



Funding Improvement
Plan Update

Town of Cumberland, RI Police Retirement Plan

July 1, 2019 COST PROJECTIONS

June 24, 2020



Important Comments

The cost projections contained in this report are based on data as of July 1, 2019. Assumptions used in measuring the liabilities are consistent with the July 1, 2019 actuarial report unless stated otherwise. Reasonable actuarial techniques and assumptions were used to produce the cost projections. Data was provided by the Town.

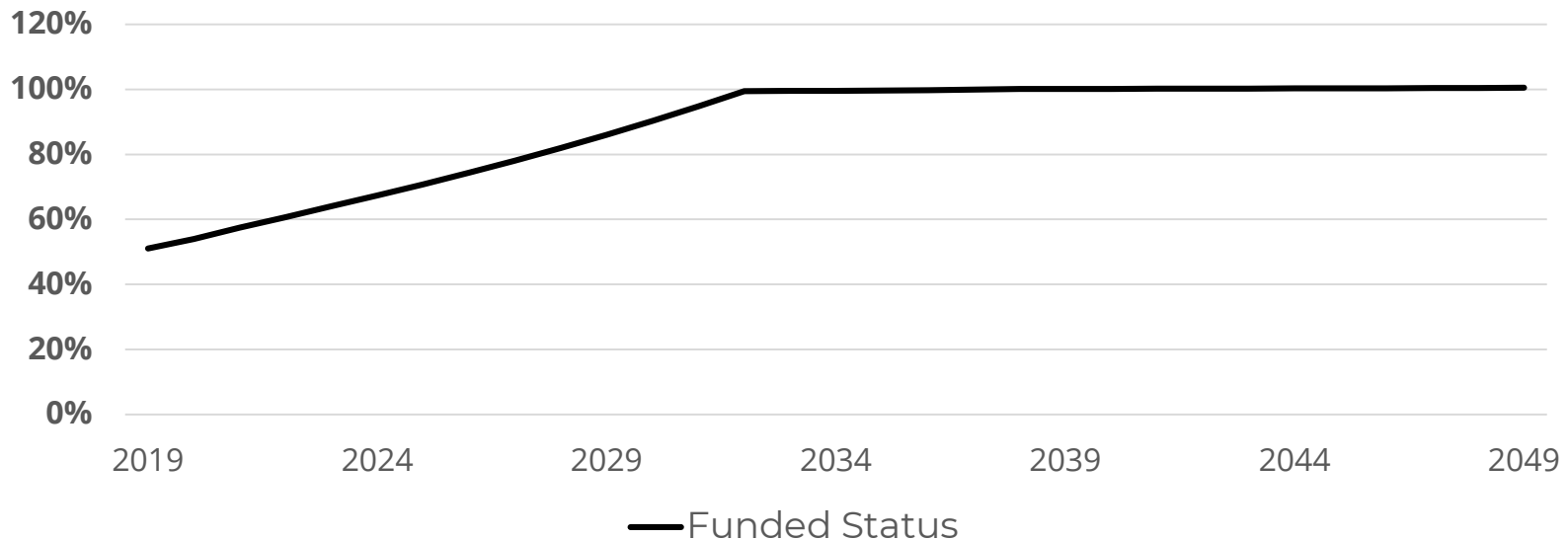
The following pages show cost projections under specific economic scenarios and are meant to be used for illustration purposes only. Actual results will vary from projections shown in this report due to actual participant data, actual asset returns, and any assumption changes that may be warranted. These projections are not meant to provide a definitive cost savings or increase related to plan changes.

These projections reflect numerous assumptions and one should focus on the general trend of the results rather than the absolute dollar amounts.



Funding Improvement Plan

- The Funding Improvement Plan (FIP) was created March 1, 2013
- The goal outlined in the FIP is to emerge from critical status in 2022
- The lowering of the discount rate from 7.50% to 7.25% at the 7/1/2019 valuation was offset by a greater than expected asset performance of 9.50%. The plan is still on track to emerge from critical status for the July 1, 2022 valuation if expected assumptions are met (asset performance, pay growth, contribution levels, etc.).





Baseline Projection

Year	Valuation Date	Fiscal Year Ending	Payment against the ARFC	Expected Employee Contributions	Employer Normal Cost	Employer Amortization	Employer ARFC	Employer Contribution	Increase	Payroll	Employer Contribution		Actuarial Value of Assets (AVA)	Accrued Liability	Unfunded Liability	Funded Ratio (AVA)
											as a % of Payroll	Benefit Payments				
2013	7/1/2013	6/30/2014	104.3%	185,877	421,838	1,420,609	1,980,631	2,064,871	N/A	2,651,185	77.9%	1,656,011	9,981,864	29,585,610	19,603,746	33.7%
2014	7/1/2014	6/30/2015	100.0%	260,793	397,279	1,461,466	1,997,828	1,997,828	-3.2%	2,633,451	75.9%	1,765,110	11,630,376	31,046,330	19,415,954	37.5%
2015	7/1/2015	6/30/2016	100.1%	232,349	478,578	1,484,386	2,110,186	2,112,000	5.7%	2,938,631	71.9%	1,823,825	13,217,038	32,119,567	18,902,529	41.1%
2016	7/1/2016	6/30/2017	102.0%	209,476	441,887	1,547,280	2,138,355	2,182,000	3.3%	2,750,648	79.3%	1,939,634	14,594,768	33,475,557	18,880,789	43.6%
2017	7/1/2017	6/30/2018	102.3%	225,289	428,943	1,588,030	2,168,246	2,218,887	1.7%	2,817,547	78.8%	1,919,613	16,138,523	34,580,512	18,441,989	46.7%
2018	7/1/2018	6/30/2019	100.0%	229,457	453,218	1,645,879	2,256,529	2,256,529	1.7%	2,994,240	75.4%	2,027,925	17,808,301	35,958,715	18,150,414	49.5%
2019	7/1/2019	6/30/2020	100.0%	247,512	500,416	1,753,457	2,417,279	2,417,279	7.1%	3,053,587	79.2%	2,080,985	19,559,591	38,343,033	18,783,442	51.0%
2020	7/1/2020	6/30/2021	100.0%	247,652	517,406	1,817,011	2,503,662	2,503,662	3.6%	3,146,840	79.6%	2,194,820	21,469,351	39,765,799	18,296,448	54.0%
2021	7/1/2021	6/30/2022	100.0%	251,119	509,444	1,871,192	2,553,233	2,553,233	2.0%	3,183,283	80.2%	2,352,237	23,654,002	41,191,088	17,537,086	57.4%
2022	7/1/2022	6/30/2023	100.0%	276,329	472,031	1,931,916	2,578,233	2,578,233	1.0%	3,198,297	80.6%	2,393,670	25,819,211	42,551,434	16,732,223	60.7%
2023	7/1/2023	6/30/2024	100.0%	275,983	497,954	1,993,875	2,672,487	2,672,487	3.7%	3,320,386	80.5%	2,519,722	28,163,058	43,953,980	15,790,922	64.1%
2024	7/1/2024	6/30/2025	100.0%	294,829	481,149	2,063,516	2,729,153	2,729,153	2.1%	3,380,504	80.7%	2,599,074	30,563,895	45,359,112	14,795,217	67.4%
2025	7/1/2025	6/30/2026	100.0%	304,819	488,898	2,135,524	2,814,692	2,814,692	3.1%	3,509,914	80.2%	2,696,640	33,133,492	46,785,122	13,651,630	70.8%
2026	7/1/2026	6/30/2027	100.0%	315,158	485,147	2,210,521	2,891,104	2,891,104	2.7%	3,597,579	80.4%	2,802,307	35,884,598	48,239,315	12,354,717	74.4%
2027	7/1/2027	6/30/2028	100.0%	335,667	476,559	2,288,009	2,965,000	2,965,000	2.6%	3,681,708	80.5%	2,848,054	38,813,229	49,694,628	10,881,399	78.1%
2028	7/1/2028	6/30/2029	100.0%	342,398	494,688	2,368,020	3,070,254	3,070,254	3.5%	3,820,406	80.4%	2,942,181	42,002,702	51,218,099	9,215,397	82.0%
2029	7/1/2029	6/30/2030	100.0%	330,017	524,567	2,450,710	3,190,985	3,190,985	3.9%	3,924,200	81.3%	3,193,251	45,438,404	52,779,441	7,341,037	86.1%
2030	7/1/2030	6/30/2031	100.0%	351,539	466,024	2,536,191	3,219,876	3,219,876	0.9%	3,893,409	82.7%	3,360,232	48,970,636	54,211,234	5,240,598	90.3%
2031	7/1/2031	6/30/2032	100.0%	359,899	446,027	2,624,519	3,293,161	3,293,161	2.3%	3,926,135	83.9%	3,540,802	52,638,000	55,532,075	2,894,075	94.8%
2032	7/1/2032	6/30/2033	100.0%	367,957	421,824	18,852	472,625	472,625	-85.6%	3,936,274	12.0%	3,731,521	56,466,497	56,746,694	280,197	99.5%
2033	7/1/2033	6/30/2034	100.0%	399,818	372,137	19,298	419,814	419,814	-11.2%	3,955,018	10.6%	3,792,601	57,563,155	57,833,362	270,207	99.5%
2034	7/1/2034	6/30/2035	100.0%	412,673	383,765	37,226	451,513	451,513	7.6%	4,099,357	11.0%	3,879,578	58,657,425	58,916,101	258,676	99.6%
2035	7/1/2035	6/30/2036	100.0%	432,659	379,457	92,460	506,131	506,131	12.1%	4,226,221	12.0%	3,941,060	59,786,441	60,012,875	226,434	99.6%
2036	7/1/2036	6/30/2037	100.0%	449,982	384,464	73,581	491,253	491,253	-2.9%	4,371,234	11.2%	3,999,756	61,009,691	61,143,075	133,384	99.8%
2037	7/1/2037	6/30/2038	100.0%	467,770	390,013	101,547	527,198	527,198	7.3%	4,516,502	11.7%	4,060,028	62,264,542	62,316,681	52,139	99.9%
2038	7/1/2038	6/30/2039	100.0%	489,917	392,193	0	420,627	420,627	-20.2%	4,670,168	9.0%	4,091,403	63,602,974	63,536,944	(66,030)	100.1%
2039	7/1/2039	6/30/2040	100.0%	500,353	398,790	0	427,702	427,702	1.7%	4,850,931	8.8%	4,165,796	64,923,131	64,837,373	(85,758)	100.1%
2040	7/1/2040	6/30/2041	100.0%	491,937	386,403	0	414,417	414,417	-3.1%	5,011,345	8.3%	4,354,081	66,280,225	66,172,319	(107,906)	100.2%
2041	7/1/2041	6/30/2042	100.0%	532,688	416,466	0	446,660	446,660	7.8%	5,062,875	8.8%	4,382,902	67,518,406	67,386,474	(131,932)	100.2%
2042	7/1/2042	6/30/2043	100.0%	553,050	430,857	0	462,094	462,094	3.5%	5,252,478	8.8%	4,411,870	68,892,456	68,735,748	(156,708)	100.2%
2043	7/1/2043	6/30/2044	100.0%	574,526	448,196	0	480,690	480,690	4.0%	5,442,814	8.8%	4,429,716	70,373,397	70,191,639	(181,758)	100.3%
2044	7/1/2044	6/30/2045	100.0%	595,087	464,886	0	498,590	498,590	3.7%	5,640,617	8.8%	4,445,119	71,984,854	71,775,473	(209,381)	100.3%
2045	7/1/2045	6/30/2046	100.0%	597,426	467,930	0	501,855	501,855	0.7%	5,839,228	8.6%	4,554,369	73,737,142	73,498,341	(238,801)	100.3%
2046	7/1/2046	6/30/2047	100.0%	609,596	478,355	0	513,036	513,036	2.2%	5,942,400	8.6%	4,644,902	75,509,103	75,237,657	(271,446)	100.4%

Projections above are based on plan provisions and assumptions as detailed in the 7/1/2019 valuation report dated June 15, 2020 unless noted on following page.

"ARFC" is "Actuarial Recommended Funding Contribution"

*These numbers are estimates only and are not guarantees of future plan costs

The yellow highlighted row reflects the current plan year. This includes an estimate of the employer contribution and benefit payments for the year.



Summary of Actuarial Assumptions and Methods

Asset Return	Plan assets earn 7.25% annually
Active Population	The number of active employees remains constant
Town Contributions	The Town contributes the full Actuarial Recommended Funding Contribution (ARFC) each year
Mortality	Same as the July 1, 2019 Valuation
Retirement	Same as the July 1, 2019 Valuation
Withdrawal	Same as the July 1, 2019 Valuation
Disability	Same as the July 1, 2019 Valuation
Future Salary Increases	Inflation - 2% Merit - Rates varying by age
New Entrants	New entrants were modeled based on historical demographic information for new hires in the Town of Cumberland from 2014 - 2018