

ALSIP POLICE PENSION FUND
Actuarial Valuation Report

**Showing Assets and Liabilities of the Fund in
 Accordance with Actuarial Reserve Requirements
 as of May 1, 2012**

Summary

| | | |
|----------------------------|--|--------------|
| Accrued Liability | | \$45,054,762 |
| Actuarial Value of Assets | | \$15,865,845 |
| Unfunded Accrued Liability | | \$29,188,917 |
| | | |
| Funded Ratio | | 35% |

Liabilities

Reserves for Annuities and Benefits in Force

| | Head Count: | Present Value: | |
|---------------------------------|----------------|----------------|--------------|
| Retirement Annuities | 31 | 34,276,393 | |
| Disability Annuities | 1 | 457,717 | |
| Surviving Spouse Annuities | 1 | 527,910 | |
| Minor Dependent Annuities | 0 | 0 | |
| Deferred Retirement Annuities | 2 | 48,736 | |
| Handicapped Dependent Annuities | 0 | 0 | |
| Dependent Parent Annuities | 0 | 0 | |
| Terminated Liabilities | 0 | 0 | |
| Total: | 35 | | \$35,310,756 |

| | | |
|--|----|--------------|
| Accrued Liabilities for Active Members | 40 | \$9,744,006 |
| Total Accrued Liabilities | | \$45,054,762 |
| Total Normal Cost for Active Members | | \$813,537 |
| Total Normal Cost as a Percentage of Payroll | | 28% |

| | | |
|---|--|--------------|
| Total Annual Payroll | | \$2,921,239 |
| Amortization of Unfunded Liabilities: | | |
| Total Accrued Liability | | \$45,054,762 |
| 90% Funded Ratio Target | | \$40,549,286 |
| Actuarial Value of Assets | | \$15,865,845 |
| Liabilities Subject to Amortization | | \$24,683,441 |
| Amortization Period | | 28 years |
| Amortization Payment, Beginning of Year | | \$1,158,066 |

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:

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Assets

Actuarial Value of Assets

Current Year Gain/(Loss):

| | |
|--|--------------|
| Market value of assets as of April 30, 2011 | \$15,120,768 |
| Benefit payments during fiscal year 2012 | (2,160,693) |
| Total contributions during fiscal year 2012 | 2,055,584 |
| Expected return during fiscal year 2012 | 1,017,104 |
| Expected market value of assets as of April 30, 2012 | \$16,032,763 |
| | |
| Actual market value of assets as of April 30, 2012 | \$15,198,174 |
| | |
| Investment gain/(loss) during the fiscal year | (\$834,589) |

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

| | |
|--|--------------|
| Market value of assets as of April 30, 2012 | \$15,198,174 |
| Unrecognized gain/(loss) from fiscal 2012 | (667,671) |
| Unrecognized gain/(loss) from fiscal 2011 | 0 |
| Unrecognized gain/(loss) from fiscal 2010 | 0 |
| Unrecognized gain/(loss) from fiscal 2009 | 0 |
| Actuarial value of assets as of April 30, 2012 | \$15,865,845 |

Actuarially Determined Employer Contributions

| | |
|---|-----------|
| Actuarially determined amount to provide the employer normal cost based on the annual payroll of active participants as of May 1, 2012. | \$524,042 |
|---|-----------|

| | |
|---|-------------|
| Amount necessary to amortize the unfunded accrued liability as determined by the State of Illinois Department of Insurance over the remaining 28 years as prescribed by Section 3-125 of the Illinois Pension Code. | \$1,158,066 |
|---|-------------|

| | |
|---|-----------|
| Interest to the end of the fiscal year. | \$113,542 |
|---|-----------|

| | |
|--|-------------|
| 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. * | \$1,795,650 |
|--|-------------|

*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.

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Actuarial Valuation Report

Actuarial Information

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

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|------------------------|--|
| 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.