



City of East Providence, Rhode Island Police and Fire Fighters Retirement System

10/31/2024 Cost Projections

June 27, 2025



Important Comments About Cost Information Included in this Report

Results and information prior to October 31, 2016 were provided by Fallon Pension Actuaries, Inc.

The cost projections contained in this report are based on data as of October 31, 2024. Assumptions used in measuring the liabilities are consistent with the October 31, 2024 actuarial report unless stated otherwise. Reasonable actuarial techniques and assumptions were used to produce the cost projections. Data was provided by the City of East Providence.

The following pages show cost projections under specific projected scenarios and are intended to be illustrative. Actual results will vary from projections shown in this report due to such factors as deviation in actual participant experience, variance of realized asset returns, future adjustments to actuarial assumptions or methodologies, and changes in the plan's provisions or governing laws. These projections are made in part to satisfy the municipality's obligation to provide a funding improvement plan to emerge from critical status, as described in §45-65-6 of state statutes.

These projections reflect numerous assumptions, and one should focus on the general trend of the results rather than the absolute dollar amounts.



Introduction

- As a result of requirements under the Rhode Island Retirement Security Act of 2011 (RIRSA), the Retirement System's funded percentage had fallen below 60.0% as of 10/31/2011 and thus was considered to be in "critical status" as of 10/31/2011. A Funding Improvement Plan (FIP) was completed November 12, 2012 to demonstrate alternative plans to emerge from critical status within 20 years by 10/31/2031.
- As detailed in the 12/12/2012 report prepared by Fallon Pension Actuaries, Inc., the Budget Commission decided to adopt Options 2 and 3 detailed in the report. As a basic summary, Option 2 detailed the intention to pay the annual recommended contribution determined by the actuary each year and Option 3 detailed changes in plan design to lower the ongoing liability of the Plan.
- The City of East Providence has been consistent with their decision to pay the recommended contribution each year and make plan design changes.

Plan Year Ending 10/31	Payment against the Actuarial Recommended Funding Contribution
2013	97.9%
2014	103.1%
2015	114.6%
2016	98.2%
2017*	86.8%
2018	108.4%
2019	103.9%
2020	100.0%
2021	100.0%
2022	103.8%
2023	95.8%
2024	97.7%

*Note that due to timing, the contribution made during the plan year ending 10/31/2017 was not yet known when budgeting and contributing for the Plan Year. The intent of the plan sponsor is to continue to contribute the recommended contribution. The recommended contribution methodology had been revised beginning on 10/31/2017 such that the plan year contribution will be determined based on results at least a year in advance.



Funding Progress

- In addition to the changes made in conjunction with the FIP, the City also made a significant contribution of \$49.2 million in the plan year ending October 31, 2013. These funds were provided to the City as a result of the City's Police participation in an investigation of Google, Inc. for allowing online Canadian pharmacies to place advertisements targeting consumers in the United States, resulting in the unlawful importation of prescription drugs. This significant contribution caused the plan to immediately emerge from critical status.
- The Retirement System's funded percentage was greater than 60.0% from 2013-2015, but the Retirement System's funded percentage dipped below the 60% threshold at 10/31/2016 and is still below the 60% threshold as of 10/31/2023.

Plan Year Ending 10/31	Funded Percentage
2013	62.3%
2014	61.4%
2015	60.0%
2016	54.8%
2017	58.5%
2018	57.2%
2019	56.8%
2020	54.3%
2021	54.4%
2022	54.5%
2023	54.0%
2024	54.1%



Funding Improvement Plan (FIP)

- It is still the intention of the City of East Providence to make the annual actuarial recommended contribution each year.
- Based on the most recent valuation and cost projections on the following page, it is expected the Retirement System will emerge from critical status starting with the plan year beginning 10/31/2028. Therefore, the Retirement System is still making requisite progress under the Funding Improvement Plan.
- In the previous year, the Retirement System had been projected to emerge from critical status by 10/31/2031. Better than expected asset performance during the plan year ending 10/31/2024 brought forward the projected emergence from critical status by 3 years.



10/31/2024 Cost Projection

Valuation Date (10/31)	Plan Year Ending (10/31)	Payment against the ARFC	Employer Normal Cost	Amortization	Projected Payroll	Employer Contribution as a % of payroll	Employer ARFC	Employer Contribution	Increase	Benefit Payments	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability	Unfunded Liability	Funded Ratio
2011	2012	21.1%	1,894,000	5,631,388	12,326,000	12.9%	7,525,388	1,590,445		8,964,308	53,521,413	159,321,987	105,800,574	33.6%
2012	2013	97.9%	1,950,978	6,000,482	12,542,000	62.1%	7,951,460	7,784,310	389.4%	9,314,049	52,075,375	164,802,828	112,727,453	31.6%
2013	2014	103.1%	1,967,342	3,469,538	12,666,939	44.3%	5,436,880	5,606,148	-28.0%	9,746,290	107,769,539	172,949,660	65,180,121	62.3%
2014	2015	114.6%	1,896,610	3,720,901	13,861,789	46.4%	5,617,511	6,435,589	14.8%	10,237,038	111,060,482	180,962,809	69,902,327	61.4%
2015	2016	98.2%	1,886,773	4,034,879	14,628,273	39.8%	5,921,652	5,816,231	-9.6%	10,784,177	113,803,022	189,603,866	75,800,844	60.0%
2016	2017	86.8%	2,134,412	5,155,427	15,021,061	42.1%	7,289,839	6,327,364	8.8%	11,311,227	115,793,717	211,150,930	95,357,213	54.8%
2017	2018	108.4%	1,988,497	5,031,375	14,517,769	52.4%	7,019,872	7,610,501	20.3%	12,246,488	128,310,000	219,314,469	91,004,469	58.5%
2017	2019	103.9%	1,988,497	5,205,611	15,062,185	51.6%	7,470,844	7,764,971	2.0%	12,770,136	128,310,000	219,314,469	91,004,469	58.5%
2018	2020	100.0%	2,039,793	5,853,706	15,842,646	51.7%	8,190,648	8,190,648	5.5%	13,571,437	132,323,097	231,157,560	98,834,463	57.2%
2019	2021	100.0%	2,016,234	6,322,943	15,790,230	54.8%	8,653,046	8,653,046	5.6%	14,231,858	136,158,048	239,751,998	103,593,950	56.8%
2020	2022	103.8%	2,191,246	7,465,129	15,728,613	66.1%	10,019,126	10,404,477	20.2%	15,237,719	140,045,905	257,803,498	117,757,593	54.3%
2021	2023	95.8%	2,361,635	8,026,540	16,280,755	63.4%	10,777,860	10,321,126	-0.8%	16,126,117	149,525,489	274,656,092	125,130,603	54.4%
2022	2024	97.7%	2,250,245	8,541,607	15,561,500	70.3%	11,204,280	10,946,000	6.1%	16,926,541	154,357,737	283,133,254	128,775,517	54.5%
2023	2025	100.0%	2,585,109	9,771,039	17,366,187	73.3%	12,729,415	12,729,415	13.6%	18,057,479	157,266,969	291,430,277	134,163,308	54.0%
2024	2026	100.0%	2,350,068	10,362,847	17,460,566	75.0%	13,095,425	13,095,425	2.9%	18,678,910	162,310,323	299,900,804	137,590,481	54.1%
2025	2027	100.0%	2,345,110	10,634,146	17,877,479	74.8%	13,372,354	13,372,354	2.1%	19,384,097	171,542,194	307,439,853	135,897,659	55.8%
2026	2028	100.0%	2,374,781	11,261,968	18,363,218	76.5%	14,047,862	14,047,862	5.1%	20,115,879	176,255,057	314,921,553	138,666,496	56.0%
2027	2029	100.0%	2,389,734	11,515,817	18,924,996	75.7%	14,326,222	14,326,222	2.0%	20,861,236	186,843,000	322,308,705	135,465,705	58.0%
2028	2030	100.0%	2,404,138	11,633,722	19,489,357	74.2%	14,461,103	14,461,103	0.9%	21,557,878	199,792,076	329,543,674	129,751,598	60.6%
2029	2031	100.0%	2,420,046	11,968,657	19,968,788	74.2%	14,816,841	14,816,841	2.5%	22,155,855	210,122,689	336,607,113	126,484,424	62.4%
2030	2032	100.0%	2,450,705	12,330,358	20,470,313	74.4%	15,229,913	15,229,913	2.8%	22,735,359	220,679,018	343,534,131	122,855,113	64.2%
2031	2033	100.0%	2,488,392	12,705,905	21,113,293	74.1%	15,644,950	15,644,950	2.7%	23,333,564	231,826,609	350,443,298	118,616,689	66.2%
2032	2034	100.0%	2,506,048	13,092,975	21,761,628	73.8%	16,060,081	16,060,081	2.7%	23,946,393	243,692,387	357,364,160	113,671,773	68.2%
2033	2035	100.0%	2,530,165	13,491,141	22,421,715	73.6%	16,502,382	16,502,382	2.8%	24,527,262	256,302,966	364,248,961	107,945,995	70.4%
2034	2036	100.0%	2,555,720	13,902,025	23,086,181	73.4%	16,945,257	16,945,257	2.7%	25,024,882	269,703,228	371,092,124	101,388,896	72.7%
2035	2037	100.0%	2,612,806	14,324,959	23,775,299	73.4%	17,451,069	17,451,069	3.0%	25,444,585	284,015,513	377,927,382	93,911,869	75.2%
2036	2038	100.0%	2,696,898	14,763,681	24,551,482	73.3%	17,996,236	17,996,236	3.1%	25,869,566	299,409,261	384,891,782	85,482,521	77.8%
2037	2039	100.0%	2,774,708	13,545,508	25,399,801	66.2%	16,814,668	16,814,668	-6.6%	26,286,835	316,125,562	392,119,169	75,993,607	80.6%
2038	2040	100.0%	2,842,109	12,960,276	26,295,263	61.9%	16,276,768	16,276,768	-3.2%	26,704,035	334,290,365	399,609,482	65,319,117	83.7%
2039	2041	100.0%	2,925,895	12,802,858	27,177,080	59.6%	16,197,540	16,197,540	-0.5%	27,151,667	352,161,100	407,374,944	55,213,844	86.4%
2040	2042	100.0%	3,019,460	11,428,695	28,069,238	53.0%	14,876,696	14,876,696	-8.2%	27,668,951	370,414,574	415,461,163	45,046,589	89.2%
2041	2043	100.0%	3,095,383	10,793,368	28,959,780	49.4%	14,306,131	14,306,131	-3.8%	28,238,470	389,546,643	423,878,370	34,331,727	91.9%
2042	2044	100.0%	3,166,359	10,640,194	29,817,255	47.7%	14,222,831	14,222,831	-0.6%	28,835,999	408,200,661	432,542,446	24,341,785	94.4%
2043	2045	100.0%	3,244,117	10,259,838	30,669,570	45.4%	13,923,985	13,923,985	-2.1%	29,571,904	427,089,918	441,409,257	14,319,339	96.8%
2044	2046	100.0%	3,318,514	9,984,829	31,495,966	43.5%	13,700,745	13,700,745	-1.6%	30,285,833	446,733,459	450,480,517	3,747,058	99.2%
2045	2047	100.0%	3,405,250	0	32,214,614	10.9%	3,511,393	3,511,393	-74.4%	31,055,954	466,802,144	459,614,733	-7,187,411	101.6%
2046	2048	100.0%	3,476,822	0	32,995,507	10.9%	3,596,510	3,596,510	2.4%	31,916,843	487,435,018	468,856,880	-18,578,138	104.0%
2047	2049	100.0%	3,552,617	0	33,716,341	10.9%	3,675,081	3,675,081	2.2%	32,827,135	497,914,770	478,128,569	-19,786,201	104.1%

Unless otherwise noted on the following pages, projections above are based on data, assumptions, methods, and plan provisions as detailed in the 10/31/2024 valuation report dated June 13, 2025.

"ARFC" refers to the "Actuarial Recommended Funding Contribution".

These numbers are estimates only and are not guarantees of future plan costs.

*Note an additional \$49.2 million was contributed during the plan year ending 10/31/2013 as a result of City of East Providence Police's participation in the investigation of Google, Inc.



Assumptions for Cost Projection

Category	Assumption
Asset Return, Interest Rate	Plan assets earn 7.25% annually, except as specified otherwise
Active Population	The number of active employees stays constant at 190 throughout the projection period.
City Contributions	The City contributes the full Actuarial Recommended Contribution (ARC) each year or as otherwise noted
Contributions Shown	Include only Employer Defined Benefit money, unless otherwise noted
Actuarial Recommended Funding Contribution Calculation	Consists of 2 pieces – benefits being earned during the current year and the amount to cover the amortization of the unfunded liability
Future New Entrants	Modeled after actual new entrant data from 2021-2023. New entrants were modeled for Police and Fire employees separately. Fire employees are assumed to be hired as Privates with the City.
Salary Growth	7.0% increases for those under 5 years of service, and 4.0% thereafter compounded annually, plus longevity increases according to bargaining agreements. This include merit, inflation, and any other type of wage increase. The City provides all pension wages including longevity as part of the reported earnings.



Assumptions for Cost Projection

Category	Assumption
Mortality	Healthy Lives - Pub-2010 Safety amount-weighted tables, with generational improvements from 2010 based on assumptions from the 2021 Social Security Administration (SSA) Trustees' Report. Survivors and beneficiaries utilize the Pub-2010 Continuing Survivor mortality tables with the same projected generational improvement.
	Disabled Lives - Pub-2010 Safety Disabled Retiree Mortality table with generational improvements from 2010 based on assumptions from the 2021 SSA Trustees' Report
Inflation	Inflation is assumed at 2.5% per year unless explicitly stated otherwise
Retirement Rates, Withdrawal Rates, Disability Rates, COLA, Married Percentage	All other assumptions match those used in the October 31, 2024 valuation
Results and Information Prior to 10/31/2016	All results and information prior to October 31, 2016 were prepared and provided by Fallon Pension Actuaries, Inc.



Certification

This report was prepared for the Pension Board of the City of East Providence to show the projected ongoing funded status and cost of the City of East Providence, Rhode Island Police and Fire Fighters Retirement System. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than the intended use.

Except where indicated otherwise, the results included in this report are based on the same data, assumptions, methods, and plan provisions as the 10/31/2024 funding valuation including the determination of contribution for FYE 10/31/2026. As a result, these sections of the 2024 funding report dated June 13, 2025, should be considered part of this report.

In preparing these results, Nyhart used ProVal valuation software developed by Winklevoss Technologies, LLC. This software is widely used for the purpose of performing pension valuations. We coded the plan provisions, assumptions, methods, and participant data summarized in this report, and reviewed the liability and cost outputs for reasonableness. We are not aware of any weaknesses or limitations in the software and have determined it is appropriate for performing this valuation.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such facts 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 or other additional cost or contribution requirement based on the plan's funded status); and changes in plan provisions or applicable law. The scope of our assignment did not include an analysis of the potential range of future measurements.

This report has been prepared in accordance with generally accepted actuarial principles and practice.

The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States.

Jennifer Turk, FSA, EA, MAAA

Jennifer Sterbank, ASA, EA, MAAA