Assume
Age 58, Tier 1

Lookback factor would be $8.32/$1000

2001 Actuarial Factors - 7.84 per $1000
Option 1 - non-refund annuity

True Retirement Balances  | Variable Wins | Variable Loses |
--------------------------|---------------|---------------|
Regular                   | $75,000.00    | $75,000.00    |
Variable                  | $90,000.00    | $60,000.00    |

Recalculated Balances     |               |               |
Regular                   | $75,000.00    | $75,000.00    |
Variable at Regular        | $75,000.00    | $75,000.00    |
Variable at Variable       | $90,000.00    | $60,000.00    |
Difference in variable    | $15,000.00    | ($15,000.00)  |

Current Method of Calculation - Option 1 only

- Total Member Account Balance: $165,000.00 $135,000.00
- Option 1 Benefit (before employer Match): $1,293.60 $1,058.40
- Employer Match: $1,293.60 $1,058.40
- Total Benefit Option 1 - Current Method: $2,587.20 $2,116.80

Revised Method ala Lipscomb - NOT CERTAIN

- Member balance - assumes all in regular: $150,000.00 $150,000.00
- Initial Option 1 Benefit: $1,176.00 $1,176.00
- Initial Employer Match - only on var at regular: $1,176.00 $1,176.00
- Variable Adjustment Member Balance Only (pos/neg): $117.60 ($117.60)
- Lipscomb Adjusted Benefit: $2,469.60 $2,234.40
- Lipscomb "Adjustment": ($117.60) $117.60

Red Benefits - "Losers" in current v Lipscomb comparison
Green Benefits - "Winners" in current v Lipscomb comparison

Conclusion: Members who have a positive variable balance at retirement (i.e. whose variable at variable exceeds variable at regular) will see retirement benefit reduction from current method of calculation. Members who have a negative variable balance (i.e. whose variable at variable is LESS than variable at regular) will see benefit increase over current practice.