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November 8, 2023

Michelle Warner
Director of Retirement Field Services and Defined Contribution Programs
Georgia Municipal Association
201 Pryor Street, SW
Atlanta, Georgia 30303

Re: New Plan Study for the City of Forest Park

Dear Michelle:

As requested, we have calculated the cost of establishing a new retirement plan for Employees and Elected Officials of the City of Forest Park. The City provided participant census data for 258 Employees and 6 Elected Officials. Among the 258 Employees, there is 1 City Manager and 9 Department Heads.

The full proposed plan provisions are provided in Exhibit 1.

The assumptions and methods used to develop these results are summarized in Exhibit 2. These are consistent with the funding policy approved by the GMEBS Board of Trustees.

Exhibit 3 shows the development of the recommended contribution for the proposed plans for the fiscal year beginning July 1, 2024, using a January 1, 2024 valuation date, with participant data and asset information assumed to be as of September 30, 2023.

As requested, we have assumed Tier 4 administrative expenses of $9,000 plus $66 per active and terminated vested participant, plus $78 per retiree and beneficiary, plus 0.06% of the market value of assets.

We are members of the American Academy of Actuaries, and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial option herein.

If you have any questions or need additional information, please let us know.

Sincerely,

Jeanette R. Cooper

Malichi Waterman

Jeanette R. Cooper, FSA, FCA, MAAA, EA
Vice President and Consulting Actuary

Malichi S. Waterman, FCA, MAAA, EA
Vice President and Consulting Actuary

Exhibit 1

City of Forest Park

Summary of Plan Provisions

Effective Date	1-1-24*
Eligibility Requirement	Employees: no waiting period Officials: no waiting period
Employee Contributions	None
Normal Retirement Age	Employees: 65+5 Officials: 65
Early Retirement	55+5
Benefit Formula	2.50%
Final Average Salary	60 months
Vesting	Employees: 100% after 5 years City Manager and Department Heads: Immediate Officials: Immediate
Death Benefits	Auto A
Disability Minimum	Scenario 1: none Scenario 2: 20%
Cost-of-Living	None
Prior Service	Employees: Prior service applies for vesting and eligibility. Officials: Prior service applies for vesting, eligibility, and benefit computation.
Other	*New Plan as of 1-1-24

Exhibit 2

City of Forest Park

Valuation Actuarial Assumptions and Actuarial Cost Methods

The methods and assumptions used were approved by the Board in December 2019 based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 2019 conducted by Segal in November and December of 2019.

Mortality Rates:

Healthy retirees and beneficiaries:

Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25

Disabled participants:

Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25

Active participants, terminated vested participants, and deferred beneficiaries:

Sex-distinct Pri-2012 head-count weighted Employee Mortality Table

Plan termination basis (all lives):

1994 Group Annuity Reserving Unisex Table

The mortality tables (other than the one used for the plan termination basis) are projected generationally from 2012 to future years using 60% of the sex-distinct improvement rates under the 2019 OASDI Trustees Report used for the intermediate alternative.

Segal

Annuitant Mortality Rates:

	Rate (%)			
Age	Healthy Male	Healthy Female	Disabled Male	Disabled Female
55	1.00	0.62	3.01	2.09
60	1.32	0.82	3.28	2.45
65	1.64	1.15	3.97	3.02
70	2.54	1.75	5.39	3.95
75	4.20	2.96	7.74	5.47
80	7.11	5.17	11.50	7.99
85	12.11	8.98	17.33	12.33
90	20.41	15.57	25.65	20.14

Mortality and Disability Rates before Retirement:

	Rate (%)			
Age	Male Mortality	Female Mortality	Male Disability	Female Disability
20	0.06	0.02	0.03	0.02
25	0.06	0.03	0.03	0.03
30	0.06	0.03	0.03	0.03
35	0.08	0.04	0.03	0.03
40	0.09	0.06	0.07	0.04
45	0.12	0.08	0.11	0.06
50	0.18	0.12	0.17	0.09
55	0.29	0.18	0.25	0.18
60	0.44	0.27	0.33	0.28

Turnover Rates:

Years of Service	Rate (%)	Years of Service	Rate (%)	Years of Service	Rate (%)
0 but less than 1	26.5	6 but less than 7	10.5	12 but less than 13	5.7
1 but less than 2	20.5	7 but less than 8	9.5	13 but less than 14	5.3
2 but less than 3	18.5	8 but less than 9	8.5	14 but less than 15	4.9
3 but less than 4	16.5	9 but less than 10	7.5	15 or more years	4.5
4 but less than 5	14.5	10 but less than 11	6.5		
5 but less than 6	12.5	11 but less than 12	6.1		

Rates end upon eligibility for retirement.

Retirement Rates:

The table below is based on a given participant's age when they first become eligible for regular or alternative normal retirement. Rates do not apply if the participant is not eligible for either early or normal retirement.

Age	NRA attained before 60	NRA attained between 60 and 64	NRA attained after 64
Under 55	3%/10%[1]	3%	0%
55-59	3%/10%[1]	3%	5%
60	20%	3%/10%[2]	7%
61	25%	10%	7%
62	35%	10%	20%
63	40%	10%	10%
64	45%	10%	10%
65	50%	35%	35%
66-71	25%	25%	25%
72 & over	100%	100%	100%

The rates above are adjusted in the year the participant achieves NRA. If the NRA is under 60, the adjustment is +10%, if the NRA is 60 or 61, the adjustment is +20%, if the NRA is 62, 63, or 64, the adjustment is +30%, and if the NRA is 65 or over, there is no adjustment.

[1] 3% prior to normal retirement eligibility, but 10% plus adjustment after normal retirement eligibility

[2] 3% if NRA is between 62 and 64, but 10% plus adjustment if NRA is 60 or 61

Retirement Age for Inactive Vested Participants:	65
Form of Payment	Life Annuity
Unknown Data for Participants:	Same as those exhibited by Participants with similar known characteristics. If not specified, Participants are assumed to be male.
Percent Married:	100%
Age of Spouse:	Females three years younger than males
Benefit Election:	All participants are assumed to elect the life annuity form of payment and the valuation includes the 36 months of guaranteed benefits. On a system-wide basis, the optional forms of payment are essentially actuarially equivalent.
Net Investment Return:	
On-going basis:	7.375%- On-going basis, based on long-term expected rate of return on pension plan investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2022 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.40%
International equity	20%	6.80%
Domestic fixed income	20%	0.40%
Real estate	10%	3.90%
Global fixed income	5%	0.46%
Cash	0%	
Total	100%	

Inflation: 2.25%

Salary Increases:

Years of Service	Annual Rate (%)
0-1	8.50
2	5.50
3	5.25
4	5.00
5	4.75
6	4.50
7	4.25
8	4.00
9	3.75
10-11	3.50
12-14	3.25
15 or more	3.00

Note the above rates include inflation of 2.25%.

Social Security Wage Base Increase: 2.25%

Cost of Living Adjustment: None

Administrative Expenses:	**Base fee - $9,000** **Per active and terminated vested participant - $66** **Per retiree and beneficiary - $78** **Percentage of market value of assets – 0.06%**
Actuarial Value of Assets:	Sum of the actuarial value at the beginning of year and the cash flow during year plus the assumed investment return, adjusted by 10 percent of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value. The actuarial value was set to the market value for the initial valuations.
Actuarial Cost Method:	Projected Unit Credit Cost Method. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by service.
Models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.
Amortization:	The amortization of the unfunded actuarial accrued liability is level dollar over 30 years for the initial unfunded accrued liability, 15 years for actuarial gains and losses, 10 years for temporary retirement incentive programs, and 30 years for actuarial assumptions and cost methods. Generally, other plan changes are amortized over 20 years. However, if the funded percentage, measured using the actuarial value of assets and the actuarial accrued liability, is below 80%, the amortization period is shortened. Specifically, if the funded percentage is at least 70% but less than 80%, the amortization period is 15 years and if the funded percentage is less than 70%, the amortization period is 10 years. The total amortization must be within a corridor of the 10-year and the 30-year amortization of the unfunded/(surplus) actuarial accrued liability. In a year when the 10-year or 30-year corridor applies, the following year, the prior year bases are combined into one 10-year or 30-year base.
Asset Data:	Assets as of September 30, 2023 were assumed to be $0.
Participant Data:	The primary source of participant data for the current valuation is a census of all participants which was prepared by the employer as of September 30, 2023.

Exhibit 3

City of Forest Park
New Plan Study

	Proposed Defined Benefit Plan as of January 1, 2024[1]	Proposed Defined Benefit Plan as of January 1, 2024[1]
Disability Minimum	**None**	**20.00%**
Active Employees	258	258
Elected Officials	6	6
Deferred Vested Participants	0	0
Participants in Payment Status	0	0
Assumed Payroll	$15,325,862	$15,325,862
Average Valuation Payroll	$59,403	$59,403
Average Age	41.6	41.6
Average Eligibility Service	6.2	6.2
Average Benefit Service	0.2	0.2
Actuarial Accrued Liability (AAL)	$168,688	$306,324
Actuarial Value of Assets	0	0
Unfunded AAL	$168,688	$306,324
Percent Funded	0.00%	0.00%
Total Mid-year Benefit Normal Cost	$844,613	$841,874
Mid-year Administrative Expenses	26,424	26,424
Expected Employee Contributions	0	0
Mid-year Employer Normal Cost	$871,037	$868,298
Mid-year 30-Year Amortization of the Unfunded AAL	$13,616	$24,726
Recommended Mid-Year Contribution	$884,653	$893,024
Adjustment to Fiscal Year	$32,041	$32,345
Annual Recommended Contribution beginning July 1, 2024[2]	**$916,694**	**$925,369**
Recommended Contribution as a % of Expected Payroll	5.92%	5.97%

[1]All results are estimated from census data provided to Segal. Results are based on a January 1, 2024 valuation date.

[2]Payment assumed as of middle of the year. Fiscal year is assumed to begin July 1, 2024.