

BRIEF SUMMARY OF PLAN PROVISIONS

REGULAR RETIREMENT (no reduction factor for age)

Eligibility - T.P.O.A., T.C.O.A.; Fire Staff Officers members: 25 years of service; or age 60 with 10 years of service. AFSCME Members: Age 50 with 27 years of service; or age 60 with 10 years of service. Classified or Exempt and General Clerical Members: Age 50 with 27 years of service; or age 55 with 25 years of service; or age 60 with 10 years of service.

Mandatory Retirement Age - None.

Annual Amount

Division	Benefit	Supplemental Benefit
T.P.O.A.	2.80% * FAC * Service	1.00% * FAC * Over 25 Yrs (75% max.)
T.C.O.A.	2.25% * FAC * Service	0.25% * FAC * Service
General, AFSCME	2.25% * FAC * Service	0.25% * FAC * Service
General Classified/Exempt	2.25% * FAC * Service	0.25% * FAC * Service
General Clerical	2.25% * FAC * Service	0.25% * FAC * Service
T.F.S.O.A.	2.25% * FAC * Service	0.25% * FAC * Service

Type of Final Average Compensation - Highest 3 years out of last 10.

EARLY RETIREMENT (age reduction factor used)

Eligibility - Age 55 with 10 years of service.

Annual Amount – Computed as regular retirement benefit but reduced by 1/2% for each month by which retirement precedes age 60.

DEFERRED RETIREMENT (vested benefits)

Eligibility - 10 years of service. Benefit payable at age 60.

Annual Amount – Same as regular retirement but based on credited service and final average compensation at termination.

DUTY DISABILITY RETIREMENT

Eligibility - No age or service requirement. Workers' compensation must be payable.

Annual Amount – Same as regular retirement. Upon termination of workers' compensation the benefit is recomputed to grant service credit for the period in receipt of workers' compensation. Minimum benefit is based on 10 years of credited service (66-2/3% of final average compensation for non-command/exempt public safety members, while in receipt of workers' compensation).

NON-DUTY DISABILITY RETIREMENT

Eligibility - 5 years of service (10 years for Exempt and Classified, AFSCME, employees hired after 2/96, MAP employees hired after 9/22/95, T.F.S.O.A. employees).

Annual Amount – Same as regular retirement, but with a minimum benefit based on 10 years of credited service.

DUTY DEATH BEFORE RETIREMENT

Eligibility - No age or service requirement.

Annual Amount – Widow's benefit equal to regular retirement benefit actuarially reduced in accordance with a 100% joint and survivor election. Minimum benefit is 25% (50% for Command Officers T.P.O.A. and T.F.S.O.A.) of final average compensation. If no widow, children under 18 share equally in 25% (50% for Command Officers T.P.O.A. and T.F.S.O.A.) of final average compensation.

NON-DUTY DEATH BEFORE RETIREMENT

Eligibility - 10 years service.

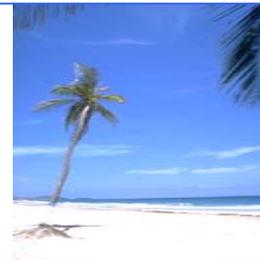
Annual Amount – Same as regular retirement but reduced in accordance with a 100% joint and survivor election.

AUTOMATIC DEATH BENEFIT AFTER RETIREMENT: None

POST-RETIREMENT ADJUSTMENTS: One time increases were granted in 1973, 1977, 1978, 1981, 1983, 1989 and 1999.

HEALTH INSURANCE PREMIUM SUBSIDY: Post-retirement health insurance premiums are subsidized as follows:

T.F.S.O.A., T.C.O.A., T.P.O.A. - City pays a percentage of monthly premium up to 100% based on (4% x completed years of service). *Classified, Exempt, AFSCME, Clerical* - City pays a percentage of monthly premium up to 100% based on (4% x completed years of service) or \$400/month, whichever is greater.



City of Troy Retirement System

SUMMARY ANNUAL REPORT TO MEMBERS DECEMBER 31, 2004

Dear Retirement System Member:

The Retirement System, which is managed by the Retirement Board, is designed to help you meet your financial needs should you become disabled, retire or die.

The Retirement Board's fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Under Act 485 of 1996 we are providing this Summary Annual Report.

We have prepared this summary report to give you a brief overview of the Retirement System and how it operates. We hope you will find it useful and informative. However, a summary cannot cover all the details of the System, which is governed by the provisions of the City's charter, the City's retirement ordinance and the Retirement Board's official rules and regulations. Additional information about the System and its financial operation is available in the City Manager's office.

Respectfully submitted,

*The Retirement Board
City of Troy Retirement System*

Louise E. Schilling, Mayor
John Szerlag, City Manager
John M. Lamerato, Finance Director
Mark A. Calice, Citizen Trustee
Thomas Houghton, Trustee
Michael Geise, Trustee
Steven A. Pallotta, Trustee
William R. Need, Ex-Officio

Actuaries and Consultants

- Gabriel, Roeder, Smith & Company

Auditors and Accountants

- Rehmann Robson

SUMMARY RESULTS OF ACTUARIAL VALUATION

Your retirement system's financial objective is to establish and receive contributions which will remain approximately level from year to year and will not have to be increased for future generations of taxpayers. Contribution levels are expressed in terms of percents of the city's active member payroll.

To determine an appropriate Employer contribution level for the ensuing year and to gauge how the system's funding is meeting this fundamental objective, an independent firm of actuaries and employee benefit consultants, Gabriel, Roeder, Smith & Company, conducts annual actuarial valuations.

These valuations are based on your System's past experience, information about current participation and financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 2004 valuation, based on the established funding objective, are summarized below:

Fiscal Year 2005/06 Employer Contribution Rates As a Percentage of Active Member Payroll

Contributions for	General	Public Safety
Normal Cost of Benefits		
Total	15.21%	22.74%
Member portion	<u>1.22</u>	<u>3.72</u>
Employer portion	13.99	19.02
Amortization of Unfunded Liability	(10.35)	(19.02)
Post-Retirement Health Care	<u>7.27</u>	<u>3.57</u>
Computed Employer Rate	10.91%	3.57%

Funded Status*	\$ Millions
• Actuarial accrued liabilities	\$109.4
• Applied assets (market related value)	\$126.8
• % funded	115.9%

Actuary's Opinion

It is the actuary's opinion that the required contribution rate determined by the most recent actuarial valuation is sufficient to meet the system's funding objective, presuming continued receipt of required contributions when due.

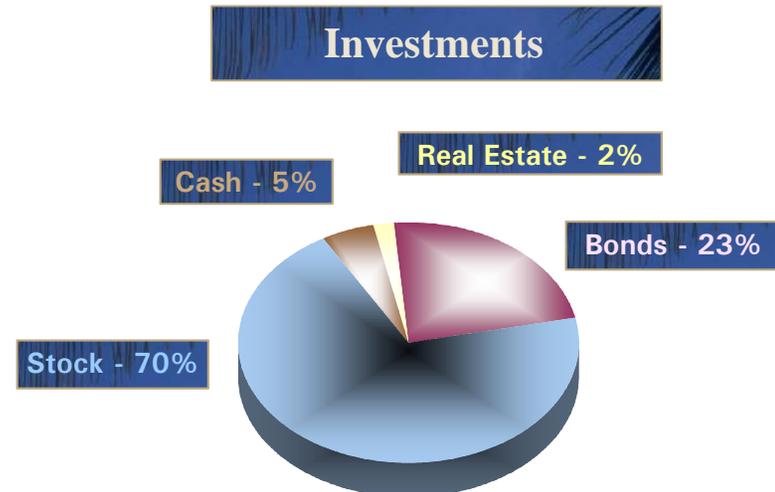
*Percent funded is for pension benefits only. The City adopted a Health Care Trust Plan to provide for retiree health care effective July 1, 2005.

SUMMARY OF CURRENT ASSET INFORMATION

Revenues & Expenses

	2004
Fund Balance - January 1	\$157,797,742
Revenues	
Member contributions	333,305
Employer contributions	1,571,547
Investment income	<u>12,763,027</u>
Total	14,667,879
Expenses	
Benefit payments	4,482,783
Refund of member contributions	335,998
Administrative expenses	29,322
Health Insurance Premiums	<u>1,254,559</u>
Total	6,102,662
Market Value - December 31	<u>\$166,362,959</u>

Investments



The market rate of return on system assets for the year ended December 31, 2004 was 8.2%, net after expenses.