

# Town of West Hartford Pension Plan

Actuarial Valuation as of July 1, 2024  
To Determine Funding for Fiscal Year 2025-26

Prepared by

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## Certification

As part of our engagement with the Town of West Hartford ("Town"), we have performed an actuarial valuation of the Plan as of July 1, 2024. Our findings are set forth in this actuary's report. The main purposes of this valuation are to determine funding for fiscal year 2025-26, to review the Plan's experience since the prior valuation, and to assess the funded position of the Plan.

Actuarial computations presented in this report are for the purposes of determining the recommended funding amounts for the Plan. The calculations in this report have been made on a basis consistent with our understanding of the Plan's funding policy and on our understanding of the plan provisions as summarized in this report. Determinations for purposes other than meeting these requirements, such as for financial reporting in accordance with GASB standards, may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

We believe that the measures of funded status contained herein are appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligations and for assessing the need for or the amount of future contributions. Note that a Plan's funded status is dependent on the selection of both the actuarial cost method and the asset smoothing method; different measurements would result if, for instance, the Market Value of Assets were used in place of the Actuarial Value of Assets.

Actuarial assumptions, including interest rates, mortality tables, and others identified in this report, and actuarial cost methods are adopted by the Town, who is responsible for selecting the Plan's funding policy, actuarial cost methods, asset valuation methods, and actuarial assumptions. The policies, methods, and assumptions used in this valuation are those that have been so adopted and are described in this report. The Town is solely responsible for communicating to Milliman any changes thereto. All costs, liabilities, rates of interest, and other factors for the Plan have been determined on the basis of actuarial assumptions and methods which, in our professional opinion, are individually reasonable (taking into account the experience of the Plan and reasonable expectations); and which, in combination, offer a reasonable estimate of anticipated future experience affecting the Plan and are expected to have no significant bias.

This valuation is only an estimate of the Plan's financial condition as of a single date. It can neither predict the Plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of Plan contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

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 modifications to contribution calculations based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of future measurements.

## Certification (continued)

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the Town. This information includes, but is not limited to, benefit provisions, member census data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different, and our calculations may need to be revised. Figures for periods prior to July 1, 2019 have been obtained from actuarial valuation reports prepared by Hooker & Holcombe and from the City's Comprehensive Annual Financial Reports.

Milliman's work is prepared solely for the use and benefit of the Town. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions: (a) the Town may provide a copy of Milliman's work, in its entirety, to the Town's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the Town; and (b) the Town may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law. No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The valuation results were developed using models intended for valuations that use standard actuarial techniques. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice.

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the *Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States*, published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.



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Consulting Actuary



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i. Summary of Principal Results

Actuarial Valuation for Plan Year Beginning	July 1, 2023	July 1, 2024
<b>Membership</b>		
Active Members	825	893
Terminated Members	125	133
Members in Pay Status	<u>1,266</u>	<u>1,280</u>
Total Count	2,216	2,306
Payroll	\$71,803,623	\$74,904,646
<b>Assets and Liabilities</b>		
Market Value of Assets	\$511,404,408	\$546,470,155
Actuarial Value of Assets	563,547,294	566,205,958
Accrued Liability for Active Members	153,922,057	150,721,981
Accrued Liability for Terminated Members	4,642,612	11,485,675
Accrued Liability for Members in Pay Status	<u>444,274,100</u>	<u>450,391,481</u>
Total Accrued Liability	602,838,769	612,599,137
Unfunded Accrued Liability	39,291,475	46,393,179
Funded Ratio	93.5%	92.4%
<b>Actuarially Determined Contribution (ADC)</b>		
For Fiscal Year	2024-25	2025-26
Net Normal Cost	\$6,147,901	\$6,435,409
Past Service Cost	2,463,815	2,994,471
Interest	<u>559,761</u>	<u>612,944</u>
Actuarially Determined Contribution	9,171,477	10,042,824
ADC Allocated to BOE	1,674,082	1,783,837
ADC Allocated to Town	7,497,395	8,258,987
ADC Paid From Town's Operating Budget	7,981,105	8,619,593
ADC Paid From Pension Reserve Fund	1,190,372	1,423,231
POB Debt Service Payment	17,658,777	17,660,322
Total Town Pension Cost = ADC + POB Debt Service Payment	26,830,254	27,703,146

This work product was prepared solely for the Town for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

## ii. Changes Since the Prior Valuation

### Plan Experience

From July 1, 2023 to July 1, 2024, the plan's assets earned 12.71% on a Market Value basis and 5.60% on an Actuarial Value basis. The interest rate assumption for this period was 6.50%; the result is an asset gain of about \$30.9 million on a Market Value basis and a loss of about \$4.9 million on an Actuarial Value basis.

From July 1, 2023 to July 1, 2024, the Accrued Liability was expected to grow from \$602.8 million to \$609.5 million, based on expected changes in the plan's membership per the actuarial assumptions. Actual changes in the plan's membership during this period resulted in an Accrued Liability as of July 1, 2024 of \$609.4 million (measured before any changes in the plan provisions or the actuarial methods and assumptions). This difference of \$0.1 million between the expected Accrued Liability and the actual Accrued Liability is termed a 'liability gain'. The primary factors contributing to this liability gain were: (1) a modest gain from salary growth, with smaller pay increases than expected; offset by (2) a modest loss from retirement experience; and (3) a modest loss from new entrant experience.

### Plan Changes

Employee contribution rates were updated for several unions reflecting the latest collective bargaining agreements between the Town and those unions. In addition, a new Police contract went into effect as of July 1, 2024 which changed the eligibility for the COLA for Tier III members from 25 years to 20 years of service. The new Police contract also changed eligibility for OPEB benefits from 25 to 20 years of service; we modified our retirement rates accordingly because we assume no retirement prior to OPEB eligibility. Lastly, the contract introduced a pilot Deferred Retirement Option Program (DROP). These changes in combination caused the Unfunded Accrued Liability to increase by about \$3.8 million and the Actuarially Determined Contribution to increase by about \$0.6 million.

### Changes in Actuarial Assumptions

We revised the salary scale for Police members based on the step structure in the latest contract. This change caused the Unfunded Accrued Liability to decrease by about \$0.6 million and the Actuarially Determined Contribution to decrease by about \$0.1 million.

### Changes in Actuarial Methods

None.

### Other Significant Changes

None.

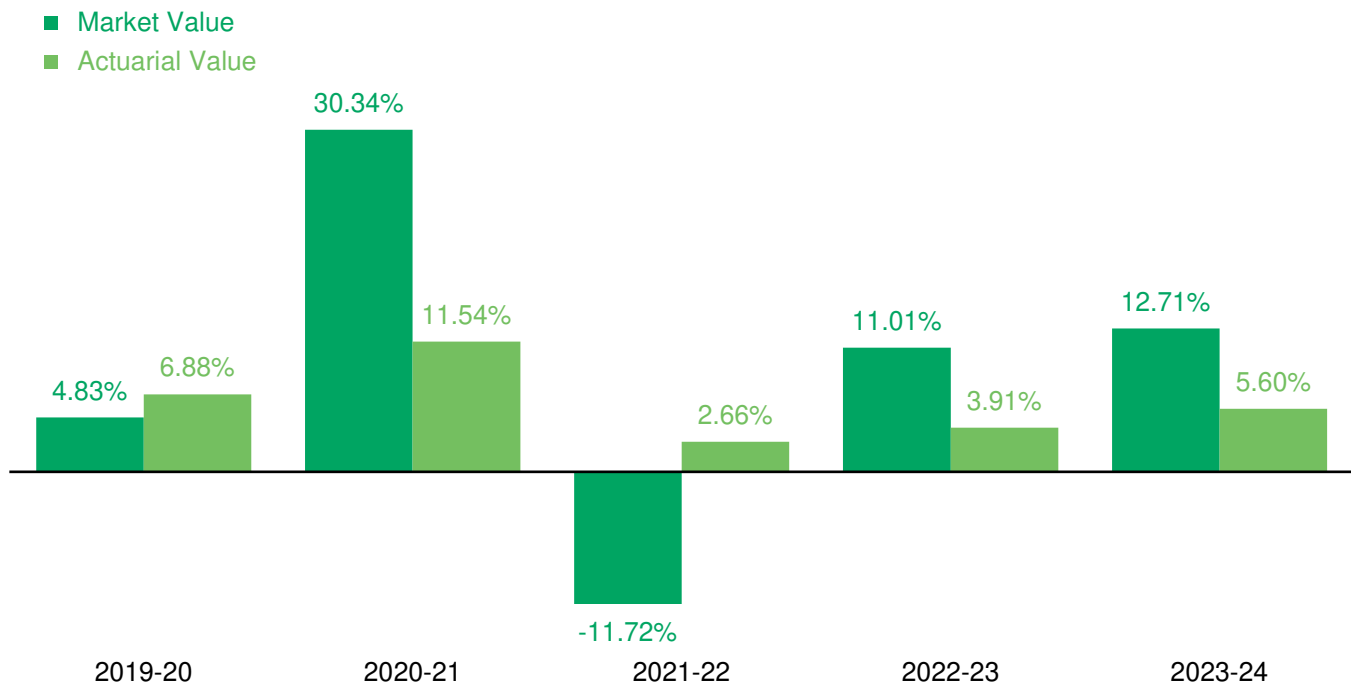
### iii. Asset Performance

There are two different measures of the plan's assets that are used throughout this report. The Market Value is a snapshot of the plan's investments as of the valuation date. The Actuarial Value is a smoothed asset value designed to temper the volatile fluctuations in the market by recognizing investment gains or losses asymptotically over five years.

	Market Value	Actuarial Value
Value as of July 1, 2023	\$511,404,408	\$563,547,294
Town Contributions and Member Contributions	13,264,151	13,264,151
Investment Income	63,189,678	30,782,595
Benefit Payments and Administrative Expenses	(41,388,082)	(41,388,082)
Value as of July 1, 2024	546,470,155	566,205,958

The Actuarial Value currently exceeds the Market Value by \$19.7 million. This figure represents investment losses that will be gradually recognized in future years. This process will exert upward pressure on the Town's contribution, unless there are offsetting market gains.

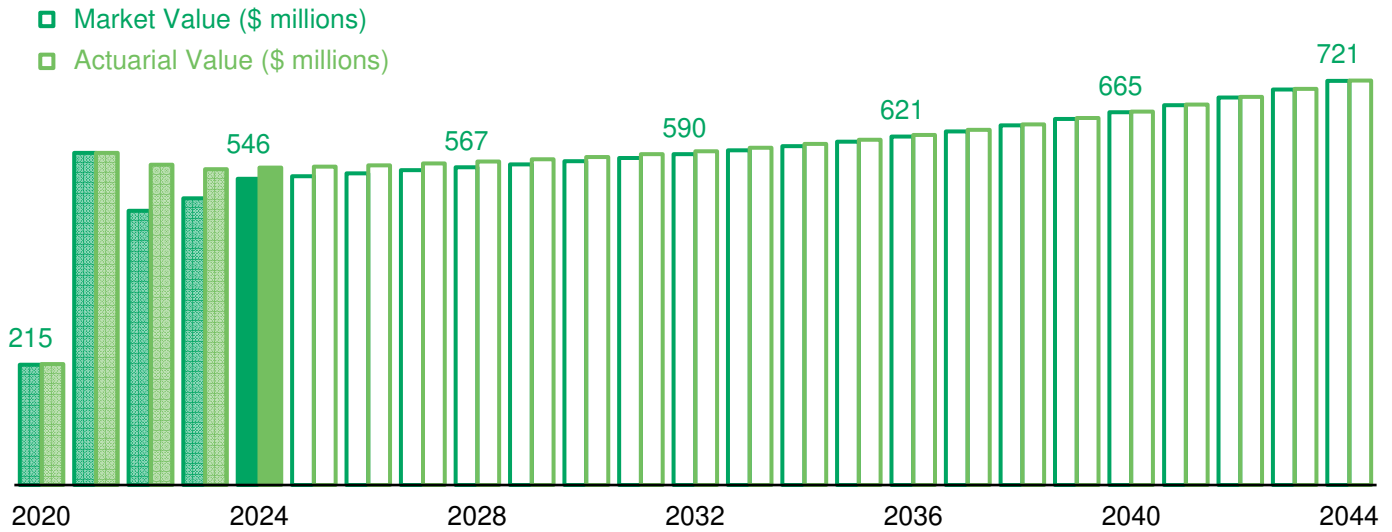
Historical rates of return are shown in the graph below:



In addition to the pension trust assets discussed above, the Town maintains a Pension Reserve Fund to provide budgetary stability in times of market turmoil. As of July 1, 2024, the Pension Reserve Fund balance was \$26,974,089. The Pension Reserve Fund, which is conservatively invested to reduce volatility, earned 6.24% in FY 2023-24.

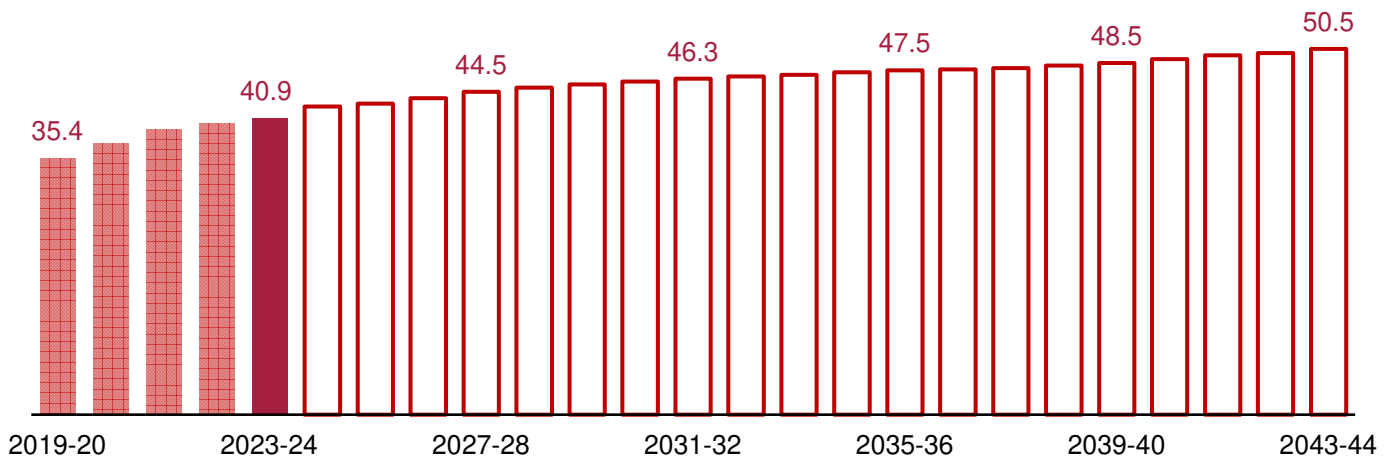
### iv. Asset Forecast

The graph below shows how this year's asset values compare to where the plan's assets have been over the past several years and how they are projected to change over the next 20 years. For purposes of this projection, we have assumed that the Town always contributes the Actuarially Determined Contribution and the investments always earn the assumed interest rate each year. Please note that the substantial increase in the assets as of July 1, 2021 is attributable to the Pension Obligation Bond (POB) issued by the Town.



In 2023-24, the plan paid out \$40.9 million in benefits to members. Over the next 20 years, the plan is projected to pay out a total of \$936 million in benefits to members.

#### Benefit Payments (\$ millions)

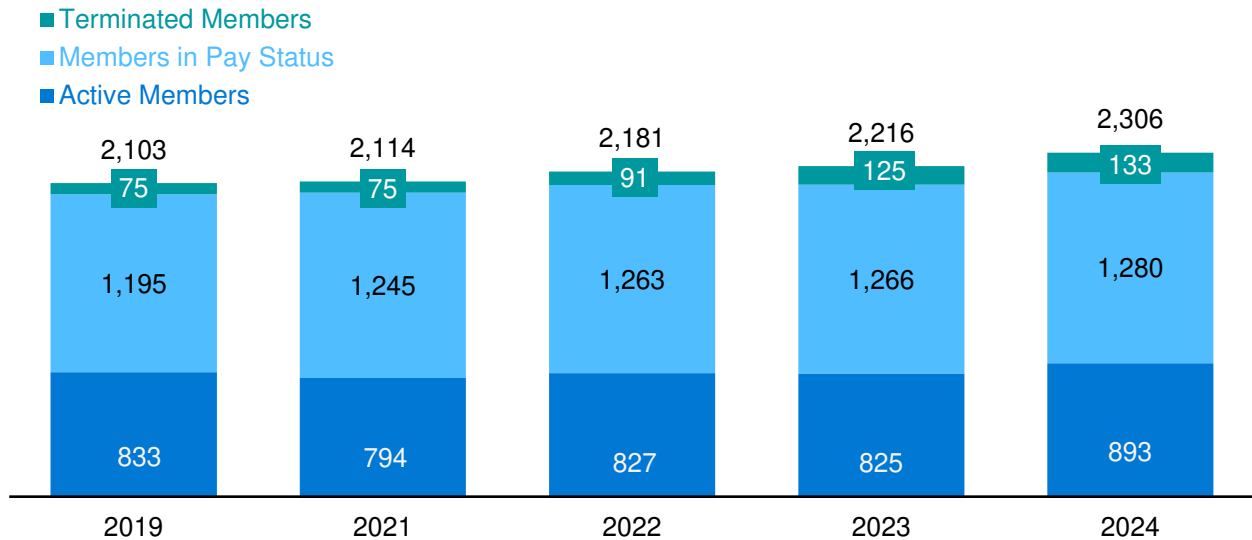


To the extent that there are future investment or liability gains or losses, changes in the actuarial assumptions or methods, or plan changes, the actual valuation results will differ from these forecasts. Please see Appendix A for more details of the long range forecast.

## v. Membership

### Overview

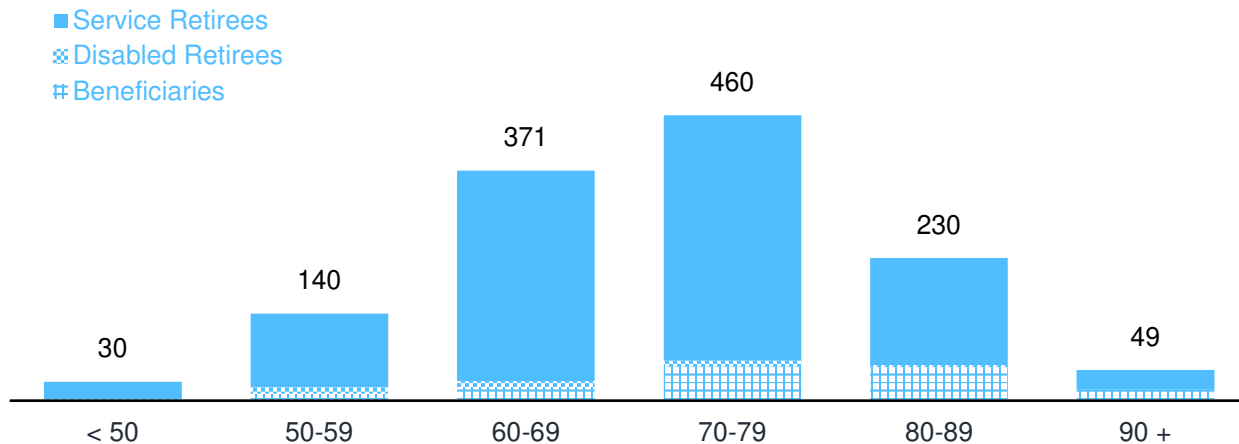
There are three basic categories of plan members included in the valuation: (1) active employees who have met the eligibility requirements for membership, (2) members who are currently receiving monthly pension benefits, and (3) former employees who have a right to benefits but have not yet started collecting. Prior to 2021, full valuations were only performed in odd-numbered years, so membership information is not available for 2020.



### Members in Pay Status on July 1, 2024

Service Retirees	1,087	Average Age	71.8
Disabled Retirees	32	Total Annual Benefit	\$41,169,021
Beneficiaries	161	Average Annual Benefit	32,163
<b>Total</b>	<b>1,280</b>		

The members in pay status fall across a wide distribution of ages:



v. Membership (continued)

**Terminated Vested Members on July 1, 2024**

Count	75
Average Age	52.7
Total Annual Benefit	\$1,173,505
Average Annual Benefit	15,647

**Nonvested Members Due Refunds on July 1, 2024**

Count	58
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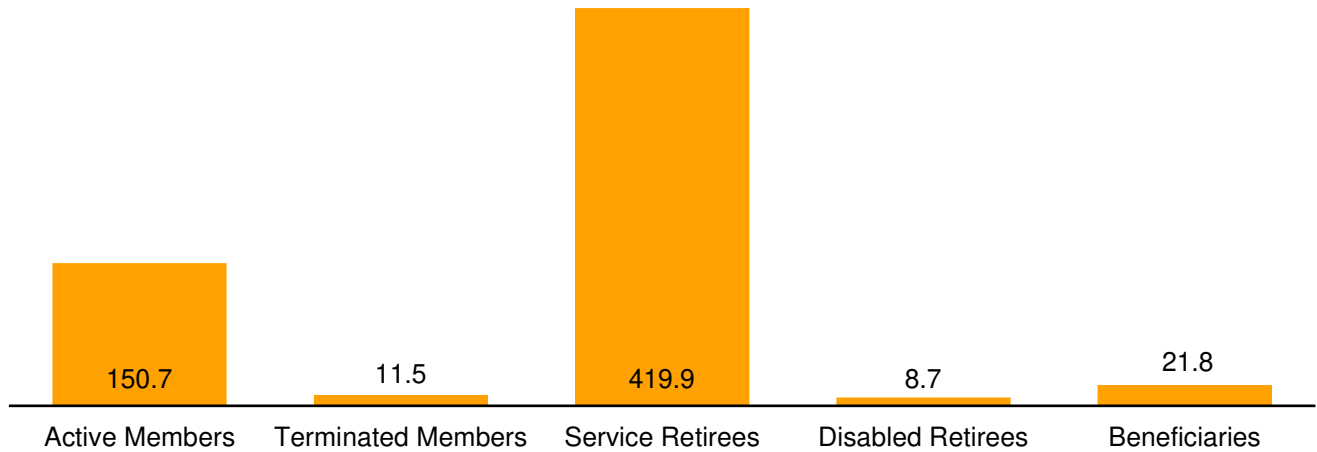
**Active Members on July 1, 2024**

Count	893
Average Age	45.8
Average Service	9.3
Payroll	\$74,904,646
Average Payroll	83,880

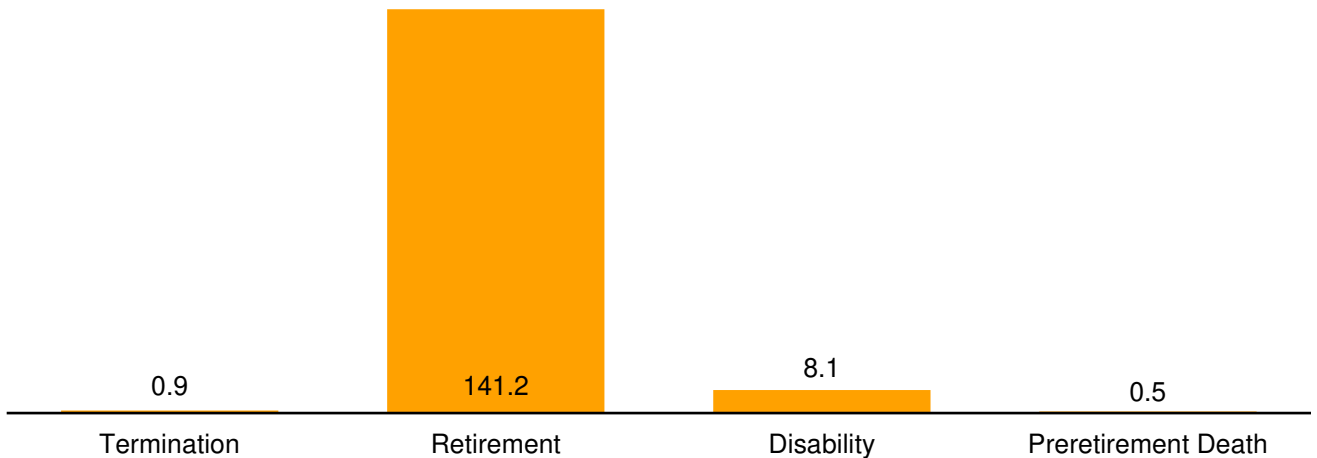
Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	34							34
25-29	77	13						90
30-34	61	30	9					100
35-39	56	26	29	10				121
40-44	35	25	18	23	3			104
45-49	19	18	9	13	10			69
50-54	36	22	6	14	18	4	1	101
55-59	36	28	16	11	16	9	1	117
60-64	23	23	11	20	13	8	4	102
65+	15	4	2	11	16	3	4	55
<b>Total</b>	<b>392</b>	<b>189</b>	<b>100</b>	<b>102</b>	<b>76</b>	<b>24</b>	<b>10</b>	<b>893</b>

## vi. Accrued Liability

The Accrued Liability as of July 1, 2024 equals \$612,599,137, which consists of the following pieces (in \$ millions):



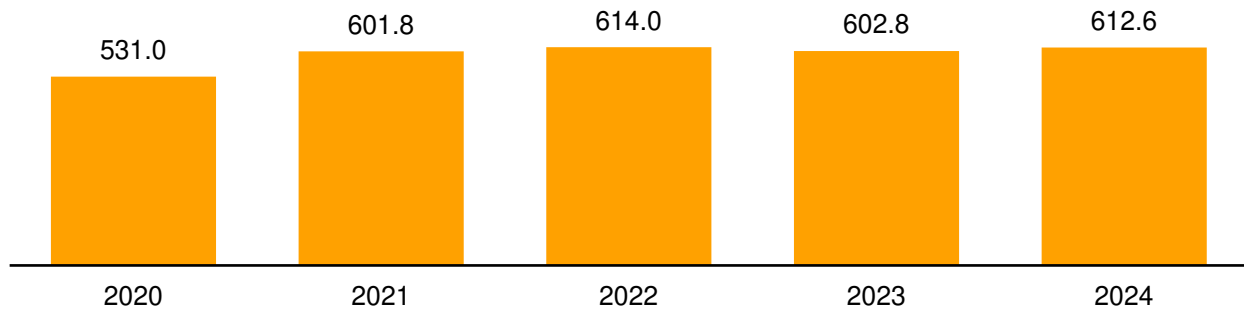
The Accrued Liability for active members can be broken down further by the different types of benefits provided by the plan:



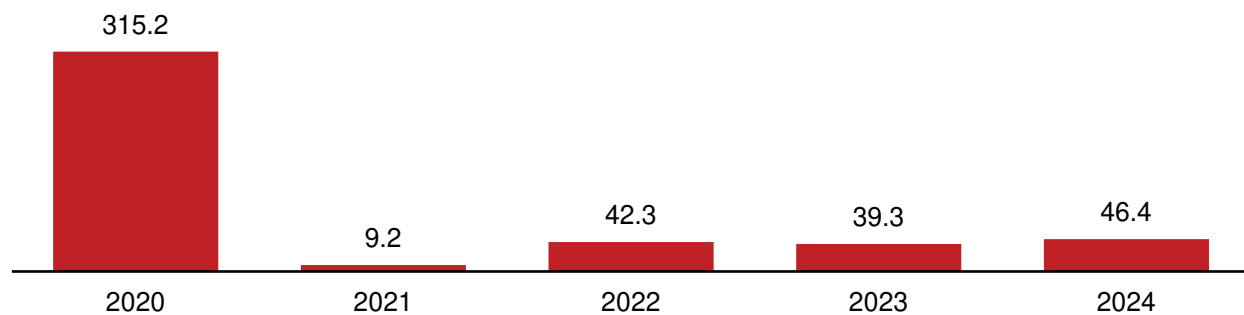
## vii. Funded Status

The Accrued Liability grows over time as active members earn additional benefits, and goes down over time as members in pay status receive benefits; it may also change when there are changes to the plan provisions or changes in the actuarial assumptions. The Unfunded Accrued Liability is the dollar difference between the Accrued Liability and the Actuarial Value of Assets; the Funded Ratio is the ratio of the two.

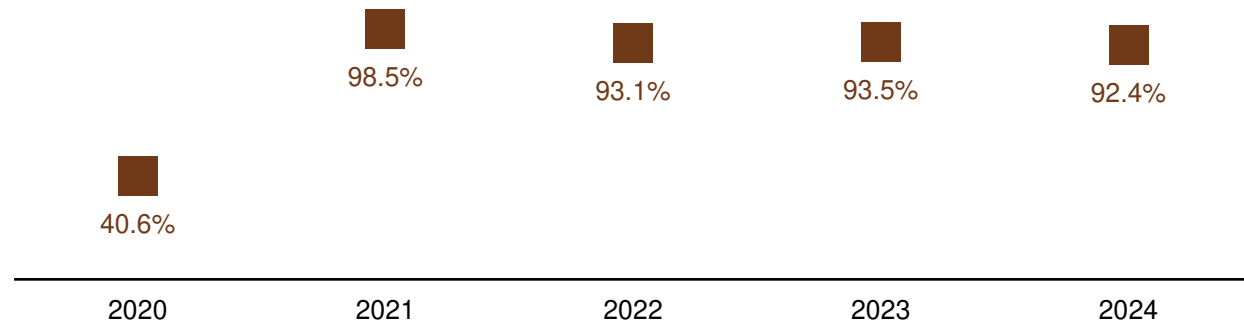
Accrued Liability (\$ millions)



Unfunded Accrued Liability (\$ millions)

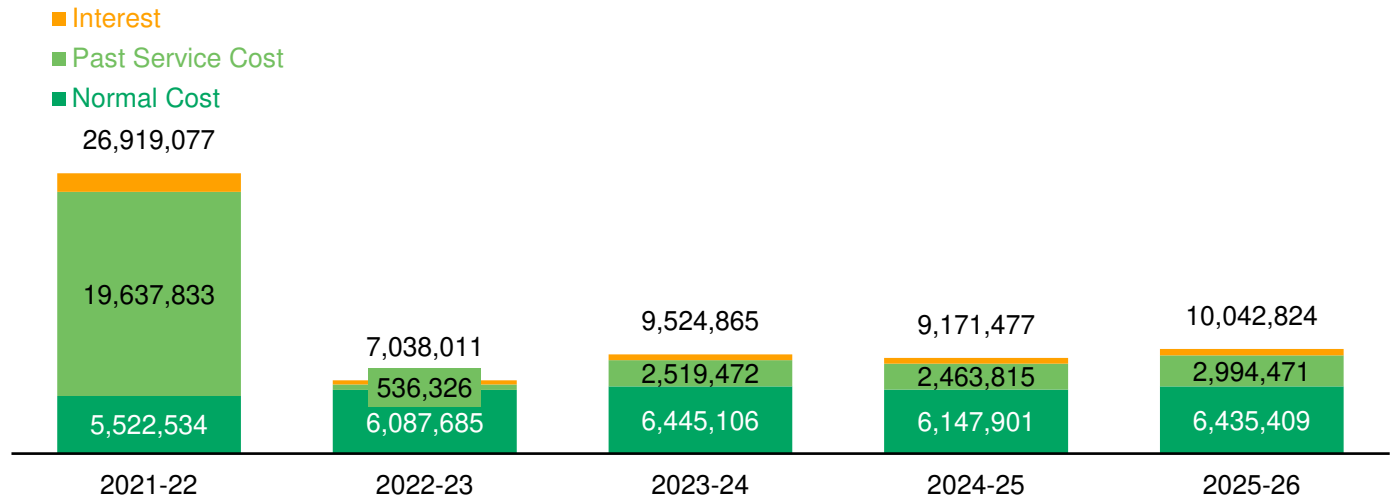


Funded Ratio



### viii. Actuarially Determined Contribution (ADC)

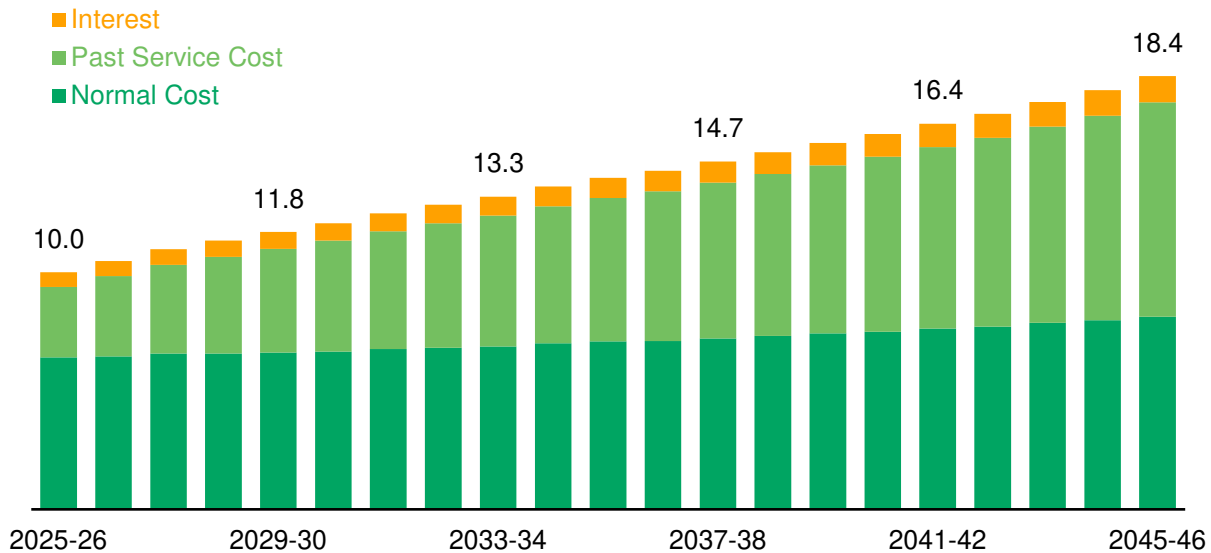
The ADC consists of three pieces: a Normal Cost payment to fund the benefits earned each year, a Past Service Cost to gradually reduce any unfunded or surplus liability, and Interest to reflect the timing of the contribution relative to the valuation date. In addition to paying the Actuarially Determined Contribution, starting with FYE 2023, the Town must pay debt service on the Pension Obligation Bond. The ADC for fiscal year 2025-26 is \$10,042,824:



Actuarial Standard of Practice (ASOP) No. 4 requires the actuary to calculate and disclose a 'reasonable' ADC, which considers whether the actuarial methods and actuarial assumptions are in compliance with all applicable ASOPs. Based on the actuarial assumptions and methods used in this report, we believe the ADC meets this standard and reflects a balance among benefit security for plan members, intergenerational equity among stakeholders, and stability of periodic costs.

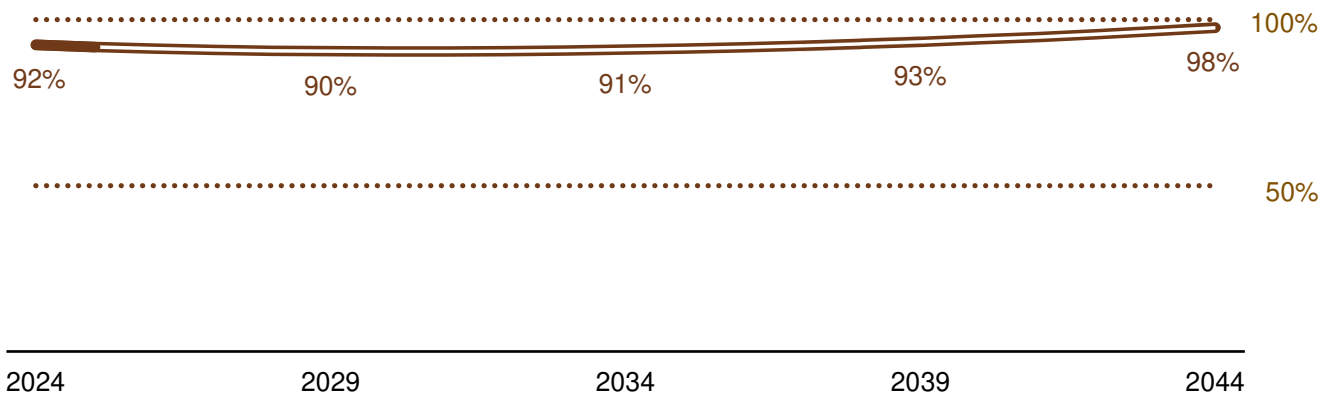
### ix. Long-Range Forecast

If the Town pays the Actuarially Determined Contribution each year, the investments earn exactly the assumed interest rate each year, and there are no changes in the plan provisions or in the actuarial methods and assumptions, then we project the following long-range Actuarially Determined Contributions (in \$ millions):



On the basis of this forecast, the Actuarially Determined Contribution currently exceeds the sum of the Normal Cost plus one year's interest on the Unfunded Accrued Liability and the Unfunded Accrued Liability is not expected to be fully amortized until beyond the end of the projection period. Over time, the funded ratio is expected to change as follows:

Funded Ratio

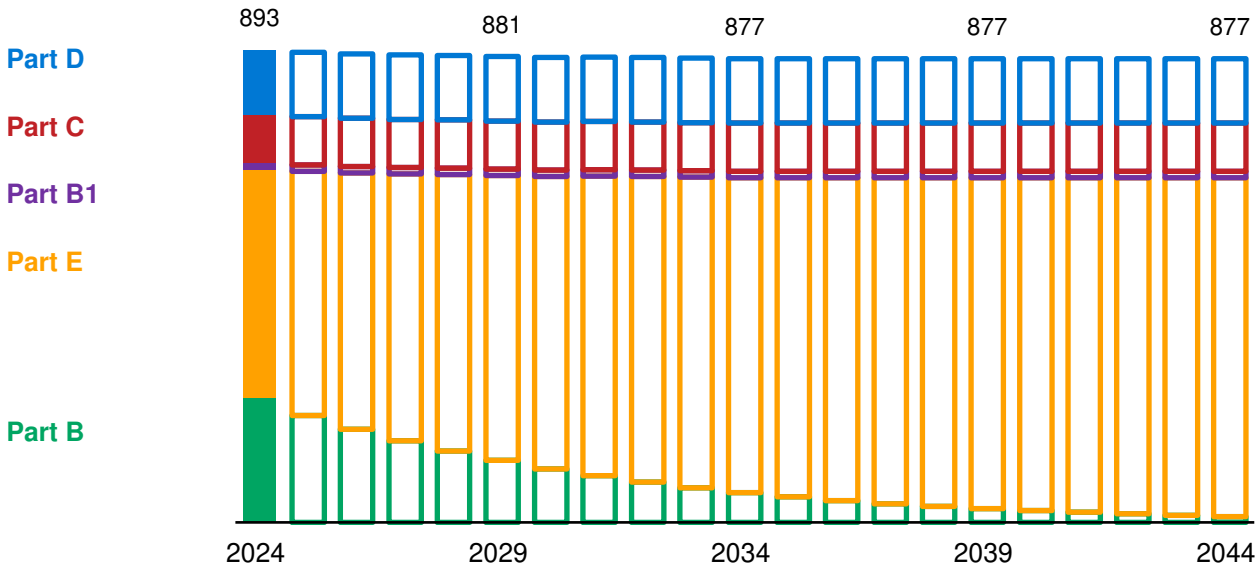


To the extent that there are future investment or liability gains or losses, changes in the actuarial assumptions or methods, or plan changes, the actual valuation results will differ from these forecasts. Please see Appendix A for more details of the long range forecast.

ix. Long-Range Forecast (continued)

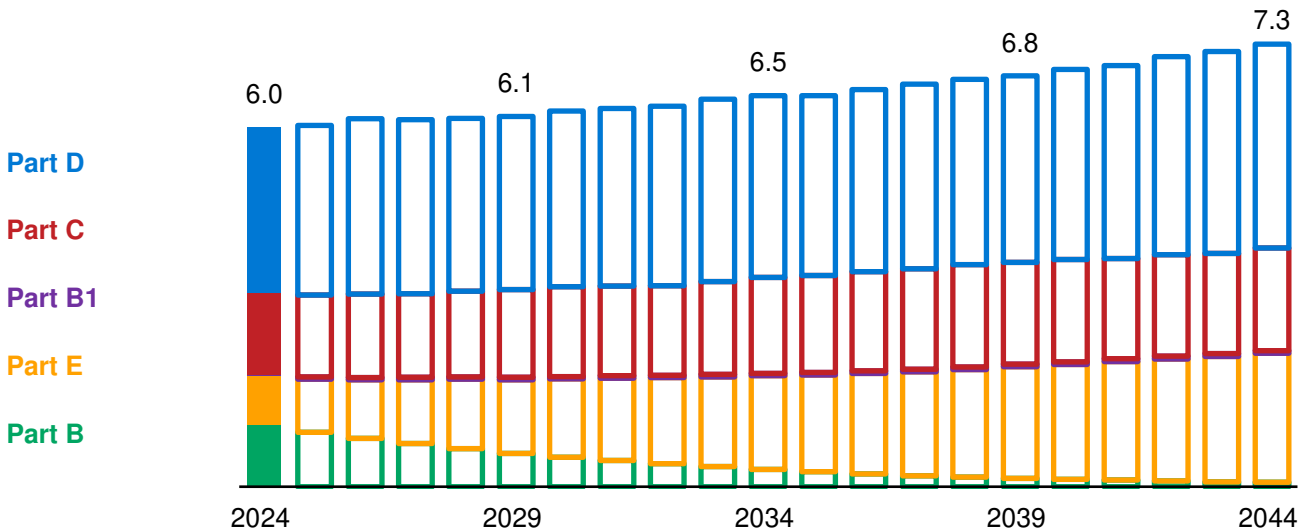
The Town's projected active member counts reflect the expected gradual replacement of terminating and retiring Part B members with replacement employees who are covered by the lower cost hybrid plan (Part E) or by the Town's defined contribution plan. This shift is illustrated in the graph below.

**Projected Active Member Count**



The Net Normal Cost component of the Actuarially Determined Contribution will likewise reflect this shift, as Part B active members with higher Net Normal Costs are gradually replaced by Part E active members with lower Net Normal Costs. Note that each individual active member's Net Normal Cost is expected to go up over time with salary growth, so for the plan as a whole the Net Normal Cost is projected to increase over time.

**Projected Net Normal Cost (\$ millions)\***

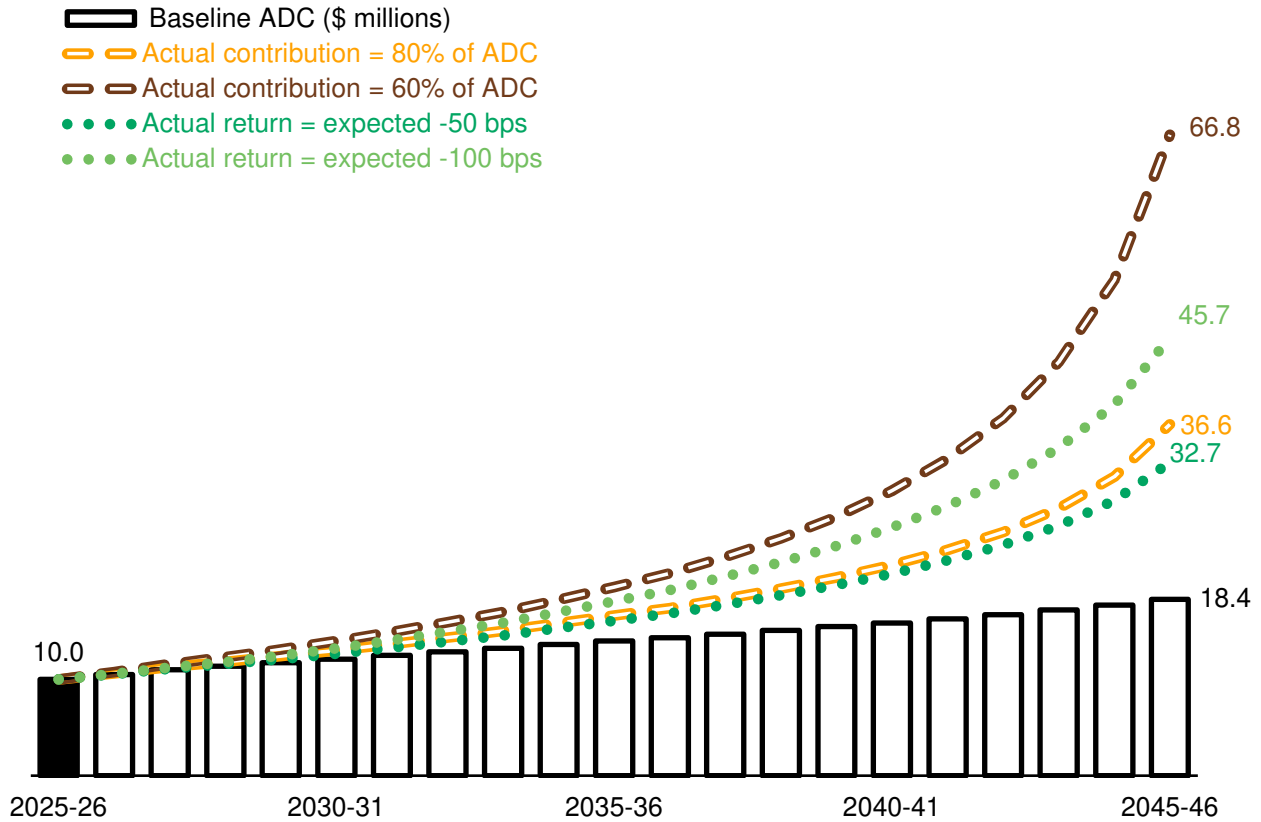


\*excluding administrative expenses

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ix. Long-Range Forecast (continued)

Pension benefits are paid for through a combination of contributions from the Town and from active members, and investment income. If the Town pays less than the Actuarially Determined Contribution each year, or if the investments persistently earn less than the assumed interest rate, then the plan's funded status would suffer, and to compensate, the Town's contribution levels would be pushed higher. The risks of underfunding and underearning are illustrated in the hypothetical scenarios below:



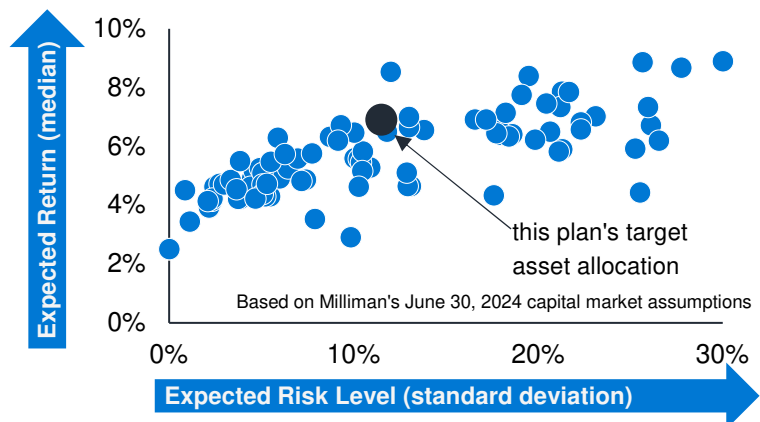
The scenarios illustrated above are based on deterministic projections that assume emerging plan experience always exactly matches the actuarial assumptions; in particular that actual asset returns will be constant in every year of the projection period. For illustration purposes, we have amortized these losses over the remaining amortization period, even if that period is less than 10 years. Variation in asset returns, contribution amounts, and many other factors may have a significant impact on the long-term financial health of the plan, the liquidity constraints on plan assets, and the Town's future contribution levels. Stochastic projections could be prepared that would enable the Town to understand the potential range of future results based on the expected variability in asset returns and other factors. Such analysis was beyond the scope of this engagement.

## x. Asset Allocation Considerations

Monies that flow out of a pension plan (benefits and expenses) must be matched over the long term by monies that flow into the plan (contributions and investment income). This is expressed in a classic equation: **B** (benefits) + **E** (expenses) = **C** (contributions) + **I** (investment income).

Actuarial assumptions enable us to anticipate the long-term levels of **B** (benefits) and **E** (expenses) that will be paid out of the plan. In order to determine the appropriate level of **C** (contributions) that should come in to the plan, we must first anticipate the long-term level of **I** (investment income) the plan is likely to receive. That is why, for purposes of determining future funding levels, we measure *this* plan's liability using the long-term rate of investment returns *this* plan's portfolio is expected to generate.

Pension plans construct their portfolios by allocating assets across a wide range of asset classes with different risk and return profiles; the graph includes nearly 100 asset classes that pension plans invest in. As the graph illustrates, asset classes with higher expected returns also have higher risk levels; that is, a higher likelihood of experiencing both very good returns and very bad returns. Asset classes with lower expected returns also have lower risk levels.



The plan's target allocation represents a balance. Investing in lower-returning asset classes should reduce future investment returns and therefore increase future Town contributions, but the lower risk levels would result in lower year-over-year volatility in the Actuarially Determined Contribution and might provide more benefit security for plan members. Conversely, investing in higher-returning asset classes should increase future investment returns and therefore reduce future Town contributions, but would also increase the volatility of those contributions and potentially reduce benefit security for plan members.

In the graph above, the asset class with the lowest risk level is US Cash, and the asset class with the highest risk level is Private Equity. If the plan were invested 100% in either of these extremes, it would impact the interest rate assumption and therefore the Accrued Liability, Funded Ratio, and ultimately the Town's annual contributions; the volatility of the contributions would also change based on the risk level of the portfolio:

	100% US Cash *	Plan's Interest Rate Assumption	100% Private Equity
Expected long-term return (median)	3.4%	6.50%	8.9%
Expected risk level (standard deviation)	1.1%	11.5%	30.0%
Accrued Liability on July 1, 2024 **	\$831.5 million	\$612.6 million	\$482.1 million
Funded Ratio on July 1, 2024 ***	68%	92%	117%

\* This would be considered a "low-default-risk obligation measure" (LDROM) using the language of ASOP 4.

\*\* Calculated using the same actuarial assumptions and methods that were used for this valuation, except for the interest rate; the plan's duration on the valuation date, as measured for GASB 68 purposes, was used to estimate the impact of the interest rate difference relative to the valuation interest rate assumption.

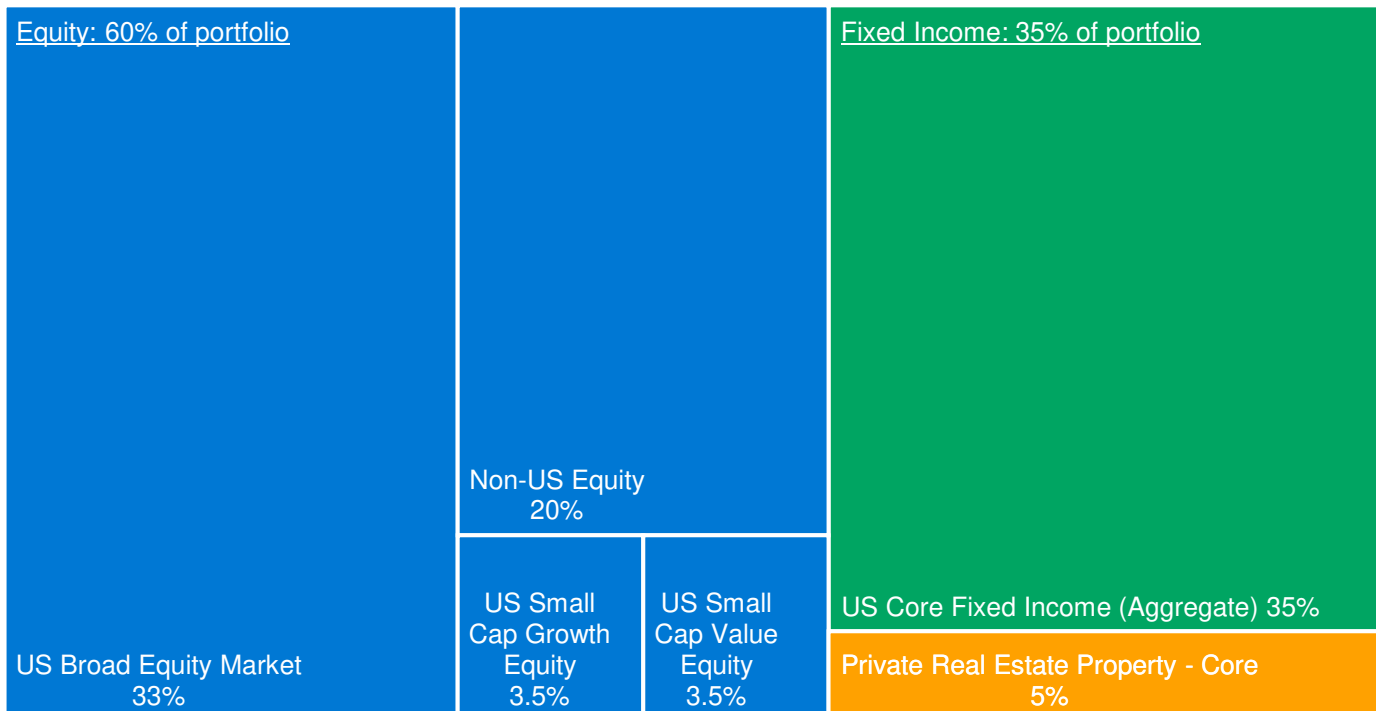
\*\*\* Measured using the Actuarial Value of Assets

## 1. Summary of Fund Transactions

<b>Market Value of Pension Trust as of July 1, 2023</b>	\$511,404,408
Town Contributions	9,524,865
Member Contributions	3,739,286
Net Investment Income (gross return \$63,377,139 less investment fees \$187,461)	63,189,678
Benefit Payments	(40,927,152)
Administrative Expenses	<u>(460,930)</u>
<b>Market Value of Pension Trust as of June 30, 2024</b>	546,470,155
Expected Return on Market Value of Assets	32,315,728
Market Value (Gain)/Loss = Expected Return - Net Investment Income	(30,873,950)
Approximate Rate of Return on Pension Trust*	12.71%
<b>Market Value of Pension Reserve Fund as of July 1, 2023</b>	\$27,462,364
Net Investment Income	1,646,678
Town Contributions	0
Transfers to Pension Trust	<u>(2,134,953)</u>
<b>Market Value of Pension Reserve Fund as of June 30, 2024</b>	26,974,089
Approximate Rate of Return on Pension Reserve Fund *	6.24%

\* The rate shown here is not the dollar or time weighted investment yield rate which measures investment performance. It is an approximate net return assuming all activity occurred on average midway through the year.

### Target Asset Allocation as of June 30, 2024



## 2. Development of Actuarial Value of Assets

In order to minimize the impact of market fluctuations on the contribution level, we use an Actuarial Value of Assets that recognizes gains and losses asymptotically over a five year period. The Actuarial Value of Assets as of July 1, 2024 is determined below.

1.	Expected Actuarial Value of Assets:	
	a. Actuarial Value of Assets as of July 1, 2023	\$563,547,294
	b. Town Contributions and Member Contributions	13,264,151
	c. Benefit Payments and Administrative Expenses	(41,388,082)
	d. Expected Earnings Based on 6.50% Interest	<u>35,716,546</u>
	e. Expected Actuarial Value of Assets as of July 1, 2024	571,139,909
2.	Market Value of Assets as of July 1, 2024	546,470,155
3.	Unrecognized Gains/(Losses): (2) - (1e)	(24,669,754)
4.	Amount Recognized as of July 1, 2024: 20% of (3)	(4,933,951)
5.	Actuarial Value of Assets as of July 1, 2024: (1e) + (4)	566,205,958
6.	Actuarial Value of Assets as a % of Market Value: (5) / (2)	103.6%
7.	Actual Earnings on Actuarial Value of Assets: (5) - [(1a) + (1b) + (1c)]	30,782,595
8.	Approximate Rate of Return on Actuarial Value of Assets	5.60%
9.	Actuarial Value (Gain)/Loss: (1d) - (7)	4,933,951

### 3. Past Service Cost

In determining the Past Service Cost, the Unfunded Accrued Liability is amortized as a level percent over a closed 25 year period starting on July 1, 2021.

	Part A	Part B	Part B1	Part C	Part D	Part E	Total
1. Accrued Liability							
Active Members	\$0	\$67,426,925	\$1,470,990	\$27,016,634	\$47,369,130	\$7,438,302	\$150,721,981
Terminated Members	0	6,126,380	227,919	1,426,216	3,248,681	456,479	11,485,675
Service Retirees	462,648	188,223,753	2,518,310	95,282,597	133,008,328	380,262	419,875,898
Disabled Retirees	0	4,167,375	0	3,304,381	1,268,466	0	8,740,222
Beneficiaries	<u>502,431</u>	<u>6,528,581</u>	<u>0</u>	<u>6,681,308</u>	<u>8,063,041</u>	<u>0</u>	<u>21,775,361</u>
Total	965,079	272,473,014	4,217,219	133,711,136	192,957,646	8,275,043	612,599,137
2. Actuarial Value of Assets (see Exhibit 2 - allocated in proportion to Total Accrued Liability))	891,992	251,838,167	3,897,842	123,584,963	178,344,634	7,648,360	566,205,958
3. Unfunded Accrued Liability: (1) - (2)	73,087	20,634,847	319,377	10,126,173	14,613,012	626,683	46,393,179
4. Funded Ratio: (2) / (1)	92.4%	92.4%	92.4%	92.4%	92.4%	92.4%	92.4%
5. Amortization Period	22	22	22	22	22	22	22
6. Amortization Growth Rate	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
7. Past Service Cost: (3) amortized over (5)	4,717	1,331,887	20,614	653,599	943,204	40,450	2,994,471

## 4. Actuarial Gains / Losses

From one valuation to the next, the Accrued Liability and the Actuarial Value of Assets may change in ways that were not anticipated by the actuarial assumptions that were used in the last valuation. If the Accrued Liability is lower than expected or the Actuarial Value of Assets is higher than expected, we say that the plan has experienced an 'actuarial gain', and if the Accrued Liability is higher than expected or the Actuarial Value of Assets is lower than expected, we say that the plan has experienced an 'actuarial loss'. The actuarial gains / (losses) that arose during 2023-24 are shown below, along with the impact of plan changes and changes in the actuarial assumptions and method. Please see page 4 for more details on any changes since the last valuation.

	Accrued Liability A	Actuarial Value of Assets B	Unfunded Accrued Liability = A - B
1. Value as of July 1, 2023	\$602,838,769	\$563,547,294	\$39,291,475
2. Normal Cost as of July 1, 2023	9,125,614		9,125,614
3. Town Contributions during 2023-24		9,524,865	(9,524,865)
4. Member Contributions during 2023-24		3,739,286	(3,739,286)
5. Benefit Payments during 2023-24	(40,927,152)	(40,927,152)	0
6. Administrative Expenses during 2023-24		(460,930)	460,930
7. One year of interest on (1) thru (2) at 6.50%	39,777,685	36,630,574	3,147,111
8. Half year of interest on (3) thru (6) at 6.50%	<u>(1,330,132)</u>	<u>(914,028)</u>	<u>(416,104)</u>
9. Expected value as of July 1, 2024	609,484,784	571,139,909	38,344,875
10. Actual value as of July 1, 2024 before any plan, assumption, or method changes	609,398,813	566,205,958	43,192,855
11. Experience gains / losses: (10) - (9)	(85,971)	(4,933,951)	4,847,980
12. Impact of plan changes (see page 4)	3,829,999	0	3,829,999
13. Impact of assumption changes (see page 4)	(629,675)	0	(629,675)
14. Impact of method changes (see page 4)	0	0	0
15. Final value as of July 1, 2024	612,599,137	566,205,958	46,393,179

## 5. Actuarially Determined Contribution for FY 2025-26

	Part A	Part B	Part B1	Part C	Part D	Part E	Total
1. Total Normal Cost	\$0	\$2,086,154	\$101,520	\$2,186,307	\$3,576,118	\$1,576,250	\$9,526,349
2. Expected Member Contributions	0	1,062,392	69,063	833,770	828,694	769,021	3,562,940
3. Expected Administrative Expenses (allocated in proportion to Total Normal Cost)	0	103,362	5,030	108,325	177,185	78,098	472,000
4. Net Normal Cost: (1) - (2) + (3)	0	1,127,124	37,487	1,460,862	2,924,609	885,327	6,435,409
5. Past Service Cost (see Exhibit 3)	4,717	1,331,887	20,614	653,599	943,204	40,450	2,994,471
6. Interest on (4) + (5) to beginning of fiscal year	307	159,836	3,777	137,440	251,408	60,176	612,944
7. Actuarially Determined Contribution for FY 2025-26: (4) + (5) + (6)	5,024	2,618,847	61,878	2,251,901	4,119,221	985,953	10,042,824
8. Maximum Payable from Operating Budget for FY 2025-26: Amount Paid from Operating Budget for FY 2024-25 (\$7,981,105) increased by 8%							8,619,593
9. Portion of ADC To Be Paid by Operating Budget for FY 2025-26: smaller of (7) and (8)							8,619,593
10. Portion of ADC To Be Paid by Pension Reserve Fund for FY 2025-26: (7) - (9)							1,423,231

5. Actuarially Determined Contribution for FY 2025-26 (continued)  
Breakdown by Town / BOE

	BOE	Town	Total
1. Total Normal Cost	\$1,890,624	\$7,635,725	\$9,526,349
2. Expected Member Contributions	930,957	2,631,983	3,562,940
3. Expected Administrative Expenses (allocated in proportion to Total Normal Cost)	93,674	378,326	472,000
4. Net Normal Cost: (1) - (2) + (3)	1,053,341	5,382,068	6,435,409
5. Accrued Liability	127,169,614	485,429,523	612,599,137
6. Actuarial Value of Assets (allocated in proportion to Accrued Liability)	117,538,842	448,667,116	566,205,958
7. Unfunded Accrued Liability	9,630,772	36,762,407	46,393,179
8. Past Service Cost	621,623	2,372,848	2,994,471
9. Interest on (4) + (8) to the start of the fiscal year	108,873	504,071	612,944
10. Actuarially Determined Contribution: (4) + (8) + (9)	1,783,837	8,258,987	10,042,824

## 6. Long Range Funded Status Forecast

This forecast is based on the results of the July 1, 2024 actuarial valuation and assumes that the Town will pay the Actuarially Determined Contribution each year, the assets will return the assumed interest rate on a market value basis each year, and there are no future changes in the actuarial methods or assumptions or in the plan provisions. For purposes of this forecast the amortization period declines to 1 year to illustrate the progress of the plan towards becoming fully funded; in actual practice the amortization period will not be less than 10 years in order to shield the Town from contribution volatility. Actual results at each point in time will yield different values, reflecting the actual experience of the plan membership and assets.

Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability	Funded Ratio
7/1/2024	\$612,599,137	\$566,205,958	\$46,393,179	92.4%
7/1/2025	618,778,000	567,696,000	51,082,000	91.7%
7/1/2026	624,994,000	570,403,000	54,591,000	91.3%
7/1/2027	630,980,000	573,540,000	57,440,000	90.9%
7/1/2028	636,455,000	576,919,000	59,536,000	90.6%
7/1/2029	641,739,000	580,712,000	61,027,000	90.5%
7/1/2030	646,975,000	585,039,000	61,936,000	90.4%
7/1/2031	652,283,000	589,920,000	62,363,000	90.4%
7/1/2032	657,593,000	595,386,000	62,207,000	90.5%
7/1/2033	663,002,000	601,492,000	61,510,000	90.7%
7/1/2034	668,761,000	608,340,000	60,421,000	91.0%
7/1/2035	674,685,000	615,905,000	58,780,000	91.3%
7/1/2036	680,697,000	624,188,000	56,509,000	91.7%
7/1/2037	687,147,000	633,348,000	53,799,000	92.2%
7/1/2038	694,039,000	643,492,000	50,547,000	92.7%
7/1/2039	701,211,000	654,453,000	46,758,000	93.3%
7/1/2040	708,573,000	666,259,000	42,314,000	94.0%
7/1/2041	716,087,000	678,765,000	37,322,000	94.8%
7/1/2042	723,630,000	692,085,000	31,545,000	95.6%
7/1/2043	731,574,000	706,436,000	25,138,000	96.6%
7/1/2044	739,604,000	721,731,000	17,873,000	97.6%
7/1/2045	747,836,000	738,094,000	9,742,000	98.7%
7/1/2046	756,357,000	755,724,000	633,000	99.9%
7/1/2047	765,280,000	775,121,000	(9,841,000)	101.3%
7/1/2048	774,727,000	785,664,000	(10,937,000)	101.4%
7/1/2049	784,423,000	795,885,000	(11,462,000)	101.5%
7/1/2050	794,658,000	806,684,000	(12,026,000)	101.5%
7/1/2051	805,632,000	818,271,000	(12,639,000)	101.6%
7/1/2052	817,498,000	830,800,000	(13,302,000)	101.6%
7/1/2053	830,336,000	844,364,000	(14,028,000)	101.7%

## 7. Long Range Cash Flow Forecast

This forecast is based on the results of the July 1, 2024 actuarial valuation and assumes that the Town will pay the Actuarially Determined Contribution each year, the assets will return the assumed interest rate on a market value basis each year, and there are no future changes in the actuarial methods or assumptions or in the plan provisions. For purposes of this forecast the amortization period declines to 1 year to illustrate the progress of the plan towards becoming fully funded; in actual practice the amortization period will not be less than 10 years in order to shield the Town from contribution volatility. Actual results at each point in time will yield different values, reflecting the actual experience of the plan membership and assets.

Fiscal Year	Town Payments From Operating				
	Budget and Reserve Fund	Member Contributions	Benefit Payments	Administrative Expenses	Net Cash Flows
2025-26	\$10,042,824	\$3,708,335	(\$42,912,590)	(\$486,630)	(\$29,648,061)
2026-27	10,522,000	3,718,000	(43,655,000)	(500,000)	(29,915,000)
2027-28	11,031,000	3,716,000	(44,550,000)	(514,000)	(30,317,000)
2028-29	11,389,000	3,752,000	(45,114,000)	(528,000)	(30,501,000)
2029-30	11,763,000	3,787,000	(45,548,000)	(542,000)	(30,540,000)
2030-31	12,132,000	3,825,000	(45,945,000)	(557,000)	(30,545,000)
2031-32	12,549,000	3,847,000	(46,339,000)	(573,000)	(30,516,000)
2032-33	12,915,000	3,888,000	(46,652,000)	(588,000)	(30,437,000)
2033-34	13,258,000	3,954,000	(46,879,000)	(605,000)	(30,272,000)
2034-35	13,683,000	4,009,000	(47,221,000)	(621,000)	(30,150,000)
2035-36	14,053,000	4,062,000	(47,529,000)	(638,000)	(30,052,000)
2036-37	14,354,000	4,133,000	(47,660,000)	(656,000)	(29,829,000)
2037-38	14,745,000	4,203,000	(47,813,000)	(674,000)	(29,539,000)
2038-39	15,143,000	4,247,000	(48,160,000)	(692,000)	(29,462,000)
2039-40	15,536,000	4,304,000	(48,526,000)	(711,000)	(29,397,000)
2040-41	15,916,000	4,344,000	(49,046,000)	(731,000)	(29,517,000)
2041-42	16,351,000	4,399,000	(49,562,000)	(751,000)	(29,563,000)
2042-43	16,767,000	4,471,000	(49,908,000)	(772,000)	(29,442,000)
2043-44	17,275,000	4,522,000	(50,470,000)	(793,000)	(29,466,000)
2044-45	17,775,000	4,603,000	(50,985,000)	(815,000)	(29,422,000)
2045-46	18,374,000	4,689,000	(51,475,000)	(837,000)	(29,249,000)
2046-47	19,255,000	4,793,000	(51,857,000)	(860,000)	(28,669,000)
2047-48	9,744,000	4,875,000	(52,219,000)	(884,000)	(38,484,000)
2048-49	9,295,000	4,968,000	(52,829,000)	(908,000)	(39,474,000)
2049-50	9,496,000	5,091,000	(53,225,000)	(933,000)	(39,571,000)
2050-51	9,732,000	5,222,000	(53,495,000)	(959,000)	(39,500,000)
2051-52	9,992,000	5,359,000	(53,690,000)	(985,000)	(39,324,000)
2052-53	10,265,000	5,501,000	(53,873,000)	(1,012,000)	(39,119,000)
2053-54	10,542,000	5,648,000	(54,101,000)	(1,040,000)	(38,951,000)

## 8. Long Range Forecast of Pension Reserve Fund Balance

The Town's Pension Reserve Fund was established in 2021, coincident with the issuance of Pension Obligation Bonds, to provide budgetary stability in times of market turmoil. See the following page for more details on the Town's policy for drawing from and replenishing the Pension Reserve Fund. For purposes of this forecast the Pension Reserve Fund is assumed to earn 2.93% annually.

Fiscal Year	Beginning Reserve Fund Balance	Transfers In From Operating Budget	Transfers Out to Pension Trust	Net Investment income	Ending Reserve Fund Balance
2024-25	\$26,974,089	\$0	(\$1,190,372)	\$755,000	\$26,539,000
2025-26	26,539,000	0	(1,423,000)	736,000	25,852,000
2026-27	25,852,000	0	(1,213,000)	722,000	25,361,000
2027-28	25,361,000	0	(977,000)	714,000	25,098,000
2028-29	25,098,000	0	(531,000)	720,000	25,287,000
2029-30	25,287,000	0	(36,000)	740,000	25,990,000
2030-31	25,990,000	0	0	762,000	26,752,000
2031-32	26,752,000	0	0	784,000	27,536,000
2032-33	27,536,000	0	0	807,000	28,343,000
2033-34	28,343,000	0	0	830,000	29,173,000
2034-35	29,173,000	0	0	855,000	30,028,000
2035-36	30,028,000	0	0	880,000	30,908,000
2036-37	30,908,000	0	0	906,000	31,813,000
2037-38	31,813,000	0	0	932,000	32,745,000
2038-39	32,745,000	0	0	959,000	33,705,000
2039-40	33,705,000	0	0	988,000	34,692,000
2040-41	34,692,000	0	0	1,016,000	35,709,000
2041-42	35,709,000	0	0	1,046,000	36,755,000
2042-43	36,755,000	0	0	1,077,000	37,832,000
2043-44	37,832,000	0	0	1,108,000	38,940,000
2044-45	38,940,000	0	0	1,141,000	40,081,000
2045-46	40,081,000	0	0	1,174,000	41,256,000
2046-47	41,256,000	0	0	1,209,000	42,465,000
2047-48	42,465,000	9,512,000	0	1,523,000	53,499,000
2048-49	53,499,000	449,000	0	1,581,000	55,528,000
2049-50	55,528,000	0	0	1,627,000	57,155,000
2050-51	57,155,000	0	0	1,675,000	58,830,000
2051-52	58,830,000	0	0	1,724,000	60,554,000
2052-53	60,554,000	0	0	1,774,000	62,328,000
2053-54	62,328,000	0	0	1,826,000	64,154,000

## 9. Long Range Forecast of Total Town Pension Cost

The annual amount transferred from the Town's Operating Budget to the Pension Trust is capped at the prior year's amount increased by 8%; any additional funds needed to fully fund the ADC will be paid from the Pension Reserve Fund. If the Operating Budget amount declines from the prior year and the Plan's funded ratio is less than 150%, the difference in the Operating Budget amount will be transferred into the Reserve Fund as a replenishment.

Fiscal Year	Actuarially Determined Contribution (ADC)	ADC Paid From Operating Budget	ADC Paid From Reserve Fund	POB Debt Service	Total Town Cost
2025-26	\$10,042,824	\$8,619,593	\$1,423,231	\$17,660,322	\$27,703,146
2026-27	10,522,000	9,309,000	1,213,000	17,660,000	28,182,000
2027-28	11,031,000	10,054,000	977,000	17,662,000	28,693,000
2028-29	11,389,000	10,858,000	531,000	17,660,000	29,049,000
2029-30	11,763,000	11,727,000	36,000	17,662,000	29,425,000
2030-31	12,132,000	12,132,000	0	17,661,000	29,793,000
2031-32	12,549,000	12,549,000	0	17,661,000	30,210,000
2032-33	12,915,000	12,915,000	0	17,657,000	30,572,000
2033-34	13,258,000	13,258,000	0	17,658,000	30,916,000
2034-35	13,683,000	13,683,000	0	17,660,000	31,343,000
2035-36	14,053,000	14,053,000	0	17,657,000	31,710,000
2036-37	14,354,000	14,354,000	0	17,658,000	32,012,000
2037-38	14,745,000	14,745,000	0	17,660,000	32,405,000
2038-39	15,143,000	15,143,000	0	17,661,000	32,804,000
2039-40	15,536,000	15,536,000	0	17,662,000	33,198,000
2040-41	15,916,000	15,916,000	0	17,661,000	33,577,000
2041-42	16,351,000	16,351,000	0	17,660,000	34,011,000
2042-43	16,767,000	16,767,000	0	17,659,000	34,426,000
2043-44	17,275,000	17,275,000	0	17,658,000	34,933,000
2044-45	17,775,000	17,775,000	0	17,659,000	35,434,000
2045-46	18,374,000	18,374,000	0	17,661,000	36,035,000
2046-47	19,255,000	19,255,000	0	17,659,000	36,914,000
2047-48	9,744,000	9,744,000	0	0	9,744,000
2048-49	9,295,000	9,295,000	0	0	9,295,000
2049-50	9,496,000	9,496,000	0	0	9,496,000
2050-51	9,732,000	9,732,000	0	0	9,732,000
2051-52	9,992,000	9,992,000	0	0	9,992,000
2052-53	10,265,000	10,265,000	0	0	10,265,000
2053-54	10,542,000	10,542,000	0	0	10,542,000

## 10. History of Funded Status

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Accrued Liability	Funded Ratio
July 1, 2015	\$173,140,717	\$403,746,402	\$230,605,685	42.9%
July 1, 2016	179,642,266	414,533,071	234,890,805	43.3%
July 1, 2017	189,993,169	452,993,244	263,000,075	41.9%
July 1, 2018	200,503,878	469,050,740	268,546,862	42.7%
July 1, 2019	209,053,093	510,843,434	301,790,341	40.9%
July 1, 2020	215,752,896	530,966,866	315,213,970	40.6%
July 1, 2021	592,613,081	601,847,298	9,234,217	98.5%
July 1, 2022	571,724,493	613,975,864	42,251,371	93.1%
July 1, 2023	563,547,294	602,838,769	39,291,475	93.5%
July 1, 2024	566,205,958	612,599,137	46,393,179	92.4%

## 11. History of Town Contributions

Fiscal Year	Actuarially Determined Contribution	Actual Town Contribution	Payroll	Actual Contribution as a Percent of Payroll
2016-17	\$20,551,457	\$20,551,457	\$56,648,623	36.3%
2017-18	21,615,393	21,615,393	58,064,839	37.2%
2018-19	23,880,013	23,880,000	58,707,946	40.7%
2019-20	25,231,540	25,231,002	60,175,645	41.9%
2020-21 *	25,439,481	348,339,484	63,885,033	545.3%
2021-22	26,919,077	0	65,110,045	0.0%
2022-23	7,038,011	7,038,012	64,437,918	10.9%
2023-24	9,524,865	9,524,865	68,559,935	13.9%
2024-25	9,171,477	TBD	71,803,623	TBD
2025-26	10,042,824	TBD	74,904,646	TBD

\*The Town contribution for fiscal year 2020-21 includes Pension Obligation Bond proceeds of \$322.9 million.

## 12. Tread Water Amount

The **Tread Water Amount** is equal to the Town's net normal cost (see Exhibit 5) plus one year's interest on the Accrued Liability less the Market Value of Assets. Below is a comparison of the Tread Water Amount to the Actuarially Determined Contribution based on the results of our long range forecast (see Exhibit 7). We have included this metric at the Town's request.

Valuation Date	Net Normal Cost	Accrued Liability	Market Value of Assets	Tread Water Amount	Actuarially Determined Contribution (ADC)	ADC as a Percent of the Tread Water Amount
7/1/2024	\$6,435,409	\$612,599,137	\$546,470,155	\$10,733,793	\$10,042,824	93.6%
7/1/2025	6,479,000	618,778,000	550,881,000	10,893,000	10,522,000	96.6%
7/1/2026	6,601,000	624,994,000	556,077,000	11,081,000	11,031,000	99.5%
7/1/2027	6,599,000	630,980,000	561,334,000	11,126,000	11,389,000	102.4%
7/1/2028	6,636,000	636,455,000	566,519,000	11,182,000	11,763,000	105.2%
7/1/2029	6,683,000	641,739,000	571,851,000	11,225,000	12,132,000	108.1%
7/1/2030	6,786,000	646,975,000	577,490,000	11,303,000	12,549,000	111.0%
7/1/2031	6,847,000	652,283,000	583,488,000	11,319,000	12,915,000	114.1%
7/1/2032	6,898,000	657,593,000	589,907,000	11,298,000	13,258,000	117.3%
7/1/2033	7,033,000	663,002,000	596,823,000	11,335,000	13,683,000	120.7%

Note that the Actuarially Determined Contribution calculated as of each valuation date is for the fiscal year that starts one year after the valuation date.

### 13. Alternative Contribution Amounts

At the Town's request, we have estimated the Actuarially Determined Contribution (ADC) under several alternative scenarios. For each scenario, the Market Value of Assets is used rather than the Actuarial Value (i.e., no asset smoothing is used) and the amortization payment is calculated as a flat dollar amount and an alternative interest rate is used as shown below. Otherwise, all the same methods and assumptions that are used for the actual ADC calculation are used. Note that the resulting amounts are not considered "reasonable" ADCs as that term is defined by ASOP 4.

Interest Rate	6.00%	7.00%	8.00%	10.00%
1. Total Normal Cost*	\$10,479,000	\$8,660,000	\$7,157,000	\$4,889,000
2. Expected Member Contributions	3,563,000	3,563,000	3,563,000	3,563,000
3. Expected Administrative Expenses	472,000	472,000	472,000	472,000
4. Net Normal Cost: (1) - (2) + (3)	7,388,000	5,569,000	4,066,000	1,798,000
5. Accrued Liability*	643,958,000	582,767,000	527,391,000	431,925,000
6. Market Value of Assets	546,470,000	546,470,000	546,470,000	546,470,000
7. Unfunded Accrued Liability: (5) - (6)	97,488,000	36,297,000	(19,079,000)	(114,545,000)
8. Amortization Period	22	22	22	22
9. Amortization Growth Rate	0.00%	0.00%	0.00%	0.00%
10. Past Service Cost (7) amortized over (8) **	7,638,000	3,067,000	0	0
11. Interest on (4) + (10)	902,000	605,000	325,000	180,000
12. Actuarially Determined Contribution: (4) + (10) + (11), not less than \$0	15,928,000	9,241,000	4,391,000	1,978,000

\*The plan's duration on the valuation date, as measured for GASB 68 purposes, was used to estimate the impact of the interest rate difference relative to the valuation interest rate assumption.

\*\* Not less than \$0 unless funded ratio is greater than 150%

## 14. Reconciliation of Membership from Prior Valuation

Details of the changes in the plan's membership since the last valuation are shown below. Additional details on the membership are provided in the following exhibits.

	Active Members	Terminated Vested Members	Nonvested Members Due Refunds	Service Retirees	Disabled Retirees	Beneficiaries	Total
<b>Count July 1, 2023</b>	825	61	64	1,080	30	156	2,216
Terminated							
- no benefits due	-	-	-	-	-	-	0
- refund due	(22)	-	22	-	-	-	0
- paid refund	(23)	(2)	(22)	-	-	-	(47)
- vested benefits due	(19)	19	-	-	-	-	0
Retired	(29)	(9)	-	38	-	-	0
Died							
- with beneficiary	-	-	-	(19)	-	-	(19)
- no beneficiary	-	-	-	(13)	(1)	(7)	(21)
Benefits expired	-	-	-	-	-	-	0
New member	158	-	-	-	-	13	171
Rehired	3	-	(3)	-	-	-	0
New Alternate Payee	-	-	-	-	-	2	2
Correction	-	6	(3)	1	3	(3)	4
<b>Count July 1, 2024</b>	893	75	58	1,087	32	161	2,306

### Breakdown as of July 1, 2024 by plan

Part A	0	0	0	3	0	8	11
Part B	236	49	6	762	18	75	1,146
Part B1	12	1	0	7	0	0	20
Part C	91	2	0	125	10	37	265
Part D	122	4	8	187	4	41	366
Part E	<u>432</u>	<u>19</u>	<u>44</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>498</u>
Total	893	75	58	1,087	32	161	2,306

## 15. Statistics of Active Membership

		July 1, 2023	July 1, 2024
<b>Number of Active Members</b>	Part B	263	236
	Part B1	12	12
	Part C	91	91
	Part D	126	122
	Part E	<u>333</u>	<u>432</u>
	Total	825	893
<hr/>			
<b>Average Age</b>	Part B	56.2	56.6
	Part B1	38.8	37.5
	Part C	39.5	39.5
	Part D	34.0	34.3
	Part E	45.6	44.8
	Total	46.4	45.8
<hr/>			
<b>Average Service</b>	Part B	18.9	19.4
	Part B1	9.6	8.9
	Part C	8.4	8.3
	Part D	8.2	8.5
	Part E	4.1	4.3
	Total	10.0	9.3
<hr/>			
<b>Payroll</b>	Part B	20,501,260	19,094,427
	Part B1	1,015,637	1,042,748
	Part C	12,845,687	12,665,765
	Part D	16,342,897	16,024,525
	Part E	<u>21,098,142</u>	<u>26,077,181</u>
	Total	71,803,623	74,904,646
<hr/>			
<b>Average Payroll</b>	Part B	77,952	80,909
	Part B1	84,636	86,896
	Part C	141,161	139,184
	Part D	129,706	131,349
	Part E	63,358	60,364
	Total	87,035	83,880

## 16. Distribution of Active Members as of July 1, 2024

### Part B

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25								0
25-29								0
30-34		1	1					2
35-39		2	5	1				8
40-44		4	9	5	3			21
45-49		2	6	9	6			23
50-54		3	5	12	12	4	1	37
55-59		3	13	11	16	8	1	52
60-64		4	7	20	13	8	4	56
65+		3	1	10	16	3	4	37
<b>Total</b>	0	22	47	68	66	23	10	236

### Part B1

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	1							1
25-29	1							1
30-34	3	1	1					5
35-39			1					1
40-44				2				2
45-49				1				1
50-54								0
55-59								0
60-64		1						1
65+								0
<b>Total</b>	5	2	2	3	0	0	0	12

### Part C

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	1							1
25-29	6							6
30-34	14	6	1					21
35-39	7	13	5	1				26
40-44	6	4	6	2				18
45-49	2	1	2	2	2			9
50-54					4			4
55-59	2		2			1		5
60-64			1					1
65+								0
<b>Total</b>	38	24	17	5	6	1	0	91

16. Distribution of Active Members as of July 1, 2024 (continued)

Part D

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	10							10
25-29	26	8						34
30-34	5	13	6					24
35-39	7	1	14	8				30
40-44		1	1	14				16
45-49		1		1	1			3
50-54	1			2	1			4
55-59	1							1
60-64								0
65+								0
<b>Total</b>	50	24	21	25	2	0	0	122

Part E

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	22							22
25-29	44	5						49
30-34	39	9						48
35-39	42	10	4					56
40-44	29	16	2					47
45-49	17	14	1		1			33
50-54	35	19	1		1			56
55-59	33	25	1					59
60-64	23	18	3					44
65+	15	1	1	1				18
<b>Total</b>	299	117	13	1	2	0	0	432

## 17. Statistics of Inactive Membership

	July 1, 2023	July 1, 2024
<b>Terminated Vested Members</b>		
Number	61	75
Total Annual Benefit	\$680,612	\$1,173,505
Average Annual Benefit	11,158	15,647
Average Age	50.3	52.7
<b>Nonvested Members Due Refunds</b>		
Number	64	58
<b>Service Retirees</b>		
Number	1,080	1,087
Total Annual Benefit	\$37,119,633	\$37,944,360
Average Annual Benefit	34,370	34,907
Average Age	70.8	71.2
<b>Disabled Retirees</b>		
Number	30	32
Total Annual Benefit	\$735,517	\$784,043
Average Annual Benefit	24,517	24,501
Average Age	66.5	66.4
<b>Beneficiaries</b>		
Number	156	161
Total Annual Benefit	\$2,446,048	\$2,440,618
Average Annual Benefit	15,680	15,159
Average Age	76.4	77.2

## 18. Distribution of Inactive Membership as of July 1, 2024

	Age	Number	Annual Benefits
<b>Terminated Members</b>	< 50	69	\$551,945.20
	50 - 59	44	373,776.72
The number of members at right includes both terminated vested members and non-vested members who are due a refund of contributions. The annual benefits at right include future annuities for terminated vested members only.	60 - 69	18	236,906.76
	70 - 79	0	0.00
	80 - 89	2	10,876.32
	90 +	<u>0</u>	<u>0.00</u>
	Total	133	1,173,505.00
<hr/>			
<b>Service Retirees</b>	< 50	28	\$1,879,252.80
	50 - 59	118	7,218,875.16
	60 - 69	340	14,383,966.08
	70 - 79	396	10,293,347.52
	80 - 89	173	3,737,743.92
	90 +	<u>32</u>	<u>431,174.76</u>
	Total	1,087	37,944,360.24
<hr/>			
<b>Disabled Retirees</b>	< 50	0	\$0.00
	50 - 59	11	326,927.76
	60 - 69	9	170,419.68
	70 - 79	9	208,372.68
	80 - 89	3	78,322.68
	90 +	<u>0</u>	<u>0.00</u>
	Total	32	784,042.80
<hr/>			
<b>Beneficiaries</b>	< 50	2	\$39,875.64
	50 - 59	11	237,920.16
	60 - 69	22	401,651.28
	70 - 79	55	952,855.76
	80 - 89	54	636,510.96
	90 +	<u>17</u>	<u>171,804.60</u>
	Total	161	2,440,618.40

## Appendix A - Actuarial Funding Method

### Cost Method

The actuarial cost method used in the valuation of this Plan is known as the Entry Age Normal Method. The Actuarially Determined Contribution consists of three pieces: Normal Cost plus a Past Service Cost payment to gradually eliminate the Unfunded Accrued Liability plus Interest to reflect the timing of the contribution relative to the valuation date.

The Normal Cost is determined by calculating the present value of future benefits for present Active Members that will become payable as the result of death, disability, retirement or termination. This cost is then spread as a level percentage of earnings from entry age to termination for each individual. If Normal Costs had been paid at this level for all prior years, a fund would have accumulated. Because this fund represents the portion of benefits that would have been funded to date, it is termed the Accrued Liability. In fact, it is calculated by adding the present value of benefits for Members in Pay Status and Terminated Members to the present value of benefits for Active Members and subtracting the present value of future Normal Cost contributions.

The funding cost of the Plan is derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc. which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the Plan.

### Asset Smoothing Method

The Actuarial Value of Assets is determined by recognizing market gains and losses asymptotically over a five year period. The Actuarial Value of Assets was set equal to the Market Value of Assets as of July 1, 2021.

### Amortization Method

The Unfunded Accrued Liability is the excess of the Accrued Liability less the Actuarial Value of Assets. This Unfunded Accrued Liability is amortized as a level percent over a closed 25 year period starting on July 1, 2021. The amortization period will decrease by 1 every year. Once it reaches 10, the policy will shift to 10 year layered amortization bases. The Town will continue to fund the Net Normal Cost so long as the Plan's funded ratio is below 150%. Should the funded ratio be 150% or more as of the valuation date, surplus would be used to offset the Net Normal Cost.

### Long-Range Forecast

The long-range forecasts included in this report have been developed by assuming that members will terminate, retire, become disabled, and die according to the actuarial assumptions with respect to these causes of decrement, and that pay increases, cost of living adjustments, and so forth will likewise occur according to the actuarial assumptions. For those unions whose new employees are eligible to participate in this plan, members who are projected to leave active employment are assumed to be replaced by new active members with the same age, service, gender, and pay characteristics as those hired in the past few years.

## Appendix B - Actuarial Assumptions

Each of the assumptions used in this valuation was set based on a formal study of the plan's experience for the period July 1, 2017 - June 30, 2022 supplemented by industry standard published tables and data, the particular characteristics of the plan, relevant information from the plan sponsor or other sources about future expectations, and our professional judgment regarding future plan experience. We believe the assumptions are reasonable for the contingencies they are measuring, and are not anticipated to produce significant cumulative actuarial gains or losses over the measurement period.

**Interest Rate** 6.50%

**Inflation** 2.50%

**Amortization  
Growth Rate** 2.75%

**Expenses** The prior year actual administrative expenses paid, increased with inflation and rounded to the nearest \$1,000.

Salary Scale	Police:	Service		Rate	Prior:	Service		Rate
		Service	Rate			Service	Rate	
		0	7.70%			0	7.10%	
		1	8.20%			1	7.50%	
		2	6.30%			2	5.70%	
		3	7.10%			3	6.50%	
		4	10.10%			4	9.40%	
		5+	3.00%			5-19	3.00%	
						20	7.00%	
						21+	2.75%	
	<b>Fire:</b>	Service		Rate	<b>Others:</b>	Service		Rate
		0	7.20%			0-4	6.00%	
		1	7.40%			5	5.00%	
		2	5.70%			6-8	4.50%	
		3	6.50%			9-14	3.50%	
		4	8.50%			15+	2.75%	
		5+	2.75%					

Plus an additional 1% increase in the first year for all groups.

**Pay Adjustment  
for Unions with  
Open Contracts** 2.5% per year for FY 2022 and 2023 and 3% for FY 2024 for Parking Monitors

## Appendix B - Actuarial Assumptions

**Unused Sick Pay** Including unused sick days in Average Final Compensation is assumed to increase benefits by:

**Parts B & B1 & E** 5.00%

**Parts C & D** 5.25%

**Turnover**

**Parts B & B1 & E**

All Town Groups 5.00%

BOE Custodian/Maintainance

Service	Rate
0-4	3.0%
5-9	1.0%
10+	0.0%

BOE Others

Service	Rate
0-4	13.0%
5-9	8.0%
10+	7.0%

**Parts C & D**

Service	Rate
0	18.0%
1-3	5.0%
4-9	1.5%
10+	0.0%

**Mortality**

Pub-2010 Mortality Table with generational projection per the MP-2021 ultimate scale, with employee rates before commencement and healthy or disabled annuitant rates after benefit commencement. The Public Safety variant is used for Custodial (5015), Maintenance (5020), Grounds (1030), Building Maintenance (1000), Streets (1085), Fire (1025), and Police (1070), and the General variant is used for all other groups. This assumption includes a margin for future improvements in longevity.

**Survivor Benefit**

In order to approximate the additional death benefits for Parts C & D, the survivorship benefit is assumed to equal 25% of final pay and the normal form of the retirement benefit is valued as a 10% Joint & Survivor annuity.

**Marital Status**

80% of active participants are assumed to be married. Female spouses are assumed to be 3 years younger than male spouses.

## Appendix B - Actuarial Assumptions

Retirement	Parts B & B1 & E	Age	Rate	Age	Rate
		45-54	3%	64-66	25%
		55	10%	67	40%
		56-57	5%	68	25%
		58	8%	69-73	20%
		59-61	12%	74	50%
		62	20%	75	100%
		63	11%		
	<b>Part C</b>	<b>Age</b>	<b>Rate</b>		
		40-42	0%	In the year in which the member becomes eligible for both an unreduced pension and retiree medical benefits, the greater of the rate from the table and 20% for ages 40-49 and 25% for ages 50+	
		43-54	20%		
		55	30%		
		56-64	40%		
		65	100%		
	<b>Part D</b>	<b>Age</b>	<b>Rate</b>		
		30-39	0%	In the year in which the member becomes eligible for both an unreduced pension and retiree medical benefits, the greater of the rate from the table and 60% for ages 40-45 and 50% for ages 46+	
		40-44	1%		
		45-54	50%		
		55-59	60%		
		60	100%		

For Parts C and D, no retirements are assumed prior to becoming eligible for both unreduced pension and retiree medical benefits.

For purposes of the July 1, 2024 valuation, we have assumed that the Part D Pilot DROP will not materially impact the Accrued Liability.

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

Service-connected disabilities are assumed to comprise 20% of disabilities for Parts B & B1 & E and 50% of disabilities for Parts C & D. The member's regular accrued benefit is assumed to be higher than the other disability benefits under the plan.

## Appendix C - 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. All eligibility requirements and benefit amounts shall be determined in strict accordance with the plan document itself. To the extent that this summary does not accurately reflect the plan provisions, then the results of this valuation may not be accurate.

Many plan provisions vary by union. We have shown the applicable union codes in parentheses where appropriate to indicate which union(s) are covered by which plan provisions.

**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 (5045)	June 30, 2010
Nutrition (5055)	June 1, 2011
Security (5080)	June 30, 2010
Directors (1020)	July 1, 2012 may opt out

Employees who are part of Non-Bargaining (5025) are not pension eligible.

**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 (5075)  
 Paraprofessional (5060)  
 Custodial (5015)  
 Maintenance (5020)  
 Nurses (5045)  
 Nutrition (5055)  
 Custodial III (5010)  
 Security (5080)  
 Professional/Technical (5070)  
 Nutrition Managers (5050)  
 Non-Bargaining Paraprofessionals (5030)  
 Non-Bargaining Professional (5032)  
 Non-Bargaining Therapists (5033)  
 Non-Bargaining WHAA (5035)  
 Non-Bargaining WHEA (5040)

**Town Unions**

Non-Bargaining Nurses (1045)  
 Directors (1020)  
 Streets (1085)  
 Clerical (1005)  
 Non-Bargaining Clerical (1035)  
 Non-Bargaining Regular (1040)  
 Grounds (1030)  
 Building Maintenance (1000)  
 Professional/Management (1075)  
 Supervisor (1090)  
 Parking Monitors (1050)  
 Town Manager (1095)

**Part B1 (1080)** All Covered Employees classified as public safety dispatchers.

## Appendix C - Summary of Plan Provisions

<b>Classes of Members (continued)</b>	<b>Part C (1025)</b>	All Covered Employees classified as firefighters except those covered in Part A.	
	<b>Part D (1070)</b>	All Covered Employees classified as police officers except those covered in Part A.	
	<b>Part E</b>	Covered employees in the following unions who were hired on or after the dates indicated:	
		Secretarial/Clerical (5075)	05/21/2013
		Paraprofessional (5060)	04/30/2013
		Custodial (5015)	10/31/2012
		Maintenance (5020)	10/31/2012
		Custodial III (5010)	07/01/2014
		Professional/Technical (5070)	10/15/2013
		Nutrition Managers (5050)	07/01/2014
		Non-Bargaining Nurses (1045)	11/10/2015
		Directors (1020)	07/01/2012
		Streets (1085)	08/01/2016
		Clerical (1005)	05/24/2016
		Non-Bargaining Regular (1040)	11/10/2015
	Grounds (1030)	09/24/2015	
	Building Maintenance (1000)	05/24/2016	
	Professional/Management (1075)	11/10/2015	
	Supervisor (1090)	05/24/2016	
	Parking Monitors (1050)	02/07/2017	
<b>Credited Service</b>	All service including completed months 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.		
<b>Compensation</b>	All benefits except Service-Connected Disability: Gross wages including overtime and the value of maintenance.		
	Service-Connected Disability Benefits: Annual rate of basic pay excluding overtime and other supplemental compensation.		
	Compensation is limited to \$200,000, indexed in accordance with the Internal Revenue Code requirements for qualified plans.		

## Appendix C - Summary of Plan Provisions

<b>Average Final Compensation</b>	<p>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.</p> <p>For Part B members who were hired on or after the dates shown below, Average Final Compensation is capped at the member's highest paid calendar year base wage, not including overtime, longevity, meal payments, or other forms of compensation.</p> <table border="0"> <tr> <td>Nurses (5045)</td> <td>07/01/2004</td> </tr> <tr> <td>All Town Unions (1000) - (1095)</td> <td>07/01/2013</td> </tr> </table> <p>For Part C members who were hired on or after 04/01/2014, final rate of compensation is used; defined as the member's highest bi-weekly rate of pay times 26.089 plus the member's highest holiday pay attained.</p>	Nurses (5045)	07/01/2004	All Town Unions (1000) - (1095)	07/01/2013																																
Nurses (5045)	07/01/2004																																				
All Town Unions (1000) - (1095)	07/01/2013																																				
<b>Covered Compensation</b>	<p>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.</p>																																				
<b>Vesting</b>	<p>An active member will become vested after 5 years of service (10 years for Dispatchers (1080) members hired on or after 06/30/2007). A vested member is eligible for a vested pension payable starting at the member's Normal Retirement Date. The monthly benefit is equal to the accrued pension at date of termination. A vested member may elect to retire early and receive a reduced monthly benefit if the member has met the eligibility criteria. In lieu of monthly benefits, a vested member may elect to receive a refund of member contributions with credited interest.</p>																																				
<b>Normal Form</b>	<p>Single life annuity.</p>																																				
<b>Unused Sick Pay</b>	<p>Unused sick pay is included in pension calculations for members who were hired prior to the dates shown below:</p> <table border="0"> <tr> <td>Secretarial/Clerical (5075)</td> <td>05/01/2006</td> </tr> <tr> <td>Paraprofessional (5060)</td> <td>05/01/2006</td> </tr> <tr> <td>Custodial (5015)</td> <td>01/01/2006</td> </tr> <tr> <td>Maintenance (5020)</td> <td>07/01/2004</td> </tr> <tr> <td>Nutrition (5055)</td> <td>07/01/2004</td> </tr> <tr> <td>Nurses (5045)</td> <td>all regardless of hire date</td> </tr> <tr> <td>Custodial III (5010)</td> <td>07/01/2005</td> </tr> <tr> <td>Security (5080)</td> <td>05/01/2006</td> </tr> <tr> <td>Professional/Technical (5070)</td> <td>07/01/2004</td> </tr> <tr> <td>Nutrition Managers (5050)</td> <td>07/01/2004</td> </tr> <tr> <td>Non-Bargaining Paraprofessionals (5030)</td> <td>05/01/2006</td> </tr> <tr> <td>Non-Bargaining Professional (5032)</td> <td>05/01/2006</td> </tr> <tr> <td>Non-Bargaining Therapists (5033)</td> <td>05/01/2006</td> </tr> <tr> <td>Non-Bargaining WHAA (5035)</td> <td>05/01/2006</td> </tr> <tr> <td>Non-Bargaining WHEA (5040)</td> <td>05/01/2006</td> </tr> <tr> <td>All Town Unions (1000) - (1095)</td> <td>07/01/2003</td> </tr> <tr> <td>Part C (1025)</td> <td>07/01/2005</td> </tr> <tr> <td>Part D (1070)</td> <td>08/01/2006</td> </tr> </table>	Secretarial/Clerical (5075)	05/01/2006	Paraprofessional (5060)	05/01/2006	Custodial (5015)	01/01/2006	Maintenance (5020)	07/01/2004	Nutrition (5055)	07/01/2004	Nurses (5045)	all regardless of hire date	Custodial III (5010)	07/01/2005	Security (5080)	05/01/2006	Professional/Technical (5070)	07/01/2004	Nutrition Managers (5050)	07/01/2004	Non-Bargaining Paraprofessionals (5030)	05/01/2006	Non-Bargaining Professional (5032)	05/01/2006	Non-Bargaining Therapists (5033)	05/01/2006	Non-Bargaining WHAA (5035)	05/01/2006	Non-Bargaining WHEA (5040)	05/01/2006	All Town Unions (1000) - (1095)	07/01/2003	Part C (1025)	07/01/2005	Part D (1070)	08/01/2006
Secretarial/Clerical (5075)	05/01/2006																																				
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Part C (1025)	07/01/2005																																				
Part D (1070)	08/01/2006																																				

## Appendix C - Summary of Plan Provisions

**Member Contributions**      **Part B**      Members contribute at the Normal Rate. For certain unions, the Long Service Rate applies after 30 years of service for members hired prior to 07/01/2003, and after 35 years of service for members hired on or after 07/01/2003. Custodial (5015) date of demarkation is 01/01/2006. For Streets (1085), Grounds (1030), Building Maintenance (1000), and Supervisors (1090), the contribution is based on base pay; for all others, total compensation.

	<b>Group</b>	<b>Normal Rate</b>	<b>Long Service Rate</b>
	Secretarial/Clerical (5075)	6.00%	
	Paraprofessional (5060)	5.75%	
	Custodial (5015)	5.75%	2.00%
	Maintenance (5020)	5.75%	2.00%
	Nurses (5045)	6.50%	2.00%
	Nutrition (5055)	6.00%	
	Custodial III (5010)	7.00%	
	Security (5080)	6.25%	
	Professional/Technical (5070)	6.25%	
	Nutrition Managers (5050)	7.00%	
	Non-Bargaining Paraprofessionals (5030)	5.50%	
	Non-Bargaining Professional (5032)	6.25%	
	Non-Bargaining Therapists (5033)	6.00%	
	Non-Bargaining WHAA (5035)	6.00%	
	Non-Bargaining WHEA (5040)	6.00%	
	Non-Bargaining Nurses (1045)	6.25%	2.00%
	Directors (1020)	6.25%	4.00%
	Streets (1085)	6.25%	2.00%
a - Includes 1.00% for COLA	Clerical (1005)	6.25% a	2.00% a
	Non-Bargaining Clerical (1035)	6.25%	2.00%
	Non-Bargaining Regular (1040)	6.25%	2.00%
	Grounds (1030)	6.25%	2.00%
a - Includes 1.00% for COLA	Building Maintenance (1000)	7.25% a	2.00% a
b - Includes 1.00% for COLA.	Professional/Management (1075)	7.25%	2.00% b
Employees hired after	Supervisor (1090)	6.25%	3.00%
09/24/2015 contribute at	Parking Monitors (1050)	6.25%	2.00%
the Normal Rate regardless	Town Manager (1095)	6.25%	
of service.			

**Part B1 (1080)** 6% of compensation plus 1% COLA contribution.

**Part C (1025)** Members hired prior to 04/01/2014, 1% of base pay plus 7% of compensation. Members hired on or after 04/01/2014, 1% of base pay plus 7% of base plus holiday pay.

**Part D (1070)** 1% of base pay plus 5% of compensation. Members hired on or after 06/26/2018, 6% of base pay.

## Appendix C - Summary of Plan Provisions

<b>Member Contributions (continued)</b>	<b>Part E</b>	3% of base compensation.
	<b>Interest</b>	2% compounded annually.
<b>Normal Retirement Date</b>		Earliest of the following age/service combinations, based on date of hire. For these purposes, "service" is calculated by assuming the member continues to work beyond date of termination.

	If hired prior to the applicable date				Applicable date	If hired on or after the applicable date			
<b>Parts B &amp; E</b>									
Secretarial/Clerical (5075)	55/25	60/10	70/0		05/01/2006	65/15	62/35	70/0	
Paraprofessional (5060)	55/25	60/10	70/0		05/01/2006	65/15	62/35	70/0	
Custodial (5015)	55/25	60/10	70/0	0/30	01/01/2006	65/15	0/35	70/0	
Maintenance (5020)	55/25	60/10	70/0	0/30	07/01/2004	65/15	62/35	70/0	
Nurses (5045)	55/25	60/10	70/0		07/01/2004	65/15	62/35	70/0	
Nutrition (5055)	55/25	60/10	70/0		07/01/2004	65/15	62/35	70/0	
Custodial III (5010)	55/25	60/10	70/0		07/01/2005	65/15	62/35	70/0	
Security (5080)	55/25	60/10	70/0		05/01/2006	65/15	62/35	70/0	
Professional/Technical (5070)	55/25	60/10	70/0		07/01/2003	65/15	62/35	70/0	
Nutrition Managers (5050)	55/25	60/10	70/0		07/01/2004	65/15	62/35	70/0	
Non-Bargaining Paraprofessionals (5030)	55/25	60/10	70/0		05/01/2006	65/15	62/35	70/0	
Non-Bargaining Professional (5032)	55/25	60/10	70/0		05/01/2006	65/15	62/35	70/0	
Non-Bargaining Therapists (5033)	55/25	60/10	70/0		05/01/2006	65/15	62/35	70/0	
Non-Bargaining WHAA (5035)	55/25	60/10	70/0		05/01/2006	65/15	62/35	70/0	
Non-Bargaining WHEA (5040)	55/25	60/10	70/0		05/01/2006	65/15	62/35	70/0	
Non-Bargaining Nurses (1045)	55/25	60/10	70/0		07/01/2003	65/15	62/35	70/0	
Directors (1020)	55/25	60/10	70/0		07/01/2003	65/15	62/35	70/0	
Streets (1085)	55/25	60/10	70/0	0/30	07/01/2003	65/15	0/35	70/0	
Clerical (1005)	55/25	60/10	70/0		07/01/2003	65/15	62/35	70/0	
Non-Bargaining Clerical (1035)	55/25	60/10	70/0		07/01/2003	65/15	62/35	70/0	
Non-Bargaining Regular (1040)	55/25	60/10	70/0		07/01/2003	65/15	62/35	70/0	
Grounds (1030)	55/25	60/10	70/0	0/30	07/01/2003	65/15	62/35	70/0	
Building Maintenance (1000)	55/25	60/10	70/0	0/30	07/01/2003	65/15	62/35	70/0	
Professional/Management (1075)	55/25	60/10	70/0		07/01/2003	65/15	62/35	70/0	
Supervisor (1090)	55/25	60/10	70/0	0/30	07/01/2003	65/15	62/35	70/0	
Parking Monitors (1050)	applies to all members regardless of hire						65/15	62/35	70/0
Town Manager (1095)	55/25	60/10	70/0		07/01/2003	65/15	62/35	70/0	
<b>Part B1 (1080)</b>	55/25	60/10	70/0	0/20	07/01/2007		0/25		
<b>Part C (1025)</b>	55/10	0/20	65/0		07/01/2005	50/25	65/0		
<b>Part D (1070)</b>	applies to all members regardless of hire						55/10	0/20	65/0

## Appendix C - Summary of Plan Provisions

**Normal Retirement Benefit**

**Part B**

For service prior to 01/01/1986:

(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 01/01/1986: 2% times Average Final Compensation times Credited Service capped at 35 years (30 years for Custodial (5015)).

For members of the following groups hired prior to the applicable date shown below, the benefit for a member who retires with 30 years of Credited Service is 70% of Average Final Compensation:

Custodial (5015)	01/01/2006
Maintenance (5020)	07/01/2004
Streets (1085)	07/01/2003
Non-Bargaining Clerical (1035)	07/01/2003
Non-Bargaining Regular (1040)	07/01/2003
Grounds (1030)	07/01/2003
Building Maintenance (1000)	07/01/2003
Professional/Management (1075)	07/01/2003
Supervisor (1090)	07/01/2003

For Clerical (1005) members hired prior to 07/01/2003, the benefit for a member who retires at age 55 with 25 years of Credited Service is 60% of Average Final Compensation; the benefit for a member who retires at age 55 with 30 years of Credited Service is 70% of Average Final Compensation.

**Part B1 (1080)** The same as Part B. For members hired on or after 07/01/2007:

25-27 years of Credited Service	55% of Average Final Compensation
28+ years of Credited Service	56% of Average Final Compensation plus 2% for each additional year of Credited Service capped at 35 years

## Appendix C - Summary of Plan Provisions

<b>Normal Retirement Benefit (continued)</b>	<b>Part C (1025)</b>	<p>For members hired prior to 04/01/2014, 2.5% times Average Final Compensation times Credited Service, capped at 75% of Average Final Compensation (except as noted below under Maximum Benefit).</p> <p>For members actively employed on 07/01/2014 who were hired prior to 04/01/2014 and retire with 30 years of Credited Service, 80% of Average Final Compensation.</p> <p>For members hired on or after 04/01/2014, 2.0% times Average Final Compensation times Credited Service. For such members who retire with 30 years of Credited Service, 65% of Average Final Compensation. Maximum benefit is 65% of Average Final Compensation.</p>
	<b>Part D (1070)</b>	<p>For members hired prior to 08/01/2006, 2.5% times Average Final Compensation times Credited Service.</p> <p>For members hired on or after 08/01/2006 and prior to 06/26/2018, 2.5% times average base pay times Credited Service (average base pay is the highest three calendar years of base pay plus 50% of overtime pay determined without regard to private duty, sick leave, or any other compensation).</p> <p>For members hired on or after 06/26/2018, 2.0% times average base pay times Credited Service (average base pay is the highest three calendar years determined without regard to overtime, private duty, sick leave, or any other compensation than base pay).</p> <p>For members on payroll as of 07/01/2006 or hired thereafter but prior to 06/26/2018 who retire with 30 years of Credited service, 80% of Average Final Compensation (determined with buyback time excluded).</p>
	<b>Part E</b>	<p>1.0% times Average Final Compensation times Credited Service capped at 35 years.</p> <p>For members in a Town group, base pay is used instead of Average Final Compensation.</p>
<b>Minimum Benefit</b>	<b>Parts B &amp; B1 &amp; E</b>	<p>\$360 per year. For terminated vested members, the benefit is reduced by \$24 per year for less than 15 years of continuous credited service.</p>
	<b>Parts C &amp; D</b>	<p>\$1,000 per year. For Part C members, the benefit is reduced by \$67 per year for less than 15 years of continuous credited service.</p>

## Appendix C - Summary of Plan Provisions

<b>Maximum Benefit</b>	<p><b>Parts B &amp; E</b> Except as noted below, the maximum benefit is 75% of Average Final Compensation for Part B and 35% of Average Final Compensation for Part E.</p> <p>For all Board of Education unions except Nutrition (5055), the maximum benefit (before the Supplemental Benefit) is 100% of the final year's base pay.</p> <p>For members of Streets (1085), Grounds (1030), Building Maintenance (1000), Professional/Management (1075) who are eligible for normal retirement, and Supervisor (1090) members who were hired prior to 07/01/2003 and retire with 30 years of service, the maximum benefit (before the Supplemental Benefit) is 70% of Average Final Compensation.</p> <p>For all other Town union members, the maximum benefit (before the Supplemental Benefit) is 100% of the final year's base pay.</p>
	<p><b>Part B1</b> 75% of Average Final Compensation.</p>
	<p><b>Part C</b> For members hired prior to 07/01/2005, 95% of base pay. For members hired on or after 07/01/2005, 85% of base pay.</p>
	<p><b>Part D</b> For members hired prior to 08/01/2006, 95% of base pay (including education incentive and holiday pay only). For members hired on or after 08/01/2006, 85% of base pay (excluding overtime, holiday pay, sick pay, vacation time or other incentive or extra pay).</p>

<b>Supplemental Benefit</b>	<b>Group</b>	<b>Eligible if hired prior to</b>
	Secretarial/Clerical (5075), Paraprofessional (5030) and Security (5080)	05/01/2006
	Maintenance (5020), Nurses (5045), Nutrition (5055)	07/01/2004
	Professional/Technical (5070), and Nutrition Managers (5050)	07/01/2004
	Custodial (5015)	01/01/2006
	Non-Bargaining (5030-5040)	07/01/2006
	Custodial III (5010)	07/01/2005
	All Town unions and Town non-bargaining	07/01/2003

Members who work past Normal Retirement Date by attaining age 55 with 25 years of service or age 60 with 10 years of service receive a supplemental annual benefit equal to \$600 times 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 member's retirement date.

## Appendix C - Summary of Plan Provisions

### Early Retirement

A member may retire and receive a reduced monthly benefit upon reaching the earliest of the following age/service combinations, based on date of hire.

	If hired prior to the applicable date		Applicable date	If hired on or after the applicable date		
<b>Parts B &amp; E</b>						
Secretarial/Clerical (5075)	45/15	50/10	05/01/2006	55/15	60/10	
Paraprofessional (5060)	45/15	50/10	05/01/2006	55/15	60/10	
Custodial (5015)	45/15	50/10	01/01/2006	55/15	60/10	
Maintenance (5020)	45/15	50/10	07/01/2004	55/15	60/10	
Nurses (5045)	45/15	50/10	07/01/2004	55/15	60/10	
Nutrition (5055)	45/15	50/10	07/01/2004	55/15	60/10	
Custodial III (5010)	45/15	50/10	07/01/2005	55/15	60/10	
Security (5080)	45/15	50/10	05/01/2006	55/15	60/10	
Professional/Technical (5070)	45/15	50/10	07/01/2003	55/15	60/10	
Nutrition Managers (5050)	45/15	50/10	07/01/2004	55/15	60/10	
Non-Bargaining Paraprofessionals (5030)	45/15	50/10	05/01/2006	55/15	60/10	
Non-Bargaining Professional (5032)	45/15	50/10	05/01/2006	55/15	60/10	
Non-Bargaining Therapists (5033)	45/15	50/10	05/01/2006	55/15	60/10	
Non-Bargaining WHAA (5035)	45/15	50/10	05/01/2006	55/15	60/10	
Non-Bargaining WHEA (5040)	45/15	50/10	05/01/2006	55/15	60/10	
Non-Bargaining Nurses (1045)	45/15	50/10	07/01/2003	55/15	60/10	
Directors (1020)	45/15	50/10	07/01/2003	55/15	60/10	
Streets (1085)	45/15	50/10	07/01/2003	55/15	60/10	
Clerical (1005)	45/15	50/10	07/01/2003	55/15	60/10	
Non-Bargaining Clerical (1035)	45/15	50/10	07/01/2003	55/15	60/10	
Non-Bargaining Regular (1040)	45/15	50/10	07/01/2003	55/15	60/10	
Grounds (1030)	45/15	50/10	07/01/2003	55/15	60/10	
Building Maintenance (1000)	45/15	50/10	07/01/2003	55/15	60/10	
Professional/Management (1075)	45/15	50/10	07/01/2003	55/15	60/10	
Supervisor (1090)	45/15	50/10	07/01/2003	55/15	60/10	
Parking Monitors (1050)	45/15	50/10	07/01/2003	55/15	60/10	
Town Manager (1095)	45/15	50/10	07/01/2003	55/15	60/10	
<b>Part B1 (1080)</b>	45/15	50/10	07/01/2007	45/15	50/10	0/20
Benefit reduction basis (for all listed above)	1971GAM Male-1, 6.5%			6% per year retiring prior to Normal Retirement		

### Parts C & D

Any age with 10 years of Credited Service; benefit reduction basis is 1971GAM Male-1, 6.5%.

## Appendix C - Summary of Plan Provisions

<b>Deferred Retirement</b>	<b>Parts B, B1 &amp; E</b>	Members may work beyond retirement at their own option, and will continue to accrue benefits under the plan.
	<b>Parts C &amp; D</b>	Members may not work later than the December 31st nearest their 65th birthday.
<b>Disability Retirement</b>		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 without reduction for early commencement.
		If the disability is Service-Connected, the 10-year service requirement is waived and the benefit is the greater of (a) the regular pension benefit without reduction for early commencement, or (b) 50% of base pay less any payments received on account of Social Security or Worker's Compensation.
	<b>Parts B, B1 &amp; E</b>	annual minimum benefit of \$360
	<b>Parts C &amp; D</b>	annual minimum benefit of \$1,000
<b>Survivorship Benefit</b>		Upon the death of a Part C (1025) or Part D (1070) member, either active or retired (including disability retirements), an annual benefit is paid to spouses who have not remarried, dependent minor children, or dependent parent(s). The benefit is equal to a percentage between 25% and 50% (depending on number and types of survivors) of final base rate of pay.
<b>Preretirement Death Benefit</b>		Return of member's contributions with regular interest. Part C (1025) and Part D (1070) members generally do not receive 1% of base wages contributed.
		Alternatively, a surviving spouse may elect to receive a life annuity starting on or after the date the member would have been eligible for Early Retirement. The benefit is equal to what the spouse would have received had the member terminated employment on the date of death, elected a 50% Joint & Survivor annuity commencing on the death benefit start date, and then died.
<b>Pilot Deferred Retirement Option Program (DROP)</b>		Effective July 1, 2024, Part D members may participate in the DROP for one to five years as long as they reach normal retirement eligibility by July 1, 2028 and enter the DROP by that date. During the DROP period, a member account is credited with the benefits that would have been paid if the member had retired at the start of the DROP period. At the end of the DROP period, the member ends employment, receives a lump sum equal to 92% of the DROP account balance, and begins to receive monthly benefits that would have been paid if the member had retired at the start of the DROP period. A member will not make contributions during the DROP period.

## Appendix C - Summary of Plan Provisions

**Postretirement  
Death  
Benefit** Excess of member's contributions with regular interest to retirement date over pension payments received prior to death, unless optional form with 10-year certain period has been elected. Part C (1025) and Part D (1070) members generally do not receive 1% of base wages contributed.

For Part C (1025) and Part D (1070) members, the surviving spouse will receive a benefit (until remarriage) as follows:

Age/Service Criteria:

Part C hired prior to 07/01/2005: 0/10

Part C hired on or after 07/01/2005: 55/10 or 0/15

Part D: 55/10 or 0/15

Benefit: The benefit that would have been payable to the surviving spouse had the member elected a 50% Joint & Survivor annuity. The excess of actual benefit payments received over the payments that would have been received had the member actually elected a 50% Joint & Survivor annuity must be repaid; the repayment can be made as an offset to the surviving spouse's monthly benefit.

For all other members, postretirement death benefits are payable according to the form of annuity elected by the member at retirement.

**Cost of Living  
Adjustments** The following groups receive a 1% annual COLA starting on the January 1 or July 1 following the third year of retirement if the member retires on or after Normal Retirement Date, or beginning three years after the member would have been eligible for a Normal Retirement benefit.

Nurses (5045) hired prior to 06/30/2010

Security (5080) hired prior to 06/30/2010

Dispatchers (1080)

Clerical (1005)

Grounds (1030) who retire prior to 09/24/2015

Building Maintenance (1000)

Professional/Management (1075)

Supervisor (1090) who retire prior to 05/24/2016

Part C (1025) members hired after 07/01/2005 receive a 2% COLA starting two years after retirement and payable each July 1.

Part D (1070) members hired after 08/01/2006 receive a 2% COLA starting on the July 1 following the second year of retirement. Those hired on or after 06/26/2018 are only eligible for this COLA if they retire under normal retirement provisions with 20 years of Credited Service.

COLAs do not apply to Supplemental Benefits, pre-retirement death benefits, disability benefits, or benefits payable to members who terminate with a vested benefit.

## Appendix D - Risk Disclosure - Introduction

The results of this actuarial valuation are based on one set of reasonable assumptions. However, it is almost certain that future experience will not exactly match these assumptions. As an example, the plan's investments may perform better or worse than assumed in any single year and over any longer time horizon. It is therefore important to consider the potential impacts of these likely differences when making decisions that may affect the future financial health of the plan, or of the plan's members.

In addition, as plans mature they accumulate larger pools of assets and liabilities. The increase in size in turn increases the potential magnitude of adverse experience. As an example, the dollar impact of a 10% investment loss on a plan with \$1 billion in assets and liabilities is much greater than the dollar impact for a plan with \$1 million in assets and liabilities. Since pension plans make long-term promises and rely on long-term funding, it is important to consider how mature the plan is today, and how mature it may become in the future.

Actuarial Standard of Practice No. 51 (ASOP 51) directs actuaries to provide pension plan sponsors with information concerning the risks associated with the plan:

- Identify risks that may be significant to the plan.
- Assess the risks identified as significant to the plan. The assessment does not need to include numerical calculations.
- Disclose plan maturity measures and historical information that are significant to understanding the plan's risks.

This section of the report uses the framework of ASOP 51 to communicate important information about significant risks to the plan, the plan's maturity, and relevant historical plan data.

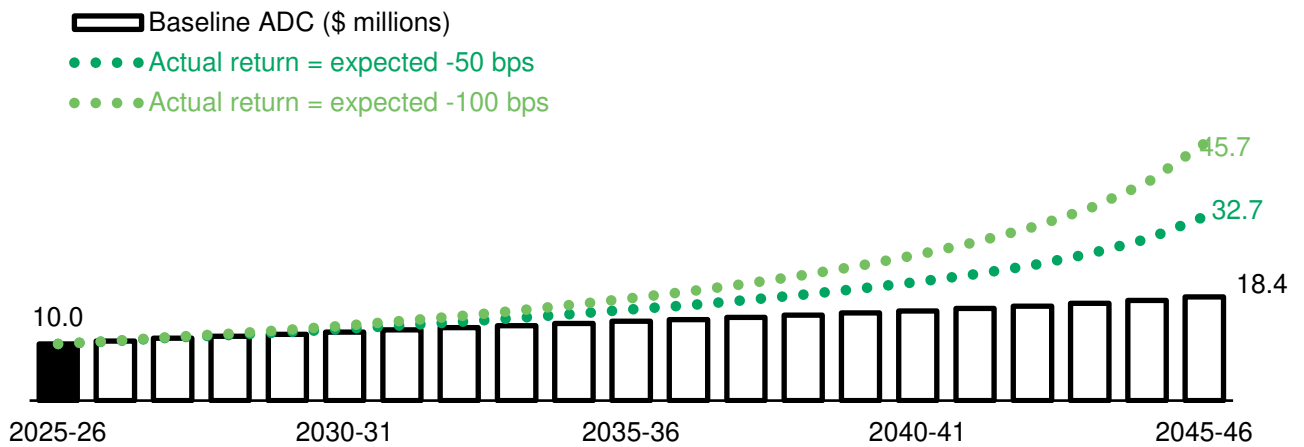
Please see Appendix A for more information on the basis for the projected results shown on the following pages.

## Appendix D - Risk Disclosure - Identification and Assessment

### Investment Risk

Definition: This is the potential that investment returns will be different than expected.

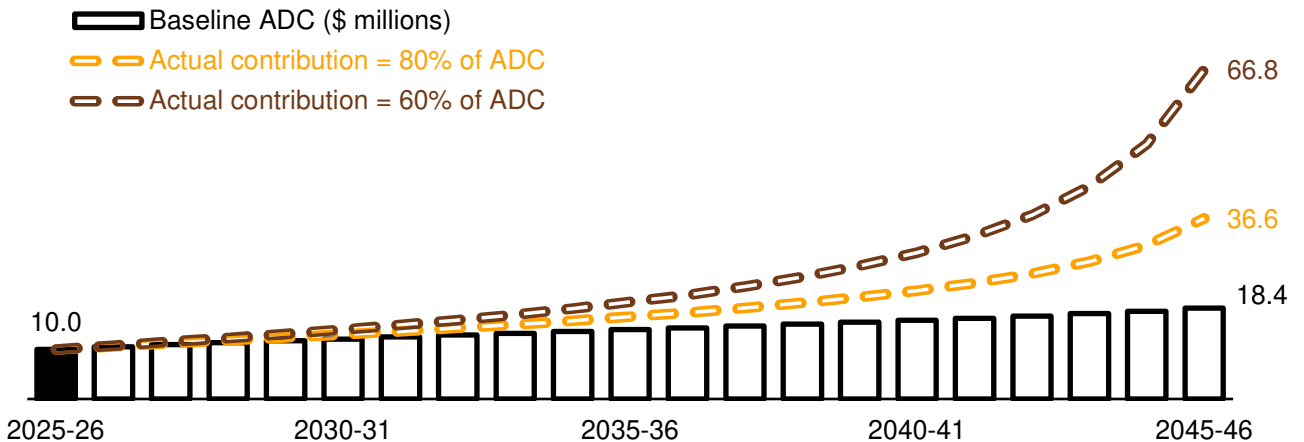
Identification: To the extent that actual investment returns differ from the assumed investment return, the plan's future assets, Actuarially Determined Contributions, and funded status may differ significantly from those presented in this valuation. The consequences of persistent underperformance on future Actuarially Determined Contribution levels are illustrated below:



### Contribution Risk

Definition: This is the potential that actual future contributions will be less than the Actuarially Determined Contribution.

Identification: Over the past 8\* years, actual contributions have been approximately 100.0% of the Actuarially Determined Contribution in total. The consequences of persistent underfunding on future Actuarially Determined Contribution levels are illustrated below:



\*We excluded FYE 2021 and 2022 from this metric due to the Pension Obligation Bond which distorted the contribution rate

## Appendix D - Risk Disclosure - Identification and Assessment

### Liquidity Risk

Definition: This is the potential that assets must be liquidated at a loss earlier than planned in order to pay for the plan's benefits and operating costs. This risk is heightened for plans with negative cash flows, in which contributions are not sufficient to cover benefit payments plus expenses.

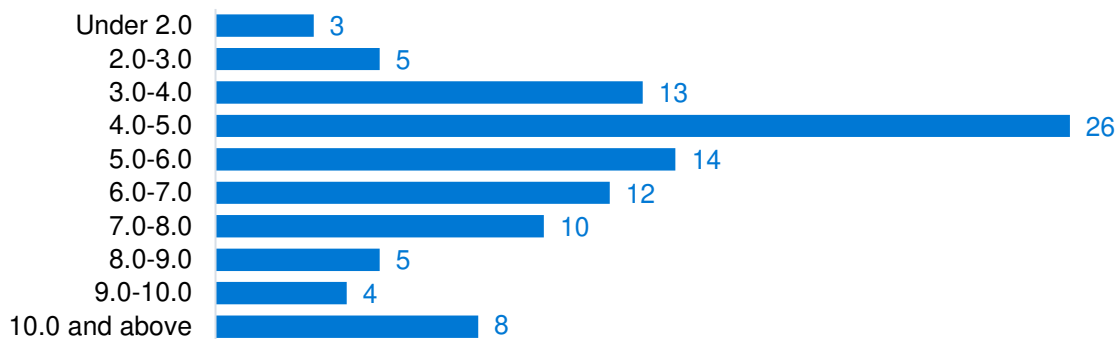
Identification: In 2023-24, the plan had negative cash flow, with town contributions and member contributions to the plan of \$13,264,151 compared to \$41,388,082 of benefit payments and administrative expenses paid out of the plan. We suggest that you consult with your investment advisors with respect to the liquidity characteristics of the plan's investment holdings.

### Maturity Risk

Definition: This is the potential for total plan liabilities to become more heavily weighted toward inactive liabilities over time, and for plan assets and/or liabilities to become larger relative to the liability for active members.

Identification: The plan is subject to maturity risk because as plan assets and liabilities continue to grow, the dollar impact of any gains or losses on the assets or liabilities also becomes larger.

Assessment: As of July 1, 2024, the plan's Asset Volatility Ratio (the ratio of the market value of plan assets to payroll) is 7.3. According to Milliman's 2023 Public Pension Funding Study, the 100 largest US public pension plans have the following range of Asset Volatility Ratios:



### Inflation Risk

Definition: This is the potential for a pension to lose purchasing power over time due to inflation.

Identification: The members of pension plans without fully inflation-indexed benefits are subject to the risk that their purchasing power will be reduced over time due to inflation.

Assessment: This plan provides for limited postretirement benefit increases, but the increases are not directly tied to each year's rate of actual inflation; this leaves members bearing some inflation risk. In addition, not all members are eligible for these increases.

## Appendix D - Risk Disclosure - Identification and Assessment

### Insolvency Risk

Definition: This is the potential that a plan will become insolvent; that is, assets will be fully depleted.

Identification: If a plan becomes insolvent, contractually required benefits must be paid from the plan sponsor's other remaining assets.

Assessment: Under the GASB 68 depletion date methodology, the plan is not projected to become insolvent. Please see the GASB 68 report for more details on the underlying analysis.

### Demographic Risks

Definition: This is the potential that mortality, turnover, retirement, or other demographic experience will be different than expected.

Identification: The pension liabilities reported herein have been calculated by assuming that members will follow patterns of demographic experience as described in Appendix B. If actual demographic experience or future demographic assumptions are different from what is assumed to occur in this valuation, future pension liabilities, Actuarially Determined Contribution, and funded status may differ significantly from those presented in this valuation. Formal Experience Studies performed on a regular basis are helpful in ensuring that the demographic assumptions reflect emerging plan experience.

### Retirement Risk

Definition: This is the potential for members to retire and receive subsidized benefits that are more valuable than expected.

Identification: This plan has a range of retirement eligibility with varying retirement benefits. If members retire at different ages than are anticipated by the actuarial assumptions, this may put upward pressure on subsequent Actuarially Determined Contributions.

### Pensionable Earnings Risk

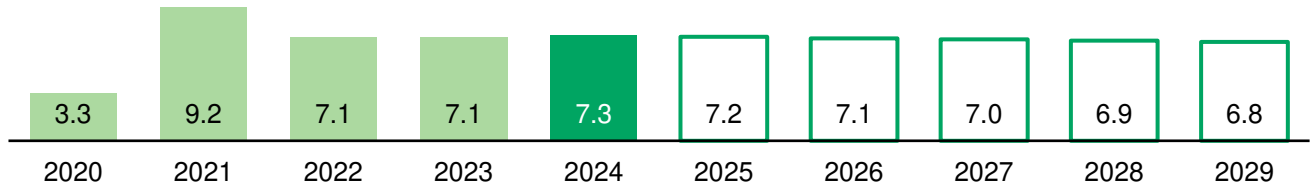
Definition: This is the potential for active members to add items to their pensionable earnings and receive pension benefits that are higher than expected.

Identification: Unused sick pay is included in pension calculations for some groups of members (see Appendix C for more details). If members include more unused sick pay than is anticipated by the actuarial assumptions, this will put upward pressure on subsequent Actuarially Determined Contributions.

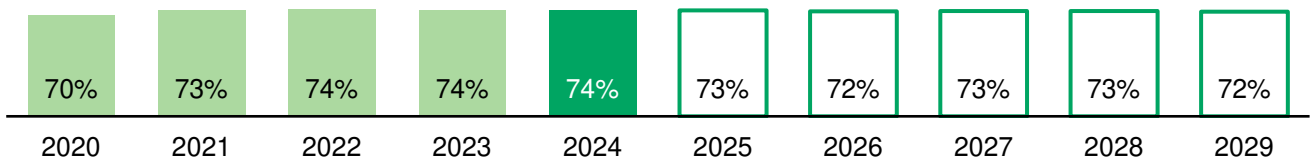
## Appendix D - Risk Disclosure - Maturity Metrics

The metrics presented below are different ways of understanding the plan's maturity level, both in the past and as it is expected to change in the coming years.

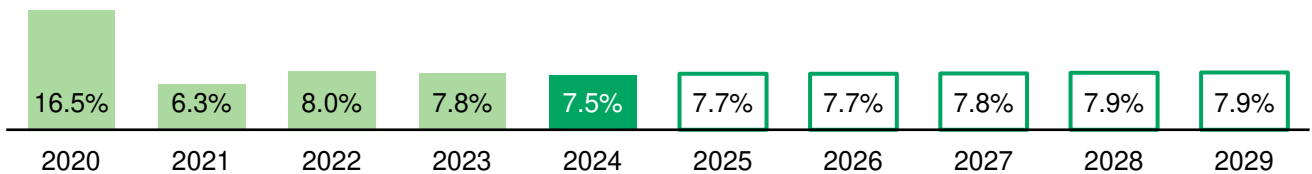
### Asset Volatility Ratio: Market Value of Assets compared to Payroll



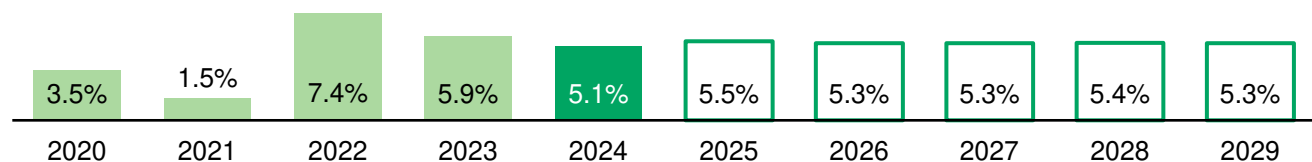
### Accrued Liability for Members in Pay Status compared to total Accrued Liability



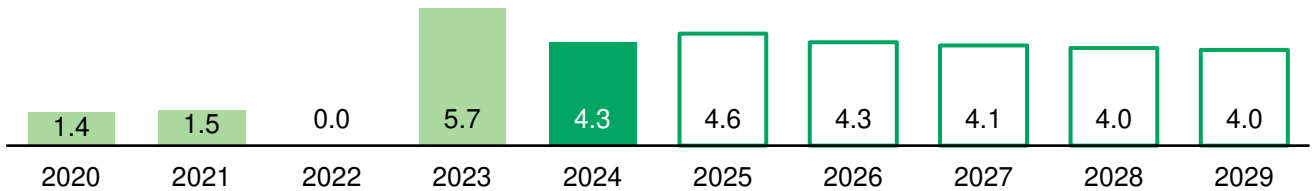
### Benefit Payments compared to Market Value of Assets



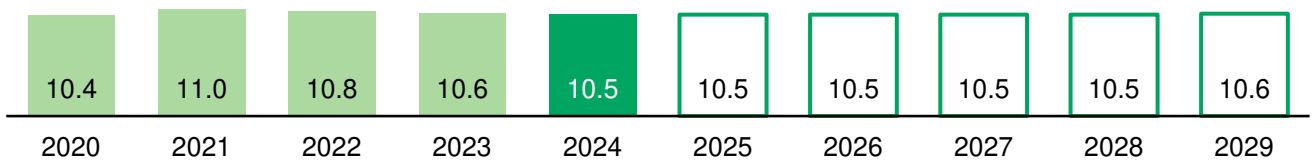
### Net Cash Flows compared to Market Value of Assets



### Benefit Payments compared to Town Contributions\*



### Duration of Accrued Liability (based on GASB 68 sensitivity disclosures)



\*The 2021 metrics exclude the Pension Obligation Bond proceeds.

## Appendix E - Glossary

<b>Actuarial Cost Method</b>	This is a procedure for determining the Actuarial Present Value of Benefits and allocating it to time periods to produce the Accrued Liability and the Normal Cost.
<b>Accrued Liability</b>	This is the portion of the Actuarial Present Value of Benefits attributable to periods prior to the valuation date by the Actuarial Cost Method (i.e., that portion not provided by future Normal Costs).
<b>Actuarial Assumptions</b>	With any valuation of future benefits, assumptions of anticipated future events are required. If actual events differ from the assumptions made, the actual cost of the plan will vary as well. Some examples of key assumptions include the interest rate, salary scale, and rates of mortality, turnover and retirement.
<b>Actuarial Present Value of Benefits</b>	This is the present value, as of the valuation date, of future payments for benefits and expenses under the Plan, where each payment is: a) multiplied by the probability of the event occurring on which the payment is conditioned, such as the probability of survival, death, disability, termination of employment, etc.; and b) discounted at the assumed interest rate.
<b>Actuarial Value of Assets</b>	This is the value of cash, investments and other property belonging to the plan, typically adjusted to recognize investment gains or losses over a period of years to dampen the impact of market volatility on the Actuarially Determined Contribution.
<b>Attribution Period</b>	The period of an active member's service to which the expected benefit obligation for that member is assigned. The beginning of the attribution period is the member's date of hire and costs are spread across all service.
<b>Interest Rate</b>	This is the long-term expected rate of return on any investments set aside to pay for the benefits. In a financial reporting context (e.g., GASB 68) this is termed the Discount Rate.
<b>Normal Cost</b>	This is the portion of the Actuarial Present Value of Benefits allocated to a valuation year by the Actuarial Cost Method.
<b>Past Service Cost</b>	This is a catch-up payment to fund the Unfunded Accrued Liability over time (generally 10 to 30 years). A closed amortization period is a specific number of years counted from one date and reducing to zero with the passage of time; an open amortization period is one that begins again or is recalculated at each valuation date. Also known as the Amortization Payment.
<b>Return on Plan Assets</b>	This is the actual investment return on plan assets during the fiscal year.
<b>Unfunded Accrued Liability</b>	This is the excess of the Accrued Liability over the Actuarial Value of Assets.