

# Oklahoma Firefighters Pension and Retirement System

Actuarial Valuation Report  
as of July 1, 2015



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# Table of Contents

Purpose .....	1
Summary of Principal Valuation Results .....	2
Effects of Changes .....	3
Actuarial Certification .....	5
<b>Section 1 Funding Results .....</b>	<b>6</b>
1.1 Calculation of Contribution Requirement .....	7
1.2 Liability Detail .....	9
1.3 Unfunded Actuarial Accrued Liability .....	10
1.4 Actuarial Gain/(Loss).....	11
1.5 Contributions .....	12
1.6 Ten-Year Projected Cash Flow .....	13
<b>Section 2 Plan Assets .....</b>	<b>14</b>
2.1 Summary of Assets .....	15
2.2 Reconciliation of Assets .....	16
2.3 Actuarial Value of Assets .....	17
2.4 Average Annual Rates of Investment Return.....	18
<b>Section 3 Basis of Valuation .....</b>	<b>19</b>
3.1 Plan Members .....	20
3.2 Actuarial Basis .....	27
3.3 Summary of System Provisions.....	34

# Purpose

This report has been prepared by Buck Consultants, LLC, for the Oklahoma Firefighters Retirement Board to:

- Present the results of a valuation of the Oklahoma Firefighters Pension and Retirement System as of July 1, 2015;
- Review experience under the Plan for the year ended June 30, 2015; and
- Provide reporting and disclosure information for auditors' reports, governmental agencies and other interested parties.

## The main financial highlights are:

- The funded status of the Plan has increased since the prior valuation as indicated by the table below:

Funded Status (\$000,000)	July 1, 2015	July 1, 2014
Accrued Liability	\$ 3,345.0	\$ 3,225.5
Actuarial Value of Assets	\$ 2,175.7	\$ 2,001.8
Unfunded Accrued Liability	\$ 1,169.3	\$ 1,223.7
Funded Ratio	65.0%	62.1%

- The comments regarding Funded Ratios are not intended to measure the adequacy of funding in any analysis of a possible settlement of plan liabilities, nor is it intended to assess the need for, or the amount of, future contributions. Additionally, the measurement of a Funded Ratio using the Market Value of Assets or Actuarial Value of Assets would not be materially different.
- The total required contribution for the System decreased by 2.0% and the required State contribution decreased by 3.0%.

Contribution Summary (\$000,000)	July 1, 2015	July 1, 2014
Total Required Contribution	\$ 163.1	\$ 166.4
Expected Employee Contributions	(23.8)	(23.9)
Expected Municipality Contributions	(38.0)	(38.1)
Required State Contribution	\$ 101.3	\$ 104.4
--As a Percentage of Total Payroll	38.2%	39.3%

# Summary of Principal Valuation Results

A summary of principal results from the current valuation and the prior valuation follows. Any changes in actuarial assumptions, methods or Plan provisions between the two valuations are described in the section titled "Effects of Changes."

	Actuarial Valuation as of	
	July 1, 2015	July 1, 2014
<b>Summary of Costs</b>		
Total Contribution Requirement <sup>(1)</sup>	\$ 163,071,693	\$ 166,394,630
Total Contributions Received in Prior Year <sup>(2)</sup>	\$ 154,422,230	\$ 137,706,693

<b>Funded Status</b>		
Actuarial Accrued Liability	\$ 3,344,974,631	\$ 3,225,452,386
Actuarial Value of Assets	\$ 2,175,729,593	\$ 2,001,779,620
Unfunded Actuarial Accrued Liability	\$ 1,169,245,038	\$ 1,223,672,766

<b>Market Value of Assets and Additional Liabilities</b>		
Market Value of Assets	\$ 2,283,566,382	\$ 2,197,104,543
Present Value of Projected Plan Benefits	\$ 4,001,723,005	\$ 3,882,376,325

<b>Summary of Data</b>		
Number of Vested Members in Valuation		
Active Paid Members	2,303	2,280
Active Volunteer Members	2,729	2,666
Deferred Option Plan Members	75	77
Members with Deferred Benefits	1,413	1,390
Members Receiving Benefits	6,285	6,167
Beneficiaries	2,078	2,022
Disabled Members	<u>1,878</u>	<u>1,831</u>
Total Vested Members	16,761	16,433
Number of Non-Vested Members in Valuation		
Active Paid Members	1,878	1,886
Active Volunteer Members	<u>5,450</u>	<u>5,604</u>
Total Non-Vested Members	7,328	7,490
<b>Total Members</b>	<b>24,089</b>	<b>23,923</b>

<b>Active Member Statistics</b>		
Total Annual Compensation (Paid Members) <sup>(3)</sup>	\$ 264,948,283	\$ 265,551,993
Average Compensation (Paid Members) <sup>(3)</sup>	\$ 63,370	\$ 63,743
Average Age	38.7	38.6
Average Service	9.6	9.4

<sup>(1)</sup> Excluding Deferred Option Plan Contributions.

<sup>(2)</sup> For the fiscal year beginning November 1, 2013, the System is scheduled to receive 36% of collected state-wide insurance premium taxes.

<sup>(3)</sup> Compensation is projected one year based on the salary increase assumptions

# Effects of Changes

## Changes in Actuarial Assumptions

There were no changes in actuarial assumptions since the prior valuation. The economic assumptions with respect to investment yield, salary increase and inflation have been based upon a review of the existing portfolio structure as well as recent and anticipated experience. The demographic assumptions are developed through periodic experience studies. The actuarial assumptions are selected by the Board with the recommendation of the actuary. The most recent experience study considered actual System experience for the period July 1, 2007 through June 30, 2012. See Section 3.2 for a comprehensive description of the assumptions and methods used for the July 1, 2015 valuation.

## Changes in Actuarial Funding Methods

There were no changes in actuarial funding methods from the previous valuation.

## Changes in System Benefits

There have been no changes in plan provisions or system benefits with an actuarial impact from those reflected in the previous valuation. See Section 3.3 for a description of the plan provisions used for the July 1, 2015 valuation.

## Actuarial experience during the plan year

The actuarial gain/(loss) is shown in the table below:

	Total (000s)
Liability Gain/(Loss)	\$ (1,225)
Asset Gain/(Loss)	55,103
<b>Net Actuarial Gain/(Loss)</b>	<b>\$ 53,878</b>

## Deferred Option Plan

The Oklahoma Firefighters Deferred Option Plan (DROP) allows members eligible for a Normal Retirement Benefit to defer the receipt of retirement benefits while continuing employment. Participation in the Deferred Option Plan is limited to five years. During this time, the members' contributions stop, but the employer contributes half of the regular contribution on base salary to the Firefighters Pension and Retirement System and the other half to the members' accounts in the Deferred Option Plan equal to the retirement benefit accrued under the Plan. After the period of active participation, members must separate from active service as a firefighter and retire. After retirement, however, members may remain as inactive members in this plan and defer receipt of the account balance until payments are required under the minimum distribution rules. The DROP was modified effective July 1, 2003, to allow eligible members to retroactively elect to enter DROP as of a back-drop-date upon termination. The monthly retirement benefits and member contributions that would have been payable had the member elected to enter DROP are credited to the employee's account in the DROP.

For members hired before November 1, 2013, the Deferred Option Plan accounts are credited with interest at a rate of 2.0% less than the total fund growth, with a guaranteed minimum interest rate equal to the valuation interest rate of 7.5%. For

members hired on or after November 1, 2013, the Deferred Option Plan accounts are credited with the same rate as above while in active DROP and 1.0% less than the total fund growth after they leave active DROP. The actual rate credited for the fiscal year ended June 30, 2015 was 7.50%.

Statistics regarding the number of Deferred Option Plan members and total account balances are shown in the table below:

DROP Statistics	July 1, 2015	July 1, 2014
Number of Members		
Active	75	77
Inactive	2,229	1,958
<b>Total</b>	2,304	2,035
Account Balances	\$ 622,154,847	\$ 548,217,780
Annual Retirement Benefits of Active Members	\$ 3,094,560	\$ 3,042,084

### **GASB 67**

Information calculated in accordance with GASB Statement 67 will be provided separately for this plan in a supplement to this report.

## Actuarial Certification

This valuation is based on employee and financial data which were provided by the Oklahoma Firefighters Pension and Retirement System and the independent auditor, respectively, and which are summarized in this report.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. An analysis of the potential range of such future differences is beyond the scope of this report.

Use of this report for any other purposes or by anyone other than the Oklahoma Firefighters Pension and Retirement System and its auditors may not be appropriate and may result in mistaken conclusions because of failure to understand applicable assumptions, methods, or inapplicability of the report for that purpose. The attached pages should not be provided without a copy of this cover letter. No one may make any representations or warranties based on any statements or conclusions contained in this report without Buck Consultants' prior written consent.

We are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained in this report. This report has been prepared in accordance with all applicable Actuarial Standards of Practice, and we are available to answer questions about it.



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# Section 1 Funding Results

<b>Section 1.1</b>	Calculation of Contribution Requirement
<b>Section 1.2</b>	Liability Detail
<b>Section 1.3</b>	Unfunded Actuarial Accrued Liability
<b>Section 1.4</b>	Actuarial Gain/(Loss)
<b>Section 1.5</b>	Contributions
<b>Section 1.6</b>	Ten-Year Projected Cash Flow

## 1.1 Calculation of Contribution Requirement

Summary of Contribution Requirements	Actuarial Valuation as of			
	July 1, 2015		July 1, 2014	
	Amount	% of Active Covered Comp.	Amount	% of Active Covered Comp.
1. Annual Compensation				
a. Members included in Valuation (Covered Compensation)	\$ 264,948,283		\$ 265,551,993	
b. Deferred Option Plan Members	5,587,683		6,020,346	
c. Total Compensation	270,535,966		271,572,339	
2. Total Normal Cost Mid-year	\$ 63,063,209	23.8%	\$ 63,446,631	23.9%
3. Unfunded Actuarial Accrued Liability	\$ 1,169,245,038		\$ 1,223,672,766	
4. Amortization of Unfunded Actuarial Accrued Liability over 30 years from July 1, 2014 Mid-year <sup>(1)</sup>	\$ 96,417,931	36.4%	\$ 99,930,247	37.6%
5. Budgeted Expenses	\$ 3,590,553	1.4%	\$ 3,017,752	1.1%
6. Total Required Contribution (2 + 4 + 5)	\$ 163,071,693	61.5%	\$ 166,394,630	62.7%
7. Estimated Member Contribution	\$ 23,845,345	9.0%	\$ 23,899,679	9.0%
8. Estimated Employer Contribution				
a. Active Members – Paid	\$ 37,092,760	14.0%	\$ 37,177,279	14.0%
b. Deferred Option Plan Members – Paid	391,138	7.0% <sup>(2)</sup>	421,424	7.0% <sup>(2)</sup>
c. Active Members - Volunteer	490,740		496,200	
d. Deferred Option Plan Members – Volunteer	180		270	
e. Total	\$ 37,974,818	14.0% <sup>(3)</sup>	\$ 38,095,173	14.0% <sup>(3)</sup>
9. Required State Contribution to amortize Unfunded Actuarial Accrued Liability over 30 years from July 1, 2014 at Mid-year. (4 - 7 - 8e)	\$ 101,251,530	38.2%	\$ 104,399,778	39.3%
10. Previous year's actual State Contribution <sup>(4)</sup>	\$ 91,235,807	34.4%	\$ 79,545,329	30.0%

<sup>(1)</sup> Funding Policy adopted by Board. The policy is to amortize the Unfunded Actuarial Accrued Liability over 30 years from July 1, 2014.

<sup>(2)</sup> Percentage of Deferred Option Plan Compensation.

<sup>(3)</sup> Percent of Total Compensation.

<sup>(4)</sup> The System is scheduled to receive 36% of collected state-wide insurance premium taxes.

## 1.1 Calculation of Contribution Requirement (continued)

Allocation of contribution requirements	July 1, 2015		
	Paid	Volunteer	Total
1. Total normal cost mid-year	\$ 60,718,045	\$ 2,345,164	\$ 63,063,209
2. Unfunded actuarial accrued liability <sup>(1)</sup>	\$ 1,105,965,016	\$ 63,280,022	\$ 1,169,245,038
3. Amortization of unfunded actuarial accrued liability over 30 years from July 1, 2014 mid-year <sup>(2)</sup>	\$ 91,199,753	\$ 5,218,178	\$ 96,417,931
4. Budgeted expenses <sup>(3)</sup>	\$ 3,396,231	\$ 194,322	\$ 3,590,553
5. Total required contribution (1 + 3 + 4)	\$ 155,314,029	\$ 7,757,664	\$ 163,071,693
6. Estimated member contribution	\$ 23,845,345	\$ 0	\$ 23,845,345
7. Estimated employer contribution	\$ 37,483,898	\$ 490,920	\$ 37,974,818
8. Required state contribution to amortize unfunded actuarial accrued liability over 30 years from July 1, 2014 at mid-year (5 – 6 - 7)	\$ 93,984,786	\$ 7,266,744	\$ 101,251,530

<sup>(1)</sup> See Section 1.3 for allocation.

<sup>(2)</sup> Funding Policy Adopted by Board.

<sup>(3)</sup> Allocation based on total Actuarial Accrued Liability.

## 1.2 Liability Detail

Total	
<b>Present Value of Benefits</b>	\$ 4,001,723,005
<b>Present Value of Future Normal Costs</b>	\$ 656,748,374
<b>Accrued Liability</b>	\$ 3,344,974,631
<b>Normal Cost Mid-Year</b>	\$ 63,063,209

Active Accrued Liability	
a. Retirement	\$ 1,038,456,179
b. Withdrawal	6,099,588
c. Disability	319,448
d. Death	11,928,749
e. Total	\$ 1,056,803,964

Inactive Accrued Liability	
1. Members eligible for automatic COLA	
A. Disabled members	\$ 46,876,968
B. Beneficiaries	87,551,858
C. Retired members	79,341,787
D. Total	\$ 213,770,613
2. Members not eligible for automatic COLA	
A. Terminated vested members	31,087,985
B. Disabled members	493,184,134
C. Beneficiaries	128,303,678
D. Retired members	677,602,758
E. Deferred option plan members - annuity	39,336,461
F. Deferred option plan members - account balances	704,885,038
G. Total	\$ 2,074,400,054
3. Total inactive (1d + 2g)	\$ 2,288,170,667
<b>Accrued Liability (Active + Inactive)</b>	<b>\$ 3,344,974,631</b>

## 1.3 Unfunded Actuarial Accrued Liability

The actuarial accrued liability is the present value of projected Plan Benefits allocated to past service by the actuarial funding method being used.

	Total Plan	
	July 1, 2015	July 1, 2014
1. Actuarial Present Value Of Benefits		
a. Active Members	\$ 1,713,552,338	\$ 1,719,743,168
b. Members With Deferred Benefits	31,087,985	29,419,522
c. Members Receiving Benefits Who Are Eligible For Automatic Cola	213,770,613	228,212,098
d. Members Receiving Benefits Who Are Not Eligible For Automatic Cola	1,299,090,570	1,245,083,905
e. Deferred Option Plan Members <sup>(1)</sup>	744,221,499	659,917,632
f. Total	4,001,723,005	3,882,376,325
2. Actuarial Present Value Of Future Normal Costs	\$ 656,748,374	\$ 656,923,939
3. Total Actuarial Accrued Liability (1f - 2)	\$ 3,344,974,631	\$ 3,225,452,386
4. Actuarial Value of Assets	\$ 2,175,729,593	\$ 2,001,779,620
5. Unfunded Actuarial Accrued Liability (3 - 4, Not Less Than \$0)	\$ 1,169,245,038	\$ 1,223,672,766

### Allocation of current year between paid and volunteer:

	Total Plan		
	Paid	Volunteer	Total
1. Actuarial present value of benefits			
a. Active members	\$ 1,648,574,052	\$ 64,978,286	\$ 1,713,552,338
b. Members with deferred benefits	8,987,416	22,100,569	31,087,985
c. Members receiving benefits who are eligible for automatic cola	213,770,613	0	213,770,613
d. Members receiving benefits who are not eligible for automatic cola	1,191,346,875	107,743,695	1,299,090,570
e. Deferred option plan members <sup>(1)</sup>	744,081,723	139,776	744,221,499
f. Total	\$ 3,806,760,679	\$ 194,962,326	\$ 4,001,723,005
2. Actuarial present value of future normal costs	\$ 642,817,450	\$ 13,930,924	\$ 656,748,374
3. Total actuarial accrued liability (1f - 2)	\$ 3,163,943,229	\$ 181,031,402	\$ 3,344,974,631
4. Actuarial value of assets <sup>(2)</sup>	\$ 2,057,978,213	\$ 117,751,380	\$ 2,175,729,593
5. Unfunded actuarial accrued liability (3 - 4, not less than \$0)	\$ 1,105,965,016	\$ 63,280,022	\$ 1,169,245,038

<sup>(1)</sup> Effective July 1, 1997, deferred option account balances are included as liability and assets and effective July 1, 2013, the guarantee for the interest rate credited to the account balances is included in the liability. The total account balance on July 1, 2015, is \$622,154,847 and the balance used on July 1, 2014, is \$548,217,780.

<sup>(2)</sup> Allocated based on total actuarial accrued liability (item 3)

## 1.4 Actuarial Gain/(Loss)

The actuarial gain/(loss) is comprised of both the liability gain/(loss) and the actuarial asset gain/(loss). Each of these represents the difference between the expected and actual values as of July 1, 2015.

1. Expected actuarial accrued liability	
a. Actuarial accrued liability at July 1, 2014	\$ 3,225,452,386
b. Normal cost at July 1, 2014	61,193,365
c. Reserve for drop interest rate guarantee and drop contribution at mid-year	0
d. Benefit payments for plan year ending June 30, 2015	182,549,070
e. Interest on a + b + c - d to end of year	239,652,841
f. Impact of assumption change	0
g. Plan changes	0
h. Expected actuarial accrued liability at July 1, 2015 (a + b + c - d + e + f + g)	3,343,749,522
2. Actuarial accrued liability at July 1, 2015	3,344,974,631
3. Actuarial liability gain/(loss) (1h - 2)	(1,225,109)
4. Expected actuarial value of assets	
a. Actuarial value of assets at July 1, 2014	2,001,779,620
b. Contributions made for plan year ending June 30, 2015	154,422,230
c. Benefit payments and expenses for plan year ending June 30, 2015	184,578,157
d. Interest on a + b - c to end of year	149,002,624
e. Expected actuarial value of assets at July 1, 2015 (a + b - c + d)	2,120,626,317
5. Actuarial value of assets as of July 1, 2015	\$ 2,175,729,593
6. Actuarial asset gain/(loss) (5-4e)	\$ 55,103,276
7. Actuarial gain/(loss) (3+6)	\$ 53,878,167

## 1.5 Contributions

Contributions to the Retirement System are made by the Members, municipalities, fire districts, and the State of Oklahoma.

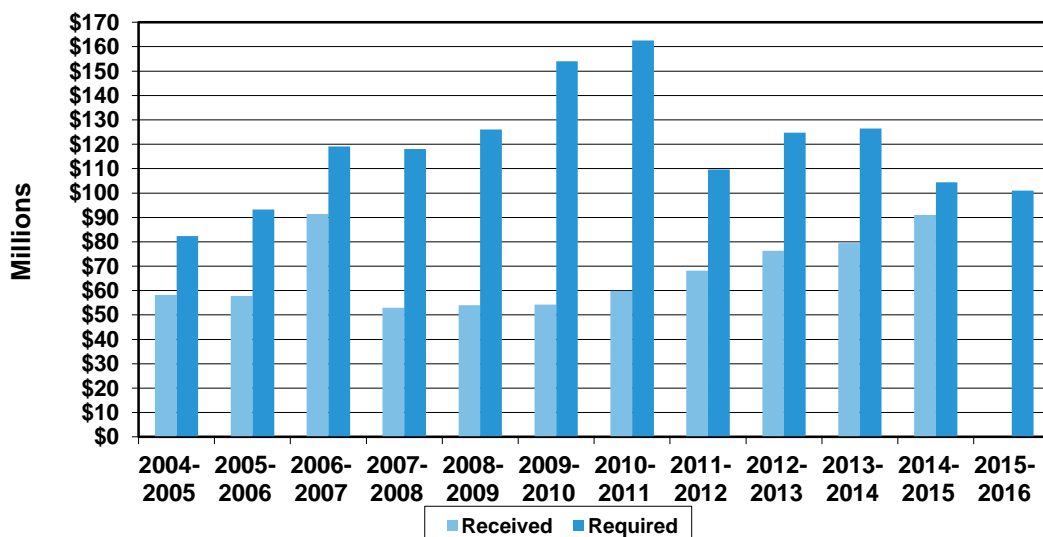
Historically, paid firefighters have contributed 8% of gross salary. Beginning November 1, 2013, the contribution rate for paid firefighters increased to 9%. Historically, municipalities and fire districts have contributed 13% of gross salary. Beginning November 1, 2013, the contribution rate for municipalities and fire districts increased to 14%.

For the fiscal year ending June 30, 2015, the fund received a contribution of \$91,235,807 from the State. The Retirement System received 34% of collected statewide insurance premium taxes until November 1, 2013. Beginning November 1, 2013, the System began receiving 36% of collected statewide insurance premium taxes

Volunteer firefighters do not contribute to the fund. Municipalities and fire districts that are not exempt contribute \$60 per year per active volunteer.

The Deferred Option Plan Members do not make employee contributions to the Fund. However, municipalities continue contributing for them, with 50% of the contribution going to the Retirement System fund and 50% going into the Deferred Option account. Contributions for members who retroactively elect to enter the Deferred Option Plan as of a back-drop-date are also deposited into the Deferred Option account.

**State contributions received versus  
Contributions required by 30-year  
Funding Policy <sup>(1)</sup>**



<sup>(1)</sup> 30-year amortization period was reset for plan year ending June 30, 2015 (SB 2024) to start at July 1, 2014. Prior to that time, the amortization period was 30 years from July 1, 2003.

## 1.6 Ten-Year Projected Cash Flow

### (Retirement Benefit Payments)

Plan Year Ending	Actives	Retirees <sup>(1)</sup>	Total
6/30/2016	5,302,458	213,589,051	218,891,509
6/30/2017	12,550,741	219,344,963	231,895,704
6/30/2018	20,046,490	225,460,926	245,507,416
6/30/2019	27,678,983	232,268,791	259,947,774
6/30/2020	36,280,240	239,681,144	275,961,384
6/30/2021	45,320,891	247,786,852	293,107,743
6/30/2022	54,440,204	256,737,818	311,178,022
6/30/2023	63,501,873	266,650,651	330,152,524
6/30/2024	73,761,590	277,617,953	351,379,543
6/30/2025	84,731,071	289,830,331	374,561,402

<sup>(1)</sup> Includes Deferred Option Plan Members, Disabled Members, Beneficiaries and Terminated Vested Members and current Deferred Option Plan Accounts.



## Section 2 Plan Assets

<b>Section 2.1</b>	Summary of Assets
<b>Section 2.2</b>	Reconciliation of Assets
<b>Section 2.3</b>	Actuarial Value of Assets
<b>Section 2.4</b>	Average Annual Rates of Investment Return

## 2.1 Summary of Assets <sup>(1)</sup>

Asset Category	Market Value as of June 30, 2015	Market Value as of June 30, 2014 <sup>(2)</sup>
	Amount	Amount
1. Cash and short-term investments	\$ 45,724,568	\$ 40,394,823
2. Receivables	\$ 29,730,394	\$ 89,140,129
3. Investments at fair value		
a. Government bonds	\$ 0	\$ 0
b. Foreign government bonds	28,662,821	45,509,701
c. U.S. treasury	31,650,172	12,662,086
d. International securities	55,141,124	82,647,856
e. Corporate bonds	39,059,236	3,077,856
f. International corporate bonds	0	0
g. Common stock	1,359,002,241	1,448,479,877
h. Foreign stock	105,391,186	114,982,941
i. mortgage-backed securities	52,057,754	49,931,465
j. Municipal bonds	1,673,182	1,733,871
k. Limited partnerships	538,550,691	312,870,040
l. Securities lending	166,426,829	144,543,920
m. Total	\$ 2,377,615,236	\$ 2,216,439,613
4. Assets used in plan operations	\$ 24,151	\$ 29,223
5. Total assets	\$ 2,453,094,349	\$ 2,346,003,788
6. Liabilities	\$ (169,527,967)	\$ (148,899,245)
7. Net assets for pension benefits	\$ 2,283,566,382	\$ 2,197,104,543

(1) Deferred option plan assets are included in the valuation assets. The value of these assets on July 1, 2014, was \$548,217,780 and the value on July 1, 2015, was \$622,154,847.

(2) June 30, 2014 assets were reclassified into different categories. This reclassification has not been reflected for July 1, 2014 results in this report.

## 2.2 Reconciliation of Assets

Transactions	June 30, 2015	June 30, 2014
<b>Additions</b>		
1. Contributions		
a. Contributions from employers	\$ 38,875,835	\$ 36,103,860
b. Contributions from plan members	24,310,588	22,057,504
c. Insurance premium tax	91,235,807	79,545,329
d. Legislative appropriation	0	0
e. Total	\$ 154,422,230	\$ 137,706,693
2. Net investment income	\$ 116,617,766	\$ 335,602,149
3. Total additions	\$ 271,039,996	\$ 473,308,842
<b>Deductions</b>		
4. Benefit payments	\$ (182,549,070)	\$ (173,344,947)
5. Administrative expenses	(2,029,087)	(1,958,101)
6. Adjustment	0	0
7. Total deductions	\$ (184,578,157)	\$ (175,303,048)
8. Net increase	\$ 86,461,839	\$ 298,005,794
9. Net assets held in trust for pension benefits		
a. Beginning of year	\$ 2,197,104,543	\$ 1,899,098,749
b. End of year	\$ 2,283,566,382	\$ 2,197,104,543
10. Drop assets (included in 9 above)		
a. Beginning of year	\$ 548,217,780	\$ 472,994,792
b. End of year	\$ 622,154,847	\$ 548,217,780

## 2.3 Actuarial Value of Assets

Schedule of Assets Gains/(Losses)				
Year	Original Amount	Recognized in Prior Years	Recognized This Year	Recognized in Future Years
2010/2011	\$ 141,090,329	\$ 112,872,264	\$ 28,218,066	\$ 0
2011/2012	(133,963,350)	(80,378,010)	(26,792,670)	(26,792,670)
2012/2013	99,636,055	39,854,422	19,927,211	39,854,422
2013/2014	201,138,206	40,227,641	40,227,641	120,682,924
2014/2015	(32,384,859)	0	(6,476,972)	(25,907,887)
<b>Total</b>	<b>\$ 275,516,381</b>	<b>\$ 112,576,317</b>	<b>\$ 55,103,275</b>	<b>\$ 107,836,789</b>

Development of Actuarial Value of Assets	
<b>Development of actuarial value of assets</b>	
1. Actuarial value as of July 1, 2014 (pre-corridor)	\$ 2,001,779,620
2. Contributions	
a. Employer	\$ 38,875,835
b. Member	24,310,588
c. Insurance tax	91,235,807
d. Legislative appropriation	0
e. Total	\$ 154,422,230
3. Decreases during the year	
a. Benefit payments	\$ 182,549,070
b. Noninvestment expenses	2,029,087
c. Total	\$ 184,578,157
4. Expected return at 7.50% on:	
a. Item 1	\$ 150,133,472
b. Item 2	5,790,834
c. Item 3	6,921,681
d. Total (a + b - c)	\$ 149,002,625
5. Expected actuarial value of assets June 30, 2015 (1 +2 - 3 +4)	\$ 2,120,626,318
6. Unrecognized asset gain/(loss) as of June 30, 2014	\$ 195,324,923
7. Expected actuarial value June 30, 2015 plus previous year's unrecognized asset gain/(loss) (5 + 6)	\$ 2,315,951,241
8. Market value June 30, 2015	\$ 2,283,566,382
9. 2014/2015 asset gain/(loss) (8 -7)	\$ (32,384,859)
10. Asset gain/(loss) to be recognized as of June 30, 2015	\$ 55,103,275
11. Initial actuarial value July 1, 2015 (5 + 11)	\$ 2,175,729,593
12. Constraining values:	
a. 80% of market value (8 x 0.8)	\$ 1,826,853,106
b. 120% of market value (8 x 1.2)	2,740,279,658
<b>13. Actuarial value July 1, 2015 (11), but no less than (12a), nor greater than (12b)</b>	<b>\$ 2,175,729,593</b>

## 2.4 Average Annual Rates of Investment Return

Year Ending June 30	Actuarial Value		Market Value	
	Annual	Cumulative	Annual	Cumulative
1991	7.46%	7.46%	7.77%	7.77%
1992	8.35%	7.90%	13.74%	10.71%
1993	9.42%	8.41%	13.70%	11.70%
1994	8.34%	8.39%	1.75%	9.13%
1995	9.56%	8.62%	15.06%	10.29%
1996	11.30%	9.06%	15.22%	11.09%
1997	25.01%	11.21%	18.24%	12.09%
1998	11.34%	11.23%	18.77%	12.90%
1999	10.32%	11.13%	6.59%	12.18%
2000	10.98%	11.11%	11.08%	12.07%
2001	7.14%	10.74%	(7.88%)	10.09%
2002	1.94%	9.98%	(7.20%)	8.54%
2003	3.56%	9.47%	3.73%	8.16%
2004	2.75%	8.98%	13.32%	8.52%
2005	1.75%	8.48%	9.29%	8.57%
2006	5.39%	8.29%	10.23%	8.67%
2007	10.42%	8.41%	15.93%	9.09%
2008	7.85%	8.38%	(3.80%)	8.33%
2009	(5.87%)	7.58%	(18.07%)	6.75%
2010	3.32%	7.36%	9.58%	6.89%
2011	7.21%	7.35%	21.10%	7.52%
2012	2.41%	7.12%	0.33%	7.19%
2013	5.33%	7.05%	13.62%	7.46%
2014	12.70%	7.28%	17.85%	7.87%
2015	10.27%	7.39%	5.34%	7.77%

Annual Returns include Deferred Option Plan Assets.

## Section 3 Basis of Valuation

This section presents and describes the basis of the valuation. This section presents and describes the basis of the valuation. The census of Members, actuarial basis and provisions of the Plan are the foundation of the valuation, since these are the present facts on which the projection of benefit payments will depend. The valuation is based on the premise that the Plan will continue in existence

<b>Section 3.1</b>	Plan Members
<b>Section 3.2</b>	Actuarial Basis
<b>Section 3.3</b>	Summary of Plan Provisions

## 3.1 Plan Members

### A. Count of Paid Active Members

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 20	0	0	0	0	0	0	0	0	0	0
20-24	200	1	0	0	0	0	0	0	0	201
25-29	404	81	1	0	0	0	0	0	0	486
30-34	284	307	100	7	0	0	0	0	0	698
35-39	133	188	213	154	6	0	0	0	0	694
40-44	59	117	164	266	113	5	0	0	0	724
45-49	31	48	57	154	223	78	3	0	0	594
50-54	4	17	21	74	139	182	76	2	0	515
55-59	1	3	3	34	52	67	55	17	0	232
60-64	0	0	0	2	5	15	11	3	0	36
65-69	0	0	0	0	0	0	0	1	0	1
70-74	0	0	0	0	0	0	0	0	0	0
75+	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1,116</b>	<b>762</b>	<b>559</b>	<b>691</b>	<b>538</b>	<b>347</b>	<b>145</b>	<b>23</b>	<b>0</b>	<b>4,181</b>

### B. Average Compensation of Paid Active Members

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 20										0
20-24	37,041									37,070
25-29	43,950	53,545								45,588
30-34	45,935	58,938	68,771							55,113
35-39	44,599	59,859	67,682	73,463						62,464
40-44	45,266	58,077	69,272	77,462	82,417					70,738
45-49	43,294	61,783	70,274	72,596	81,863	80,893				74,565
50-54			65,117	70,683	79,419	70,487	86,833			74,530
55-59				71,194	72,600	72,588	79,900			75,200
60-64										58,489
65-69										81,225
70-74										0
75+										0
<b>Total</b>	<b>43,364</b>	<b>58,525</b>	<b>68,460</b>	<b>74,163</b>	<b>80,227</b>	<b>72,806</b>	<b>82,354</b>	<b>90,235</b>	<b>0</b>	<b>63,370</b>

Average compensation not shown for groupings of less than twenty members

## C. Count of Volunteer Active Members

Age	Years of service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 20	0	0	0	0	0	0	0	0	0	<b>0</b>
20-24	869	49	0	0	0	0	0	0	0	<b>918</b>
25-29	688	346	32	0	0	0	0	0	0	<b>1,066</b>
30-34	646	437	221	21	0	0	0	0	0	<b>1,325</b>
35-39	522	424	231	127	11	0	0	0	0	<b>1,315</b>
40-44	364	338	225	193	72	4	0	0	0	<b>1,196</b>
45-49	210	300	197	185	102	23	3	0	0	<b>1,020</b>
50-54	55	166	168	187	92	46	5	1	0	<b>720</b>
55-59	8	13	81	164	79	36	17	6	0	<b>404</b>
60-64	3	8	4	57	56	25	7	5	0	<b>165</b>
65-69	0	4	1	3	12	5	0	2	3	<b>30</b>
70-74	0	0	1	4	3	2	1	0	0	<b>11</b>
75+	0	0	0	0	7	1	0	1	0	<b>9</b>
<b>Total</b>	<b>3,365</b>	<b>2,085</b>	<b>1,161</b>	<b>941</b>	<b>434</b>	<b>142</b>	<b>33</b>	<b>15</b>	<b>3</b>	<b>8,179</b>



## D. Inactive Members Statistics

Paid		
Inactive members as of July 1, 2015	Number	Amount of Annual benefit
<b>Members receiving benefits</b>		
a. Retired	2,088	\$ 61,518,708
b. Beneficiaries	853	24,631,752
c. Disabled	1,547	48,050,460
d. Deferred option	69	3,083,688
<b>Total</b>	<b>4,557</b>	<b>\$ 137,284,608</b>
<b>Members with deferred benefits</b>		
a. Terminated vested	61	\$ 964,260
<b>Total</b>	<b>61</b>	<b>\$ 964,260</b>

Volunteer		
Inactive members as of July 1, 2015	Number	Amount of Annual benefit
<b>Members receiving benefits</b>		
a. Retired	4,197	\$ 7,403,604
b. Beneficiaries	1,225	2,098,104
c. Disabled	331	473,256
d. Deferred option	6	10,872
<b>Total</b>	<b>5,759</b>	<b>\$ 9,985,836</b>
<b>Members with deferred benefits</b>		
a. Terminated vested	1,352	\$ 2,173,908
<b>Total</b>	<b>1,352</b>	<b>\$ 2,173,908</b>

## E. Member in Pay Status - Annual Benefits

Paid								
Attained age	Retired members		Beneficiaries		Disabled members		Current payment total	
	No.	Benefit	No.	Benefit	No.	Benefit	No.	Benefit
Under 50	46	1,256,220	30	781,188	120	2,952,456	196	4,989,864
50-54	183	5,555,688	28	769,272	144	4,513,380	355	10,838,340
55-59	375	11,456,400	44	1,166,376	267	8,811,420	686	21,434,196
60-64	412	12,449,472	81	2,103,276	303	9,786,900	796	24,339,648
65-69	326	9,204,672	103	2,691,324	281	8,700,900	710	20,596,896
70-74	285	7,538,064	146	3,833,388	226	6,645,228	657	18,016,680
75-79	223	6,086,640	131	3,886,860	129	3,893,880	483	13,867,380
80-84	125	4,065,156	125	3,951,552	47	1,554,864	297	9,571,572
85-89	86	2,968,812	97	3,211,872	21	819,744	204	7,000,428
90 and over	27	937,584	68	2,236,644	9	371,688	104	3,545,916
<b>Total</b>	<b>2,088</b>	<b>61,518,708</b>	<b>853</b>	<b>24,631,752</b>	<b>1,547</b>	<b>48,050,460</b>	<b>4,488</b>	<b>134,200,920</b>

Volunteer								
Attained age	Retired members		Beneficiaries		Disabled Members		Current payment total	
	No.	Benefit	No.	Benefit	No.	Benefit	No.	Benefit
Under 50	180	329,280	69	87,372	29	34,332	278	450,984
50-54	442	763,596	34	43,404	41	60,468	517	867,468
55-59	714	1,194,192	68	102,888	39	54,372	821	1,351,452
60-64	754	1,296,876	94	151,968	57	81,408	905	1,530,252
65-69	699	1,248,012	142	247,776	55	74,184	896	1,569,972
70-74	562	1,015,788	151	263,472	49	72,684	762	1,351,944
75-79	377	681,084	191	339,276	32	48,900	600	1,069,260
80-84	251	465,276	171	313,908	24	37,764	446	816,948
85-89	158	298,104	176	312,408	2	3,708	336	614,220
90 and over	60	111,396	129	235,632	3	5,436	192	352,464
<b>Total</b>	<b>4,197</b>	<b>7,403,604</b>	<b>1,225</b>	<b>2,098,104</b>	<b>331</b>	<b>473,256</b>	<b>5,753</b>	<b>9,974,964</b>

## F. Terminated Vested and Deferred Option Plan Members - Annual Benefits

Paid				
Attained age	Terminated vested members		Deferred option plan members	
	No.	Benefit	No.	Benefit
Under 40	8	\$ 132,612	0	\$ 0
40-44	18	280,788	3	124,716
45-49	19	273,552	13	571,512
50-54	8	110,736	33	1,495,128
55-59	7	162,444	17	749,916
60-64	1	4,128	2	103,968
65-69	0	0	1	38,448
70 and over	0	0	0	0
<b>Total</b>	<b>61</b>	<b>\$ 964,260</b>	<b>69</b>	<b>\$ 3,083,688</b>

Volunteer				
Attained age	Terminated vested members		Deferred option plan members	
	No.	Benefit	No.	Benefit
Under 40	105	\$ 116,484	0	\$ 0
40-44	153	179,076	1	1,812
45-49	251	324,996	0	0
50-54	247	359,184	2	3,624
55-59	202	333,540	1	1,812
60-64	148	279,560	1	1,812
65-69	77	171,024	1	1,812
70 and over	169	410,040	0	0
<b>Total</b>	<b>1,352</b>	<b>\$ 2,173,908</b>	<b>6</b>	<b>\$ 10,872</b>

## G. Member Data Reconciliation

	Paid members						
	Active members			Inactive members			
	Regular	Deferred option plan	Deferred vested members	Retired members	Disabled members	Beneficiaries	Total
As of July 1, 2014	4,166	68	58	2,053	1,502	833	8,680
Deferred option plan retirees	(12)	12					
Service retirements	(78)	(6)	(4)	88			
Disability retirements	(61)	(5)			66		
Deaths without beneficiaries				(16)	(12)	(33)	(61)
Deaths with beneficiaries	(4)			(26)	(16)	46	
Nonvested terminations	(44)						(44)
Vested terminations	(8)		8				
Rehires	1	0	(1)				
Cashouts of member contributions							
Expiration of benefits							
Data corrections	(24)		0	(11)	7	7	(21)
Transfers to volunteer	(19)						(19)
Transfers from volunteer	74						74
Net change	(175)	1	3	35	45	20	(71)
New entrants during the year	190						190
Net change	15	1	3	35	45	20	119
As of July 1, 2015	<b>4,181</b>	<b>69</b>	<b>61</b>	<b>2,088</b>	<b>1,547</b>	<b>853</b>	<b>8,799</b>

## G. Member Data Reconciliation (continued)

	Volunteer members						
	Active members		Inactive members				Total
	Regular	Deferred option plan	Deferred vested members	Retired members	Disabled members	Bene-ficiaries	
As of July 1, 2014	8,270	9	1,332	4,114	329	1,189	15,243
Deferred option plan retirees	(1)	1					
Service retirements	(144)	(4)	(40)	188			
Disability retirements	(8)				8		
Deaths without beneficiaries			(1)	(29)	(3)	(53)	(86)
Deaths with beneficiaries	(7)			(62)	(4)	73	
Nonvested terminations	(779)						(779)
Vested terminations	(72)		72				
Rehires	8		(8)		0		
Cashouts of member contributions							
Expiration of benefits							
Data corrections			(3)	(14)	1	16	
Transfers to paid	(74)						(74)
Transfers from paid	19						19
Net change	(1,058)	(3)	20	83	2	36	(920)
New entrants during the year	967						967
Net change	(91)	(3)	20	83	2	36	47
As of July 1, 2015	<b>8,179</b>	<b>6</b>	<b>1,352</b>	<b>4,197</b>	<b>331</b>	<b>1,225</b>	<b>15,290</b>

## 3.2 Actuarial Basis

### A. Entry Age Actuarial Cost Method

Liabilities and contributions shown in this report are computed using the Individual Entry Age method of funding.

Sometimes called “funding method”, an actuarial cost method is a particular technique used by actuaries for establishing the amount and incidence of the annual actuarial cost of Plan Benefits, or normal cost, and the related unfunded actuarial accrued liability. Ordinarily the annual contribution to the plan is comprised of (1) the normal cost and (2) an amortization payment on the unfunded actuarial accrued liability.

Under the Entry Age Actuarial Cost Method, the Normal Cost is computed as the level percentage of pay which, if paid from the earliest time each Member would have been eligible to join the plan if it then existed (thus, entry age) until his retirement or termination, would accumulate with interest at the rate assumed in the valuation to a fund sufficient to pay all benefits under the plan.

The Actuarial Accrued Liability under this method at any point in time is the theoretical amount of the fund that would have accumulated had annual contributions equal to the normal cost been made in prior years (it does not represent the liability for benefits accrued to the valuation date.) The Unfunded Actuarial Accrued Liability is the excess of the actuarial accrued liability over the actuarial value of plan assets actually on hand on the valuation date.

Under this method experience gains or losses, i.e. decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

#### **Actuarial Present Value**

The current worth (on the valuation date) of an amount or series of amounts payable or receivable in the future. The actuarial present value is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

### B. Asset Valuation Method

The actuarial value of assets is based on a five-year moving average of expected and market values determined as follows:

- at the beginning of each plan year, a preliminary expected actuarial asset value is calculated as the sum of the previous year’s actuarial value increased with a year’s interest at the System valuation rate plus net cash flow adjusted for interest (at the same rate) to the end of the previous plan year;
- the expected actuarial asset value is set equal to the preliminary expected actuarial value plus the unrecognized investment gains and losses as of the beginning of the previous plan year;
- the difference between the expected actuarial asset value and the market value is the investment gain or loss for the previous plan year;

- the (final) actuarial asset value is the preliminary value plus 20% of the investment gains and losses for each of the five previous plan years, but in no case more than 120% of the market value or less than 80% of the market value.

## C. Valuation Procedures

No actuarial accrued liability is held for nonvested, inactive Members who have a break in service, or for nonvested Members who have quit or been terminated, even if a break in service had not occurred as of the valuation date.

The wages used in the projection of benefits and liabilities were considered earnings for the year ending June 30, 2015, increased by the salary scale to develop expected earnings for the current valuation year. Earnings were annualized for Members with less than twelve months of reported earnings.

The impact from the dollar limitation required by the Internal Revenue Code Section 415 for governmental plans was not considered in this valuation and was determined not to be significant on a projected basis.

The compensation limitation under IRC Section 401(a)(17) was not considered in this valuation. On a projected basis, the impact of this limitation is insignificant.

The estimated employee, employer and state contributions have been determined based on total compensation.

When the data is edited, members reported as non-vested terminations are verified to have less than ten years of service at date of termination. Members with more than ten years of service are included in the valuation (with estimated benefits if necessary).

The Deferred Option Plan members are valued in a manner similar to retired Members. The main difference is the continuation of 50% of the employer contributions to the Firefighters Pension and Retirement System based on the compensation rate of the Deferred Option Plan members.

For members hired before November 1, 2013, Deferred Option Plan account balances are assumed to grow at 10.45% and be paid out over ten years, for the account balances of current DROP members; and over twenty years, for future DROP members. Discounting the expected DROP benefit payments at the assumed rate of return will result in a larger valuation liability than the actual DROP account balances. This difference represents the liability associated with the interest rate guarantee on the DROP accounts.

For members hired on or after November 1, 2013, Deferred Option Plan account balances are assumed to be paid as a lump sum upon termination.

The contribution requirements are based on total annual compensation rather than total covered compensation. This is a better reflection of the overall expectations for the Plan.

The calculations for the required state contribution are determined as of mid-year. This is a reasonable assumption since the employer contributions, employee contributions and State insurance premium tax allocations are made on a monthly basis throughout the year, and mid-year represents an average weighting of the contributions.

## D. Actuarial Assumptions

### Paid Firefighters

#### Economic Assumptions

1. Investment Return 7.5%, net of investment expenses, per annum, compound annually.

2. Earnings Progression Sample rates below:

Years of Service	Inflation %	Merit %	Increase %
0	3.0	6.00	9.00
1	3.0	5.50	8.50
2	3.0	5.00	8.00
3	3.0	4.90	7.90
4	3.0	4.75	7.75
5	3.0	4.50	7.50
10	3.0	3.55	6.55
15	3.0	1.65	4.65
20	3.0	1.20	4.20
25	3.0	1.00	4.00
30+	3.0	0.50	3.50

3. Reserve for Guaranteed Interest Rate for DROP Account Balances

For members hired before November 1, 2013, DROP account balances are assumed to earn 2.95% more than the assumed investment return. The accounts are assumed to grow at 10.45%, and be paid out over ten years, for the account balances of current DROP members; and over twenty years, for future DROP members.

For members hired on or after November 1, 2013, DROP account balances are assumed to be paid as a lump sum upon termination.



## Demographic Assumptions

### 1. Retirement Rates

See table below:

Attained Service	Annual Rates of Retirement Per 100 Eligible Members
20*	10
21*	5
22	5
23	5
24	10
25-29	15
30-33	20
34	25
35+	100

\* Not applicable for members hired on or after November 1, 2013

### 2. Mortality Rates

- (a) Active employees (pre-retirement)

RP-2000 Blue Collar Healthy Combined with generational mortality improvement using Scale AA.

- (b) Active employees (post-retirement) and nondisabled pensioners

RP-2000 Blue Collar Healthy Combined with generational mortality improvement using Scale AA

- (c) Disabled pensioners

RP-2000 Blue Collar Healthy Combined

### 3. Disability Rates

Graduated rates. See table below:

Age Range	Annual Rate
20-24	.0005
25-29	.0010
30-34	.0035
35-39	.0035
40-44	.0045
45-49	.0070
50-54	.0200
55-59	.0400
60-64	.0900

20% of disabilities are assumed to be Non-Duty related and 80% are assumed to be Duty related

4. Withdrawal Rates

Graduated rates. See table below:

Attained Service	Rate
0	.0300
1	.0350
2	.0300
3	.0200
4	.0200
5-9	.0100
10-14	.0080
15+	.0040

5. Marital Status

- (a) Percentage married: Males: 85%; Females: 85%
- (b) Age difference: Males are assumed to be three years older than females.

**Other Assumptions**

- 1. Assumed Age of Commencement for Deferred Benefits: Later of Age 50 and 20 Years of Service for members hired before November 1, 2013 and Age 50 with 22 Years of Service for members hired on or after November 1, 2013.
- 2. Provision for Expenses: Administrative Expenses, as budgeted by the Oklahoma Firefighters Pension and Retirement System.
- 3. Cost-of-Living Allowance Assumption for retirees with 20 years of service as of May 26, 1983: Half of the dollar amount of a 3% assumed increase in base pay.
- 4. Cost-of-Living Increase Assumption: Members are assumed to receive no annual increase in benefits during retirement, except for those in Item 3 above.
- 5. Deferred Option Plan: The retirement rates reflect both regular retirement and entry into the DROP. 100% of member retirements with at least 25 years of service are assumed to retroactively elect to enter DROP.

## Volunteer firefighters

### Economic assumptions

1. Investment return 7.50%, net of investment expenses, per annum, compound annually.
2. Benefit level increases No increases.

### Demographic assumptions

1. Retirement rates Sample rates below:

Attained service	Annual rates of retirement Per 100 eligible members
20*	30
21*	15
22	15
23	15
24	25
25	25
26-28	15
29-34	20
35+	100

\* Not applicable for members hired on or after November 1, 2013

### 2. Mortality Rates

- (a) Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined with generational mortality improvement using Scale AA.
- (b) Active employees (post-retirement) and nondisabled pensioners RP-2000 Blue Collar Healthy Combined with generational mortality improvement using Scale AA
- (c) Disabled pensioners RP-2000 Blue Collar Healthy Combined

3. Disability Rates

Graduated rates. See table below:

Age Range	Annual Rate
20-24	.0005
25-29	.0005
30-34	.0005
35-39	.0005
40-44	.0010
45-49	.0030
50-54	.0030
55-59	.0060
60-64	.0200

33% of disabilities are assumed to be Non-Duty related and 67% are assumed to be Duty related.

4. Withdrawal Rates

Graduated rates. See table below:

Attained service	Rate
0	.1500
1	.1600
2	.1400
3	.1300
4	.1100
5-9	.0080
10-14	.0550
15+	.0350

5. Marital Status

(a) Percentage married:

Males: 85%; Females: 85%

(b) Age difference:

Males are assumed to be three years older than females.

**Other Assumptions**

2. Assumed Age of Commencement for Deferred Benefits:

Later of Age 50 and 20 Years of Service for members hired before November 1, 2013 and Age 50 with 22 Years of Service for members hired on or after November 1, 2013.

2. Provision for Expenses

Administrative Expenses, as budgeted by the Oklahoma Firefighters Pension and Retirement System.

3. Cost-of-Living Allowance Assumption for retirees with 20 years of service as of May 26, 1983

Members are assumed to receive no annual increase in benefits during retirement.

4. Deferred Option Plan

The retirement rates reflect both regular retirement and entry into the DROP.

### 3.3 Summary of System Provisions

<b>Effective Date and Plan Year:</b>	The plan became effective May 14, 1908 and is regularly amended during legislative session. The plan year is July 1 to June 30.
<b>Administration:</b>	The plan is administered the Oklahoma Firefighters Pension and Retirement System Board consisting of 13 members. The Board acts as the fiduciary for investment and administration of the Plan.
<b>Members Included:</b>	All paid and volunteer firefighters of participating municipalities and fire protection districts.
<b>Member Contributions:</b>	Paid firefighters contributed 8% of gross salary prior to November 1, 2013. Effective November 1, 2013, paid firefighters contribute 9% of gross salary. No employee contributions are required of volunteer firefighters.
<b>Employer Contributions:</b>	Participating municipalities and fire protection districts contributed 13% of gross salary for each paid firefighter and \$60.00 per year for each volunteer firefighter prior to November 1, 2013. Effective November 1, 2013, participating municipalities and fire protection districts will contribute 14% of gross salary for each paid firefighter. Municipalities with revenues under \$25,000 make no contribution for volunteers.
<b>State Contributions:</b>	Insurance Premium Tax allocation. The fund received 34% of these collected taxes prior to November 1, 2013. Effective November 1, 2013, the fund is scheduled to receive 36% of these collected taxes.
<b>Service Considered:</b>	<p>The period of membership in the Pension System or a predecessor municipal system. Service for members of a fire protection district does not accrue before July 1, 1982.</p> <p>Military service is credited for one term (unless the member is required by law to re-enlist) if the city continues to make contributions on the member's behalf as though he were in actual service, provided that he returns to actual service within the fire department within ninety (90) days of honorable discharge. War veterans shall receive up to five years of credit for active military service.</p> <p>A member who has withdrawn his contributions and later returns to membership may repay the amount withdrawn plus interest as determined by the Board to reinstate participating service which was canceled by his withdrawal.</p> <p>A member may receive credit for up to five years of credited service accumulated by the member while a member of the Oklahoma Police Pension and Retirement System, the Oklahoma Law Enforcement Retirement System, the Teachers' Retirement System of Oklahoma, or the Oklahoma Public Employees Retirement System, if the member is not receiving or eligible to receive retirement credit or benefits from said service in any other public retirement system.</p>

The cost of buy-back service is determined as the actuarial present value of the benefits attributable to this service, effective January 1, 1991.

<b>Considered Compensation:</b>	The member's gross salary excluding overtime, payment for accumulated sick or annual leave upon termination, any uniform allowances or reimbursement of out-of-pocket expenses, but excluding any salary reductions pursuant to Section 457 or Section 414(b) of the Internal Revenue Code. Only salary on which the required contributions have been made may be considered.
<b>Final Average Compensation:</b>	The monthly average of the highest thirty (30) consecutive months of the last sixty (60) months of participating service.
<b>Normal Retirement Date:</b>	For member hired before November 1, 2013, the first day following the day the member completes twenty (20) years of service, regardless of age. For member hired on or after November 1, 2013, the first day following the day the member completes twenty (20) years of service and is 50 years old.
<b>Normal Retirement Benefit:</b>	
Paid firefighters	A monthly benefit equal to 50% of final average compensation.
Volunteer firefighters	\$150.60 per month, effective July 1, 2008.
<b>Late Retirement Benefit:</b>	Benefits continue to accrue for service up to thirty (30) years at the following rates:
Paid firefighters	2.5% of final average compensation per year of service.
Volunteer firefighters	\$7.53 per month per year of service, effective July 1, 2008.
<b>Early Retirement Benefit:</b>	None.
<b>Disability or Death Benefit:</b>	All firefighters are eligible for immediate disability or death benefits. Disabilities due to heart disease, injury to the respiratory system, or cancer are considered in the line of duty. If there is no eligible surviving spouse, the death benefit is divided between the children under age 18 or age 22 if children are enrolled as full-time students.
Paid firefighters	2.5% of final average monthly compensation per year of service, with a minimum service credit of 20 years and maximum of 30 years. For disabilities not in the line of duty, final average monthly compensation is based on 60 months instead of 30 months.
Volunteer firefighters	\$7.53 per month per year of service, with a maximum of 30 years. For disabilities or deaths in the line of duty, there is a minimum service credit of 20 years.
<b>Vested Severance Benefit:</b>	For members hired before November 1, 2013:  A member who terminates after ten years of credited service is eligible for a vested severance benefit

determined by the normal retirement formula, based on service and salary history to date of termination.

The benefit is payable at age 50 or when the member would have completed twenty years of service, whichever is later, provided the member's contribution accumulation is not withdrawn.

Members terminating with less than ten years of credited service receive a refund of their contribution accumulation without interest.

For members hired on or after November 1, 2013:

A member who terminates after 11 years of credited service is eligible for a vested severance benefit determined by the normal retirement formula, based on service and salary history to date of termination.

The benefit is payable at age 50 and 22 years of service provided the member's contribution accumulation is not withdrawn.

Members terminating with less than 11 years of credited service receive a refund of their contribution accumulation without interest.

**Lump Sum Death Benefit:**

Upon the death of an active or retired member on or after July 1, 1999, a \$5,000 lump sum death benefit will be paid to the member's beneficiary, or estate if no beneficiary. The \$5,000 death benefit does not apply to members electing the vested benefit.

**Form of Payments:**

The normal form of benefit is a Joint and 100% Survivor Annuity if the firefighter was married 30 months prior to death.

**Post-Retirement Adjustments:**

Firefighters with 20 years of service as of May 26, 1983, are entitled to post-retirement adjustments equal to one-half the increase or decrease for top step firefighters. Pensions will not be adjusted below the level at which the firefighter retired.

**Deferred Option Plan:**

A Member who is eligible to receive a Normal Retirement Benefit and continues employment may elect to participate in the Deferred Option Plan (DROP). Participation in the DROP shall not exceed five years. The employees' contributions cease upon entering the Plan, but the employer contributions are divided equally between the Retirement System and DROP. The monthly retirement benefits that the employee is eligible to receive are paid into the DROP account.

A member is also allowed to retroactively elect to join the DROP as of a back-drop-date which is no earlier than the member's Normal Retirement Date or five years before his termination date. The monthly retirement benefits and employee contributions that would have been payable had the member elected to join the DROP are credited to the member's DROP account with interest.

The retirement benefits are not recalculated for service and salary past the election date to join the

DROP. However, the benefits may be increased by any applicable cost-of-living increases.

When the Member actually terminates employment, the DROP account balance may be paid in a lump sum or to an annuity provider. Monthly retirement benefits are then paid directly to the retired Member.

For members hired before November 1, 2013, the DROP account is guaranteed a minimum of the valuation interest rate for investment return, or 2% less than the fund rate of return, if greater.

For members hired on or after November 1, 2013, the DROP account is guaranteed a minimum of the valuation interest rate for investment return, or 2% less than the fund rate of return, if greater, while in active DROP. The DROP account is credited with 1% less than the fund rate of return once the member leaves active DROP.