

FEE SCHEDULE FOR INITIAL ACTUARIAL VALUATIONS AND FOR SUPPLEMENTAL ACTUARIAL VALUATIONS

Revised Effective October 1, 2009

INITIAL ACTUARIAL VALUATIONS

A \$250 initial valuation fee is required for valuation (Request for Initial Actuarial Valuation^(F511)) of up to three proposed benefit programs per any number of valuation divisions. For each proposed benefit program over three for a valuation division, a \$150 fee will be assessed per division. For non-standard benefits, the fee provisions of Section III below, Non-Standard Benefit Program Modifications, apply. The requestor shall remit a check payable to TGRS for the applicable valuation fee. TGRS will not submit the valuation request to the actuary without first having received the required fee.

SUPPLEMENTAL ACTUARIAL VALUATIONS

I. Valuation of Benefits Affecting Future Retirees

(A) Request for Supplemental Valuation^(F513A)

A fee is assessed for each separately computed contribution rate. However, a reduced fee rate will be charged for additional supplemental valuations for the same valuation division or for an identical proposed change for more than one valuation division. To qualify for the reduced fee rate, all requested valuations must be submitted at the same time and all requests must be for a permanent plan change valuation. For Benefit Program H or Benefit Program DC the fee provisions of Section V below, Projection Study for Benefit Program H or Benefit Program DC, apply.

The following is the basic fee schedule:

Fee: \$430 for the first proposed benefit change valued,
+ \$150 for each additional proposed benefit change valued.

Examples:

- (a) Division 01 has a B-1 benefit program. This division requests a supplemental valuation for a B-2 and B-3 benefit program. The valuation fee is $\$430 + \$150 = \$580$.
- (b) Division 01 has a B-1 benefit program and Division 02 has a B-2 benefit program. Each division requests a B-3 benefit program. The supplemental valuation fee is $\$430 + \$150 = \$580$.
- (c) Division 01 has a B-1 benefit program and Division 02 has a B-2 benefit program. Division 01 requests a B-2 benefit program and Division 02 requests a B-3 benefit program. This request does not qualify for a reduced fee. The fee is $\$430 + \$430 = \$860$.

(B) Valuation For a Temporary Plan Change (Temporary Window)--Other Than Benefit Program H^(F515)

A fee is assessed for each separately computed contribution rate. However, a reduced fee rate will be charged for additional supplemental valuations for the same valuation division only. To qualify for the reduced fee rate, all requested valuations must be submitted at the same time and all valuations must be for temporary (window) plan changes.

The following is the basic fee schedule:

Fee: \$500 for the first proposed benefit change valued,
+ \$210 for each additional proposed benefit change valued.

Examples:

- (a) Division 01 has a B-1 benefit program. This division requests a window valuation for a B-2 and B-3 benefit program during a temporary 2-month period. The temporary window periods can be different. The valuation fee is $\$500 + \$210 = \$710$.
- (b) Division 01 has a B-1 benefit program and Division 02 has a B-2 benefit program. Each division requests a B-3 benefit program during a temporary 2-month period. The temporary window periods can be different. The valuation fee is $\$500 + \$500 = \$1,000$.
- (c) Division 01 has a B-1 benefit program. This division requests a window valuation for a B-2 benefit during two different temporary 2-month periods. The valuation fee is $\$500 + \$210 = \$710$.

(C) Valuation of Bridge Benefits (change in multiplier only)

A fee is assessed for each separately computed contribution rate. However, a reduced fee rate will be charged for additional supplemental valuations for the same valuation division or for an identical proposed change for more than one valuation division. To qualify for the reduced fee rate, all requested valuations must be submitted at the same time and all requests must be for a permanent plan change. The results will be presented both with frozen Final Average Compensation and without frozen (*i.e.*, termination date) Final Average Compensation. This fee schedule only applies to changes in the multiplier.

The following is the basic fee schedule:

Fee: \$500 for the first proposed benefit change valued,
+ \$250 for each additional proposed benefit change valued.

II. Valuation of Benefits Affecting Current Retirees (Other Than Benefit Program H)

A fee is assessed for each separately computed contribution rate. However, a reduced fee rate will be charged for additional supplemental valuations for any combination of valuation divisions requesting an E benefit or any combination of divisions requesting an E-1 benefit, or any

combination of valuation divisions requesting both an E and an E-1 benefit. To qualify for the reduced fee rate, all requested valuations must be submitted at the same time.

The following is the basic fee schedule:

Valuation of Benefit E \$150 the first computed contribution rate
+ \$100 for each additional computed contribution rate and/or
division.

Valuation of Benefit E-1 \$290 the first division
+ \$150 for each additional division.

Valuation of both E and E-1 \$430 the first computed contribution rate
+ \$210 for each additional computed contribution rate and/or
division.

Consistent with MERS Board policy of maintaining MERS valuation liabilities and assets by valuation division, E and E-1 valuations must be prepared on an individual division basis.

Examples:

- (a) Division 01 requests two different E benefit calculations. The fee is $\$150 + \$100 = \$250$.
- (b) Division 01 and Division 02 each request one E benefit calculation. The fee is $\$150 + \$100 = \$250$.
- (c) Division 01 and Division 02 each requests one E benefit calculation and an E-1 benefit calculation. The fee is $\$430 + \$210 = \$640$.
- (d) Division 01 requests one E benefit calculation and Division 02 requests one E-1 benefit calculation. The fee is $\$150 + \$290 = \$440$.

III. **Non-Standard Benefit Program Modifications:** the DB Component of the Benefit Program H is non-modifiable under Plan Document Section 19B(2) (See MERS Statement on Modifications of Standard Benefit Programs^(F509))

Bargaining groups may bargain for certain modifications of MERS standard benefit programs that are not included in the MERS plan. Non-standard modifications include but are not limited to benefit multipliers, elimination of the 80% of FAC benefit cap, modification of MERS compensation to include all or a portion of unused sick time, final average compensation period, post retirement COLAs, and other new designs that may be considered in the future. To recognize the increased cost to review the request and to program and test the special valuation software required to value non-standard benefit programs, an additional fee of \$600 is payable for each non-standard benefit modification requested. In a given supplemental actuarial report the added fee would be charged only once for each non-standard benefit, even if that benefit is valued for more than one employee classification (division).

NOTE: If a participating municipality adopts modifications of MERS Standard Benefit Programs, MERS will assess Special Annual Expense Charges Procedure.^(F508)

Examples:

- (a) Division 01 has a B-4 benefit multiplier. This division requests a 3.0% benefit multiplier. The fee is $\$430 + \$600 = \$1,030$.
- (b) Division 01 has a B-3 benefit multiplier and Division 02 has a B-4 benefit multiplier. Each requests a 3.0% benefit multiplier. The fee is $\$430 + \$150 + \$600 = \$1,180$. Because both divisions request the same benefit formula, it qualifies for a reduced fee on the basic supplemental valuation.
- (c) Division 01 has a B-3 benefit multiplier and Division 02 has a B-4 benefit multiplier. Division 01 requests a 3.0% multiplier and Division 02 requests a 2.9% multiplier. The fee is $\$430 + \$430 + \$600 + \$600 = \$2,060$. Because the two requests are for different benefit formulas, the request does not qualify for a reduced fee.

IV. Census Adjustment

(A) New Grouping of Employees Using Census from Most Recent MERS Actuarial Valuation.

If a grouping of employees that is different from that used in the most recent valuation report is requested for the supplemental valuation, an additional fee will be assessed. A description of the new grouping and a list of the Social Security numbers for the employees to be included in the new grouping must be included with the supplemental valuation request.

The following is the basic fee schedule:

Additional Fee: \$150 for the first 10 employees on the list,
 + \$2 for each additional employee on the list.

This adjustment or re-grouping the employees will be based on the census information reported by MERS for the most recent actuarial valuation only. This additional fee does not include or permit any other census changes such as additions or deletions to the workforce, or changes in the individual employee compensation and other individual census information. The additional fee for those changes is determined by (B) below.

The additional fee needs to be paid only once per valuation request, regardless of how many proposals are valued for this new group of employees in the request. Please note that the additional adjustment fee will be payable if a new request is made after the report is completed and mailed.

(B) Changes in the Census from Most Recent MERS Actuarial Valuation

If changes to the valuation census used in the most recent MERS actuarial valuation report are requested, an additional fee will be assessed. The supplemental valuation request must include (a) a description of the changes to be made and (b) a revised census listing that includes the Social Security number and the current annual benefit compensation and any other changes for each member. For new members, the following additional information is required: (1) the date of birth, (2) years and months benefit service credits, if any, and (3) the sex of the employee. For new retirees, the current monthly benefit, the form of the benefit and if the form of pension

payment is not Straight Life Retirement Allowance, the date of birth of the spouse (beneficiary) must be reported in place of the compensation.

The following is the basic fee schedule:

Additional Fee: \$400 for the first 10 employees on the list,
 + \$3 for each additional employee on the list.

This additional fee does not include the cost to group the employees in a manner different from the most recent annual valuation. The additional fee for those changes is determined by (A) above.

The additional fee needs to be paid only once per valuation request, regardless of how many proposals are valued for this new group of employees in the request. Please note that the additional adjustment fee will be payable if a new request is made after the report is completed and mailed.

Examples:

- (a) A new division is created by transferring 15 employees from division 01. The additional fee for the census adjustment is $\$150 + \2 for each of the 5 employees in excess of 10 = $\$160$.
- (b) In the supplemental valuation request, 3 employees are added to the 14 employees included in the most recent annual actuarial valuation for division 03. In addition, new compensation is reported for all employees. The additional fee for this census adjustment is $\$400 + \3 for each of the 7 employees in excess of 10 = $\$421$.
- (c) A new division is created by transferring 15 employees from division 04. In addition, new compensation is to be used for all employees. The additional fee for the combined census adjustment is $\$150 + \2 for each of the 5 employees in excess of 10 + $\$400 + \3 for each of the 5 employees in excess of 10 = $\$575$.

(C) Conversion from Defined Benefit to Benefit Program H

This is similar to a new grouping of employees using the census from the most recent MERS annual actuarial valuation. A list of the employees converting to Benefit Program H including their Social Security Number, and the amount of assets transferred to the Defined Contribution portion of Benefit Program H for each employee must be included with the supplemental valuation request.

The following is the basic fee schedule:

 \$430 – basic supplemental fee
+ \$150 for the first 10 employees on the list + \$2 for each additional employee on the list
+ \$150 for the asset adjustment for the assets that transfer to the Defined Contribution
 portion of Benefit Program H

V. Projection Study for Benefit Program H or Benefit Program DC

A projection study is required for:

- Existing MERS municipalities that are proposing the adoption of Benefit Program H or Benefit Program DC

The purpose of the projection study is to provide sufficient information about the liabilities and projected contribution requirements for both the existing defined benefit program provisions and the proposed Benefit Program H or Benefit Program DC provisions, so that informed decisions can be made. MERS staff will determine if the projection study may be waived in special cases (e.g. an existing defined benefit program is substantially overfunded and Benefit Program H or DC is proposed for new hires only).

The projection study will include year by year projections (for a 20 year period) of liabilities and required contributions under scenarios relevant to the proposal in question. For example, if an existing defined benefit division proposes to adopt Benefit Program H or DC for new hires, and allow existing active members to elect whether or not to convert to the new program, the projection study will include a projection based on continuation of the current defined benefit provisions (no change), a second projection based upon new hires and all existing active members moving to the proposed provision, and a third projection based upon new hires being covered by the new provision but no existing active members converting. The results for the closed defined benefit division and the open Benefit Program H or DC division will be shown separately and combined. This provides the range of possible results, allowing for informed decision-making.

A fee is assessed for each separate projection. However, a reduced fee rate will be charged for additional projections beyond the first. To qualify for the reduced fee rate, all requested projections must be requested at the same time.

Projection Study Type 1 – No conversions allowed (Defined Contribution or Benefit Program H only applies to new hires).

The following is the fee schedule:

Fee: \$1,000 for the first division,
 + \$600 for each additional division.

Projection Study Type 2 – Conversions allowed (Defined Contribution or Benefit Program H applies to new hires, and existing active members are allowed to convert)

The following is the fee schedule:

Fee: \$1,600 for the first division,
 + \$1,200 for each additional division.

Projection Study Type 3 – Projections under the current Defined Benefit provisions (both open and closed divisions)

The following is the fee schedule:

Fee: \$700 for the first division,
 + \$400 for each additional division.

Examples:

- (a) Division 01 has a B-1 benefit program. This division requests a projection study for Benefit Program H for new hires only. The projection study will include two projections of liabilities and required contributions: (i) the existing benefit provisions continuing unchanged and (ii) the existing benefit provisions continued for the closed group of current active members and retirees and Benefit Program H for new hires. The fee is \$1,000.
- (b) Division 01 has a B-1 benefit program. This division requests a projection study for Benefit Program DC for new hires, but plans to allow existing active members to convert to Benefit Program DC. The projection study will include three projections of liabilities and required contributions: (i) the existing benefit provisions continuing unchanged, (ii) the existing benefit provisions continued for the closed group of current active members and retirees (i.e. no current active members elect to convert) and Benefit Program DC for new hires, and (iii) the existing benefit provisions continued for the closed group of current retirees and Benefit Program DC for new hires and existing active members (i.e. all current active members elect to convert). The fee is \$1,600.
- (c) Division 01 has a B-1 benefit program and Division 02 has a B-2 benefit program. Both divisions request a projection study for Benefit Program H for new hires, and plan to allow existing active members to convert to Benefit Program H. The projection study will include six projections of liabilities and required contributions: (i-ii) for each division the existing benefit provisions continuing unchanged, (iii-iv) for each division the existing benefit provisions continued for the closed group of current active members and retirees (i.e. no current active members elect to convert) and Benefit Program H for new hires, and (v-vi) for each division the existing benefit provisions continued for the closed group of current retirees and Benefit Program H for new hires and existing active members (i.e. all current active members elect to convert). The fee is $\$1,600 + \$1,200 = \$2,800$.

History: Initially approved by Board on April 23, 1997, effective April 1, 1997; revised September 28, 1999, effective January 1, 2000; amended November 13, 2002, effective January 1, 2003; and amended August 15, 2006, as to DROP+ fees in Sections I(A), and subsections (d) - (f), and Sections I(B), and subsections (d) - (f) only, with an effective of May 1, 2006; Section V and conforming language in Initial Actuarial Valuations (4th and 5th sentences), and Section I(A) (first paragraph, last sentence) added by Board action of September 19, 2006, to be effective October 1, 2006. This Restated Schedule was approved by the Board on September 15, 2009, to be effective October 1, 2009.