



TOWN OF WEST HARTFORD PENSION PLAN

ACTUARIAL VALUATION REPORT

JULY 1, 2017



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## Executive Summary

	July 1, 2017	July 1, 2016
<b>Number of members</b>		
Active employees	854	856 *
Terminated vested members	67	81 *
Retired, disabled and beneficiaries	1,124	1,077 *
Total	2,045	2,014
<b>Covered employee payroll</b>	58,707,946	58,064,839 **
<b>Average plan salary</b>	68,745	67,833
<b>Actuarial present value of future benefits</b>	516,729,234	497,566,833
<b>Actuarial accrued liability</b>	452,993,244	414,533,071
<b>Plan assets</b>		
Market value of assets	194,121,577	175,246,019
Actuarial value of assets	189,993,169	179,642,266
<b>Unfunded accrued liability</b>	263,000,075	234,890,805
<b>Funded ratio</b>	41.9%	43.3%
<b>Actuarially determined employer contribution (ADEC)</b>		
Fiscal year ending	2019	2018
ADEC	23,880,013	21,615,393

\* Not updated for Actuarial Valuation in interim year

\*\* Estimated to be 2.50% higher than 2015 pay



## Valuation Results and Highlights

### Purpose of the Valuation

The purpose of the valuation is to develop the Actuarially Determined Employer Contribution (ADEC).

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,

$$\text{Ultimate cost} = \text{Benefits Paid} + \text{Expenses Incurred} - \text{Investment Return} - \text{Employee Contributions}$$

The actuarial cost method distributes this ultimate cost over the working lifetime of current plan participants. By means of this budgeting process, costs are allocated to both past and future years, and a cost is assigned to the current year. The current year's allocated cost, or normal cost, is the building block upon which the actuarially determined employer contribution is developed. The July 1, 2017 valuation produces the contribution for the fiscal year ending 2019.

### Information Available in the Valuation Report

The Executive Summary is intended to emphasize the notable results of the valuation from the perspective of the Plan Sponsor. Supporting technical detail is documented in Results of the Valuation, Supporting Exhibits and Description of Actuarial Methods and Assumptions. A concise summary of the principal provisions of the Plan is outlined in Summary of Plan Provisions.

### Changes Reflected in the Valuation

Changes to the actuarial assumptions are listed below.

- Mortality
- Investment rate of return
- Rate of compensation increase (in year 1 only)
- Amortization increase rate

The assumptions indicated were changed to represent the Enrolled Actuary's current best estimate of anticipated experience of the plan.

### Cash Contribution for Fiscal Year Ending 2019

The Town cost is:	2019 Fiscal Year
Part A	\$70,393
Part B	10,941,999
Part B1	130,686
Part C	5,351,310
Part D	7,233,691
Part E	151,934
Total	<u>\$23,880,013</u>



### Liability Experience During Period Under Review

The plan experienced a net actuarial loss on liabilities of \$4,406,331 since the prior valuation.

### Asset Experience During Period Under Review

The plan's assets provided the following rates of return during the past fiscal year:

	2017 Fiscal Year
Market Value Basis	12.9%
Actuarial Value Basis	8.0%

The Actuarial Value of assets, rather than the Market Value, is used to determine plan contributions. The Actuarial Value spreads the asset volatility by recognizing 20% of the difference each year, thereby smoothing out fluctuations that are inherent in the Market Value.

### Moody's Treading Water Analysis

For long-term contribution planning, Moody's provides a Treading Water Analysis with a minimum goal of preserving the plan's funded status. The Moody's contribution has two parts: A + B:

A) Town Normal Cost	\$ 4,891,000
B) Interest on the Unfunded	<u>\$ 18,768,000</u>
C) Total: (A) + (B)	\$ 23,659,000

In comparison, the Town's funding policy is to contribute D:

D) Fiscal Year Contribution	\$ 21,615,000
E) Difference: (D) - (C)	\$ (2,044,000)

Based upon this analysis, it is prudent for the Town to follow the ten year contribution projection that provides for future contribution increases.

### Overriding Minimum Contribution (OMC)

In 2010, the Society of Actuaries published a paper that discusses public plan funding policy and defines an "Overriding Minimum Contribution (OMC)". For a plan that is less than 50% funded, the OMC equals Normal Cost plus Benefit Payments. Using this formula, the OMC for the Town of West Hartford Pension Plan for FYE 2017 was \$36,342,360. Actual contributions (employee and employer) for FYE 2017 were \$23,614,288. Based upon this analysis, the Town's 10-year plan of increasing the contribution each year is recommended.



## Certification

This report presents the results of the July 1, 2017 Actuarial Valuation for Town of West Hartford Pension Plan (the Plan) for the purpose of estimating the funded status of the Plan and determining the Actuarially Determined Employer Contribution (ADEC) for the . 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 *Summary of 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 factors such as, but not limited to, the following: 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 have no relationship with the employer or the Plan that would impair, or appear to impair, my objectivity in performing the work presented in this report. 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  
Enrolled Actuary 17-04513

December 18, 2017

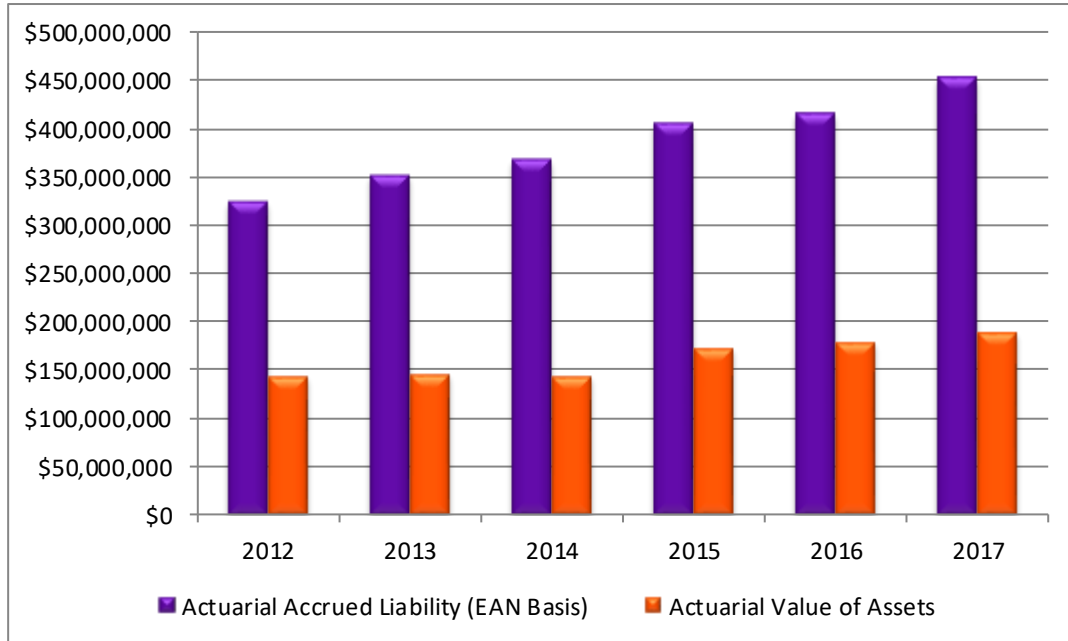


## Development of Unfunded Accrued Liability and Funded Ratio

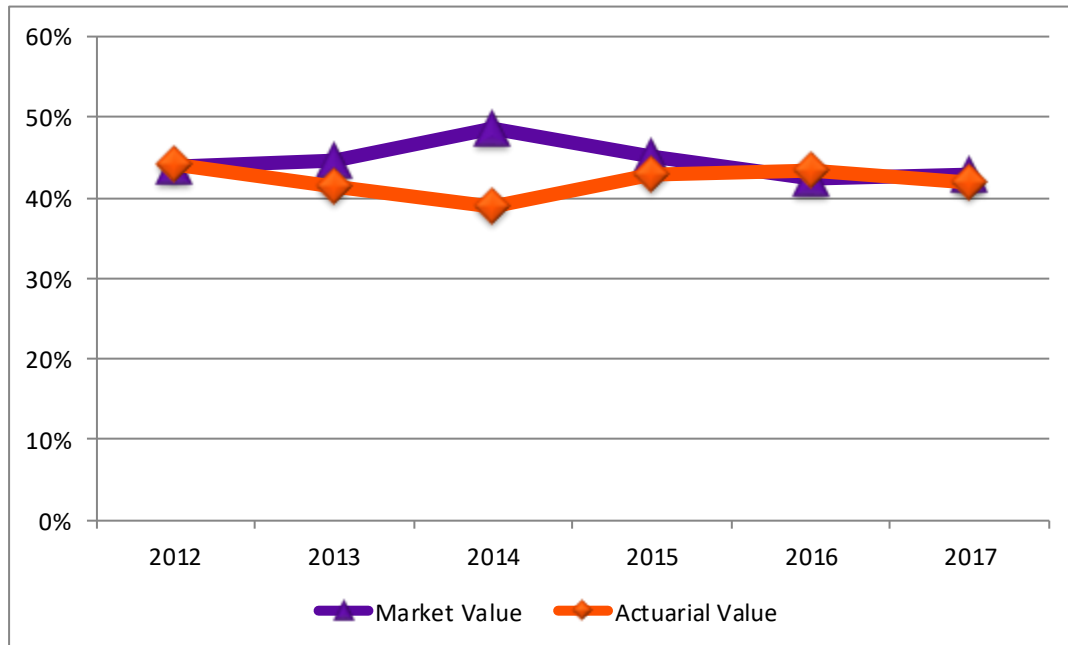
	July 1, 2017	July 1, 2016
Actuarial accrued liability for inactive members		
Retired, disabled and beneficiaries	\$284,149,387	\$241,332,866
Terminated vested members	<u>2,619,080</u>	<u>2,734,877</u>
Total	286,768,467	244,067,743
Actuarial accrued liability for active employees	<u>166,224,777</u>	<u>170,465,328</u>
Total actuarial accrued liability	452,993,244	414,533,071
Actuarial value of assets	<u>189,993,169</u>	<u>179,642,266</u>
Unfunded accrued liability	263,000,075	234,890,805
Funded ratio	41.9%	43.3%



### Actuarial Accrued Liability vs. Actuarial Value of Assets



### Funded Ratio





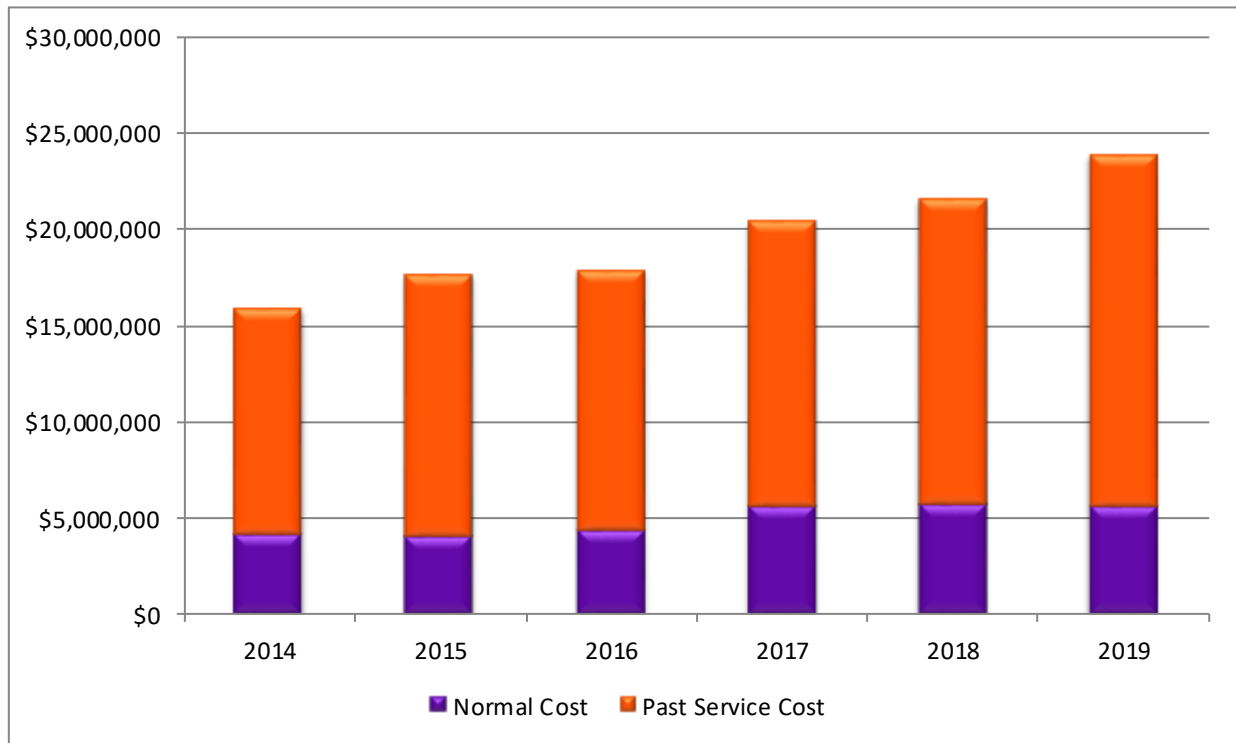


## Determination of Normal Cost and Actuarially Determined Employer Contribution

	July 1, 2017		July 1, 2016	
	Cost	Percent of payroll	Cost	Percent of payroll
Gross normal cost	\$7,791,187	12.8%	\$7,640,971	12.7%
Estimated employee contributions	(2,899,827)	-4.8%	(2,827,205)	-4.7%
Estimated administrative expenses	316,000	0.5%	316,000	0.5%
Town's normal cost	5,207,360	8.5%	5,129,766	8.5%
Amortization of unfunded accrued liability	17,058,386	28.0%	14,977,576	24.8%
Contribution before adjustment as of the valuation date	22,265,746	36.5%	20,107,342	33.3%
Estimated valuation year payroll for actives not yet at 100% assumed retirement age	60,990,043		60,346,114	
Fiscal year ending	2019		2018	
Adjustment for interest	1,614,267		1,508,051	
Actuarially determined employer contribution	23,880,013		21,615,393	



### Actuarially Determined Employer Contribution





### Actuarially Determined Employer Contribution per Group

	Part A	Part B	Part B1	Part C
Gross normal cost	\$0	\$3,040,530	\$74,590	\$1,809,837
Estimated employee contributions	0	(1,157,728)	(48,681)	(749,889)
Estimated administrative expenses	0	123,320	3,025	73,405
Town's normal cost	0	2,006,122	28,934	1,133,353
Actuarial accrued liability	1,743,002	217,654,051	2,467,473	102,403,489
Actuarial value of assets	731,045	91,287,858	1,034,900	42,949,788
Unfunded accrued liability	1,011,957	126,366,193	1,432,573	59,453,701
Amortization of unfunded accrued liability	65,635	8,196,208	92,918	3,856,213
Contribution before adjustment as of the valuation date	65,635	10,202,330	121,852	4,989,566
Fiscal year ending June 30, 2019				
Adjustment for interest	4,758	739,669	8,834	361,744
Actuarially determined employer contribution	70,393	10,941,999	130,686	5,351,310



	Part D	Part E	Total
Gross normal cost	\$2,632,249	\$233,981	\$7,791,187
Estimated employee contributions	(818,537)	(124,992)	(2,899,827)
Estimated administrative expenses	<u>106,760</u>	<u>9,490</u>	<u>316,000</u>
Town's normal cost	1,920,472	118,479	5,207,360
Actuarial accrued liability	128,109,567	615,662	452,993,244
Actuarial value of assets	<u>53,731,359</u>	<u>258,219</u>	<u>189,993,169</u>
Unfunded accrued liability	74,378,208	357,443	263,000,075
Amortization of unfunded accrued liability	4,824,228	23,184	17,058,386
Contribution before adjustment as of the valuation date	6,744,700	141,663	22,265,746
Fiscal year ending June 30, 2019			
Adjustment for interest	<u>488,991</u>	<u>10,271</u>	<u>1,614,267</u>
Actuarially determined employer contribution	7,233,691	151,934	23,880,013



## Determination of Actuarial Gain/Loss

The Actuarial Gain/Loss is the difference between the expected unfunded accrued liability and the actual unfunded accrued liability, without regard to any changes in actuarial methods, actuarial assumptions or plan provisions. This can also be referred to an Experience Gain/Loss, since it reflects the difference between what was expected and what was actually experienced.

Actuarial Gain / Loss	
<b>Expected unfunded accrued liability July 1, 2017</b>	
Expected unfunded accrued liability July 1, 2016	
Unfunded accrued liability July 1, 2015	\$230,605,685
Gross normal cost July 1, 2015	7,770,606
Town and employee contributions for 2015-2016	(20,963,554)
Interest at 7.50% to July 1, 2016	17,889,858
Expected unfunded accrued liability July 1, 2016	235,302,595
Expected unfunded accrued liability July 1, 2017	
Unfunded accrued liability July 1, 2016	235,302,595
Gross normal cost July 1, 2016	7,966,451
Town and employee contributions for 2016-2017	(23,614,288)
Interest at 7.50% to July 1, 2017	16,603,968
Expected unfunded accrued liability July 1, 2017	236,258,726
<b>Actuarial (gain) / loss July 1, 2017</b>	<b>4,453,503</b>
<b>Actual unfunded accrued liability July 1, 2017, prior to plan provision, assumption and method changes</b>	<b>240,712,229</b>
<b>Sources of (gain) / loss</b>	
Assets	47,172
Liabilities	4,406,331
Total (gain) / loss	4,453,503
<b>Assumption and method changes since prior valuation</b>	22,569,795
<b>Plan provision changes since prior valuation</b>	(281,949)
<b>Actual unfunded accrued liability July 1, 2017, after plan provision, assumption and method changes</b>	<b>263,000,075</b>



## Development of Asset Values

<b>Summary of Fund Activity</b>	
<b>1. Beginning market value of assets July 1, 2016</b>	
Trust assets	\$175,246,019
<b>2. Contributions</b>	
Town contributions during year	20,551,457
Employee contributions during year	3,062,831
Total for plan year	23,614,288
<b>3. Disbursements</b>	
Benefit payments during year	28,078,903
Administrative expenses during year	306,486
Total for plan year	28,385,389
<b>4. Net investment return</b>	
Interest and dividends	3,715,462
Net appreciation (depreciation)	20,258,927
Investment-related expenses	(327,730)
Total for plan year	23,646,659
<b>5. Ending market value of assets July 1, 2017</b>	
Trust assets: (1) + (2) - (3) + (4)	194,121,577
<b>6. Approximate rate of return</b>	
	12.9%



<b>Determination of the Actuarial Value of Assets</b>	
1. Actuarial value of assets July 1, 2016	\$ 179,642,266
2. Town contributions during 2016-2017	20,551,457
3. Employee contributions during 2016-2017	3,062,831
4. Benefit payments and administrative expenses during 2016-2017	(28,385,389)
5. Expected return during 2016-2017	<u>14,089,902</u>
6. Expected actuarial value of assets July 1, 2017	188,961,067
7. Market value of assets July 1, 2017	194,121,577
8. Appreciation (depreciation) recognized: 20% x [(7) - (6)]	1,032,102
9. Preliminary actuarial value of assets July 1, 2017: (6) + (8)	189,993,169
10. Preliminary actuarial value of assets as a percentage of market value of assets	97.9%
11. Actuarial value of assets July 1, 2017	189,993,169
2016-2017 return on actuarial value of assets	8.0%



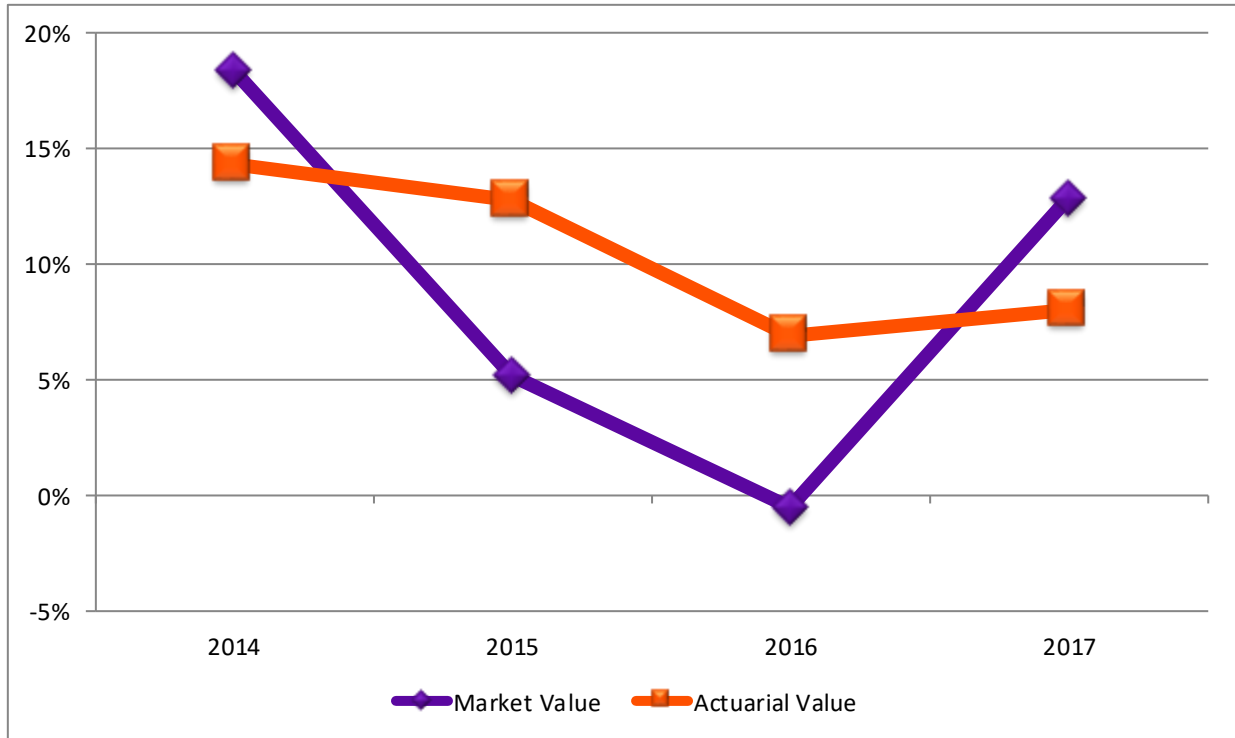
Rate of Return on Market Value of Assets				
Period Ending June 30	Average Annual Effective Rate of Return			
	1 Year	3 Years	5 Years	10 Years
2008	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A
2014	18.4%	N/A	N/A	N/A
2015	5.2%	N/A	N/A	N/A
2016	-0.5%	7.4%	N/A	N/A
2017	12.9%	5.7%	N/A	N/A

Rate of Return on Actuarial Value of Assets				
Period Ending June 30	Average Annual Effective Rate of Return			
	1 Year	3 Years	5 Years	10 Years
2008	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A
2014	14.3%	N/A	N/A	N/A
2015	12.8%	N/A	N/A	N/A
2016	6.9%	11.3%	N/A	N/A
2017	8.0%	9.2%	N/A	N/A





### Actual Rate of Return on Assets





## Target Allocation and Expected Rate of Return July 1, 2017

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*	Weighting
Core Fixed Income	30.00%	1.75%	0.53%
US Large Cap Equities	44.50%	5.60%	2.49%
US Small Cap Equities	10.50%	5.90%	0.62%
Developed Foreign Equities	10.00%	5.80%	0.58%
Real Estate (Property)	5.00%	4.25%	0.21%
	100.00%		4.43%
Long-Term Inflation Expectation			2.25%
Long-Term Expected Nominal Return			6.68%

*\*Long-Term Returns are provided by Fiduciary Investment Advisor, LLC. The returns are geometric means.*

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included in the pension plan's target asset allocation.

The information above is based on geometric means and does not reflect additional returns through investment selection, asset allocation and rebalancing. The results support a rate between 6.25% and 7.25%. An expected rate of return of 7.25% was used.



## Amortization of Unfunded Liability

Schedule of Amortization Bases				
	Date established	Amortization installment	Years remaining	Present value of remaining installments as of July 1, 2017
2017 base	July 1, 2017	17,058,386	28	263,000,075



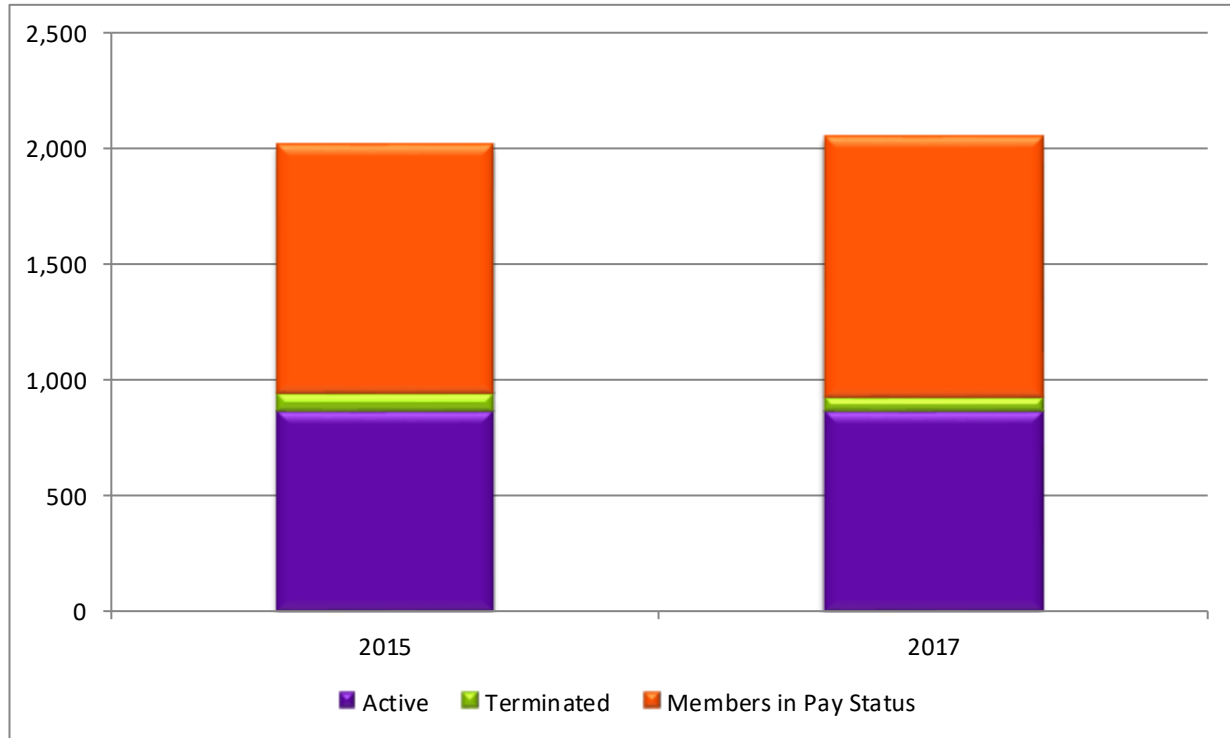
## Member Data

The data reported by the Plan Sponsor for this valuation includes 854 active employees who met the Plan's minimum age and service requirements as of July 1, 2017.

Member Data				
	Active	Terminated vested	Members in pay status	Total
<b>Total members July 1, 2015</b>	856	81	1,077	2,014
Adjustments	0	+9	+6	+15
Retirements	-82	-19	+101	0
Disabilities	0	N/A	0	0
Terminations				
Vested	-16	+16	N/A	0
Lump sum payments	-21	-16	N/A	-37
Due contributions only	0	N/A	N/A	0
Deaths				
With death benefit	-2	0	-12	-14
Without death benefit	-1	-2	-60	-63
Transfers	0	0	N/A	0
Rehires	+2	-2	N/A	0
New beneficiaries	N/A	N/A	+12	+12
New entrants	+118	N/A	N/A	+118
<b>Total members July 1, 2017</b>	854	67	1,124	2,045



### Member Counts by Status





<b>Member Data</b>			
	<b>Active</b>	<b>Terminated vested</b>	<b>Members in pay status</b>
<b>Average age</b>			
July 1, 2015	49.1	48.4	70.7
July 1, 2017	49.0	47.3	70.7
<b>Average service</b>			
July 1, 2015	13.3	N/A	N/A
July 1, 2017	12.8	N/A	N/A
<b>Covered employee payroll</b>			
July 1, 2015	\$56,648,623	N/A	N/A
July 1, 2017	58,707,946	N/A	N/A
<b>Total annual benefits</b>			
July 1, 2015	N/A	\$405,137	\$27,732,022
July 1, 2017	N/A	446,133	30,049,509



## Description of Actuarial Methods

### Asset Valuation Method

The Actuarial Value of assets used in the development of plan contributions phases in the recognition of differences between the Market Value and Expected Actuarial Value by recognizing 20% of the difference each year.

### Actuarial Cost Method

- A. Changes in Actuarial Cost Method: None.
- B. Description of Current Actuarial Cost Method:

Basic cost method: Entry Age Normal (level percentage of salary)

Normal Cost: Under this method, the total normal cost is the sum of amounts necessary to fund each active member's normal retirement benefit if paid annually from entry age to assumed retirement age. Entry age is the age at which the employee would have been first eligible for the plan, if it had always been in effect. The normal cost for each participant is expected to remain a level percentage of the employee's salary. The normal cost for the plan is the difference between the total normal cost for the year and the anticipated member contributions for that year.

Past Service Liability: The present value of future benefits that relates to service before the valuation date is the total past service liability. The unfunded past service liability is the difference between the total past service liability and any assets (including accumulated member contributions). This amount is amortized over 28 years on a closed basis.

In addition, an annual 2.00% amortization increase rate was assumed.

(Prior Valuation: 2.25%). For future valuation the amortization increase rate is planned to decrease by 0.25% each year.

Experience Gains and Losses: All experience gains and losses (the financial effect of the difference between the actual experience during the prior period and the result expected by the actuarial assumptions for that prior period) appear directly in the past service liability and are amortized at the same rate the plan is amortizing the remaining unfunded past service liability.



## Description of Actuarial Assumptions

### Changes in Actuarial Assumptions

Changes to the actuarial assumptions are listed below. (The assumptions used before and after these changes are more fully described in the section below.)

- Mortality
- Investment rate of return
- Rate of compensation increase (in year 1 only)

The assumptions indicated were changed to represent the Enrolled Actuary's current best estimate of anticipated experience of the plan.

### Investment rate of return (net of investment-related and administrative expenses)

7.25%. (Prior: 7.5%)

### Rate of compensation increase (including inflation)

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 D – 6.00%

(Prior Year:

Part B – 1.35%

Part B1 – 2.00%

Part E – 1.66%)

The assumption is based on input from the plan sponsor regarding future expectations, as well as knowledge that younger employees generally earn higher annual percentage increases than older employees.

### Inflation

2.75%.

This assumption is based on long term historical inflation numbers. While near term averages have been lower, we do not believe this trend will continue indefinitely and expect that there will be a reversion to the long-term average.





### Mortality

Non-Disabled Mortality: RP-2000 Annuitant and Non-Annuitant Mortality Tables for Males and Females projected from a base year of 2006 to valuation date by Scale BB. 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.

Disabled Mortality: RP-2000 Disabled Mortality Table.

(Prior: Non-Disabled Mortality: 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.)

### Mortality Improvement

Non-Disabled Mortality Improvement: Projected to date of decrement using Scale BB (generational).

(Prior: Non-Disabled Mortality Improvement: Projected from valuation date to 2020 using Scale AA.)

Disabled Mortality Improvement: None.

We have selected a mortality table commonly used by public pension systems (such as the State of Massachusetts). It is a recently published pension mortality study released by the Society of Actuaries. The plan does not have sufficiently credible data on which to perform a mortality experience study.

We are using Scale BB because it is consistent with recent industry analysis of future mortality improvement.

### Retirement age

#### 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

#### Parts C

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

In the year the participant is first eligible for unreduced pension and retiree medical, the assumed rate is the greater of the rate based on age in the chart above and 25%.



## Retirement age (cont.)

### Parts D

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

In the year the participant is first eligible for unreduced pension and retiree medical, the assumed rate is the greater of the rate based on age in the chart above and 25%.

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

## Termination prior to retirement

### 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

Parts C: None.

Parts D: Crocker-Sarasan Table T-1.

## 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.

The actuarial assumptions in regards to rates of decrement shown above are based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor.



**Administrative expenses**

Estimated administrative expenses based on expenses paid in the prior year increased with inflation, rounded to the nearest \$1,000.

**Amortization increase rate**

2.00% per year. (Prior valuation: 2.25%).

**Payroll growth**

2.50% per year.

**Percent of active employees married**

80%.

**Spouse's age**

Husbands are assumed to be 3 years older than wives.

**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 25% 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.



## Summary of 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)  
Non-Union Plan B (16)

#### **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.



## Classes of Members (cont.)

### 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  
Printers (04) effective October 2, 2012  
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  
Streets (62) effective August 1, 2016  
Clerical (65) effective May 24, 2016  
Grounds (70) effective September 24, 2015  
Building Maintenance (71) effective May 24, 2016  
Professional/Management (73) effective September 24, 2015  
Supervisor (74) effective May 24, 2016  
Parking Monitors (81) effective February 7, 2017

### **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.



### **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



## 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)	4.25%	
Paraprofessional (03)	4.00%	
Printers (04)	3.00%	2.00%
Custodial (05)	3.00%	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)	4.25%	
Security (12)	5.00%	
Professional/Technical (14)	4.25%	
Cafeteria Managers (15)	4.25%	
Union (16)	4.25%	
Nurses (58)	3.00%	2.00%
Directors (59)	5.00%	
Streets (62)	4.50%	2.00%
Clerical (65)	3.80%*	1.80%*
Non-Bargaining Clerical (66)	3.00%	2.00%
Non-Bargaining (68)	3.00%	2.00%
Grounds (70)	5.00%	3.00%
Building Maintenance (71)	5.00%*	3.00%*
Professional/Management (73)	5.00%	3.00%**
Supervisor (74)	5.00%	3.00%
Parking Monitors (81)	5.00%	2.00%
Corporate Counsel (87)	3.00%	2.00%
Town Manager (90)	5.00%	

\* Includes 1.00% for COLA.

\*\* 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.



## **Member Contributions (cont.)**

### 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.

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.





## **Normal Retirement Date (cont.)**

### 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.

### 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.



## **Normal Retirement Benefit (cont.)**

### 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.



## **Maximum Benefit (cont.)**

### 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.

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.



### **Early Retirement Date (cont.)**

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**

#### Parts B & E

Depending on date of hire (the date of hire is the same date referenced in the definition of NRD).

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.

#### Parts C & D

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

### **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.



## **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 (only if retiring before May 24, 2016) (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.

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.