	25 years of service or Rule of 80 (with a minimum of 10 years of service as an Employee of the City) or attained age 65. Firefighters attaining age 65 are subject to automatic retirement.
<i>Amount</i>	2% of average annual pay per year of continuous service in the plan. Average annual pay is defined as the average of the three highest consecutive calendar years of salary during the 10 years prior to retirement.
<i>Pay</i>	The salary or wages of an Employee for services with the City, including salary reduction deferrals within the meaning of Sections 402(g), 125 and 457 of the Internal Revenue Code. Pay also includes overtime, sick days, holiday and premium holiday pay, longevity pay, clothing allowance and annual sick day pay out up to 15 days. Salary and wages shall not include emoluments, education incentive/bonuses, private duty pay and if applicable cost of health insurance or tuition reimbursement.

Disability:

Non-service connected

<i>Age requirement</i>	None
<i>Service requirement</i>	10 years
<i>Amount</i>	Normal pension accrued.

Service connected

<i>Age requirement</i>	None
<i>Service requirement</i>	None
<i>Amount</i>	50% of the annual rate of regular pay received by the Member at the time of total and permanent disability (not less than normal pension accrued)

SECTION 4: Reporting Information for the City of Meriden Employees' Retirement System

Firefighters

Vesting:

<i>Age requirement</i>	None
<i>Service requirement</i>	25 years
<i>Amount</i>	Normal pension accrued payable at normal retirement date

Pre-Retirement Death Benefit:

If not eligible for spouse's benefit

<i>Age requirement</i>	None
<i>Service requirement</i>	None
<i>Amount</i>	Refund of employee contributions plus interest on pre-tax contributions

Spouse's benefit

<i>Requirement</i>	A firefighter dies before either his twenty-fifth employment anniversary date or before the date he completes 25 years of service. Death is caused by injury, illness or infirmity suffered in the performance of duties.
<i>Amount</i>	100% of the benefit the employee would have received had he/she completed 25 years of service payable until the date the deceased firefighter would have attained 25 years of service, thereafter the spouse shall receive one-half of the pension amount. The spousal death benefit is payable until the spouse's death or remarriage.

Cost of Living Adjustment:

Effective only for those employees retiring after July 1, 2002, such retiring members shall receive a cost-of-living adjustment (COLA) equal to 2% accrued every year, beginning the later of 2 years from the date of retirement or age 62. For firefighters retiring with 25 years of service or under the Rule of 80, the COLA shall apply effective the first year after the Member's retirement date. In no event shall a COLA over a lifetime amount to more than 50% of the original pension amount.

Employee Contribution Rate:

4% of salary plus an additional 2% to be allocated to retiree health benefits. Upon termination, a member may receive a refund of his or her employee contributions with interest in lieu of other benefits.

SECTION 4: Reporting Information for the City of Meriden Employees' Retirement System

Group Covered: All newly hired firefighters hired on or after March 18, 2003 and any active firefighters on such date who irrevocably elect in writing by December 1, 2003 to participate in this Plan.

Eligibility: Employees in the eligible group (described above) may participate after their initial date of hire. They enter the plan once they agree to the required member contributions. To be eligible for the City Plan, a Firefighter must be hired after March 18, 2003.

SECTION 4: Reporting Information for the City of Meriden Employees' Retirement System

Police Officers

Normal Retirement:

<i>Age and service requirement</i>	25 years of service or Rule of 80 or attained age 65. Officers attaining age 65 are subject to automatic retirement.
<i>Amount</i>	2% of average annual pay per year of continuous service in the plan. Average annual pay is defined as the average of the three highest consecutive calendar years of salary during the 10 years prior to retirement.
<i>Pay</i>	The salary or wages of an Employee for services with the City, including salary reduction deferrals within the meaning of Sections 402(g), 125 and 457 of the Internal Revenue Code. Salary and wages shall not include education incentive/bonuses, private duty pay and, if applicable, cost of health insurance or tuition reimbursement.

Early Retirement:

<i>Age requirement</i>	55
<i>Service requirement</i>	10 years
<i>Amount</i>	Normal pension accrued, reduced by 5% per year calculated from the Member's early retirement date to the date he would have completed 25 years of service had he continued working.

Disability:

Non-service connected

<i>Age requirement</i>	None
<i>Service requirement</i>	More than 10 years and less than 25 years
<i>Amount</i>	Retirement benefits as though he had earned no less than 20 years of service. The COLA shall apply as if he had 25 years of service.

Service connected

<i>Age requirement</i>	None
<i>Service requirement</i>	Less than 25 years

SECTION 4: Reporting Information for the City of Meriden Employees' Retirement System

Amount A police officer who can no longer perform duties as a police officer but is not disabled from other gainful employment shall receive 50% of the annual base pay received at the time of injury. The COLA shall apply as if the officer had 25 years of service. A police officer who can not perform any gainful employment as defined by the Social Security Administration shall receive an amount equal to his retirement pension as though he earned 25 years of service and using pay as though the officer was at the top step of his rank at the time of disability.

Vesting:

Age requirement None
Service requirement 10 years
Amount Normal pension accrued payable at normal retirement date

Pre-Retirement Death Benefit:

If not eligible for spouse's benefit

Age requirement None
Service requirement None
Amount Refund of employee contributions plus interest on pre-tax contributions

Spouse's benefit

Requirement A police officer dies before the date he completes 25 years of service. Death is caused by injury, illness or infirmity suffered in the performance of duties.
Amount 100% of the benefit the employee would have received had he/she completed 25 years of service payable until the date the refund of his or her employee contributions with interest in lieu of other benefits.

Cost of Living Adjustment:

Effective only for those employees retiring after July 1, 2002, such retiring members shall receive a cost-of-living adjustment (COLA) equal to 2% accrued every year, beginning the later of 2 years from the date of retirement or age 62. For policemen retiring with 25 years of service, the COLA shall apply effective the first year after the Member's retirement date. In no event shall a COLA over a lifetime amount to more than 50% of the original pension amount.

SECTION 4: Reporting Information for the City of Meriden Employees' Retirement System

- Employee Contribution Rate:** 4% of salary plus an additional 2% to be allocated to retiree health benefits. Upon termination, a member may receive a refund of his or her employee contributions with interest in lieu of other benefits.
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- Group Covered:** Newly hired police officers hired on or after March 18, 2003 and any active police officers on such date who irrevocably elect in writing by December 1, 2003 to participate in this Plan.
- Eligibility:** Employees in the eligible group (described previously) may participate after their initial date of hire. They enter the plan once they agree to the required member contributions. To be eligible for the City Plan, a police officer must be hired after March 18, 2003.