

The difference between the two measures (Valuation and LDROM) is one illustration of the savings the sponsor anticipates by taking on risk in a diversified portfolio.

Valuation Accrued Liabilities	LDROM
\$5,147,293,773	\$5,846,253,931

Note that the COPERS benefit structure has risk sharing provisions that are contingent on the investment returns of the portfolio and thus if the portfolio was changed to expect lower returns, the expected liabilities that are contingent on those returns would also decrease. If these provisions were not contingent on the investment performance, it would have increased the LDROM by another \$414 million, meaning these provisions reduced the impact of lowering the discount rate from 7.00% to 5.32% by about a third, which is an illustration that about a third of the investment risk is currently being borne by the Members and not the City.

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