Employees' Retirement Fund
of the City of DALLAS

Employees' Retirement Fund

New Tier of Pension Benefits

Cost Impact of Studies

Dallas Employees' Retirement Fund

Possible Benefit Changes for New Hires

Preliminary Normal Cost Rate (NC%) as of 12/31/2014 20.29%

Description of Benefit Modification	Decrease in NC%	Percentage Decrease
1. Age 65 with 5 years of service Normal Retirement and Rule of 80 Early Retirement with full actuarial reduction	4.38%	21.6%
2. CPI COLA, with maximum of 3.00% (valued as 2.50% COLA)	0.62%	3.1%
3. Average Monthly Earnings period changed from 3 to 5 years	0.65%	3.2%
4. Normal Form of payment changed to life only annuity	1.15%	5.6%
5. Elimination of $125 health supplement	0.71%	3.5%
6. Benefit multiplier changed from 2.75% to 2.50%	1.60%	7.9%
7. Combination of all prior Scenarios	7.61%	37.5%
8. Scenario 7, Service-Based Health Supplement*, and Unreduced 40 years of service provision	7.39%	36.4%
9. Scenario 8, with benefit multiplier lowered to 2.25%	8.42%	41.5%
10. Scenario 7, with Normal Form of payment of life with 10 years guaranteed and Unreduced at 40 years of service provision	7.11%	35.0%

Combinations	Scenario 7	Scenario 8	Scenario 9	Scenario 10
NC% as of 12/31/2014 valuation	20.29%	20.29%	20.29%	20.29%
NC% Combination Study Savings	7.61%	7.39%	8.42%	7.11%
NC% for new hire	12.68%	12.90%	11.87%	13.18%

*In Scenario 8, the health supplement provides 100% of the supplement for members with 20 or more years of service, 50% of the current health supplement for members with less than 20 years of service, and eliminates the supplement for members with less than 10 years of service.

Formula for Calculating the Benefit

Service Credit in Years (Full & Partial)
X Multiplier
X Average Monthly Pay
= Calculated Monthly Benefit

Retirement Benefit Review

Benefit Plan Factors	Current Plan	Proposed Plan
Retirement Eligibility	o Age 60 o 30 years of Credited Service o Rule of 78 Early Retirement o Disability Retirement	o Age 65 (5 years credited service required) o 40 years of Credited Service o Rule of 80 Early Retirement o Disability Retirement
Death Benefit	o Joint & 100% (reduced) o Joint & 50% o Ten-Year Guarantee	o Joint & 100% (reduced) o Joint & 50% (reduced) o Ten-Year Guarantee
Cost of Living Adjustment (COLA)	Maximum of 5% based on CPI	Maximum of 3% based on CPI
Highest Average Earnings	3 year average	5 year average

Retirement Calculation Example

Benefit Plan Factors	Current Plan Rule 78	Proposed Plan Rule of 80
Employee Contribution	13.32%	13.32%
Average Annual Salary	$50,000	$50,000
Employee's Age	60	65
Years of Credited Service	25	25
Multiplier	2.75%	2.50%
Annual Pension Benefit	$34,375.00	$31,250.00
Health Care Supplement ($125/monthly)	$ 1,500.00	N/A
Annual Benefit	$35,875.00	$31,250.00
Monthly Benefit	$ 2,989.58	$ 2,604.17

ERF Value of a Pension Benefit

Retirement Factors	Current Plan (Benefit Payments)	Proposed Plan (Benefit Payments)
Average Annual Salary	$50,000	$50,000
Years of Credited Service	25	25
Multiplier	2.75%	2.50%
Monthly Benefit	$ 2,989.58 (With health supplement)	$ 2,604.17 (Without health supplement)
Member's annual pension	$35,875.00	$31,250.00
The member's accumulated pension 20 years post retirement	**$717,500.00***	**N/A**
The member's accumulated pension 23 years post retirement	**N/A**	**$718,750.00***

This amount does not include annual cost of living adjustments