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September 1, 2005

Paul A. Barrister, Esq.
Attorney at Law
123 5th Street
New York, New York 10038

Re: Doe v. Doe

Dear Mr. Barrister:

At your request, we have analyzed the available economic and other financial data pertaining to the retirement benefits of John K. Doe who is a member of the New York State & Local Police and Fire Retirement System (NYS&LPFRS). This analysis was conducted using generally accepted methods of valuation and actuarial appraisal.

This report sets forth the present dollar value of the pre-distribution amount of the retirement entitlements of John K. Doe. This value is useful and appropriate when assuming that there will be an immediate offset of these assets as of **December 5, 2002**. The data and other assumptions used in our calculations are set forth in the attached report.

It is our intent to provide value estimates on an independent and unbiased basis. All pertinent information and assumptions are presented in a clear and concise manner to insure that this report will be of maximum assistance to all interested parties. Our estimate will be supported by the expert testimony of our pension actuary, subject to further discovery whenever necessary.

All calculations and projections that follow are predicated on the assumption that the information provided to us by the indicated sources is correct, accurate and complete. A compilation of this type is necessarily limited by assumptions and accordingly no specific assurances can be given on the results. We reserve the right to amend our findings if new information is provided.

Very truly yours,
Lexington Pension Consultants, Inc.

Lexington Pension Consultants, Inc.

RETIREMENT BENEFITS

VALUATION REPORT

Re: John K. Doe

**RETIREMENT BENEFITS VALUATION
BACKGROUND DATA**

In order to calculate our estimate of the present value of this defined benefit pension, we have relied on the following data and assume same to be correct.

Background Data:

Participant's Name:	John K. Doe
Date of Birth:	January 23, 1961
Asset Cutoff Date:	December 5, 2002
Gender of Subject:	Male
Date of Marriage:	July 15, 1991
Date of Hire or Plan Participation:	September 22, 1986
Anticipated Pension Commencement Date:	September 22, 2006
Name of Employer:	Suffolk County Police Department
Name of Pension Plan:	New York State & Local Police & Fire Retirement System (NYS&LPFRS)
Type of Plan:	Defined Benefit Plan
Additional Defined Contribution Plan/s:	See Table II of report.

DEFINED BENEFIT PENSION VALUATION

Overview

This report is designed to assist in the equitable determination of value on an independent unbiased basis. All of the statistics and other economic data used in this report were supplied by counsel or from original and authoritative sources. A description and analysis of how the data is used to determine an estimated value is described below.

What Are Pensions?

Pensions are a form of deferred income, earned by the employee for or during services rendered. The employee's right to such benefit is often a contractual right, derived from the course of employment. A pension right is more than a mere expectancy; it is a course of action, a form of property. An employee acquires this property right as services are performed for an employer. During the course of employment, the employee accrues pension benefits, the payment of which is to be made at a future date. They are therefore personal assets, which have value. Pensions and other forms of retirement income are paid out of funds set aside (paid into) by an employer or employee or both. The amounts paid in are invested and at retirement the employee receives either a defined benefit or a pro-rata share of his accumulated benefit depending upon the specific type of plan.

Are Pensions Distributable Assets?

It seems that the overwhelming answer is yes. The majority of trial courts are recognizing that an employed spouse's vested and even a non-vested or a contingent interest in a pension or retirement plan is a marital asset subject to equitable distribution. Assessing a pension's value both on a future dollar and present (discounted) dollar basis is essential to determining the non-employed spouse's interest in this asset.

What Are The Major Issues?

In valuing pensions, there are at least three major issues to be resolved:

1. What portion of the vested pension benefit is subject to equitable distribution?
2. What portion of the non-vested pension benefit should be distributed?
3. How do you calculate a value for pensions?

It is our opinion that #1 and #2 are points of law and are out of the scope of our expertise. We have concentrated on providing you with the answers to #3. A description of our methodology and assumptions follows.

ACTUARIAL ASSUMPTIONS

In calculating the Present Dollar Value of the retirement benefits of John K. Doe, it is necessary to make certain actuarial assumptions regarding the rate of interest at which the future payments are discounted and the future rates of mortality expected to be experienced.

The present value of the accrued benefit was calculated on the basis of the applicable interest tables published by the Pension Benefit Guaranty Corporation (PBGC). No actuarial deviations were made.

The Pension Benefit Guaranty Corporation is a non-profit government agency created by ERISA to determine and guarantee pensions liabilities of companies who terminate their pension plans. The rates are periodically adjusted to reflect realistic present and prospective interest rates. The interest assumption used is the immediate single premium rate in effect on the date of calculation.

PBGC interest rate applicable for the date of valuation, December 5, 2002 is: 5.30%

Sources of Information

The information on which our reports are based is provided from various sources. The following is a listing of the usual sources and may vary depending upon the circumstances of the particular case:

- Information provided by the retaining attorney in response to our Fact Sheet interrogatory. This data would contain information such as the appropriate valuation date; dates of birth, marriage and employment; name of employer and retirement benefits provider; available salary information and any other pertinent information provided by counsel.
- Responses to our Retirement Benefits Interrogatory from the plan(s) in which the subject participates. This data would contain information regarding the subject's dates of hire, participation and termination or retirement if applicable; credited service, pensionable salary history, accrued pension benefit, account balances; copies of the Summary Plan Description (SPD); and information regarding the subject's membership and balances in any Employee Stock Ownership Plans, IRA's or defined contribution type plans.

The Value of a Pension

To properly determine the value of a pension, the following procedure should be applied:

1. Establish the entitlement point, i.e. the time the employee spouse first had an unqualified, unreduced right to receive the pension benefit. This would be any of several future points in time depending on the particular plan and other actuarial data.
2. Based on an analysis of plan documentation, determine what factors to use in computing the retirement benefit.
3. Determine the accrued benefit.
4. Determine the amount or sum needed to purchase or otherwise provide for such a monthly or annual income from the end of expected work life to actuarial date of death. We utilize Pension Benefit Guaranty Corporation immediate annuity rates effective as of the selected entitlement date in this computation.
5. Discount the value of this amount or sum for interest, vesting and mortality or simply to present value. We also rely on Pension Benefit Guaranty Corporation factors and rates for this computation. It is this discounting procedure, reducing a future payment or series of payments to present value, that is the basis for the valuation of a present interest in a defined benefit retirement plan and the amount subject to distribution, if appropriate.
6. Tax-impact the resultant value where applicable. In most cases, pensions are not in collection status and it would be pure speculation to attempt to tax-impact future distributions. Additionally, numerous factors such as additional employment after retirement, distributions from IRA's, and marital status affect an individuals tax status. Therefore, unless otherwise noted, the pension values provided herein are pre-tax figures.

DEFINED CONTRIBUTION PENSION PLANS

A Defined Contribution Plan is an individual account plan established under the Internal Revenue Code, Section 414(I). The value of such a plan is based on actual contributions and interest/investment earnings. Therefore, the account balance at any given point in time is the actual value of the plan. If the subject's date of participation in the plan precedes the date of marriage, then the marital portion of the account value may be less than the total account value on an indicated date.

In general, when valuing defined contribution type plans, current age, anticipated retirement age, salary history or credited service do not play a role in determining the coverture fraction or value of this type of benefit.

For purposes of determining a coverture fraction we will use the initial date of participation as the starting date and the closest valuation date provided by the plan as the cutoff date. Unfortunately, due to the inability or unwillingness of some plans to provide quarterly statements, often we are provided with statements which have year end values or values as of dates that do not coincide with the valuation date. In addition, unequal contributions, distributions or investment earnings may need to be adjusted to fit the particular circumstances of a given case. In these cases we will indicate this fact and make adjustments where appropriate.

COVERTURE

In most cases the amount of pension benefit subject to equitable distribution is that portion of the benefit acquired (accrued) during marriage. To calculate this amount, the present value of the entire pension benefit can be multiplied by a "coverture fraction", a fraction that represents the percentage of the pension benefit that accumulated during marriage. The numerator of this fraction represents the total number of years in the plan while married (measured from the date of marriage to the selected calculation date; e.g., the date the action for divorce commenced). The denominator represents the total number of years in the pension plan from the date when benefits began accruing to either the earliest maturity or entitlement date or the selected calculation date.

Table I

DEFINED BENEFIT PENSION CALCULATIONS

**Benefit Cutoff Date:
December 5, 2002**

Benefit Holder's Name	John K. Doe
I. Date of Cutoff of Marital Assets:	December 5, 2002
II. Age at Cutoff Date:	41.86
III. Pension Commencement Age:	45.66
IV. a) Accrued Monthly Pension Amount as of Date of Cutoff of Marital Assets:	\$3,386.61
b) Accrued Annual Pension Amount as of Date of Cutoff of Marital Assets:	\$40,639.32
V. Present Value of a Pension of \$1 Per Year. Discounted to the Age at Cutoff Date. Assuming Collection at Commencement Age:	\$12.2619
VI. Present Value of Pension. Assuming Payments Beginning at Commencement Age (IV * V):	\$498,314.92
Coverture Calculation	
VII. Total Years of Participation in Pension Plan:	16.20
VIII Total Years in Pension Plan While Married:	11.39
IX. Coverture Fraction (VIII/VII)	0.7031
X. Accrued Monthly Pension Benefit Accumulated During the Marriage (IV(a) * IX):	\$2,381.16
Total Annual Accrued Benefit Accumulated During the Marriage (IV(b) * IX):	\$28,573.88
XI. Present Value of that Portion of the Pension Accumulated During the Marriage (VI * IX)	\$350,369.78

Table II

RETIREMENT BENEFIT ENTITLEMENT TOTALS

Benefit Cutoff Date:

December 5, 2002

The information provided below details the Present Dollar Value of the retirement benefits. Our valuation is limited to the entitlements listed below. Any additional benefits or entitlements would have to be valued separately.

Benefit Holder's Name

John K. Doe

1. DEFINED BENEFIT PLAN

Present Dollar Value of the marital portion of the defined benefit pension as calculated on Table I.

\$350,369.78

2. DEFINED CONTRIBUTION PLAN(S) and/or ADJUSTMENTS

Mr. Doe's retirement plan does not require that he make contributions, and as such, he does not have any contributions on deposit in his member account. Therefore, he is not eligible for a pension plan loan.

Mr. Doe is entitled to severance pay benefits from his employer, the Suffolk County Police Department. His date of appointment was Sept. 22, 1986. Based upon the information provided, the value of the benefits that Mr. Doe accrued during the marital period, that being Dec. 28, 1991 to Dec. 5, 2002, is estimated to be \$80,728.68.

\$80,728.68

Mr. Doe also participates in the Suffolk County Public Employees' Deferred Compensation Plan, his plan entry being Feb. 1, 1992. He has two separate accounts, each administered by a different investment company as follows:

1) AIG/VALIC - the balance of his account as of Dec. 5, 2002 was \$10,502.20.

\$10,502.20

2) T.Rowe Price - the balance of his account as of Dec. 5, 2002 was \$22,148.62.

\$22,148.62

3. TOTAL PRESENT CASH VALUE OF THE RETIREMENT BENEFITS, OF WHICH THE AMOUNT ACCUMULATED DURING THE MARITAL PERIOD, WAS ABLE TO BE DETERMINED (SEE SECT. 2 FOR EXCEPTIONS)

\$463,749.28

GLOSSARY

To assist the reader in gaining a better understanding of our pension valuation computations, we provide the following glossary of terms used in our report. Each term is numbered to correspond to the terms found on Table I of this report.

- I. **Date of Cutoff of Marital Assets** - Typically, this date corresponds to the date the legal action commenced (summons/complaint date), and thus, the point after which the non-entitled spouse ceases to enjoy any additional benefit from growth in the value of the pension.
- II. **Age at Cutoff Date** - This figure is the pensioner's actual age on the selected Cutoff Date shown in Item I.
- III. **Pension Commencement Age** - In most cases, this age will be the pensioner's "normal retirement" age as indicated in the Summary Plan Description (SPD). In some other cases, it may be the age of the individual as of the "Cutoff Date" (as would be the case of someone already retired) or even an alternate age if so requested.
- IV. **Accrued Annual Pension Amount** - This figure is expressed as a monthly and annual dollar amount. The annual pension benefit the individual has earned so far is based on salary, years of service, etc. credited to him/her for the time period beginning with the initial membership date or equivalent up to the "Cutoff Date". The amount may be calculated using the Summary Plan Description formula and/or data supplied by the employer, attorney or plan administrators. NOTE: Lexington Pension Consultants, Inc. calculates the accumulated monthly pension amount assuming it will be taken as a single life annuity with no survivors' option. This means the amount shown is the maximum pension amount available.
- V. **Present Value Factor of a Pension of \$1 Per Year** - This figure represents an actuarial factor that is used to arrive at the equivalent lump-sum value of an individual's pension, assuming payments will begin at the "Pension Cutoff Age" and discounted to the individual's age on the "Cutoff Date." It is the composite of several different statistics including an allowance for pre-retirement mortality, post-retirement mortality, interest, risk, and any Cost Of Living Adjustment (COLA), if applicable, under the Plan.
- VI. **Present Value of This Pension** - The amount shown is the result of multiplying item IV by item V. The figure represents the lump-sum dollar value of the individual's accumulated pension amount at his or her age as of the "Cutoff Date" used.

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- VII. **Total Years of Participation in Pension Plan** - The figure shown represents the number of years the subject pensioner has been credited with as a member of his or her respective pension plan, from the date of membership to the "Cutoff Date" used in Item I. In some cases, this figure would include years of prior service outside this plan but credited to this plan by the employer.
- VIII. **Total Years in Pension Plan While Married** - The figure shown is the number of years the subject has been married while a member of his or her pension plan, measured from the marriage date to the "Cutoff Date."
- IX. **Coverture Fraction** - This fraction is computed by dividing item VII (the denominator) into item VIII (the numerator). The result represents the portion of time the employee spouse has participated in the subject pension plan while married.
- X. **Benefit Accumulated During the Marriage** - These figures show the portion of the monthly and annual accrued benefit, which were accumulated during the marriage. Multiplying the accrued monthly and annual pension amounts indicated in item IV by the Coverture Fraction in item IX arrives at these figures.
- XI. **Pension Value (Amount) Accumulated During Marriage** - This figure is the result of multiplying item V by item X. The amount shown represents the portion of the total present value of the subject's pension as of the "Cutoff Date" in item I, that has accumulated during the marriage. This is the amount that would be subject to equitable distribution.