

SCHEDULE F (continued)

• **Unfunded Actuarial Accrued Liability (UAAL)**

- **Initial Total UAAL** - The initial total UAAL established as of the initial valuation date (September 30, 2021) for which this funding policy is adopted shall be amortized over a closed period. (A closed amortization period is one which is calculated over a fixed period so that at the end of that period, the amount is fully amortized).
- **New Incremental UAAL** - Each valuation after the initial valuation date will produce a New Incremental UAAL consisting of all benefit changes that have occurred since the previous valuation. Each valuation after the initial valuation date will produce a New Incremental UAAL consisting of all assumption and method changes and experience gains and/or losses that have occurred since the previous valuation.

• **UAAL Amortization Period and Contribution Rates**

- The Initial Total UAAL will be amortized over a closed 19-year period.
- Except as noted later, each New Incremental UAAL will be amortized over a closed 20 year period.
- Incremental UAALs resulting from plan changes that grant benefit improvements shall be amortized over a period not to exceed 15 years.
- Employer Normal Contribution Rate will be the contribution rate determined as of the valuation date each year under the provisions of Alabama Code Sections 36-27-24 and 12-18-2.
- In the valuation subsequent to the adoption of this funding policy the required employer contribution rate will be determined by the summation of the employer Normal Contribution Rate, a contribution rate for the pre-retirement death benefit fund, a contribution rate for administrative expenses, the individual amortization rate for each of the New Incremental UAAL bases, and the amortization rate for the remaining initial UAAL.

III. Methods and Assumptions

The actuarial funding method used to develop the benchmarks will be the Entry Age Normal (EAN) actuarial cost method. The methods and assumptions used will be those last adopted by the Board based upon the advice and recommendation of the actuary. The actuary shall conduct an investigation into the Fund's experience at least every five years and utilize the results of the investigation to form the basis for those recommendations.