

**ROCHELLE POLICE PENSION FUND**  
**Actuarial Valuation Report**

**Showing Assets and Liabilities of the Fund in  
 Accordance with Actuarial Reserve Requirements  
 as of January 1, 2017**

**Summary**

Accrued Liability	\$16,291,710
Actuarial Value of Assets	\$11,550,300
Unfunded Accrued Liability	\$4,741,410
 Funded Ratio	 71%

**Liabilities**

Reserves for Annuities and Benefits in Force

	Head Count:	Present Value:	
Retirement Annuities	11	7,673,643	
Disability Annuities	0	0	
Surviving Spouse Annuities	7	2,958,764	
Minor Dependent Annuities	0	0	
Deferred Retirement Annuities	0	0	
Handicapped Dependent Annuities	0	0	
Dependent Parent Annuities	0	0	
Terminated Liabilities	1	28,835	
<b>Total:</b>	<b>19</b>	<b>10,661,242</b>	

Accrued Liabilities for Active Members	19	\$5,630,469
Total Accrued Liabilities		\$16,291,710
Total Normal Cost for Active Members		\$409,728
Total Normal Cost as a Percentage of Payroll		29%

Total Annual Payroll \$1,400,253

Amortization of Unfunded Liabilities:

Total Accrued Liability	\$16,291,710
90% Funded Ratio Target	\$14,662,539
Actuarial Value of Assets	\$11,550,300
Liabilities Subject to Amortization	\$3,112,239
Amortization Period	24 years
Amortization Payment, Beginning of Year	\$163,887

This report is provided to the Board and Municipality as part of the Public Pension Division advisory services under Section 1A-106 of the Illinois Pension Code. This report should not be relied upon for purposes other than determining the current tax levy required under the Illinois Pension Code. The assumptions have been set based on expectations for all Article 3 funds in the State of Illinois. The actuarial methods are prescribed by the Illinois Pension Code and do not necessarily represent the approach recommended by either the actuary or the Department of Insurance. This report was prepared under the direct supervision of the undersigned:

Jason Franken  
 Enrolled Actuary #14-06888  
 Foster & Foster

Deputy Director  
 Public Pension Division  
 Illinois Department of Insurance

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**Assets**

Actuarial Value of Assets

Current Year Gain/(Loss):

	Market value of assets as of April 30, 2016	\$10,160,860
	Benefit payments during partial fiscal year, 5/1/2016 - 12/31/2016	(565,736)
	Total contributions during partial fiscal year, 5/1/2016 - 12/31/2016	478,679
	Expected return during partial fiscal year, 5/1/2016 - 12/31/2016	455,280
	Expected market value of assets as of December 31, 2016	\$10,529,083
	Actual market value of assets as of December 31, 2016	\$10,384,619
	Investment gain/(loss) during the partial fiscal year, 5/1/2016 - 12/31/2016	(\$144,464)
	Investment gain/(loss) during the fiscal year, 5/1/2015 - 4/30/2016	(\$1,019,771)

Development of Actuarial Value of Assets (market value less unrecognized amounts):

	Market value of assets as of December 31, 2016	\$10,384,619
	Unrecognized gain/(loss) for period, 5/1/2016 - 12/31/2016	(931,388)
	Unrecognized gain/(loss) from fiscal 2015	(135,651)
	Unrecognized gain/(loss) from fiscal 2014	(80,407)
	Unrecognized gain/(loss) from fiscal 2013	(18,235)
	Actuarial value of assets as of December 31, 2016	\$11,550,300

**Actuarially Determined Employer Contributions**

Actuarially determined amount to provide the employer normal cost based on the annual payroll of active participants as of January 1, 2017.	\$270,963
Amount necessary to amortize the unfunded accrued liability as determined by the State of Illinois Department of Insurance over the remaining 24 years as prescribed by Section 3-125 of the Illinois Pension Code.	\$163,887
Interest to the end of the fiscal year.	\$29,352
Total suggested amount of employer contributions to arrive at the annual requirements of the fund as prescribed by Section 3-125 of the Illinois Pension Code. *	\$464,202

\*The above figure is the suggested amount which should be obtained by the fund from the municipality exclusive of any other items of income, such as interest on investments, contributions from participants, etc. These items have already been taken into consideration in arriving at this amount.

# ROCHELLE POLICE PENSION FUND

## Actuarial Valuation Report

### Actuarial Information

The following methods have been prescribed in accordance with Section 3-125 of the Illinois Pension Code.

Funding method	Projected Unit Credit
Amortization method	Normal cost, plus an additional amount (determined as a level percentage of payroll) to bring the plan's funded ratio to 90% by the end of fiscal year 2040.
Asset valuation method	Investment gains and losses are recognized over a 5-year period.

### Actuarial Assumptions

Interest rate	6.75%
Interest rate, prior fiscal year	6.75%
Healthy mortality rates - Male	RP-2000 Combined Healthy Mortality, with Blue Collar Adjustment
Healthy mortality rates - Female	RP-2000 Combined Healthy Mortality, with Blue Collar Adjustment
Disability mortality rates - Male	RP-2000 Disabled Retiree Mortality
Disability mortality rates - Female	RP-2000 Disabled Retiree Mortality
Decrement other than mortality	Experience tables
Rate of service-related deaths	5%
Rate of service-related disabilities	70%
Salary increases	Service-related table with rates grading from 11% to 4% at 30 years of service
Payroll growth	4.50%
Tier 2 cost-of-living adjustment	1.25%
Marital assumptions	80% of members are assumed to be married; male spouses are assumed to be 3 years older than female spouses.

The actuarial assumptions used for determining the above amounts are based on experience for all Article 3 funds for the State of Illinois in aggregate. The Department of Insurance has approved the above actuarial assumptions. Contact the Department of Insurance for complete experience tables.

### Data and Fund Information

The above valuation uses personnel data as reported to the Department of Insurance in the Schedule P. Specifically, the following data items have been determined as of the date of the Actuarial Valuation Report: attained age, annual salary or pension, completed years of service of each individual participant.

The fund specific information used in the production of this document was provided to the Department of Insurance by your pension fund board of trustees through the fund's annual statement filing.