
Fallon Pension Actuaries

April 2, 2012

Ellen V. Eggeman, Ed.D.
Finance Director
City of East Providence
145 Taunton Avenue
East Providence, Rhode Island 02914

Re: City of East Providence, RI Police and Fire Fighters Retirement Plan

Dear Ellen:

As you know, the State of Rhode Island Retirement Security Act of 2011 includes Chapter 64 which covers Locally Administered Pension Plans such as the City of East Providence, RI Police and Fire Fighters Retirement Plan. Under this Chapter, the plan's actuary must certify the funded status of the pension plan and indicate whether or not the plan is in "critical status".

Under Section 45-65-4 (3) of the above legislation:

"Critical status" means that, as determined by its actuary, as of the beginning of the plan year, a plan's funded percentage for such plan year is less than sixty percent (60%).

As of November 1, 2011, the most recent actuarial valuation date and the beginning of the current plan year, the funded percentage was determined to be equal to 33.6%. This funded percentage is based on revised actuarial assumptions and methods as documented in the 2012 Experience Study recently completed by Fallon Pension Actuaries, Inc. for the pension plan. As a result, the plan is clearly in "critical status" as defined in Chapter 64 the RI Retirement Security Act of 2011.

Please let us know if you have any questions or if any additional details are needed.

Sincerely,



Michael Fallon, FSA, EA, MAAA, FCA
Consulting Actuary