



Actuarial Valuation Report

Firefighters' Pension and Relief Fund for the City of
New Orleans

Old Fund

Funding Valuation as of January 1, 2026

GASB 68 Valuation for the Fiscal Year Ending December 31, 2025,
using December 31, 2025, Measurement Date





Introduction

This report documents the results of the actuarial valuation for the fiscal year ending December 31, 2025 of the Old Fund for the Firefighters' Pension and Relief Fund for the City of New Orleans. The plan is a single-employer plan and does not issue a separate financial statement. As a result, all reporting requirements are included in the employer's financial statement. These results are based on a Measurement Date of December 31, 2025. The information provided in this report is intended strictly for documenting:

- Information relating to company and plan disclosure and reporting requirements; and
- The actuarial determined contribution for the fiscal year ending December 31, 2026

Determinations for purposes other than the financial accounting requirements may be significantly different from the results in this report. Thus, the use of this report for purposes other than those expressed here may not be appropriate.

This valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board. In addition, the valuation results are based on our understanding of the financial accounting and reporting requirements under U.S. Generally Accepted Accounting Principles as set forth in Government Accounting Standards Board Statement 68 (GASB 68) including any guidance or interpretations provided by the Company and/or its audit partners prior to the issuance of this report. The information in this report is not intended to supersede or supplant the advice and interpretations of the Firefighters' Pension and Relief Fund for the City of New Orleans's auditors. Additional disclosures may be required under GASB 67. The funding valuation results are based on our understanding of the applicable laws and regulations under Louisiana Statutes Title 11, including any guidance or interpretations provided by the Firefighters' Pension and Relief Fund for the City of New Orleans prior to the issuance of this report.

A valuation model was used to develop the liabilities for this valuation. The valuation model relies on ProVal software, which was developed by Winklevoss Technologies, LLC. Experts within Aon selected this software and determined it is appropriate for performing valuations. We coded and reviewed the software for the provisions, assumptions, methods, and data of the Old Fund.

A model was used to develop the appropriate GASB discount rate. The undersigned relied on experts at Aon for the development of the capital market assumptions and the model underlying the expected rate of return.

The valuation model outputs various cost scenarios. The "1 percent increase" and "1 percent decrease" interest rate scenarios vary only the discount rate assumption, in order to illustrate the impact of a change in that assumption in isolation. In practice, certain other assumptions, such as the expected or realized asset returns, would also be expected to vary when the discount rate changes. Therefore, the output from these scenarios should be used solely for assessing the impact of the discount rate in isolation and may not represent a realistic set of results for other purposes.



Future actuarial measurements may differ significantly from the current measurements presented in this report due to (but not limited to) such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions;
- Changes in actuarial methods or in economic or demographic assumptions;
- Increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- Changes in plan provisions or applicable law.

Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements. However, an assessment and disclosure of risks pertaining to the funding valuation as required by the actuarial standards of practice is being provided in a separate report.

Funded status measurements shown in this report are determined based on various measures of plan assets and liabilities. For funding purposes, plan assets are measured based on the asset valuation method described in the Actuarial Assumptions and Methods section of this report. For entity and plan disclosure and reporting purposes, funded status is determined using plan assets measured at market value. Plan liabilities are measured based on the interest rates and other assumptions summarized in the Actuarial Assumptions and Methods section of this report.

These funded status measurements may not be appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations, and funded status measurements for Firefighters' Pension and Relief Fund for the City of New Orleans and plan disclosure and reporting purposes may not be appropriate for assessing the need for or the amount of future contributions.

In determining the actuarially determined contribution for the Old Fund, Aon may be assisting the appropriate plan fiduciary as it performs tasks that are required for the administration for an employee benefit plan. Aon may be consulting with the employer/plan sponsor (Firefighters' Pension and Relief Fund for the City of New Orleans) as it considers alternative strategies for funding the plan. Thus, Aon potentially will be providing assistance to the Firefighters' Pension and Relief Fund for the City of New Orleans (and/or certain of its employees) acting in a fiduciary capacity (for the benefit of plan participants and beneficiaries) and to Firefighters' Pension and Relief Fund for the City of New Orleans (and/or its executives) acting in a settlor capacity (for the benefit of the employer sponsoring the Old Fund).

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by Firefighters' Pension and Relief Fund for the City of New Orleans as of the valuation date. While we cannot verify the accuracy of all the information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy or completeness of the information and believe that it has produced appropriate results.

The actuarial assumptions and methods used in this valuation are described in the Actuarial Assumptions and Methods section of this report. Firefighters' Pension and Relief Fund for the City of New Orleans selected the economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB 68. The Firefighters' Pension and Relief Fund for the City of New Orleans selected the funding economic and demographic assumptions and prescribed them for use for purposes of compliance with the state's funding regulations. Aon provided guidance with respect to these assumptions, and it is our belief that the assumptions represent reasonable expectations of anticipated plan experience and the combined effect of the assumptions, other than the prescribed assumptions or methods set by law or items we are unable to assess for reasonableness have no significant bias.



The undersigned are familiar with the near-term and long-term aspects of Pension valuations and collectively meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. The information provided in this report is dependent upon various factors as documented throughout this report, which may be subject to change. Each section of this report is considered to be an integral part of the actuarial opinions.

To our knowledge, no colleague of Aon providing services to Firefighters' Pension and Relief Fund for the City of New Orleans has any material direct or indirect financial interest in Firefighters' Pension and Relief Fund for the City of New Orleans. Thus, we believe there is no relationship existing that might affect our capacity to prepare and certify this actuarial report for Firefighters' Pension and Relief Fund for the City of New Orleans.

Signed by:

A handwritten signature in black ink that reads "Deep Mandal".

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May 7, 2026



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Funding Requirements



Summary

The following table illustrates the unfunded pension liability under the plan's funding policy.

	Valuation Date January 1, 2025	Valuation Date January 1, 2026
Pension Liability		
Retired Participants and Beneficiaries Receiving Payment	\$ 64,077,284	\$ 58,113,623
Terminated Vested Participants	0	0
Active Participants	<u>0</u>	<u>0</u>
Total	\$ 64,077,284	\$ 58,113,623
Actuarial Value of Assets	<u>13,502,846</u>	<u>16,122,303</u>
Unfunded Accrued Liability ¹	\$ 50,574,438	\$ 41,991,320
Funded Ratio	21.07%	27.74%
Discount Rate	6.74%	6.52%

Actuarial Determined Contribution

The following table illustrates the annual actuarial determined contribution under the plan's funding policy. The funding policy of the plan is Pay as You Go. Therefore, the actuarial determined contribution is calculated as the amount needed to fund the benefits paid plus administrative expenses incurred in the current year.

Based on the plan sponsor's funding policy, the plan's unfunded liability would be expected to increase over time, and plan assets would be expected to be insufficient to pay plan benefits in 2 years.

	Fiscal Year Ending 12/31/2025	Fiscal Year Ending 12/31/2026
Assumed Administrative Expenses	\$ 300,000	\$ 200,000
Expected Benefit Payments	<u>10,288,320</u>	<u>8,811,871</u>
Annual Required Contribution	\$ 10,588,320	\$ 9,011,871

¹ Includes \$921,919 of DROP and PLOP account balances as of January 1, 2025. Includes \$223,439 of DROP and PLOP account balances as of January 1, 2026.



Reasonable Actuarially Determined Contribution

The actuarially determined contribution in this report is not considered reasonable because it does not meet the criteria of Section 3.21 of Actuarial Standard of Practice No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions (ASOP 4). Criteria 4 and 6 listed below are not met by a Pay as You Go funding policy.

- All significant assumptions are reasonable.
- Combined impact of assumptions are projected to have no significant bias.
- The actuarial cost method allocates cost in a reasonable way over employees' careers.
- Amortizations are projected to either fully amortize the unfunded liability or reduce the unfunded accrued liability by a reasonable amount within a reasonable period.
- The asset method and output smoothing method (if any) are consistent with actuarial standards.
- Contributions are projected to accumulate assets adequate to make benefit payments when due.

An alternative contribution policy that would meet all the criteria listed above would be the amount needed to fund the benefits accrued in the current year, plus administrative expenses incurred in the current year, plus an amortization of the unfunded liability over 15 years with a minimum contribution amount of \$7 million for 2026. The Actuarial Determined Contribution under this sample policy would result in a 2026 Actuarial Determined Contribution of \$7,000,000.

Under this alternative funding policy, the plan's unfunded liability would be expected to decrease over time, and the plan assets would be expected to be sufficient to pay plan benefits for all future years. The plan's unfunded liability would be estimated to be fully amortized in 15 years.



Market Value of Assets (Reflects 12/31 Measurement Date)

	Fiscal Year Ending 12/31/2024	Fiscal Year Ending 12/31/2025
Fair Value of Assets at Beginning of Measurement Period	\$ 12,437,369	\$ 13,502,846
Contributions — Employer	10,969,461	12,333,499
Contributions — Employee	0	0
Benefit Payments	(9,972,445)	(9,724,242)
Investment Return, Net of Expenses	<u>68,461</u>	<u>10,200</u>
Fair Value of Assets at End of Measurement Period	\$ 13,502,846	\$ 16,122,303
Receivable Contributions	<u>0</u>	<u>0</u>
Market Value of Assets at End of Measurement Period	\$ 13,502,846	\$ 16,122,303



Low-Default-Risk Obligation Measure (“LDROM”)

A key purpose of this report is to communicate an Actuarially Determined Contribution and Funded Percentage for the Public Employees’ Pension Plan. For both of these calculations, we use an Actuarial Accrued Liability that represents the present value of the portion of expected future benefit payments accrued under the plan’s actuarial cost method, discounted back to the valuation date using an asset return expectation of 6.52 percent. The asset return expectation is based on the plan’s diversified asset portfolio and long-term capital market return assumptions for the various asset classes represented in the portfolio. The objective of the portfolio is to maximize investment returns with a reasonable amount of risk.

For all funding valuations with measurement dates on or after February 15, 2023, and for which an actuarial report is issued on or after February 15, 2023, ASOP 4 now requires the calculation and disclosure of an additional measure of the plan’s liability using a discount rate or discount rates derived from low-default-risk fixed income securities whose cash flows are reasonably consistent with the pattern of benefits expected to be paid in the future.

This additional liability measure is referred to as the Low-Default-Risk Obligation Measure (LDROM). The LDROM shown in this report is based upon the Bond Buyer GO-20 index as of the measurement date, 4.83 percent, although other discount rates may also be appropriate for this purpose.

The LDROM can be thought of as a measure of what the plan’s funding liability would be if the plan were to use an ultra-low-risk investment policy. Since plan assets are not invested in an all-bond portfolio, the LDROM may not be appropriate for assessing funding status progress on an Actuarial Accrued Liability basis, necessary plan contributions, or the security of participant benefits.

All assumptions and methods other than the asset return assumption are the same for the calculation of Actuarial Accrued Liability and LDROM.

	Fiscal Year Ending 12/31/2025
LDROM	\$ 63,543,098
Interest Rate	4.83%
Actuarial Cost Method	Entry Age Normal



Accounting Requirements



Development of GASB 68 Net Pension Expense

Calculation Details

The following table illustrates the Net Pension Liability under GASB 68.

	Fiscal Year Ending 12/31/2024	Fiscal Year Ending 12/31/2025
(1) Pension Liability		
(a) Retired Participants and Beneficiaries Receiving Payment	\$ 73,690,076	\$ 63,543,098
(b) Terminated Vested	0	0
(c) Active Participants	<u>0</u>	<u>0</u>
(d) Total	\$ 73,690,076	\$ 63,543,098
(2) Plan Fiduciary Net Position	<u>(13,502,846)</u>	<u>(16,122,303)</u>
(3) Net Pension Liability	\$ 60,187,230	\$ 47,420,795
(4) Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	18.32%	25.37%
(5) Deferred Outflow of Resources for Contributions Made After Measurement Date	\$ 0	TBD

Expense

The following table illustrates the Pension expense under GASB 68.

	Fiscal Year Ending 12/31/2024	Fiscal Year Ending 12/31/2025
(1) Service Cost	\$ 0	\$ 0
(2) Interest Cost	2,702,146	2,810,164
(3) Expected Investment Return	(848,371)	(993,967)
(4) Employee Contributions	0	0
(5) Administrative Expense	289,801	182,158
(6) Other	0	0
(7) Plan Changes	0	0
(8) Amortization of Unrecognized		
(a) Liability (Gain)/Loss	(1,606,316)	(492,348)
(b) Asset (Gain)/Loss	281,200	419,899
(c) Assumption Change (Gain)/Loss	<u>(5,267,459)</u>	<u>(2,740,552)</u>
(9) Total Expense	\$ (4,448,999)	\$ (814,646)



Development of GASB 68 Net Pension Expense

Shown below are details regarding the calculation of Service Cost, Interest Cost and Expected Investment Return components of the Expense.

	Fiscal Year Ending 12/31/2024	Fiscal Year Ending 12/31/2025
(1) Development of Service Cost:		
(a) Normal Cost at Beginning of Measurement Period	\$ 0	\$ 0
(2) Development of Interest Cost:		
(a) Total Pension Liability at Beginning of Measurement Period	\$ 87,834,150	\$ 73,690,076
(b) Normal Cost at Beginning of Measurement Period	0	0
(c) Actual Benefit Payments	(9,972,445)	(9,724,242)
(d) Discount Rate	<u>3.26%</u>	<u>4.08%</u>
(e) Interest Cost	\$ 2,702,146	\$ 2,810,164
(3) Development of Expected Investment Return:		
(a) Plan Fiduciary Net Position at Beginning of Measurement Period	\$ 12,437,369	\$ 13,502,846
(b) Actual Contributions — Employer	10,969,461	12,333,499
(c) Actual Contributions — Employee	0	0
(d) Actual Benefit Payments	(9,972,445)	(9,724,242)
(e) Administrative Expenses	(289,801)	(182,158)
(f) Other	0	0
(g) Expected Return on Assets	<u>6.62%</u>	<u>6.74%</u>
(h) Expected Return	\$ 848,371	\$ 993,967



Reconciliation of Net Pension Liability

Shown below are details regarding the Total Pension Liability, Plan Fiduciary Net Position, and Net Pension Liability for the Measurement Period from December 31, 2024 to December 31, 2025:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance Recognized at 12/31/2024 (Based on 12/31/2024 Measurement Date)	\$ 73,690,076	\$ 13,502,846	\$ 60,187,230
Changes Recognized for the Fiscal Year			
Service Cost	\$ 0	NA	\$ 0
Interest on the Total Pension Liability	2,810,164	NA	2,810,164
Changes of Benefit Terms	0	NA	0
Differences Between Expected and Actual Experience	(492,348)	NA	(492,348)
Changes of Assumptions	(2,740,552)	NA	(2,740,552)
Benefit Payments	(9,724,242)	(9,724,242)	0
Contributions From the Employer	NA	12,333,499	(12,333,499)
Contributions From the Employee	NA	0	0
Net Investment Income	NA	192,358	(192,358)
Administrative Expense	NA	(182,158)	182,158
Other	NA	0	0
Net Changes	\$ (10,146,978)	\$ 2,619,457	\$ (12,766,435)
Balance Recognized at 12/31/2025 (Based on 12/31/2025 Measurement Date)	\$ 63,543,098	\$ 16,122,303	\$ 47,420,795



Liability (Gain)/Loss

The following table illustrates the liability gain/loss under GASB 68.

	Fiscal Year Ending 12/31/2024	Fiscal Year Ending 12/31/2025
(1) Pension Liability at Beginning of Measurement Period	\$ 87,834,150	\$ 73,690,076
(2) Service Cost	0	0
(3) Interest on the Total Pension Liability	2,702,146	2,810,164
(4) Changes of Benefit Terms	0	0
(5) Changes of Assumptions	(5,267,459)	(2,740,552)
(6) Benefit Payments	<u>(9,972,445)</u>	<u>(9,724,242)</u>
(7) Expected Pension Liability at End of Measurement Period	\$ 75,296,392	\$ 64,035,446
(8) Actual Pension Liability at End of Measurement Period	<u>73,690,076</u>	<u>63,543,098</u>
(9) Pension Liability (Gain)/Loss	\$ (1,606,316)	\$ (492,348)
(10) Average Future Working Life Expectancy	<u>1.00</u>	<u>1.00</u>
(11) Pension Liability (Gain)/Loss Amortization	\$ (1,606,316)	\$ (492,348)

Asset (Gain)/Loss

The following table illustrates the asset gain/loss under GASB 68.

	Fiscal Year Ending 12/31/2024	Fiscal Year Ending 12/31/2025
(1) Pension Asset at Beginning of Measurement Period	\$ 12,437,369	\$ 13,502,846
(2) Contributions — Employer	10,969,461	12,333,499
(3) Contributions — Employee	0	0
(4) Expected Investment Income	848,371	993,967
(5) Benefit Payments	(9,972,445)	(9,724,242)
(6) Administrative Expense	(289,801)	(182,158)
(7) Other	<u>0</u>	<u>0</u>
(8) Expected Pension Asset at End of Measurement Period	\$ 13,992,955	\$ 16,923,912
(9) Actual Pension Asset at End of Measurement Period	<u>13,502,846</u>	<u>16,122,303</u>
(10) Pension Asset (Gain)/Loss	\$ 490,109	\$ 801,609
(11) Amortization Factor	<u>5.00</u>	<u>5.00</u>
(12) Pension Asset (Gain)/Loss Amortization	\$ 98,022	\$ 160,322



Deferred Outflows/Inflows

The following table illustrates the Deferred Inflows and Outflows as of December 31, 2025 under GASB 68.

	Deferred Outflows	Deferred Inflows
(1) Difference Between Actual and Expected Experience	\$ 0	\$ 0
(2) Net Difference Between Expected and Actual Earnings on Pension Plan Investments	1,187,898	0
(3) Assumption Changes	<u>0</u>	<u>0</u>
(4) Sub Total	\$ 1,187,898	\$ 0
(5) Contributions Made in Fiscal Year Ending 12/31/2025 After Measurement Date	<u>0</u>	<u>NA</u>
(6) Total	\$ 1,187,898	\$ 0



Amortization of Deferred Inflows/Outflows

The table below lists the amortization bases included in the deferred inflows/outflows as of December 31, 2025.

Date Established	Type of Base	Period		Balance		Annual Payment
		Original	Remaining	Original	Remaining	
12/31/2025	Liability (Gain)/Loss	1.00	0.00	\$ (492,348)	\$ 0	\$ (492,348)
12/31/2021	Asset (Gain)/Loss	5.00	0.00	136,162	0	27,232
12/31/2022	Asset (Gain)/Loss	5.00	1.00	80,490	16,098	16,098
12/31/2023	Asset (Gain)/Loss	5.00	2.00	591,123	236,448	118,225
12/31/2024	Asset (Gain)/Loss	5.00	3.00	490,109	294,065	98,022
12/31/2025	Asset (Gain)/Loss	5.00	4.00	801,609	641,287	160,322
12/31/2025	Assumption Change	1.00	0.00	(2,740,552)	0	(2,740,552)
	Total Charges				\$ 1,187,898	\$ (2,813,001)

Amounts Recognized in the deferred outflows of resources and deferred inflows of resources related to Pension will be recognized in the Pension expense as follows:

Year End December 31

2026	\$	392,667
2027	\$	376,567
2028	\$	258,343
2029	\$	160,321
2030	\$	0
Total Thereafter	\$	0



Plan Fiduciary Net Position Projection

The following table illustrates the projection of the fiduciary net position for use in the calculation of the discount rate as of December 31, 2025.

(\$ in Millions)

Year Ending December 31 ⁽²⁾	Beginning Fiduciary Net Position	Total Contributions	Benefit Payments	Administrative Expenses	Investment Earnings	Ending Fiduciary Net Position ⁽¹⁾
(a)	(b)	(c)	(d)	(e)	(f)	
2026	\$ 16.1	\$ 0.0	\$ 8.8	\$ 0.2	\$ 0.8	\$ 7.9
2027	7.9	0.0	8.1	0.2	0.2	0.0
2028	0.0	0.0	7.6	0.2	0.0	0.0
2029	0.0	0.0	7.1	0.2	0.0	0.0
2030	0.0	0.0	6.5	0.2	0.0	0.0
2031	0.0	0.0	6.0	0.2	0.0	0.0
2032	0.0	0.0	5.5	0.2	0.0	0.0
2033	0.0	0.0	5.0	0.2	0.0	0.0
2034	0.0	0.0	4.5	0.2	0.0	0.0
2035	0.0	0.0	4.0	0.2	0.0	0.0
2036	0.0	0.0	3.5	0.2	0.0	0.0
2037	0.0	0.0	3.1	0.2	0.0	0.0
2038	0.0	0.0	2.7	0.2	0.0	0.0
2039	0.0	0.0	2.3	0.2	0.0	0.0
2040	0.0	0.0	2.0	0.2	0.0	0.0
2041	0.0	0.0	1.7	0.2	0.0	0.0
2042	0.0	0.0	1.4	0.2	0.0	0.0
2043	0.0	0.0	1.2	0.2	0.0	0.0
2044	0.0	0.0	1.0	0.2	0.0	0.0
2045	0.0	0.0	0.8	0.2	0.0	0.0
2046	0.0	0.0	0.7	0.2	0.0	0.0
2047	0.0	0.0	0.5	0.2	0.0	0.0
2048	0.0	0.0	0.4	0.2	0.0	0.0
2049	0.0	0.0	0.4	0.2	0.0	0.0
2050	0.0	0.0	0.3	0.2	0.0	0.0
2051	0.0	0.0	0.2	0.2	0.0	0.0
2052	0.0	0.0	0.2	0.2	0.0	0.0
2053	0.0	0.0	0.2	0.2	0.0	0.0
2054	0.0	0.0	0.1	0.2	0.0	0.0
2055	0.0	0.0	0.1	0.2	0.0	0.0

¹ (f) = (a) + (b) - (c) - (d) + (e)

² Years later than 2055 were omitted from this table.



Plan Fiduciary Net Position

The last year in which projected benefit payments are due from the Plan is 2094.

The Plan's projected fiduciary net position at the end of 2027 is \$0, based on the valuation completed for the fiscal year ending December 31, 2025.

As such, the Plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current Plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2027. Therefore, the long-term expected rate of return on Plan investments of 6.52 percent per annum was not applied to all periods of projected benefit payments to determine the total Pension liability as of December 31, 2025 shown earlier in this report, pursuant to paragraph 30 of GASB Statement No. 68.

In projecting the Plan's fiduciary net position the following assumptions were made:

- (1) Interest rate for discounting was 6.52 percent per annum.
- (2) Projected total contributions are employer contributions to the unfunded actuarial accrued liability and normal cost (including administrative expenses).
- (3) Assumed contributions are based on the contribution policy of the Firefighters' Pension and Relief Fund for the City of New Orleans. The Firefighters' Pension and Relief Fund for the City of New Orleans will contribute on a Pay as You Go basis.
- (4) Projected benefit payments have been determined in accordance with Paragraphs 24 – 25 of GASB Statement No. 68, and are based on the closed group of active, retired members and beneficiaries as of December 31, 2025. Benefit payments are assumed to be paid mid-year.
- (5) Administrative expenses are \$0.2 million for 2026. Expenses are assumed to be paid mid-year.
- (6) Projected investment earnings are based on the assumed investment rate of return of 6.52 percent per annum.



Interest Rate Sensitivity

The following table illustrates the impact of interest rate sensitivity on the Net Pension Liability for fiscal year ending December 31, 2024:

	1% Decrease (3.08%)	Current Rate (4.08%)	1% Increase (5.08%)
(1) Total Pension Liability	\$ 78,058,147	\$ 73,690,076	\$ 69,766,189
(2) Plan Fiduciary Net Position	<u>(13,502,846)</u>	<u>(13,502,846)</u>	<u>(13,502,846)</u>
(3) Net Pension Liability (Asset)	\$ 64,555,301	\$ 60,187,230	\$ 56,263,343

The following table illustrates the impact of interest rate sensitivity on the Net Pension Liability for fiscal year ending December 31, 2025:

	1% Decrease (3.83%)	Current Rate (4.83%)	1% Increase (5.83%)
(1) Total Pension Liability	\$ 67,248,803	\$ 63,543,098	\$ 60,216,046
(2) Plan Fiduciary Net Position	<u>(16,122,303)</u>	<u>(16,122,303)</u>	<u>(16,122,303)</u>
(3) Net Pension Liability (Asset)	\$ 51,126,500	\$ 47,420,795	\$ 44,093,743



Disclosure — Changes in the Net Pension Liability and Related Ratios

Changes in the Net Pension Liability and Related Ratios¹

	Fiscal Year Ending				
	2016	2017	2018	2019	2020
Total Pension Liability					
Service Cost	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Interest Cost	5,722,877	5,433,119	5,234,203	4,981,565	3,076,091
Changes of Benefit Terms	0	0	0	0	0
Differences Between Expected and Actual Experiences	(4,198,811)	(5,868,851)	8,500,536	(10,208,293)	(31,205)
Changes of Assumptions	(2,589,493)	2,283,939	(5,077,869)	9,728,720	16,644,856
Benefit Payments	(17,978,200)	(16,786,524)	(15,296,667)	(14,340,912)	(13,154,058)
Net Change in Total Pension Liability	\$ (19,043,627)	\$ (14,938,317)	\$ (6,639,797)	\$ (9,828,920)	\$ 6,535,684
Total Pension Liability (Beginning)	<u>169,293,775</u>	<u>150,250,148</u>	<u>135,311,831</u>	<u>128,672,034</u>	<u>118,843,114</u>
Total Pension Liability (Ending)	\$ 150,250,148	\$ 135,311,831	\$ 128,672,034	\$ 118,843,114	\$ 125,378,798
Plan Fiduciary Net Position					
Contributions — Employer	\$ 12,120,613	\$ 12,380,499	\$ 16,757,549	\$ 15,243,944	\$ 15,282,529
Contributions — Member	0	0	0	0	0
Net Investment Income	(206,646)	40,908	69,664	91,886	22,929
Benefit Payments	(17,978,200)	(16,786,524)	(15,296,667)	(14,340,912)	(13,154,058)
Administrative Expense	(423,979)	(330,530)	(322,268)	(534,905)	(351,716)
Other	0	0	0	0	0
Net Change in Plan Fiduciary Net Position	\$ (6,488,212)	\$ (4,695,647)	\$ 1,208,278	\$ 460,013	\$ 1,799,684
Plan Fiduciary Net Position (Beginning)	<u>15,003,217</u>	<u>8,515,005</u>	<u>3,819,358</u>	<u>5,027,636</u>	<u>5,487,649</u>
Plan Fiduciary Net Position (Ending)	\$ 8,515,005	\$ 3,819,358	\$ 5,027,636	\$ 5,487,649	\$ 7,287,333
Net Pension Liability (Ending)	\$ 141,735,143	\$ 131,492,473	\$ 123,644,398	\$ 113,355,465	\$ 118,091,465
Net Position as a Percentage of Pension Liability	5.67%	2.82%	3.91%	4.62%	5.81%
Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Payroll	N/A	N/A	N/A	N/A	N/A
Annual Money-Weighted Rate of Return²	1.05%	0.67%	1.59%	1.80%	0.25%

¹ GASB 68 was effective first for employer fiscal years beginning after June 15, 2014.

² The money-weighted rate of return shown was determined as the 1-year internal rate of return reflecting the timing of contributions, benefit payments and expenses during the Measurement Period grouped as the beginning or middle of month nearest transaction.



Disclosure — Changes in the Net Pension Liability and Related Ratios

Changes in the Net Pension Liability and Related Ratios¹

	Fiscal Year Ending				
	2021	2022	2023	2024	2025
Total Pension Liability					
Service Cost	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Interest Cost	2,531,583	2,182,374	3,157,675	2,702,146	2,810,164
Changes of Benefit Terms	0	0	0	0	0
Differences Between Expected and Actual Experiences	(5,233,722)	(2,444,129)	4,369,739	(1,606,316)	(492,348)
Changes of Assumptions	462,195	(10,321,208)	723,327	(5,267,459)	(2,740,552)
Benefit Payments	(11,929,022)	(10,538,711)	(10,504,749)	(9,972,445)	(9,724,242)
Net Change in Total Pension Liability	\$ (14,168,966)	\$ (21,121,674)	\$ (2,254,008)	\$ (14,144,074)	\$ (10,146,978)
Total Pension Liability (Beginning)	<u>125,378,798</u>	<u>111,209,832</u>	<u>90,088,158</u>	<u>87,834,150</u>	<u>73,690,076</u>
Total Pension Liability (Ending)	\$ 111,209,832	\$ 90,088,158	\$ 87,834,150	\$ 73,690,076	\$ 63,543,098
Plan Fiduciary Net Position					
Contributions — Employer	\$ 13,871,600	\$ 13,384,001	\$ 12,178,448	\$ 10,969,461	\$ 12,333,499
Contributions — Member	0	0	0	0	0
Net Investment Income	31,968	116,305	266,124	358,262	192,358
Benefit Payments	(11,929,022)	(10,538,711)	(10,504,749)	(9,972,445)	(9,724,242)
Administrative Expense	(655,926)	(950,840)	(119,162)	(289,801)	(182,158)
Other	0	0	0	0	0
Net Change in Plan Fiduciary Net Position	\$ 1,318,620	\$ 2,010,755	\$ 1,820,661	\$ 1,065,477	\$ 2,619,457
Plan Fiduciary Net Position (Beginning)	<u>7,287,333</u>	<u>8,605,953</u>	<u>10,616,708</u>	<u>12,437,369</u>	<u>13,502,846</u>
Plan Fiduciary Net Position (Ending)	\$ 8,605,953	\$ 10,616,708	\$ 12,437,369	\$ 13,502,846	\$ 16,122,303
Net Pension Liability (Ending)	\$ 102,603,879	\$ 79,471,450	\$ 75,396,781	\$ 60,187,230	\$ 47,420,795
Net Position as a Percentage of Pension Liability	7.74%	11.78%	14.16%	18.32%	25.37%
Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Payroll	N/A	N/A	N/A	N/A	N/A
Annual Money-Weighted Rate of Return²	0.25%	0.25%	2.44%	2.90%	1.35%

¹ GASB 68 was effective first for employer fiscal years beginning after June 15, 2014.

² The money-weighted rate of return shown was determined as the 1-year internal rate of return reflecting the timing of contributions, benefit payments and expenses during the Measurement Period grouped as the beginning or middle of month nearest transaction.



Disclosure – Contribution Schedule

Contributions

	Fiscal Year Ending					
	2016	2017	2018	2019	2020	
Actuarially Determined Contribution	\$ 17,168,843	\$ 16,598,777	\$ 15,339,217	\$ 15,654,432	\$ 13,825,460	
Contributions Made in Relation to the Actuarially Determined Contribution	<u>12,120,613</u>	<u>12,380,499</u>	<u>16,757,549</u>	<u>15,243,944</u>	<u>15,282,529</u>	
Contribution Deficiency (Excess)	\$ 5,048,230	\$ 4,218,278	\$ (1,418,332)	\$ 410,488	\$ (1,457,069)	
Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Payroll	N/A	N/A	N/A	N/A	N/A	N/A

	Fiscal Year Ending					
	2021	2022	2023	2024	2025	
Actuarially Determined Contribution	\$ 11,895,377	\$ 12,509,376	\$ 10,993,236	\$ 11,191,078	\$ 10,588,320	
Contributions Made in Relation to the Actuarially Determined Contribution	<u>13,338,990</u>	<u>13,384,001</u>	<u>12,178,448</u>	<u>10,969,461</u>	<u>12,333,499</u>	
Contribution Deficiency (Excess)	\$ (1,443,613)	\$ (874,625)	\$ (1,185,212)	\$ 221,617	\$ (1,745,179)	
Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Payroll	N/A	N/A	N/A	N/A	N/A	N/A



Disclosure – Contribution Schedule

Notes to Schedule

Valuation Date: Actuarially determined contribution rates are calculated as of December 31, one year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age Normal with Pay as You Go contributions
Asset Valuation Method	Market Value of Assets
Salary Increases	NA
Investment Rate of Return	6.74%, net of Pension plan investment expense, including inflation.
Retirement Age	NA

Mortality

Healthy Postretirement	Pub-2016 for Public Safety healthy retirees (amounts weighted) mortality projected with scale MP-2021
Disabled Postretirement	Pub-2016 for Public Safety disabled retirees (amounts weighted) mortality projected with scale MP-2021
Contingent Survivors	Pub-2016 for contingent survivors (amounts weighted) mortality projected with scale MP-2021



Appendix



Participant Data



Participant Data

The actuarial valuation was based on personnel information from Firefighters' Pension and Relief Fund for the City of New Orleans records as of January 1, 2026. Following are some of the pertinent characteristics from the personnel data as of that date. Prior year characteristics are also provided for comparison purposes. Both age and service have been determined using years and months as of the valuation date.

	January 1, 2025	January 1, 2026
Active Participants		
Number	0	0
Inactives With Deferred Benefits		
Number	0	0
Healthy Retirees Receiving Payment		
Number	29	24
Average Current Age	84.2	85.0
Average Monthly Benefit	\$ 3,225	\$ 3,284
Disabled Retirees Receiving Payment		
Number	100	90
Average Current Age	82.4	83.3
Average Monthly Benefit	\$ 3,865	\$ 3,848
Survivors Receiving Payment		
Number	176	174
Average Current Age	82.4	82.8
Average Monthly Benefit	\$ 1,658	\$ 1,621
Children Receiving Payment		
Number	7	7
Average Current Age	54.5	55.5
Average Monthly Benefit	\$ 300	\$ 300
Total Participants		
Number	312	295



Asset Allocation



Asset Allocation

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. Best estimates of geometric real rates of return for each major asset class included in the Pension plan's target asset allocation as of December 31 are summarized in the following table¹:

Asset Class	Expected Nominal Rate of Return	Expected Real Rate of Return	Allocation
Large Cap U.S. Equity	6.60%	4.20%	75.00%
Core U.S. Fixed Income (Market Duration)	5.10%	2.74%	25.00%
Total Portfolio	6.52%	4.13%	100.00%

The discount rate used to measure the total Pension liability is 4.83 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on these assumptions, the Pension Fund's fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on Pension Plan investments was not applied to all periods of projected benefit payments to determine the total Pension liability.

¹ These rates of return reflect the Firefighters' Pension and Relief Fund for the City of New Orleans's best estimate.



Actuarial Assumptions and Methods



Actuarial Assumptions and Methods

Funding

Funding Discount Rate	6.52%
Expected Return on Assets	6.52%
Salary Increases	NA
General Inflation	2.30%
Optional Payment Form Election Percentage	100% Life Annuity
Mortality Rates	
Healthy Preretirement	NA
Healthy Postretirement	Pub-2016 for Public Safety healthy retirees (amounts weighted) mortality projected with scale MP-2021
Disabled Postretirement	Pub-2016 for Public Safety disabled retirees (amounts weighted) mortality projected with scale MP-2021
Contingent Survivors	Pub-2016 for contingent survivors (amounts weighted) mortality projected with scale MP-2021
Withdrawal Rates	NA
Disability Rates	NA
Decrement Timing	Middle of year decrements
Surviving Spouse Benefit	It is assumed that 80% of males and 80% of females have an eligible spouse, and that males are 2 years older than their spouse.
Administrative Expenses	\$200,000, per annum as of beginning of year
Actuarial Value of Assets	Market value of plan assets as of December 31, 2025
Actuarial Cost Method	Entry Age Normal cost method
Discount Rate Method	Equal to the Expected Return on Assets
Measurement Date	December 31, 2025
Measurement Period	December 31, 2024 to December 31, 2025
Valuation Date	January 1, 2026
Census Data	As of January 1, 2026



Changes in Funding Methods/Assumptions Since the Prior Year

Method Changes

The funding valuation does not reflect any method changes.

Assumption Changes

The funding valuation reflects the following assumption change:

- The expected return on assets and funding interest rate decreased from 6.74 percent to 6.52 percent based on the expected nominal rate of return for the target allocation on the plan's assets.

The demographic assumptions used in the funding valuation (with the exception of mortality) were approved by the Board based on an actuarial experience study completed by Rudd and Wisdom, Inc. in December 2023.



Actuarial Assumptions and Methods

Accounting

Discount Rate	January 1, 2025: 4.08% ¹ January 1, 2026: 4.83%
20 Year Municipal Bond Rate	January 1, 2025: 4.08% January 1, 2026: 4.83%
Municipal Bond Rate Basis	Bond Buyer GO 20-Bond Municipal Bond Index
Expected Return on Assets	6.52%
Administrative Expenses	Actual non-investment administrative expenses during the measurement period are recognized in expense.
Asset Method	Fair Market Value
Actuarial Cost Method	Entry Age Normal Cost Method
All Other Assumptions	Same as Funding Assumptions

Changes in Financial Accounting Methods/Assumptions Since the Prior Year

Method Changes

There have been no method changes in the financial accounting valuation since the prior year.

Assumption Changes

The financial accounting valuation reflects the following assumption changes:

- The discount rate increased from 4.08 percent at December 31, 2024 to 4.83 percent at December 31, 2025.
- The expected return on assets decreased from 6.74 percent to 6.52 percent based on the expected nominal rate of return for the target allocation on the plan's assets.

The demographic assumptions used in the financial accounting valuation (with the exception of mortality) were approved by the Board based on an actuarial experience study completed by Rudd and Wisdom, Inc. in December 2023.

¹ Based on the employer's funding policy, projected assets are not projected to always be sufficient to cover projected benefit payments, so the EROA is not used as the discount rate.



Actuarial Assumptions and Methods

Discussion of Actuarial Assumptions and Methods

For the funding valuation, Firefighters' Pension and Relief Fund for the City of New Orleans selected the economic and demographic assumptions and prescribed them for use for purposes of compliance with the state's funding regulations. Aon provided guidance with respect to these assumptions, and it is our belief that the assumptions represent reasonable expectations of anticipated plan experience.

While the method used to value assets is prescribed by the Firefighters' Pension and Relief Fund for the City of New Orleans, Aon provided guidance with respect to the use of this method, and it is our belief that the method is appropriate for funding purposes.

For the accounting valuation, Firefighters' Pension and Relief Fund for the City of New Orleans selected the economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB 68. Aon provided guidance with respect to these assumptions, and it is our belief that the assumptions represent reasonable expectations of anticipated plan experience.

Calculation of Normal Costs and Liabilities

The method used to calculate the service cost and accumulated postretirement benefit obligation for determining Pension expense is the entry age normal cost method. Under this cost method, the actuarial accrued liability is based on a prorated portion of the present value of all benefits earned to date over expected future working lifetime as defined by GASB. The proration is determined so that the cost with respect to service accrued from date of hire is recognized as a level percentage of pay each year. The Normal Cost is equal to the prorated cost for the year of the valuation.

Accounting Information Under GASB 68

Benefit obligations and expense/(income) are calculated under U.S. Generally Accepted Accounting Principles as set forth in Government Accounting Standards Board Statement 68.

The total Pension liability represents the actuarial present value of benefits based on the entry age normal cost method as of the measurement date reflecting all normal costs over the period when benefits were earned.

The Pension expense is the annual amount to be recognized in the income statement as the cost of Pension benefits for this plan for the period ending December 31, 2025.



Plan Provisions



Plan Provisions

Eligibility	Firefighters employed before January 1, 1968 and elected to remain in the plan.
Employee Contributions	6% of salary. Contributions are no longer deducted when member becomes eligible for normal retirement.
Employer Contributions	Fire insurance premium taxes as stipulated in RS 22:1580 – RS 22:1585. The Fund also receives payments from the City of New Orleans to offset monthly retirement benefits and DROP accruals.
Average Compensation	The average compensation received during the five highest consecutive plan years.
Creditable Service	A Year of Creditable Service is granted for all periods in which a Member performs services as an Active Firefighter, where 12 months of service equals one Year of Creditable Service.
Service Retirement Benefit	Retirement allowance equal to 50% of average compensation during the best year of service preceding the date of retirement. Members with more than 20 years, benefits are an additional 2.5% per year to be increased by 0.5% for each year of service over 25 upon attaining age 50. Maximum Benefit: 100% of average compensation earned during any three highest average consecutive years of service preceding retirement.
Service Retirement Eligibility	20 years of service; or Age 55 and 12 years of service
Normal Form of Payment	Life annuity
Optional Forms of Benefit	Benefits actuarially equivalent to the benefit provided under the normal form of payment: Life annuity with Guaranteed Benefit: a reduced annuity payable for life where payments equal to the sum of Accumulated Contributions are guaranteed Joint and 100% Survivor Annuity with Pop-up: a reduced annuity payable for the Member's life with 100% of such amount payable following the Member's death for the remaining lifetime, if any, of the Designated Beneficiary. If the Designated Beneficiary predeceases the Member, the Member's benefit shall pop-up to the Normal Form (i.e., the Life Annuity amount prior to reduction).



Joint and 50% Contingent Annuity with Pop-up: a reduced annuity payable for the Member's life with 50% of such amount payable following the Member's death for the remaining lifetime, if any, of the Designated Beneficiary. If the Designated Beneficiary predeceases the Member, the Member's benefit shall pop-up to the Normal Form (i.e., the Life Annuity amount prior to reduction).

Preretirement Death Benefit

On Duty Death of Active Firefighter whether or not Vested:

Surviving Spouse Benefit

If on duty while in act of performing duties as Firefighter (i.e., Type 1 Service Connected Death): monthly annuity for life, even upon remarriage, equal to 66 2/3% of monthly Salary at date of death, but not less than \$1,200 per month; however, in lieu of this annuity benefit the Surviving Spouse may elect a refund of Accumulated Contributions, or

If on duty while not in act of performing duties as Firefighter (i.e., Type 2 Service Connected Death): monthly annuity equal to 50% of monthly Salary at date of death

Lump Sum Death Benefit

\$3,000 one-time payment payable to named Beneficiary

Widowed Parent and No Surviving Spouse or Dependent Children

If there is no surviving spouse or dependent children but the Firefighter had a Widowed Parent dependent upon the Firefighter for support, such Widowed Parent shall receive the same benefit as a Surviving Spouse even if such Widowed Parent remarries.

Not On Duty Death of Active Firefighter whether or not vested or Death of Inactive Vested Firefighter:

Lump Sum Death Benefit

\$3,000 one-time payment payable to named Beneficiary

Widowed Parent and No Surviving Spouse or Dependent Children

If there is no surviving spouse or dependent children, upon the Firefighter for support, such Widowed Parent shall receive the same benefit as a Surviving Spouse (i.e., \$1,200 per month). Benefit ceases upon remarriage of a Widowed Father but continues upon remarriage of a Widowed Mother.



Postretirement Death Benefit

Surviving Spouse

Greater of

- (1) Survivor benefits payable under the optional annuity form elected at the time of retirement and
- (2) \$1,200 per month payable for Spouse's life.

Lump Sum Death Benefit

\$3,000 one-time payment payable to named Beneficiary.

Deferred Vested Benefit

Eligibility

- (1) Withdrawal from service with 12 years of service prior to age 50, or 20 years of service prior to age 50
- (2) Separation of service

Benefit

- (1) Employee may allow contributions to remain on deposit and receive benefit at age 50
- (2) Refund of 80% of accumulated contributions.

Non-Vested Terminations

A Member who terminates non-vested will receive his Accumulated Contributions as a lump sum.

Refund of Contributions for Vested Members: A Vested Member who terminates employment may elect to be paid the amount of Accumulated Contributions. A Member who makes this election shall not be entitled to receive a Retirement Allowance, unless such Member is reemployed for at least four (4) years and repays the Accumulated Contributions plus additional interest accruals.

Disability Retirement

Service-Related Disability

Total and permanent physical or mental disability and unable to hold any meaningful and gainful employment

Total and permanent physical or mental disability and incapacitated from duties, but able to hold any meaningful and gainful employment other than as a firefighter

Non-service-related disability: Total and permanent physical or mental disability and incapacitated to perform duties

Post-Termination Disability

In the event a Firefighter has terminated employment but has not yet commenced Service Retirement and is determined to have Disabling Cancer, Hepatitis B, Hepatitis C or Hearing Loss within a specified presumption period following termination of employment, where such period can be no greater than 5 years but



may be less as determined by the BOT, such Firefighter may be presumed to have become Disabled during their employment and may be eligible for Service-related Disability benefits. For firefighters terminating employment after December 31, 2022 who have been diagnosed with disabling cancer prior to reaching age 65, the presumption period following termination is extended to a period not to exceed 10 years.

Disability Benefit

Service-Related Disability

If unable to hold any meaningful and gainful employment, the greater of:

- (1) 66 2/3% of monthly Salary at date of retirement, or
- (2) Amount determined under regular Service Retirement Allowance provided the Member is eligible

If able to hold any meaningful and gainful employment other than as a firefighter

- (1) 50% of monthly Salary at date of retirement, or
- (2) Amount determined under regular Service Retirement Allowance provided the Member is eligible

Non-Service-Related Disability

Years of Service with Fire Department	Monthly Pension as Percentage of Average Compensation during last year of Service prior to Disability
Less than 10	30%
At least 10 but less than 15	40%
15 or more	50%

Post-Retirement Disability

Once a Member has commenced a Service Retirement benefit, such Member may not apply for any type of Disability Retirement benefit. However, if a Member is determined by the BOT to be Disabled after commencing Service Retirement, such Member may be entitled to have a portion of their retirement income excluded from taxable income in accordance with IRS Revenue Ruling 72-44. Such determination does not affect the amount of benefits payable to the retired Member from the Retirement System and only affects such Member's income taxes.



Deferred Retirement Option Plan (DROP)

Participation: In lieu of terminating employment and receiving a Retirement Allowance, any Member who is Eligible for a Service Retirement Allowance may elect to participate in the DROP program. The participant must elect the duration of participation for a period not to exceed 5 years. The Member shall be required to select a distribution option at the time of commencing participation in the DROP, but such distribution option cannot be a PLOP. Subject to the rules of the system, after commencement of the participation period, the Member may change his distribution option originally selected or their beneficiary designation.

Benefits

During the period of the DROP, the Member shall remain employed but his Average Compensation and Credited Service shall remain as they existed on the date of commencement in the DROP program, and no further Employee contributions shall be made. The participant's DROP account shall receive a Retirement Allowance based on any optional elections made, and without regard to any cost-of-living adjustments during the period of the DROP. (However, payments after one full year following the termination of the Member's employment, the member may be eligible for cost-of-living adjustments.) During the participation period, the DROP account shall not accrue or earn any interest or earnings of any kind. Upon the expiration of the participation period or termination of employment, each DROP participant's DROP account shall be credited with interest annually based on a five-year rolling average of the composite return of the Pension Fund as determined by the Fund's actuary, less administrative fees (not to exceed 2%). At the discretion of the Board of Trustees, the DROP account may be placed in a liquid money market fund and be credited with interest at the actual rate of return earned on the money market fund. Absent a waiver by the Member, the DROP account shall not be diminished (e.g., if the rate of return is negative the account shall be credited with 0% return rather than a negative return). If the Member waives their right to the protections from the account being diminished, the DROP account shall be credited with interest annually based on a five-year rolling average of the composite return of the Pension Fund as determined by the Fund's actuary, less a 2.0% administrative fee.



Termination of Employment

On termination of employment at the end of the specified DROP period (or for any reason before the end of the DROP period including Disability), a Member may elect to receive withdrawals from their DROP account plus any interest earned reduced by any administrative fees. Such withdrawal(s) may be a one-time lump sum payment equal to the balance of the DROP account, or a series of periodic or non-periodic payments. Furthermore, the Member's Retirement Allowance shall commence in lieu of being deposited into the DROP account.

Death

If a DROP participant dies before distribution of his DROP account is made in its entirety, his named beneficiary, may elect to receive the balance of the Member's DROP account in any form of payment approved by the board of trustees. In addition, normal survivor benefits payable to Beneficiaries of retirees shall be payable.

Actuarial Equivalence

1971 Group Annuity Mortality Table for males (female mortality rates are assumed to be six years younger than the male rates at each age) with 7% interest.

Cost-of-Living Adjustments

Board is authorized to provide annual increases to retirees and widows based on excess earnings in an amount not to exceed 3% of the original benefit. For retirees and widows age 65 and older, the board is authorized to provide an additional amount not to exceed 2% of the original benefit.

Plan Changes Since the Prior Year

The financial accounting and funding valuations do not reflect any plan changes.