

Louisville Firefighters Pension Fund

April 28, 2025

Director
Legislative Research Commission
700 Capital Avenue
Frankfort, KY 40601

Dear Director:

Pursuant to KRS 65.156, enclosed you will find a copy of the January 1, 2025 Actuarial Report of the Louisville Firefighters Pension Fund.

Should you have any questions, you may reach me at (502) 938-7764.

Sincerely,

A handwritten signature in black ink, reading "H. Jeanette Burch". The signature is written in a cursive style with a large, stylized "H" and "B".

H. Jeanette Burch
Administrator

/hjb
Enclosure



Louisville Firefighter's Pension Fund

ACTUARIAL VALUATION REPORT

as of January 1, 2025

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Introduction

An actuarial valuation of the disability, death and retirement benefits provided under the Louisville Firefighter's Pension Fund, as contained in Chapter 32 of the Codified General Ordinances of the Louisville Metro Government, was performed as of January 1, 2025. The purpose of the valuation was to determine the funding requirements of the Fund, with the intention that funding requirements indicated by the valuation be used as the basis for contributions to the Fund for the fiscal year commencing July 1, 2025, in accordance with the Ordinance.

The following report contains the results of an actuarial valuation performed by USI Consulting Group. These results were based on participant data, information provided by the administrative office of the Fund, and upon Trust Fund asset information provided by the Fund custodian for the following accounts: Pension Fund (M90118), Retirement Account (#3034542), Sweep Account (#9002758), and Operating Account (#3034550).

Per our discussions with Louisville Metro Office of Management and Budget in 2017, we have included the Operating Account and Sweep Account in our valuation assets. Please note that we have not reconciled the activity in these accounts, and therefore have not determined if there should be any adjustments for payables or receivables as of December 31, 2024. The activity in the other accounts (Pension Fund and Retirement Account) has been reconciled. Also, we have not included any of the assumed future administrative expenses in the liabilities for the plan (i.e., only pension benefits are included as liabilities).

The actuarial method employed in this valuation is set forth in Section 32.168 of the Ordinances. The interest rate assumption is set by the Louisville Metro Finance Department. A detailed explanation of all assumptions is contained in the Summary of Actuarial Assumptions section of this report. In addition, liabilities and costs under alternative assumptions have been analyzed.

The actuarial liabilities shown in this report are determined using software purchased from an outside vendor which was developed for this purpose. Certain information is entered into this model in order to generate the liabilities. These inputs include economic and non-economic assumptions, plan provisions, and census information. We rely on the coding within the software to value the liabilities using the actuarial methods and assumptions selected. Both the input to and the output from the model is checked for accuracy and reviewed for reasonableness.

Summary of Report

Contribution Components Under the Fund

Plan benefits are funded by two contribution components:

- a. employee contributions representing 7% of total pay (not including state salary supplement), and
- b. an actuarially determined contribution payable by the City to fund liabilities over and above those expected to be satisfied by other contributions to the Trust Fund.

The first component is no longer applicable as of October 21, 1995, due to the retirement of the last active participant of the Fund. The second component is commonly called the employer contribution.

Summary of Current Contribution Requirements

Based on the January 1, 2025 actuarial valuation of the Fund, an employer contribution to be applied to the fiscal year beginning July 1, 2025, has been determined. This cost is as follows:

Statutory Funding Method: \$444,523

More Actuarially Sound Method: At least \$610,069

Each year's valuation recognizes actuarial gains and losses which occur because of deviations of actual plan experience from anticipated plan experience. Such gains and losses for a year are aggregated into a net gain or loss which is reflected in either higher employer contribution levels in future years (net actuarial loss) or lower contributions in future years (net actuarial gain). The Fund experienced a net actuarial loss for the year of \$75,963. This amount is comprised of an approximate gain of \$272,000 attributable to investment return (based on asset valuation method), an approximate loss of \$432,000 due to the cost-of-living increases granted, with the remaining net loss of approximately \$83,000 being attributable to plan experience. These gains and losses are amortized over 15 years.

We have amortized accrued liabilities over the time period set forth in Ordinance section 32.168. However, with an average age of approximately 84.64 for the members and beneficiaries, we recommend amortization of future bases be completed by some earlier date.

GASB 68 calculations for reporting pension liabilities and expense on government financial statements are provided in a separate report.

Description of Actuarial Funding Method

The actuarial method by which the employer contribution is to be determined is set forth in Section 32.168 of the Ordinance. This section of the Ordinance was last changed effective with the January 1, 1985 actuarial valuation of the Fund.

The employer contribution is determined under an aggregate variation of the Entry Age Normal Funding Method, and is calculated in two pieces. The first piece is the "normal cost" and is evaluated in terms of the normal cost accrual rate. This is the percentage of payroll for active participants which would be exactly sufficient to provide all needed funds if the plan had been in effect without amendment since the first covered employee came to work and would continue without amendment until the last covered

employee retired, and all actuarial assumptions were exactly realized. This portion of the annual funding requirement has disappeared due to the fact that no active participants remain in the plan.

The second piece of the total employer contribution is an amount which is intended to amortize the "unfunded supplemental liability". The unfunded supplemental liability is sometimes referred to as the "unfunded past service liability", but that language is misleading. The unfunded supplemental liability is simply the amount by which current assets fall short of the assets that would be on hand if prior normal costs had been accumulated, at the current level, since the first employee came to work. The unfunded supplemental liability is itself composed of a number of components which are separately amortized. However, all such components as of January 1, 1989 were considered completely amortized due to the transfer to CERS.

Each actuarial gain or loss is amortized over 15 years from the date it is established. Each additional supplemental liability component arising from an ordinance change or change in actuarial assumptions is amortized over 30 years from the date of establishment. The handling of the unfunded supplemental liability and its various components is described in Section 32.168(B) of the Metro Government Code of Ordinances.

In the long run, the cost of a pension plan will depend on the benefits actually paid. Actuarial assumptions and/or funding methods may affect the incidence of the cost (and, thereby, the interest available to pay part of future benefits), but do not in and of themselves affect the actual value of the benefits. Nevertheless, it is appropriate and desirable to have a long-term approach to the funding of a pension plan which insures that funds will be available when needed, and that the cost of the plan will be spread equitably among generations of taxpayers and plan participants.

Advance Funding of Cost of Living Benefits

The 2005 amendment to the Ordinance added Section 32.170(D) which provides for annual cost-of-living increases effective each July 1 (beginning July 1, 2006) based on the increase in the Consumer Price Index for the previous calendar year. We believe that future cost-of-living increases should be recognized in the actuarial valuation; however, the Ordinance specifically precludes future increases from being recognized in the actuarial valuation. Therefore, annual cost-of-living increases will be treated as an actuarial loss each year.

Funding Under Alternative Assumptions

The actuarial assumptions used in this valuation include mortality under the RP-2000 Mortality Table and an interest rate of 7.00%. In addition, we have noted that, by Ordinance, we cannot recognize future cost-of-living increases in the valuation used to determine the employer contribution; however, we believe the Metro Government should be aware of the liabilities and cost associated with these increases. Therefore, we have set forth below a listing of Present Value of Future Benefits and the Employer Contribution under an array of different cost-of-living increase assumptions. However, previous comments concerning the amortization periods of liability bases as required by the Ordinance should also be considered. For this reason, we are including an additional scenarios providing the Employer Contribution under alternative amortization periods. These periods are a 10-year amortization period and a 7-year amortization period based on the Future Expected Lifetime of the plan participants.

Louisville Firefighter's Pension Fund
January 1, 2025

Both scenarios assume future cost-of-living increases at 2.40% (10-year average of the previous cost-of-living increases).

Interest Rate	-- Cost of Living Assumption --				
	0%	1%	2%	3%	5%
<u>Present Value of Benefits</u>					
7.0%	\$10,956,617	\$11,481,642	\$12,051,767	\$12,672,322	\$14,090,072
<u>Employer Contribution - Current Method</u>					
7.0%	\$444,523	\$486,833	\$532,778	\$582,785	\$697,037

Alternative Amortization Methodologies

	7% / NoCOLA / Current Methodology	7% / 2.4% COLA / Alternative Methodologies
<u>Determination of Unfunded Supplemental Liability</u>		
1. Accrued Supplemental Liability	10,956,617	12,293,615
2. Valuation Assets	8,008,744	8,008,744
3. Unfunded Supplemental Liability (1) - (2)	2,947,873	4,284,871
<u>Determination of Total Employer Contribution</u>		
4. Total Payment Amortizing Unfunded Supplemental Liability (Old Methodology)	415,442	516,137
5. Total Annual Cost at Plan Year-End (4) x 1.07	444,523	552,267
<u>New Methodology - 10 Year Amortization</u>		
6. 10-Year Amortization Factor	N/A	7.515232
7. New Payment Amortizing Unfunded Supplemental Liability (3) / (6) (Fresh Start Base)	N/A	570,158
8. New Annual Cost at Plan Year-End (7) x 1.07	N/A	610,069
<u>New Methodology - Amortized Over Future Expected Lifetime</u>		
9. 7-Year Amortization Factor	N/A	5.766540
10. New Payment Amortizing Unfunded Supplemental Liability (3) / (9) (Fresh Start Base)	N/A	743,058
11. New Annual Cost at Plan Year-End (10) x 1.07	N/A	795,072

Summary of Participant Data

A summary of the participant data used in the January 1, 2024 and January 1, 2025 actuarial valuation is provided below.

	<u>2024</u>	<u>2025</u>	<u>Percentage Change</u>
Active Participants:			
Number of participants on valuation date	0	0	0.00%
Inactive Participants:			
Number of Retired, Disabled and Beneficiaries	94	85	(9.57%)
Total monthly pensions in payment status	\$ 163,343	\$ 153,473	(6.04%)
Average monthly benefits	\$ 1,738	\$ 1,806	3.91%
Total monthly deferred pensions	\$ 0	\$ 0	0.00%
Average age:	84.48	84.64	0.19%
Median age:	84.59	84.13	0.63%

Risk Discussion

Actuarial Standard of Practice No. 51

Actuarial funding valuation reports are required to include a discussion of the risk associated with measuring pension obligations and determining pension plan contributions. The risks that may reasonably be anticipated to significantly affect the plan's future financial condition are discussed below.

Investment Risk

Due to the plan's substantial equity exposure, investment returns will likely be much more volatile than liability valuations. Therefore, there is a risk that the funded status of the plan could be volatile. We recommend a more detailed assessment be performed to provide the plan sponsor with a better understanding of this risk.

Longevity Risk

Since all benefits are paid as annuities, the plan is sensitive to changes in overall population longevity. As a result, the liabilities will increase if participants live longer than expected and decrease if they live shorter than expected.

Other Demographic Factors

The Ordinance Section 32.170(D) provides for annual cost-of-living increases effective each July 1 (beginning July 1, 2006); however, the Ordinance specifically precludes future increases from being recognized in the actuarial valuation. Therefore, annual cost-of-living increases will produce an actuarial loss each year. Please see page 3 and 4 of our report for a more detailed discussion of this risk.

Legislation Risk

As we have discussed before, the Ordinances (Ordinance Section 32.168) currently amortize the Ordinance changes and the actuarial gains and losses over a 15-year period and Assumption changes

over a 30-year period. However, with an average age of approximately 84.64 for the members and beneficiaries, we feel that the amortization of future bases should be completed by some earlier date. Please see page 2 of our report for a more detailed discussion of this risk.

Contribution Risk

Contribution risk involves a plan sponsor not making contributions sufficient to adequately fund the plan. Plans that have a mandatory minimum required contribution under IRS rules and regulations generally contribute at least the minimum required contribution amount. The IRS mandated minimum will help to preserve a reasonable funded level in the future. Plans that are not covered by IRS rules and regulations regarding minimum required contributions (such as plans sponsored by governmental entities) often face competing demands for capital and difficult choices must be made.

Governmental entities subject to Governmental Accounting Standards Board (GASB) requirements should have an "Actuarially Determined Contribution (ADC)", which is calculated to preserve a reasonable funded status if contributed every year. Unlike private-sector plans, there are no Federal penalties imposed if the ADC is not contributed in full, thus making these plans more susceptible to Contribution Risk.

Low-Default-Risk Obligation Measurement ("LDROM")

In accordance with Actuarial Standards of Practice (ASOP) No. 4, the actuary is required to provide a "Low-Default-Risk Obligation Measurement" (LDROM). The intended purpose of the measurement is to show what the funding liability would be if the plan invested its assets solely in a portfolio of high-quality bonds (whose cash flows approximately match the plan's future benefit payments) using current interest rate conditions. While investing solely in bonds might typically be expected to reduce the plan's investment risk, it would also likely reduce the plan's long-term investment returns, thereby increasing the amount of expected contributions needed over the life of the plan (perhaps significantly). An investment policy with investments other than high-quality bonds is likely to result in lower contributions needed to support the trust fund; however, it can be more volatile, resulting in larger changes year-to-year on funded status. This disclosure is intended to help understand the cost of investing in an all-bond portfolio if the assumed investment return was based on current interest rates. This disclosure may also provide additional information regarding the security of benefits that participants have earned. This disclosure is required and does not imply the plan sponsor is considering investing solely in bonds. This disclosure may not be appropriate for other uses. As of the valuation date, the Low-Default-Risk Obligation for the plan is \$12,557,597. Using LDROM interest rates the plan is 63.78% funded with a statutory contribution of \$542,779 compared to a funded level of 73.10% and statutory contribution of \$444,523 using the Plan's current discount rate of 7.00%.

Summary of Plan Provisions

This summary is not a Summary Plan Description or a plan document. You should not rely solely on this summary in making a determination of eligibility for the plan or its benefits.

Eligibility

Effective January 1, 1989, no new members are allowed to enter the plan.

Service Credits

For purposes of both eligibility and benefits, service is granted cumulatively for periods of service in the Department, except as noted for special circumstances.

For purposes of determining amounts of benefits only, a member shall have his service credit increased for unused sick leave. In calculating such additional credit, one month's service will be credited for each ten days of accumulated unused sick leave.

Normal Retirement

Condition

At his own election, any member who has completed 20 years of service (25 years of service if hired on or after July 1, 1984) with the Department may make written application for retirement. Any member who has both completed 20 years of service (25 years of service if hired on or after July 1, 1984) and reached age 62 shall be expected to file an application for retirement except under special circumstances.

Benefit

The monthly benefit, payable on the last day of each month, is based on a percentage of Average Salary. If a member was hired prior to July 1, 1984, his percentage is determined in accordance with Schedule A below. If a member is hired on or after July 1, 1984, his percentage is determined in accordance with Schedule B.

SCHEDULE A		SCHEDULE B	
Full Years of Service	Percentage of Average Salary*	Full Years of Service	Percentage of Average Salary*
Less than 20 years	2% for each year	Less than 25 years	2% for each year
20 but less than 21 years	50%	25 but less than 26 years	56%
21 but less than 22 years	53	26 but less than 27 years	59
22 but less than 23 years	56	27 but less than 28 years	62
23 but less than 24 years	59	28 but less than 29 years	65
24 but less than 25 years	62	29 but less than 30 years	68
25 but less than 26 years	65	30 but less than 31 years	71
26 but less than 27 years	68	31 but less than 32 years	74
27 but less than 28 years	71	32 years or more	75
28 but less than 28 years, 4 months	74		
28, years 4 months or more	75		

* If such retiring member's service is greater than 28 years and 4 months (32 years if hired on or after July 1, 1984) and such member is entitled to credit for accumulated unused sick leave then each month of such credit in excess of 28 years

and 4 months (32 years if hired on or after July 1, 1984) shall result in a 1/12 of 1% increase in the percentage to be applied to Average Salary.

"Average Salary" means the sum of the three highest fiscal years of annual base salary, plus scheduled overtime pay, plus salary supplement, as established in the City Employee's Classification and Compensation Ordinance, divided by 36 months.

Effective July 1, 2005 members and beneficiaries received benefit increases as follows:

<u>Annual Pension Prior to Increase</u>	<u>Increased Annual Benefit</u>
Less than \$9,600	Greater of \$9,600 or add \$800
\$9,600 - \$20,000	Add \$800
\$20,000 - \$30,000	Greater of \$20,800 or add \$600
\$30,000 or more	Greater of \$30,600 or add \$400

Resignation or Dismissal

A member who terminates his service either by resignation or dismissal after completion of 10 years of service, but before he is eligible for normal retirement under item (3) above, shall receive a refund of his contributions to the Fund without interest.

Any member who terminates service, elects to receive a refund of his contributions, and is re-employed on or after July 1, 1973, may repay, within one year of re-employment, such contributions with interest at 6% per year from the date of payment. He shall then receive credit for past service prior to his date of termination. If such contributions, with interest, are not repaid upon re-employment, credit for past service shall not be restored.

Disability Retirement

Condition

There are three types of disability retirement allowed:

1. total and permanent occupational disability caused by in line-of-duty injuries (requires no service with respect to eligibility for benefits);
2. total and permanent disability resulting from line-of-duty causes (requires no service eligibility requirements, except that in the instance of heart or lung disease, five years of service is required for eligibility of benefits), and
3. total and permanent disability arising in any manner other than that listed in (1) or (2) above (requires the completion of five years of service with respect to eligibility for benefits).

Disability retirement shall not be approved if the disability is not deemed to be permanent or where the disability is incurred in off-duty employment.

Benefit

Benefit amount depends on the type of disability retirement as follows:

1. a member retiring due to occupational in line-of-duty injury shall receive a monthly pension equal to 75% of the sum of his monthly base salary, plus schedule overtime pay, plus the salary supplement determined at the time of such disability.

2. a member retiring due to line-of-duty causes shall receive a monthly pension equal to a percentage of the sum of his monthly base salary, plus scheduled overtime pay, plus the salary supplement at the time of disability. If a member was hired prior to July 1, 1984, his percentage is determined in accordance with Schedule A below. If a member is hired on or after July 1, 1984, his percentage is determined in accordance with Schedule B below.

SCHEDULE A		SCHEDULE B	
Full Years of Service	Percentage of Average Salary*	Full Years of Service	Percentage of Average Salary*
20 but less than 21 years	50%	25 but less than 26 years	56%
21 but less than 22 years	53	26 but less than 27 years	59
22 but less than 23 years	56	27 but less than 28 years	62
23 but less than 24 years	59	28 but less than 29 years	65
24 but less than 25 years	62	29 but less than 30 years	68
25 but less than 26 years	65	30 but less than 31 years	71
26 but less than 27 years	68	31 but less than 32 years	74
27 but less than 28 years	71	32 years or more	75
28 but less than 28 years, 4 months	74		
28, years 4 months or more	75		

3. a member retiring due to disability arising from other causes not listed in (1) or (2) above shall receive a monthly pension equal to a percentage of his Average Salary at the time of disability. Such percentage is based on full years of service in accordance with either Schedule A or Schedule B above depending on date of hire; however, the percentage is applied to his Average Salary as opposed to monthly salary.

Dependent and Estate Benefits

Condition

There are four types of dependent and estate benefits allowed:

1. death in line-of-duty of an active member (requires no service with respect to eligibility for benefits).
2. death other than in line-of-duty of an active member (requires the completion of five years of service with respect to eligibility for benefits).
3. death of a retired or disabled member.

In the cases of (1), (2), or (3) above, the pension is payable to an eligible surviving spouse until the death or remarriage of such spouse and then to any unmarried, dependent children or to dependent parents.

4. death of a member in line-of-duty or after the completion of five years of service who is not survived by an eligible spouse, unmarried dependent children or dependent parents.

Benefit

The benefit amount depends on the type of death, as follows:

1. the monthly dependent's benefit payable due to death of an active member in line-of-duty shall equal 75% of monthly salary (which equals the sum of base salary, plus scheduled overtime, plus the salary supplement) at the time of death.

2. the monthly dependent's benefit payable due to death of an active member not in line-of-duty shall be a percentage multiplied by the monthly salary, including the sum of base salary, plus scheduled overtime, plus the salary supplement, at time of death, where such percentage equals 50% plus .5% for each six months, or major fraction thereof, of service in excess of 20 years; such percentage shall not exceed 60%. Provided, however, the benefit shall not be less than the benefit the dependent would have received had the member elected to retire immediately prior to death.
3. the monthly dependent's benefit payable due to death of a retired or disabled member shall be the same monthly pension that was being paid to the member.
4. the lump sum estate benefit payable due to death of a member without surviving spouse, unmarried dependent children or dependent parents based on conditions in (a)(4) above, is the greater of the total contributions made by the member or \$1,000.

Worker's Compensation

Any member who is disabled in the line-of-duty and who files for and receives benefits from Worker's Compensation, shall not have such award deducted (or offset) from any benefits payable under the Pension Fund.

Pension Increase after Retirement or Death

Prior to 2005 pensions being paid to retired members and surviving spouses and dependents are updated and increased for cost of living purposes on an ad-hoc rather than pre-determined basis; the cost associated with these increases are paid separately and are not recognized in the annual actuarial valuations.

Effective July 1, 2006, and each July 1 thereafter, increases shall be provided based on the percentage increase in the Consumer Price Index for all Urban Consumers for the prior calendar year, but not to exceed 5%. The Metro Council reserves the right to suspend or reduce such increases.

Pension Fund Sources

1. Each active member contributes 7% of the gross amount of all pay received (excluding any state salary supplement).
2. Proceeds of taxes or other revenues appropriated by the Metro Council in order to fund the actuarially determined liabilities in accordance with an annually determined actuarial contribution.
3. Miscellaneous gifts, devises and bequests of money or property which are received by the Fund.

Investment and Custody of Pension Fund

The Board of Trustees of the Pension Fund sets investment policy, and employs money managers, and designates a corporate trustee to act as custodian of the fund, under the supervision of the Board. The Director of Finance is custodian of all funds not managed by a corporate trustee or money manager.

Administration

The system is administered by the Board of Trustees of the Pension Fund.

Summary of Actuarial Assumptions and Methods

Mortality Rates

RP-2000 Mortality Table for Healthy Annuitants (static)

Separate rates by gender

Assumed future mortality improvement – None (due to average age and collar)

Withdrawal and Retirement Rates

No longer applicable

Salary Scale

No longer applicable

Rate of Investment Return

7.00% per annum

4.28% per annum for determination of Low-Default Risk Obligation Measurement ("LDROM"). Based on a 20-year high grade municipal bond rate.

Future Cost-of-Living Increases

None, as required by Section 32.140(D) of the governing Ordinance

Valuation Method

Entry Age Normal Funding Method (an aggregate variation), with actuarial gains and losses amortized over 15 years. Supplemental liabilities resulting from ordinance changes and/or changes in actuarial assumptions occurring after June 30, 1985 amortized over 30 years, except for April 2005 Ordinance change which is amortized over 15 years.

Asset Valuation Method

Book value is adjusted by the weighted average difference between book and market values during the most recent four years, but not outside the range of book and market values. This amount is then adjusted for accrued receivables and payables. This asset valuation method treats unrealized gains and losses differently from realized gains and losses. Thus, asset turnover can cause a significant change in the actuarial value of assets.

Provision for expenses

No administrative expenses assumed.

Eligible Spouse

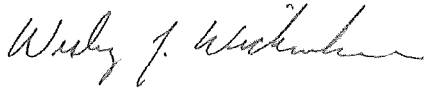
Based on exact information provided by the Administrative Office

Changes in Assumptions From Prior Actuarial Valuation

None

Actuarial Certification

The actuarial valuation summarized in this report has been performed utilizing generally accepted actuarial principles and is based on actuarial methods required by Ordinance. It is my opinion that the results of this valuation fully and fairly disclose the actuarial position of the plan on the valuation date, subject to the qualifications indicated in the Introduction and Summary of Report sections of this report. I am a consulting actuary for USI Consulting Group, and a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.



Wesley J. Wickenheiser, FSA, EA, MAAA
Fellow, Society of Actuaries

March 12, 2025

Date

Appendix

Table 1 – Active Participants

There are no active members remaining in the plan.

Table 2 – Projected Schedule of Benefit Payments

CALENDAR YEAR	<u>TOTAL PROJECTED BENEFITS</u>				
	NO COLA	1% COLA	2% COLA	3% COLA	5% COLA
2025	1,782,559	1,782,559	1,782,559	1,782,559	1,782,559
2026	1,653,861	1,670,400	1,686,938	1,703,477	1,736,554
2027	1,526,123	1,556,798	1,587,778	1,619,064	1,682,550
2028	1,400,096	1,442,520	1,485,793	1,529,923	1,620,786
2029	1,276,479	1,328,309	1,381,702	1,436,688	1,551,568
2030	1,155,995	1,214,963	1,276,312	1,340,116	1,475,376
2031	1,039,456	1,103,403	1,170,596	1,241,164	1,392,970
2032	927,749	994,672	1,065,692	1,141,014	1,305,436
2033	821,770	889,859	962,834	1,040,993	1,214,128
2034	722,338	790,010	863,261	942,487	1,120,583
2035	630,137	696,063	768,133	846,851	1,026,426
2036	545,647	608,762	678,444	755,304	933,242
2037	469,104	528,598	594,938	668,831	842,444
2038	400,507	455,814	518,099	588,158	755,216
2039	339,659	390,429	448,173	513,765	672,502
2040	286,200	332,270	385,188	445,891	594,990
2041	239,642	280,999	328,977	384,555	523,108
2042	199,416	236,169	279,231	329,604	457,065
2043	164,926	197,276	235,555	280,775	396,914
2044	135,565	163,777	197,492	237,714	342,566

The above estimates are based on the assumptions set forth in the Summary of Actuarial Assumptions section.

Table 3 – Determination of Valuation Assets

a. Determination of Book and Market Value of Assets - December 31, 2024

<u>Account</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Accrued Income</u>
Stock Yards Bank and Trust Co. Louisville Firefighters Pen Fd	\$ 6,637,036	\$ 7,503,855	\$ 0
Totals	\$ 6,637,036	\$ 7,503,855	\$ 0

b. Determination January 1, 2025 Valuation Assets

1. Trust Fund History (Louisville Firefighters Pen Fd A - NAM)

<u>Year</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Difference</u>	<u>Weight</u>	<u>Weighted Difference</u>
<u>Ending</u>					
2024	\$ 6,637,036	\$ 7,503,855	\$ 866,818	4	\$ 3,467,274
2023	7,828,289	8,279,276	450,987	3	1,352,961
2022	9,125,090	8,588,340	(536,750)	2	(1,073,500)
2021	8,343,136	11,852,782	3,509,646	1	3,509,646
2. Total Weighted Difference					\$ 7,256,381
3. Adjustment to Assets (2) / Sum of Weights					725,638
4. Valuation Assets					7,362,674
5. Accrued Income					0
6. Accrued Contribution					217,700 *
7. Cash Balance in Retirement Account #3034542					29,853
8. Cash Balance in Sweep Account #9002758					388,517
9. Cash Balance in Operating Account #3034550					10,000
10. Total Valuation Assets (4) + (5) + (6) + (7) + (8) + (9)					\$ 8,008,744
Valuation Assets excluding Acc. Contribs					7,791,044

* Louisville Metro Government contributed \$217,700 for the 2024 plan year during 2024, and an additional \$217,700 of contributions are anticipated for the 2024 plan year.

c. Past Investment Returns

<u>Year End</u>	<u>Market Value</u>	<u>Valuation Assets</u>
December 31, 2024	12.52%	10.35%
December 31, 2023	14.59%	6.40%
December 31, 2022	(15.51%)	(3.31%)
December 31, 2021	14.35%	14.97%
December 31, 2020	10.78%	9.35%
December 31, 2019	26.35%	22.68%
December 31, 2018	(4.60%)	0.89%
December 31, 2017	20.19%	11.46%
December 31, 2016	5.09%	4.65%
December 31, 2015	1.52%	1.38%

The equivalent compound rate of annual return for the latest periods are:

Latest year	12.52%	10.35%
Two-year	13.55%	8.36%
Three-year	2.89%	4.32%
Four-year	5.65%	6.89%
Five-year	6.65%	7.37%
Six-year	9.71%	9.79%
Seven-year	7.54%	8.47%
Eight-year	9.05%	8.84%
Nine-year	8.60%	8.36%
Ten-year	7.87%	7.64%

Market value returns exclude the Operating and Sweep Accounts.

Table 4 – Determination of Supplemental Liability Bases

a. Determination January 1, 2025 Supplemental Liability Bases

1.	Unfunded Supplemental Liability, January 1, 2024	\$	3,090,944
2.	Amortization Payment, January 1, 2024		
	(a) Employer Contribution, Beginning of Year		406,900
	(b) Employer Contribution, End of Year		435,383
	(c) Actual 2024 Contribution		435,400
	(d) Amortization Payment, January 1, 2024 (a*(c/b))		406,916
3.	Interest on Net Liability, [(1) - (2)(d)] x 7.0%		187,882
4.	Expected Unfunded Supplemental Liability, January 1, 2025		
	(1) - (2)(d) + (3)	\$	2,871,910
5.	Actual Unfunded Supplemental Liability, January 1, 2025		2,947,873
6.	Total Supplemental Liability Base Established January 1, 2025, (5) - (4)		75,963
	(a) Base due to Ordinance Change		0
	(b) Base due to Assumption Change		0
	(c) Base due to Actuarial Loss (Gain)	\$	75,963

b. Maintenance of Supplemental Liability Bases

Year	Reason Established	Amort.	Years	Original	Amort.	Outstanding
<u>Estab.</u>		<u>Period</u>	<u>Remaining</u>	<u>Amount</u>	<u>Payment</u>	<u>Balance</u>
2006	Assumption Change	30	8.3	3,027,044	230,502	1,508,406
2012	Actuarial Gain	15	0.4	(23,785)	(1,113)	(1,113)
2013	Actuarial Loss	15	1.3	116,857	12,049	16,011
2014	Actuarial Loss	15	2.2	99,876	10,281	22,056
2015	Actuarial Gain	15	3.1	(211,691)	(21,756)	(63,261)
2016	Assumption Change	30	16.0	574,506	43,269	437,629
2016	Actuarial Loss	15	4.0	748,864	76,842	278,220
2017	Actuarial Loss	15	5.2	196,618	20,175	91,061
2018	Actuarial Gain	15	7.5	(597,637)	(61,325)	(371,503)
2019	Actuarial Loss	15	8.4	1,008,503	103,484	687,151
2020	Actuarial Gain	15	9.4	(733,714)	(75,288)	(540,869)
2021	Actuarial Gain	15	10.3	(591,482)	(60,693)	(466,880)
2022	Actuarial Gain	15	11.3	(1,866,190)	(191,493)	(1,564,066)
2023	Actuarial Loss	15	12.1	2,132,817	218,852	1,867,176
2024	Actuarial Loss	15	14.0	1,012,176	103,861	971,892
2025	Actuarial Loss	15	15.0	75,963	7,795	75,963
					\$415,442	\$2,947,873

Table 5 – Determination of Employer Contribution – January 1, 2025

a. Present Value of Future Benefits

1. Retired Lives	\$	10,956,617
2. Normal Retirement		0
3. Disability		0
4. Death		0
5. Return of Firefighter's Contributions		0
6. Total (1) + (2) + (3) + (4) + (5)	\$	<u>10,956,617</u>

b. Determination of Unfunded Supplemental Liability

7. Accrued Supplemental Liability	\$	10,956,617
8. Valuation Assets (see Table 3)		<u>8,008,744</u>
9. Unfunded Supplemental Liability (7) - (8)	\$	2,947,873

c. Determination of Annual Normal Cost

10. Present Value of Future Normal Cost (6) - (7)	\$	0
11. Present Value of Future Firefighter Contributions		<u>0</u>
12. Net Present Value of Future Normal Cost (10) - (11)		0
13. Present Value of Future Salary		0
14. Normal Cost Accrual Rate (12) / (13)		0.0000%
15. Total Base Salary	\$	0
16. a) Normal Cost (14) x (15)		0
b) Normal Cost as a % of Base Salary		0.0000%

d. Determination of Total Employer Contribution

17. Total Payment Amortizing Unfunded Supplemental Liability (see Table 4)	\$	415,442
18. Total Annual Cost (16) + (17), but not less than \$0	\$	415,442
19. Total Annual Cost at Plan Year-End (18) x 1.07 (assumed interest)	\$	444,523

Table 6 – Yearly Comparison of Selected Plan Information

	<u>1/1/2022</u>	<u>1/1/2023</u>	<u>1/1/2024</u>	<u>1/1/2025</u>
Annual Covered Salary				
(a) Total for All Active Firefighters	\$ 0	\$ 0	\$ 0	\$ 0
(b) Average Increase From Prior Year for all Continuing Firefighters	N/A	N/A	N/A	N/A
Present Value of Future Benefits				
(a) Active	\$ 0	\$ 0	\$ 0	\$ 0
(b) Inactive	12,402,846	12,122,855	11,788,433	10,956,617
(c) Total	12,402,846	12,122,855	11,788,433	10,956,617
Valuation Assets				
(a) Total Valuation Assets	\$ 11,626,873	\$ 9,607,647	\$ 8,697,489	\$ 8,008,744
(b) Approximate Rate of Return	14.97%	(3.31%)	6.40%	10.35%
Unfunded Supplemental Liability	\$ 775,973	\$ 2,515,208	\$ 3,090,944	\$ 2,947,873
Funded Percentage (Valuation Assets/Present Value of Future Benefits)	93.74%	79.25%	73.78%	73.10%
Total Amortization Payment	\$ 447,876	\$ 463,613	\$ 406,900	\$ 415,442
Employer Contribution (Actuarially Determined)	\$ 479,227	\$ 496,066	\$ 435,383	\$ 444,523
Employer Contribution (Actual)	\$ 447,900	\$ 612,505	\$ 435,400	TBD
Benefit Payments During Prior Year	\$ 2,126,142	\$ 2,110,876	\$ 2,094,847	\$ 1,938,191
Consumer Price Index-Urban (Average over Average)	4.70%	8.00%*	4.10%	2.90%

* The annual cost of living increase for the plan is based on the percentage increase in the Consumer Price Index for all Urban Consumers for the prior calendar year but is limited to 5.00%.

