

CITY OF TAMPA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 18 (B) - EMPLOYEE RETIREMENT AND PENSION PLANS - GENERAL EMPLOYEES' PENSION TRUST FUND - (Continued)

Concentrations (Pension Plan Reporting)

The Plan's investment policy contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent more than 5% or more on the plan net position or total investments at September 30, 2015.

Long-Term Expected Rate of Return (Pension Plan Reporting)

The long-term expected rate of return on pension plan investments was confirmed appropriate using Aon's e-tool model assuming general inflation of 2.5%, which is a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rate of return for each major asset class included in the pension plan's target asset allocation as of October 1, 2015, (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Nominal Return	Long-Term Expected Real Rate of Return
Equity		
Large Cap U.S. Equity	7.10 %	4.60 %
Small Cap U.S. Equity	7.30 %	4.80 %
International (Non-U.S.) Equity (Developed)	7.60 %	5.10 %
Emerging Markets Equity	9.00 %	6.50 %
Fixed Income		
Long Duration Bonds - Gov't / Credit	4.60 %	2.10 %
Alternative Investments		
Real Estate (Broad Market)	7.10 %	4.60 %

Discount Rate (Pension Plan Reporting)

The discount rate used to measure the total pension liability was 8.0% percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Board of Trustees contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.