

CITY OF ORLANDO GENERAL EMPLOYEES' PENSION FUND
EXPERIENCE STUDY FOR THE PERIOD
OCTOBER 1, 2009 TO SEPTEMBER 30, 2014

September 30, 2015

The Board of Trustees
City of Orlando General Employees' Pension Fund
Orlando, Florida

Dear Board Members:

The results of the *actuarial investigation of experience* of the City of Orlando General Employees' Pension Fund for the period October 1, 2009 to September 30, 2014 are presented in this report. The investigation was conducted for the purpose of updating the actuarial assumptions used in valuing the actuarial liabilities of the City of Orlando General Employees' Pension Fund. Any decisions based on information presented in this report should be made by stakeholders who are familiar with the operation of the Pension Fund and who have read and understood the separate combined actuarial valuation report as of September, 30 2014, dated March 10, 2015.

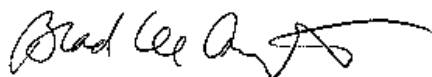
The investigation was based upon the statistical data furnished for annual active member and retired life actuarial valuations concerning members who died, withdrew, became disabled or retired.

The investigation covered the period October 1, 2009 to September 30, 2014 and was carried out using generally accepted actuarial principles and techniques.

We believe that the actuarial assumptions recommended in this investigation report represent individually reasonable estimates of future experience of the City of Orlando General Employees' Pension Fund.

Brad L. Armstrong and David T. Kausch are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.

Respectfully submitted,



Brad Lee Armstrong, ASA, EA, FCA, MAAA



David T. Kausch, FSA, EA, FCA, MAAA

BLA/DTK:ah

SECTION A

OVERVIEW

EXPERIENCE STUDY - INTRODUCTION

Each year as of September 30th, the actuarial liabilities of the Pension Fund are valued. In order to perform the valuation, assumptions must be made regarding the future experience of the Pension Fund with regard to the following risk areas:

- Rates of **withdrawal** of active members.
- Rates of **disability** among active members.
- Patterns of **salary increases** to active members.
- Rates of **retirement** among active members.
- Rates of **mortality** among active members, retirants, and beneficiaries.
- Long-term rates of **investment return** to be generated by the assets of the Pension Fund.

Assumptions should be carefully chosen and continually monitored. An unrealistic set of assumptions can lead to:

- Understated costs resulting in either an inability to pay benefits when due, or sharp increases in required contributions at some point in the future; and
- Overstated costs resulting in either benefit levels that are kept below the level that could be supported by the computed rate, or an unnecessarily large burden on the current generation of members, employers and taxpayers.

A single set of assumptions will not be suitable indefinitely. Things change, and our understanding of things (whether or not they are changing) also changes. The package of assumptions is then adjusted to reflect basic experience trends -- but not random year to year fluctuations.

No single experience period should be given full credibility in the setting of actuarial valuation assumptions. When we see significant differences between what is expected from our assumptions and actual experience, our strategy in recommending a change in assumptions is usually to select rates that would produce results somewhere between the actual and expected experience based on the present assumptions. In this way, with each experience study the actuarial assumptions become better and better representations of actual experience. Temporary conditions that might influence a particular experience study period will not unduly influence the choice of long-term assumptions. An exception to this is where actual experience is insufficient to experience rate (statistically insignificant), such as mortality experience.

We are recommending certain changes in assumptions. The various assumption changes and their impact on the required contribution are described on the following pages.

EXPERIENCE STUDY - SUMMARY OF FINDINGS

Demographic Assumptions

All demographic assumptions are expectations of future experience. The rationale for the proposed demographic assumptions is based on the experience analysis in this study period, consideration of the assumption changes made in the last experience study, and the recognition that the economic conditions during the experience period may have affected member behavior in ways that may not persist in the long run. Additional discussion on specific assumptions is in Section D.

Pay Increase Rates. The merit and longevity portion of pay increases have been lower overall than assumed. We do not recommend any changes and, therefore, these rates were not adjusted.

Retirement Experience. Overall, retirements were slightly higher than expected due to the Voluntary Separation Program. However, we do not recommend any changes and therefore these rates were not adjusted.

Rates of Withdrawal. Overall, withdrawals were approximately as expected. Therefore, the withdrawal rates were not adjusted.

Disability Rates. Past disability experience was less than as expected. Disability retirements will become even less common as the active population continues to mature. The disability rates were not adjusted.

Death-in-Service Mortality Rates. There was one death during the period studied. The proposed assumption is based on the mortality assumptions used by the Florida Retirement System as discussed in Section C.

Retired Life Mortality. Based on the size of the population, we believe the actual mortality experience is not useful in determining assumed mortality rates going forward. Instead, we recommend a change to the mortality assumptions used by the Florida Retirement System as discussed in Section C. These tables are mandated by law beginning with the September 30, 2016 valuation. The new mortality rates produce life expectancies that are longer for males and females. This change significantly increases the computed employer contribution rates and decreases the funded ratios.

EXPERIENCE STUDY - SUMMARY OF FINDINGS

Economic Assumptions

Economic assumptions include long-term rates of investment return and wage inflation (the across-the-board portion of salary increases). Unlike demographic activities, economic activities do not lend themselves to analysis solely on the basis of internal historical patterns because both salary increases and investment return are more affected by external forces; namely inflation, general productivity changes and changes in financial markets. Estimates of economic activities are generally selected on the basis of the expectations in an inflation-free environment and then both are increased by some provision for long-term inflation.

If inflation and/or productivity increases are higher than expected, actual rates of salary increase and investment return are likely to exceed the assumed rates. Salaries increasing faster than expected produce unexpected liabilities. Investment return exceeding the assumed rates (whether due to manager performance, change in the mix of assets, or general inflation) results in unanticipated assets. To the extent that inflation, productivity, and other factors have about the same effect on both sides of the balance sheet, these additional assets and liabilities can offset one another over the long-term.

The current and proposed economic assumptions for the Pension Fund are as follows:

	<u>Current</u>	<u>Proposed</u>
Investment Return	8.00%	7.50%
Wage Inflation	4.00%	3.75%
Spread	4.00%	3.75%
Implicit Price Inflation	3.50%	3.00%
Implicit Real Return	4.50%	4.50%

Actuarial Methods

The Actuarial Value of Assets is determined using a smoothing method in which differences between actual and assumed investment income are phased-in over a closed, four-year period. The phase-in amounts for the valuation years ending September 30, 2015, 2016 and 2017 are all gains. We recommend combining these bases into one large gain to be phased-in over a new closed, three-year period beginning with the 2015 valuation. Shortening the phase-in period from four to three years will keep the Actuarial Value of Assets closer to the Market Value of Assets. This would have no effect on the City's contribution requirement for fiscal year 2016.

SECTION B

SUMMARY OF THE VALUATION RESULTS

COMPUTED CITY CONTRIBUTION RATES AND FUNDED RATIOS
AS OF SEPTEMBER 30, 2014
COMPARISON OF PRESENT AND ALTERNATE ASSUMPTIONS

Demographic Assumptions	Current	Alternate					
Investment Return Assumption	8.00 %	8.00%	7.75 %	7.50%	7.25 %	7.00 %	7.50 % 8-Year Amort.
Present Value of Future Benefit Payments	\$ 235,908,961	\$ 245,774,842	\$ 252,061,930	\$ 258,633,206	\$ 265,527,981	\$ 272,698,340	\$ 258,633,206
Present Value of Future Member Contributions	(1,901,917)	(1,862,617)	(1,876,717)	(1,891,037)	(1,923,138)	(1,920,354)	(1,891,037)
Actuarial Value of Assets	(199,598,187)	(199,598,187)	(199,598,187)	(199,598,187)	(199,598,187)	(199,598,187)	(199,598,187)
Unfunded Present Value of Future Benefit Payments	\$ 34,408,857	\$ 44,314,038	\$ 50,587,026	\$ 57,143,982	\$ 64,006,656	\$ 71,179,799	\$ 57,143,982
Interest for 12 Months	2,752,709	3,545,123	3,920,495	4,285,799	4,640,483	4,982,586	4,285,799
City Contribution Expected from Prior Valuation	(9,062,366)	(9,062,366)	(9,062,366)	(9,062,366)	(9,062,366)	(9,062,366)	(9,062,366)
Interest for 6 Months	(362,495)	(362,495)	(351,167)	(339,839)	(328,511)	(317,183)	(339,839)
Total City Present Value of Future Normal Cost	\$ 27,736,705	\$ 38,434,300	\$ 45,093,988	\$ 52,027,576	\$ 59,256,262	\$ 66,782,837	\$ 52,027,576
Closed Level Dollar Amortization Factor	<u>3.44291272</u>	<u>3.44291272</u>	<u>3.45809880</u>	<u>3.47341223</u>	<u>3.48885444</u>	<u>3.50442690</u>	<u>6.07430514</u>
PVFNC divided by Amort. Factor	8,056,174	11,163,309	13,040,110	14,978,808	16,984,447	19,056,707	8,565,190
Administrative Expenses	<u>110,530</u>	<u>110,530</u>	<u>110,530</u>	<u>110,530</u>	<u>110,530</u>	<u>110,530</u>	<u>110,530</u>
Total Computed Dollar Contribution	\$ 8,166,704	\$ 11,273,839	\$ 13,150,640	\$ 15,089,338	\$ 17,094,977	\$ 19,167,237	\$ 8,675,720
as a Percent of Payroll	100.58%	140.42%	163.80%	187.96%	212.96%	238.79%	108.07%
Funded Ratio	84.6%	81.2%	79.2%	77.2%	75.2%	73.2%	77.2%

See Section D for a discussion of the Demographic Assumptions and Actuarial Methods used in the proposed scenario.

COMMENTS

Comment 1 – The mortality assumption is out-of-date and needs to be updated. The Florida Retirement System mortality tables, as described in Section D, are mandated by law for the 2016 valuation. We recommend making this change a year early. Adoption of the mandated mortality assumptions will result in an increase in the computed dollar contribution and a decrease in the funded ratio.

Comment 2 – There is no single “best choice” for the economic assumptions. Only in hindsight will we be able to determine which choice would have been best. However, we recommend lowering the investment return assumption to 7.50%, and the wage inflation assumption to 3.75% per our analysis in Section C. This will result in an increase in the computed dollar contribution and a decrease in the funded ratio.

Comment 3 – We have shown results with an alternate amortization period of 8 years. This is not intended to be a recommendation. The current funding policy is to amortize the unfunded present value of benefits by September 30, 2019.

See page C-8 for additional commentary.

SECTION C
ECONOMIC ASSUMPTIONS

ECONOMIC ASSUMPTIONS

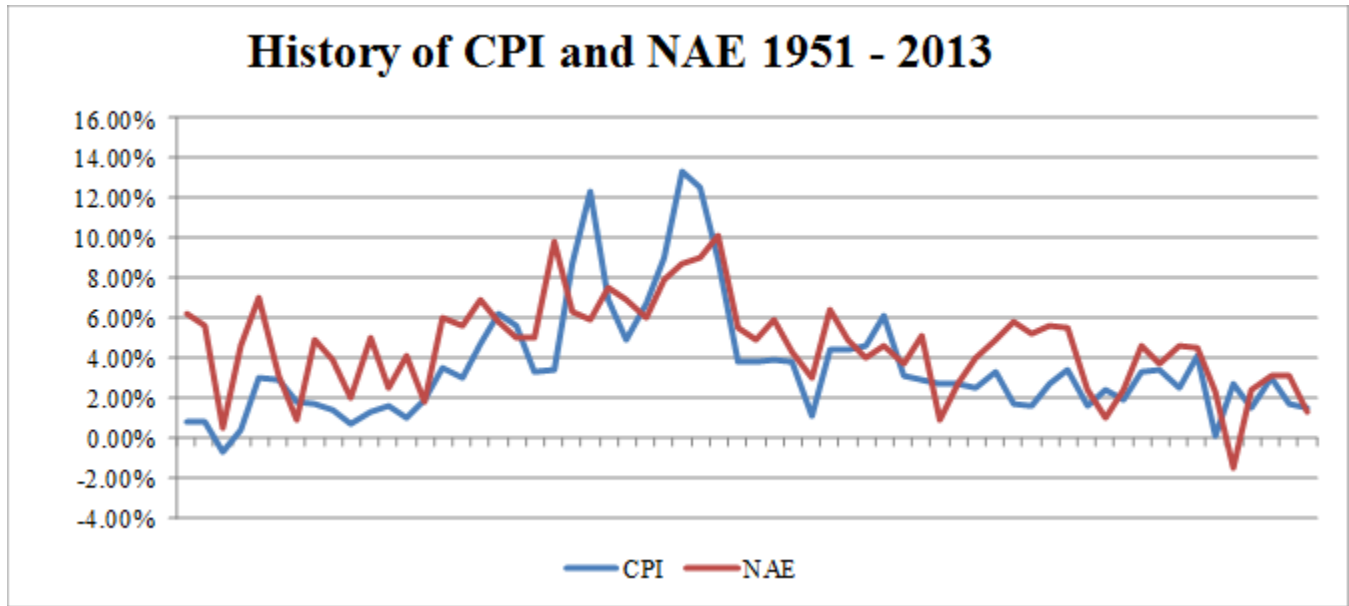
Reviewing the Price Inflation and Wage Inflation Assumptions

We reviewed the forward-looking inflation assumption and believe a long-term implicit price inflation assumption of 3.50% is unreasonable. Therefore, we recommend an explicit price inflation assumption of 3.00%. As such, we believe the current long-term wage inflation assumption of 4.00% is also unreasonable and recommend a change to 3.75%.

The recommended assumptions make a distinction between price inflation and wage inflation. Wage inflation is used to project average long-term payroll growth as well as across-the-board salary increases. The National Average Earnings (NAE) series published in connection with the operation of the Social Security Administration program is a useful proxy for measuring general changes in wage levels in the economy. Increases in NAE typically exceed increases in the Consumer Price Index (CPI), although there are periods where the patterns are reversed. The economic argument for wages exceeding prices in the long run is that CPI is based on the prices of a fixed basket of goods whereas wages reflect innovations, real productivity growth, labor supply and demand, and other factors in addition to pure price inflation.

ECONOMIC ASSUMPTIONS

Over the last 62 years, NAE has exceeded CPI 46 times and the averages over that period are 4.6% for NAE and 3.6% for CPI. The last 25 years has had fewer cases of high inflation, but the distinction between prices and wages still appears. Over the last 25 years, the average increase in NAE is 3.4% and the average increase in CPI is 2.7%.



As with the investment return assumption, past experience does not dictate future expectations. Current expectations are mixed on whether price and wage inflation will remain low in the short term. For a long-term view, the 2014 OASDI Trustees Report from the Social Security Administration (SSA) assumes an intermediate average ultimate CPI of 2.7% and an ultimate intermediate growth assumption for average wages in covered employment of 3.83%. The SSA report provides alternate “Low-cost” assumptions of 2.0% CPI/2.52% wages and “High-cost” assumptions of 3.4% CPI/5.16% wages. We believe the recommended long-term wage inflation assumption of 3.75% is reasonable.

ECONOMIC ASSUMPTIONS

Investment Return. The allocation of assets within the universe of investment options will significantly impact the overall performance. Therefore, it is meaningful to identify the range of expected returns based on the Fund's targeted allocation of investments and an overall set of capital market assumptions. For the analysis, we used the following data as provided to us by the Pension Fund's Investment Consultant.

Expected 30-Year Geometric Real Rates of Return

Domestic Equities	
Large Cap	4.25%
Small/Mid Cap	4.50%
International Equities	4.75%
Fixed Income/Core Bonds	1.61%
Global Asset Allocation	3.70%
Hedge Funds	3.50%
Real Estate	3.25%
Private Equity	6.25%
Short-Term/Cash	N/A
Price Inflation	3.25%

ECONOMIC ASSUMPTIONS

Asset Allocation - General Employees' Pension Fund as of May 2015

	<u>GE</u>	<u>Notes</u>
Large Cap Passive Indexed	16.00%	
Large Cap Active Growth	2.50%	
Large Cap Active Value	2.50%	
SMID Growth	4.00%	
SMID Value	4.00%	
International	15.00%	
Total Equity	44.00%	
Core Fixed Income	12.60%	(1)
Core Plus Fixed Income	23.40%	(1)
Total Fixed Income	36.00%	
Real Estate (Private)	5.00%	(2)
Private Equity	0.00%	(3)
Private Debt	0.00%	
Hedge Funds	5.00%	
Total Alternatives	10.00%	
Global Asset Allocation	10.00%	
Cash	0.00%	
TOTAL ALLOCATION	<u>100.00%</u>	

Notes:

- (1) Boards voted for 35% Core, 65% Core Plus
- (2) Boards voted for 70% Core and 30% Value Added
- (3) GE voted not to invest in private equity investments, citing long-term PE commitment as not consistent with the closed GE Fund's projected liquidity needs.

ECONOMIC ASSUMPTIONS

The expected rate of return on investments is selected by the Board based upon information provided by the actuary and investment consultants. The assumption is developed using the building block approach beginning with an assumed rate of inflation plus the real return assumption. The real rate of return is estimated based on the simplified target asset allocation mentioned above. We used capital market expectations for various asset classes provided by eight nationally recognized investment consultants. The development of the average nominal return (using the proposed price inflation assumption of 3.00%, an investment expense assumption of 0 basis points, and an Alpha of 0 basis points), net of investment expenses, is provided in the following table:

Investment Consultant	Investment Consultant Expected Nominal Return	Investment Consultant Inflation Assumption	Expected Real Return (2)–(3)	Actuary Inflation Assumption	Expected Nominal Return (4)+(5)	Investment Expenses w/o Alpha	Expected Nominal Return Net of Expenses (6)-(7)	Standard Deviation of Expected Return (1-Year)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	6.23%	2.11%	4.11%	3.00%	7.11%	0.00%	7.11%	10.10%
2	6.43%	2.26%	4.17%	3.00%	7.17%	0.00%	7.17%	9.50%
3	6.95%	2.20%	4.75%	3.00%	7.75%	0.00%	7.75%	10.40%
4	7.30%	2.25%	5.05%	3.00%	8.05%	0.00%	8.05%	10.70%
Average	6.73%	2.21%	4.52%	3.00%	7.52%	0.00%	7.52%	10.18%

As the table shows, the average expected one-year return (net of expenses) of the four firms is 7.52%. This does not take into account any volatility drag. Please continue to the following page to see the impact and our recommendation.

ECONOMIC ASSUMPTIONS (CONCLUDED)

In addition to examining the expected one-year return, it is important to review anticipated volatility of the investment portfolio and understand the range of long-term net return that could be expected to be produced by the investment portfolio. Therefore, the table below provides the 40th, 50th, and 60th percentiles of the 20-year geometric average of the expected nominal return, net of expenses, as well as the probability of exceeding the 8.00% and 7.50% assumptions.

Investment Consultant	Distribution of 20-Year Average Geometric Net Nominal Return			Probability of Exceeding	Probability of Exceeding
	40th	50th	60th	8.00%*	7.50%
(1)	(2)	(3)	(4)	(5)	(6)
1	6.06%	6.63%	7.20%	27.2%	34.9%
2	6.21%	6.75%	7.28%	27.7%	36.1%
3	6.65%	7.23%	7.82%	37.0%	45.4%
4	6.91%	7.51%	8.11%	41.8%	50.2%
Average	6.46%	7.03%	7.60%	33.4%	41.6%

* The Pension Fund's current return assumption net of investment expenses.

The average expected nominal rate of return of 8.00% per year, net of investment and administrative expenses, is not a reasonable assumed rate of investment return. The probability of exceeding 8.00% over a 20-year horizon is less than 40%. The average median rate of return is 7.03% per year, net of investment expenses. We therefore recommend lowering the 8.00% interest rate assumption to 7.50%.

ASSET VALUATION METHOD

Recognized Assets (Funding Value of Assets). The Funding Value of Assets recognizes assumed investment return fully each year. Differences between actual and assumed investment return are phased-in over a closed 4-year period. During periods when investment performance exceeds the assumed rate, the Funding Value of Assets will tend to be less than the Market Value of Assets. During periods when investment performance is less than the assumed rate, the Funding Value of Assets will tend to be greater than the Market Value of Assets. If assumed rates are exactly realized for 3 consecutive years, funding value will become equal to market value.

This asset valuation method satisfies current standards of practice, which require that the asset method “reflect some function of market value.” It also satisfies the actuarial standard for asset valuation methods in that it is unbiased in relation to market value, recognizes gains and losses consistently and does so over a reasonable period.

We are not recommending a change in the Asset Valuation Method.

AMORTIZATION METHOD

The current method of amortization uses the Aggregate Actuarial Cost Method, in which the Present Value of Future Benefits is reduced by the Actuarial Value of Assets and the Present Value of Future Member Contributions. This unfunded amount is projected to the applicable fiscal year with interest less the intervening City's contribution expected from the prior valuation. This projected unfunded amount is financed as a level dollar amount over a period of years remaining until the fiscal year ending September 30, 2019.

After reviewing the current amortization schedule, we believe an acceptable alternative is to change to a subset of the Aggregate method where each year, experience gains and losses and one-time events are valued using the Entry Age Normal method and establish separate, 8-year closed amortization bases. Examples of one-time events are changes to benefits or changes to assumptions (changes to the asset valuation method could also be a one-time event, but would not require the Entry Age Normal method to establish).

SECTION D

ANALYSIS OF ACTUAL AND EXPECTED EXPERIENCE AND RECOMMENDED ASSUMPTIONS

NUMBER ADDED TO AND REMOVED FROM ACTIVE MEMBERSHIP

We have reviewed the recent demographic trends of the Pension Fund, which are summarized in the table shown below:

Year Ended	Number Added During		Terminations During Year								Active Members End of Year
	Year		Retirement		Death-in- Service		Other Withdrawals				
							Vested	Other	Total		
A	E	A	E	A	E	A	A	A	E		
9/30/10	3	0	53 *	18	1	1	5	0	5	7	256
9/30/11	0	0	13	18	0	1	9	0	9	4	234
9/30/12	1	0	14	22	0	1	4	0	4	3	217
9/30/13	0	0	24	23	0	1	4	0	4	3	189
9/30/14	0	0	14	23	0	1	1	0	1	2	174
5-Year Totals	4	0	118	104	1	5	23	0	23	19	

* 29 were due to Voluntary Separation Plan.

DEMOGRAPHIC ASSUMPTIONS

NORMAL RETIREMENT

The assumptions currently used to measure the probabilities of eligible members retiring during the next year are shown below.

Rates of Retirement within Next Year				
Years of Service	Service Based Rates	Retirement Ages	Age Based Rates	
			Early	Normal
25	25%	55	10%	
26	20%	56	7%	
27	20%	57	7%	
28	20%	58	7%	
29	20%	59	7%	
30	30%	60	7%	
31	30%	61	7%	
32	30%	62	10%	
33	30%	63	10%	
34	30%	64	10%	
35	100%	65		20%
		66		20%
		67		20%
		68		20%
		69		20%
		70		100%

In the last five years retirements totaled 118 while 104 were expected, based on current assumptions. 2010 saw a greater number of retirements than expected due to 29 retirements in the Voluntary Separation Program (VSP). Disregarding the VSP, there were fewer retirements than expected. An event like the VSP may alter member behavior even in the few years following its implementation. Moreover, there is no way of knowing with certainty when those retiring under the VSP would have retired absent that program. Therefore, we believe the current assumptions are still reasonable and recommend no changes until future experience dictates otherwise.

DEMOGRAPHIC ASSUMPTIONS

DISABILITY RETIREMENT

The assumptions currently used to measure the probabilities of active members becoming disabled are shown below:

Sample Ages	Rates of Disability within Next Year
25	0.04%
30	0.04%
35	0.12%
40	0.22%
45	0.42%
50	0.72%
55	1.12%
60	1.66%

During the five-year observation period, 0 disability benefits commenced from active status while 2 were expected. Experience is insufficient to support a fully credible analysis of a new assumption. Due to the demographics of the current active population, liabilities associated with disability benefits will continue to decrease as more members become eligible for retirement. Based on these results, we recommend no changes until future experience dictates otherwise.

DEMOGRAPHIC ASSUMPTIONS

WITHDRAWAL (SEPARATION FROM ACTIVE MEMBERSHIP)

The current assumptions used to measure the probabilities of active members leaving employment are shown below.

Sample Ages	Rates of Withdrawal within Next Year
25	5.00%
30	4.00%
35	3.50%
40	3.00%
45	2.50%
50	2.50%
55	2.50%
60	2.50%

During the five-year experience period, 23 active members ended participation in the system who were not immediately eligible for benefits while 17 were expected. Withdrawal rates were increased at the prior experience study. Reducing withdrawal rates based on this experience study may result in over-reacting to short-term experience that may have been influenced by economic conditions that are not expected to continue indefinitely. Due to the demographics of the current active population, liabilities associated with withdrawal will continue to decrease as more members become eligible for retirement. Based on these results, we recommend no changes until future experience dictates otherwise.

DEMOGRAPHIC ASSUMPTIONS

POST-RETIREMENT MORTALITY

Life expectancies continue to increase for both healthy and disabled retirees. The Florida Retirement System (FRS) uses versions of the RP-2000 tables and projection scale BB. This is pertinent since HB 1309 will mandate the use of FRS mortality tables for valuation dates beginning with September 30, 2016.

We believe that the number of lives is too small to perform a credible analysis of experience on its own (i.e., that we compare actual number of retired member deaths to expected number of deaths at each age). During the five-year experience period, mortality losses (measured in dollars) were observed in the last two of the last five years. The proposed table is shown below:

- Male Non-Disabled Mortality: Fully Generational Mortality. 50% of the RP-2000 Annuitant White Collar Table and 50% of the RP-2000 Annuitant Blue Collar Table, projected with scale BB.
- Female Non-Disabled Mortality: Fully Generational Mortality. 100% of the RP-2000 Annuitant White Collar Table, projected with scale BB.
- Male Disabled Mortality: 100% of the RP-2000 Disabled Male Table set back 4 years.
- Female Disabled Mortality: 100% of the RP-2000 Disabled Female Table set forward 2 years.

Presented below are life expectancies based upon the current and proposed Post-Retirement Mortality table:

Sample Ages in 2014	Present Future Life Expectancy (Years)		Mandated Future Life Expectancy (Years)	
	Men	Women	Men	Women
50	30.69	34.89	34.28	37.98
55	26.15	30.17	29.65	32.95
60	21.83	25.59	24.98	28.06
65	17.84	21.28	20.47	23.33
70	14.29	17.30	16.24	18.89
75	11.12	13.60	12.43	14.84
80	8.37	10.31	9.14	11.25

DEMOGRAPHIC ASSUMPTIONS

DEATH-IN-SERVICE

During the five-year observation period, 1 Death-in-Service benefit commenced and 5 were expected. The proposed table used for pre-retirement mortality matches the proposed table used for Post-Retirement Mortality.

DEMOGRAPHIC ASSUMPTIONS

PAY INCREASE RATE

During the five-year observation period, the merit and seniority portion of pay increases were lower overall than assumed. This is shown below:

	Year Ended September 30					Average		
	2014	2013	2012	2011	2010	3-Year	5-Year	10-Year
Rate of Average Salary Increase:								
Actual (1)	1.1 %	3.4 %	0.3 %	1.8 %	2.5 %	1.6 %	1.8 %	3.6 %
Assumed	4.3	4.3	4.3	4.4	4.4	4.3	4.3	5.3

(1) Excluding terminations and new entrants.

Attributable to:	Annual Rates of Salary Increase for Sample Ages			
	30	40	50	60
Merit & Seniority	2.60 %	0.90 %	0.30 %	0.30 %
Other Sources	<u>3.75</u>	<u>3.75</u>	<u>3.75</u>	<u>3.75</u>
Total	6.35 %	4.65 %	4.05 %	4.05 %

As of September 30, 2014, nearly 80% of active members were assumed to have merit and longevity increases of 0.30% per year. Given that recent experience may be significantly influenced by economic conditions that are not expected to continue indefinitely, reduce the merit assumption may be an over-reaction.

Based on these results, we recommend no changes until future experience dictates otherwise.

September 30, 2015

Mr. Christopher McCullion
City of Orlando General Employees'
Pension Fund
400 South Orange Avenue, 4th Floor
Orlando, Florida 32801

Re: Experience Study for the Period Ending September 30, 2014

Dear Christopher:

Enclosed are copies of the report of the Experience Study for the City of Orlando General Employees' Pension Fund for the period ending September 30, 2014.

Respectfully submitted,



Brad Lee Armstrong, ASA, EA, FCA, MAAA

BLA:ah
Enclosures