CITY OF SAN JOSE POLICE AND FIRE DEPARTMENT POSTEMPLOYMENT HEALTHCARE PLAN

Audit of June 30, 2016 OPEB Actuarial Valuation

Segal Consulting

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February 22, 2017

Board of Administration
City of San Jose Police and Fire Department
Postemployment Healthcare Plan
1737 North 1st Street, Suite 580
San Jose, CA 95112

Re: Audit of June 30, 2016 OPEB Actuarial Valuation

Dear Members of the Board:

We are pleased to present the results of our audit of the June 30, 2016 Actuarial Valuation for the City of San Jose Police and Fire Department Postemployment Healthcare Plan ("OPEB Plan"). The purpose of this audit was to verify the calculations completed by Cheiron and to offer comments on the methodology and the results of their actuarial valuation.

This review was conducted by Andy Yeung, an Associate of the Society of Actuaries, Member of the American Academy of Actuaries, and an Enrolled Actuary under ERISA, and Thomas Bergman an Associate of the Society of Actuaries, Member of the American Academy of Actuaries, and an Enrolled Actuary under ERISA. This review was conducted in accordance with the standards of practice prescribed by the Actuarial Standards Board.

The assistance of Cheiron and the Plan is gratefully acknowledged. We appreciate the opportunity to be of service to the Board of Administration, and we are available to answer any questions you may have on this report.

We are Members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Sincerely,

Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President & Actuary

Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Actuary

Thomas E. Bergman ASA, MAAA, EA
Associate Actuary

DTB/bqb

cc: Tim Doyle
Bill Hallmark
Gene Kalwarski

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This report has been prepared by Segal Consulting (Segal) to present an audit of the June 30, 2016 OPEB Actuarial Valuation performed by Cheiron for the Plan. As described in the contract for actuarial audit services for the OPEB Plan, the scope of our audit is to review the data and valuation results issued for GASB 43/45 for City of San Jose Police and Fire Department Postemployment Healthcare Plan.

Summary of Results

This audit report includes an independent reproduction of the detailed valuation results that appear in the June 30, 2016 valuation report prepared by Cheiron. This audit was based on actuarial reports, employee data and supplemental information provided by both the Plan and Cheiron.

We have performed this actuarial audit of the Plan's June 30, 2016 OPEB Actuarial Valuation to provide assurance to the Plan's Board of Administration that the actuarial calculations are reasonable and that the actuarial process was conducted according to generally accepted actuarial principles and practices. ***Our audit confirms that the results of the actuarial calculations as of June 30, 2016 are reasonable, and that those calculations are based on generally accepted actuarial principles and practices.***

The following is a high-level summary of the results from our audit of the June 30, 2016 OPEB Actuarial Valuation:

- We have reviewed the plan of benefits to confirm the summary included in the valuation report matches the member handbook and the Fact Sheets published on the Retirement Plan’s website.
- The valuation results were prepared using the non-economic (demographic) actuarial assumptions approved by the Board covering the June 30, 2010 through June 30, 2015 experience study period. Those non-economic assumptions used in the June 30, 2015 valuation have been carried over unchanged for the June 30, 2016 valuation. A review of those non-economic assumptions is not included in our contract for actuarial service and is therefore beyond the scope of this assignment. The healthcare specific assumptions have been updated to reflect the medical plan election percentages due to a change in the different

options available to retirees beginning January 1, 2017. We have performed a high level review of those healthcare specific assumptions to ensure they are reasonable.

- The economic (investment return, price inflation and wage inflation) actuarial assumptions previously used in the June 30, 2015 valuation have been reviewed and the investment return and price inflation assumptions were modified as part of the June 30, 2016 valuation. We have performed a high level review of these assumptions for reasonableness. We provided commentary on these assumptions in our audit report for the pension valuation as of June 30, 2016. As the City is not fully prefunding 100% of the Annual Required Contribution, we did review and agree with their calculation of the 5.9% discount rate as documented in Section III.

- The demographic data used in the 2016 valuation by Cheiron was primarily that supplied by the Plan. There appears to be little adjustment in the data from that provided by the Plan. We were able to closely match the counts by status.

- Market value of assets has been maintained by the Plan for each of the Police and Fire Departments. We have reviewed and agreed with the calculation of the (smoothed) actuarial value of assets used in the valuation. Market value of assets has been maintained by the Plan separately by Tier for each of Police and Fire.

- Segal's total (Police and Fire) present value of future benefits is 99% of Cheiron's total present value of future benefits. This key result is the basis for all other liabilities and cost calculations in the valuation.

Detailed Findings and Recommendations

Our detailed findings and recommendations are summarized as follows:

- As indicated in Section III of this report, we found the 5.9% blended rate used as part of the June 30, 2016 valuation by Cheiron to be reasonable and in accordance with generally accepted actuarial standards and principles.

- Segal's *total present value of future benefits* as of June 30, 2016 is 99% of Cheiron's present value.

- A comparison of Segal's present value of future benefits to Cheiron's present values by benefit type and in total indicates that the total liabilities of each benefit type are reasonable as shown in the following table.

Benefit Type	Ratio of Segal's PVB to Cheiron's PVB
Medical Implicit Subsidy	96%
Medical Explicit Subsidy	99%
Dental Subsidy	100%
Total	99%

- Segal's *total actuarial accrued liability* as of June 30, 2016 is 96% to 100% of Cheiron's liability for the same benefit types as above.

For this audit, our first focus was on matching the core numbers on which the Tiers' ultimate plan of benefits depend: the present values of future benefits. The results of this analysis were shown in the previous table. We also focused on more detailed analyses of (i) the proper implementation of the demographic assumptions as determined by the 2015 experience study as well as the economic assumptions reviewed and approved as part of the 2016 valuation, (ii) the breakdown of the total present value of future benefits in the benefit subsidy types listed above, and (iii) the determination of the Annual Required Contributions (ARC). Those detailed analyses produced the following findings and recommendations:

- Segal's *total ARC* is about 97% of that calculated by Cheiron. This kind of difference can generally be explained by differences in procedures and methods used by Segal and Cheiron in allocating the present value of future benefit between past actuarial accrued liability and future normal cost.

- For funding purposes, market value of assets have been maintained by the Plan on a Department and Medical/Dental basis and we agreed with the calculation of the (smoothed) actuarial value of assets used in the valuation.

- Overall, we have verified that Cheiron's calculations of the normal cost, UAAL and the total City's ARC are reasonable. We have also verified and confirmed the member contribution amount they used in determining the City's net ARC is reasonable.

PURPOSE AND SCOPE OF THE ACTUARIAL AUDIT

Purpose of the Audit

Segal Consulting has performed an actuarial audit of Cheiron’s Actuarial Valuation as of June 30, 2016 for the City of San Jose Police and Fire Department Postemployment Healthcare Plan to provide assurance to the Plan's Board of Administration that the actuarial calculations are reasonable and that the actuarial process was conducted according to generally accepted actuarial principles and practices.

Scope of the Audit

The scope of the audit, as described in the Plan's Actuarial Audit Services Agreement with Segal, includes the following:

- Evaluation of the available data for the performance of such valuation, the degree to which such data is sufficient to support the conclusions of the valuation, and the use and appropriateness of any assumptions made regarding such data.

- Comparison of the major benefits summarized in Appendix B of the 2016 valuation report with those provided in the member handbook and the fact sheets published on the Retirement Plan’s website.

- Completion of a parallel valuation as of June 30, 2016 using the assumptions, methodologies and funding methods used by the Plan's consulting actuary in their performance of the June 30, 2016 valuation.

- Evaluation of the parallel valuation results for the Police and Fire departments that were included in the June 30, 2016 Actuarial Valuation Report and reconciliation of any discrepancies between the findings, assumptions, methodology, rates, and/or adjustments with the Plan's consulting actuary.

RESULTS OF THE VALUATION AUDIT

Several steps are involved in conducting an actuarial audit of an OPEB program. Outlined below are the primary steps we took to comply with the scope of the audit services. Following each step is a description of our observations.

Even though our analysis was performed concurrently with Cheiron's actuarial valuation, they were not able to provide all the backup we requested while they were preparing the June 30, 2016 valuation. This might in part be explained by the tight timeline Cheiron had to follow to prepare multiple valuation results under different alternative economic actuarial assumptions and to present those results to the Board. However, our audit results generally confirm and support the results of their final 2016 valuation.

***Step 1*: *Compare the demographics of the 2016 data provided by the Plan with the valuation data used by Cheiron for the June 30, 2016 actuarial valuation*.**

Results

EXHIBIT-A provides a comparison, by membership type (i.e., Tiers 1 and 2), of the number of active participants, their average ages, average salaries, average service and those currently collecting benefits (pensioners). This exhibit indicates that Cheiron had only made a few adjustments, estimations or corrections to the data received from the Plan. In general, the data received was "valuation ready".

Observations

(1) In the Plan's original non-retiree data file, the total benefit service reported by the Plan exceeded the sum of the benefit service broken down between Tier 1 and Tier 2 for most active members by 0.08 years. Cheiron used the breakdown of the Tier 1 and Tier 2 service to calculate the benefit amounts for actives in their valuation. When Segal raised a question with respect to the discrepancies in service with Cheiron, Cheiron confirmed that that issue was discussed with the Plan's staff. The total benefit service reported by the Plan did include service earned in pay

period fifteen (“PP15”) that was accrued after the end of the June 30, 2016 valuation date but was excluded from the calculation when the Plan provided the breakdown of the service between Tier 1 and Tier 2 to Cheiron. Cheiron correctly used the breakdown of the Tier 1 and Tier 2 service to determine the benefit amount in the valuation. However, Cheiron did not update the credited service (used for eligibility purposes in determining when a member would first be vested in a particular type of benefit) provided by the client to exclude the 0.08 years accrued in PP15. There would be a small overstatement in Cheiron’s calculations because a few members might have been assumed to be eligible for retirement before they accrued the minimum service to retire. We believe the impact of the overestimated credited service on the liability to be minimal.

Step 2*: *Develop a valuation program based on the relevant provisions of the Plan as summarized in the Summary Plan Descriptions (Appendix B – Substantive Plan Provisions), using the actuarial methods and assumptions outlined in the most recent valuation report, and further defined by Cheiron.

Observations

(1) Cheiron’s valuation report makes reference to the implicit subsidy. Generally, the term “implicit subsidy” is understood to apply when non-Medicare retiree premium rates are the same as for active employees. Had the active employees not been reflected in the blended premium rate, the retiree premium rates would have been higher. Based on test life information provided by Cheiron, the implicit subsidy appears to reflect the aforementioned subsidy for non-Medicare retirees. However, the test life information also indicated that the implicit subsidy reflected differences in age-based costs and premium rates for Medicare retirees. We agree with their calculation of reflecting age-adjusted costs as described in Actuarial Standard of Practice No. 6 (ASOP 6). However, it may be useful for documentation purposes for Cheiron to provide a breakdown of the liability labeled as implicit subsidy, to show the portion attributed to active/retiree blending for premium rating purposes and the portion attributed to age-adjusting the costs for Medicare retirees.

(2) Cheiron confirmed that their valuation assumed that service would increase by one year for all actives in between valuations (This means all part-time employees are assumed to work full time in the future.) Segal would recommend this assumption be disclosed in the assumption section in their future valuation reports.

Step 3: Run the valuation program with specific individuals (test lives) who illustrate particular benefit provisions and compare results to Cheiron's results.

Results

EXHIBIT-B provides a comparison of Segal's and Cheiron's test life results for (i) the present value of future benefits, (ii) the present value of future normal costs, and (iii) the actuarial accrued liability.

- *Present Value of Future Benefits*: This liability represents the current value of the member's projected benefits, recognizing the time value of money (*i.e*., the investment return assumption), the salary increase assumption and the probabilities of retirement, death, disability and turnover. This value is the cornerstone for the entire valuation as it represents the amount needed to provide all future expected benefit payouts for current members, based on the valuation assumptions.

  The ratio of Segal's results to Cheiron's results, on a *total present value of future benefits basis*, range from 93% to 99% for the active test lives. The ratio of Segal's results to Cheiron's results is about 98% for the retired test lives.

  We believe our results are within an acceptable range of Cheiron's results to provide assurance that the significant plan liabilities are properly valued.

- *Present Value of Future Normal Costs and Actuarial Accrued Liability:* The funding method adopted by the Plan, the Entry Age Actuarial Cost Method, separates the present value of future benefits for active members into two components, the actuarial accrued liability and the present value of future normal costs. Simply stated, the Entry Age Actuarial Cost Method determines a level cost as a percentage of pay for each year of service, called the normal cost. The actuarial accrued liability is the sum of *past* normal costs (less any expected benefits, and assuming all actuarial assumptions were exactly realized), while the present value of future normal costs represents the current value of *future* normal costs required to fully fund the member's projected benefits before the member is expected to retire.

  The method used to separate the present value of projected benefits into its two components can differ somewhat from valuation system to valuation system, even though the underlying funding method used in the systems is the same.

For the active test lives, the ratios of Segal's results to Cheiron's is about 96% (range from 91% to 98%) for the present value of future normal costs and about 99% (range from 96% to 134%) for the actuarial accrued liability [See pages 16-17].

<u>Observations</u>

(1) Segal's valuation system generally assumed active members decrement (i.e., retirement, termination, etc.) at the beginning of each plan year (July 1). The Cheiron system, on the one hand, assumes decrements occur in the middle of the year (January 1). As part of this audit for the Plan, we have changed the timing of the decrement to allow middle of the year timing for the decrements assumed by Cheiron.

Either methodology is acceptable, with each actuarial firm establishing its standard for the assumed timing of decrements.

(2) The actuarial assumptions recommended by the 2015 experience study together with a preliminary blended investment return assumption approved by the Board for the June 30, 2016 valuation were used to value the test lives. (The final investment return assumption approved by the Board for the 2016 valuation is 5.9%.)

***Step 4*: *Run the valuation program with all participant data, compile results, and compare to Cheiron's results*.**

<u>Results</u>

EXHIBIT-C provides a comparison, by benefit subsidy type, of Segal's results and Cheiron's results for (i) the present value of future benefits, (ii) the present value of future normal costs, (iii) the UAAL, (iv) the total normal cost and Annual Required Contribution (ARC).

- The ratios of Segal's results to Cheiron's results, on a *total present value of future benefits basis*, range from 93% to 99% for active members. For the explicit subsidy, the results are even closer as the ratio is 99%. In total, our present value of future benefits is 99% of Cheiron's present value as shown in the column labeled "TOTAL" on page 18.

- The present value of future normal in total is 96% of Cheiron's present value of future normal cost.

- The actuarial accrued liability depends in part on the valuation System's methodology for separating the present value of projected benefits into its two components – the actuarial accrued liability and the present value of future normal costs. The UAAL is simply the difference between the actuarial accrued liability and the actuarial value of assets. Therefore, differences in the actuarial accrued liabilities due to the variations in the valuation systems impact the UAAL, and the related City's net normal cost contribution rate after accounting for the members' contributions.

- Segal's *total City ARC is $32.3 million* and Cheiron's total City's ARC is $33.4 million. The total City ARC calculated by Segal is about 97% of that calculated by Cheiron. This kind of difference can generally be explained by differences in procedures and methods used by Segal and Cheiron in allocating the present value of future benefit between past actuarial accrued liability and future normal cost. Overall, we have verified that Cheiron's calculations of the normal cost, UAAL and the total City's ARC are reasonable

- For funding purposes, market value of assets has been maintained by the Plan for each of the Police and Fire Departments. We have reviewed and agreed with the calculation of the (smoothed) actuarial value of assets used in the valuation. Market value of assets has been maintained by the Plan separately by Tier for each of Police and Fire.

Step 5*: *Evaluate the valuation results and methodology as presented in the Cheiron actuarial valuation report.

Observations

(1) As we have not been provided with a draft of Cheiron's actuarial valuation report (as originally anticipated in our contract for audit services), we reviewed Cheiron's final actuarial report in detail after it has already been presented to the Board. Most of our comments (already discussed in the previous steps) based on that final report are relatively minor and deal primarily with providing additional disclosures for documentation purposes.

REVIEW OF ECONOMIC ASSUMPTIONS

The economic assumptions reviewed by Cheiron during the 2016 actuarial valuation are the investment rate of return, price inflation and wage growth (price inflation and real wage increases). Actuarial Standard of Practice No. 27 (ASOP 27) provides the actuary guidance in developing these assumptions. Furthermore, Government Accounting Standards Board Nos. 43 and 45 (GASB 43 & 45) provide guidance in preparing the blended discount rate assumption for OPEB programs such as the Plan that is not fully prefunding 100% of its ARC.

Note: Our comments with respect to the investment rate of return (before reflecting the blended discount rate) prior to inflation and wage increase were provided in our audit report for the pension plan.

<u>Results</u>

Cheiron has recommended a blended discounted rate of 5.9%. This rate is reasonable for use in the June 30, 2016 valuation for the Plan and has been developed based on a blend of the expected return on the City's assets and the expected return on the Plan's assets.

EXHIBIT – A
CITY OF SAN JOSE POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
JUNE 30, 2016 VALUATION
ANALYSIS OF PARTICIPANT DATA

Active Member Data						
	Tier 1		**Tier 2**		**Total**	
	Plan	**Cheiron**	**Plan**	**Cheiron**	**Plan**	**Cheiron**
Number	1,391	1,393	189	189	1,580[1]	1,582
Average Age	43.93	43.95	30.58	30.58	42.33	42.35
Average Eligibility Service	16.0	16.0	1.8	1.8	14.3	14.3
TOTAL						
Compensation rate as of 6/30/2016 [2]	$6,503,157	Not Available	$524,121	Not Available	$7,027,278	Not Available
Pensionable compensation for 7/1/2015-6/30/2016[2]	$166,573,107	Not Available	$10,687,480	Not Available	$177,260,587	Not Available
Expected salary for 7/1/2016-6/30/2017 before assigning a salary for 23 active members with $0 salary from Plan[2][3]	$177,344,994	Not Available	$14,647,774	Not Available	$191,992,768	Not Available
Expected salary for 7/1/2016-6/30/2017[4]	$177,344,994	$177,611,521	$16,404,008	$16,460,571	$193,749,002	$194,072,092
AVERAGE						
Expected salary for 7/1/2016-6/30/2017[4]	$127,495	$127,503	$86,794	$87,093	$122,626	$122,675
% DIFFERENCE						
Number		0.1%		0.0%		0.1%
Average Age		0.0%		0.0%		0.0%
Average Eligibility Service		0.0%		0.0%		0.0%
TOTAL						
Expected salary for 7/1/2016-6/30/2017[4]		0.2%		0.3%		0.2%
AVERAGE						
Expected salary for 7/1/2016-6/30/2017[4]		0.0%		0.3%		0.0%

(1) 3 records in the Plan's original data reported as actives were reclassified as deferred vested members based on the response to a data question raised by Cheiron.

(2) 26 actives (including 2 Tier 1 and 24 Tier 2) did not have a compensation rate in the data provided by the Plan.
32 actives (including 4 Tier 1 and 28 Tier 2) did not have a pensionable compensation in the data provided by the Plan.
Only 23 actives (all from Fire Tier 2) were missing both the compensation rate and the pensionable compensation.
In the final Cheiron data file provided to Segal, Cheiron did not include the compensation rate nor the pensionable compensation.

(3) The expected salary for 2016/2017 has been calculated using a method consistent with that used by Cheiron and it is as follows:
***Step One** - An annualized salary was calculated by multiplying Compensation Rate (comp2) times 26 and increased with one year of wage inflation and one-half year of merit.*
***Step Two** – Pensionable compensation was increased with one year of wage inflation and one year of merit.*
***Step Three** – Expected Salary for 2016/2017 was calculated as the greater of the salaries calculated in Step One and Step Two.*

(4) Cheiron assigned a salary of $76,358 for 23 Fire Tier 2 actives missing both the compensation rate and the pensionable compensation.
Segal made the same assignment for those 23 actives

EXHIBIT – A (CONTINUED)
CITY OF SAN JOSE POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
JUNE 30, 2016 VALUATION
ANALYSIS OF PARTICIPANT DATA

Non-Active Member Data						
	Tier 1		Tier 2		Total	
	Plan	Cheiron	Plan	Cheiron	Plan	Cheiron
Number						
Retired & Disabled	A breakdown between Tier 1 and Tier 2 was not provided in the Cheiron valuation report.				1,803	1,803
Surviving Spouses					220	217
Inactive Vested					11	11
Total					2,034	2,031
% DIFFERENCE						
Retired & Disabled						0.0%
Surviving Spouses						1.4%
Inactive Vested						0.0%
Total						0.1%
Number						
Pre-Medicare Retirees & Surviving Spouses					845	844
Medicare Retirees & Surviving Spouses					1,077	1,077
Spouses					1,281	1,284
% DIFFERENCE						
Pre-Medicare Retirees & Surviving Spouses						0.1%
Medicare Retirees & Surviving Spouses						0.0%
Spouses						-0.2%

EXHIBIT – B
CITY OF SAN JOSE POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
JUNE 30, 2016 VALUATION
TEST LIFE COMPARISON

ACTIVES	Testlife #1		Testlives#2		Testlife #3		Testlife #4		Testlives #5		Testlives #1-5	
	Police Tier 1		Fire Tier 1		Police Tier 1&2		Police Tier 2		Fire Tier 2		Total Actives	
	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal
Total PVB	**$345,987**	**$340,615**	**$322,920**	**$309,939**	**$262,557**	**$258,948**	**$114,459**	**$106,869**	**$216,835**	**$213,643**	**$1,262,758**	**$1,230,014**
PV - Future Normal Costs	$103,639	$100,675	$16,080	$15,396	$140,873	$133,933	$108,498	$98,899	$207,053	$203,608	$576,143	$552,511
Actuarial Accrued Liability	$242,348	$239,940	$306,840	$294,543	$121,684	$125,015	$5,961	$7,970	$9,782	$10,035	$686,615	$677,503
RATIO OF SEGAL/CHEIRON												
Total PVB		**98%**		**96%**		**99%**		**93%**		**99%**		**97%**
PV - Future Normal Costs		97%		96%		95%		91%		98%		96%
Actuarial Accrued Liability		99%		96%		103%		134%(1)		103%		99%

(1) The ratio of Segal/Cheiron for this member was relatively high because this member had very low service and, therefore, a low actuarial accrued liability. We believe this difference should not have a material impact on the overall results.

EXHIBIT – B (CONTINUED)
CITY OF SAN JOSE POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
JUNE 30, 2016 VALUATION
TEST LIFE COMPARISON

INACTIVES	Testlife #6		Testlife #7		Testlife #8		Testlife #9	
	Terminated Vested Police Tier 1		Beneficiary Police Tier 1		Disability Police Tier 1		Retired Police Tier 1	
	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal		
Total PVB	$354,586	$340,960	$192,919	$186,836	$275,527	$276,809	$102,934	$103,917
RATIO OF SEGAL/CHEIRON								
		96%		97%		100%		101%

INACTIVES	Testlife #10		Testlives #11		Testlife #12		Testlife #6-12	
	Reciprocal Fire Tier 1		Reciprocal Police Tier 1		Reciprocal Fire Tier 1		Total Inactives	
	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal	Cheiron	Segal
Total PVB	$464,352	$453,775	$138,222	$138,779	$387,885	$379,603	$1,916,425	$1,880,679
RATIO OF SEGAL/CHEIRON								
		98%		100%		98%		98%

EXHIBIT – C
CITY OF SAN JOSE POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
JUNE 30, 2016 VALUATION
COMPARISON OF RESULTS
(All Dollar Amounts are in Thousands)

PRESENT VALUE OF FUTURE BENEFITS (PVB)	Total	
	Cheiron	Segal
Medical Implicit Subsidy	$71,129	$68,204
Medical Explicit Subsidy	$798,804	$791,847
Dental Subsidy	$84,489	$82,589
Total PVB	**$952,422**	**$942,640**
RATIO OF SEGAL/CHEIRON		
Medical Implicit Subsidy		96%
Medical Explicit Subsidy		99%
Dental Subsidy		100%
Total PVB		**99%**

EXHIBIT – C (CONTINUED)
CITY OF SAN JOSE POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
JUNE 30, 2016 VALUATION
COMPARISON OF RESULTS
(All Dollar Amounts are in Thousands)

	Total	
ARC	**Cheiron[1]**	**Segal**
Total Normal Cost	$20,898	$20,011
UAL Amortization	$31,130	$30,980
Total Cost	$52,028	$50,991
Employee Contributions	$18,647	$18,647
Total ARC	**$33,381**	**$32,344**
RATIO OF SEGAL/CHEIRON		
Total Normal Cost		96%
UAL Amortization		100%
Total Cost		98%
Employee Contributions		100%
Total ARC		**97%**

EXHIBIT – C (CONTINUED)
CITY OF SAN JOSE POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
JUNE 30, 2016 VALUATION
COMPARISON OF RESULTS
(All Dollar Amounts are in Thousands)

UNFUNDED ACTUARIAL ACCRUED LIABILITY	**Total**	
	Cheiron	**Segal**
Present Value of Future Benefits	$952,422	$942,640
PV Future NC Contributions	$173,551	$166,853
Actuarial Accrued Liability	**$778,871**	**$775,787**
Current Assets at Actuarial Value	$135,207	$135,207
UAAL	$643,664	$640,580
RATIO OF SEGAL/CHEIRON		
Present Value of Future Benefits		99%
PV Future NC Contributions		96%
Actuarial Accrued Liability		**100%**
Current Assets at Actuarial Value		100%
UAAL		100%

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