

ORANGE FIREMEN'S RELIEF AND RETIREMENT FUND

Notice to Members

This notice is being furnished to members of the Orange Firemen's Relief and Retirement Fund, as required under Section 802.106 of the Texas Government Code.

Information to Fund Members

The January 1, 2015 actuarial valuation of the Orange Firemen's Relief and Retirement Fund determined that the plan's amortization period was 58.2 years. As of December 31, 2012, the previous valuation date, the amortization period was 82.3 years. Guidelines published by the Texas State Pension Review Board specify that the amortization period should not exceed 40 years, with a 15- to 25-year period being preferable. Thus, under Pension Review Board Guidelines, the fund does not represent an adequate funding arrangement.

Section 802.106 of the Texas Government Code requires a public retirement system, such as the Orange Firemen's Relief and Retirement Fund, to notify members if the actuary determines that the financing arrangement of the system is not adequate. The purpose of this notice is to comply with the Section 802.106 requirement.

Trust fund earnings, which were negative during 2008, strengthening of the mortality tables used in the 2012 and the 2015 actuarial valuations, as well as a one quarter percent lowering of the rate of return assumed for the valuation, were responsible for the fact that the fund's amortization period was greater than 40 years.

Remediation Plan

The actuaries have recommended that the members of the fund and the City of Orange each increase the rate at which they contribute to the fund by one percent of pay. Both the members and the City are considering this recommendation.

If you have any questions about this notice or if you would like additional information concerning the January 1, 2015 valuation, please contact the Board of Trustees, Orange Firemen's Relief and Retirement Fund, 803 West Green Avenue, Orange, Texas 77630, (409) 883-1040.