City of Darien
Police Pension Fund

Actuarial Valuation

As of May 1, 2026
Contributions Applicable to the Plan/
Fiscal Year Ending April 30, 2028

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

July 31, 2026

Board of Trustees
City of Darien Police Pension Fund

Re: City of Darien Police Pension Fund Actuarial Valuation Report

Dear Board,

This report details the annual actuarial valuation of the City of Darien Police Pension Fund as of May 1, 2026.

The valuation was performed to measure the plan's liability and funding levels and to determine the actuarially appropriate funding requirements for the plan year ending April 30, 2028. This report was prepared for use by the Board. Use of the results for other purposes may not be applicable and could produce significantly different results.

DATA AND ASSUMPTIONS

In preparing this report, we have relied on personnel and plan design supplied by the Board. Assets were determined based on audited financial reports supplied by the Board. In our opinion, the assumptions used in the valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated fund experience. Other sets of assumptions and methods could also be reasonable and could produce materially different results. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

DISCLOSURES AND LIMITATIONS

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law. Due to the limited scope of this report, we did not provide an analysis of these potential differences.

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. These measures, as provided, are appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities.

In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the costs. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

ACTUARIAL CERTIFICATION

The valuation has been conducted in accordance with all applicable laws and regulations, as well as generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board; specifically No. 4 for Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, No. 23 for Data Quality, No. 27 for Selection of Economic Assumptions for Measuring Pension Obligations, No. 35 for Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, No. 44, Selection and Use of Asset Valuation Methods for Pension Valuations, and No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations.

In our opinion, the Minimum Required Contribution set forth in this report constitutes a reasonable actuarially determined contribution under Actuarial Standard of Practice No. 4.

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

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

Respectfully submitted,

Foster & Foster, Inc.

Jason L. Franken

Jason L. Franken, FSA, EA, MAAA

Heidi Andorfer

Heidi E. Andorfer, FSA, EA, MAAA

TABLE OF CONTENTS

SUMMARY

The regular annual actuarial valuation of the City of Darien Police Pension Fund, performed as of May 1, 2026, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending April 30, 2028.

The contribution requirements, compared with those set forth in the May 1, 2025 actuarial report are as follows:

Valuation Date	5/1/2026	5/1/2025
Applicable to Fiscal Year Ending	4/30/2028	4/30/2027
FUNDED STATUS		
Total Actuarial Accrued Liability	$ 69,454,218	$ 68,633,171
Actuarial Value of Assets	41,987,882	39,306,184
Unfunded Actuarial Accrued Liability	$ 27,466,336	$ 29,326,987
Funded Ratio	60.5%	57.3%
CONTRIBUTION REQUIREMENTS		
Normal Cost	$ 976,937	$ 946,365
Administrative Expenses	47,388	60,255
Amortization Payment	2,451,472	2,492,111
Minimum Required Contribution	$ 3,475,797	$ 3,498,731
Member Contributions (Est)	(405,931)	(389,460)
City Required Contribution	$ 3,069,866	$ 3,109,271
CONTRIBUTION REQUIREMENTS (AS A PERCENTAGE OF PAYROLL)		
Normal Cost	23.8%	24.1%
Administrative Expenses	1.2%	1.5%
Amortization Payment	59.8%	63.4%
Minimum Required Contribution	84.8%	89.0%
Member Contributions (Est)	(9.9%)	(9.9%)
City Required Contribution	74.9%	79.1%

As you can see, the Total Recommended Contribution shows a decrease from the May 1, 2025 actuarial valuation report. The decrease is attributable to favorable plan experience. The decrease was offset in part by the natural increase in the amortization payment due to the payroll growth assumption.

Plan experience was favorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial gain included inactive mortality experience and an investment return of 7.38% (Actuarial Asset Basis) which exceeded the 6.80% assumption. These gains were offset in part by losses associated with more retirements than expected and an average salary increase of 5.85% which exceeded the 4.55% assumption.

CHANGES SINCE PRIOR VALUATION

PLAN CHANGES

There have been no plan changes since the prior valuation.

ACTUARIAL ASSUMPTION/METHOD CHANGES

There have been no assumption or method changes since the prior valuation.

VALUATION RESULTS

PRINCIPAL VALUATION RESULTS

Valuation Date		5/1/2026		5/1/2025
PARTICIPANT DATA				
Actives		33		32
Service Retirees		27		27
Beneficiaries		4		4
Disability Retirees		4		4
Terminated Vested		17		16
Total		85		83
Total Annual Payroll	$	4,096,180	$	3,929,966
Projected Annual Payroll		4,096,180		3,929,966
Annual Rate of Payments to:				
Service Retirees	$	2,922,198	$	2,815,965
Beneficiaries		271,837		271,837
Disability Retirees		246,934		243,617
Terminated Vested		43,718		43,718
ASSETS				
Actuarial Value (AVA)	$	41,987,882	$	39,306,184
Market Value (MVA)		47,799,007		38,934,634
LIABILITIES				
Present Value of Benefits				
Actives				
Retirement Benefits	$	25,546,197	$	25,886,671
Disability Benefits		2,064,787		1,994,943
Death Benefits		264,488		252,176
Vested Benefits		1,305,375		1,289,737
Service Retirees		42,412,313		40,852,757
Beneficiaries		2,391,772		2,461,009
Disability Retirees		3,135,785		3,152,128
Terminated Vested		449,950		450,078
Total	$	77,570,667	$	76,339,499

Valuation Date	5/1/2026	5/1/2025
LIABILITIES (CONTINUED)		
Present Value of Future Salaries	$ 40,109,437	$ 37,507,696
Present Value of Future Member Contributions	$ 3,974,845	$ 3,717,013
Normal Cost		
Retirement	$ 691,755	$ 679,417
Disability	123,390	117,847
Death	15,395	13,962
Vesting	84,195	74,884
Total Normal Cost	$ 914,735	$ 886,110
Present Value of Future Normal Costs (EAN)	$ 8,116,449	$ 7,706,328
Actuarial Accrued Liability (EAN AL)		
Actives		
Retirement	$ 19,246,840	$ 19,856,435
Disability	875,921	891,594
Death	104,361	110,208
Vesting	837,276	858,962
Inactives	48,389,820	46,915,972
Total Actuarial Accrued Liability	$ 69,454,218	$ 68,633,171
Unfunded Actuarial Accrued Liability (UAAL)	$ 27,466,336	$ 29,326,987
Funded Ratio (AVA / AL)	60.5%	57.3%

ACTUARIAL PRESENT VALUE OF ACCRUED BENEFITS

Valuation Date	5/1/2026	5/1/2025
Vested Accrued Benefits		
Inactives	$ 48,389,820	$ 46,915,972
Actives	7,018,472	7,622,638
Member Contributions	3,859,974	3,972,971
Total	$ 59,268,266	$ 58,511,581
Non-vested Accrued Benefits	630,520	415,957
Total Present Value Accrued Benefits (PVAB)	$ 59,898,786	$ 58,927,538
Funded Ratio (MVA / PVAB)	79.8%	66.1%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	$ 0	
Assumption Changes	0	
Plan Experience	620,955	
Benefits Paid	(3,536,537)	
Interest	3,886,830	
Other	0	
Total	$ 971,248	

Contribution Requirements

Valuation Date	5/1/2026	5/1/2025
Applicable to Fiscal Year Ending	4/30/2028	4/30/2027
CALCULATION OF CONTRIBUTION REQUIREMENT [1]		
Normal Cost	$ 976,937	$ 946,365
% of Total Annual Payroll	23.8%	24.1%
Administrative Expenses	47,388	60,255
% of Total Annual Payroll	1.2%	1.5%
UAAL Amortization Payment	2,451,472	2,492,111
% of Total Annual Payroll	59.8%	63.4%
Total Recommended Contribution	$ 3,475,797	$ 3,498,731
% of Total Annual Payroll	84.8%	89.0%
Expected Member Contributions	(405,931)	(389,460)
% of Total Annual Payroll	(9.9%)	(9.9%)
Expected City Contribution	$ 3,069,866	$ 3,109,271
% of Total Annual Payroll	74.9%	79.1%

PAST CONTRIBUTIONS FOR PLAN YEAR ENDING 4/30/2026	
Total Recommended Contribution	$ 3,373,928
City	2,971,285
Actual Contributions Made:	
Members (excluding buyback)	402,643
City	2,966,676
Total	$ 3,369,319

[1] Contributions developed as of 5/1/2026 displayed above have been adjusted to account for assumed interest.

RECONCILIATION OF CHANGES IN CONTRIBUTION REQUIREMENT

Valuation Date		5/1/2026
Contribution Determined, Prior Year	$	3,109,271
Summary of Contribution Impact by Component		
Change in Normal Cost		30,572
Change in Assumed Administrative Expense		(12,867)
Investment Return (Actuarial Asset Basis)		(20,309)
Salary Increases		32,281
Active Decrements		32,838
Inactive Mortality		(153,544)
Contributions (More) or Less than Recommended		425
Increase in Amortization Payment Due to Payroll Growth Assumption		80,994
Change in Expected Member Contributions		(16,471)
Other		(13,324)
Total Change in Contribution	$	(39,405)
Contribution Determined, Current Year	$	3,069,866

OTHER INFORMATION

ILLUSTRATION OF AMORTIZATION OF THE TOTAL UNFUNDED ACTUARIAL ACCRUED LIABILITY

Year	Projected Unfunded Actuarial Accrued Liability
2026	27,466,336
2027	26,882,575
2028	26,179,445
2031	23,242,659
2035	16,905,876
2038	9,775,542
2041	0

5-YEAR COMPARISON OF ACTUAL AND ASSUMED SALARY INCREASES

Year Ended	Actual	Assumed
4/30/2026	5.85%	4.55%
4/30/2025	5.48%	4.83%
4/30/2024	4.98%	4.97%
4/30/2023	6.68%	5.26%
4/30/2022	5.25%	5.62%

5-YEAR COMPARISON OF INVESTMENT RETURNS ON MARKET VALUE AND ACTUARIAL VALUE OF ASSETS

Year Ended	Market Value	Actuarial Value	Assumed
4/30/2026	23.37%	7.38%	6.80%
4/30/2025	9.79%	6.60%	6.80%
4/30/2024	9.71%	4.98%	7.00%
4/30/2023	1.92%	4.48%	7.00%
4/30/2022	-8.23%	6.43%	7.00%

ACTUARIAL (GAIN)/LOSS

DEVELOPMENT OF ACTUARIAL (GAIN)/LOSS

	Actuarial Accrued Liability	Actuarial Valuation of Assets	Unfunded Actuarial Accrued Liability
Actual, Beginning of Year	$ 68,633,171	$ 39,306,184	$ 29,326,987
Total Normal Cost	886,110		886,110
Benefit Payments	(3,536,537)	(3,536,537)	0
Administrative Expenses		(44,371)	44,371
Employer Contribution		2,966,676	(2,966,676)
Member Contribution	0	402,643	(402,643)
Interest	4,609,046	2,665,745	1,943,301
Expected, End of Year	$ 70,591,790	$ 41,760,340	$ 28,831,450
Actual, End of Year (before changes)	69,454,218	41,987,882	27,466,336
Actuarial (Gain)/Loss	$ (1,137,572)	$ (227,542)	$ (1,365,114)

SUMMARY OF COMPONENTS OF (GAIN)/LOSS

Investment Return (Actuarial Asset Basis)	$ (227,542)
Salary Increases	361,680
Active Decrements	367,919
Inactive Mortality	(1,720,310)
Other	(146,861)
Change due to Actuarial (Gain)/Loss	$ (1,365,114)

UNFUNDED ACTUARIAL ACCRUED LIABILITY

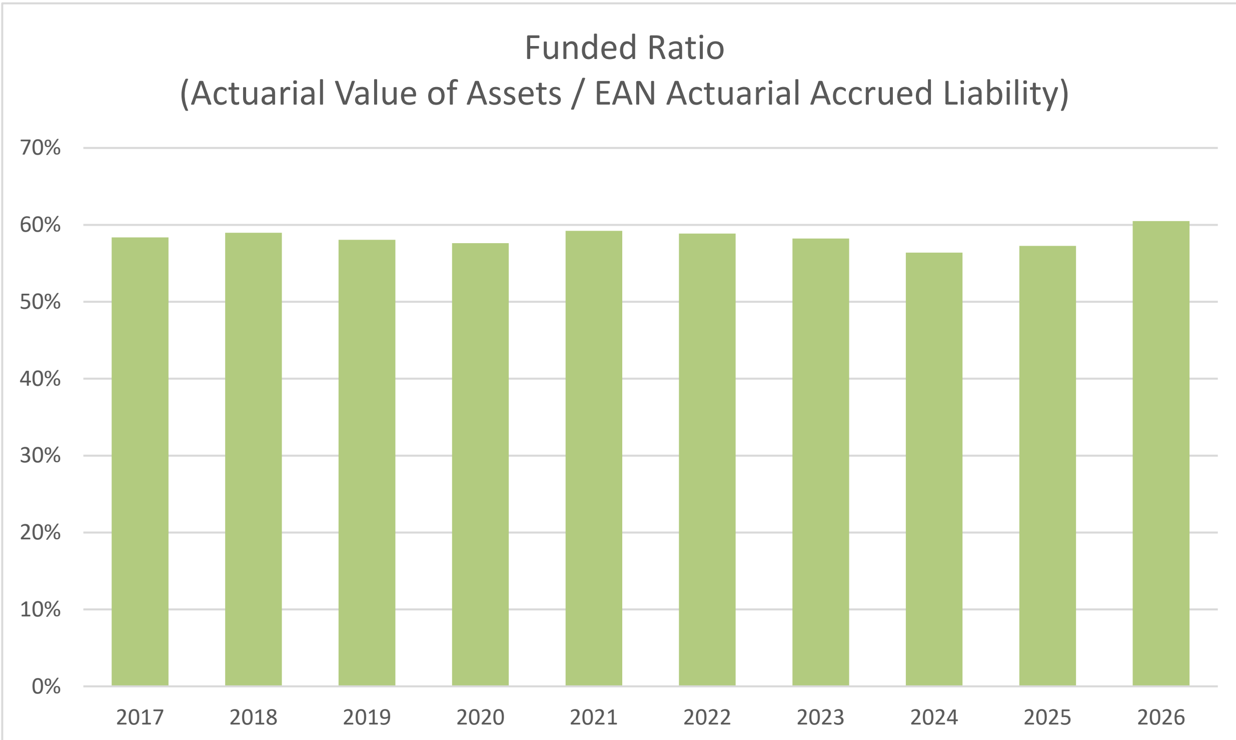
DEVELOPMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

Unfunded Actuarial Accrued Liability as of May 1, 2025	$	29,326,987
Expected Unfunded Actuarial Accrued Liability as of April 30, 2026	$	28,831,450
Change to UAAL due to Assumption/Method Change		0
Change to UAAL due to Actuarial (Gain)/Loss		(1,365,114)
Unfunded Accrued Liability as of May 1, 2026	$	27,466,336
UAAL Subject to Amortization (100% AAL less Actuarial Assets)	$	27,466,336

AMORTIZATION PAYMENT

	Date Established	Years Remaining	Current Balance	Payment
UAAL	5/1/2026	15	27,466,336	2,295,386

HISTORY OF FUNDING PROGRESS



PROJECTION OF BENEFIT PAYMENTS

Year	Payments for Current Actives	Payments for Current Inactives	Total Payments
2026	54,262	3,475,833	3,530,095
2027	97,840	3,475,234	3,573,074
2028	170,815	3,542,458	3,713,273
2029	298,464	3,615,086	3,913,550
2030	441,311	3,671,571	4,112,882
2031	584,455	3,722,445	4,306,900
2032	750,883	3,766,749	4,517,632
2033	951,446	3,803,477	4,754,923
2034	1,151,407	3,831,625	4,983,032
2035	1,335,879	3,867,288	5,203,167
2036	1,544,693	3,875,958	5,420,651
2037	1,748,615	3,873,574	5,622,189
2038	1,943,507	3,859,664	5,803,171
2039	2,124,295	3,859,472	5,983,767
2040	2,283,713	3,822,461	6,106,174
2041	2,463,997	3,773,531	6,237,528
2042	2,658,280	3,712,717	6,370,997
2043	2,868,077	3,640,085	6,508,162
2044	3,060,587	3,555,789	6,616,376
2045	3,225,212	3,460,268	6,685,480
2046	3,372,721	3,354,092	6,726,813
2047	3,553,805	3,237,374	6,791,179
2048	3,719,066	3,110,889	6,829,955
2049	3,897,387	2,975,709	6,873,096
2050	4,085,319	2,833,047	6,918,366
2051	4,294,755	2,684,218	6,978,973
2052	4,482,963	2,530,581	7,013,544
2053	4,632,633	2,373,645	7,006,278
2054	4,757,129	2,215,041	6,972,170
2055	4,867,240	2,056,535	6,923,775
2056	4,985,065	1,899,969	6,885,034
2057	5,108,809	1,747,035	6,855,844
2058	5,206,605	1,599,255	6,805,860
2059	5,280,920	1,457,800	6,738,720
2060	5,339,202	1,323,398	6,662,600
2061	5,380,973	1,196,454	6,577,427
2062	5,406,003	1,077,204	6,483,207
2063	5,412,901	965,599	6,378,500
2064	5,401,061	861,439	6,262,500
2065	5,369,831	764,580	6,134,411

ASSET INFORMATION

STATEMENT OF FIDUCIARY NET POSITION

	Market Value 05/01/2026
ASSETS	
Cash and Cash Equivalents:	
Checking Account	15,024
Money Market	335,747
Total Cash and Equivalents	$ 350,771
RECEIVABLES	
Prepaids	550
Total Receivable	$ 550
INVESTMENTS	
Pooled/Common/Commingled Funds:	47,449,846
Total Investments	$ 47,449,846
TOTAL ASSETS	$ 47,801,167
LIABILITIES	
Payables:	
Miscellaneous	2,160
Total Liabilities	$ 2,160
NET POSITION RESTRICTED FOR PENSIONS	$ 47,799,007

Statement of Changes in Fiduciary Net Position

		Year-Ended 05/01/2026
Additions		
Contributions:		
Member	$	402,643
Employer		2,966,676
Total Contributions	$	3,369,319
Investment Income:		
Miscellaneous Income	$	9,792
Net Realized Gain (Loss)		1,478,795
Unrealized Gain (Loss)		7,388,651
Net Increase in Fair Value of Investments	$	8,877,238
Interest & Dividends		243,993
Less Investment Expense[1]		(45,269)
Net Investment Income	$	9,075,962
Total Additions	$	12,445,281
Deductions		
Distributions to Members:		
Benefit Payments	$	3,429,344
Refunds of Member Contributions		107,193
Total Distributions	$	3,536,537
Administrative Expense	$	44,371
Total Deductions	$	3,580,908
Net Increase in Net Position	$	8,864,373
Net Position Restricted for Pensions		
Beginning of the Year	$	38,934,634
End of the Year	$	47,799,007

[1]Investment related expenses include investment advisory, custodial and performance monitoring fees.

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

	5/1/2026
ACTUARIAL VALUE OF ASSETS	
Market Value of Assets	$ 47,799,007
Total Deferred Investment (Gains)/Losses	(5,811,125)
Preliminary Actuarial Value of Assets	$ 41,987,882
Limited Actuarial Value of Assets (20% corridor)	$ 41,987,882
DEVELOPMENT OF INVESTMENT (GAIN)/LOSS	
Market Value of Assets, Prior Year	$ 38,934,634
Contributions	3,369,319
Benefit Payments	(3,536,537)
Administrative Expenses	(44,371)
Expected Investment Earnings	2,640,479
Actual Net Investment Earnings	(9,075,962)
2026 Actuarial Investment (Gain)/Loss	$ (6,435,483)

DEFERRED INVESTMENT (GAINS)/LOSSES

Year Ended	(Gain)/Loss	Percentage Deferred	Deferred (Gain)/Loss
4/30/2026	(6,435,483)	80%	(5,148,386)
4/30/2025	(1,063,509)	60%	(638,105)
4/30/2024	(887,737)	40%	(355,096)
4/30/2023	1,652,310	20%	330,462
4/30/2022	5,470,380	0%	0
Total Deferred Investment (Gains)/Losses			(5,811,125)

APPROXIMATE RATES OF RETURN

Basis	Rate of Return
Actuarial Valuation of Assets	7.38%
Market Value of Assets	23.37%

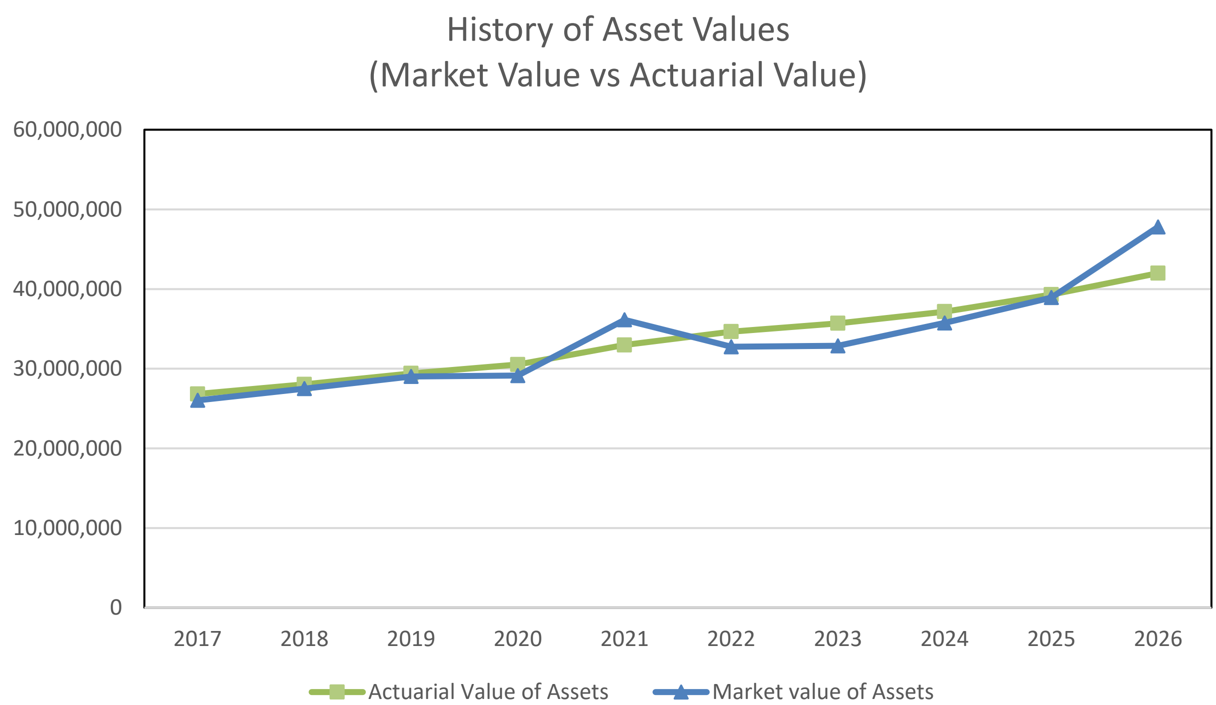
CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

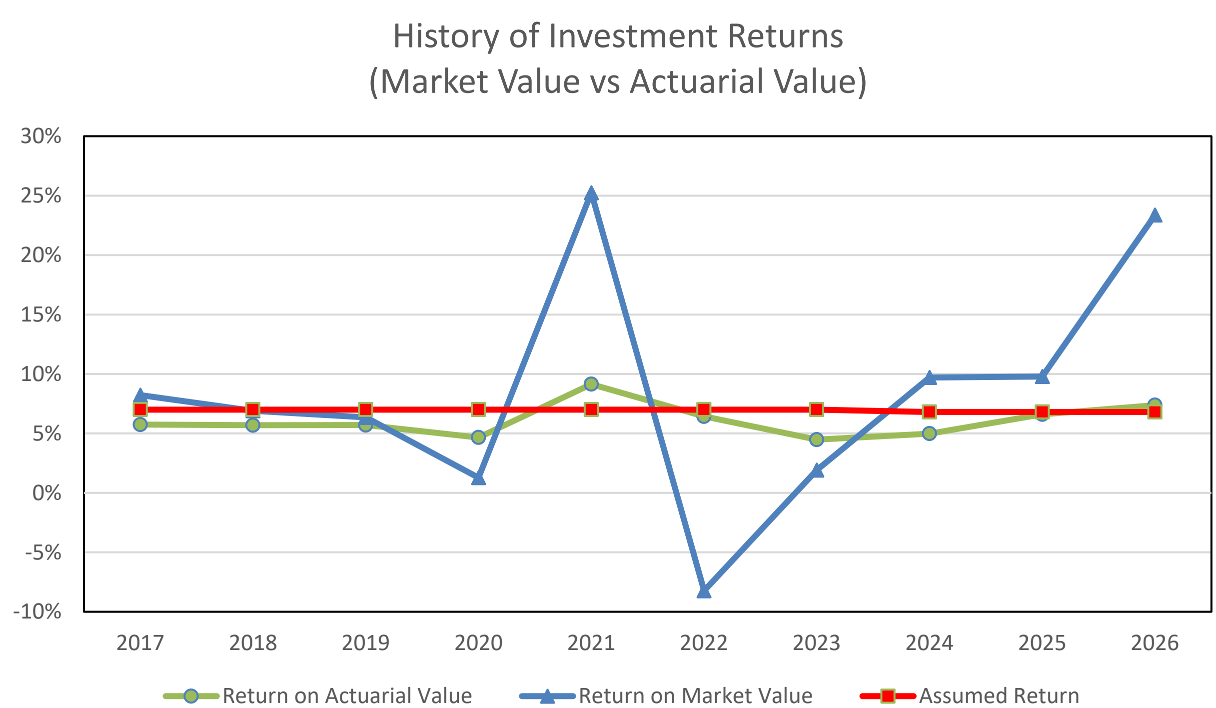
		Year Ended 5/1/2026
ADDITIONS		
Contributions:		
Member	$	402,643
Employer		2,966,676
Total Contributions	$	3,369,319
Earnings from Investments:		
Interest & Dividends	$	243,993
Miscellaneous Income		9,792
Net Realized Gain (Loss)		1,478,795
Unrealized Gain (Loss)		7,388,651
Change in Actuarial Value		(6,182,675)
Total Earnings and Investment Gains	$	2,938,556
DEDUCITIONS		
Distributions to Members:		
Benefit Payments	$	3,429,344
Refunds of Member Contributions		107,193
Total Distributions	$	3,536,537
Expenses:		
Investment related[1]	$	45,269
Administrative		44,371
Total Expenses	$	89,640
CHANGE IN NET ASSETS FOR THE YEAR	$	2,681,698
NET ASSETS		
Beginning of the Year	$	39,306,184
End of the Year[2]	$	41,987,882

[1]Investment related expenses include investment advisory, custodial and performance monitoring fees.
[2]Net Assets may be limited for actuarial consideration.

HISTORY OF FUNDING PROGRESS

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS





PARTICIPANT STATISTICS

STATISTICAL DATA

Valuation Date	5/1/2026	5/1/2025	5/1/2024	5/1/2023
ACTIVES - TIER 1				
Number	14	16	17	17
Average Current Age	46.3	46.2	45.5	44.5
Average Age at Employment	24.6	24.8	24.9	24.9
Average Past Service	21.7	21.3	20.6	19.6
Average Annual Salary	$143,064	$135,285	$130,749	$126,221
ACTIVES - TIER 2				
Number	19	16	18	15
Average Current Age	35.1	35.4	34.2	33.8
Average Age at Employment	29.2	29.1	29.2	28.9
Average Past Service	5.9	6.3	5.0	4.9
Average Annual Salary	$110,173	$110,338	$101,362	$98,876
SERVICE RETIREES				
Number	27	27	26	24
Average Current Age	66.9	66.8	66.4	66.3
Average Annual Benefit	$108,230	$104,295	$101,774	$103,249
BENEFICIARIES				
Number	4	4	4	4
Average Current Age	73.2	72.2	71.2	70.2
Average Annual Benefit	$67,959	$67,959	$67,959	$67,959
DISABILITY RETIREES				
Number	4	4	4	4
Average Current Age	63.3	62.3	61.3	60.3
Average Annual Benefit	$61,734	$60,904	$54,966	$52,436
TERMINATED VESTED				
Number	17	16	13	15
Average Current Age	38.8	48.1	39.5	40.6
Average Annual Benefit [1]	$21,859	$21,859	$21,859	$28,658

[1] Average Annual Benefit for Terminated Vested members reflects the benefit for members entitled to a future annual benefit from the plan.

Age and Service Distribution

	PAST SERVICE											
AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	1	0	0	0	0	0	0	0	0	0	0	1
25 - 29	2	0	0	0	0	0	0	0	0	0	0	2
30 - 34	2	0	0	0	0	4	1	0	0	0	0	7
35 - 39	0	0	1	0	0	2	1	0	0	0	0	4
40 - 44	0	0	0	0	0	2	1	4	1	0	0	8
45 - 49	0	0	0	0	0	1	1	1	6	0	0	9
50 - 54	0	0	0	0	0	0	0	0	1	1	0	2
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	5	0	1	0	0	9	4	5	8	1	0	33

PARTICIPANT RECONCILIATION

	Actives	Members Receiving Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested	Total
Number, prior valuation	32	27	4	4	16	83
New Entrants / Rehires	5	0	0	0	0	5
Retired	(2)	2	0	0	0	0
Vested Deferred	(1)	0	0	0	1	0
Death, With Survivor	0	0	0	0	0	0
Death, No Survivor	0	(2)	0	0	0	(2)
Disabled	0	0	0	0	0	0
Refund of Contributions or Transferred Service to Other Fund	(1)	0	0	0	(1)	(2)
Expired Annuities	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
Hired/Termed in Same Year	0	0	0	0	1	1
Number, current valuation	33	27	4	4	17	85

ACTUARIAL ASSUMPTIONS AND METHODS

Interest Rate

6.80% per year compounded annually, net of investment related expenses.

Mortality Rate

Active Lives:
PubS-2010 Employee mortality, unadjusted, with generational improvements with the most recent projection scale (currently Scale MP-2021). 10% of active deaths are assumed to be in the line of duty.

Inactive Lives:
PubS-2010 Healthy Retiree mortality, adjusted by a factor of 1.15 for male retirees and unadjusted for female retirees, with generational improvements with the most recent projection scale (currently Scale MP-2021).

Beneficiaries:
PubS-2010 Survivor mortality, unadjusted for male beneficiaries and adjusted by a factor of 1.15 for female beneficiaries, with generational improvements with the most recent projection scale (currently Scale MP-2021).

Disabled Lives:
PubS-2010 Disabled mortality, adjusted by a factor of 1.08 for male disabled members and unadjusted for female disabled members, with generational improvements with the most recent projection scale (currently Scale MP-2021).

The mortality assumptions sufficiently accommodate anticipated future mortality improvements.

Retirement Age

Rates are based on a 2022 experience study performed for the Illinois Police Officers' Pension Investment Fund.

% Retiring During Year (Tier 1)		% Retiring During Year (Tier 2)	
Age	Rate	Age	Rate
50-54	20%	50-54	5%
55-62	25%	55	40%
63	33%	56-62	25%
64	40%	63	33%
65-69	55%	64	40%
70+	100%	65-69	55%

% Retiring During Year (Tier 1)		% Retiring During Year (Tier 2)	
Age	Rate	Age	Rate
		70+	100%

Disability Rate

60% of the disabilities are assumed to be in the line of duty. Rates are based on a 2022 experience study performed for the Illinois Police Officers' Pension Investment Fund.

% Becoming Disabled During Year			
Age	Rate	Age	Rate
20	0.000%	45	0.561%
25	0.029%	50	0.675%
30	0.133%	55	0.855%
35	0.247%	60	1.093%
40	0.399%		

Termination Rate

Rates are based on a 2022 experience study performed for the Illinois Police Officers' Pension Investment Fund.

% Terminating During Year			
Service	Rate	Service	Rate
0	13.00%	8	3.00%
1	8.00%	9	2.50%
2	7.00%	10	2.25%
3	6.00%	11	2.00%
4	5.00%	12	1.75%
5	4.50%	13	1.50%
6	4.00%	14+	1.25%
7	3.50%		

Inflation

2.50%.

Cost-of-Living Adjustment

Tier 1: 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55.

Tier 2: 1.25% per year after the later of attainment of age 60 or first anniversary of retirement.

Salary Increases

Rates inclusive of inflation. This is based on a 2022 experience study performed for the Illinois Police Officers' Pension Investment Fund.

Salary Scale			
Service	Rate	Service	Rate
0	11.00%	5	6.00%
1	9.50%	6	5.00%
2	8.00%	7-11	4.00%
3	7.50%	12-29	3.75%
4	7.00%	30+	3.50%

Marital Status

80% of Members are assumed to be married.

Spouse's Age

Males are assumed to be three years older than females.

Funding Method

Entry Age Normal Cost Method.

Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.
The normal cost accrual rate equals:

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

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

In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future.

Under this method, the entry age used for each active participant is

	the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.
Actuarial Asset Method	Investment gains and losses are smoothed over a 5-year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of the Market Value of Assets.
Funding Policy Amortization Method	The UAAL is amortized according to a Level Percentage of Payroll method over a period ending in 2041. The initial amortization amount is 100% of the Accrued Liability less the Actuarial Value of Assets.
Total Required Contribution	Equal to the Normal Cost plus Administrative Expenses plus an amount sufficient to amortize the Unfunded Accrued Liability as defined by the Funding Policy Amortization Method. The required amount is adjusted for interest according to the timing of contributions during the year.
Payroll Growth	3.25% per year.
Administrative Expenses	Expenses paid out of the fund other than investment-related expenses are assumed to be equal to those paid in the previous year.

PLAN PROVISIONS

Article 3 Pension Fund	The Plan is established and administered as prescribed by "Article 3. Police Pension Fund – Municipalities 500,000 and Under" of the Illinois Pension Code.
Plan Administration	The Plan is a single employer defined benefit pension plan administered by a Board of Trustees comprised of: a.) Two members appointed by the Municipality, b.) Two active Members of the Police Department elected by the Membership, and c.) One retired Member of the Police Department elected by the Membership.
Credited Service	Complete years of service as a sworn police officer employed by the Municipality.

Normal Retirement

Date	**Tier 1**: Age 50 and 20 years of Credited Service. **Tier 2:** Age 55 with 10 years of Credited Service.
Benefit	**Tier 1**: 50% of annual salary attached to rank on last day of service plus 2.50% of annual salary for each year of service over 20 years, up to a maximum of 75% of salary. The minimum monthly benefit is $1,000 per month. **Tier 2**: 2.50% per year of service times the average salary for the 48 consecutive months of service within the last 60 months of service in which the total salary was the highest prior to retirement times the number of years of service, up to a maximum of 75% of average salary. The minimum monthly benefit is $1,000 per month. For Tier 2 participants, the salary is capped at a rate of $106,800 as of 2011, indexed annually at a rate of CPI-U, but not to exceed 3.00%.
Form of Benefit	**Tier 1**: For married retirees, an annuity payable for the life of the Member; upon the death of the member, 100% of the Member's benefit payable to the spouse until death. For unmarried retirees, the normal form is a Single Life Annuity.

	Tier 2: Same as above, but with 66 2/3% of benefit continued to spouse.
Early Retirement	
Date	**Tier 1**: Age 60 and 8 years of Credited Service. **Tier 2**: Age 50 with 10 years of Credited Service.
Benefit	**Tier 1**: Normal Retirement benefit with no minimum. **Tier 2**: Normal Retirement benefit reduced 6.00% each year before age 55, with no minimum benefit.
Form of Benefit	Same as Normal Retirement.
Disability Benefit	
Eligibility	Total and permanent as determined by the Board of Trustees.
Benefit Amount	A maximum of: a.) 65% of salary attached to the rank held by Member on last day of service, and; b.) The monthly retirement pension that the Member is entitled to receive if he or she retired immediately. For non-service connected disabilities, a benefit of 50% of salary attached to rank held by Member on last day of service.
Cost-of-Living Adjustment	**Tier 1**: Retirees: An annual increase equal to 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55. Disabled Retirees: An annual increase equal to 3.00% per year of the original benefit amount beginning at age 60. Those that become disabled prior to age 60 receive an increase of 3.00% of the original benefit amount for each year since benefit commencement upon reaching age 60.

	Tier 2: An annual increase each January 1 equal to 3.00% per year or one-half of the annual unadjusted percentage increase in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the original pension after the attainment of age 60 or first anniversary of pension start date whichever is later.
Pre-Retirement Death Benefit	
Service Incurred	100% of salary attached to rank held by Member on last day of service.
Non-Service Incurred	A maximum of: a.) 54% of salary attached to the rank held by Member on last day of service, and; b.) The monthly retirement pension earned by the deceased Member at the time of death, regardless of whether death occurs before or after age 50. For non-service deaths with less than 10 years of service, a refund of member contributions is provided.
Vesting (Termination)	
Vesting Service Requirement	**Tier 1**: 8 years. **Tier 2**: 10 years.
Non-Vested Benefit	Refund of Member Contributions.
Vested Benefit	Either the termination benefit, payable upon reaching age 60 (55 for Tier 2), provided contributions are not withdrawn, or a refund of member contributions. The termination benefit is 2.50% of annual salary held in the year prior to termination (4-year final average salary for Tier 2) times creditable service.
Contributions	
Employee	9.91% of Salary.
Municipality	Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability.

SUPPLEMENTARY INFORMATION

GLOSSARY

Accrued Benefit	The benefit earned as of a specific date based on the provisions of the plan and the member's age, service, and salary as of that date.
Actuarial Accrued Liability	The portion of the anticipated future benefits allocated to years prior to the valuation date determined according to the plan's Actuarial Cost Method.
Actuarial Value of Assets	The asset value used in the valuation to determine contribution requirements. It represents the plan's Market Value of Assets (see below), with adjustments according to the plan's Actuarial Asset Method. These adjustments produce a "smoothed" value that is likely to be less volatile from year to year than the Market Value of Assets.
Actuarial Assumptions	Assumptions regarding the occurrence of future events affecting plan costs. These assumptions include rates of investment earnings, changes in compensation, rates of mortality, withdrawal, disablement, and retirement as well as statistics related to marriage and family composition.
Actuarial Cost Method	A method of determining the portion of the cost of a plan to be allocated to each year; sometimes referred to as the "actuarial funding method." Each cost method allocates a certain portion of the actuarial present value of benefits between the Actuarial Accrued Liability and future normal costs to ensure the plan is adequately and systematically funded.
Actuarial Gain or Loss	The change in Unfunded Actuarial Accrued Liability resulting from experience different from Actuarial Assumptions. Gains decrease the Unfunded Actuarial Accrued Liability and losses increase the Unfunded Actuarial Accrued Liability.

Actuarial Present Value	The estimated amount of funds required as of a specified date to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payments between the specified date and the expected date of payment.
Amortization Payment	The portion of the plan contribution designated to pay interest and reduce the outstanding principal balance of Unfunded Actuarial Accrued Liability. If the amortization payment is less than the accrued interest on the Unfunded Actuarial Accrued Liability the outstanding principal balance will increase.
Decrements	Events which result in the termination of membership in the system such as retirement, disability, withdrawal, or death.
Funded Ratio	A measure of the ratio of the plan assets to liabilities of the system. Typically, the assets used in the measure are the Actuarial Value of Assets as determined by the asset valuation method. The Funded Ratio depends not only on the financial strength of the plan but also on the asset valuation method used to determine the assets and on the Actuarial Cost Method used to determine the liabilities.
Interest Rate	The assumed long-term rate of return on plan assets.
Market Value of Assets	The fair market value of plan assets as of the valuation date.
Normal Cost	The portion of the Actuarial Present Value of Benefits allocated to the current year determined according to the plan's Actuarial Cost Method.
Present Value of Benefits	The single sum value on the valuation date of all future benefits to be paid to current plan participants.
Projected Annual Payroll	The salary expected for the year after the valuation date, excluding members over the 100% assumed retirement age.

Projected Benefits	The benefits expected to be paid in the future based on the provisions of the plan and the Actuarial Assumptions. The projected values are based on anticipated future advancement in age and accrual of service as well as increases in salary paid to the participant.
Total Annual Payroll	The salary expected for the year after the valuation date.
Ultimate Cost	The total cost to the plan once the last benefit has been paid. The Ultimate Cost equals Benefit Payments Plus: Expenses Less: Investment Income The Ultimate Cost is independent of the Actuarial Cost Method selected.
Unfunded Actuarial Accrued Liability	The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.
Vested Benefit	Benefits members are entitled to regardless of employment status.

DISCUSSION OF RISK

ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Throughout this report, actuarial results are determined under various assumption scenarios. These results are based on the premise that all future plan experience will align with the plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. It is possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the current-year financial impact on the plan's unfunded liability of the experience differing from assumptions; this gain or loss is amortized over a period of time determined by the plan's amortization method. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's amortization payment could potentially grow to an unmanageable level.

- <u>Investment Return</u>: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.

- <u>Salary Increases</u>: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.

- <u>Payroll Growth</u>: The plan's payroll growth assumption, if one is used, causes a predictable annual increase in the plan's amortization payment in order to produce an amortization payment that remains constant as a percentage of payroll if all assumptions are realized. If payroll does not increase according to the plan's payroll growth assumption, the plan's amortization payment can increase significantly as a percentage of payroll even if all assumptions other than the payroll growth assumption are realized.

- Demographic Assumptions: Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

- Contribution Risk: This risk results from the potential that actual employer contributions may deviate from actuarially determined contributions, which are determined in accordance with the Board's funding policy. The funding policy is intended to result in contribution requirements that if paid when due, will result in a reasonable expectation that assets will accumulate to be sufficient to pay plan benefits when due. Contribution deficits, particularly large deficits and those that occur repeatedly, increase future contribution requirements and put the plan at risk for not being able to pay plan benefits when due.

IMPACT OF PLAN MATURITY ON RISK

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, plans with a large amount of retired liability do not have as long of a time horizon to recover from losses (such as losses on investments due to lower than expected investment returns) as plans where the majority of the liability is attributable to active members. For this reason, less tolerance for investment risk may be warranted for highly mature plans with a substantial inactive liability. Similarly, mature plans paying substantial retirement benefits resulting in a small positive or net negative cash flow can be more sensitive to near term investment volatility, particularly if the size of the fund is shrinking, which can result in less assets being available for investment in the market.

To assist with determining the maturity of the plan, we have provided some relevant metrics in the table following titled "Plan Maturity Measures and Other Risk Metrics". Highlights of this information are discussed below:

- The Support Ratio, determined as the ratio of active to inactive members, has stayed about the same from May 1, 2023 to May 1, 2026, indicating that the plan's maturity level has not significantly changed during the period.

- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 69.7%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors will need to be made up for over a shorter time horizon than would be needed for a less mature plan.

- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has increased from 58.2% on May 1, 2023 to 60.5% on May 1, 2026.

- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, increased from -1.5% on May 1, 2023 to -0.4% on May 1, 2026. The current Net Cash Flow Ratio of -0.4% indicates that contributions are not currently covering the plan's benefit payments and administrative expenses.

LOW DEFAULT-RISK OBLIGATION MEASURE

ASOP No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, was revised as of December 2021 to include a "low-default-risk obligation measure" (LDROM). This liability measure is consistent with the determination of the actuarial accrued liability shown on page 8 in terms of member data, plan provisions, and assumptions/methods, including the use of the Entry Age Normal Cost Method, except that the interest rate is tied to low-default-risk fixed income securities. The S&P Municipal Bond 20 Year High Grade Rate Index (daily rate closest to, but not later than, the measurement date) was selected to represent a current market rate of low risk but longer-term investments that could be included in a low-risk asset portfolio. The interest rate used in this valuation was 4.42% resulting in an LDROM of $96,314,564. The LDROM should not be considered the "correct" liability measurement; it simply shows a possible outcome if the Board elected to hold a very low risk asset portfolio. Given that plan benefits are paid over time through the combination of contributions and investment returns, prudent investments selected by the Board help to balance asset accumulation through these two sources.

It is important to note that the actuary has identified the risks above as the most significant risks based on the characteristics of the plan and the nature of the project, however, it is not an exhaustive list of potential risks that could be considered. Additional advanced modeling, as well as the identification of additional risks, can be provided at the request of the audience addressed on page 2 of this report.

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	5/1/2026	5/1/2025	5/1/2024	5/1/2023
SUPPORT RATIO				
Total Actives[1]	33	32	35	32
Total Inactives[1]	37	37	36	36
Actives / Inactives	89.2%	86.5%	97.2%	88.9%
ASSET VOLATILITY RATIO				
Market Value of Assets (MVA)	47,799,007	38,934,634	35,749,975	32,873,737
Total Annual Payroll	4,096,180	3,929,966	4,047,249	3,628,898
MVA / Total Annual Payroll	1,166.9%	990.7%	883.3%	905.9%
ACCRUED LIABILITY (AL) RATIO				
Inactive Accrued Liability	48,389,820	46,915,972	44,770,178	43,236,757
Total Accrued Liability	69,454,218	68,633,171	65,907,379	61,309,248
Inactive AL / Total AL	69.7%	68.4%	67.9%	70.5%
FUNDED RATIO				
Actuarial Value of Assets (AVA)	41,987,882	39,306,184	37,161,612	35,693,069
Total Accrued Liability	69,454,218	68,633,171	65,907,379	61,309,248
AVA / Total Accrued Liability	60.5%	57.3%	56.4%	58.2%
NET CASH FLOW RATIO				
Net Cash Flow [2]	(211,589)	(299,822)	(302,088)	(505,387)
Market Value of Assets (MVA)	47,799,007	38,934,634	35,749,975	32,873,737
Ratio	(0.4%)	(0.8%)	(0.8%)	(1.5%)

[1] Excludes terminated participants awaiting a refund of member contributions.

[2] Determined as total contributions minus benefit payments and administrative expenses.