

Policemen's Retirement Fund

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March 17, 2026

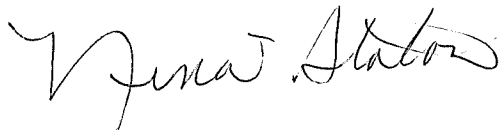
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700 Capital Avenue
Frankfort, KY 40601

To Whom It May Concern:

Pursuant to KRS 65.156, you will find the latest copy of our Actuarial Report of the Louisville Policemen's Retirement Fund enclosed.

Should you have any questions, you may reach me at (502) 585-2428.

Sincerely,



Nina Staton

Enclosure

Louisville Policemen's Retirement Fund

Actuarial Valuation Report
as of January 1, 2026



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Introduction

An actuarial valuation of the retirement, death and disability benefits provided under the Louisville Policemen's Retirement Fund, as contained in Chapter 32 of the Codified General Ordinances of the Louisville Metro Government, was performed as of January 1, 2026. The purpose of the valuation was to determine the funding requirements of the various components 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, 2026.

The following report contains the results of an actuarial valuation performed by USI Consulting Group. These results were based on participant data, investment account, operating account, and checking account information provided by the administrative office of the Fund, and upon remaining Trust Fund asset information provided by the Fund custodian.

Per our discussions with Louisville Metro Office of Management and Budget in 2017, we have included the Operating Account (#30-0280-1067) in our valuation assets. Please note that we have not reconciled the activity in this operating account, and therefore have not determined if there should be any adjustments for payables or receivables as of December 31, 2025. The other accounts (Sweep account and Killian account) have 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 32.129 of the Ordinances, as amended by Ordinance No. 200, Series 2025, and the actuarial assumptions used in this report are the same as those used in the previous year's report. 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 being funded by two contribution components as follows:

- a. employee contributions representing 6.5% 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 the contributions listed in (a), coupled with current assets of the Trust Fund.

The second component is commonly called the employer contribution.

Summary of Current Contribution Requirements

Based on the January 1, 2026 actuarial valuation of the Fund, an employer contribution to be applied to the fiscal year beginning July 1, 2026, has been determined. This contribution is as follows:

Actuarial Determined Contribution: \$275,460

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 gain for the year of \$201,453. This amount is comprised of a gain of approximately \$458,000 due to asset performance (based on the asset valuation method), a loss of approximately \$188,000 due to the cost-of-living increases granted, and a loss of approximately \$69,000 being attributable to plan experience. By the statute amended by Ordinance No. 200, Series 2025, these gains and losses are amortized over the expected lifetime of the members rounded to the nearest whole year, currently 7 years.

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 32.129 of the Ordinance. This Ordinance was last changed effective with the January 1, 2026 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 this portion of the annual funding requirement has disappeared since there are no active participants under the assumed retirement age covered by the Fund.

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 will be separately amortized. However, all such components as of July 1, 1986 were considered completely amortized due to the transfer to CERS.

Each actuarial gain or loss, additional supplemental liability component arising from an ordinance change, or change in actuarial assumptions is amortized over the expected lifetime of the members rounded to the nearest whole year from the date it is established. The handling of the unfunded supplemental liability and its various components is described in Section 32.129(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.

Funding of Cost of Living Benefits

The April 2005 amendment to the Ordinance added Section 32.140(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. Beginning with the January 1, 2026 actuarial valuation of the Fund, Ordinance Section 32.140(D) was amended to recognize future cost-of-living increases in the actuarial valuation. Previously, cost-of-living increases were not recognized.

Summary of Participant Data

A summary of the participant data used in the January 1, 2025 and January 1, 2026 actuarial valuation is provided below.

	2025	2026	Percentage Change
Active Participants:			
Number of participants on valuation date	0	0	N/A
Total annual covered salary on valuation date	\$ N/A	\$ N/A	N/A
Average age	N/A	N/A	N/A
Median age	N/A	N/A	N/A
Inactive Participants:			
Number of Retired, Disabled and Beneficiaries	63	58	(7.94%)
Total monthly pensions in payment status	\$ 107,882	\$ 103,364	(4.19%)
Average monthly benefits	\$ 1,712	\$ 1,782	4.07%
Average age	84.32	86.02	2.02%
Median age	86.22	86.36	0.16%

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) and, beginning with the January 1, 2026 valuation of the Fund, future increases are recognized in the actuarial valuation. Annual cost-of-living increases will produce an actuarial loss if the actual cost-of-living increase is greater than the assumption and an actuarial gain if the actual cost-of-living increase is less than the assumption.

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 ("LDRM")

In accordance with Actuarial Standards of Practice (ASOP) No. 4, the actuary is required to provide a "Low-Default-Risk Obligation Measurement" (LDRM). 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 \$8,586,923. Using LDRM interest rates the plan is 67.85% funded with a statutory contribution of \$468,064 compared to a funded level of 77.92% and statutory contribution of \$275,460 using the Plan's current discount rate of 7.00%.

Basis of Valuation

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.

Summary of Provisions of the Plan

Eligibility

Effective July 1, 1986, no new employees shall be allowed membership in the Fund.

Service

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 accrued prior to July 1, 1984 (sick leave after July 1, 1984 will continue to be credited for members with a rank of Captain and above). 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 April 1, 1985) with the Department may make application for retirement. Any member who has reached age 62 shall be expected to file an application for retirement.

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 April 1, 1985, his percentage is determined in accordance with Schedule A below. If a member is hired on or after April 1, 1985, his percentage is determined in accordance with Schedule B.

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

<u>SCHEDULE B</u>	
Full Years of Service	Percentage of Average Salary*
Less than 25 years	2% for each year
25 but less than 26 years	56%
26 but less than 27 years	59
27 but less than 28 years	62
28 but less than 29 years	65
29 but less than 30 years	68
30 but less than 31 years	71
31 but less than 32 years	74
32 years or more	75

*If such retiring member's service is greater than 28 years and 4 months (32 years if hired on or after April 1, 1985) 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 April 1, 1985) shall result in a 1/6 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 as established in the city employees 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

Refund of Contributions

A member who withdraws from service either by resignation or dismissal after completion of 5 years of service, but before he is eligible for normal retirement, shall receive a refund of 3/4ths 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 two types of disability retirement allowed:

1. Occupational disability - total and permanent disability occurring while in performance of police.
2. Nonoccupational disability - total and permanent disability, other than occupational disability, after the completion of five years of service but less than 20 years (25 years if hired on or after April 1, 1985) of service with respect to eligibility for benefits.

Benefit

Disability benefits are payable for the life of the member, or until recovery, whichever occurs first. The benefit amount depends on the type of disability retirement as follows:

1. A member retiring due to occupational disability shall receive a monthly pension equal to 75% of his monthly base salary determined at the time of such disability.
2. A member retiring due to nonoccupational disability shall receive a monthly pension equal to a percentage of his monthly salary averaged over the highest five years of service at the time of disability. The percentage is 2% for each year of total service, but in no event will the percentage be less than 20%.

Death Before Retirement

Condition

There are three types of death benefits allowed:

1. Occupational death - death resulting from injuries of an active member which would have qualified him for occupational disability, or death of member retired under the occupational disability provisions whose death is deemed an occupational death (requires death within two years of disability and that the member was married to the spouse at the time of disability).
2. Nonoccupational death - death other than occupational death of an active member, or death of a retired member other than a member retired under the occupational disability provisions whose death is deemed an occupational death. Provided, however the member must have completed five years of service in order for a nonoccupational death benefit to be payable.
3. Death of an active member or a retired member when no spouse's annuity or children's annuity is payable.

Benefit

The benefit amounts corresponding to conditions (1), (2) and (3) above are as follows:

1. The monthly benefit payable is the sum of the spouse's annuity and the children's annuity. The spouse's annuity shall be 50% of the deceased member's final rate of base salary. If a spouse's annuity is payable, the children's annuity shall be an additional 10% of the deceased member's final rate of base salary for each minor child under 18, subject to an overall maximum of the sum of the spouse's annuity and children's annuity equal to 75% of the deceased member's final rate of base salary. If a spouse's annuity is not payable but a children's annuity is payable, the children's annuity shall be 15% of the deceased member's final rate of base salary for each minor child, subject to an overall maximum of the children's annuity equal to 50% of the deceased member's final rate of base salary. Upon the remarriage of the surviving spouse, the children's annuity will increase to an amount equal to 15% of the deceased member's final rate of base salary for each minor child, subject to an overall maximum of the children's annuity equal to 50% of the deceased member's final rate of base salary.
2. The monthly benefit payable is the sum of the spouse's annuity and the children's annuity. If the spouse and member were married for at least one year prior to the earlier of the member's retirement or death, the spouse shall receive an annuity which is the greater of 20% of the deceased member's final rate of base salary or 100% of the retirement annuity earned by the deceased member. If a spouse's annuity is payable, the children's annuity shall be an additional 1/3 of the amount of the spouse's annuity for each minor child under 18 subject to an overall maximum of the sum of the spouse's annuity and children's annuity equal to 75% of the deceased member's final rate of base salary. If a spouse's annuity is not payable, but a children's annuity is payable, the children's annuity shall be equal to 2/3 of the amount of the spouse's annuity (had there been an eligible spouse) for each minor child, subject to an overall maximum of the children's annuity equal to 50% of the deceased member's final rate of base salary. If a spouse's annuity and children's annuity become payable, upon the remarriage of the surviving spouse, the children's annuity will increase to an amount equal to twice the amount each child was previously receiving, subject to an

overall maximum of the children's annuity equal to 50% of the deceased member's final rate of base salary.

In the cases of (1) and (2) above, the spouse's annuity is payable to an eligible surviving spouse until the death or remarriage of such spouse, and each child's annuity is payable until the earlier of the death, marriage or attainment of age 18 of the child.

3. In the event that neither a spouse's annuity nor a children's annuity is payable upon the death of an active member, the death benefit payable to his designated beneficiary or his estate shall be the greater of the total contributions without interest or \$1,000. In the event that neither a spouse's annuity nor a children's annuity is payable upon the death of a retired member, the death benefit payable to his designated beneficiary or his estate shall be the greater of the excess, if any, of his total contributions without interest over the total annuity payments received, or \$500.

Worker's Compensation

Any benefits payable under the Retirement Fund, except for benefits payable under service retirement or survivor and dependent benefits of a service retiree, shall be coordinated with benefits payable from worker's compensation, reflecting a dollar for dollar adjustment.

Pension Increase after Retirement or Death

Prior to 2005 pensions being paid to retired members and surviving spouses and dependents have been periodically updated and increased for cost of living purposes on an ad-hoc rather than predetermined 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 6.5% of the gross amount of all pay received (not including any state salary supplement).
2. Amounts appropriated by the Metro Council in order to fund the actuarially determined liabilities in accordance with an annually determined actuarial contribution.
3. All forfeitures imposed on members and accrued by the Fund.

Investment and Custody of Pension Fund

The Board of Trustees of the Fund sets investment policy and employs a corporate trustee to act as custodian of the Fund, under the supervision of the Board.

Administration

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

Summary of Actuarial Assumptions and Methods

Mortality Rates

RP-2000 Mortality Table for Healthy Annuitants (static table)

Separate rates for males and females

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

Withdrawal Rates

N/A

Disablement Rates

N/A

Retirement Rates

N/A

Salary Scale

N/A

Rate of Investment Return

7.00% per annum

4.43% 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

2.50% per annum – based on 10-year COLA experience

Actuarial Valuation Method

Entry Age Normal Funding Method (an aggregate variation), with actuarial gains and losses, supplemental liabilities resulting from ordinance changes and/or changes in actuarial assumptions occurring after June 30, 1985 amortized over the expected lifetime of the members rounded to the nearest whole year.

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

All active policemen are assumed to be married with female spouses being two years younger than member, and male spouses being two years older than member.

Service Credit for Unused Sick Leave

Captains and Above

Based on unused sick days as of the valuation date plus 13 additional days for each future year.

Others

Credit for unused sick leave is based on the actual number of accumulated unused sick days as of July 1, 1984. No future days are assumed to accrue.

Changes in Assumptions from Prior Actuarial Valuation

	<u>January 1, 2025</u>	<u>January 1, 2026</u>
Actuarial 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.	Entry Age Normal Funding Method (an aggregate variation), with actuarial gains and losses, supplemental liabilities resulting from ordinance changes and/or changes in actuarial assumptions occurring after June 30, 1985 amortized over the expected lifetime of the members rounded to the nearest whole year.

Reason: based on changes made to the LMCO Section 32.129(B) by Ordinance No. 200, Series 2025.

	<u>January 1, 2024</u>	<u>January 1, 2025</u>
Future Cost-of-Living Increases	None	2.50%

Reason: based on changes made to the LMCO Section 32.140(D) by Ordinance No. 200, Series 2025 and in recognition of a 10-year COLA experience study.

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, 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 10, 2026

Date

Appendix

Table 1 – Active Participants

There are no active members remaining in the plan.

Table 2 – Projected Schedule of Benefit Payments

CALENDAR YEAR	TOTAL PROJECTED BENEFITS	
	NO COLA	2.5% COLA
2026	1,185,887	1,185,887
2027	1,069,603	1,096,343
2028	959,496	1,008,071
2029	856,484	922,339
2030	761,073	840,083
2031	673,475	761,975
2032	593,636	688,435
2033	521,288	619,648
2034	456,050	555,653
2035	397,482	496,401
2036	345,134	441,800
2037	298,557	391,733
2038	257,317	346,063
2039	220,977	304,619
2040	189,107	267,204
2041	161,299	233,609
2042	137,162	203,617
2043	116,312	176,983
2044	98,370	153,424
2045	82,980	132,655

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, 2025

<u>Account</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Accrued Income</u>
Account #20-80-002-4690752 (Killian)	\$ 3,741,061	\$ 5,237,390	\$ 3,145
Totals	3,741,061	5,237,390	3,145

b. Determination of January 1, 2026 Valuation Assets

1. Trust Fund History:

<u>Year</u>	<u>Ending</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Difference</u>	<u>Weight</u>	<u>Weighted Difference</u>
2025	\$	3,741,061	\$ 5,237,390	\$ 1,496,329	4	\$ 5,985,316
2024		4,094,528	5,299,640	1,205,112	3	3,615,336
2023		4,440,569	5,529,865	1,089,296	2	2,178,592
2022		5,708,556	5,784,943	76,387	1	76,387
2. Total Weighted Difference						\$ 11,855,631
3. Adjustment to Assets (2) / Sum of Weights						1,185,563
4. Valuation Assets						4,926,624
5. Accrued Income December 31, 2025						3,145
6. Accrued Contribution from January 1, 2025 Actuarial Valuation						180,550 *
7. Cash Balance in Sweep Account #30-0747-8211						337,725
8. Cash Balance in Operating Account #30-0280-1067						377,804
9. Total Valuation Assets (4) + (5) + (6) + (7) + (8)						\$ 5,825,848

* Please let us know if the 2025 contribution from Louisville Metro Government differs from this account.

Louisville Policemen's Retirement Fund
 January 1, 2026

a. Past Investment Returns

The annualized rate of return for the latest periods for both the Market Value of Assets (excluding real estate) and the Valuation Asset Value are:

<u>Year End</u>	<u>Market Value</u>	<u>Valuation Assets</u>
December 31, 2025	20.18%	22.37%
December 31, 2024	15.89%	18.88%
December 31, 2023	21.62%	23.93%
December 31, 2022	(16.54%)	(15.70%)
December 31, 2021	30.63%	35.14%
December 31, 2020	8.82%	6.31%
December 31, 2019	20.02%	11.72%
December 31, 2018	(9.22%)	1.28%
December 31, 2017	15.00%	5.16%
December 31, 2016	15.73%	12.20%

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

Latest year	20.18%	22.37%
Two-year	18.02%	20.61%
Three-year	19.20%	21.71%
Four-year	9.04%	11.03%
Five-year	13.05%	15.48%
Six-year	12.34%	13.90%
Seven-year	13.40%	13.59%
Eight-year	10.29%	11.97%
Nine-year	10.81%	11.19%
Ten-year	11.29%	11.29%

Market value returns exclude the Operating Account.

Table 4 – Determination of Supplemental Liability Bases

a. Determination of December 31, 2025 Supplemental Liability Bases

1.	Unfunded Supplemental Liability, January 1, 2025	\$	1,307,345
2.	Amortization Payment, January 1, 2025		
	(a) Employer Contribution, Beginning of Year		151,176
	(b) Employer Contribution, End of Year		161,758
	(c) Actual 2025 Contribution		361,100
	(d) Amortization Payment, January 1, 2025 [(a) x (c)/(b)]		337,477
3.	Interest on Net Liability, [(1) - (2)(d)] x 7.0%		67,891
4.	Expected Unfunded Supplemental Liability, January 1, 2026 (1) - (2)(d) + (3)	\$	1,037,759
5.	Actual Unfunded Supplemental Liability, January 1, 2026		1,650,530
6.	Total Supplemental Liability Base Established January 1, 2026		612,771
	(a) Base due to Ordinance Change		0
	(b) Base due to Assumption Change		814,224
	(c) Base due to Actuarial Loss (Gain)	\$	(201,453)

Louisville Policemen's Retirement Fund
 January 1, 2026

b. Maintenance of Supplemental Liability Bases

<u>Year</u>		<u>Amort.</u>	<u>Years</u>	<u>Original</u>	<u>Amort.</u>	<u>Outstanding</u>
<u>Estab.</u>	<u>Reason Established</u>	<u>Period</u>	<u>Remaining</u>	<u>Amount</u>	<u>Payment</u>	<u>Balance</u>
2023	Actuarial Loss	15	9.4	2,278,140	233,764	1,678,440
2024	Actuarial Gain	15	10.2	(546,140)	(56,040)	(427,257)
2025	Actuarial Gain	15	11.0	(258,726)	(26,548)	(213,424)
2026	Assumption Change	7	7.0	814,224	141,198	814,224
2026	Actuarial Gain	7	7.0	(201,453)	(34,935)	(201,453)
					<u>257,439</u>	<u>1,650,530</u>

Table 5 – Determination of Employer Contribution - January 1, 2026

a. Present Value of Future Benefits

1. Retired Lives	\$ 7,476,378
2. Normal Retirement	0
3. Disability	0
4. Death	0
5. Return of Policemen's Contributions	0
6. Total (1) + (2) + (3) + (4) + (5)	<u>\$ 7,476,378</u>

b. Determination of Unfunded Supplemental Liability

7. Accrued Supplemental Liability	\$ 7,476,378
8. Valuation Assets (see Table 3)	<u>5,825,848</u>
9. Unfunded Supplemental Liability (7) - (8)	\$ 1,650,530

c. Determination of Annual Normal Cost

10. Present Value of Future Normal Cost (6) - (7)	\$ 0
11. Present Value of Future Policemen Contributions	0
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%

d. Determination of Total Employer Contribution

15. Total Payment Amortizing Unfunded Supplemental Liability (see Table 4)	\$ 257,439
16. Total Annual Cost (16) + (17), but not less than \$0	\$ 257,439
17. Total Annual Cost at Plan Year-End (18) x 1.07 (assumed interest)	\$ 275,460

Louisville Policemen's Retirement Fund
January 1, 2026

Table 6 – Yearly Comparison of Selected Plan Information

	<u>1/1/2023*</u>	<u>1/1/2024*</u>	<u>1/1/2025*</u>	<u>1/1/2026</u>
Annual Covered Salary				
(a) Total for All Active Policemen	N/A	N/A	N/A	N/A
(b) Average Increase From Prior Year for all Continuing Members	N/A	N/A	N/A	N/A
Present Value of Future Benefits				
(a) Active	\$ 0	\$ 0	\$ 0	\$ 0
(b) Inactive	<u>8,361,240</u>	<u>7,654,333</u>	<u>7,112,313</u>	<u>7,476,378</u>
(c) Total	8,361,240	7,654,333	7,112,313	7,476,378
Valuation Assets				
(a) Total Valuation Assets	\$ 6,083,100	\$ 6,012,991	\$ 5,804,968	\$ 5,825,848
(b) Approximate Rate of Return	(15.70%)	23.93%	18.88%	22.37%
Unfunded Supplemental Liability				
Funded Percentage (Valuation Assets/Present Value of Future Benefits)	\$ 2,278,140 72.75%	\$ 1,641,342 78.56%	\$ 1,307,345 81.62%	\$ 1,650,530 77.92%
Normal Cost				
(a) Total Normal Cost	\$ 0	\$ 0	\$ 0	\$ 0
(b) Total Normal Cost as % of Covered Salary	0.00%	0.00%	0.00%	0.00%
Total Amortization Payment				
Employer Contribution (Actuarially Determined)	\$ 233,764	\$ 177,724	\$ 151,176	\$ 257,439
Employer Contribution (Actual)	250,127	190,165	161,758	275,460
	250,127	190,200	361,100	TBD
Benefit Payments During Prior Year				
	\$ 1,429,205	\$ 1,465,133	\$ 1,301,387	\$ 1,307,848***
Consumer Price Index-Urban				
(Average over Average)	8.00%**	4.10%	2.90%	2.60%

* Actuarial valuation results reflect LMCO Sections 32.129(B) and 32.140(D) prior to changes made by Ordinance No. 200, Series 2025.

** The annual cost of living increase for 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%.

*** Benefit payments include a one-time enhancement payment of \$45,750 made on August 15, 2025.