

Actuarial gains and losses may result from (1) actual experience versus assumed experience, (2) changes in demographic and economic assumptions, and (3) changes in benefit provisions.

*Demographic data.* The demographic data in an actuarial valuation shall include: (1) all active members, (2) all inactive vested members, (3) all inactive non-vested members with an account balance, and (4) all annuitants (including beneficiary annuitants).

*Benefit provisions.* The actuarial valuation shall include all benefits being accrued by members of City of Franklin Employees' Pension Plan including, but not limited to, retirement, disability, death benefits, and post-employment market-price adjustments. The valuation shall be based on the benefit eligibility and benefit terms as set out in state law.

*Assumptions utilized.* Demographic and economic assumptions as determined by an actuarial experience study, recommended by the Employee Pension Committee, and adopted by the Board shall be utilized in the actuarial valuation.

The use of mortality assumptions, which includes expected improvement in life expectancy, must be utilized for fiscal years beginning after June 15, 2024 in accordance with TCA 9-3-504(4).

The investment earnings assumption to calculate the Actuarially Determined Contribution is established by resolution of the Board of Mayor and Aldermen and may not exceed the TCRS earnings assumption by more than fifty (50) basis points in accordance with TCA 9-3-504(5).

### **Actuarial Audit**

An actuarial audit by an independent actuarial audit firm shall be conducted at least once in a ten year period. The purpose of the actuarial audit shall be: (1) the validation and verification of actuarial valuation results for both funding and accounting; (2) an evaluation of the reasonableness of actuarial assumptions and methods; (3) compliance with professional standards such as generally accepted actuarial standards; and (4) compliance with state law and Board policy.

### **Transparency and Accountability**

This funding policy, the actuarial experience study, the actuarial valuation, and the actuarial audit shall be readily available for review. Accordingly, the funding policy shall be posted on the City website. Further, the actuarial experience study, the actuarial valuation, and the actuarial audit shall be maintained on the City website for a period of no less than five years after being published.

### **Effective Date**

This policy be effective upon its adoption by the Board of Mayor & Aldermen, and shall remain ineffect until amended by the Board or preempted by state law.