

**KB Police Officers and Firefighters Retirement Plan**  
**Summary of Facts for Village Council Meeting of 4/8/2008**  
**Stephen Palmquest (Actuary); Robert L. Maggs, M.D. (Trustee)**

Administrative annual reports, submission of documents, etc: all current  
Village FY = October 1 through September 30.

**Pension Plan Assets: \$ 10,327,487**

**FY 2007-08:** (((Possible revision subsequently – 14.27%, 13.11)))

**10.5% employee contribution of payroll (each paycheck)**

**\$651,000 Village contribution in 2007-2008 (Budget)**

Village will use 11.48% of pension eligible payroll for 2007-2008

RW/Village has been using 9%

Will add \$40,000 +/-, change to 11.48% per pay period. (? 14.27%)

**\$639,518 projected Village contribution in 2008-2009 (Use in Budget)**

Village will use 10.51% of pension eligible payroll, 2008-09 (?13.11%)

**EARNINGS for Oct. 1, 2007 to Sept. 30 2008:**

Net Investment Earnings: \$1,141,616

(Estimated earnings was \$707,621; Pension Plan was \$433,995 over estimate)

(The net actuarial gain includes \$250,000 +/-

due to unscheduled/ unassumed early employment terminations)

Actuarial NET = 13.4%

Smoothing method NET = 9.5% (9.4%)

There were 8 parameters in investment spectrum

(Domestic equity, domestic fixed International, REIT, Cash)

7 did exceptionally well/ solid performance, 1 was sluggish

Plus we added Treasury Inflation TIPS, REIT Ishares, Russell 2000 Ishares

**ASSUMPTIONS:** Inflation 4%

Salary increases 7.5% average)

ROR/ rate of return - Investment earnings 8.5%

Retirement age = 52; Maximum years-of-service = 25

There are 65 active members, 9 terminations (2007), 38 (Over 6 years)

**\*\*\*\*RE: Assumed estimate ROR** (rate of return on investments):

Village is using 8.5% (previously was 9%)

FL State will require that Village reduce incrementally to 8% over next few years

For every ¼ point drop, Village increases the Village cost by \$150,000

Village contribution level is stable over past 6 years

**CONCLUSIONS/ FINAL FACTS:**

**To fund the “Unfunded Actuarial Accrued Liability” if plan continues: \$3,318,314**

((Annually, the Actuary ‘smooths’, making it payable over 5 years))

**To fully fund if the plan closes at this time: Zero +/-**

**The Pension plan is 73.1% funded – was 31% in 1998, 67% in 2006**