

# **TOWN OF PORTSMOUTH PENSION PLAN**

**July 1, 2011 Valuation Results**

**Presented by  
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**Turnover**

**Will an employee work long enough to qualify for pension benefits?**



**Salary  
Growth**

**How much will the employee's pay level be when the employee retires?**



**Retirement**

**When will the employee retire and start collecting benefits?**



**Mortality**

**How long will the retiree continue to receive the benefits?**



**Discount  
Rate**

**What is the present value of all of the future benefits in terms of today's dollars? What rate of return can we expect on the pension trust assets?**

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**Annual Required Contribution = 2 pieces:**

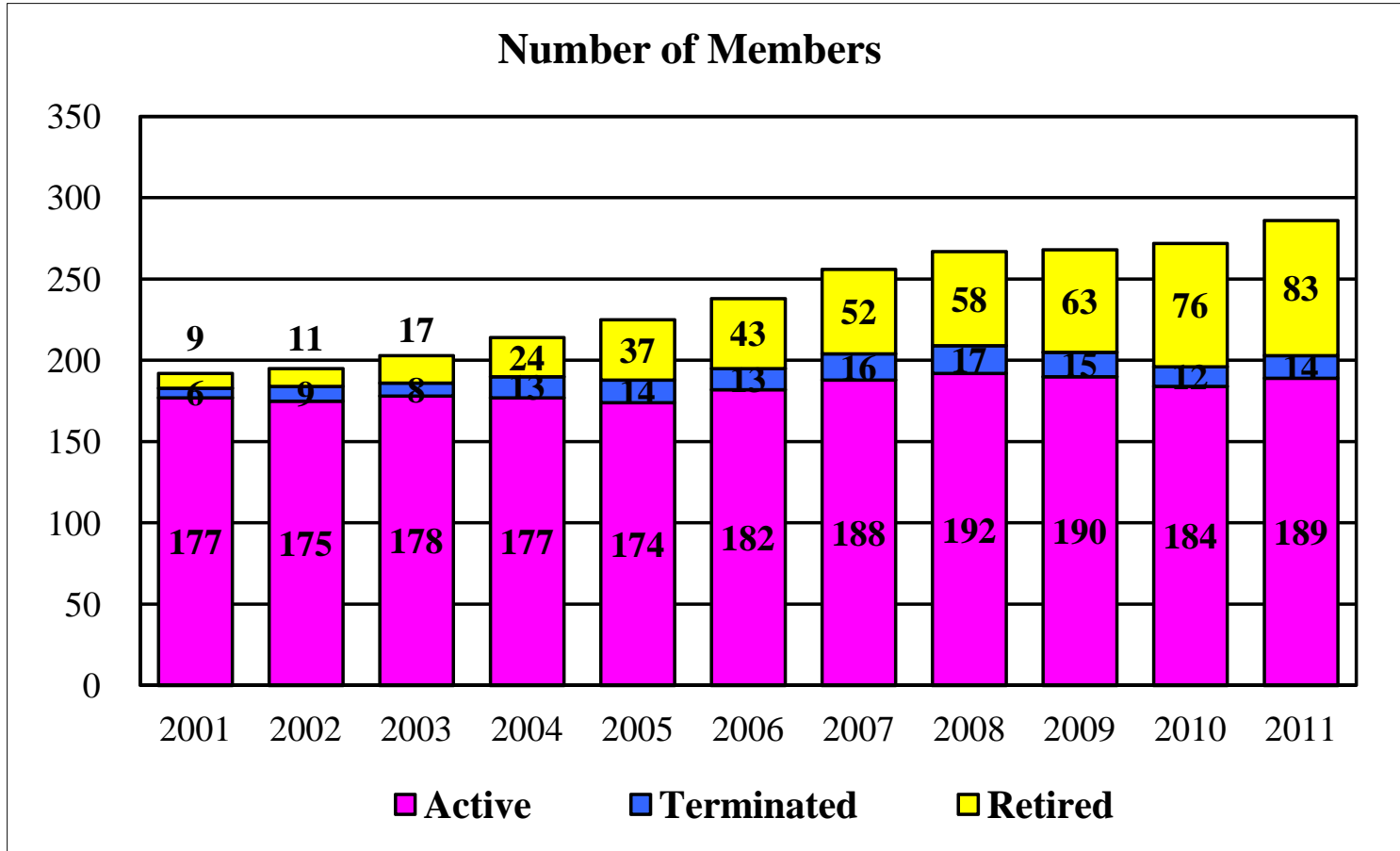


**The cost of the pension benefits earned this year by the active members.**

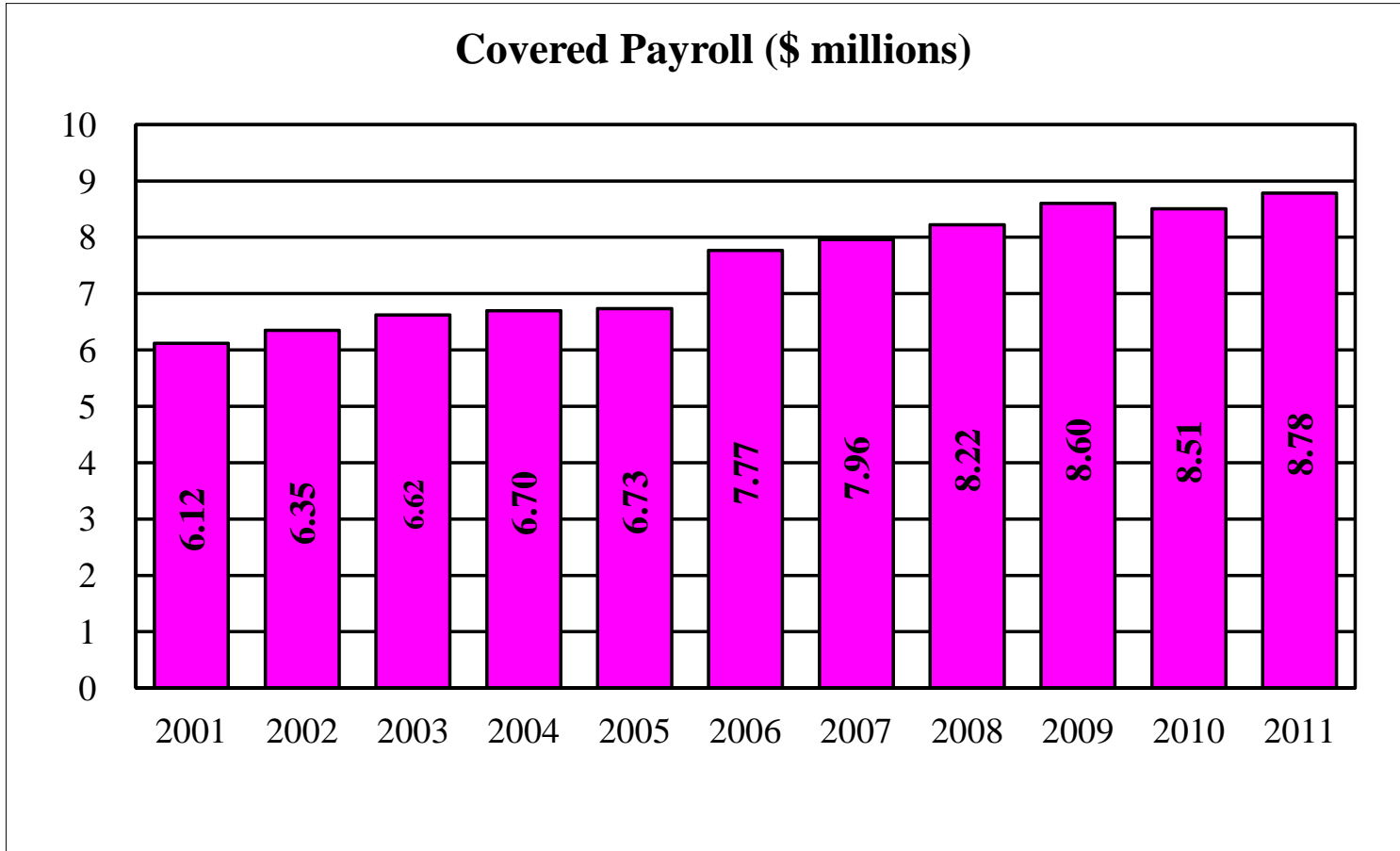


**An annual payment to gradually pay off any Unfunded Liability over a period of years.**

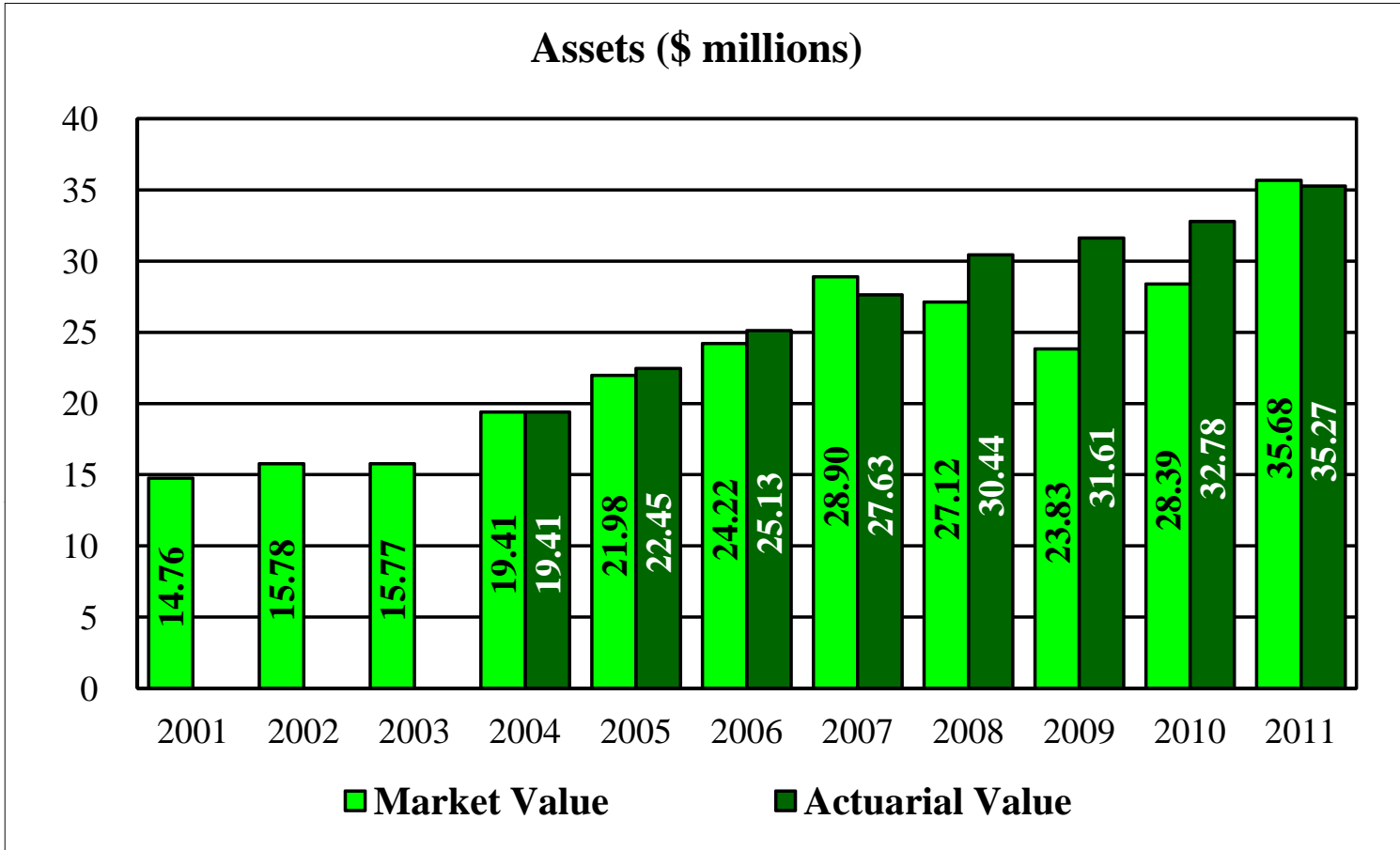
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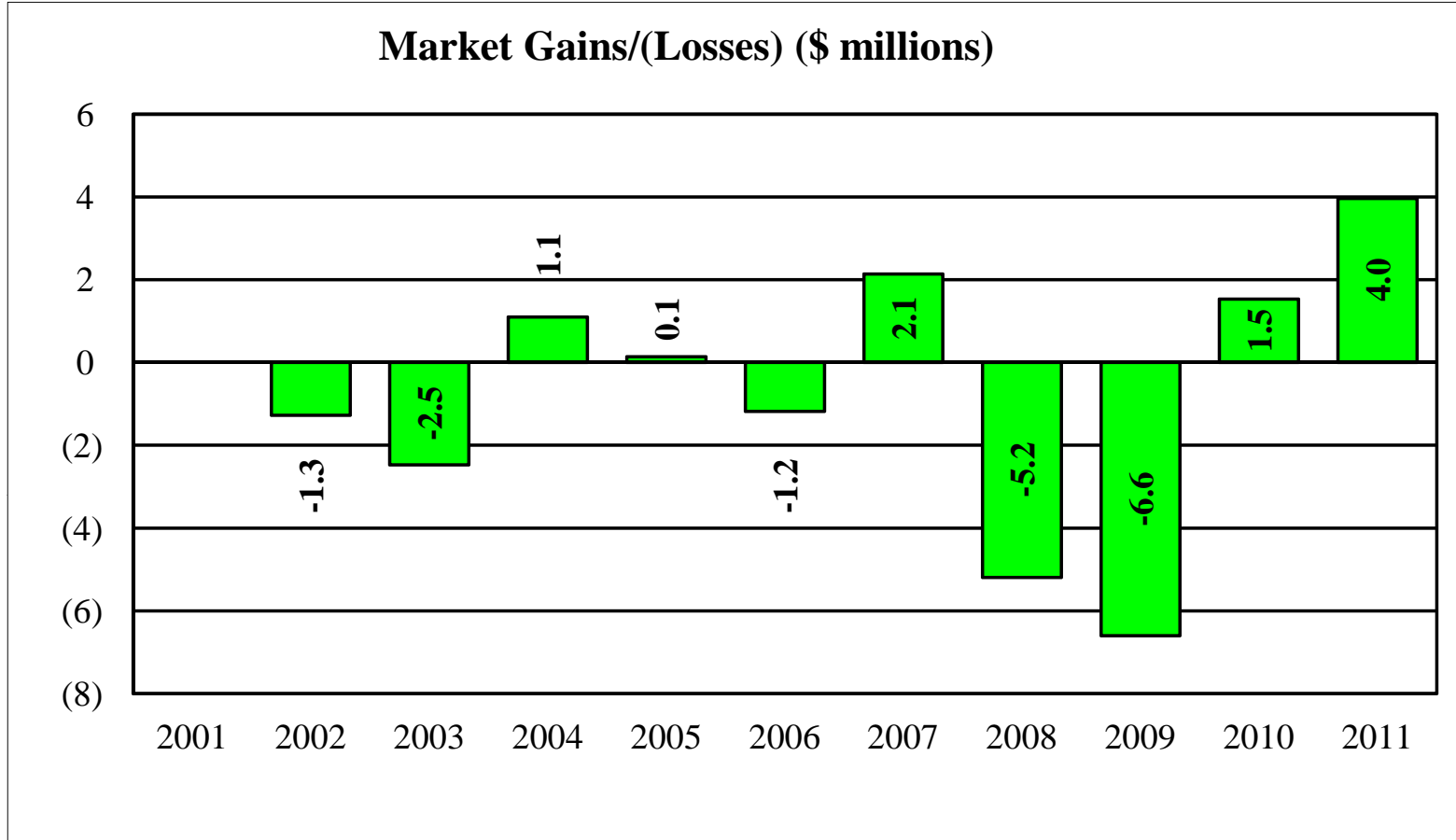
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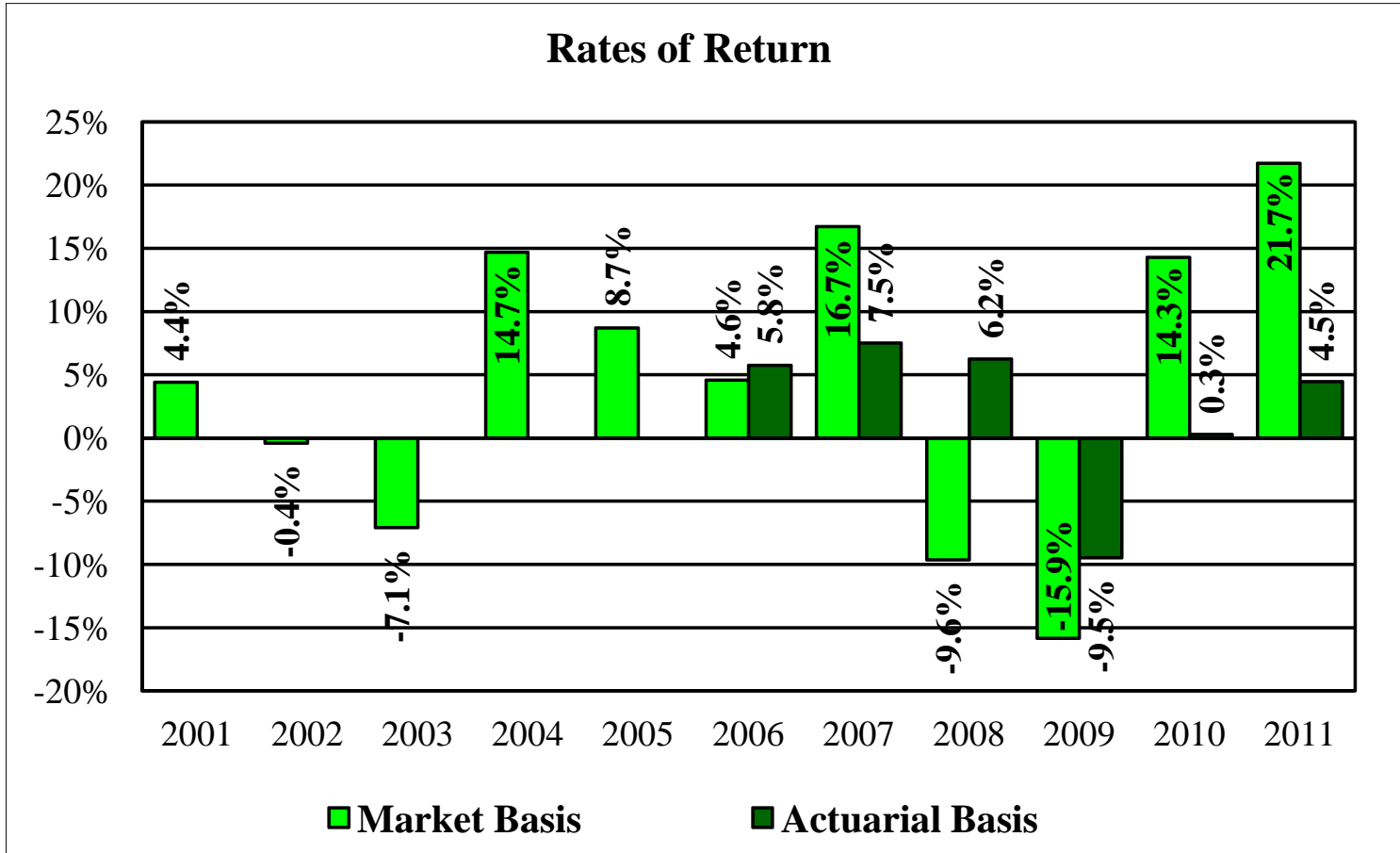
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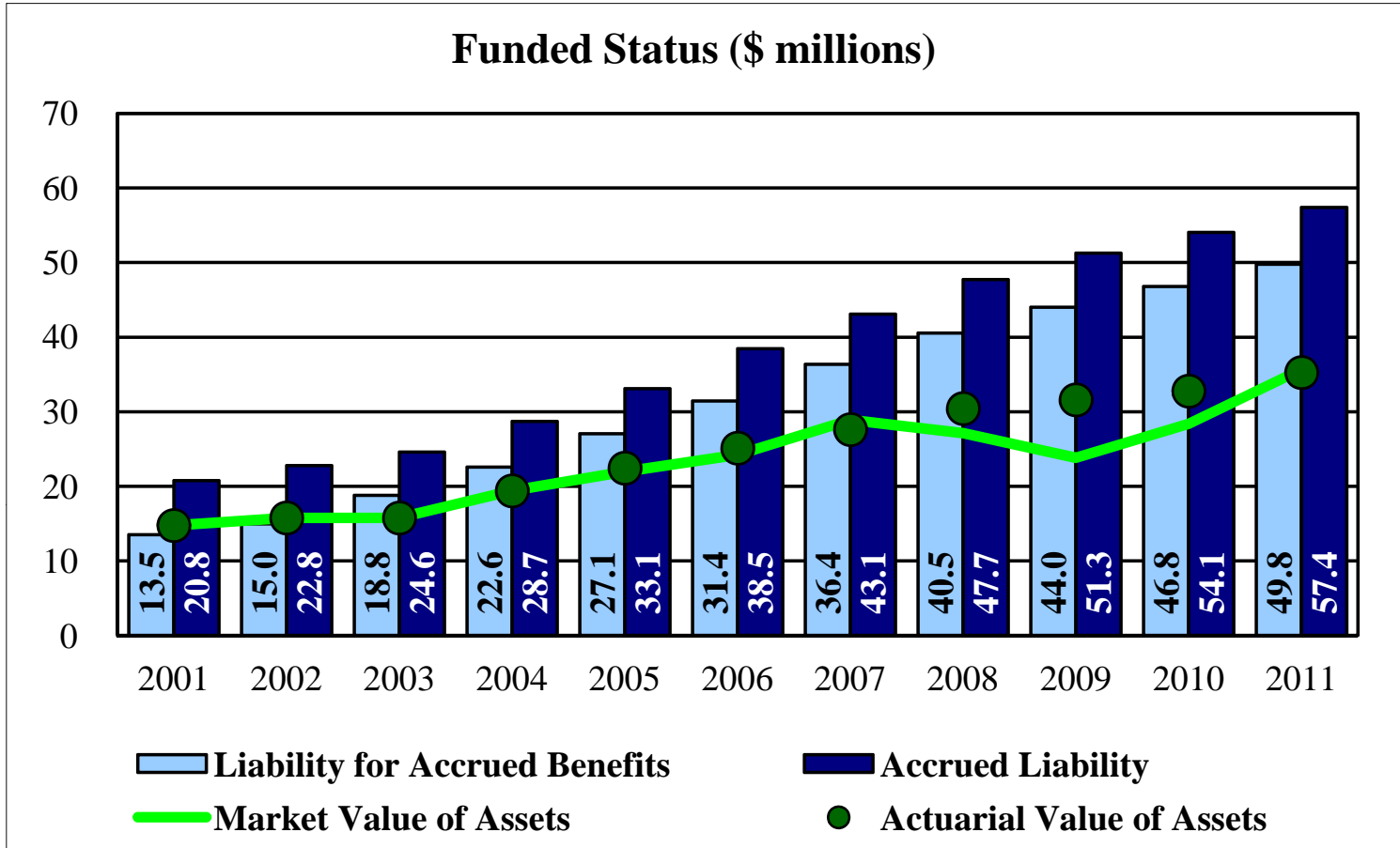


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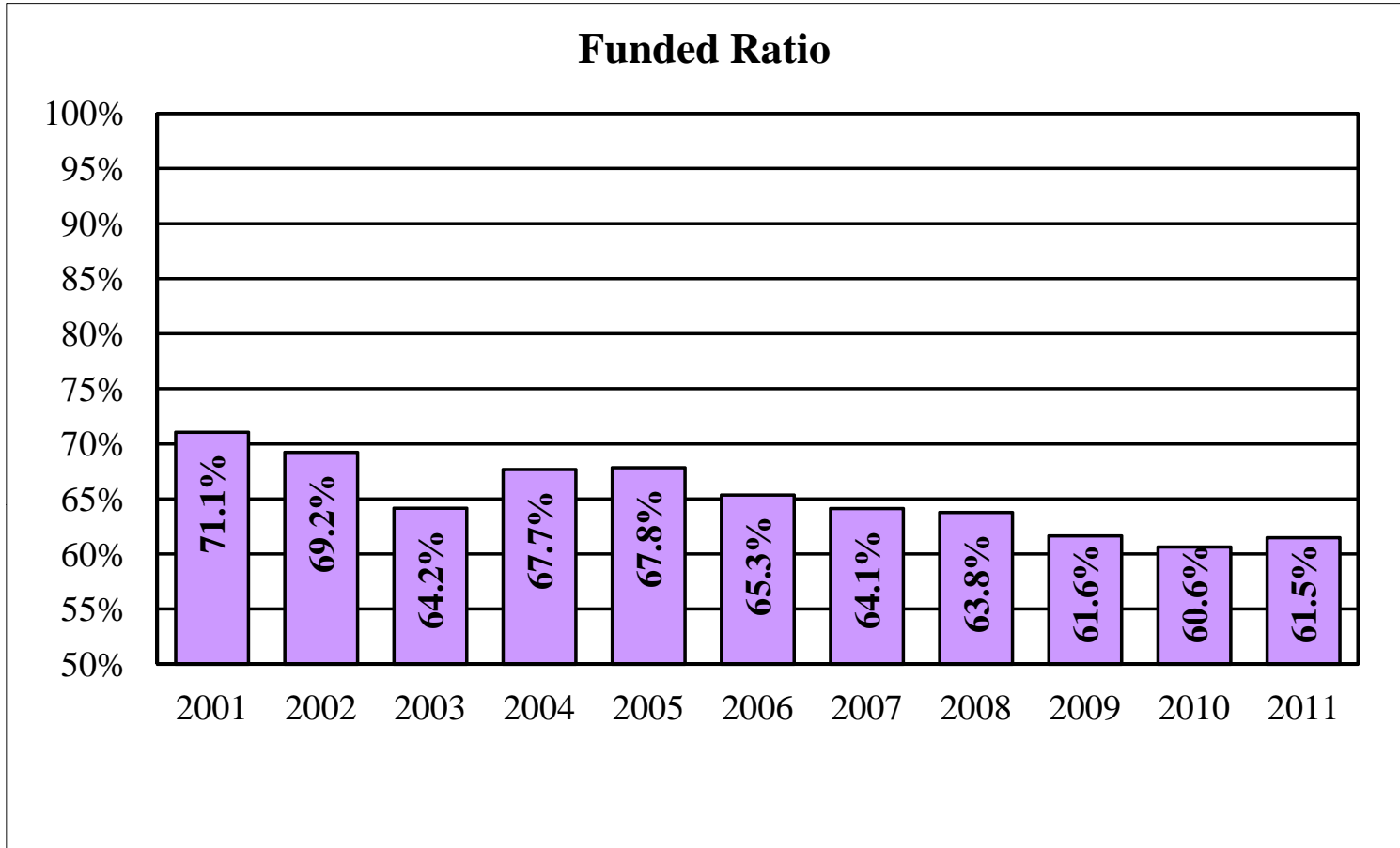




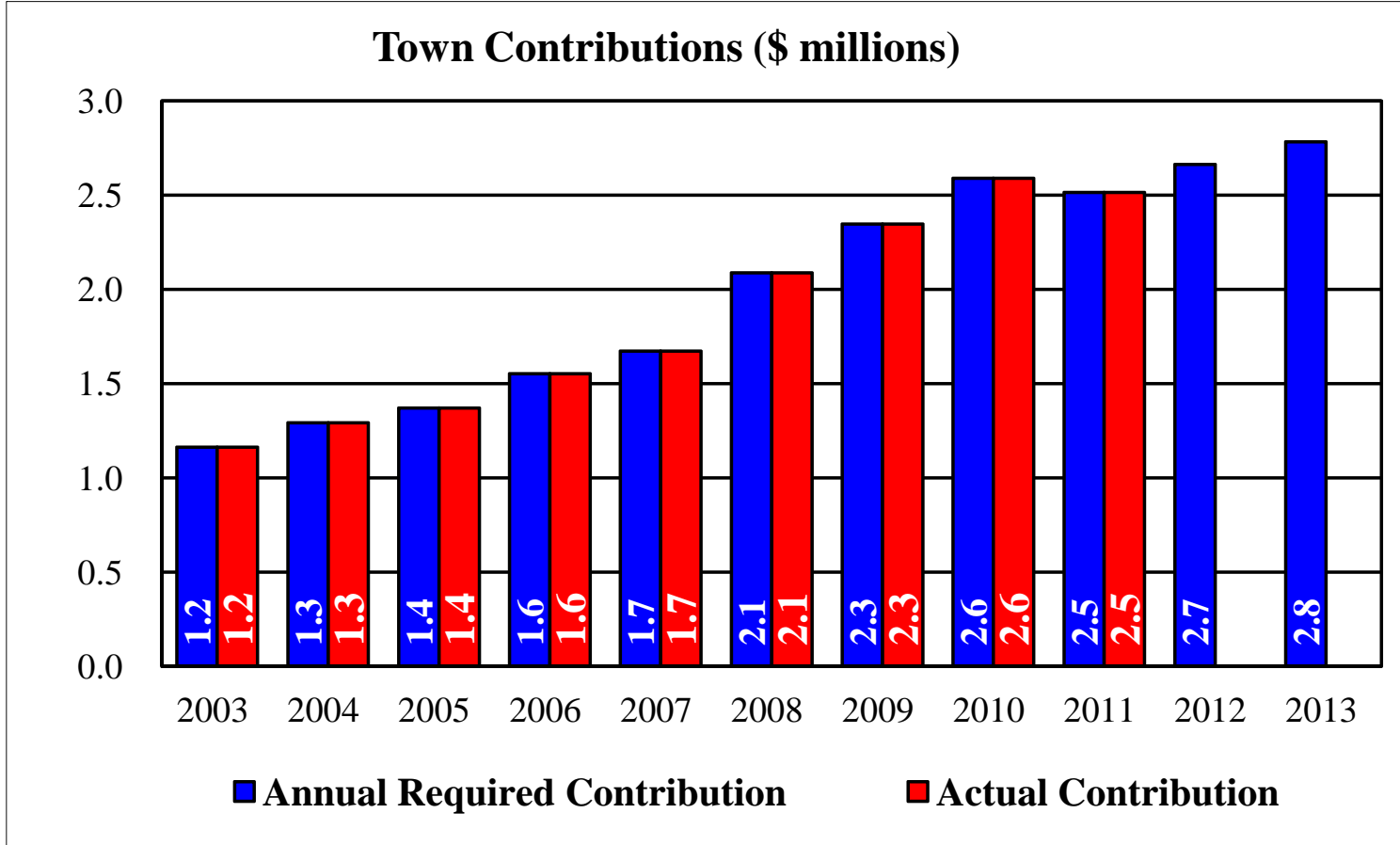
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<i>Assets and Liabilities as of July 1</i>	<i>2010</i>	<i>2011</i>
Market Value of Assets	28,394,587	35,680,952
Rate of Return	14.28%	21.73%
Actuarial Value of Assets (5 year smoothing of market gains/losses)	32,779,646	35,266,853
Rate of Return	0.28%	4.45%
Accrued Liability	54,054,944	57,377,287
Unfunded Accrued Liability	21,275,298	22,110,434
Funded Ratio	60.6%	61.5%
Amortization Period	29	28
Amortization Payment	1,906,661	2,000,748
 <i>Annual Required Contribution for FY</i>	 <i>2011-12</i>	 <i>2012-13</i>
Total Normal Cost	1,224,363	1,250,841
Expected Employee Contributions	552,233	556,583
Expected Expenses	28,000	30,000
Net Normal Cost	700,130	724,258
Net Normal Cost with interest to FY	756,140	782,199
Amortization Payment (from above)	1,906,661	2,000,748
Annual Required Contribution	2,662,801	2,782,947

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