

**Retirement System for the City of Cincinnati
December 31, 2009 Actuarial Valuation**

**EXECUTIVE SUMMARY
COMBINED REPORTS**



EXECUTIVE SUMMARY

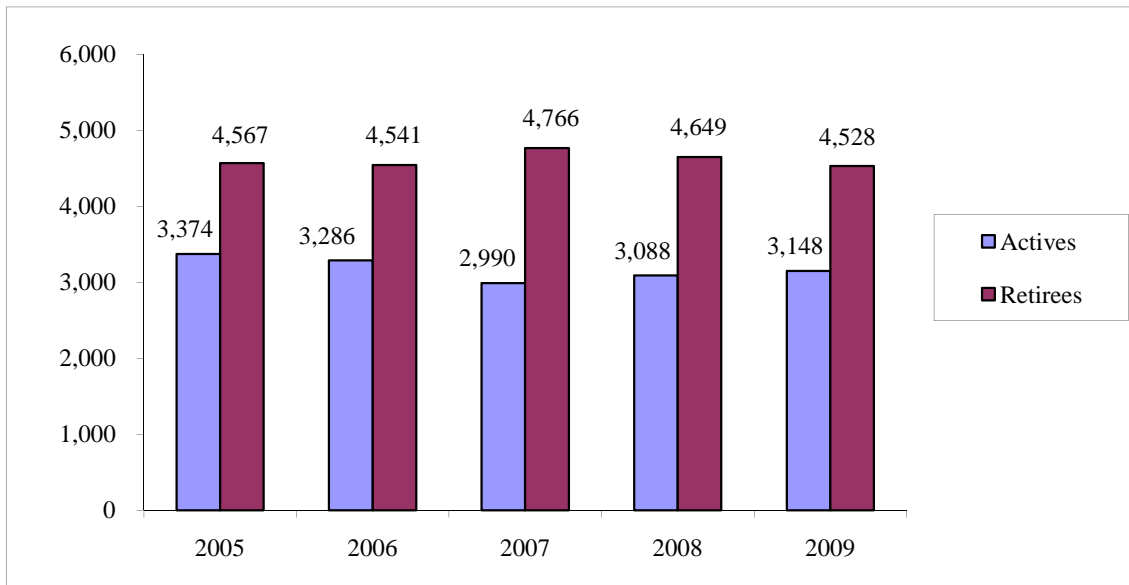
This summary outlines the main findings of the December 31, 2009 actuarial valuation of the Retirement System for the City of Cincinnati (CRS).

The overall experience for the year was extremely favorable, resulting in a decrease in the total recommended employer contribution rate from 80.76% to 46.22% of payroll. There were changes to both the benefit provisions and the actuarial assumptions since the last valuation. Beginning in 2010, the employee contribution rate will be increased ½% per year over 4 years to reach 9% of pay. The benefit multiplier for new hires after December 31, 2009 has been reduced from 2.50% to 2.20%. For new hires after December 31, 2009, normal retirement age has been increased from age 60 to 65; early retirement age has been increased from age 55 to 60; and an age 55 minimum has been added to the 30-and-out retirement. The amortization period of the unfunded actuarial accrued liability was changed from 15 to 30 years. Per GASB, the valuation does not include a reduction for future payments estimated to be made by CMS under the Retiree Drug Subsidy Program (RDS). Additionally, changes were made to the starting per capita claims cost to reflect the changes made to health care benefits.

Membership

The overall system membership has been fluctuating over the last five years. The retiree counts have slightly decreased the past two years, while the active headcounts have increased recently.

Pension Census Data - December 31



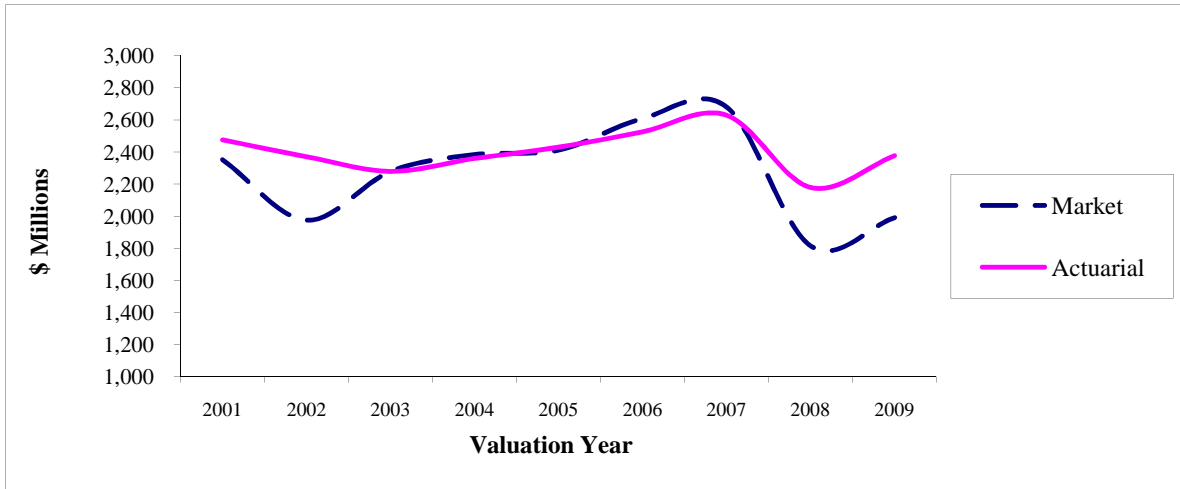


Current Assets

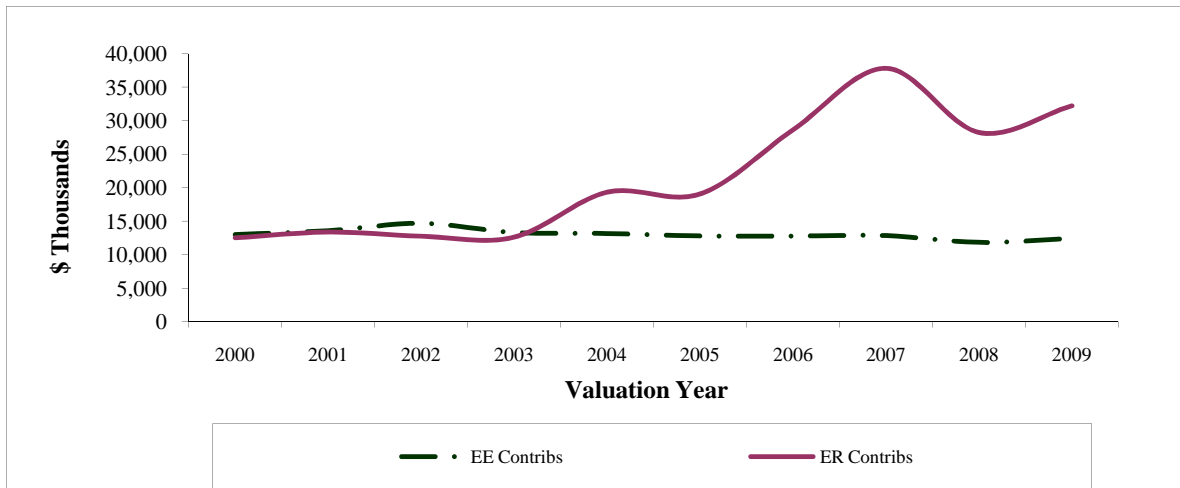
The assets of the Plan amounted to \$2,377.4 million as of December 31, 2009 on a market-related basis that recognizes 20% of the unrecognized and unanticipated gains and losses. This represented an increase in value of \$198.0 from the previous year, with an actuarial value investment return of 16.69% (which may be compared to the assumed investment return of 8.00%). The market value of assets was \$1,991.8 million. The actuarial value of assets cannot be less than 80% or more than 120% of the market value of assets as of the valuation date.

Below is a history of the market and actuarial value of assets and a history of contributions made by the Employer and Employee.

Asset Values



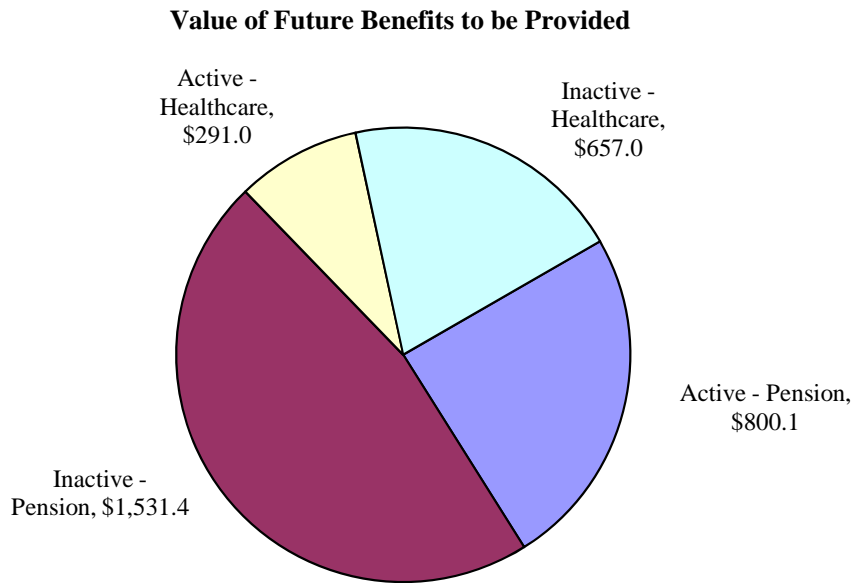
Contributions





Current Liability

The total liability of the System as of December 31, 2009 was \$3,279.5 million. This liability may be divided into the following categories:



The liability of the Plan decreased by \$90.3 million from last year or about 2.7%. The majority of the decrease in liability was attributable to the Inactive - Health Care liability. As a result of the implementation of health care benefit changes recommended by the first Task Force, there were two major areas that caused the decrease:

- A move to lower cost health care plans for those who retired prior to 9/1/2007.
- The use of a more restrictive methodology of coordination of benefits for all retiree health care participants who are eligible for Medicare.

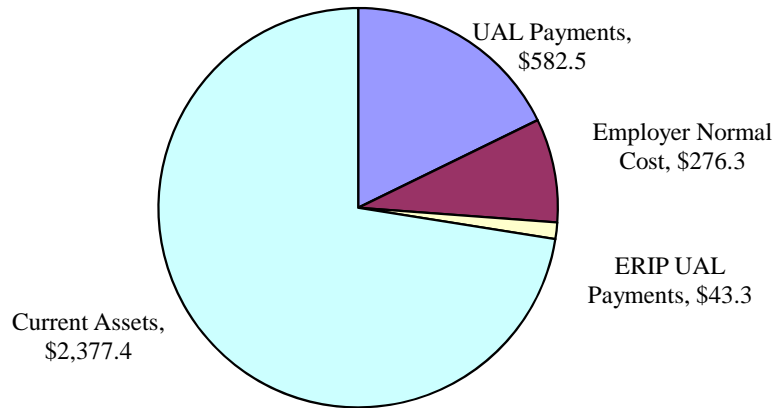


CRS financing

The \$3,279.5 million liability of the system as of December 31, 2009 will be met by funds from various sources: current assets, future member contributions and future employer contributions. In addition to the normal Unfunded Accrued Liability (UAL) payments that the City is required to contribute, the City is making separate contributions to fund the Early Retirement Incentive Plan (ERIP) that was offered in 2007.

The breakdown is as follows:

Financing \$3,279.5 Million of Retirement Benefit Promises



The financing plan for CRS requires employer contributions of 46.22% of payroll, which will amortize the unfunded actuarial liability as of December 31, 2009 in 30 years from the valuation date. Any liability not covered by current assets and future member contributions is to be met by future contributions by employers. Recent contribution rate allocations have been as follows:

Allocation of Contribution Rate

Valuation Year	Member Rate	Employer Rate				Total Rate
		Normal	UAL	ERIP	Total	
2005	7.00%	13.50%	8.27%	0.00%	21.77%	28.77%
2006	7.00%	14.23%	24.48%	0.00%	38.71%	45.71%
2007	7.00%	14.61%	19.71%	1.58%	35.90%	42.90%
2008	7.00%	13.33%	65.48%	1.95%	80.76%	87.76%
2009	7.00%	11.98%	31.96%	2.28%	46.22%	53.22%



RETIREMENT SYSTEM FOR THE CITY OF CINCINNATI

ACTUARIAL VALUATION AS OF DECEMBER 31, 2009

SUMMARY OF PRINCIPAL RESULTS (\$ in thousands)

	<u>December 31, 2009</u>	<u>December 31, 2008</u>	<u>Change</u>
1. PENSION PARTICIPANT DATA			
Number of:			
Active Members	3,148	3,088	1.94%
Retired Members and Beneficiaries	<u>4,528</u>	<u>4,649</u>	-2.60%
Total Participants	7,676	7,737	-0.79%
Annual Salaries of Active Members	\$ 161,874	\$ 155,495	4.10%
Annual Pension Benefits Paid to Retired Members and Beneficiaries	\$ 132,474	\$ 132,217	0.19%
2. HEALTH CARE PARTICIPANT DATA			
Number of:			
Active Members	3,148	3,088	1.94%
Retired Members	4,185	4,301	-2.70%
Spouses of Retired Members	<u>1,940</u>	<u>1,820</u>	6.59%
Total Participants	9,273	9,209	0.69%
Annual Health Care Benefits Paid to Retired Members and their Spouses	\$ 62,329	\$ 54,483	14.40%
3. ASSETS AND LIABILITIES			
Total Actuarial Liability	\$ 3,279,455	\$ 3,369,790	-2.68%
Assets for Valuation Purposes	2,377,436	2,179,367	9.09%
Unfunded Accrued Liability	625,702	913,887	-31.53%
Future Normal Contributions	276,317	276,536	-0.08%
4. CONTRIBUTION RESULTS			
Normal Cost (includes ee contribution)	19.98%	20.33%	
Unfunded Liability Contributions	34.24%	67.43%	
Total Plan Contributions	54.22%	87.76%	
UAL Amortization Period (years)	30	15	