REQUEST FOR BOARD ACTION **AGENDA ITEM: 3.4**

THE VILLAGE OF Wilmette EST. 1872

Finance Department

SUBJECT: Section 105 Actuarial Valuation

MEETING DATE: May 26, 2020

FROM: Melinda Molloy, Finance Director

BUDGET IMPACT:

Contribution	$269,000
Over/(Under) Budget	$9,000

Recommendation

The Village Board:

(1) Accept the Actuarial Valuation Report for the Village's Section 105 program as of January 1, 2020 and directs that it be placed on file, and

(2) Approve the transfer of $269,000 to the Section 105 Fund to fulfill the actuarial contribution requirement.

Background

In 2002 the Village, in its negotiations with the Police and Fire unions, created a sick leave buy-back incentive as the future methodology of subsidizing pensioner health insurance. Under the terms of these negotiations, Section 105 Plans were implemented in 2003 and became the sole retiree health insurance benefit offered by the Village. Prior to the implementation of the Section 105 Plans, the Village had a number of different retiree health insurance benefits in place. As the pre-2003 retirees became Medicare eligible, they no longer received any benefit. The benefit completely phased out in 2015.

Each of the two unions has a Section 105 Plan document and a third Plan was adopted for the non-union employees. Similar in all three Plans is a member of the Plan must have 20 years of service with the Village before receiving any benefit. In 2016, as part of the Police Union negotiations, membership to the Police Section 105 Plan was limited to employees hired before Jan. 1, 2016. The same limitation was then applied to the non-union Plan.

Each year an actuarial study is conducted of the Village's Section 105 program. The valuation has been performed by Foster & Foster, Inc., a national actuarial consulting firm that specializes in providing actuarial services to the public sector. The information contained in the study is required for disclosure in our annual financial audit report and it provides the basis for the employer contributions to the program. The accounting for the Section 105 Plan was changed in 2013 to break out retirees from Active Employees. The retiree liability is shown as an actual liability while the employee liability is an actuarial liability. The change simplifies the valuation.

Discussion

Noted on Page 1 of the valuation, the actuarial liability of the Section 105 Plans at January 1, 2020 is $2,119,729 and the required contribution for the 2020 fiscal year is $268,208. The liability is broken down as follows:

Summary of Actuarial Valuation by Department

	1/1/20 Liability		2020 Expense	
Administration	304,212	12.99%	34,894	12.48%
Fire	560,505	23.94%	84,479	30.22%
Police	774,937	33.10%	92,398	33.05%
Public Works	304,987	13.03%	35,160	12.58%
Water	175,088	7.48%	21,277	7.61%
Totals	**$2,119,729**		**$268,208**	

The Police and Fire Departments tend to have the largest concentrations of long-term employees. As such, most of the liability (57%) and expense (63%) is associated with these two departments.

The 2019 actuarial contribution of $268,208 is broken down into two components, “normal cost” and “amortization of unfunded liability”. The normal cost of $98,329 is designed to account for the expense that is related specifically to the current fiscal year. The amortization of unfunded liability of $169,879 is designed to account for the expense of reducing the liability that was in place initially upon the creation of the Plans. Over the long-term, the normal cost factor will be the Village’s sole expense for retiree health insurance and this is expected to save the Village money in comparison with the health insurance benefits that previously existed.

The 2020 budget for the employer contribution was estimated to be $260,000. It is recommended that the total 2020 contribution be $269,000.

Attached please find a chart showing the annual contributions and funding status of the Section 105 program since inception at January 1, 2003. It is important to note that the Village has gone from zero to over 35% funded in a relatively short time span.

Attachments:
Section 105 Plan Actuarial Funding Status and Contribution History
Section 105 Actuarial Valuation as of January 1, 2020

Village of Wilmette Section 105 Plan
Actuarial Funding Status and Contribution History

Year Ended	Actuarial Liability	Actuarial Value of Assets	Actuarial Unfunded Liability	Percentage Funded
12/31/2002	1,224,866	-	1,224,866	0.0%
12/31/2003	1,361,950	88,673	1,273,277	6.5%
12/31/2004	1,535,589	176,040	1,359,549	11.5%
12/31/2005	1,697,818	282,484	1,415,334	16.6%
12/31/2006	1,948,911	396,733	1,552,178	20.4%
12/31/2007	2,261,379	524,091	1,737,288	23.2%
12/31/2008	2,429,932	646,564	1,783,368	26.6%
12/31/2009	2,597,680	766,279	1,831,401	29.5%
12/31/2010	2,739,738	846,782	1,892,956	30.9%
12/31/2011	2,808,778	917,384	1,891,394	32.7%
12/31/2012	2,944,119	940,986	2,003,133	32.0%
12/31/2013	2,454,479	240,212	2,214,267	9.8% *
1/1/2015	2,371,100	232,518	2,138,582	9.8% *
1/1/2016	2,122,127	7,971	2,114,156	0.4% *
1/1/2017	2,114,807	9,717	2,105,090	0.5% *
1/1/2018	2,118,874	54,858	2,064,016	2.6% *
1/1/2019	2,341,301	67,395	2,273,906	2.9% *
1/1/2020	2,119,729	75,781	2,043,948	3.6% *

* Please note that the accounting for the Section 105 Plan was adjusted in 2013 to record 100% of the actual liability for retirees separate from the Actuarial Liability for Active Employees (i.e. retirees are 100% funded). Under the previous method, the comparable 12/31/13 data would appear as follows:

2014	3,207,591	1,010,614	2,196,977	31.5%
2015	3,200,025	1,073,321	2,126,704	33.5%
2016	3,186,632	1,082,667	2,103,965	34.0%
2017	3,240,318	1,155,337	2,084,981	35.7%
2018	3,244,386	1,194,754	2,049,632	36.8%
2019	3,481,802	1,227,863	2,253,939	35.3%
2020	3,346,284	1,325,551	2,020,733	39.6%

Year	Actuarially Required Contribution	Percentage Growth in Annual Contribution	Actual Contribution	Growth in Actual Contribution
2003	88,673		88,673	
2004	97,570	10.0%	97,570	10.0%
2005	104,835	7.4%	104,835	7.4%
2006	109,180	4.1%	110,000	4.9%
2007	123,500	13.1%	123,500	12.3%
2008	143,400	16.1%	143,400	16.1%
2009	148,712	3.7%	148,800	3.8%
2010	157,054	5.6%	165,000	10.9%
2011	166,969	6.3%	180,000	9.1%
2012	174,730	4.6%	190,000	5.6%
2013	211,407	21.0%	217,500	14.5%
2014	233,635	10.5%	260,000	19.5%
2015	243,532	4.2%	250,700	-3.6%
2016	247,689	1.7%	248,000	-1.1%
2017	248,144	0.2%	249,000	0.4%
2018	252,181	1.6%	253,000	1.6%
2019	279,587	10.9%	280,000	10.7%
2020	268,208	-4.1%	269,000	-3.9%

VILLAGE OF WILMETTE
UNUSED SICK LEAVE PROGRAM

ACTUARIAL VALUATION
AS OF JANUARY 1, 2020

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING DECEMBER 31, 2020

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

May 7, 2020

Ms. Melinda Molloy
Director of Finance
Village of Wilmette
1200 Wilmette Avenue
Wilmette, IL 60091

Re: Actuarial Valuation Report – Village of Wilmette Unused Sick Leave Program

Dear Ms. Molloy:

We are pleased to present to the Village this report of the annual actuarial valuation of the Village of Wilmette Unused Sick Leave Program. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Please note that this valuation may not be applicable for any other purposes.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to Plan, as well as applicable federal laws and regulations. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the Village, financial reports prepared by the custodian bank and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The undersigned is familiar with the immediate and long-term aspects of pension valuations and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the Village of Wilmette, nor does anyone at Foster & Foster, Inc. act as a member of the Village Board of the Village of Wilmette. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 630-620-0200.

Respectfully submitted,

Foster & Foster, Inc.

By: Jason L. Franken

Jason L. Franken
Enrolled Actuary #17-6888

By: Colleen M. Atchison

Colleen M. Atchison, FSA

JLF/lke
Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the Village of Wilmette Unused Sick Leave Program, performed as of January 1, 2020, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ended December 31, 2020.

The contribution requirements, compared with those set forth in the January 1, 2019 actuarial report, are as follows:

Valuation Date	1/1/2020	1/1/2019
Applicable to Fiscal Year Ending	12/31/2020	12/31/2019
Total Required Contribution	$268,208	$279,587
Actuarial Accrued Liability	2,119,729	2,341,301
Actuarial Value of Assets	75,781	67,395
Unfunded Liability	2,043,948	2,273,906
Funded Ratio	3.6%	2.9%
Normal Cost	96,322	101,164

As you can see, the Total Required Contribution has decreased slightly since the January 1, 2019 actuarial valuation report. This increase is due to higher than expected retirement experience and changes in the "Bank" balances for retirees. Additional decreases are due to a change in the pay rate used to determine the unused sick leave "Bank" and changes in unused sick hour balances different from assumed changes. The "Bank" rate increased 2.90% versus the 4.00% assumed increase. Additionally, unused sick balances were lower than expected, on average.

CHANGES SINCE PRIOR VALUATION

Plan Changes Since Prior Valuation

The valuation reflects no plan changes since the prior valuation.

Actuarial Assumption/Method Changes Since Prior Valuation

The valuation reflects the following assumption changes since prior valuation:

- The mortality improvement scale has been updated to be consistent with mortality improvement used for corresponding pension valuations. The previous valuation used Scale MP-2018. The valuation as of January 1, 2020 was updated to use Scale MP-2019.

The valuation reflects no method changes since the prior valuation.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assumptions 1/1/2020	Old Assumptions 1/1/2020	1/1/2019
A. Participant Data			
Number Included			
Village Administrative Employees	21	21	23
Fire Employees	41	41	44
Police Employees	44	44	45
Public Works Employees	20	20	26
Water Department Employment	13	13	16
Total	139	139	154
B. Assets			
Actuarial Value	75,781	75,781	67,395
Market Value	75,781	75,781	67,395
C. Liabilities			
Present Value of Benefits			
Village Administrative Employees	409,733	409,733	405,637
Fire Employees	1,066,273	1,066,993	1,155,838
Police Employees	1,070,968	1,071,375	1,061,521
Public Works Employees	435,879	435,879	526,357
Water Department Employment	264,132	264,132	343,434
Total	3,246,985	3,248,112	3,492,787

	New Assumptions 1/1/2020	Old Assumptions 1/1/2020	1/1/2019
C. Liabilities - (Continued)			
Normal Cost			
Village Administrative Employees	10,299	10,299	10,137
Fire Employees	38,752	38,779	39,875
Police Employees	29,675	29,697	29,753
Public Works Employees	10,499	10,499	12,556
Water Department Employment	7,097	7,097	8,843
Total Normal Cost	96,322	96,371	101,164
Present Value of Future Normal Costs	1,127,256	1,128,326	1,151,486
Actuarial Accrued Liability			
Village Administrative Employees	304,212	304,212	301,069
Fire Employees	560,505	560,528	665,428
Police Employees	774,937	774,971	756,266
Public Works Employees	304,987	304,987	377,819
Water Department Employment	175,088	175,088	240,719
Total Actuarial Accrued Liability	2,119,729	2,119,786	2,341,301
Unfunded Actuarial Accrued Liab (UAAL)	2,043,948	2,044,005	2,273,906
Funded Ratio	3.6%	3.6%	2.9%
D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits	697,093	697,081	866,631
Non-vested Accrued Benefits	756,690	756,897	813,259
Total Present Value Accrued Benefits	1,453,783	1,453,978	1,679,890
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	(195)	0	
New Accrued Benefits	0	(86)	
Benefits Paid	0	(302,264)	
Interest	0	76,438	
Other	0	0	
Total:	(226,107)	(225,912)	

	New Assumptions	Old Assumptions	
Valuation Date	1/1/2020	1/1/2020	1/1/2019
Applicable to Fiscal Year Ending	12/31/2020	12/31/2020	12/31/2019
E. Normal Cost (with interest)	98,329	98,379	103,272
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 13 years (as of 1/1/2020)	169,879	169,883	176,315
Total Required Contribution	268,208	268,262	279,587

F. Total Required Contribution, by Plan

	Normal Cost	Amortization Payment	Contribution Requirement
Village Administrative Employees	10,514	24,380	34,894
Fire Employees	39,559	44,920	84,479
Police Employees	30,293	62,105	92,398
Public Works Employees	10,718	24,442	35,160
Water Department Employment	7,245	14,032	21,277
Total	98,329	169,879	268,208

G. Past Contributions

Plan Year Ending:	12/31/2019
Total Required Contribution	279,587
Actual Contributions Made:	280,000

H. Net Actuarial Gain (Loss)	162,819

I. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

Year	Projected Unfunded Accrued Liability
2020	$2,043,948
2021	$1,971,413
2022	$1,888,262
2027	$1,283,027
2032	$266,418
2037	$0

J. (i) 3 Year Comparison of Actual and Assumed Increases in "Bank" Rate

		Actual	Assumed
Year Ended	12/31/2019	2.90%	4.00%
Year Ended	12/31/2018	2.44%	4.00%

(ii) 3 Year Comparison of Investment Return on Actuarial Value

		Actual	Assumed
Year Ended	12/31/2019	2.43%	5.00%
Year Ended	12/31/2018	2.27%	5.00%

DEVELOPMENT OF JANUARY 1, 2020 AMORTIZATION PAYMENT

(1)	Unfunded Actuarial Accrued Liability as of January 1, 2019	$2,273,906
(2)	Village's Normal Cost Applicable for the year (includes administrative expenses)	101,164
(3)	Interest on (1) and (2)	118,754
(4)	Sponsor Contributions to the System during the year ending December 31, 2019	280,000
(5)	Interest on (4)	7,000
(6)	Expected UAAL as of January 1, 2020 (1)+(2)+(3)-(4)-(5)	$2,206,824
(7)	Change to UAAL due to Assumption Change	(57)
(8)	Change to UAAL due to Actuarial (Gain)/Loss	(162,819)
(9)	Unfunded Actuarial Accrued Liability as of January 1, 2020	$2,043,948

Date Established	Years Remaining	1/1/2020 Amount	Amortization Amount
1/1/2020	13	2,043,948	166,412
Total		2,043,948	166,412

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of January 1, 2019	$2,273,906
(2)	Expected UAAL as of January 1, 2020	$2,206,824
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	(27,829)
	Change in "Bank" Pay Rate	(22,856)
	Decrements	(13,519)
	Changes in Unused Sick Leave Balances for active members	(27,574)
	Changes in Bank Balance for retirees	(105,705)
	Other	34,664
	Increase in UAAL due to (Gain)/Loss	(162,819)
	Decrease in UAAL due to Assumption Change	(57)
(4)	Actual UAAL as of January 1, 2020	$2,043,948

PROJECTION OF CONTRIBUTION REQUIREMENTS

Year	Payments for Current Actives
2020	268,208
2021	275,003
2022	282,070
2023	289,420
2024	297,064
2025	305,013
2026	313,280
2027	321,878
2028	330,820
2029	340,120
2030	349,792
2031	359,851
2032	370,312
2033	381,191
2034	392,505
2035	404,272
2036	416,510
2037	429,237

ACTUARIAL ASSUMPTIONS AND METHODS

Interest Rate

5.00% per year compounded annually. This assumption is reasonable based on long-term capital market assumptions.

Mortality Rates

Non-Union IMRF Employees:
Female**:** 99% RP-2014 Blue Collar Table, Scale MP-2017.

Male**:** 100% RP-2014 Blue Collar Table, Scale MP-2017.

Police and Fire Pension Fund Employees:
PubS-2010 Employee mortality, projected 5 years past the valuation date with Scale MP-2019.

The mortality assumptions sufficiently accommodate anticipated future mortality improvements.

Retirement Rates

Rates are the same as those used in the corresponding pension valuations and are deemed reasonable.

IMRF Pension Plan Employees

	IMRF Regular								
	Tier 1		Tier 2						
			Male (by Service)			Female (by Service)			
Age	Male	Female	<30	30 - 35	> 35	<30	30 - 35	> 35
55	37%	26%						
60	13%	11%						
62	21%	18%	15%	15%	75%	13%	13%	75%
65	25%	26%	15%	15%	75%	13%	13%	75%
70	22%	23%	20%	50%	75%	18%	50%	75%
75	21%	22%	18%	50%	75%	18%	50%	75%
80	100%	100%	100%	100%	100%	100%	100%	100%

Fire Pension Plan Employees

Tier 1

Age	Rate
50-51	10%
52-53	12%
54-55	15%
56-59	20%
60-62	25%
63-64	33%
65-69	50%
70+	100%

Tier 2

Age	Rate
50-54	3%
55	30%
56-59	20%
60-62	25%
63-64	33%
65-69	50%
70+	100%

Police Pension Plan Employees

Tier 1

Age	Rate
50-51	15%
52-54	20%
55-64	25%
65-69	40%
70+	100%

Tier 2

Age	Rate
50-54	5%
55	40%
56-64	25%
65-69	40%
70+	100%

Disability Rates

Rates are the same as those used in the corresponding pension valuations and are deemed reasonable.

IMRF Pension Plan Employees

Age	Male	Female
20	0.00%	0.00%
30	0.00%	0.00%
35	0.01%	0.00%
40	0.02%	0.01%
45	0.03%	0.01%
50	0.04%	0.02%
55	0.07%	0.03%
60	0.08%	0.05%
65	0.09%	0.06%
70	0.08%	0.05%
75	0.05%	0.04%
80	0.05%	0.03%

Fire and Police Pension Plan Employees

Age	Fire	Police
20	0.010%	0.000%
25	0.016%	0.030%
30	0.068%	0.140%
35	0.220%	0.260%
40	0.420%	0.420%
45	0.650%	0.590%
50	0.900%	0.710%
55	1.240%	0.900%
60	1.580%	1.150%

Termination Rates

Rates are the same as those used in the corresponding pension valuations and are deemed reasonable.

IMRF Pension Plan Employees

	IMRF Regular					
Age	Male Ultimate Rate	Years of Service	Male Select Rate	Female Ultimate Rate	Years of Service	Female Select Rate
30	4.40%	0	24.50%	7.30%	0	28.50%
35	3.50%	1	19.50%	5.80%	1	22.20%
40	2.80%	2	15.00%	4.40%	2	17.80%
45	2.30%	3	13.00%	3.60%	3	14.50%
50	2.00%	4	10.30%	3.00%	4	11.80%
		5	8.80%		5	10.30%
		6	7.30%		6	8.50%
		7	7.00%		7	8.00%

Fire and Police Pension Plan Employees

Age	Fire	Police
20	7.00%	14.00%
25	5.80%	10.40%
30	3.50%	5.60%
35	1.75%	3.10%
40	1.10%	1.90%
45	1.00%	1.50%
50	1.00%	1.50%
55+	0.00%	0.00%

"Bank" Rate Increases — 4.00% per year.

Payroll Growth — 4.00% per year

Marital Status — 100% of Members are assumed to be married.

Spouse's Age — Not applicable.

Timing of Payment for "Bank" Balance — Immediately upon retirement. Under the current accounting approach, the total balance in the Section 105 account is treated as a liability of the plan upon retirement.

Hours of Unused Sick Pay at Retirement — Current unused sick pay hours, plus 72 hours per year prior to retirement. This assumption is reasonable based on recent data and will continue to be monitored.

Funding Method — Entry Age Normal Actuarial Cost Method.

Actuarial Asset Method — Fair Market Value. Section 105 account balances for current retirees are considered a liability of the plan and therefore excluded from net assets.

Amortization Method — Level Percentage of Payroll over a period ending on December 31, 2032.

GLOSSARY

Total Annual Payroll is the projected annual rate of pay for the fiscal year following the valuation date of all covered members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded.

Unfunded Accrued Liability is a liability which arises when a pension plan is initially established or improved and such establishment or improvement is applicable to all years of past service.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant’s normal cost accrual rate, multiplied by the participant’s current compensation. Compensation in the context of this plan refers to the “Bank” Rate used to determine the “Bank” balance as of retirement.

(a) The normal cost accrual rate equals:

(i) the present value of future benefits for the participant, determined as of the participant’s entry age, divided by

(ii) the present value of the compensation expected to be paid to the participant for each year of the participant’s anticipated future service, determined as of the participant’s entry age.

(b) In calculating the present value of future compensation, the “Bank” Rate increase rate is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

(c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant’s accrued liability equals the present value, at the participant’s attained age, of future benefits less the present value at the participant’s attained age of the individual normal costs payable in the future. A beneficiary’s accrued liability equals the present value, at the beneficiary’s attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

(d) Under this method, the entry age used for each active participant is the participant’s age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

STATEMENT OF PLAN NET ASSETS
December 31, 2019

ASSETS	MARKET VALUE
Cash and Cash Equivalents:	
Cash and Cash Equivalents	1,322,329
Prepaid Expenses	0
Money Market	0
Total Cash and Equivalents	1,322,329
Receivable:	
From Village	1,109
Interest	2,113
Total Receivable	3,222
TOTAL ASSETS	1,325,551
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts Payable	0
Retiree Section 105 Benefits	1,226,555
Retiree Health Insurance Deposits	23,215
Total Liabilities	1,249,770
Net Assets:	
Active and Retired Members' Equity	75,781
Total Net Assets	75,781
TOTAL LIABILITIES AND NET ASSETS	1,325,551

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2019
Market Value Basis

INCOME		
Contributions:		
Village	280,000	
Total Contributions		280,000
Earnings from Investments		
Interest & Dividends	30,650	
Total Earnings and Investment Gains		30,650
EXPENSES		
Administrative Expenses:		
Investment Related*	0	
Retiree Health Insurance	0	
Total Expenses		0
Distributions to Members:		
Benefit Payments	302,264	
Retiree Health Insurance Subsidies	0	
Total Distributions		302,264
Change in Net Assets for the Year		8,386
Net Assets Beginning of the Year		67,395
Net Assets End of the Year		75,781

STATISTICAL DATA

Active Members	1/1/2017	1/1/2018	1/1/2019	1/1/2020
Number	173	160	154	139
Average Current Age	45.0	44.9	45.6	45.4
Average Age at Employment	32.1	31.7	31.6	31.5
Average Past Service	12.9	13.2	14.0	13.9

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	1	0	1	0	0	0	0	0	0	2
25 - 29	0	0	1	1	3	3	0	0	0	0	0	11
30 - 34	2	0	0	0	3	13	0	0	0	0	0	16
35 - 39	0	0	0	1	1	6	7	1	0	0	0	20
40 - 44	0	0	0	0	1	8	5	14	2	0	0	27
45 - 49	0	0	0	0	1	3	4	5	7	0	0	24
50 - 54	0	0	0	0	0	3	0	2	6	5	0	18
55 - 59	0	0	0	0	2	0	0	4	2	3	1	15
60 - 64	0	0	0	0	2	1	0	2	1	3	1	11
65+	0	0	0	0	0	0	3	1	3	0	0	11
Total	2	0	2	2	14	37	19	29	21	11	2	139

PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 1/1/2019	154
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Terminated with no benefit received	5
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	12
f. Voluntary withdrawal	0
g. Continuing participants	137
h. New entrants	2
i. Total active life participants in 1/1/2020 valuation	139

SUMMARY OF CURRENT PLAN

IRS Section 105 Plan	The Village established three separate medical reimbursement plans under IRS Code Section 105 for the following groups: Police Union Employees, Fire Union Employees and IMRF Non-Union Employees. The plans establish an account balance from which employees can pay retiree health care expenses.
Membership	Effective January 1, 2016 the plan is closed to Police Union Employees and IMRF Non-Union Employees hired after January 1, 2016.
Credited Service	Years of service.
Retirement Benefit	At the time of an eligible employee's retirement, the Village will establish a sick "Bank" based on the employee's number of unused sick pay hours. The amount in the "Bank" is calculated as follows: **Retirees/Terminated Employees with Less Than 20 Years of Service:** No benefit. **Retirees with 20-25 Years of Service:** 45% of unused sick pay hours up to a maximum of 1,150 unused sick pay hours. **Retirees with 25-30 Years of Service:** 50% of unused sick pay hours up to a maximum of 1,400 unused sick pay hours. **Retirees with 30 or more Years of Service**: 60% of unused sick pay hours up to a maximum of 1,400 unused sick pay hours.
Death Benefit	"Bank" balance is transferred to retiree's spouse and dependents upon retiree's death.
"Bank"	Based on the rate of pay for the highest union pay grade at retirement. **Rate as of 12/31/2019**: 53.4659 per unused sick pay hour. **Rate as of 12/31/2018**: 51.9567 per unused sick pay hour.
"Bank" Increases	Initial balance is fixed at retirement. No interest is credited on the balance in the account.
Current Retirees	Section 105 account balances for current retirees are considered a liability to the plan for accounting purposes, therefore current retirees are excluded from the valuation.