

December 1, 2025

Mr. Tom Ourada
City Administrator
City of Crete
City Hall – 243 East 13th Street
Crete, NE 68333

Re: Calculation of Actuarial Equivalent Benefits

Dear Mr. Ourada:

The Police Officers Retirement Act applies to all police officers of a city of the first class. Under this Act, and Nebraska state statute 16-1011, it states that if any police officer becomes disabled, such police officer shall receive a pension of 50% of regular pay for the period of their disability. Section 16-1011(4) also discusses the payments that will be made to the disabled police officer. Two items of note are:

- (1) Total payments to a disabled police officer, in excess of amounts paid as workers' compensation benefits, shall not be less than the retirement value at the date of disability.
- (2) If the actuarial equivalent of the disability pension payable under this section exceeds the police officer's retirement value at the time of the first payments, the city shall contribute such additional amounts as may be necessary, from time to time, to provide for the required disability pension.

In order to perform the calculations in section 16-1011, an actuarial equivalent present value of the disabled member's benefit is needed in order to compare against the member's retirement value. The definition of actuarial equivalence should be specified in the plan document and will be needed to perform the calculations.

The city of Crete (City) currently employs a police officer who the City has determined meets the criteria outlined above, and therefore, a calculation is needed. The City has requested that Cavanaugh Macdonald Consulting, LLC (CavMac) perform the calculation of the actuarial equivalent of the disability pension under section 16-1011 of state statutes, as well as the comparison of the present value to the retirement value at the date of disability.

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CavMac is requesting the City provide the following information needed for the requested calculation:

- Member date of birth
- Member date of disability
- Member retirement value as of their date of disability*
- Confirmation of member's disability benefit amount: \$3,023.53/month
- Actuarial Equivalence basis (specific mortality table and interest rate)
- City of Crete retirement plan document

* Per section 16-1002(9), retirement value means the accumulated value of the police officer's employee account and employer account.

If additional data is needed, CavMac will contact the City directly to obtain that data.

Once all of the necessary data has been collected, CavMac will perform the required calculations and provide a letter documenting the results. Assuming the City provides all necessary information in a timely manner, CavMac will provide the agreed upon deliverable by December 31, 2025. Our fee to perform these calculations and the formal letter with results will be a fixed fee of \$2,000.

Please feel free to contact me if you have any questions.

Sincerely,

Bryan K. Hoge, FSA, EA, FCA, MAAA
Principal and Consulting Actuary

AGREEMENT BY THE CITY OF CRETE

On behalf of the city of Crete, my signature below indicates the City's agreement to the scope of services and related fees set out in this letter.

Name

Date