



TOWN OF WEST HARTFORD PENSION PLAN

TOWN OF WEST HARTFORD

ACTUARIAL VALUATION REPORT

JULY 1, 2015





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I. Introduction

A. Purpose of the Valuation

Liabilities were valued as of July 1, 2015 using data, cost information, and assumptions as of July 1, 2015.

The purpose of the valuation is to report the estimated funded status of the plan as of July 1, 2015 as well as an actuarially determined contribution for the fiscal year ending June 30, 2017.

It is important to note that the ultimate cost of a pension plan is based primarily on the level of benefits promised by the plan. The pension fund's investment earnings serve to reduce the cost of plan benefits and expenses. Thus,

$$\text{Town's Ultimate Cost} = \text{Benefits Paid} + \text{Expenses Incurred} - \text{Employee Contributions} - \text{Investment Return}$$

Assets reported are actual (including accruals) through June 30, 2015 and reflect the asset smoothing method.

B. Comments

We made several changes this year. With respect to the actuarial assumptions, we changed two primary assumptions:

1. Interest Rate – from 7.54% to 7.5%
2. Rates of Retirement – simplified
3. Mortality Assumption – blue collar adjustment pre- and post-retirement and no projection for disability mortality.

We have included an assumption for retroactive pay increases due to contracts that have expired with no new contract settled yet.

In comparison to the prior valuation, we found some plan provisions that were not fully valued. They are listed below:

1. Police & Fire Death Benefits
2. \$600 per year supplemental benefit for years worked after Normal Retirement Date

We also reflected the new contracts for the Grounds (70) and Professional/Management (73) Unions.

This year we also changed the amortization policy. The amortization period was extended to 30 years. In addition, the payroll growth assumption was reduced from 4.0% to 2.5%.

Please note this year's amortization payment is approximately \$14,105,000. On the other hand, the interest on the unfunded is \$17,295,000. **By picking this amortization method, we expect next year's unfunded liability to increase.** When we prepare the funding projection, we will also include a projected funded percentage.



C. Certification

This report presents the results of the July 1, 2015 Actuarial Valuation for the Town of West Hartford Pension Plan (the Plan) for the purpose of estimating the funded status of the Plan and determining the Actuarially Determined Contribution (ADC) for the fiscal year ending June 30, 2017. This report is intended to satisfy the requirements of Connecticut General Statute 7-450a. This report may not be appropriate for any other purpose.

The valuation has been performed in accordance with generally accepted actuarial principles and practices. It is intended to comply with all applicable Actuarial Standards of Practice.

I certify that the actuarial assumptions and methods that were selected by me and represent my best estimate of anticipated actuarial experience under the Plan.

In preparing this valuation, I have relied on employee data provided by the Plan Sponsor, and on asset and contribution information provided by the Trustee. I have audited neither the employee data nor the financial information, although I have reviewed them for reasonableness.

The results in this valuation report are based on the Plan as summarized in the *Plan Provisions* section of this report and the actuarial assumptions and methods detailed in the *Description of Actuarial Methods and Assumptions* section of this report.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of this report, an analysis of the potential range of such future measurements has not been performed.

I am a member of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

Evan W. Woollacott, Jr., FCA, MAAA, EA
14-04513

January 18, 2016



II. Results of the Valuation

A. Assets

Summary of Fund Activity		
	Market Value	Actuarial Value
1. Beginning value 7/1/2014		
a. Trust assets	\$ 178,581,635	\$ 159,253,591
b. Accrued contribution	0	0
c. Benefits payable	0	0
d. Administrative expenses payable	0	0
e. Net: (a)+(b)-(c)-(d)	178,581,635	159,253,591
2. Contributions		
a. Contributions during year	20,387,053	20,387,053
b. Change in accrued contribution	0	0
c. Total for plan year	20,387,053	20,387,053
3. Disbursements		
a. Benefit payments during year	25,209,423	25,209,423
b. Administrative expenses during year	306,426	306,426
c. Change in benefits payable	0	0
d. Change in administrative expenses payable	0	0
e. Total for plan year	25,515,849	25,515,849
4. Net investment return		
a. Interest and dividends	3,789,973	N/A
b. Change in accrued income	0	N/A
c. Realized gain (loss)	0	N/A
d. Unrealized gain (loss)	5,184,358	N/A
e. Expected return	N/A	12,621,427
f. Recognized gain (loss)	N/A	6,394,495
g. Required adjustment due to corridor	N/A	0
h. Reversal of prior year required adjustment	N/A	0
i. Investment-related expenses	(341,508)	N/A
j. Total	8,632,823	19,015,922
5. Ending value 7/1/2015		
a. Trust assets: (1a)+(2a)-(3a)-(3b)+(4j)	182,085,662	173,140,717
b. Accrued contribution	0	0
c. Benefits payable	0	0
d. Administrative expenses payable	0	0
e. Net: (a)+(b)-(c)-(d)	182,085,662	173,140,717
6. Approximate rate of return 2014-2015	5.2%	12.8%



II. Results of the Valuation (continued)

Relationship of Actuarial Value to Market Value		
1. Market value 7/1/2015	\$	182,085,662
2. Gain / (loss) not recognized in actuarial value 7/1/2015		8,944,945
3. Preliminary actuarial value 7/1/2015: (1)-(2)		173,140,717
4. Preliminary actuarial value as a percentage of market value: (3)÷(1)		95.1%
5. Gain / (loss) recognized for corridor min/max		N/A
6. Actuarial value 7/1/2015 after corridor min/max: (3)+(5)		173,140,717
7. Actuarial value as a percentage of market value: (6)÷(1)		95.1%

Development of Market Value Gain / (Loss) for 2014-2015 Plan Year		
1. Market value 7/1/2014	\$	178,581,635
2. Contributions		20,387,053
3. Benefit payments		25,209,423
4. Administrative expenses		306,426
5. Expected return at 7.54%		12,621,427
6. Expected value 7/1/2015: (1)+(2)-(3)-(4)+(5)		186,074,266
7. Market value 7/1/2015		182,085,662
8. Market value gain / (loss) for -1 Plan Year: (7)-(6)		(3,988,604)

Recognition of Gain / (Loss) in Actuarial Value					
Year	(a) Gain / (loss)	(b) Recognized as of 7/1/2014	(c) Recognized in current year: 20% of (a)	(d) Total recognized as of 7/1/2015: (b)+(c)	(e) Not recognized as of 7/1/2015: (a)-(d)
2010-2011	\$ 18,783,432	\$ 15,026,744	\$ 3,756,688	\$ 18,783,432	\$ 0
2011-2012	(9,670,633)	(5,802,378)	(1,934,127)	(7,736,505)	(1,934,128)
2012-2013	10,195,033	4,078,013	2,039,007	6,117,020	4,078,013
2013-2014	16,653,239	3,330,648	3,330,648	6,661,296	9,991,943
2014-2015	(3,988,604)	0	<u>(797,721)</u>	(797,721)	<u>(3,190,883)</u>
Total			6,394,495		8,944,945



II. Results of the Valuation (continued)

B. Development of Projected Accrued Liability and Funded Ratio

	July 1, 2015 Valuation	July 1, 2014 Interim Valuation	July 1, 2013 Valuation
1. Projected Accrued Liability	\$403,746,402	\$367,481,550	\$350,769,991
2. Assets (Actuarial Value)	\$173,140,717	\$159,253,591	\$145,028,432
3. Unfunded Accrued Liability: (1) - (2)	\$230,605,685	\$208,227,959	\$205,741,559
4. Funded Ratio: (2) / (1)	42.9%	43.3%	41.3%



II. Results of the Valuation (continued)

C. Actuarially Determined Contribution

	July 1, 2015 for Fiscal Year Ending 30-Jun-17	July 1, 2014 for Fiscal Year Ending 30-Jun-16	July 1, 2013 for Fiscal Year Ending 30-Jun-15
1. Ongoing Annual Cost (including expenses)	\$7,770,605	\$6,169,190	\$5,806,936
2. Estimated Actuarial Employee Contributions	2,758,248	2,274,810	2,132,287
3. Town's Ongoing Annual Cost: (1) - (2)	5,012,357	3,894,380	3,674,649
4. Amortization of Unfunded Accrued Liability*	14,105,277	12,766,232	12,732,818
5. Town's Annual Contribution: (3) + (4)	19,117,634	16,660,612	16,407,467
6. Interest on Town's Annual Contribution	\$1,433,823	\$1,256,210	\$1,304,394
7. Actuarially Determined Contribution (5) + (6)	20,551,457	17,916,822	17,711,861

* Amortization period is 30 years for the July 1, 2015 valuation, 23 years for the July 1, 2014 valuation, and 24 years for the July 1, 2013 valuation. Payroll growth assumption is 4.0% for the July 1, 2013 and July 1, 2014 valuations, and 2.5% for the July 1, 2015 valuation.

II. Results of the Valuation

(continued)

C. Actuarially Determined Contribution

	Part A	Part B	Part B1	Part C	Part D	Part E	Total
1 Total Normal Cost	\$0	\$3,445,800	\$81,798	\$1,586,912	\$2,256,766	\$83,330	\$7,454,606
2 Expected Employee Contributions	0	1,232,007	54,097	676,324	748,994	46,827	2,758,249
3 Town Normal Cost: (1) - (2)	0	2,213,793	27,701	910,588	1,507,772	36,503	4,696,357
4 Past Service Cost (see tab III)	67,633	6,729,635	61,622	3,269,146	3,972,399	4,842	14,105,277
5 Expected Expenses	1,515	150,763	1,381	73,239	88,994	108	316,000
6 Total Town Contributions as of July 1, 2015: (3) + (4) + (5)	69,148	9,094,191	90,704	4,252,973	5,569,165	41,453	19,117,634
7 Interest on (6) to July 1, 2016	5,186	682,065	6,803	318,973	417,687	3,109	1,433,823
8 Annual Required Contribution: (6) + (7)	74,334	9,776,256	97,507	4,571,946	5,986,852	44,562	20,551,457
9 Covered Payroll	0	33,217,733	765,005	9,699,023	13,901,242	1,748,584	59,331,587
10 Annual Required Contribution as a Percentage of Payroll: (8) / (9)	0.00%	29.43%	12.75%	47.14%	43.07%	2.55%	34.64%

II. Results of the Valuation

(continued)

D. Past Service Cost

	Part A	Part B	Part B-1	Part C	Part D	Part E	Total
1 Actuarial Liability							
Active Members	\$0	\$86,201,873	\$1,421,711	\$26,540,897	\$36,815,119	\$138,194	\$151,117,794
Members Due Return of Contributions*							
Terminated Vested Members	0	2,272,144	0	0	271,927	403	2,544,474
Service Retirees	1,351,449	98,749,631	342,145	59,783,551	69,869,183	0	230,095,959
Disability Retirees	7,855	2,617,973	0	3,422,730	1,050,924	0	7,099,482
Beneficiaries	<u>576,603</u>	<u>2,786,014</u>	<u>0</u>	<u>3,828,145</u>	<u>5,697,931</u>	<u>0</u>	<u>12,888,693</u>
Total	1,935,907	192,627,635	1,763,856	93,575,323	113,705,084	138,597	403,746,402
2 Actuarial Value of Assets	830,185	82,605,534	756,404	40,128,403	48,760,756	59,435	173,140,717
3 Unfunded Actuarial Liability: (1) - (2)	1,105,722	110,022,101	1,007,452	53,446,920	64,944,328	79,162	230,605,685
4 Amortization Period (years)	30	30	30	30	30	30	30
5 Amortization Growth Rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
6 Past Service Cost: (3) amortized over (4)	67,633	6,729,635	61,622	3,269,146	3,972,399	4,842	14,105,277

**Liability under Members Due Return of Contributions are included in liability under Terminated Vested Members*

II. Results of the Valuation (continued)

E. Participant Data

The data reported by the Town for this valuation includes all active employees who met the Plan's minimum age and service requirements as of 7/1/2015.

Participant Data						
	Active	Terminated Vested	Disabled	Retired	Beneficiary	Total
Total Participants 7/1/2013	859	75	35	885	127	1,981
Adjustments	0	2	0	0	-6	-4
Retirements						
Disabled	-1	0	1	0	0	0
Regular	-68	-10	0	78	0	0
Terminations						
Vested	-20	20	N/A	N/A	N/A	0
Non-vested	0	N/A	N/A	N/A	N/A	0
Deaths						
Without death benefit	0	0	0	-37	-11	-48
With death benefit	-2	0	0	-13	0	-15
New beneficiaries	N/A	0	0	0	21	21
Lump sum /cash outs	-24	-5	0	0	-3	-32
Rehires	1	-1	0	0	0	0
New entrants	<u>111</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>111</u>
Total Participants 7/1/2015	856	81	36	913	128	2014
Average age						
7/1/2015	49.1	48.4	63.1	70.4	74.8	
Average service						
7/1/2015	13.3					
Total annual plan salaries						
7/1/2015	\$59,331,587					
Total annual benefits						
7/1/2015		\$405,137	\$820,426	\$25,340,611	\$1,570,985	

07/01/2013: 1 individual(s) included in both the retiree and survivor counts (receiving two benefits).

07/01/2015: 7 individual(s) included in both the retiree and survivor counts (receiving two benefits).

III. Actuarial Cost Methods and Assumptions

A. Actuarial Cost Methods

Funding Method

The actuarial valuation method used in the cost calculations is the Entry Age Normal Actuarial Cost Method. Recommended annual contributions will consist of two pieces:

- a. Normal Cost - The actuarial cost to fund benefit units earned during the year.
- b. Amortization Payments of Unfunded Actuarial Accrued Liability - The actuarial cost of amortizing the unfunded portion of the actuarial liability over a closed 30-year period as a level percentage of pay. This year a 2.5% payroll growth assumption was used.

Prior: The unfunded liability for the plan is the excess of the Accrued Liability over the assets which have been accumulated for the plan. This Unfunded Accrued Liability is amortized as a level percent. Beginning on July 1, 2007, the amortization period is 30 years. The amortization period will decline by 1 year every year until it reaches 10 years, at which point it will remain at 10 years.

Asset Valuation Method

The Actuarial Value of assets used in the development of plan contributions phases in recognition of the difference between the actual return on Market Value and the expected return on Market Value over a five-year period at 20% per year.

Full actuarial valuations are performed every other year. In off years the Actuarial Liability and the Normal Cost are estimated based on the results of the prior full valuation.

III. Actuarial Cost Methods and Assumptions

(continued)

B. Actuarial Assumptions

Active/Regular Retirement

RP-2000 Annuitant and Non-Annuitant Mortality Tables for Males and Females projected to valuation date by Scale AA. A Blue Collar adjustment is applied pre- and post-retirement for members of the Custodial (05), Maintenance (06), Grounds (70), Building Maintenance (71), Streets (62), Fire (61) and Police (60) groups.

Prior: RP-2000 Annuitant and Non-Annuitant Mortality Tables for Males and Females projected to valuation date by Scale AA. A Blue Collar adjustment is applied pre-retirement for active members of the Custodial (05), Maintenance (06), Grounds (70), Building Maintenance (71), and Streets (62) groups, and both pre- and post-retirement for Fire (61) and Police (60) members.

Active/Regular Retirement Mortality Improvement

Projected from valuation date to 2020 using Scale AA.

Disable Mortality

RP-2000 Disabled Mortality Table.

Disabled Mortality Improvement

None.

Prior: Projected from valuation date to 2020 using Scale AA.

Investment Return

7.50% per year.

Prior: 7.54% per year.

Salary Scale

Based on age per the table below.

Age	Rate
<25	6.00%
25-29	5.85%
30-34	4.65%
35-39	4.35%
40-49	3.65%
50-59	3.50%
60+	2.80%

An additional increase is assumed in year 1 only as follows:

Part B –	1.35%
Part B1 –	2.00%
Part E –	1.66%

III. Actuarial Cost Methods and Assumptions

(continued)

B. Actuarial Assumptions (continued)

Rate of Retirement

Parts B & B1

All other ages	Age	Rate
	45-49	1%
	50-54	3
	55-59	5
	60	15
	61-64	10
	65-69	40
	70	100

Prior: Parts B & B1

Eligible for reduced pension, no medical	5%
Eligible for unreduced pension, no medical	5%
Eligible for unreduced pension and medical	15%

All other ages	Age	Rate
	45-49	1%
	50-54	3
	55-59	5
	60	15
	61-64	10
	65-69	40
	70	100

Parts C

Eligible for reduced pension, no medical	0%
Eligible for unreduced pension, no medical	0%
Eligible for unreduced pension and medical	25%

All other ages	Age	Rate
	40-44	1%
	45-49	5
	50-55	10
	56-64	25
	65	100

III. Actuarial Cost Methods and Assumptions

(continued)

B. Actuarial Assumptions (continued)

Parts D

Eligible for reduced pension, no medical	0%
Eligible for unreduced pension, no medical	0%
Eligible for unreduced pension and medical	25%

All other ages	Age	Rate
	30-39	1%
	40-44	2
	45-54	10
	55-61	20
	62	100

All members older than the latest assumed retirement age are assumed to retire immediately.

Turnover

Parts B & B1

Age	Service			
	0-2	3-5	6-9	10+
20	30%	12%	8%	6%
25	25	11	7	5
30	20	10	6	4
35	15	9	5	3
40+	10	8	4	2

Prior: Parts B & B1 other than Paraprofessional (03) and Cafeteria (08)

Age	Service			
	0-2	3-5	6-9	10+
20	30%	12%	8%	6%
25	25	11	7	5
30	20	10	6	4
35	15	9	5	3
40+	10	8	4	2

Paraprofessional (03) and Cafeteria (08)

Service	Rate
0-1	30%
2-3	25
4-5	20
6-7	15
8-9	10
10+	5

Parts C: None

Parts D: Crocker-Sarasan Table T-1

III. Actuarial Cost Methods and Assumptions

(continued)

B. Actuarial Assumptions (continued)

Disability

The following annual rates of disability are assumed:

Age	Rate
20	0.08%
30	0.09%
40	0.17%
50	0.51%
60	1.44%

Service connected disabilities are assumed to comprise 50% of total disability for Parts C & D and 20% for Parts B & B1.

The participant's regular accrued benefit is assumed to be higher than the other disability benefits under the plan.

Amortization Growth Rate

2.50%

Prior Year: 4.00%

Survivorship

80% of employees assumed to be married, with wives 3 years younger than husbands.

Expenses

Actual administrative expenses paid in the prior year increased by 3% for inflation and rounded to the nearest \$1,000.

Cost of Including Unused Sick Pay in Average Final Compensation

Parts B & B1 5.00% of benefit amount for active participants.

Parts C & D 5.25% of benefit amount for active participants.

Survivor Benefit

Parts C & D

The survivorship benefit was valued at 39.4% of final pay while the normal form of the retirement benefit was set as a 10% Joint & Survivor in order to account for the additional death benefit for these groups.

IV. Summary of Current Principal Pension Plan Provisions

This exhibit summarizes the major provisions of the Plan. It is not intended to be, nor should it be interpreted as a complete statement of all plan provisions. To the extent that this summary does not accurately reflect the plan provisions, then the results of this valuation may not be accurate.

Effective Date of Plan

March 1, 1945

Covered Employees

Employees working at least 1,000 hours, excluding those teachers eligible under the State Teachers Retirement System, may participate. Participation is compulsory for new employees hired under age 50.

Employees hired after the following dates are not covered by the Pension Plan:

Nurses (07) June 30, 2010

Cafeteria (08) June 30, 2011

Security (12) June 30, 2010

Directors (59) hired after July 1, 2012 can elect to opt out of the Pension Plan.

Classes of Members

Part A

Covered Employees on December 8, 1959 who did not elect coverage under Social Security plus certain police officers and firefighters not covered under Part C or Part D.

Part B

All Covered Employees not in Parts A, B1, C, D or E.)

Board of Education Unions

Secretarial/Clerical (02)

Paraprofessional (03)

Printers (04)

Custodial (05)

Maintenance (06)

Nurses (07)

Cafeteria (08)

Non-Bargaining (09)

Custodial III / Head Custodian (10)

Security (12)

Professional/Technical (14)

Cafeteria Managers (15)

Town Unions

Nurses (58)

Directors (59)

Streets (62)

Clerical (65)

Non-Bargaining Clerical (66)

Non-Bargaining (68)

Grounds (70)

Building Maintenance (71)

Professional/Management (73)

Supervisor (74)

Parking Monitors (81)

Corporate Counsel (87)

Town Manager (90)

Part B1 (64)

All Covered Employees classified as public safety dispatchers.

Part C (61)

All Covered Employees classified as firefighters except those covered in Part A.

Part D (60)

All Covered Employees classified as police officers except those covered in Part A.

IV. Summary of Current Principal Pension Plan Provisions

(continued)

Part E

Covered Employees in the following unions, hired after the dates below:

Secretaries (02) effective May 21, 2013

Paraprofessionals (03) effective May 21, 2013

Custodians (05) effective October 2, 2012

Maintenance (06) effective October 2, 2012

Custodial III (10) effective July 1, 2014

Professional/Technical (14) effective October 15, 2013

Cafeteria Managers (15) effective July 1, 2014

Town Directors (59) effective July 1, 2012

Grounds (70) and Professional/Management (73) effective September 24, 2015

Credited Service

All service, including completed months is from date of hire to date of actual retirement, date of death, or date of termination of employment. Solely for the purpose of calculating amount of pension (see Normal Retirement Benefit) credited service includes any additional service credited in connection with the prior governmental service purchase provision of the plan.

Average Final Compensation

Average of the three highest calendar years of compensation, prior to date of actual retirement. Unused sick pay is included in average final compensation to the extent allowed under the plan.

For Part B and Part E members described below, the average final compensation shall not exceed the member's highest paid calendar year base wage. The highest paid calendar year base wage will be calculated on base wages or salary only and will not include payments on account of overtime worked, longevity payments, meal payments, or any other payment.

- Town unions hired on/after July 1, 2013,
- Maintenance (06), Nurses (07), Professional/Technical (14), Cafeteria (08), Cafeteria Managers (15), and Printers (04) hired after July 1, 2004;
- Custodial (05) and Head Custodians (10) hired on/after July 1, 2006;
- Security (12), Secretarial/ Clerical (02), Paraprofessional (03), and Non Union (09) hired on/after May 1, 2006.

For Part C members hired after April 1, 2014, the employee's final rate of compensation is used. The final rate of compensation is defined as the highest bi-weekly rate of pay attained by the employee times 26.089, plus the highest holiday pay attained by the employee.

Compensation is limited to \$200,000, indexed in accordance with the Internal Revenue Code requirements for qualified plans.

IV. Summary of Current Principal Pension Plan Provisions

(continued)

Unused Sick Pay

Unused sick pay is included in pension calculations for the following groups:

- Part C members hired prior to July 1, 2005,
- Part D members hired prior to August 1, 2006,
- Part B members in Town unions hired prior to July 1, 2003,
- Part B members in Maintenance (06), Nurses (07), and Professional/Technical (14) hired prior to July 1, 2004;
- Part B members in Cafeteria Managers (15), Custodial (05), Security (12), Custodian III (10), Cafeteria (08), and Printers (04) hired prior to July 1, 2005; and
- Part B members in Secretarial/ Clerical (02), Paraprofessional (03), and Non Union (09) hired prior to July 1, 2006.

Covered Compensation

Covered compensation, as defined under Revenue Ruling 71-446, for persons turning age 65 during later of the year the member turns age 65 or the year of actual retirement.

Vesting

An active member will become vested after 5 years of service (Dispatchers (64) members hired after June 30, 2007 - 10 years of service). The monthly benefit is equal to the accrued pension at date of termination; in lieu thereof, the member can elect to receive a refund of member contributions with credited interest. The monthly benefit is payable starting at the member's Normal Retirement Date. The vested member can elect to retire early (if he meets the early retirement eligibility criteria) and receive a reduced monthly benefit.

Normal Form

Single life annuity

Optional Benefits at Retirement

100%, 66-2/3% or 50% contingent annuitant option or 10 year certain and life option

IV. Summary of Current Principal Pension Plan Provisions

(continued)

Member Contributions

Part B

Percent of compensation varies by union. For some unions, members with long service contribute a lower percentage. For members in these unions hired prior to July 1, 2003, the lower percentage applies after 30 years of service. For members in these unions hired on or after July 1, 2003, the lower percentage applies after 35 years of service. Substitute January 1, 2006 for July 1, 2003 in the section above for Custodial (05).

	Normal Rate	Long Service Rate
Secretarial/Clerical (02)	3.25%	
Paraprofessional (03)	3.25%	
Printers (04)	3.00%	2.00%
Custodial (05)	3.50%	2.00%
Maintenance (06)	3.00%	2.00%
Nurses (07)	5.00%	2.00%
Cafeteria (08)	3.50%	
Non-Bargaining (09)	4.25%	
Custodial III (10)	3.50%	
Security (12)	5.00%	
Professional/Technical (14)	4.25%	
Cafeteria Managers (15)	3.50%**	
Nurses (58)	3.00%	2.00%
Directors (59)	5.00%	
Streets (62)	3.00%	2.00%
Clerical (65)	2.80%*	1.80%*
Non-Bargaining Clerical (66)	3.00%	2.00%
Non-Bargaining (68)	3.00%	2.00%
Grounds (70)	4.00%**	3.00%*
Building Maintenance (71)	4.00%*	3.00%*
Professional/Management (73)	4.00%**	3.00%***
Supervisor (74)	4.00%*	3.00%*
Parking Monitors (81)	3.00%	2.00%
Corporate Counsel (87)	3.00%	2.00%
Town Manager (90)	5.00%	

* Includes 1.00% for COLA

**Increasing to 4.25% for Union 15, and 5% for unions 70 and 73

***Includes 1.00% for COLA. Employees hired after 9/24/2015 contribute at the Normal Rate regardless of service.

Part B1 (64)

7.00% (Includes 1.00% for COLA)

Part C (61)

Effective 7/1/2016, 1% of base pay plus 7.0% of compensation. Members hired after 4/1/2014, 8% of base pay.

Part D (60)

1% of base pay plus 5.0% of compensation.

IV. Summary of Current Principal Pension Plan Provisions

(continued)

Part E

3% of base compensation.

Interest crediting rate for employee contributions is equal to 2.00% (compounded annually for all groups).

Normal Retirement Date

When calculating the Normal Retirement Date, service is assumed to continue past termination date.

Part B and Part E

Secretarial/Clerical (02), Paraprofessional (03) and Security (12) members hired before May 1, 2006, earliest of age 55 with 25 years of Credited Service, or age 60 with 10 years of Credited Service, or age 70. For members hired after May 1, 2006, earliest of age 65 with 15 years of Credited Service, or age 62 with 35 years of Credited Service, or age 70.

Printers (04), Nurses (07), Cafeteria (08) and Cafeteria Managers (15) members hired before July 1, 2004, earliest of age 55 with 25 years of Credited Service, or age 60 with 10 years of Credited Service, or age 70. For members hired after July 1, 2004, earliest of age 65 with 15 years of Credited Service, or age 62 with 35 years of Credited Service, or age 70.

Custodial (05) members hired before January 1, 2006, earliest of age 55 with 25 years of Credited Service, or age 60 with 10 years of Credited Service, 30 years of Credited Service, or age 70. For members hired after January 1, 2006, earliest of age 65 with 15 years of Credited Service, 35 years of Credited Service, or age 70.

Maintenance (06) members hired before July 1, 2004, earliest of age 55 with 25 years of Credited Service, or age 60 with 10 years of Credited Service, 30 years of Credited Service, or age 70. For members hired after July 1, 2004, earliest of age 65 with 15 years of Credited Service, or age 62 with 35 years of Credited Service, or age 70.

Non-Bargaining (09) and Custodial III (10) members hired before July 1, 2006, earliest of age 55 with 25 years of Credited Service, or age 60 with 10 years of Credited Service, or age 70. For members hired after July 1, 2006, earliest of age 65 with 15 years of Credited Service, or age 62 with 35 years of Credited Service, or age 70.

Professional/Technical (14) members hired before July 1, 2004 earliest of age 55 with 25 years of Credited Service, or age 60 with 10 years of Credited Service, or age 70. For members hired after July 1, 2004, earliest of age 65 with 15 years of Credited Service, or age 62 with 35 years of Credited Service, or age 70.

Streets (62) members hired before July 1, 2003, earliest of age 55 with 25 years of Credited Service, or age 60 with 10 years of Credited Service, 30 years of Credited Service, or age 70. For members hired after July 1, 2003, earliest of age 65 with 15 years of Credited Service, 35 years of Credited Service, or age 70.

Nurses (58), Directors (59), Clerical (65), Non-Bargaining Clerical (66), Non-Bargaining (68), Professional/Mgmt (73), Corporate Counsel (87) and Town Manager (90) members hired before July 1, 2003, earliest of age 55 with 25 years of Credited Service, or age 60 with 10 years of Credited Service, or age 70. For members hired after July 1, 2003, earliest of age 65 with 15 years of Credited Service, or age 62 with 35 years of Credited Service, or age 70.

Grounds (70), Building Maintenance (71) and Supervisor (74) members hired before July 1, 2003, earliest of age 55 with 25 years of Credited Service, or age 60 with 10 years of Credited Service, 30 years of Credited Service, or age 70. For members hired after July 1, 2003, earliest of age 65 with 15 years of Credited Service, or age 62 with 35 years of Credited Service, or age 70.

IV. Summary of Current Principal Pension Plan Provisions

(continued)

Parking Monitors (81) earliest of age 65 with 15 years of Credited Service, or age 62 with 35 years of Credited Service, or age 70.

Part B1 (64)

Members hired before July 1, 2007, earliest of age 55 with 25 years of Credited Service, or age 60 with 10 years of Credited Service, 20 years of Credited Service, or age 70. Members hired on or after July 1, 2007, 25 years of Credited Service.

Part C (61)

Members hired before July 1, 2005, earliest of age 55 with 10 years of Credited Service, 20 years of Credited Service, or age 65. Members hired after July 1, 2005, age 50 with 25 years of Credited Service or age 65.

Part D (60)

Earliest of age 55 with 10 years of Credited Service, 20 years of Credited Service, or age 65.

Normal Retirement Benefit

Part B

For service prior to January 1, 1986:

- (1) 2% times Average Final Compensation times Credited Service up to 33 years, plus 1% times Average Final Compensation times Credited Service in excess of 33 years; less
- (2) 5/6% times Average Final Compensation not in excess of Covered Compensation times Credited Service; plus
- (3) For Members who retire before age 62, a temporary allowance calculated as in (2) above. Such benefit shall terminate with the payment for the month the member attains Social Security Normal Retirement Age if in a Town union and age 62 otherwise.

For service after January 1, 1986: 2% times Average Final Compensation times Credited Service to a maximum of 35 years. Max 30 for Custodial (05).

For the groups listed below, the normal retirement benefit with 30 years of Credited Service is 70% of Average Final Compensation:

Custodial (05) hired before January 1, 2006

Maintenance (06) hired before July 1, 2004

Streets (62) hired prior to July 1, 2003

Non-Bargaining Clerical (66) hired before July 1, 2003

Non-Bargaining (68)

Grounds (70) hired before July 1, 2003

Building Maintenance (71) hired before July 1, 2003

Professional/Management (73) hired before July 1, 2003

Supervisor (74) hired before 7/1/2003

Clerical (65) members hired prior to July 1, 2003 at age 55 with 25 (30) years of Credited Service, normal retirement benefit is 60% (70%) of Average Final Compensation.

IV. Summary of Current Principal Pension Plan Provisions

(continued)

Part B1 (64)

Same as Part B. For members hired on or after July 1, 2007 who retire with 25-27 years of Credited Service, 55% of Average Final Compensation; with 28+ years of Credited Service, 56% of Average Final Compensation plus 2% for each additional year of Credited Service to a maximum of 35 years of Credited Service.

Part C (61)

For members hired before April 1, 2014 2.5% times Average Final Compensation times Credited Service, up to 75% of Average Final Compensation (except as noted below).

For members actively employed on July 1, 2014 and hired prior to April 1, 2014 who retire with 30 years of Credited Service, 80% times Average Final Compensation.

For members hired after April 1, 2014, 2.0% times Average Final Compensation times Credited Service. Members who retire with 30 years of Credited Service, 65% of Average Final Compensation. Shall not exceed 65% of Average Final Compensation.

Part D (60)

For members hired before August 1, 2006, 2.5% times Average Final Compensation times Credited Service.

For members hired after August 1, 2006, 2.5% times average base pay in the highest three calendar years determined without regard to overtime, private duty, sick leave or any other compensation than base pay.

For members on payroll as of July 1, 2006 or hired thereafter that retire with 30 years of Credited Service, 80% times Average Final Compensation (excludes any buyback time).

Part E

1% times Average Final Compensation times Credited Service to a maximum of 35 years.

Minimum Benefit

Parts B, B1 & E

\$360 per year. Terminated vested members, reduced by \$24 per year for less than 15 years of continuous credited service.

Parts C & D

\$1,000 per year. For Part C members, benefit is reduced by \$67 per year less than 15 years of continuous service.

Maximum Benefit

Part B & Part E

Part B - Generally 75% of Average Final Compensation, with the following exceptions: Streets (62), Grounds (70), Building Maintenance (71), Professional/Mgmt (73) eligible for normal retirement, and Supervisor (74) members hired prior to July 1, 2003 who retire with 30 years of service, the maximum benefit (before the Supplemental Benefit) is equal to 70% of Average Final Compensation.

Part E – 35% of Average Final Compensation.

In addition, the benefit (before the Supplemental Benefit) is limited as follows:

- All Board of Education unions except Printers (04) and Cafeteria Workers (08), 100% of the final year's base pay;
- All other Town union members, 100% of the final year's base pay.

IV. Summary of Current Principal Pension Plan Provisions

(continued)

Part B1 (64)

75% of Average Final Compensation

Part C (61)

For members hired before July 1, 2005, 95% of base pay. For members hired after July 1, 2005, 85% of base pay.

Part D (60)

For members hired before August 1, 2006, 95% of base pay (including education incentive and holiday pay only). For members hired after August 1, 2006, 85% of base pay (excluding overtime, holiday pay, sick pay, vacation time or other incentive or extra pay).

Supplemental Benefit

Applicable Groups

Secretarial/Clerical (02), Paraprofessional (03) and Security (12) hired before May 1, 2006; Printers (04), Maintenance (06), Nurses (07), Cafeteria (08), Professional/Technical (14), and Cafeteria Managers (15) hired before July 1, 2004; Custodial (05) hired before January 1, 2006, Non-Bargaining (09) hired before July 1, 2006, Custodian III (10) hired before July 1, 2005; and all Town unions and Town non-bargaining hired before July 1, 2003.

Eligibility

Members who work past Normal Retirement Date by attaining age 55 with 25 years of service or age 60 with 10 years of service.

Benefit

\$600 per year for each full year of service worked beyond Normal Retirement Date. This supplemental benefit is not eligible for a COLA and will not be a survivor benefit. Payments are made as a single payment during the month of July, starting the first July after the employee's retirement date.

Early Retirement Date

Part B & Part E

Secretarial/Clerical (02) and Paraprofessional (03) members hired before May 1, 2006, earlier of age 45 with 15 years of Credited Service, or age 50 with 10 years of Credited Service. For members hired after May 1, 2006, earlier of age 55 with 15 years of Credited Service, or age 60 with 10 years of Credited Service.

Printers (04), Custodial (05), Cafeteria (08), Custodial III (10) and Professional/Technical (14) members hired before July 1, 2005, earlier of age 45 with 15 years of Credited Service, or age 50 with 10 years of Credited Service. For members hired after July 1, 2005, earlier of age 55 with 15 years of Credited Service, or age 60 with 10 years of Credited Service.

Maintenance (06) and Nurses (07) and members hired before July 1, 2004, earlier of age 45 with 15 years of Credited Service, or age 50 with 10 years of Credited Service. For members hired after July 1, 2004, earlier of age 55 with 15 years of Credited Service, or age 60 with 10 years of Credited Service.

Non-Bargaining (09) members hired before July 1, 2006, earlier of age 45 with 15 years of Credited Service, or age 50 with 10 years of Credited Service. For members hired after July 1, 2006, earlier of age 55 with 15 years of Credited Service, or age 60 with 10 years of Credited Service.

IV. Summary of Current Principal Pension Plan Provisions

(continued)

Security (12) members hired before July 1, 2005, earlier of age 45 with 15 years of Credited Service, or age 50 with 10 years of Credited Service. For members hired after July 1, 2005, earlier of age 55 with 15 years of Credited Service, or age 60 with 10 years of Credited Service.

Nurses (58), Directors (59), Streets (62), Clerical (65), Non-Bargaining Clerical (66), Non-Bargaining (68), Grounds (70), Building Maintenance (71), Professional/Management (73), Supervisor (74), Parking Monitors (81), Corporate Counsel (87) and Town Manager members hired before July 1, 2003, earliest of age 45 with 15 years of Credited Service, or age 50 with 10 years of Credited Service. For members hired after July 1, 2003, earliest of age 55 with 15 years of Credited Service, or age 60 with 10 years of Credited Service.

Part B1

Members hired before July 1, 2007, earliest of age 45 with 15 years of Credited Service, or age 50 with 10 years of Credited Service. For members hired on or after July 1, 2007, earliest of age 45 with 15 years of Credited Service, or age 50 with 10 years of Credited Service, or 20 years of Credited Service.

Parts C & D

10 years of Credited Service.

Early Retirement Reduction

Depending on date of hire (for Part B and Part E, the date of hire is the same date referenced in the definition of NRD; for Part C, 7/1/2005; for Part D, 8/1/2006).

Before: Actuarial Equivalent using 1971 GAM male table set back 1 year and 6.5% interest.

After: 6% reduction for each year that retirement precedes normal retirement.

Deferred Retirement

Parts B, B1 & E

A member may work beyond retirement at his or her option, and will continue to accrue benefits under the plan.

Parts C & D

A member may not work later than the December 31st nearest their 65th birthday.

Disability Retirement

A member regardless of age with 10 or more years of continuous service is eligible if he or she is totally and permanently disabled and unable thereby to engage in gainful occupation with the Town. The benefit amount is equal to the regular pension benefit (not reduced for early commencement).

If the disability is Service-Connected, the 10-year service requirement is waived; and the benefit is the greater of the regular pension benefit (not reduced for early commencement) and 50% of base pay less any payments received on account of Social Security or Worker's Compensation.

Parts B, B1 & E – Minimum benefit is \$360 per year

Part C and Part D - Annual minimum benefit of \$1,000.

IV. Summary of Current Principal Pension Plan Provisions

(continued)

Death Benefits

Before Retirement

Return of member's contributions with regular interest. However, Part C and Part D members generally do not receive 1% of base wages contributed.

Alternatively, the surviving spouse can elect to receive a life annuity starting on or after the date the participant would have been eligible for Early Retirement. The amount of the annuity is calculated as what spouse would have received had the participant terminated employment on the date of death, elected a 50% Joint & Survivor annuity commencing on the death benefit commencement date, and died.

After Retirement

Excess of member's contributions with regular interest to retirement date over pension payments received prior to death, if any. Part C (61) and Part D (60) members generally do not receive 1% of base wages contributed.

For Part C and Part D members, the surviving spouse will receive (until remarriage) a benefit as follows.

Eligibility: Part D – age 55 with 10 years of credited service or 15 years of credited service. Part C members hired prior to 7/1/2005 - 10 years of credited service. Part C members hired on or after 7/1/2005 - age 55 with 10 years of credited service or 15 years of credited service.

Benefit: The annuity that would have been payable to the surviving spouse had the participant elected the 50% Joint & Survivor annuity. Pay-back of excess pension payments (excess of actual benefit payments received over the amount that would have been received under the 50% Joint & Survivor annuity) is required. The pay-back can be made as an offset to the surviving spouse's monthly benefit.

Part C and Part D members are also eligible for the Survivorship Benefits described below.

For other members, death benefits are payable according to the payment form elected by the retiree.

Survivorship Benefits

Eligibility: All Part C (61) and Part D (60) members active or retired (including disability retirements).

Survivorship benefits for spouse who has not remarried, dependent minor children, or dependent parent(s).

Benefit: an annuity equal to a percentage of final base rate of pay. The percentage is between 25% and 50%, depending on who the participant is survived by.

Cost of Living Adjustments

For Dispatchers (64), Clerical (65), Building Maintenance (71), Professional Management (73), and Supervisor (74) members, automatic COLAs of 1% are paid starting on the January 1 or July 1 following the third year of retirement with a normal retirement date or beginning three years after they would have been eligible for a normal retirement benefit. The Supplemental Benefit does not receive COLAs. Nurses (07) and Security (12) hired prior to June 30, 2010 are also eligible for this COLA. Grounds (70) retiring prior to September 24, 2015 are also eligible for this COLA.

For Part C members hired after July 1, 2005, automatic COLAs of 2% are paid each July 1, starting no earlier than 2 years following retirement not later than 3 years following retirement.

V. Summary of Current Principal Pension Plan Provisions

(continued)

Cost of Living Adjustments (continued)

For Part D members hired after August 1, 2006, automatic COLAs of 2% are paid starting on the July 1 following the second year of retirement. In lieu of eligibility for a 2 % Pension COLA, employees hired prior to August 1, 2006, shall receive a Town match, on a dollar-to-dollar basis, each calendar year of the first \$1,250 contribution by the employee toward the Plan.

COLA is not applied to any death or disability benefits. Also, the cost of living increase provision shall not apply to employees who terminate with a deferred vested benefit. Incentive portion of benefit is not eligible for COLA.