

**Actuarial Valuation for the
South Burlington School District
Retirement Income Plan**
For Plan Year October 1, 2013
Through September 30, 2014

FUTURE PLANNING ASSOCIATES, INC.

EMPLOYEE AND EXECUTIVE BENEFIT CONSULTANTS

FUTURE PLANNING ASSOCIATES, INC.

EMPLOYEE AND EXECUTIVE BENEFIT CONSULTANTS

December 11, 2014

Personal & Confidential

Mr. John K. Stewart, Business Manager
South Burlington School District
550 Dorset Street
South Burlington, VT 05403

**Re: South Burlington School District Retirement Income Plan
Valuation Period October 1, 2013 through September 30, 2014**

Dear John:

Enclosed is the Actuarial Valuation for the above plan covering the period October 1, 2013 through September 30, 2014. The report contains information regarding the funding status of the Plan, as well as the benefits of individual participants under the program. The minimum required contribution is **\$595,456**, using the last day of the plan year as the deposit date. Our cash flow and balance sheet reflect the advance contributions totaling \$183,750 that were made prior to the September 30, 2014 plan year end.

If the individual estimated accrued benefits illustrated in this report are communicated to the employees, they should be accompanied by a statement that they are **estimates** only. Actual accrued benefit calculations performed upon termination, retirement or other separation from service will involve averaging of salaries earned over a number of years, together with confirmation of employment history. This process will generally result in lower benefits than those illustrated.

Following is a summary of the pertinent contents and applicable instructions for the enclosed report:

1. **Summary of Actuarial Valuation** identifies the major cost components required to fund the Plan as of October 1, 2013.
2. **Fund Cash Flow and Reconciliation** statements summarize changes to your Plan's financial position transpiring during the **period** starting at October 1, 2013, identifying major sources of changes, and concluding with a summary of Plan assets at September 30, 2014.
3. **Plan Member Schedules** detail relevant employee data, accrued and projected benefits and vesting status of all participating plan members.

Mr. John K. Stewart
December 11, 2014
Page 2

4. **Participant Statements** provide each participating plan member with an individualized accounting of his or her status under the plan. The enclosed statements should be distributed to participants. First time participants should be given copies of the Summary Plan Description and Beneficiary Designation forms.

Thank you very much for your continued confidence in our services. We hope our Actuarial Valuation reinforces that confidence and supports a continuing relationship many years into the future.

Sincerely,



Lesley C. Alexander, ERPA, QPA
Senior Pension Administrator

Enclosure

FUTURE PLANNING ASSOCIATES, INC.

EMPLOYEE AND EXECUTIVE BENEFIT CONSULTANTS

**South Burlington School District
Retirement Income Plan**

**Part I
Summary of Actuarial Valuation**

For the Period October 1, 2013 through September 30, 2014

We have performed an Actuarial Valuation of this Plan as of October 1, 2013. In fulfilling this task we have relied upon employee data provided by the Plan sponsor and financial information presented by SEI. On the basis of this data and information, of our interpretation of the Plan as further elucidated in this report, and of the valuation method and assumptions set forth herein, we hereby present the following summary of our findings.

FUTURE PLANNING ASSOCIATES, INC.

EMPLOYEE AND EXECUTIVE BENEFIT CONSULTANTS

**South Burlington School District
Retirement Income Plan**

**Part 1
Summary of Actuarial Valuation**

For the Period October 1, 2013 through September 30, 2014

	Last Year	This Year
CONTRIBUTION SUMMARY		
Minimum Contribution Required for the Funding Standard Account (or Full Funding Limitation, if Less)	636,704	595,456
FULL FUNDING LIMITATION	3,109,087	2,715,881
SUPPORTING INFORMATION		
Present Value of Future Plan Benefits	11,268,081	11,747,247
Normal Cost for Plan Year	595,050	556,501
LIVES COVERED BY THE PROGRAM	335	343
FUNDING STATUS SUMMARY		
Actuarially Computed Value of Accrued Vested Benefits as of Plan Yr. End	9,862,342	10,704,036
Assets as of Plan Yr. End *	7,474,435	8,559,376
Assets Below Vested Liabilities as of Plan Year End	(2,387,907)	(2,144,660)

* Assets include current year receivable

FUTURE PLANNING ASSOCIATES, INC.

EMPLOYEE AND EXECUTIVE BENEFIT CONSULTANTS

***South Burlington School District
Retirement Income Plan***

***Part II
Supporting Schedules***

For the Period October 1, 2013 through September 30, 2014

FUTURE PLANNING ASSOCIATES, INC.

EMPLOYEE AND EXECUTIVE BENEFIT CONSULTANTS

**South Burlington School District
Retirement Income Plan**

**Determination of Company Normal Cost
(Funding Assumptions)**

As of October 1, 2013

	Last Year	This Year
1. Present Value of Future Benefits		
Active Plan Members	7,957,586	7,831,387
Deferred Benefits (Terminees)	764,609	926,566
Retirees /Postponed Retirement	2,545,886	2,989,294
TOTAL PRESENT VALUE	11,268,081	11,747,247
2. Actuarial Value of Plan Assets	6,497,016	7,558,777
3. Credit Balance/(Funding Deficiency)	130,036	266,223
4. Offset to Present Value (2 - 3)	6,366,980	7,292,554
5. Present Value of Future Normal Cost (1 - 4)	4,901,101	4,454,693
6. Current Compensation	5,024,542	5,099,744
7. Present Value of Future Compensation	41,384,386	40,822,566
9. Normal Cost for Plan Year (6/7)*(5)	595,050	556,501

FUTURE PLANNING ASSOCIATES, INC.

EMPLOYEE AND EXECUTIVE BENEFIT CONSULTANTS

**South Burlington School District
Retirement Income Plan**

**Reconciliation of Assets and Liabilities
At September 30, 2014**

Composition of Ending Assets

	Beginning of Year	End of Year
ASSETS		
Unallocated Insurance	\$0	\$0
Pooled Funds	6,998,571	8,117,691
Employer Contribution Receivable	445,454	411,706
Adj. for pre-paid Oct. 1, 2014 ben. pymts.	30,410	29,979
TOTAL ASSETS	\$7,474,435	\$8,559,376
LIABILITIES		
Payables	0	0
TOTAL LIABILITIES	0	0
TOTAL NET ASSETS	\$7,474,435	\$8,559,376

FUTURE PLANNING ASSOCIATES, INC.

EMPLOYEE AND EXECUTIVE BENEFIT CONSULTANTS

**South Burlington School District
Retirement Income Plan**

Fund Cash Flow and Change in Financial Position

For the Period **October 1, 2013** through **September 30, 2014**

INCOME		
Actuarial Side Fund Dep. Paid or Accrued	723,752	
Interest/Dividends Paid or Accrued	165,811	
Realized gain or (loss)	291,595	
TOTAL INCOME		\$ 1,181,158
EXPENSES		
Benefit Payments	(360,325)	
Contract Service Charges/ Inv. Fees	(28,720)	
TOTAL EXPENSES		(389,045)
CHANGES IN ASSETS		
Unrealized Appreciation/(Depreciation)	292,828	
TOTAL CHANGES IN ASSETS		292,828
Net Increase (Decrease) In Assets		1,084,941
Assets at Beginning of Year		<u>7,474,435</u>
Assets at End of Year		\$8,559,376

FUTURE PLANNING ASSOCIATES, INC.

EMPLOYEE AND EXECUTIVE BENEFIT CONSULTANTS

**South Burlington School District
Retirement Income Plan**

Funding Standard Account

The Funding Standard Account is defined in Section 412 of the Internal Revenue Code. It is used to measure the adequacy of funding of your pension plan. An Accumulated Credit Balance, which is the result of total credits being greater than total charges, shows that funding has been adequate to meet legal requirements. An Accumulated Funding Deficiency, which is the result of total charges being greater than total credits, should not be allowed to develop as it is subject to a nondeductible tax as defined in Section 4971 of the Internal Revenue Code.

Funding Standard Account Statement for the Plan Year beginning October 1, 2013 and ending September 30, 2014.

Charges to the Funding Standard Account

Accumulated Funding Deficiency	0
Normal Cost for the '13-'14 Plan Year	556,501
Interest on the Above Items @ 7%	38,955
Interest on non quarterly deposits	0

TOTAL CHARGES	595,456
----------------------	----------------

Credits to the Funding Standard Account

Accumulated Credit Balance PYB	266,223
Recommended contributions for the '13 -'14 Plan Year	595,456
Interest on Credit Balance, adv. contribution @ 7%	18,636

TOTAL CREDITS	880,315
----------------------	----------------

Credit Balance	284,859
-----------------------	----------------

FUTURE PLANNING ASSOCIATES, INC.

EMPLOYEE AND EXECUTIVE BENEFIT CONSULTANTS

**South Burlington School District
Retirement Income Plan**

Full Funding Limitation

For the Period Beginning 10/01/13

Consistent with the requirements of IRC Section 412(c) (7), the computations to establish the Accrued Liability and Full Funding Limitation for this program have been developed as follows:

1. Actuarial Accrued Liability at 10/01/13	9,488,162	
Entry Age Normal Cost as of 10/01/13	<u>342,598</u>	
Net Obligation		9,830,760
2. Actuarial adj. assets at 10/01/13	7,558,777	
Less: Credit Balance	<u>266,223</u>	
Total Assets		7,292,554
3. Interest to 9/30/14 on (1 - 2)		<u>177,675</u>
4. Accrued Liability Limitation (1 - 2 + 3, but not less than 0)		2,715,881

FUTURE PLANNING ASSOCIATES, INC.

EMPLOYEE AND EXECUTIVE BENEFIT CONSULTANTS

**South Burlington School District
Retirement Income Plan**

Present Value of Accrued Benefits Plan Assumptions

As of September 30, 2014

	Number of Employees	Non vested Accrued Benefits	Vested Accrued Benefits	Total Accrued Benefits
Separated Members Due Deferred Benefits	71	0	1,425,880	1,425,880
Retired Members	88	0	3,814,161	3,814,161
Subtotal, Inactive Members	159	0	5,240,041	5,240,041
Active Participants	165	302,998	4,596,674	4,899,672
Late Retirees	19	0	867,321	867,321
Total Employees	184	302,998	5,463,995	5,766,993
GRAND TOTAL	343	302,998	10,704,036	11,007,034

FUTURE PLANNING ASSOCIATES, INC.

EMPLOYEE AND EXECUTIVE BENEFIT CONSULTANTS

South Burlington School District
Retirement Income Plan

FOR THE PLAN YEAR 10/01/2013 THROUGH 09/30/2014

550 Dorset Street
South Burlington, VT 05403
802-652-7056

EMPLOYER ID NUMBER: 03-6000692

THREE-DIGIT PLAN NUMBER: 001

RUN DATE: 12-11-2014

PLAN SPECIFICATIONS
South Burlington School District
Retirement Income Plan

FOR THE PLAN YEAR 10/01/2013 THROUGH 09/30/2014

TYPE OF ENTITY State or Local Government or Tax-exempt Organization.

DATES Effective-10/01/1974 Valuation-10/01/2013 Eligibility-09/30/2014 Year-end-09/30/2014

ELIGIBILITY Minimum age- None Months of service- 12 Maximum age- None
Age at nearest birthday.
Entry Age For Full Funding Limitation Calculation - as of date of hire.

HOURS REQUIRED FOR
Eligibility - 1000 Benefit accrual - 1000 Vesting - 1000

PLAN ENTRY - October 1 nearest satisfaction of eligibility requirements.

New participants are included in current year's valuation.

RETIREMENT NORMAL - First of month coincident with or following attainment of age 62.

EARLY - Upon attainment of age 55, and completion of 5 years of service.
(100% vested upon satisfaction of early retirement provisions).

AVERAGE COMPENSATION -- (retrospective salaries)

FUNDING - 3 Highest consecutive years.
ACCRUED BENEFIT - 3 Highest consecutive years.

PLAN BENEFITS

RETIREMENT-- 1.250% of compensation times past service plus 1.250% of compensation times future
service. Past and future service calculated as of 10/01/2013.

415 Limits - Percent 100.00 Dollar - \$16,250
Limits are adjusted using actuarial equivalence

Minimum benefit - None Maximum benefit - None

Maximum 401(a)(17) compensation \$245,000

PLAN SPECIFICATIONS
South Burlington School District
Retirement Income Plan

FOR THE PLAN YEAR 10/01/2013 THROUGH 09/30/2014

NORMAL FORM Life Annuity guaranteed for 10 years.

Assumed form of payment for funding is lump sum equivalent of normal form. Funding Target is greater present value of accrued benefit computed using funding segment rates and 417(e) Applicable Mortality Table or lump sum at normal retirement date of accrued benefit using plan actuarial equivalence discounted using appropriate segment rate. Lump sum on plan actuarial equivalence rates will not exceed 415 maximum allowable distribution, which is least amount computed using a) 5.5% interest and the Applicable Mortality Table or b) plan actuarial equivalence interest and mortality or c) 105% of 417(e) present value (only if not eligible employer under IRC 408(p)).

TEFRA minimum benefits funded on life only basis.
Single participants funded on 10 years certain and life basis.

DEATH BENEFIT Present value of accrued benefits.

ACCRUED BENEFIT Pro-rata based on service (calculated as of beginning of plan year).

Maximum allowable distribution is lump sum equivalent of normal form not to exceed 415 maximum allowable distribution, which is least amount computed using a) 5.5% interest and the Applicable Mortality Table or b) plan actuarial equivalence interest and mortality or c) 105% of 417(e) present value (only if not eligible employer under IRC 408(p)).

TERMINATION BENEFITS 100% vested in year 5, 0% vested in prior years.
Service is calculated using all years of service.

CONTRIBUTIONS

EMPLOYEE REQUIRED -- None

EMPLOYEE VOLUNTARY -- None

ASSET VALUATION METHOD Market value.

PLAN SPECIFICATIONS
South Burlington School District
Retirement Income Plan

FOR THE PLAN YEAR 10/01/2013 THROUGH 09/30/2014

PLAN ASSUMPTIONS

ACTUARIAL COST
METHOD

Level percentage of compensation aggregate.

PRE-RETIREMENT

INTEREST ASSUMED FOR DEPOSIT-- 7.000% Compounded annually

MORTALITY TABLE -- 1951 GROUP ANNUITY.

TURNOVER/DISABILITY-- TURNOVER TABLE 4.

COST OF VESTING -- Yes.

SALARY SCALE -- Salaries assumed to increase at 3.000%
per year.

INTEGRATION LVL INCR- None.

BACKWARD SALARY PROJ. Based on increases of average earnings

POST RETIREMENT

ANNUITY FACTORS BASED ON:

INTEREST -- 7.000%

MORTALITY TABLE -- 1951 GROUP ANNUITY.

EXPENSE LOAD -- 5.000%

COST OF LIVING -- None

LOAD FOR

ANCILLARY BENEFITS -- None

* PVB for inactives based on funding assumptions.

PRESENT VALUE OF ACCRUED BENEFIT - GREATER OF 417(e) OR ACTUARIAL ASSUMPTIONS

417(e):

INTEREST -- 0.000%

MORTALITY TABLE -- 1994 GROUP ANNUITY RESERVING Unisex
Proj to 2002.

Mortality used for pre-retirement

PRE-RETIREMENT:

INTEREST -- 6.500%

MORTALITY TABLE -- 1951 GROUP ANNUITY.

POST-RETIREMENT:

INTEREST -- 6.500%

MORTALITY TABLE -- 1951 GROUP ANNUITY.

ASSUMPTIONS FOR "RPA '94" MINIMUM CURRENT LIABILITY CALCULATIONS

PRE-RETIREMENT:

INTEREST -- 5.200%

MORTALITY TABLE -- 2007 IRS Reg. 1.412(1)(7)-1 for Current
Liability - Combined Table.

POST-RETIREMENT:

INTEREST -- 5.200%

MORTALITY TABLE -- 2007 IRS Reg. 1.412(1)(7)-1 for Current
Liability - Combined Table.

PLAN SPECIFICATIONS
South Burlington School District
Retirement Income Plan

FOR THE PLAN YEAR 10/01/2013 THROUGH 09/30/2014

ASSUMPTIONS FOR 410(b)/401(a)(4) CALCULATIONS

PRE-RETIREMENT: INTEREST -- 7.500%

POST-RETIREMENT: INTEREST -- 7.500%
MORTALITY TABLE -- 1984 UNISEX TABLE.

PERMISSIVELY AGGREGATED PLANS: Not Tested as Single Plan.

COMPENSATION: Use Current Compensation to calculate the
Benefit Accrual Rate (Annual Method).

TESTING AGE: Normal Retirement Age.