



**Cavanaugh Macdonald**  
CONSULTING, LLC

*The experience and dedication you deserve*



Retirement Systems  
of Alabama

**Alabama Clerks and Registers Supernumerary  
Fund Report of the Actuary on the Annual  
Valuation Prepared as of  
September 30, 2014**





# Cavanaugh Macdonald

CONSULTING, LLC

*The experience and dedication you deserve*

February 1, 2016

Retirement Systems of Alabama  
Alabama Clerks and Registers Supernumerary Fund  
Montgomery, AL

Dear Sir or Madam:

In this report are submitted the results of the annual valuation of the assets and liabilities of the Alabama Clerks and Registers Supernumerary Fund, prepared as of September 30, 2014. The purpose of this report is to provide a summary of the funded status of the Fund as of September 30, 2014, to recommend rates of contribution and to provide accounting information under Governmental Accounting Standards Board Statements No. 25 and 27 (GASB 25 and 27). While not verifying the data at source, the actuary performed tests for consistency and reasonability.

It was determined in 1998 that the definition of a defined benefit pension plan under GASB 25 and 27 includes programs such as the supernumerary program that the State of Alabama operates for Clerks and Registers. The State program consists of the following: (1) pay as you go payments directly from the Administrative Office of Courts to clerks and registers upon election of supernumerary status (retirement), and (2) the Clerks and Registers Supernumerary Fund (CRSF) into which each active clerk and register must contribute six percent (6%) of salary and from which payments are made to surviving spouses of those who meet minimum service requirements.

We have prepared the valuation results using the General Obligation Bond Yield with 20 year maturity, rated AA2 by Moody's Arithmetic Average of 20 bonds' yield to maturity as of September 30, 2014 (4.13%) to discount liabilities of the Fund. On this basis the State would need to contribute 171.67% of payroll to the CRSF for the year ending September 30, 2017.

The promised benefits of the Fund are included in the actuarially calculated contribution rates which are developed using the entry age normal cost method. In conjunction with the use of the discount rate described above, we recommend using market value of assets for valuation purposes. Gains and losses are reflected in the unfunded accrued liability that is being amortized over a 15-year period as a level percentage of payroll, on the assumption that payroll will increase by 3.25% annually. The assumptions recommended by the actuary are in the aggregate reasonably related to the experience under the Fund and to reasonable expectations of anticipated experience under the Fund and meet the parameters for the disclosures under GASB 25 and 27. Because less than the annual required contributions were made under the program, there is a net pension obligation under GASB 25 and 27. This Fund does not come under the scope of GASB 67 and 68 since benefits to plan members are not paid from pension plan assets.

We have prepared the Schedule of Active Member Valuation Data, Schedule of Funding Progress, Trend Information and the Solvency Test for the financial section of the Annual Report.

This is to certify that the independent consulting actuary is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the Fund and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the Fund.

3550 Busbee Pkwy, Suite 250, Kennesaw, GA 30144

Phone (678) 388-1700 • Fax (678) 388-1730

[www.CavMacConsulting.com](http://www.CavMacConsulting.com)

Offices in Englewood, CO • Kennesaw, GA • Bellevue, NE



February 1, 2016  
Retirement Systems of Alabama  
Page 2

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

Since the program is funded primarily on a pay-as-you-go basis, the Fund is not operating in an actuarially prefunded manner. Assuming that contributions to the Fund are made by the employer from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the sufficiency of the retirement fund to provide the benefits called for under the Fund may be safely anticipated.

The Table of Contents, which immediately follows, outlines the material contained in the report.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read 'Edward Macdonald', written in a cursive style.

Edward A. Macdonald, ASA, FCA, MAAA  
President

A handwritten signature in blue ink, appearing to read 'John J. Garrett', written in a cursive style.

John J. Garrett, ASA, FCA, MAAA  
Principal and Consulting Actuary

EAM/JJG:jcj



## TABLE OF CONTENTS

<u>Section</u>	<u>Item</u>	<u>Page No.</u>
I	Summary of Principal Results	1
II	Membership	2
III	Assets	4
IV	Comments on Valuation	4
V	Contributions Payable by Employer	5
VI	Analysis of Financial Experience	6
VII	Accounting Information	7
<u>Schedule</u>		
A	Valuation Balance Sheet and Solvency Test	10
B	Summary of Receipts and Disbursements	12
C	Outline of Actuarial Assumptions and Methods	13
D	Actuarial Cost Method	15
E	Summary of Main Plan Provisions as Interpreted for Valuation Purposes	16
F	Tables of Employee Data	19



**ALABAMA CLERKS AND REGISTERS SUPERNUMERARY FUND  
REPORT OF THE ACTUARY ON THE  
ANNUAL VALUATION  
PREPARED AS OF SEPTEMBER 30, 2014**

**SECTION I - SUMMARY OF PRINCIPAL RESULTS**

1. For convenience of reference, the principal results of the valuation are summarized below:

VALUATION DATE	September 30, 2014	September 30, 2013
Interest Rate	4.13%	4.79%
Active clerks and registers:		
Number	68	68
Annual compensation	\$5,588,766	\$5,545,482
Supernumerary officials:		
Number	74	81
Annual allowances	\$5,061,039	\$5,276,565
Spouses receiving benefits:		
Number	15	13
Annual allowances	\$474,316	\$411,074
Former clerks and registers eligible for future benefits		
Number	3	3
Annual allowances	177,168	177,168
Assets:		
Actuarial Value	\$11,598,976	\$11,222,081
Market Value	11,598,976	11,222,081
Unfunded accrued liability	\$98,665,047	\$91,979,339
Funded Ratio	10.5%	10.9%
<b>CONTRIBUTIONS FOR FISCAL YEAR ENDING</b>	<b>9/30/2017</b>	<b>9/30/2016</b>
Employer Annual Required Contribution Rate (ARC):		
Normal	47.94%	40.96%
Accrued Liability	<u>123.73%</u>	<u>122.11%</u>
Total	171.67%	163.07%
Employer Contribution Rate	171.67%	163.07%
Employee Contribution Rate	<u>6.00%</u>	<u>6.00%</u>
Total	177.67%	169.07%
Amortization Period	15 years	15 years



2. Comments on the valuation results as of September 30, 2014 are given in Section IV and further discussion of the contribution levels is set out in Section V.
3. We have prepared valuation results using the General Obligation Bond Yield with 20 year maturity, rated AA2 by Moody's Arithmetic Average of 20 bonds' yield to maturity as of September 30, 2014 (4.13%) to discount liabilities of the Fund.
4. Schedule C of this report outlines the full set of actuarial assumptions and methods used in the current valuation. The valuation takes into account the effect of amendments to the Fund through the valuation date. Provisions of the Fund, as summarized in Schedule E, were taken into account in the current valuation.

## **SECTION II – MEMBERSHIP**

1. The following table shows the number of active clerks and registers and their annual compensation as of September 30, 2014 on the basis of which the valuation was prepared.

**TABLE 1**

**THE NUMBER AND ANNUAL COMPENSATION OF  
ACTIVE CLERKS AND REGISTERS AS OF SEPTEMBER 30, 2014**

<b>GROUP</b>	<b>NUMBER</b>	<b>COMPENSATION</b>
Males	25	\$2,116,950
Females	<u>43</u>	<u>3,471,816</u>
Total	68	\$5,588,766



2. The following table shows a history of active member valuation data.

**TABLE 2**  
**SCHEDULE OF ACTIVE MEMBER VALUATION DATA**

<b>Valuation Date</b>	<b>Number</b>	<b>Annual Payroll</b>	<b>Annual Average Pay</b>	<b>% Increase in Average Pay</b>
9/30/2009	68	\$ 5,987,980	\$ 88,059	4.1%
9/30/2010	68	5,979,811	87,938	-0.1%
9/30/2011	66	5,745,012	87,046	-1.0%
9/30/2012	66	5,830,688	88,344	1.5%
9/30/2013	68	5,545,482	81,551	-7.7%
9/30/2014	68	5,588,766	82,188	0.8%

3. The following table shows the number and annual retirement allowances payable to members in supernumerary status and their beneficiaries on the roll of the Retirement Fund as of the valuation date.

**TABLE 3**  
**THE NUMBER AND ANNUAL ALLOWANCES OF CLERKS AND REGISTERS**  
**IN SUPERNUMERARY STATUS AND SPOUSES IN RECEIPT**  
**AS OF SEPTEMBER 30, 2014**

<b>GROUP</b>	<b>NUMBER</b>	<b>ANNUAL RETIREMENT ALLOWANCES</b>
Supernumerary Officials	74	\$5,061,039
Spouses Receiving Benefits	<u>15</u>	<u>474,316</u>
Total	89	\$5,535,355

In addition, there are three former clerks and registers eligible for future benefits totaling \$177,168 annually.

4. Table 1 of Schedule F gives the distribution by age and by years of service of the active clerks and registers included in the valuation, while Table 2 gives the number and annual retirement allowances of supernumerary officials and spouses receiving benefits included in the valuation, distributed by age.



### **SECTION III – ASSETS**

1. As of September 30, 2014 the total market value of assets reported by the System and used for valuation purposes amounted to \$11,598,976.
2. Schedule B shows the receipts and disbursements of the Fund for the two years preceding the valuation date and a reconciliation of the fund balances at market value.

### **SECTION IV - COMMENTS ON VALUATION**

1. Schedule A of this report contains the valuation balance sheet which shows the present and prospective assets and liabilities of the Fund as of September 30, 2014.
2. The valuation balance sheet shows that the Fund has total prospective liabilities of \$139,319,974. Of this amount, \$83,284,468 is for the prospective benefits payable on account of present supernumerary officials, spouses receiving benefits and former clerks and registers eligible for future benefits and \$56,035,506 is for the prospective benefits payable on account of present active clerks and registers. Against these liabilities, the Fund has total present actuarial value of assets of \$11,598,976 as of September 30, 2014. The difference of \$127,720,998 between the total liabilities and the total present actuarial value of assets represents the present value of contributions to be made in the future. Of this amount, \$3,224,964 is the present value of future contributions expected to be made by active clerks and registers, and the balance of \$124,496,034 represents the present value of future contributions payable by the employer.
3. The determination of the employer's required contributions consist of normal contributions and accrued liability contributions. The valuation indicates that employer normal contributions at the rate of 47.94% of payroll are required to provide the benefits of the Fund.
5. Prospective normal contributions at the rate of 47.94% have a present value of \$25,830,987. When this amount is subtracted from \$124,496,034, which is the present value of the total future contributions to be made by the employer, there remains \$98,665,047 as the amount of future accrued liability contributions. Annual accrued liability contributions at the rate of 123.73% of payroll will liquidate the unfunded accrued liability within 15 years from the valuation date on the assumption that the aggregate amount of accrued liability contribution will increase by 3.25% each year.





**SECTION V - CONTRIBUTIONS PAYABLE BY EMPLOYER**

1. On the basis of the actuarial valuation prepared as of September 30, 2014 it is recommended that the employer make contributions at the following rates:

**TABLE 4**

**RECOMMENDED CONTRIBUTION RATES**

	<b>PERCENTAGE OF ACTIVE CLERKS' AND REGISTERS' COMPENSATION</b>
Interest Rate	4.13%
<b>CONTRIBUTION</b>	
Normal	47.94%
Accrued Liability	<u>123.73%</u>
Total	171.67%



## SECTION VI – ANALYSIS OF FINANCIAL EXPERIENCE

The following table shows the estimated gain or loss from various factors that resulted in an increase of \$6,685,708 in the unfunded accrued liability from \$91,979,339 to \$98,665,047 during the year ending September 30, 2014.

### ANALYSIS OF FINANCIAL EXPERIENCE

(in thousands of dollars)

ITEM	AMOUNT OF INCREASE/ (DECREASE)
Interest (4.79%) added to previous unfunded accrued liability	\$ 4,405.8
Accrued liability contribution*	(2,964.3)
Experience:	
Valuation asset growth	83.9
Pensioners' mortality	(330.1)
Turnover and retirements	833.8
New entrants	0.0
Salary increases	(698.2)
Method changes	0.0
Amendments/COLA	(2,356.9)
Change in Discount Rate	7,746.3
Miscellaneous changes	<u>(34.6)</u>
Total	\$ 6,685.7

\*Equal to the estimated total employer contributions during the fiscal year (benefit payments from the general fund) less the estimated portion of contributions attributed to normal cost for the year, adjusted for interest to September 30, 2014 ( $(\$5,176,000 - 2,281,066) \times 1.02395$ ).



**SECTION VII - ACCOUNTING INFORMATION**

1. The Clerks and Registers Supernumerary Fund does not come under the scope of Governmental Accounting Standards Board Statements 67 and 68 since benefits to Plan members are not paid from Plan assets. We have prepared the required supplementary information to be disclosed in the financial statements of the Fund and the employer under GASB 25 and 27. One such item is a distribution of the number of employees by type of membership, as follows:

**NUMBER OF ACTIVE AND RETIRED MEMBERS  
AS OF SEPTEMBER 30, 2014**

GROUP	NUMBER
Retirees and beneficiaries currently receiving benefits	89
Terminated employees entitled to benefits but not yet receiving benefits	7
Active Members	<u>68</u>
Total	164

2. Another such item is the schedule of funding progress as shown below.

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (( b - a ) / c)
9/30/2009	\$ 9,534,673	\$ 73,044,060	\$ 63,509,387	13.1%	\$ 5,987,980	1060.6%
9/30/2010	10,247,955	73,618,029	63,370,074	13.9%	5,979,811	1059.7%
9/30/2011	10,919,479	71,373,742	60,454,263	15.3%	5,745,012	1052.3%
9/30/2012 *	11,444,847	69,749,048	58,304,201	16.4%	5,830,688	1000.0%
9/30/2013 **	11,222,081	103,201,420	91,979,339	10.9%	5,545,482	1658.6%
9/30/2014 **	11,598,976	110,264,023	98,665,047	10.5%	5,588,766	1765.4%

\* Reflects the adoption of a valuation interest smoothing methodology for 9/30/2012 only.

\*\*Reflects change in the discount rate (20 year high-quality tax exempt municipal bond index rate).



3. Following is the calculation of the annual pension cost and net pension obligation for the fiscal year ending September 30, 2014.

**Annual Pension Cost and Net Pension Obligation for Fiscal Year Ending 9/30/2014**

(a) Employer annual required contribution	\$ 4,667,000
(b) Interest on net pension obligation	372,400
(c) Adjustment to annual required contribution	<u>(482,900)</u>
(d) Annual pension cost: (a) + (b) + (c) as of 9/30/2014	\$ 4,556,500
(e) Employer contributions made for fiscal year ending 9/30/2014	<u>5,176,000*</u>
(f) Increase (decrease) in net pension obligation: (d) - (e)	\$ (619,500)
(g) Net pension obligation 9/30/2013	<u>7,774,400</u>
(h) Net pension obligation 9/30/2014: (f) + (g)	\$ 7,154,900

\*No employer contributions are made to the Fund. This represents benefit payments made to Supernumerary officials on a pay-as-you-go basis from the Administrative Office of Courts.

**TREND INFORMATION**

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2012	\$ 5,023,700	83.2%	\$ 7,870,600
September 30, 2013	4,815,800	102.0	7,774,400
September 30, 2014	4,556,500	113.6	7,154,900

4. The annual required contribution (ARC) of the employer as a percentage of payroll, determined in accordance with the parameters of GASB 25/27, is shown below. The accrued liability rate is based on amortization of the unfunded actuarial accrued liability in accordance with the Board funding policy.

<b>ANNUAL REQUIRED CONTRIBUTION (ARC)</b>	<b>RATE</b>
Normal	47.94%
Accrued liability	<u>123.73</u>
Total	171.67%

5. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at September 30, 2014. Additional information as of the latest actuarial valuation follows.



Valuation date	9/30/2014
Actuarial cost method	Entry Age
Amortization method	Level percent open
Remaining amortization period	15 years
Asset valuation method	Market value
Actuarial assumptions:	
Ultimate investment rate of return (discount rate)**	4.13%
Projected salary increases**	3.50%
Cost-of-living adjustments	3.25%
**Includes inflation at	3.00%



**SCHEDULE A**

**VALUATION BALANCE SHEET  
SHOWING THE PRESENT AND PROSPECTIVE ASSETS AND LIABILITIES OF  
THE ALABAMA CLERKS AND REGISTERS SUPERNUMERARY FUND  
AS OF SEPTEMBER 30, 2014**

<u>ASSETS</u>	
Actuarial Value of Present Assets	\$ 11,598,976
Present value of future clerks' and registers' contributions	3,224,964
Present value of future employer contributions	
Normal contributions	\$ 25,830,987
Unfunded accrued liability contributions	<u>98,665,047</u>
Total prospective employer contributions	<u>124,496,034</u>
Total Assets	<u><u>\$139,319,974</u></u>
<u>LIABILITIES</u>	
Present value of benefits payable on account of Supernumerary officials, spouses receiving benefits, and former clerks and registers eligible for future benefits	\$ 83,284,468
Present value of prospective benefits payable on account of present active clerks and registers	<u>56,035,506</u>
Total Liabilities	<u><u>\$139,319,974</u></u>



**SCHEDULE A (continued)**

**SOLVENCY TEST**

Valuation Date	Aggregate Accrued Liabilities For			Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets		
	(1)	(2)	(3)		(1)	(2)	(3)
	Active Member Contributions	Retirants and Beneficiaries	Active Members (Employer Financed Portion)				
9/30/2009	\$3,782,813	\$50,524,210	\$18,737,037	\$9,534,673	100%	11%	0%
9/30/2010	4,173,961	49,595,307	19,848,761	10,247,955	100%	12%	0%
9/30/2011	3,934,726	49,021,744	18,417,272	10,919,479	100%	14%	0%
9/30/2012 *	4,292,931	46,849,713	18,606,404	11,444,847	100%	15%	0%
9/30/2013 **	2,808,104	79,763,398	20,629,918	11,222,081	100%	11%	0%
9/30/2014 **	3,094,649	83,284,468	23,884,906	11,598,976	100%	10%	0%

\*Reflects the adoption of a valuation interest smoothing methodology for 9/30/2012 only.

\*\*Reflects change in the discount rate (20 year high-quality tax exempt municipal bond index rate).



**SCHEDULE B**

**SUMMARY OF RECEIPTS AND DISBURSEMENTS**

	YEAR ENDING	
	September 30, 2014	September 30, 2013
<u>Receipts for the Year</u>		
Contributions:		
Members	\$336,114	\$337,531
Employer*	0	0
Subtotal	\$336,114	\$337,531
Investment Income	377,817	409,448
Unrealized Gain (Loss)	74,038	(496,788)
TOTAL	\$787,969	\$250,191
<u>Disbursements for the Year</u>		
Benefit Payments**	\$411,074	\$472,957
Refunds to Members	0	0
TOTAL	\$411,074	\$472,957
<u>Excess of Receipts over Disbursements</u>	<u>376,895</u>	<u>(222,766)</u>
<u>Reconciliation of Asset Balances</u>		
Market Value of Assets as of Beginning of Year	\$11,222,081	\$11,444,847
Excess of Receipts over Disbursements	376,895	(222,766)
Market Value of Assets as of End of Year	<u>\$11,598,976</u>	<u>\$11,222,081</u>

\*No employer contributions are made to the Fund. Active members contribute 6% of salary for surviving spouse's benefits.

\*\*Represents benefit payments from the fund for surviving spouse's benefits. Benefit payments to Supernumerary officials are made on a pay-as-you-go basis from the Administrative Office of Courts.





**SCHEDULE C**

**OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS**

The assumptions and methods used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2010, submitted to and adopted by the Board on January 27, 2014.

INVESTMENT RATE OF RETURN: The 20 year high-quality tax exempt municipal bond index rate, 4.13% as of September 30, 2014.

SALARY INCREASES: 3.50% per annum, at all ages, including wage inflation at 3.25%.

SEPARATIONS BEFORE ELIGIBILITY FOR SUPERNUMERARY STATUS: Representative values of the assumed annual rates of death, withdrawal and disability are as follows:

<u>Age</u>	<u>Annual Rate</u>			
	<u>Death*</u>		<u>Withdrawal</u>	<u>Disability</u>
	<u>Male</u>	<u>Female</u>		
20	0.03%	0.01%	0.00%	0.06%
25	0.03	0.01	0.00	0.07
30	0.05	0.02	0.00	0.09
35	0.08	0.03	0.00	0.11
40	0.10	0.04	0.00	0.17
45	0.14	0.07	5.50	0.30
50	0.20	0.10	2.50	0.50
55	0.36	0.19	2.50	0.88
60	0.71	0.38	2.50	1.56
65	1.30	0.71	2.50	5.00
69	1.99	1.09	2.50	9.00

\* Rates of pre-retirement mortality are according to the sex distinct RP-2000 Table Projected with Scale AA to 2015 set forward three years for males and set forward one year for females, with an adjustment of factor of 0.90% for males and 0.70% for females.

RATES OF ATTAINING SUPERNUMERARY STATUS: The assumed annual rates of becoming a Supernumerary official are as follows:

<u>Age</u>	<u>Annual Rate*</u>
54 & Under	25.0%
55- 59	22.0
60-64	20.0
65-69	12.0
70-74	15.0
70+	100.0

\* Rates are increased by 25% in year when member first becomes eligible for unreduced service retirement.



DEATHS AFTER BECOMING A SUPERNUMERARY OFFICIAL: Rates of mortality for the period after becoming a supernumerary official are according to the sex distinct RP-2000 Combined Mortality Table Projected with Scale AA to 2015 set forward three years for males and one year for females. Rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Mortality Table. Representative values of the assumed annual rates of death after retirement are as follows:

<u>Age</u>	<u>Annual Rate</u>			
	<u>After Becoming a Supernumerary Official</u>		<u>After Disability Retirement</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
35	0.09%	0.04%	2.26%	0.75%
40	0.12	0.06	2.26	0.75
45	0.15	0.10	2.26	0.75
50	0.22	0.14	2.90	1.15
55	0.40	0.27	3.54	1.65
60	0.79	0.54	4.20	2.18
65	1.45	1.02	5.02	2.80
70	2.42	1.72	6.26	3.76
75	4.22	2.75	8.21	5.22
80	7.72	4.57	10.94	7.23
85	13.55	7.89	14.16	10.02
90	22.00	13.82	18.34	14.00
95	30.60	19.93	26.75	19.45

ASSETS: Market value.

PERCENT MARRIED: 100% of active members are assumed to be married with the male three years older than his spouse.

VALUATION COST METHOD: Individual entry age actuarial cost method. Actuarial gains and losses are reflected in the unfunded actuarial accrued liability.

COST OF LIVING: Increases of 3.25% annually.

EXPENSE LOAD: None.



## **SCHEDULE D**

### **ACTUARIAL COST METHOD**

1. The valuation is prepared on the projected benefit basis, under which the present value, at the interest rate assumed to be earned in the future, of each member's expected benefit payable at retirement or death is determined based on his age, service, sex and compensation. The calculations take into account the probability of a member's death or termination of employment prior to becoming eligible for a benefit, as well as the probability of his terminating with a service, disability or survivor's benefit. Future salary increases are also anticipated. The present value of the expected benefits payable on account of the active members is added to the present value of the expected future payments to retired members and beneficiaries to obtain the present value of all expected benefits payable from the Fund on account of the present group of members and beneficiaries.
2. The employer contributions required to support the benefits of the Fund are determined following a level funding approach, and consist of a normal contribution and an accrued liability contribution.
3. The normal contribution is determined using the "individual entry age normal" method. Under this method, a calculation is made to determine the uniform and constant percentage rate of employer contribution which, if applied to the compensation of each new member during the entire period of his anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on his behalf.
4. The unfunded accrued liability contributions are determined by subtracting the present value of prospective employer normal contributions and member contributions together with the current assets held from the present value of expected benefits to be paid from the Fund.



**SCHEDULE E**

**SUMMARY OF MAIN PLAN PROVISIONS  
AS INTERPRETED FOR VALUATION PURPOSES**

The following summary describes the main benefit and contribution provisions of The Alabama Clerks and Registers Supernumerary Fund as interpreted for the valuation.

1 - DEFINITIONS

A “Supernumerary Official” is a former clerk or register who has met the age and service requirements who takes the oath of office as a Supernumerary Clerk or Register. “Service” is the service, prior service, and any other previous service established as creditable in accordance with the provisions of the retirement law.

2 - BENEFITS

Supernumerary Official Status

Condition for Allowance

A clerk or register may become a supernumerary official after he or she has completed 23 years of service at any age, or according to the following table:

<u>Age</u>	<u>Years of Service</u>
55 to 59	18
60	17
61	16
62 to 64	15
65 to 69	12
70	10

Amount of Allowance

A supernumerary official is paid 75% of the State salary payable to the clerk or register on the date he or she attains a supernumerary status. Increases in allowances are granted when active State Employees receive a cost-of-living salary increase.



#### Disability Allowance

Condition for Allowance

A disability supernumerary allowance may be granted to a member who becomes totally and permanently disabled while in office and who has 5 years or more of service.

Amount of Allowance

75% of the State salary payable to the clerk or register on the date he or she attains supernumerary status.

#### Benefits Payable on Separation from Service with 12 or more Years of Service

Condition for Allowance

Any clerk or register who ceases to be in service who has met the service eligibility for supernumerary status (12 or more years) is entitled to be commissioned a supernumerary clerk or register upon attaining the specified age.

Amount of Allowance

75% of the State salary payable to the clerk or register on the date he or she attains supernumerary status.

#### Benefits Payable on Separation From Service with less than 12 Years of Service

Refund employee contributions plus accrued interest.

#### Benefits Payable upon Death in Active Service

Condition for Allowance

In case of the death of a clerk or register in active service who is eligible for supernumerary status, a spousal benefit is payable to the surviving spouse.

Amount of Allowance

3% at the salary payable from the State treasury for the position of circuit clerk for each year of service, not to exceed 30%.

#### Benefits Payable upon Death in Supernumerary Status

Condition for Allowance

Surviving spouses of clerks and registers who assume supernumerary status on or after January 16, 1989, are eligible for spousal benefits upon the death of the clerk or register.

Amount of Allowance

3% at the salary payable from the State treasury for the position of circuit clerk for each year of service, not to exceed 30%.



Form of Payment

Modified cash refund.

### 3 - CONTRIBUTIONS

Member Contributions

Each active clerk and register contributes 6% of his salary.



**SCHEDULE F**

**NUMBER OF ACTIVE CLERKS AND REGISTERS  
BY AGE AND SERVICE AS OF SEPTEMBER 30, 2014**

Age	Years of Service									Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & Up	
Under 30										
30 to 34										
35 to 39	1	6								7
40 to 44		2	4							6
45 to 49		6	2	1	1					10
50 to 54		4	4	1						9
55 to 59	1	6	8	4			1			20
60 to 64		1	2	5	1		1			10
65 to 69			1	1	1					3
70 & Up		1			1				1	3
Total	2	26	21	12	4		2		1	68

Average Age: 53.15

Average Service: 8.19



**TABLE 2**  
**NUMBER AND ANNUAL RETIREMENT ALLOWANCES**  
**OF SUPERNUMERARY OFFICIALS AND SPOUSES**  
**RECEIVING BENEFITS AS OF SEPTEMBER 30, 2014**

<b>Age</b>	<b>Number of Members</b>	<b>Total Annual Benefits</b>
Under 50	0	\$ 0
50 – 54	0	0
55 – 59	8	569,142
60 – 64	12	946,664
65 – 69	14	1,089,824
70 – 74	21	1,302,925
75 – 79	11	607,134
80 – 84	14	677,328
85 – 89	5	194,216
90 – 94	4	148,122
95 & Over	0	0
Total	89	\$ 5,535,355

Average Age: 72.33