

Tennessee Consolidated  
Retirement System

A RESOLUTION to authorize certain optional benefit  
163 improvements for noncontributory  
employees of a political subdivision  
which have been enacted since the date  
the subdivision joined the Tennessee  
Consolidated Retirement System.

WHEREAS, Tennessee Code Annotated, Title 8, Chapter 34 - 37 provides that a political subdivision opting to join the Tennessee Consolidated Retirement System does so under the laws governing the System as they exist at the time the political subdivision joins the Retirement System; and

WHEREAS, subsequent legislative improvements are optional to the political subdivision if they result in increased cost to the subdivision. These optional improvements may be adopted by separate resolutions approved by the chief governing body of the political subdivision; and

WHEREAS, the Mt. Carmel Board Mayor & Aldermen of  
(Name of Governing Body)

MOUNT CARMEL desires to adopt through one (1) single resolution certain optional benefit improvements for employees of the political subdivision which have been enacted since the date the subdivision joined the Retirement System; and

WHEREAS, the recommended employer contribution rate effective July 1, 1998 as the plan exists today is 5.61%; and

WHEREAS, the four (4) sets of optional benefit improvements from which the political subdivision desires to choose from and the respective cost associated with each such set are as follows:

Sets	Accrued Liability	Increase in Employer Rate
Set 1	\$53,073	1.79%
T.C.A. § 8-36-701(b) Compounded cost-of-living increases		
Set 2	\$0	0.00%
T.C.A. § 8-36-124(a)(3) 5% increase in base retirement benefit		
Set 3	\$9,495	0.32%
T.C.A. § 8-34-101(4)(B)(iii) Indefinite continuation of 3.6 indexing		
Set 4	\$2,464	0.08%
T.C.A. § 8-34-604(c) Service credit for unused sick leave		
T.C.A. § 8-36-109(b) 100% joint and survivor spouse death benefit for members with 10 years of service		
T.C.A. § 8-36-209 Minimum benefit level increase		
T.C.A. § 8-36-204(b)(2) Reduce vesting requirement to qualify for retirement benefits from 10 years to 5 years		
T.C.A. § 8-36-123 Provide inactive members with certain death and disability benefits		
T.C.A. § 8-36-208(b)		

Allow for an actuarial equivalent of an age 65 benefit for employees retiring after age 65

T.C.A. § 8-34-605  
Service credit for certain periods of military service

T.C.A. § 8-34-625  
Service credit for periods of temporary disability during which the employee was receiving workers' compensation payments based on covered employment

T.C.A. § 8-35-203(b)(1)  
Credit for service credit lost as a result of advanced age

T.C.A. § 8-34-612(b)  
Purchase of service credit for probationary period

T.C.A. § 8-36-108(b)  
Benefits upon death in line of duty

T.C.A. § 8-36-301(a)  
25-year retirement with actuarially reduced benefits

T.C.A. § 8-36-501(c)(3)  
Reinstate ordinary disability projection

T.C.A. § 8-37-202(a)(4)  
Limit a Group 1 member's contribution rate to 5% and 5½% for Group 2 members

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NOW, THEREFORE, BE IT RESOLVED that the Mt. Carmel Board Mayor & Aldermen  
(Name of Governing Body)

of the MOUNT CARMEL hereby authorizes all its employees to  
receive the benefit improvements listed in set(s) 1, 2, 3, 4 above pursuant to  
the terms and conditions contained in the applicable sections of the Tennessee Code and hereby  
agrees to accept the associated liability; and

WHEREAS, the recommended employer contribution rate effective July 1, 1998 including  
the above benefit improvements will be 7.8% (Total Rate).

STATE OF TENNESSEE

COUNTY OF Hawkins

I, Nancy Carter, clerk of the Mt. Carmel Board Mayor & Aldermen of  
(Name of Governing Body)

MOUNT CARMEL, Tennessee do hereby certify that this is a true and

exact copy of the foregoing resolution that was approved and adopted at a meeting held on the  
18 day of December, 1997, the original of which is on file in this office. I  
further certify that 6 members voted in favor of the resolution and that 6  
members were present and voting.

IN WITNESS THEREOF, I have hereunto set my hand, and the seal of the  
MOUNT CARMEL.

  
As Clerk of the Board, as aforesaid

SEAL

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM  
BIENNIAL VALUATION AS OF JUNE 30, 1997  
NEW ASSUMPTIONS WITH ALL IMPROVEMENTS

MOUNT CARMEL  
883.12

Actuarial Balance Sheet			
Assets		Liabilities	
Present Assets at Market Value:		Present Value of:	
Employee Assets	\$79,558	Basic Benefits Payable to:	
Employer Assets	138,711	Retired Employees	\$0
		Active Employees	396,330
		Inactive Employees	467
Present Value of Prospective Contributions Payable by:		Cost of Living Benefits Payable to:	
Employees	0	Retired Employees	0
Employer Normal	232,626	Active Employees	55,507
Supplemental Liability	1,409	Inactive Employees	0
Total	\$452,304	Total	\$452,304

Membership			
Active		Inactive	Retired
Number	19	Number	0
Annual Salary	\$430,117	1	Annual Benefit \$0

Recommended Employer Contribution Rates	
Normal	7.62 %
Supplemental Liability Amortization	0.03
Cost of Administration	0.15
Total	7.80 %

\* Based on 18-Year Amortization of Supplemental Liability

NOTE: The present value of vested benefits computed in accordance with Opinion #8 of the Accounting Principles Board is \$ 110,856. The present value of accrued benefits, whether or not vested, is \$ 137,195.

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM  
BIENNIAL VALUATION AS OF JUNE 30, 1997  
NEW ASSUMPTIONS

MOUNT CARMEL  
883.12

Actuarial Balance Sheet			
Assets		Liabilities	
Present Assets at Market Value:		Present Value of:	
Employee Assets	\$79,558	Basic Benefits Payable to:	
Employer Assets	138,711	Retired Employees	\$0
		Active Employees	384,335
		Inactive Employees	467
Present Value of Prospective Contributions Payable by:		Cost of Living Benefits Payable to:	
Employees	0	Retired Employees	0
Employer Normal	166,533	Active Employees	0
Supplemental Liability	0	Inactive Employees	0
Total	\$384,802	Total	\$384,802

Membership			
Active		Inactive	Retired
Number	19	Number	0
Annual Salary	\$430,117	1	Annual Benefit \$0

Recommended Employer Contribution Rates

Normal	5.46 %
Supplemental Liability Amortization	0.00
Cost of Administration	0.15
Total	5.61 %

\* Based on 18-Year Amortization of Supplemental Liability

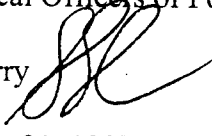
NOTE: The present value of vested benefits computed in accordance with Opinion #8 of the Accounting Principles Board is \$ 94,176. The present value of accrued benefits, whether or not vested, is \$ 118,092.

STEVE ADAMS  
STATE TREASURERSTEVE CURRY  
DIRECTOR

**TREASURY DEPARTMENT**  
**CONSOLIDATED RETIREMENT SYSTEM**  
10TH FLOOR ANDREW JACKSON STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-0230

**MEMORANDUM**

TO: Chief Fiscal Officers of Political Subdivisions

FROM: Steve Curry 

DATE: November 21, 1997

SUBJECT: Biennial Actuarial Valuation

The Tennessee Consolidated Retirement System (TCRS) has received the results of the June 30, 1997 biennial valuation from the actuary. These results will establish the new employer contribution rate to be used effective July 1, 1998.

Enclosed is an actuarial balance sheet which outlines the assets and liabilities of your pension plan, as well as the employer contribution rate which has been recommended by the actuary. Again, this rate will become effective July 1, 1998. If your recommended rate is zero, you (the employer) will not be required to contribute for the two year period ending June 30, 2000. You should be aware, however, that new hires, experience and benefit improvements may cause the rate to rise in the future.

If you choose to pay a higher rate than that recommended by the actuary, you should be prepared to maintain a separate accounting record of the contributions exceeding the actuarially required contribution. Excess contributions will need to be amortized in accordance with Governmental Accounting Standards Board (GASB) Statement 25 and 27.

Asset balance sheets have previously been distributed which reflected investment income for the fiscal year 1996-97. Due to the GASB Statement 25, we have been required to record all assets at full market value. This change in accounting standards combined with the extraordinary equity market return resulted in significant gains for the 1996-97 fiscal year.

The 1997 biennial valuation has shown many reductions in the recommended employer contribution rates due to reasons listed above. Because of these reductions in the employer contribution rates, the TCRS staff views this to be an excellent opportunity for

political subdivisions participating in the plan to consider adopting the same benefit provisions that are applicable to teachers and state employees.

Most notably, 1997 legislation allowed for a geometric or compounded cost-of-living provision to be added to the state employee and teacher plans in the TCRS. Previously, cost-of-living adjustments were awarded to retirees based upon the original benefit and not the current benefit. The compounding of cost-of-living adjustments will now be calculated based on the most recent benefit. This is the single largest benefit improvement made to the plan since consolidation in 1972. This legislation also provided a catch-up index for those who are already retired. This adjustment will be made the month following passage of the appropriate resolution.

To assist your political subdivision in the consideration of whether to increase benefits to the same level provided to state employees and teachers, we have provided the actuarial balance sheets for the recommended employer contribution rate for your entity as your plan existed June 30, 1997, as well as for the recommended employer contribution rate if all benefit improvements are approved. A resolution is enclosed which may be approved by your governing body to allow for these benefit improvements. It should be noted that this resolution is generic in form and may address benefit improvements already included in your plan. The actuary is aware of the benefit improvements your entity currently has and the liabilities are reflected accordingly.

Also enclosed are listings and definitions of benefit improvements which are optional and a listing of those benefit improvements currently being allowed by your entity. An acknowledgment form is enclosed which should be completed and returned to our office in lieu of the resolution should your decision be to remain at the current level of benefits. Communication with the TCRS will be crucial when the decision of your political subdivision is final.

The June 30, 1997 biennial valuation will be the main focus of discussion at the TCRS employer seminars being held the first week of December across the state. A memorandum dated October 20, 1997 outlining the time, location and dates of these seminars is enclosed. It is highly recommended a representative from your office attend.

If you have any questions concerning this actuarial valuation, please call John Holloway or Shannon Cragg at (615) 741-1971.

SLC/tg

Enclosures

TR-8350

STEVE ADAMS  
STATE TREASURERSTEVE CURRY  
DIRECTOR

**TREASURY DEPARTMENT  
CONSOLIDATED RETIREMENT SYSTEM  
10TH FLOOR ANDREW JACKSON STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-0230**

**MEMORANDUM**

TO: Local Government Personnel

FROM: Field Services Section

DATE: October 20, 1997

SUBJECT: 1997 Employer Seminar Schedule

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Arrangements for the 1997 Tennessee Consolidated Retirement System (TCRS) employer seminars are complete. This year's meeting will be held the week of December 1 through December 5, 1997 at various locations across the state. Below is the final schedule outlining the time and location for each session.

Topics for discussion for this year's meeting will include:

- July 1, 1997 biennial valuation establishing the new employer contribution rates
- Annual comprehensive membership statements
- Compounded Cost of Living
- Benefit Improvements which are optional to local governments

We feel that this year's session will be very informative. Please notify those individuals, including chief fiscal officer(s) in your department, who are responsible for the administration of the TCRS so they may attend this meeting.

It is not necessary to contact the TCRS if you are planning attend. If you have any questions or need further information, call the Field Services Section at (615) 741-1971. We look forward to seeing you there.

Chattanooga: December 1, 1997- 2:00 p.m. to 4:00 p.m. at Chattanooga State Community College.  
Humanities Auditorium

Nashville: December 3, 1997- 1:30 p.m. to 3:30 p.m. at Tennessee Department of Transportation  
Auditorium, 6601 Centennial Blvd.

Kinsport: December 3, 1997- 8:30 a.m. to 10:30 a.m. at Warriors Path State Park.  
Recreation Building

Knoxville: December 3, 1997- 1:30 p.m. to 3:30 p.m. at Pellissippi State Technical Community  
College, Auditorium in J.L. Goins Administration Building

Jackson: December 5, 1997-10:00 a.m. to 12:00 p.m. at Jackson State Community College. Avery  
Auditorium

## EXPLANATION OF OPTIONAL PROVISIONS

<u>OPTION TYPE</u>	<u>DESCRIPTION</u>
002	<u>Limit Contributions to 5% of Salary</u> -Limits Group I members contribution to 5% and a Group II members contribution to 5.5%
003	<u>Allow Service Denied to Members After Age 70</u> -Allows members to establish retirement credit for time they were previously denied due to advanced age.
004	<u>Death Benefit For Surviving Spouse</u> -Allows a surviving spouse, if named as a beneficiary, to receive a reduced monthly benefit assuming date of death is date of retirement. The member must have had a minimum of ten (10) years creditable service in the TCRS at the time of death.
007	<u>Service Credit For Unused Sick Leave Days</u> -A participating employer may allow its employees to establish unused accumulated sick leave as retirement credit at the time of retirement. This service granted is twenty (20) days of unused accumulated sick leave equals a month of retirement credit.
010	<u>25 Year Early Retirement With Actuarial Reduction</u> -Allows employees who have twenty-five (25) years of creditable service in the TCRS to retire at any age. The benefit calculation will include two penalties. The first is a service penalty and the second is based on the member's age.
018	<u>Retirement Credit For Armed Conflict Military (1984)</u> -This option allows for active duty during a period of armed conflict (W.W.I, W.W.II, Korean Conflict and Vietnam Era) to be creditable in the TCRS. This service is free to the member and not to exceed an aggregate of four (4) years.
019	<u>Increase the Minimum Benefit For Retirees</u> -The automatic minimum benefit provision is \$7 per year of service per month. If this option is allowed; it increases the minimum benefit to \$8. This option typically benefits the popularly elected board members of a city or county and employees whose AFC is less than \$6,400.



- 027      Retirement Credit For Peacetime Military (1987)-Allows a portion of active duty military service rendered during a period designated as Peacetime to be purchased by the member.
- 030      Service Credit Temporary Work Related Disability-Allows an employee who was determined to be temporarily disabled and collected worker's compensation to establish that time for retirement purposes provided he returns to work with the same employer. The employee will also be required to make a backpayment of the contributions he would have made plus interest. The service granted is limited to one (1) year of credit per occurrence.
- 035      Five Year Vesting-Allows members to become vested in the TCRS with five (5) years of creditable service instead of ten (10) years.
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- 037      Persian Gulf Military-Allows a member to be eligible to establish service lost due to active duty served in the Persian Gulf War free of charge. This service must have interrupted his employment to be creditable. If the local government has not authorized this provision, the member is required to make a payment for this time. It is limited to a maximum of five (5) years.
- 041      Five Percent (5%) Benefit Improvement-Allows a members benefit to be increased by five percent (5%) upon retirement. If this provision is approved, it applies to all current and future retirees.
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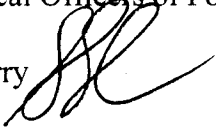
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TR-8350

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TO: Tennessee Consolidated Retirement System

FROM: Town of Mt. Carmel  
(Name of Employer)

SUBJECT: **New Employer Contribution Rate**

This is to acknowledge the new employer contribution rate to be effective July 1, 1998 through June 30, 2000. Check one box.

7.80% New Employer Contribution Rate

[Signature]  
Signature of Chief Administrative Officer

1-22-98  
Date

[Signature]  
Signature of Chief Payroll Officer

1-22-98  
Date

**NOTE:** The department codes listed on this form and on the actuarial balance sheet are codes for departments within your local government. It is your responsibility to notify these departments of the new rates.

88312

Return to: Shannon Cragg  
Tennessee Consolidated Retirement System  
10th Floor Andrew Jackson State Office Bldg.  
Nashville, Tennessee 37243-0230

TR4170