



Diamond State Port Corporation Pension Plan

**Actuarial Valuation
as of June 30, 2018**

Produced by Cheiron

January 2019

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January 15, 2019

Board of Pension Trustees
State of Delaware
McArdle Building
860 Silver Lake Boulevard, Suite 1
Dover, Delaware 19904

Dear Members of the Board:

At your request, we have conducted the annual actuarial valuation of the Diamond State Port Corporation Pension Plan (Plan) as of June 30, 2018. The results of this valuation are contained in this report. The purpose of the valuation is discussed in the Foreword. Note that this valuation has been adjusted for funding purposes to reflect the freezing of the Plan that occurred subsequent to the valuation date.

This report contains information on plan assets and liabilities, as well as analyses combining asset and liability performance. It also discloses employer contribution amounts and certain required disclosures under the Governmental Accounting Standards Board (GASB) Statement No. 67.

In completing the valuation and preparing our report, we relied on information, some oral and some written, supplied by staff of the Office of Pensions. This information includes, but is not limited to, the plan provisions, employee data, and financial information. The majority of this information was as of June 30, 2018, but we also received information relating to plan provisions and employee data reflecting the freezing of this Plan subsequent to the valuation date. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

The contribution results of this report are only applicable to the State contribution for Fiscal Year (FY) 2019 and rely on future plan experience conforming to the underlying assumptions. Future experience may differ significantly from the current experience due to such factors as the following: plan experience differing from that anticipated by the assumptions; changes in assumptions; and changes in plan provisions or applicable law.

To the best of our knowledge, this report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices that are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board, including the use of assumptions and methods for funding purposes that comply with the Actuarial Standards of Practice. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinions contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This report was prepared for the Diamond State Port Corporation Pension Plan for the purposes described herein and for the use by the Plan's auditor in completing an audit related to the matters herein. Other users of this valuation report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

Sincerely,
Cheiron



Fiona E. Liston, FSA, MAAA, EA
Principal Consulting Actuary



Elizabeth Wiley, FSA, FCA, MAAA, EA
Consulting Actuary

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

FOREWORD

Cheiron has performed the annual actuarial valuation of the Diamond State Port Corporation Pension Plan (Plan) as of June 30, 2018. The purpose of this report is to:

- 1) **Measure and disclose**, as of the valuation date, the financial condition of the Plan,
- 2) **Indicate trends** in the financial condition of the Plan,
- 3) **Determine the contribution amount** to be paid by the State for Fiscal Year (FY) 2019, and
- 4) **Provide** certain accounting statement information.

An actuarial valuation establishes and analyzes plan assets and liabilities on a consistent basis and traces the progress of both from one year to the next. It includes measurement of the plan's investment performance as well as an analysis of liability gains and losses.

Section I presents a summary containing our findings and disclosing important trends experienced by the Plan in recent years.

Section II contains details on various asset measures, together with pertinent performance measurements.

Section III shows similar information on liabilities, measured for actuarial, accounting, and governmental reporting purposes.

Section IV presents the FY 2019 actuarially determined State contribution. Note that this amount replaces the percentage of salary contribution rate that was determined by the June 30, 2017 valuation prior to the freezing of the Plan.

Section V includes certain required disclosures under Governmental Accounting Standards Board (GASB) Statement No. 67 and items recommended by the Government Finance Officers Association (GFOA).

The appendices to this report contain a summary of the Plan's membership at the valuation date updated to reflect the subsequent event of the freezing of the Plan, a summary of the major provisions of the Plan, and a summary of the actuarial methods and assumptions used in the valuation.

The actuarial assumptions reflect our understanding of the likely future experience of the Plan, and the assumptions individually and as a whole represent our best estimate for the future experience of the Plan. The results of this report rely on future plan experience conforming to the underlying assumptions and methods outlined in this report. To the extent that the actual plan experience deviates from the underlying assumptions and methods, or there are any changes in plan provisions, the true cost of the Plan will vary from our results.

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

SECTION I – BOARD SUMMARY

General Comments

The Diamond State Port Corporation Pension Plan was frozen shortly after the 2018 Plan Year ended. Active participants as of the freeze date are now either receiving a pension, changed their status to terminated vested due to receive a pension, or have been or will be provided a refund of contributions. It was decided that this June 30, 2018 valuation report is the appropriate basis for determining the contribution needed for the fiscal year (FY) 2019, and as such should reflect the subsequent event of the Plan freeze for funding purposes.

With the freezing of the Plan, the basis of the actuarially determined contribution has changed from a percentage of active payroll to a dollar amount, including reflecting altering the amortization policy for the Plan's unfunded actuarial liabilities to one more appropriate for a frozen plan. In addition, where the actuarial contribution for each fiscal year was previously determined by the valuation two years earlier, the contribution amounts will now be determined by the previous year. Therefore, the contribution rate determined for FY 2019 that was developed by the June 30, 2017 valuation will not be used and instead the dollar amount of \$310,000 determined by this valuation will constitute the actuarially determined contribution for FY 2019.

During the year ending June 30, 2018, the Plan's assets earned 10.4% on a market value basis. However, due to the Plan's asset smoothing method, which recognizes portions of the investment gains and losses over time, the return on an actuarial value basis was 7.2%. This return was greater than the assumed investment rate of return of 7.0% for the prior year, resulting in an actuarial gain on investments of \$129,000.

The Plan experienced an actuarial gain on plan liabilities resulting from the plan freeze combined with refunds, salary increases different from those assumed and members retiring, terminating, becoming disabled, and dying at rates different from the actuarial assumptions. This liability gain decreased the actuarial liability by \$3.1 million.

This valuation report also contains certain information to be reported in the June 30, 2018 Comprehensive Annual Financial Report (CAFR) of the Delaware Public Employees' Retirement System (Delaware PERS) under GASB Statement No. 67, as well as additional disclosure information recommended by the Government Finance Officers Association (GFOA). The GASB disclosures are based on the use of update procedures to roll forward the 2017 actuarial valuation liability results. The calculation of net pension liability in Section V is shown as disclosed for the plan year ending June 30, 2018, based on the 2017 funding actuarial valuation liability results. Note that this financial disclosure information shown in Section V does not reflect the freezing of the Plan as the freeze occurred after the measurement date. We do however present a projection of the June 30, 2019 disclosure in Section V, assuming all actuarial assumptions are exactly met over the coming year, which is based on the 2018 funding actuarial valuation liability results and thus reflects the freezing of the Plan.

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

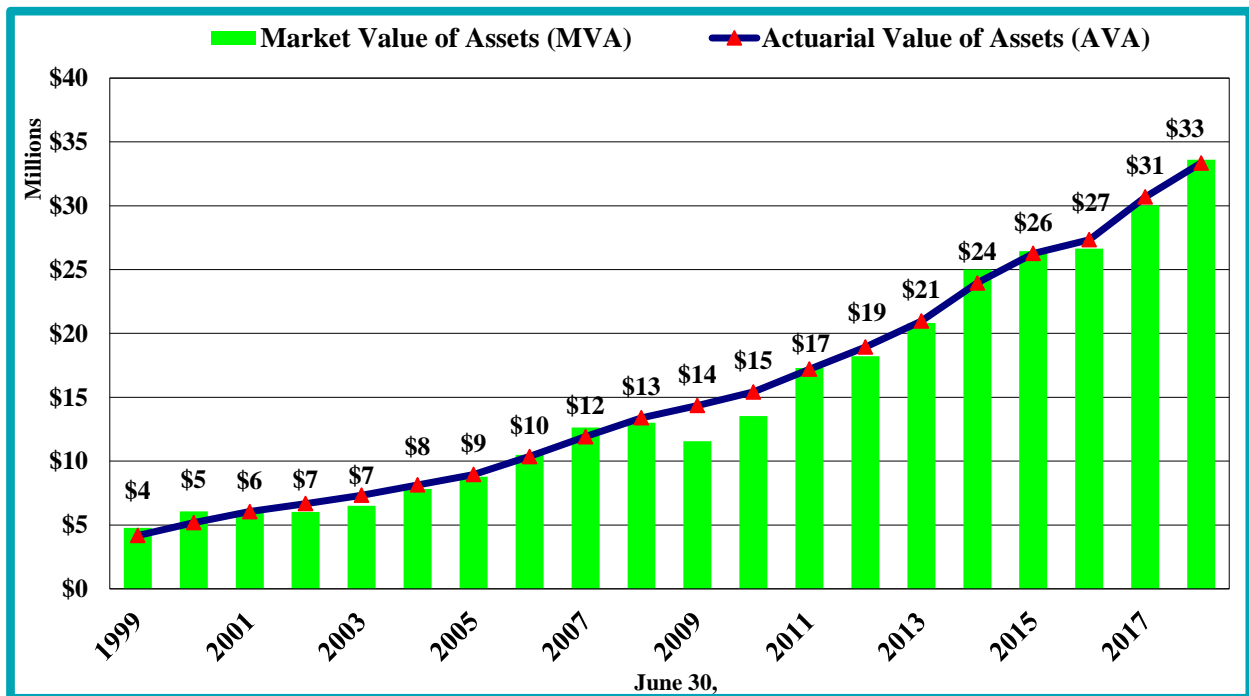
SECTION I – BOARD SUMMARY

As of the June 30, 2018 funding actuarial valuation, including reflection of the freeze, the Plan’s unfunded actuarial liability (UAL) was \$1.14 million. This is a decrease from the \$4.39 million UAL in the funding valuation for the prior year.

Trends

Asset Returns

The graph below shows measurements of the Plan’s assets over the last 20 years based on both market values and actuarial values. The green bars represent the market value measurements, while the blue line shows the actuarial value measurements. The black labels above the blue line are the actuarial value of asset measurements as of the valuation date for each year in millions of dollars.



The market value of assets (MVA) returned 10.4% over the last year. The determination of the Plan’s actuarial value of assets (AVA) for the current year reflects a portion of the return above the 7.0% assumed for the prior year, and continued recognition of prior years’ gains and losses, and thus returned 7.2% over FY 2018.

Over the period July 1, 1999 to June 30, 2018, the Plan’s assets measured using actuarial value of asset measurements returned a compound 7.7%, compared to the current valuation assumption of 7.0%. On a market value of asset basis, the Plan returned 6.7% over the same period.

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

SECTION I – BOARD SUMMARY

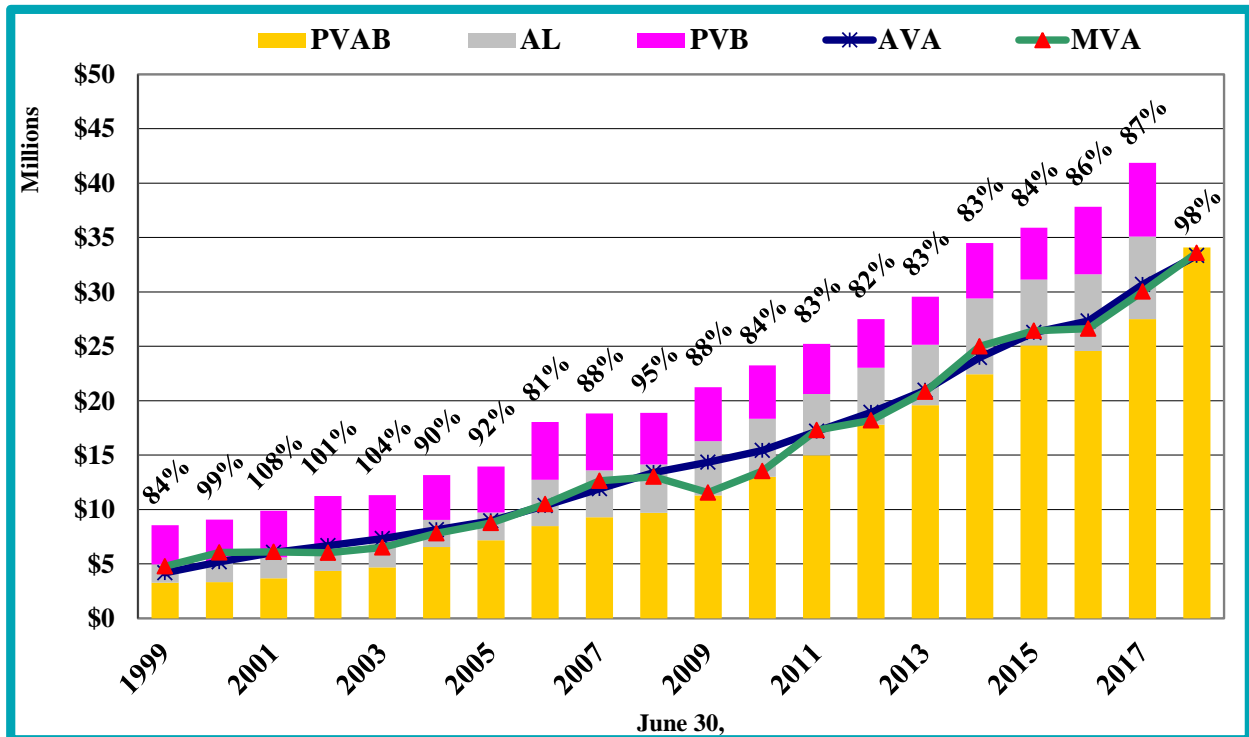
Assets and Liabilities

The three colored bars below represent the three different measures of liability discussed in this report. The first measure is given by the yellow bars, the present value of accrued benefits (PVAB). The PVAB values represent the value of all benefits earned by current members through the valuation date. These values do not reflect any future additional service or salary increases for current members beyond the valuation dates.

The second liability measure shown is the one currently used for the Plan’s funding target, the actuarial liability (AL). These target amounts are represented by the top of the gray bars. This measurement is also the basis of the liability measure used in GASB 67. The funded ratios reported by the Plan are the percentages shown above the bars and are developed by comparing these target measurements of liability to the actuarial value of assets at each valuation date.

The amount represented by the top of the pink bars, the present value of future benefits (PVB), is the amount needed as of each valuation date to provide all benefits for the current members and their beneficiaries, including reflection of assumed future service and pay increases. If the Plan had assets equal to the PVB as of a certain date, no additional contributions would, in theory, be needed to pay the benefits of the current members if all assumptions were exactly met from that point forward.

Note that with the freezing of the Plan, reflected in this June 30, 2018 valuation, all three of these liability values are now the same for this Plan.

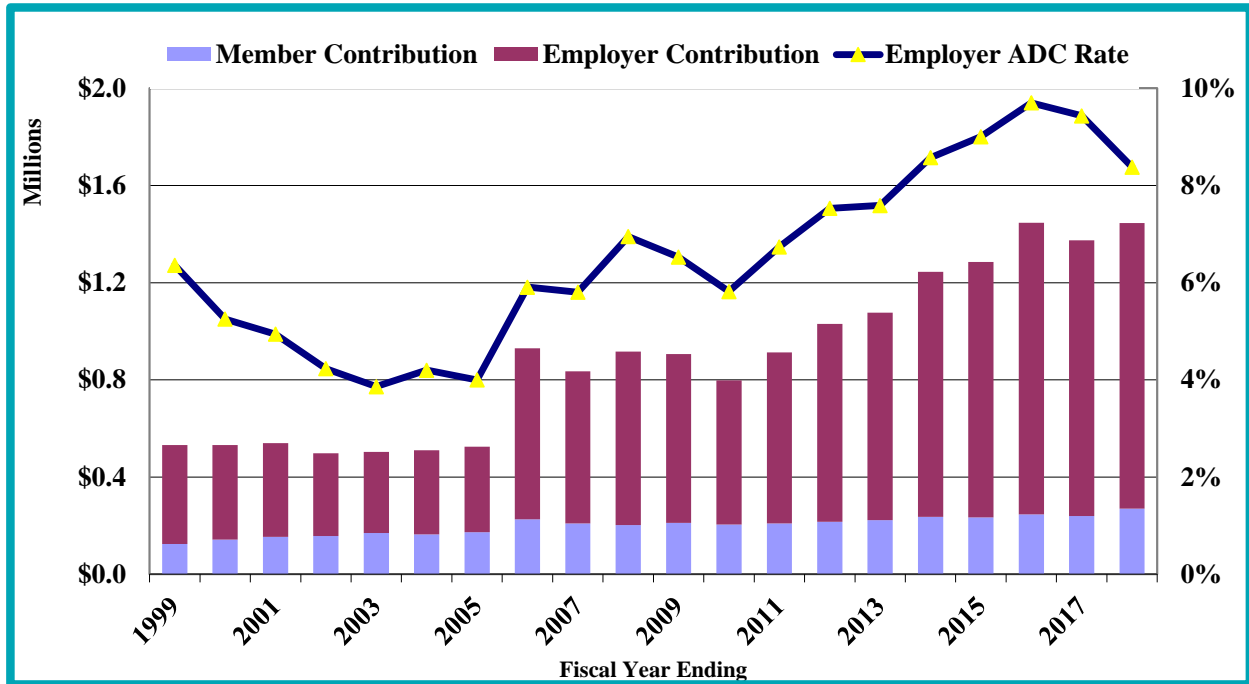


* Liabilities reflect freeze of the Plan as of the June 30, 2018 valuation.

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

SECTION I – BOARD SUMMARY

Contribution Rates



The stacked bars in the graph above show the actual dollar amounts of the contributions made by the employer and the members for each fiscal year and are read using the left-hand scale. The blue line shows the employer actuarially determined contribution (ADC) rate for each fiscal year as a percentage of payroll and is read using the right-hand scale. Note that since the Plan was frozen shortly after the end of FY 2018, we have not shown the contribution rate that was developed for FY 2019. It is our expectation that the actuarially determined contribution amount determined by this valuation will be paid for FY 2019.

The member contribution rate was set by the plan document, based on the plan in which the member participated. Note that with the freezing of the Plan, there are no more member contributions. The participating employer contribution is set by the actuarial process. Prior to the freeze of the Plan, this process produced a rate to be paid as a percentage of payroll for each year, but with the Plan’s freeze, the actuarial process will now produce a dollar amount that is to be paid for each fiscal year.

**DIAMOND STATE PORT CORPORATION PENSION PLAN
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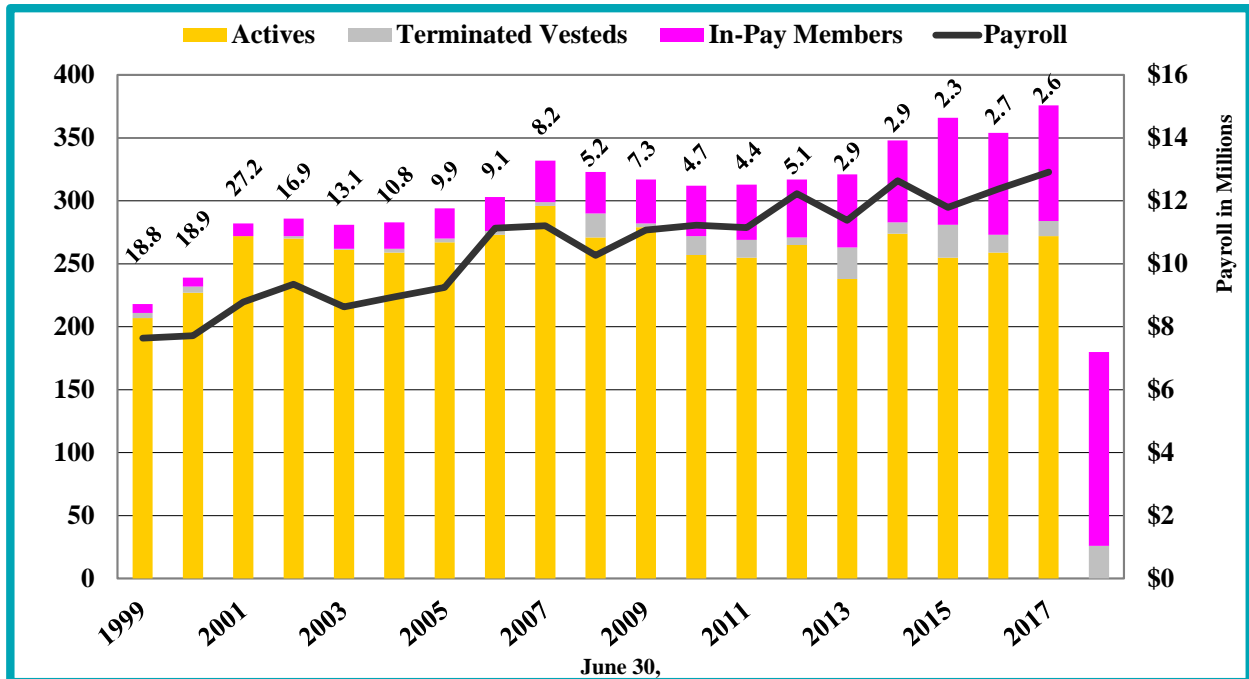
SECTION I – BOARD SUMMARY

Participant Trends

The bars below show the number of members as of each valuation date, divided between active members, terminated vested members, and retirees/beneficiaries. These bars are read using the left-hand scale. The counts shown for 2018 are updated to reflect the subsequent event of the freezing of the Plan. Therefore, there are no longer active participants and there was a significant increase in both in-pay and terminated vested members post-freeze.

The numbers that appear above each bar represent the ratio of active members to inactive members (retirees, beneficiaries, and terminated vested members) at each valuation date. Before the freeze, the active-to-inactive ratio had decreased from 18.8 actives to each inactive in 1999 to 2.6 actives to each inactive in 2017¹. With the freezing of the Plan, there are no actives remaining in the Plan and this ratio is thus no longer calculated.

The black line shows the covered payroll for the Plan as of each valuation date and is read using the right-hand scale. With the freezing of the Plan, there is no longer any applicable active payroll and thus this line ends with the 2017 valuation.



¹ Prior to the 2018 valuation, for participant counts, retirees and beneficiaries receiving benefits from different Port plans were counted multiple times.

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

SECTION I – BOARD SUMMARY

**Table I-1
Summary of Principal Plan Results**

Valuation as of:	June 30, 2017	June 30, 2018³	% Change
<u>Member Counts</u>			
Active Members	272	0	(100.00)%
Disabled Members	4	6	50.00%
Retirees and Beneficiaries ¹	88	148	100.00%
Terminated Vested Members	12	153	1,175.00%
Terminated Non-Vested Members	<u>0</u>	<u>80</u>	N/A
Total Member Counts	376	387	2.93%
Covered Payroll of Active Members ²	\$ 12,912,200	\$ 0	(100.00)%
Annual Benefit Payments for Retirees, Disabled Members, and Beneficiaries	\$ 884,200	\$ 2,365,200	167.50%
<u>Assets and Liabilities</u>			
Actuarial Liability (AL)	\$ 35,081,900	\$ 34,492,700	(2.84)%
Actuarial Value of Assets (AVA)	<u>30,687,300</u>	<u>33,348,100</u>	8.67%
Unfunded AL (UAL)	\$ 4,394,600	\$ 1,144,600	(83.23)%
Funded Ratio on AVA Basis (AVA/AL)	87.5%	96.7%	
Funded Ratio on MVA Basis (MVA/AL)	85.6%	97.4%	
Present Value of Accrued Benefits (PVAB)	\$ 27,496,800	\$ 34,492,700	23.96%
Market Value of Assets (MVA)	<u>30,038,400</u>	<u>33,601,500</u>	11.86%
Unfunded PVAB	\$ (2,541,600)	\$ 891,200	119.03%
Accrued Benefit Funded Ratio (MVA/PVAB)	109.2%	97.4%	
<u>Employer Contribution Amount</u>			
	Fiscal Year 2019⁴	Fiscal Year 2019	
Entry Age Normal Cost	6.06%	N/A	
UAL Amortization Payment	3.12%	\$ 269,900	
Administrative Expense	<u>0.30%</u>	<u>\$ 40,100</u>	
Actuarially Determined Contribution (ADC)	9.48%	\$ 310,000	

¹ The 2017 participant counts include 14 retirees and 7 beneficiaries counted twice for receiving benefits under two Port plans

² Assumes one year of payroll increase projection, representing payroll beginning on each valuation date. The 2018 payroll is zero as it has been updated to reflect the freezing of the Plan subsequent to the valuation date.

³ The 2018 participant counts have been adjusted to reflect the freezing of the Plan subsequent to the valuation date.

⁴ The fiscal year 2019 rate that was developed by the 2017 valuation is not applicable following the plan freeze. Beginning with this June 30, 2018 valuation, a dollar amount of contribution will be paid based on the prior year's valuation.

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

SECTION II – ASSETS

Pension plan assets play a key role in the financial operation of the Plan and in the decisions that the Board of Trustees may make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely affect benefit levels, employer actuarially determined contributions, and the ultimate security of members' benefits.

In this section, we present detailed information on the Plan's assets including:

- **Disclosure** of the Plan's assets at June 30, 2017 and June 30, 2018,
- Statement of the **changes** in market values during FY 2018,
- Development of the **actuarial value of assets**,
- An assessment of **investment performance**, and
- A projection of the Plan's expected benefit payment **cash flows** for the next 10 years.

Market Value of Assets Disclosure

The market values of assets represent "snap-shot" or "cash-out" values that provide the principal basis for measuring financial performance from one year to the next. However, market values can fluctuate widely with swings in the marketplace, and as such, are usually not suitable for budgeting and long-range planning.

Table II-1 below shows the market values as of June 30, 2017 and June 30, 2018, along with the changes between the two.

Table II-1 Changes in Market Values of Assets		
Market Value of Assets – June 30, 2017		\$ 30,038,400
<u>Additions</u>		
Member Contributions	\$ 280,400	
Employer Contributions	1,175,000	
Investment Returns	<u>3,129,000</u>	
Total Additions	\$ 4,584,400	
<u>Deductions</u>		
Benefit Payments	\$ 981,200	
Administrative Expenses	<u>40,100</u>	
Total Deductions	\$ 1,021,300	
Market Value of Assets – June 30, 2018		\$ 33,601,500

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

SECTION II – ASSETS

Actuarial Value of Assets

The actuarial value of assets represents a “smoothed” value developed by the actuary to reduce, or eliminate, erratic results that could develop from short-term fluctuations in the market value of assets. The actuarial value for this plan equals the expected actuarial value of assets, developed from the immediately prior valuation, plus 20% of the difference between the actual market value of assets and that expected actuarial value of assets at the valuation date. The table below illustrates the calculation of the actuarial value of assets as of June 30, 2018.

Table II-2 Development of Actuarial Value of Assets		
1.	Actuarial Value of Assets at June 30, 2017	\$ 30,687,300
2.	Amount in (1) with interest to June 30, 2018 at 7.0% per year	32,835,400
3.	Employer and member contributions for FY 2018	1,455,400
4.	Interest on contributions assuming payments made uniformly throughout the year to June 30, 2018 at 7.0% per year	50,900
5.	Disbursements from Trust except investment expenses, July 1, 2017 through June 30, 2018	1,021,300
6.	Interest on disbursements to June 30, 2018 at 7.0% per year	<u>35,700</u>
7.	Expected Actuarial Value of Assets at June 30, 2018 = (2) + (3) + (4) – (5) – (6)	\$ 33,284,700
8.	Actual Market Value of Assets at June 30, 2018	<u>\$ 33,601,500</u>
9.	Excess of (8) over (7)	\$ 316,800
10.	Actuarial Value of Assets at June 30, 2018 = (7) + 20% of (9)	\$ 33,348,100

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

SECTION II – ASSETS

Investment Performance

The market value of assets (MVA) returned 10.4% during 2018, which is more than the assumed 7.0% investment rate of return for the prior year. The actuarial value of assets (AVA) returned 7.2% over this same year, reflecting the asset smoothing methodology being utilized by the Plan for the measurement of the actuarial value of assets. Since a maximum of 20% of the gain or loss from the performance of the Plan is typically recognized in a given year under the adopted asset smoothing method, in periods of very good performance, the AVA can lag significantly behind the MVA, and in a period of negative returns, the AVA does not decline as rapidly as the MVA.

Projection of Expected Benefit Payments

Table II-3	
Year Beginning July 1,	Expected Benefit Payments
2018	\$ 2,805,000
2019	2,411,000
2020	2,430,000
2021	2,541,000
2022	2,595,000
2023	2,649,000
2024	2,676,000
2025	2,663,000
2026	2,692,000
2027	2,684,000

We have provided expected benefit payments for the frozen group valued at June 30, 2018, reflecting the freezing of the Plan. Note that the amount shown for 2018 includes \$408,000 in member contribution refunds to be paid to nonvested members following the freezing of the Plan. These are provided for informational purposes and are dependent upon the actuarial assumptions being exactly met.

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

SECTION III – LIABILITIES

In this section, we present detailed information on the Plan’s liabilities for funding purposes, including:

- **Disclosure** of the Plan’s liabilities at June 30, 2017 and June 30, 2018, and
- Statement of **changes** in these liabilities during the year.

Disclosure

Three liability measurements are calculated and presented in this report. Each type is distinguished by the purpose, or purposes, for which they are used.

- **Present Value of Benefits (PVB):** Used for analyzing the financial outlook of plans, this represents the amount of money needed today to fund all future benefits and expenses of a plan, assuming current members continue to accrue benefits and there are no new entrants, and that all actuarial assumptions are met. Since this Plan is frozen, no future benefit accruals are reflected.
- **Actuarial Liability (AL):** Used for funding calculations for a plan and GASB disclosures, this liability is calculated by taking the present value of benefits (PVB) and subtracting the present value of future member contributions (PVFEEC) and the present value of future employer normal costs (PVFNC) under an acceptable actuarial funding method. The Plan uses the **Entry Age Normal** funding method. Note that as a frozen plan, the PVFEEC and PVFNC for this Plan are both zero.
- **Present Value of Accrued Benefits (PVAB):** Used for communicating the current level of liabilities, this liability represents the total amount of money needed today to fully fund the current accrued obligations of a plan, assuming no future accruals of benefits or salary increases. These liabilities are also required for some accounting purposes of some plans (Topic No. 960) and are sometimes used as part of assessing whether a plan can meet its current benefit commitments. Note that the development of this amount also assumes that all actuarial assumptions are met, including the assets earning 7.0% per year.

Since this Plan has been frozen, all three of these liability values produce the same value beginning with this June 30, 2018 valuation. The 2017 values reflect the Plan as an ongoing entity.

None of the liability amounts disclosed in this report is appropriate for measuring a settlement of the Plan’s liabilities.

The following table discloses each of these liabilities for the current and immediately prior funding valuations. With respect to each disclosure, a subtraction of an appropriate value of plan assets yields, for each respective type, either a net surplus or an unfunded amount.

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

SECTION III – LIABILITIES

**Table III-1
Liabilities and Net (Surplus)/Unfunded Amounts**

	June 30, 2017	June 30, 2018
<u>Present Value of Benefits</u>		
Active Member Benefits	\$ 32,419,100	\$ 0
Retiree, Beneficiary, Disabled, and Terminated Member Benefits	9,448,100	34,492,700
Present Value of Benefits (PVB)	\$ 41,867,200	\$ 34,492,700
Market Value of Assets (MVA)	\$ 30,038,400	\$ 33,601,500
Future Member Contributions	1,793,700	0
Future Employer Contributions	10,035,100	891,200
Total Resources	\$ 41,867,200	\$ 34,492,700
<u>Actuarial Liability</u>		
Present Value of Benefits (PVB)	\$ 41,867,200	\$ 34,492,700
Present Value of Future Employer Normal Costs (PVFNC)	4,991,600	0
Present Value of Future Member Contributions (PVFEEC)	1,793,700	0
Actuarial Liability (AL=PVB-PVFNC-PVFEEC)	\$ 35,081,900	\$ 34,492,700
Actuarial Value of Assets (AVA)	30,687,300	33,348,100
Net (Surplus)/Unfunded AL (AL – AVA)	\$ 4,394,600	\$ 1,144,600
<u>Present Value of Accrued Benefits</u>		
Present Value of Benefits (PVB)	\$ 41,867,200	\$ 34,492,700
Present Value of Future Benefit Accruals (PVFBA)	14,370,400	0
Present Value of Accrued Benefits (PVAB=PVB-PVFBA)	\$ 27,496,800	\$ 34,492,700
Market Value of Assets (MVA)	\$ 30,038,400	\$ 33,601,500
Net (Surplus)/Unfunded PVAB (PVAB – MVA)	\$ (2,541,600)	\$ 891,200

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

SECTION III – LIABILITIES

Changes in Liabilities

Each of the liabilities disclosed in the prior table are expected to change at each valuation. The components of that change, depending upon which liability is analyzed, can include:

- New entrants since the last valuation
- Benefits accrued since the last valuation
- Plan amendments increasing benefits
- Passage of time which adds interest to the prior liability
- Benefits paid to retirees since the last valuation
- Participants retiring, terminating, or dying at rates different than expected
- A change in actuarial assumptions
- A change in actuarial methods

With the freezing of the Plan, the first two items will no longer be factors impacting the Plan's liability.

Unfunded liabilities (or surpluses), developed from subtraction of an appropriate value of plan assets from these liability measures, will change because of all of the above as well as due to changes in plan asset measures resulting from:

- Employer contributions different than expected
- Investment earnings different than expected
- A change in the methodology used to measure plan assets

In each valuation, we report on those elements of change that are of particular significance, potentially affecting the long-term financial outlook of the Plan. Below we present key changes in the liabilities since the last valuation.

Table III-2 Liability Changes			
(In Thousands)	Present Value of Benefits	Actuarial Liability	Present Value of Accrued Benefits
Liabilities June 30, 2017	\$ 41,867	\$ 35,082	\$ 27,497
Liabilities June 30, 2018	34,493	34,493	34,493
Liability Increase/(Decrease)	(7,374)	(589)	6,996
Change Due to:			
Benefit Changes	0	0	0
Assumption Changes	0	0	0
Actuarial (Gain)/Loss	NC *	(3,144) ¹	NC *
Benefits Accumulated and Other (Gain)/Loss	(7,374)	2,555	6,996

* NC = not calculated.

¹ This item includes the freezing of the Plan.

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

SECTION III – LIABILITIES

Table III-3 below provides additional information about the liability measurements for funding purposes as of both the current and the immediately prior valuations.

Table III-3 Actuarial Liabilities for Funding		
	June 30, 2017	June 30, 2018
1. Actuarial Liabilities		
Retiree, Beneficiary, Disabled, and Terminated Members	\$ 9,448,100	\$ 34,492,700
Active Members	<u>25,633,800</u>	<u>0</u>
Total Actuarial Liability (AL)	\$ 35,081,900	\$ 34,492,700
2. Actuarial Value of Assets (AVA)	\$ 30,687,300	\$ 33,348,100
3. Unfunded Actuarial Liability (UAL) [AL – AVA]	\$ 4,394,600	\$ 1,144,600

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

SECTION IV – CONTRIBUTIONS

In the process of evaluating the financial condition of any pension plan, the actuary analyzes the assets and liabilities to determine what level, if any, of contributions are needed to properly maintain the funding status of the plan. Typically, the actuarial process will use a funding technique that will result in a pattern of contributions that are both fairly stable and predictable.

For this Plan, the funding method employed was changed with the freezing of the Plan and is now an actuarially determined dollar amount determined by each valuation for the subsequent fiscal year, composed of an **unfunded actuarial liability contribution** (UAL contribution), an amount designed to amortize the unfunded actuarial liability of the Plan, and an **administrative expense contribution**, an amount designed to pay the administrative expenses of the Plan.

The actuarial liability for this frozen plan is equal to the present value of the Plan’s projected benefits. The difference between this liability and the funds accumulated as of the same date is referred to as the unfunded actuarial liability (UAL).

The UAL amortization payment amount is calculated by amortizing this UAL over a closed five-year period beginning with FY 2019 with equal payments assumed for each of the five years. The expense contribution is determined based upon an assumption that it will be approximately the same as the prior year. This assumption will be reconsidered once experience has emerged with the expenses of the Plan’s post freeze.

Note that prior to the Plan freezing, these contribution items were determined as percentages of payroll and also included an additional contribution component, the entry age normal cost contribution.

The table below presents and compares the employer contribution amounts for the Plan based on this funding valuation and the immediately prior one.

Table IV-1 Employer Contribution Amounts		
Valuation Date	June 30, 2017	June 30, 2018
FY Contribution Rate Payable	FY 2019¹	FY 2019
Entry Age Normal Cost Rate	6.06%	N/A
UAL Amortization Payment Rate/Amount	3.12%	\$ 269,900
Administrative Expense Rate/Amount	<u>0.30%</u>	<u>40,100</u>
Actuarially Determined Contribution	9.48%	\$ 310,000

¹ The fiscal year 2019 rate that was developed by the 2017 valuation is not applicable following the plan freeze. Beginning with this June 30, 2018 valuation, a dollar amount of actuarially determined contribution is developed.

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

SECTION V – ACCOUNTING STATEMENT INFORMATION

ASC Topic No. 960 of the Financial Accounting Standards Board (FASB) requires plans subject to it to disclose certain information regarding their funded status. This Plan is not subject to this requirement, but this information is provided for informational purposes. Statement No. 67 of the Governmental Accounting Standards Board (GASB) establishes standards for disclosure of pension information by public employee retirement systems (PERS) and governmental employers in notes to financial statements and supplementary information.

Disclosures based on FASB ASC Topic No. 960 provide a quasi “snapshot” view of how the Plan’s assets compare to its liabilities if contributions stopped and accrued benefit claims had to be satisfied. However, due to potential legal requirements and the possibility that alternative interest rates would have to be used to determine the liabilities, these values may not be a good indication of the amount of money it would take to buy the benefits for all members if the Plan were to terminate and should not be considered a settlement value.

FASB ASC Topic No. 960 specifies that a comparison of the present value of accrued (accumulated) benefits with the market value of the assets as of the valuation date must be provided. Again, this Plan is not subject to this requirement, but the relevant amounts as of June 30, 2017 and June 30, 2018 are provided for informational purposes and are exhibited in Table V-1, which also includes a reconciliation of the liabilities determined as of the prior valuation, July 1, 2017, to the liabilities as of June 30, 2018. These values are based on the funding liability results, including reflecting the freezing of the Plan for the 2018 values.

This valuation contains information reported in the June 30, 2018 Comprehensive Annual Financial Report (CAFR) of Delaware PERS under GASB Statement No. 67. Disclosures are based on the use of update procedures to roll forward the 2017 funding valuation results. The calculation of Net Pension Liability in Table V-2 shows the amounts to be disclosed for FY 2018, based on the liabilities of the roll forward of the 2017 funding valuation, as well as a projection of the anticipated FY 2019 disclosures, based on liabilities from the 2018 funding valuations, assuming all actuarial assumptions are met over the coming year. The actual disclosures for FY 2019 will be developed once the asset measure for GASB as of June 30, 2019 is known. Note that the liabilities disclosed related to GASB No. 67 for FY 2018 do not reflect the freezing of the Plan, which was a subsequent event to the reporting date, but the projected FY 2019 disclosures do reflect the freezing of the Plan.

Tables V-3 through V-5 are exhibits to be used for the System’s CAFR. Table V-3 is the Note to Required Supplementary Information, Table V-4 is a history of gains and losses in accrued liability, and Table V-5 is the Schedule of Funded Liabilities by Type, which shows the portion of accrued liability covered by the actuarial value of assets. The Government Finance Officers Association (GFOA) has named this exhibit the Schedule of Funded Liabilities by Type. None of the liabilities or assets shown are appropriate for settlement purposes. Furthermore, the Schedule of Funded Liabilities by Type does not accurately depict a plan’s future financial condition but rather is a test developed by the GFOA to assess the level of funding that relies on the payroll for future hires to pay for the benefits that have already been accrued by the current population. This valuation does not contain the additional disclosures required by GASB Statement No. 68 only for the employer and the State’s CAFR.

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

SECTION V – ACCOUNTING STATEMENT INFORMATION

**Table V-1
Accounting Statement Disclosure and
Reconciliation of Present Value of Accrued Benefits**

	June 30, 2017	June 30, 2018
FASB ASC Topic No. 960 Basis		
1. Present Value of Accrued Benefits (PVAB)		
a. Members Currently Receiving Payments	\$ 9,087,300	\$ 24,678,400
b. Former Vested Members	360,800	9,814,300
c. Active Members	<u>18,048,700</u>	<u>0</u>
2. Total PVAB [1(a) + 1(b) + 1(c)]	\$ 27,496,800	\$ 34,492,700
3. Market Value of Assets (MVA)	<u>30,038,400</u>	<u>33,601,500</u>
4. Unfunded PVAB [2 – 3]	\$ (2,541,600)	\$ 891,200
5. Ratio of MVA to PVAB [3 / 2]	109.24%	97.4%
Reconciliation of PVAB		
PVAB at June 30, 2017		\$ 27,496,800
Increase/(Decrease) During Years Attributable to:		
Passage of Time		1,890,400
Benefits Paid – FY 2018		(981,200)
Benefit Changes		0
Assumption Changes		0
Benefits Accrued, Other Gains/Losses		<u>6,086,700</u>
Net Increase/(Decrease)		6,995,900
PVAB at June 30, 2018		\$ 34,492,700

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

SECTION V – ACCOUNTING STATEMENT INFORMATION

**Table V-2
GASB No. 67 Disclosures**

	June 30, 2018¹	Estimated June 30, 2019
<u>Total Pension Liability (TPL)</u>		
Service cost	\$ 1,041,000	\$ 0
Interest	2,495,000	2,304,000
Changes in benefit terms	0	0
Differences between expected and actual experience	265,000	(3,144,000)
Changes in assumptions	0	0
Benefit payments, including refunds of member contributions	(981,000)	(2,397,000)
Net change in TPL	\$ 2,820,000	\$ (3,209,000)
TPL - beginning	\$ 34,817,000	\$ 37,637,000
TPL - ending (a)	\$ 37,637,000	\$ 34,428,000
<u>Plan Fiduciary Net Position (FNP)</u>		
Contributions - Employer	\$ 1,175,000	\$ 0
Contributions - Non-employer	0	0
Contributions - Member	280,000	0
Net investment income	3,129,000	2,270,000
Benefit payments, including refunds of member contributions	(981,000)	(2,397,000)
Administrative expenses	(40,000)	0
Net change in FNP	\$ 3,563,000	\$ (127,000)
FNP - beginning	\$ 30,038,000	\$ 33,602,000
FNP - ending (b)	\$ 33,602,000	\$ 33,475,000
Plan Net Pension Liability/(Asset) - ending [(a)-(b)]	\$ 4,035,000	\$ 953,000

¹ Note that the liabilities reported as of June 30, 2018 do not reflect the freezing of the Plan as this was a subsequent event to the reporting date. The projected 2019 values do reflect the freezing of the Plan.

Items printed in red will be replaced with actual amounts once known at the end of FY 2019.

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

SECTION V – ACCOUNTING STATEMENT INFORMATION

Table V-3

Note to Required Supplementary Information

The June 30, 2018 Total Pension Liability presented in Table V-2 was determined as part of the measurement at the date indicated. Additional information as of the latest measurement date follows:

Measurement date:	July 1, 2018
Valuation date:	July 1, 2017
Actuarial cost method:	Entry age normal
Actuarial assumptions:	
Investment rate of return*	7.0%
Projected salary increases*	2.5% plus merit component based on service
Cost-of-living adjustments	ad hoc
* Includes inflation at	2.50%

The actuarially determined contribution for fiscal year 2019 will use the contribution amount developed in section IV of this valuation. It was determined using the measurement date and key assumptions that follow:

Measurement date:	July 1, 2018
Valuation date:	July 1, 2018
Actuarial cost method:	Entry age normal
Amortization method:	Level dollar – closed
Amortization period:	5 years
Asset valuation method:	Smoothed market, 20% annual market weight
Actuarial assumptions:	
Investment rate of return*	7.0%
Projected salary increases	N/A
Cost-of-living adjustments	ad hoc
* Includes inflation at	2.50%

The actuarial assumptions used have been recommended by the actuary and adopted by the Plan's Board of Trustees based on the most recent review of the Plan's experience completed in 2016 and updated in 2018 to reflect the freezing of the Plan.

The actuarially determined State contribution amount is composed of the unfunded actuarial liability amortization payment amount and the administrative expenses amount. The actuarial liability is the present value of projected benefits. The difference between this liability and the funds accumulated as of the same date is the unfunded actuarial liability, which is amortized to determine the unfunded actuarial liability amortization payment amount. The allowance for administrative expenses is based upon the Plan's actual administrative expenses.

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

SECTION V – ACCOUNTING STATEMENT INFORMATION

**Table V-4
Analysis of Financial Experience**

**Gain and Loss in Accrued Liability during Years Ended June 30
Resulting from Differences between Assumed Experience and Actual Experience**

*Gain (or Loss) for Year Ending June 30,
(expressed in thousands)*

Type of Activity	2013	2014	2015	2016	2017	2018
Investment Income on Actuarial Assets	\$ (37)	\$ 374	\$ 44	\$ (426)	\$ (162)	\$ 63
Combined Liability Experience	<u>147</u>	<u>(1,403)</u>	<u>662</u>	<u>975</u>	<u>(265)</u>	<u>3,552</u>
(Loss)/Gain during Year from Financial Experience	\$ 110	\$ (1,029)	\$ 706	\$ 549	\$ (427)	\$ 3,615
Non-Recurring Items	<u>6</u>	<u>(361)</u>	<u>0</u>	<u>873</u>	<u>(815)</u>	<u>0</u>
Composite Gain (or Loss) during Year	\$ 116	\$ (1,390)	\$ 706	\$ 1,422	\$ (1,242)	\$ 3,615

**Table V-5
Schedule of Funded Liabilities by Type
Aggregate Accrued Liabilities for
(expressed in thousands)**

Valuation Date June 30,	Active Member Contributions (1)	Retirees & Beneficiaries (2)	Active Member State-Financed Contributions (3)	Actuarial Value of Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets		
					(1)	(2)	(3)
2018	\$ -	\$ 24,678	\$ 9,407	\$ 33,348	100%	100%	92%
2017	4,719	9,087	21,276	30,687	100	100	79
2016	4,374	7,882	19,381	28,341	100	100	83
2015	3,975	7,387	19,766	26,263	100	100	75
2014	3,906	5,980	19,523	23,955	100	100	72
2013	3,550	3,870	17,716	20,964	100	100	76

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

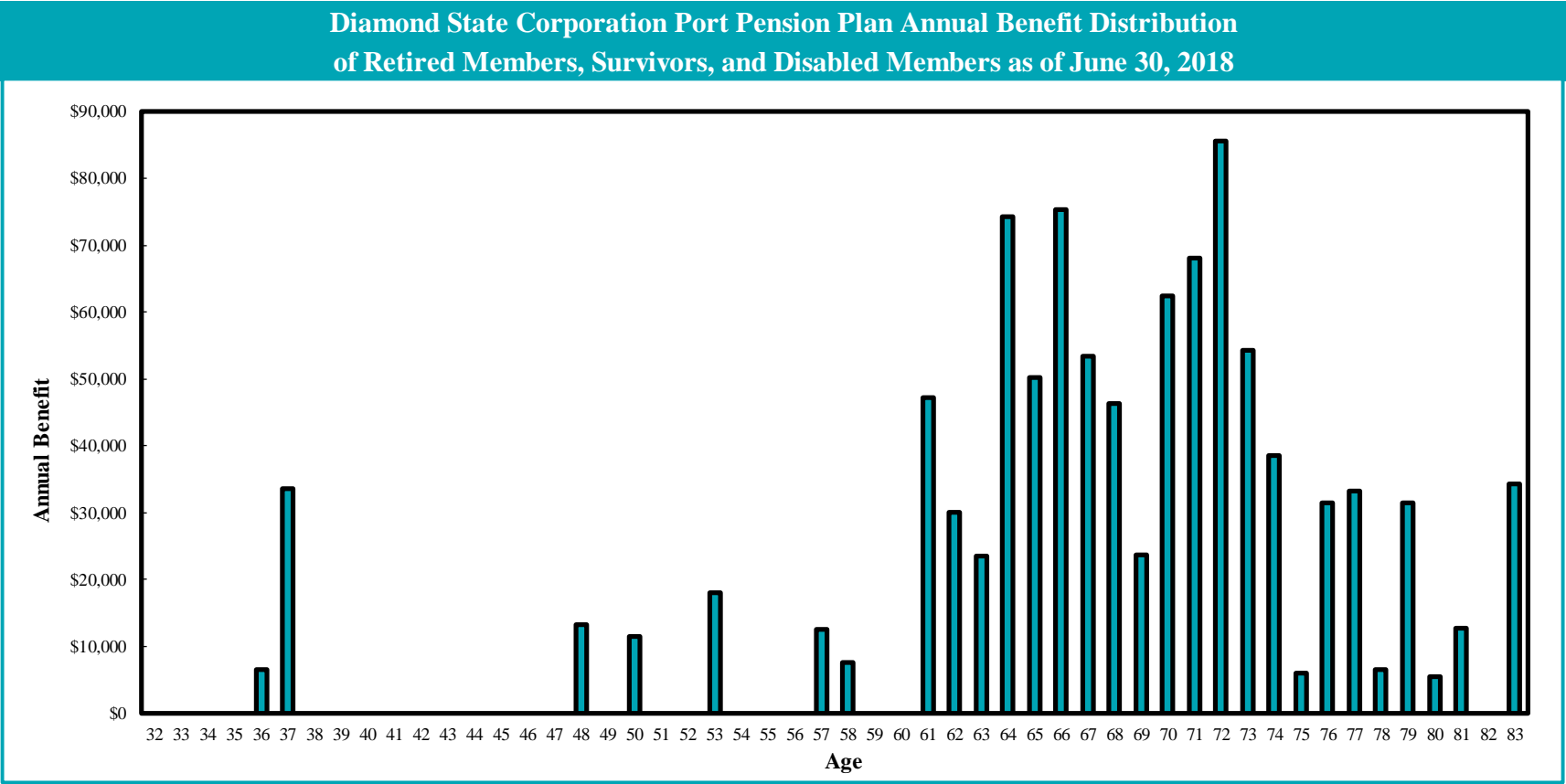
APPENDIX A – MEMBERSHIP INFORMATION

**Diamond State Port Corporation Pension Plan Annual Benefit Distribution
of Retired Members, Survivors, and Disabled Members as of June 30, 2018**

Age	Count	Annual Benefit	Age	Count	Annual Benefit
<25	0	\$0	73	7	\$84,459
25	0	\$0	74	3	\$38,611
26	0	\$0	75	1	\$5,973
27	0	\$0	76	3	\$31,440
28	0	\$0	77	4	\$42,132
29	0	\$0	78	1	\$6,426
30	0	\$0	79	4	\$31,399
31	0	\$0	80	1	\$5,466
32	0	\$0	81	1	\$12,735
33	0	\$0	82	0	\$0
34	0	\$0	83	2	\$34,284
35	0	\$0	84	0	\$0
36	1	\$6,531	85	1	\$6,338
37	1	\$33,496	86	0	\$0
38	0	\$0	87	1	\$11,741
39	0	\$0	88	0	\$0
40	0	\$0	89	0	\$0
41	0	\$0	90	1	\$27,408
42	0	\$0	91	0	\$0
43	0	\$0	92	0	\$0
44	0	\$0	93	0	\$0
45	0	\$0	94	0	\$0
46	0	\$0	95	0	\$0
47	0	\$0	96	0	\$0
48	1	\$13,306	97	0	\$0
49	0	\$0	98	0	\$0
50	1	\$11,479	99	0	\$0
51	0	\$0	100	0	\$0
52	0	\$0	101	0	\$0
53	2	\$18,011	102	0	\$0
54	0	\$0	103	0	\$0
55	4	\$35,464	104	0	\$0
56	4	\$31,542	105	0	\$0
57	5	\$98,280	106	0	\$0
58	4	\$64,584	107	0	\$0
59	5	\$102,622	108	0	\$0
60	1	\$27,894	109	0	\$0
61	8	\$116,788	110	0	\$0
62	6	\$96,214	111	0	\$0
63	6	\$82,975	112	0	\$0
64	10	\$144,979	113	0	\$0
65	8	\$142,616	114	0	\$0
66	10	\$107,789	115	0	\$0
67	7	\$118,625	116	0	\$0
68	8	\$138,647	117	0	\$0
69	8	\$204,208	118	0	\$0
70	6	\$142,537	119	0	\$0
71	8	\$124,907	120	0	\$0
72	10	\$163,324			
			Totals	154	\$2,365,233

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

APPENDIX A – MEMBERSHIP INFORMATION



**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

APPENDIX A – MEMBERSHIP INFORMATION

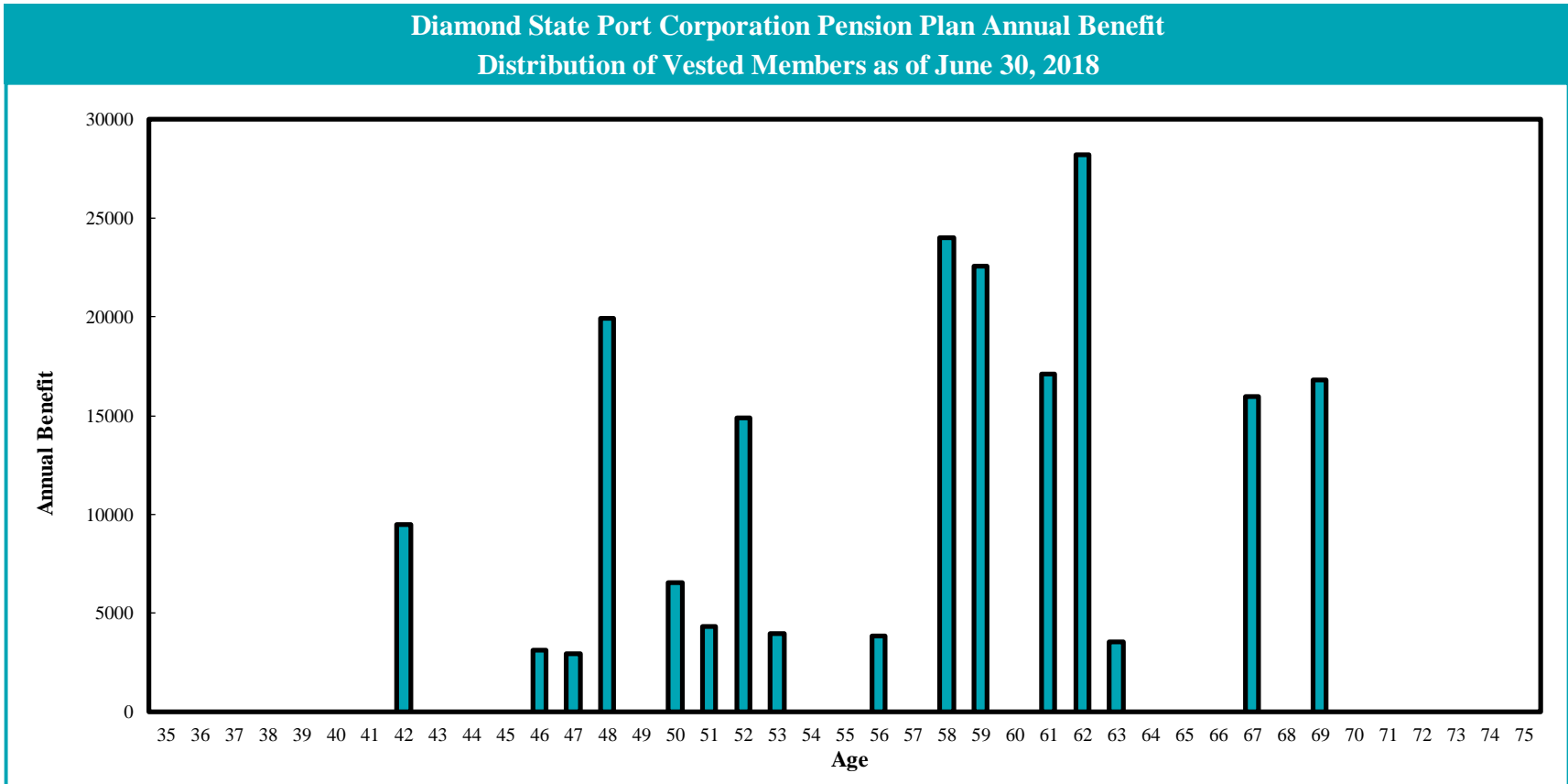
**Diamond State Port Corporation Pension Plan Annual Benefit
Distribution of Vested Members as of June 30, 2018**

Age	Count	Annual Benefit	Age	Count	Annual Benefit
<25	3	\$2,007	73	0	\$0
25	0	\$0	74	0	\$0
26	0	\$0	75	0	\$0
27	1	\$3,259	76	0	\$0
28	0	\$0	77	0	\$0
29	1	\$584	78	1	\$5,797
30	1	\$2,423	79	0	\$0
31	2	\$10,096	80	0	\$0
32	2	\$11,568	81	0	\$0
33	0	\$0	82	0	\$0
34	1	\$10,966	83	0	\$0
35	1	\$10,138	84	0	\$0
36	1	\$9,517	85	0	\$0
37	2	\$17,009	86	0	\$0
38	2	\$13,771	87	0	\$0
39	0	\$0	88	0	\$0
40	2	\$5,455	89	0	\$0
41	2	\$34,009	90	0	\$0
42	3	\$37,911	91	0	\$0
43	2	\$23,490	92	0	\$0
44	2	\$16,149	93	0	\$0
45	4	\$36,930	94	0	\$0
46	5	\$55,469	95	0	\$0
47	8	\$88,415	96	0	\$0
48	3	\$31,560	97	0	\$0
49	2	\$31,158	98	0	\$0
50	6	\$49,393	99	0	\$0
51	8	\$98,917	100	0	\$0
52	6	\$47,309	101	0	\$0
53	8	\$149,675	102	0	\$0
54	9	\$120,071	103	0	\$0
55	9	\$105,839	104	0	\$0
56	7	\$83,046	105	0	\$0
57	6	\$62,137	106	0	\$0
58	7	\$60,478	107	0	\$0
59	6	\$84,254	108	0	\$0
60	9	\$122,186	109	0	\$0
61	5	\$43,465	110	0	\$0
62	8	\$130,706	111	0	\$0
63	2	\$17,835	112	0	\$0
64	1	\$3,919	113	0	\$0
65	0	\$0	114	0	\$0
66	0	\$0	115	0	\$0
67	2	\$11,414	116	0	\$0
68	1	\$11,104	117	0	\$0
69	1	\$6,528	118	0	\$0
70	1	\$10,678	119	0	\$0
71	0	\$0	120	0	\$0
72	0	\$0			
			Totals	153	\$1,676,636

Amounts shown are those payable once the participant reaches retirement eligibility.

DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018

APPENDIX A – MEMBERSHIP INFORMATION



Amounts shown are those payable once the participant reaches retirement eligibility.

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

A. Long-Term Assumptions Used to Determine Plan Costs and Liabilities

1. Demographic Assumptions

a. Rates of Mortality

Mortality rates are based on the sex-distinct healthy annuitant and disabled annuitant mortality tables described below, including adjustment factors applied to the published tables for each group. Future mortality improvements are reflected by applying a custom projection scale on a generational basis to adjusted base tables from the base year shown below.

**i. Sample Rates of Mortality for Healthy Annuitant Lives at Selected Ages
(number of deaths per 10,000 members):**

(2018 Values Shown)		
Age	Male	Female
50	43	26
55	61	36
60	83	52
65	117	79
70	182	128
75	296	209
80	498	354
85	869	628
90	1,537	1,126
95	2,434	1,859
100	3,486	2,785

Rates are based on 110% and 100% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC-2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0% for ages 115-120, and convergence to the ultimate rate in the year 2020. The valuation uses fully generational projection of mortality improvements. Sample rates shown are those projected through the valuation date.

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

**ii. Sample Rates of Mortality for Disabled Annuitant Lives at Selected Ages
(number of deaths per 10,000 members):**

(2018 Values Shown)		
Age	Male	Female
25	91	27
30	87	34
35	103	48
40	124	66
45	192	103
50	235	136
55	271	171
60	308	203
65	369	247
70	477	336
75	653	492
80	931	743
85	1,387	1,126
90	2,135	1,673
95	3,003	2,440
100	3,957	3,432

Rates are based on 120% of the RP-2014 Total Dataset Disabled Annuitant Mortality Table, projected from the 2006 base rates using the RPEC-2015 model, with an ultimate rate of 0.85% for ages 20-85, grading down to an ultimate rate of 0% for ages 115-120 and convergence to the ultimate rate in the year 2020. The valuation uses fully generational projection of mortality improvements. Sample rates shown are those projected through the valuation date.

b. Family Composition

Actual marital characteristics are used for pensioners.

2. Economic Assumptions

- a. Investment Rate of Return: 7.00%
- b. Annual Assumed Cost-of-Living Increase Rate for Retirees: 0.00%
- c. Administrative Expenses Assumed: Assume following year's expense will equal the allocation of administrative expenses made in the prior year.

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

3. Rationale for Assumptions

The assumptions were adopted by the Board of Trustees upon the recommendation of the actuary, based on an experience study review performed in 2016 and covering the period July 1, 2010 through June 30, 2015. The Board continually reviews the investment rate of return assumption and adopted a reduced rate of 7.0% at the advice of its investment consultants, first effective for funding with the 2017 valuation.

4. Changes since Last Valuation

Assumptions related to actives were removed as the Plan's freezing has resulted in there being no more active members.

The administrative expense assumption was changed from a level percentage of payroll to a flat dollar amount.

5. Rationale for Changes in Assumptions

During the 2018-2019 plan year, the benefit accruals of this Plan were frozen and all active members became either retirees, terminated vested members, or received a refund of member contributions.

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

B. Actuarial Methods

1. Funding Method

As a frozen plan, the actuarial liability for the Plan is the present value of projected benefits. The difference between this liability and the funds accumulated as of the same date is referred to as the unfunded actuarial liability.

The portion of the actuarial liability in excess of Plan assets is amortized to develop an additional cost (or savings if the assets exceed the liability) that is added to each year's actuarially calculated State contribution. Under this cost method, actuarial gains and losses are directly reflected in the size of the unfunded actuarial liability.

The unfunded liability is amortized over a closed five-year period as a percentage of payroll. All payments are determined assuming the same dollar amount will be paid each of the five years of the amortization. This method was chosen to reflect the characteristics of a frozen plan.

2. Actuarial Value of Assets

For purposes of determining the State contribution amount to the Plan, we use an actuarial value of assets. The asset smoothing method dampens the volatility in asset values that could occur because of fluctuations in market conditions. Use of an asset smoothing method is consistent with the long-term nature of the actuarial valuation process.

The actuarial value of assets is a weighted average giving 20% weight to the current market value and 80% weight to the prior year's actuarial value increased by expected interest and contributions and decreased by benefit payments and expenses. This is mathematically equivalent to recognizing 100% of the actuarially assumed interest rate, plus contributions and less payments each year, and 20% of the portion of each year's returns that have not already been reflected in the actuarial asset values.

3. Changes since Last Valuation

The amortization method was changed from a 15-year rolling level percentage of payroll methodology to a five-year closed level dollar amortization to better reflect the freezing of the Plan benefits.

4. Rationale for Changes in Methodology

During the 2018-2019 plan years, the benefit accruals of this Plan were frozen and all active members either became retirees or terminated vested members, or received a refund of their member contributions.

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

This appendix provides a summary of Plan provisions. Where the Plan, as determined by the State Code and the Plan Rules and Regulations, and this summary differ, the Plan governs.

1. Membership

The Plan covered any employee who was paid regular salary or wages by the Diamond State Port Corporation, but the Plan is now frozen and no new members will be added to the Plan.

2. Member Contributions

Plan benefit accruals were frozen in the 2018-2019 plan year. There are no more member contributions being paid as of this freezing.

3. Credited Service

A year of service is credited for every year of 1,500 hours of service. In addition, those employees who participated in the City of Wilmington Plan I, Plan II, or Plan III will receive prior credited service under the terms of those plans.

No additional service to be accrued after the freezing in the 2018-2019 plan years.

4. Final Average Compensation

Final Average Compensation is the five-year average base salary over the last 10 consecutive years of compensation paid to the member that produces the highest average.

Final Average Compensation was frozen in the 2018-2019 plan year.

5. Normal Retirement

Eligibility: Age 65 with five years of credited service; or Rule of 90 with minimum age 55

In addition, the benefits payable under the City of Wilmington Plan I are payable at age 60 with 15 years of service or at any age with 20 years of service.

Benefit: 1.75% of final average earnings times years of service (maximum service 30 years) since the later of the date of hire or the date of transfer for those transferring from Plans I or II

In addition, former participants of Plan I will receive 2.50% of final average earnings times years of service, up to the date of transfer, but not less than \$1,800 annually nor greater than \$4,500 annually. Former participants of Plan II will receive 1.75% times final average earnings times years of Plan II service (maximum service 25 years) but not greater than \$11,000 annually.

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

6. Early Retirement

Eligibility: Age 55 with five years of service

Benefit: The benefit is determined using the normal retirement benefit formula based on service and earnings at early retirement and reduced by 0.4% for each month the early retirement date precedes the normal retirement date.

7. Disability Benefit

Eligibility: 15 years of service

Benefit: 1.75% of final average earnings times years of service (maximum 30 years), reduced by any workers' compensation benefits paid and further reduced by earnings in excess of one-half of the pre-disability compensation earned by the participant

8. Survivor's Benefit

Eligibility: Death while actively employed with 15 or more years of service or after attaining eligibility for early or normal retirement benefits

Benefit: 50% of the benefit the participant would have received had he/she retired on the day before his/her death. Payments to the spouse will continue until death.

9. Post-Retirement Death Benefit

50% of the benefit the participant was receiving is payable to the surviving spouse. Such benefit continues to the spouse until death. If the participant is not married on his/her retirement date and dies before receiving 120 monthly payments, the participant's beneficiary will receive the remaining monthly benefit until a full 120 payments have been made.

10. Vesting

Eligibility: Five years of credited service

Benefit: The benefit calculated for normal retirement, using final average compensation and credited service as of the termination date. The benefit will commence on the normal retirement date. A participant may elect to receive a reduced benefit for early retirement commencing after age 55.

If the participant is married, the benefit will be a reduced amount payable for life with the surviving spouse receiving a benefit equal to 50% of the benefit received by the participant.

**DIAMOND STATE PORT CORPORATION PENSION PLAN
ACTUARIAL VALUATION AS OF JUNE 30, 2018**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

11. Withdrawal of Employer Contributions

Eligibility: Terminated service

Benefit: Accumulated employee contributions with interest

12. Form of Payment

The normal form of payment is a 50% joint and survivor annuity

13. Cost-of-Living Adjustment

Cost-of-living adjustments are made only on an ad hoc basis

14. Changes since Last Valuation

Benefit accruals and Final Average Compensation were frozen during the 2018-2019 plan year. Member contributions were also discontinued.



Classic Values, Innovative Advice