FAIRFIELD POLICE AND FIREMAN'S RETIREMENT SYSTEM

ACTUARIAL VALUATION REPORT

JULY 1, 2019

hooker & holcombe

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Executive Summary

	July 1, 2019	July 1, 2018
Number of members		
Active employees	198	197
Terminated vested members	7	6
Retired, disabled and beneficiaries	218	220
Total	423	423
Covered employee payroll	16,892,093	16,301,605
Average plan salary	85,314	82,749
Actuarial present value of future benefits	254,190,195	244,337,249
Actuarial accrued liability	219,163,102	210,487,420
Plan assets		
Market value of assets	188,384,956	185,204,000
Actuarial value of assets	189,481,945	185,896,744
Unfunded accrued liability	29,681,157	24,590,676
Funded ratio	86.5%	88.3%
Actuarially determined employer contribution (ADEC)		
Fiscal year ending	2021	2020
ADEC	5,306,746	4,811,627

Valuation Results and Highlights

Purpose of the Valuation

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

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

Ultimate cost = Benefits Paid + Expenses Incurred – Investment Return – Employee Contributions

The actuarial cost method distributes this ultimate cost over the working lifetime of current plan participants. By means of this budgeting process, costs are allocated to both past and future years, and a cost is assigned to the current year. The current year's allocated cost, or normal cost, is the building block upon which the actuarially determined employer contribution is developed. The July 1, 2019 valuation produces the contribution for the fiscal year ending 2021.

Information Available in the Valuation Report

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

Changes Reflected in the Valuation

We updated the mortality improvement scale from MP-2018 to MP-2019. This change reduced the liabilities by 0.4%.

Cash Contribution for Fiscal Year Ending 2021

The Town cost is:	2021 Fiscal Year
	$5,306,746

Liability Experience During Period Under Review

The plan experienced a net actuarial loss on liabilities of $3,383,119 since the prior valuation.

Asset Experience During Period Under Review

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

	2019 Fiscal Year
Market Value Basis	5.2%
Actuarial Value Basis	5.4%

The Actuarial Value of assets, rather than the Market Value, is used to determine plan contributions. The Actuarial Value spreads the asset volatility over 5 years, thereby smoothing out fluctuations that are inherent in the Market Value.

Assessment and Measurement of Risks

Financial Significance of Plan

It is important to understand the size of the pension plan compared to the size of the sponsor of that plan. Additional pension contributions may be required at inopportune times for the plan sponsor. In general, a plan sponsor with assets or revenue that are much larger than the liabilities in its pension plans will be better able to withstand increases in required pension contributions.

Plan Maturity Measurements

	July 1, 2019	July 1, 2018
Actuarial accrued liability for members currently in pay status as a percentage of the total actuarial accrued liability	62.8%	63.3%
• A lower percentage results in greater volatility as the investment return assumption changes.		
• A higher percentage results in greater demand on cash due to a proportionately higher percentage of benefits being in pay status.		

	July 1, 2019
Duration of benefit payments using an investment rate of return of 7.00%	15.4 years
• A higher duration will occur if the plan's percentage of members in pay status decreases. A plan with a higher duration will have a liability that is more sensitive to changes in the investment return assumption.	

	July 1, 2019	July 1, 2018
Ratio of market value of assets to covered payroll	11.2	11.4
• A higher ratio is more typical of relatively mature plans with a larger percentage of inactive members and may cause more potential contribution volatility as pension fund assets fluctuate.		

Risks to Assess

Overriding Minimum Contribution

	Fiscal Year Ending 2021
Actuarially determined employer contribution (ADEC)	5,306,746
Overriding minimum contribution (OMC)*	4,560,394
Surplus (deficit) - ADEC vs. OMC	746,352

• A deficit suggests that a plan's current funding policy contribution approach may result in little to no progress being made towards: (1) reducing the plan's unfunded liability; and (2) improving the plan's funded ratio in the near-term.

** As defined in "Public Pension Plan Funding Policy" (Society of Actuaries, 2010).*

Estimated Impact of a 5% Reduction in Market Value of Assets

	Fiscal Year Ending 2021
Increase in actuarially determined employer contribution (ADEC)	161,884

• Plans would generally be subject to a larger amortization payment if the market value of assets were 5% smaller. As a result, the ADEC would generally be higher for up to 22 years.

Due to the asset smoothing method, the ADEC will additionally increase by the same amount in each of the next few years. Each of these additional contributions will continue for up to 22 years.

Historical Results

Valuation Year Beginning	Investment Return Assumption	Annual Effective Rate of Return on Market Value of Assets	Market Value of Assets as a % of Actuarial Accrued Liability	Benefit Payments as a % of Market Value of Assets
2019	7.00%	N/A	86.0%	N/A
2018	7.00%	5.2%	88.0%	6.3%
2017	7.00%	8.6%	86.8%	6.3%
2016	7.00%	10.1%	84.3%	6.2%
2015	7.50%	1.2%	92.3%	6.3%

Certification

This report presents the results of the July 1, 2019 Actuarial Valuation for Fairfield Police and Fireman's Retirement System (the Plan) for the purpose of estimating the funded status of the Plan and determining the Actuarially Determined Employer Contribution (ADEC) for the fiscal year ending June 30, 2021. This report may not be appropriate for any other purpose.

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

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

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

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

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

I have no relationship with the employer or the Plan that would impair, or appear to impair, my objectivity in performing the work presented in this report. I am a member of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

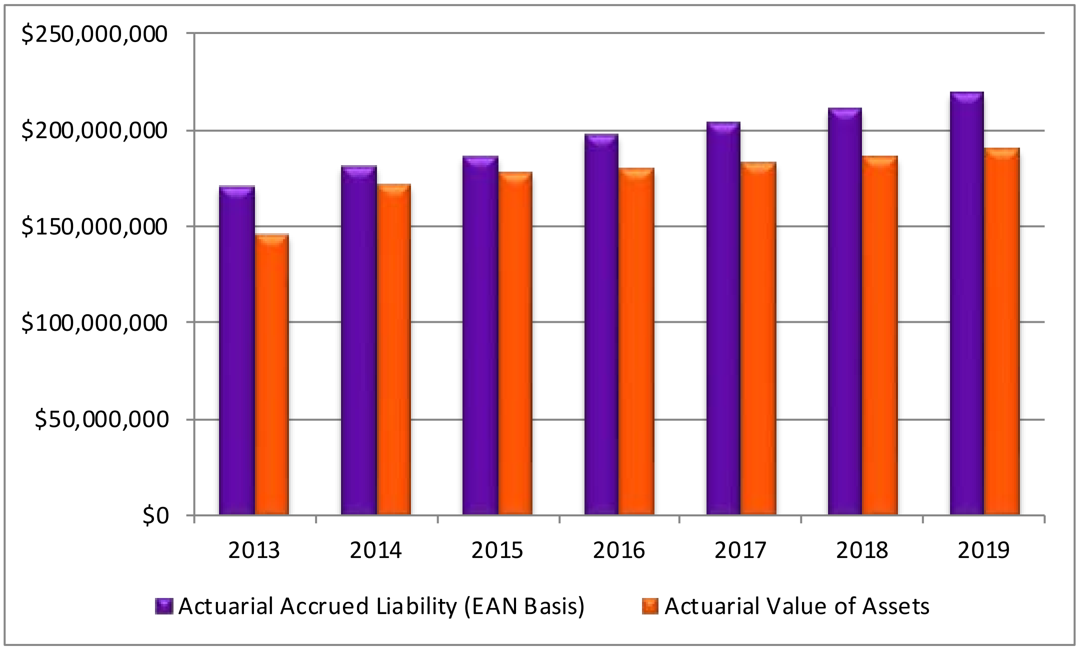
Stephen Chykirda, ASA, FCA, MAAA
Enrolled Actuary 17-07517

March 25, 2020

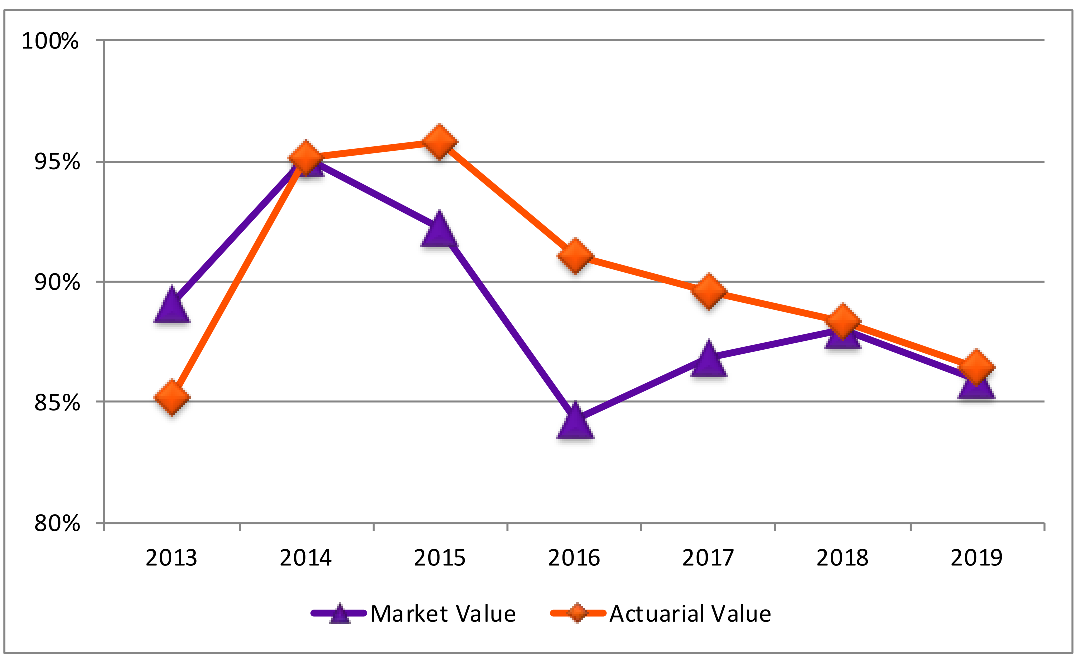
Development of Unfunded Accrued Liability and Funded Ratio

	July 1, 2019	July 1, 2018
Actuarial accrued liability for inactive members		
Retired, disabled and beneficiaries	$137,743,423	$133,219,151
Terminated vested members	3,630,364	1,027,608
Total	141,373,787	134,246,759
Actuarial accrued liability for active employees	77,789,315	76,240,661
Total actuarial accrued liability	219,163,102	210,487,420
Actuarial value of assets	189,481,945	185,896,744
Unfunded accrued liability	29,681,157	24,590,676
Funded ratio	86.5%	88.3%

Actuarial Accrued Liability vs. Actuarial Value of Assets



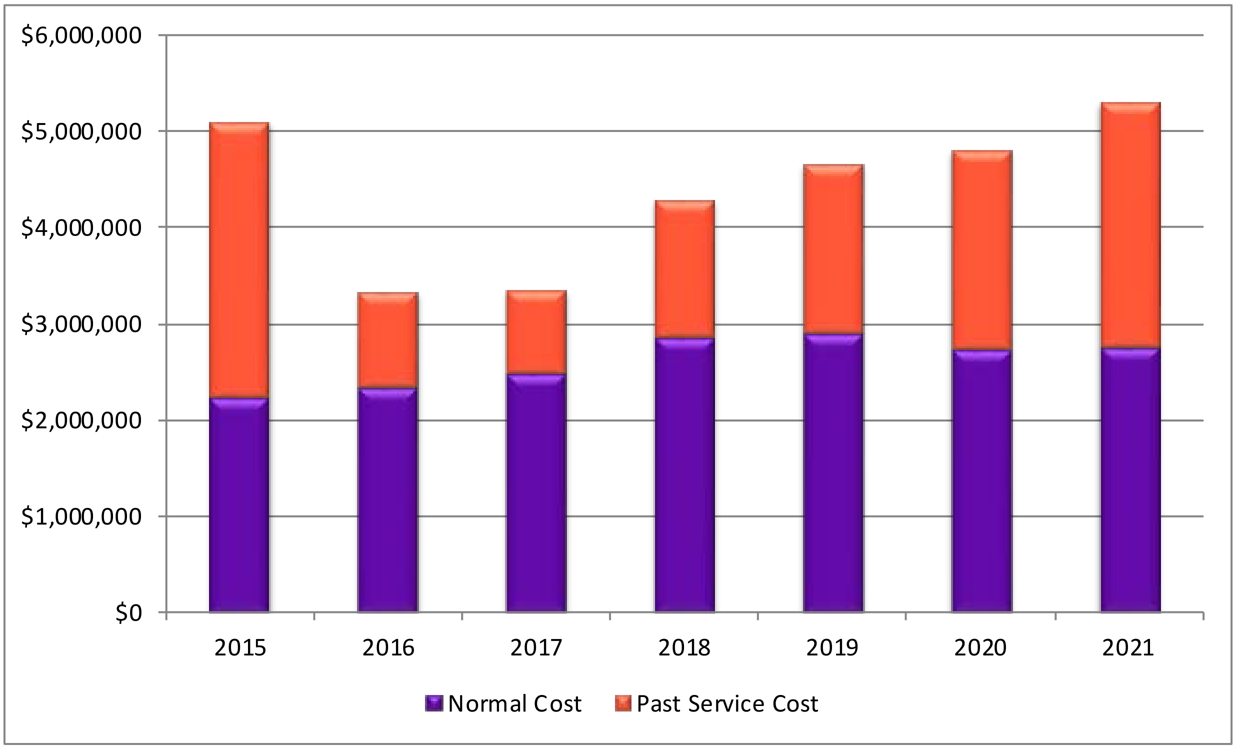
Funded Ratio



Determination of Normal Cost and Actuarially Determined Employer Contribution

	July 1, 2019		July 1, 2018	
	Cost	Percent of payroll	Cost	Percent of payroll
Gross normal cost	$3,345,745	19.8%	$3,237,924	20.0%
Estimated employee contributions	(857,309)	-5.1%	(782,560)	-4.8%
Estimated administrative expenses	131,000	0.8%	141,000	0.8%
Town's normal cost	2,619,436	15.5%	2,596,364	16.0%
Amortization of unfunded accrued liability	2,507,802	14.9%	2,038,818	12.6%
Contribution before adjustment as of the valuation date	5,127,238	30.4%	4,635,182	28.6%
Estimated valuation year payroll for actives not yet at 100% assumed retirement age	16,892,093		16,188,273	
Fiscal year ending	2021		2020	
Adjustment for interest and inflation	179,508		176,445	
Actuarially determined employer contribution	5,306,746		4,811,627	

Actuarially Determined Employer Contribution



Determination of Actuarial Gain/Loss

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

Actuarial Gain / Loss		
Expected unfunded accrued liability July 1, 2019		
Expected unfunded accrued liability July 1, 2019		
Unfunded accrued liability July 1, 2018	$24,590,676	
Gross normal cost July 1, 2018	3,378,924	
Town and employee contributions for 2018-2019	(5,452,703)	
Interest at 7.00% to July 1, 2019	1,651,913	
Expected unfunded accrued liability July 1, 2019	24,168,810	
Actuarial (gain) / loss July 1, 2019	6,270,259	
Actual unfunded accrued liability July 1, 2019, prior to plan provision, assumption and method changes		30,439,069
Sources of (gain) / loss		
Assets	2,887,140	
Liabilities	3,383,119	
Total (gain) / loss	6,270,259	
Assumption and method changes since prior valuation		(786,791)
Plan provision changes since prior valuation		28,879
Actual unfunded accrued liability July 1, 2019, after plan provision, assumption and method changes		29,681,157

Development of Asset Values

Summary of Fund Activity		
	Market Value	**Actuarial Value**
1. Beginning value of assets July 1, 2018		
Trust assets	$185,204,000	$185,896,744
2. Contributions		
Town contributions during year	4,660,000	4,660,000
Employee contributions during year	792,703	792,703
Total for plan year	5,452,703	5,452,703
3. Disbursements		
Benefit payments during year	11,717,680	11,717,680
Administrative expenses during year	112,315	112,315
Total for plan year	11,829,995	11,829,995
4. Net investment return		
Interest and dividends	1,390,747	N/A
Realized and unrealized gain / (loss)	8,322,729	N/A
Expected return	N/A	12,831,348
Recognized gain / (loss)	N/A	(2,868,855)
Required adjustment due to corridor	N/A	0
Reversal of prior year required adjustment	N/A	0
Investment-related expenses	(155,228)	N/A
Total for plan year	9,558,248	9,962,493
5. Ending value of assets July 1, 2019		
Trust assets: (1) + (2) - (3) + (4)	188,384,956	189,481,945
6. Approximate rate of return	5.2%	5.4%

Relationship of Actuarial Value to Market Value	
1. Market value 7/1/2019	$188,384,956
2. Gain / (loss) not recognized in actuarial value 7/1/2019	(1,096,989)
3. Preliminary actuarial value 7/1/2019: (1) - (2)	189,481,945
4. Preliminary actuarial value as a percentage of market value: (3) ÷ (1)	100.6%
5. Gain / (loss) recognized for corridor minimum / maximum	N/A
6. Actuarial value 7/1/2019 after corridor minimum / maximum: (3) + (5)	189,481,945
7. Actuarial value as a percentage of market value: (6) ÷ (1)	100.6%

Development of Market Value Gain / Loss for 2018-2019 Plan Year	
1. Market value 7/1/2018	$185,204,000
2. Town contributions	4,660,000
3. Employee contributions	792,703
4. Benefit payments	11,717,680
5. Administrative expenses	112,315
6. Expected return at 7.00%	12,831,348
7. Expected value 7/1/2019: (1) + (2) + (3) - (4) - (5) + (6)	191,658,056
8. Market value 7/1/2019	188,384,956
9. Market value gain / (loss) for 2018-2019 plan year: (8) - (7)	(3,273,100)

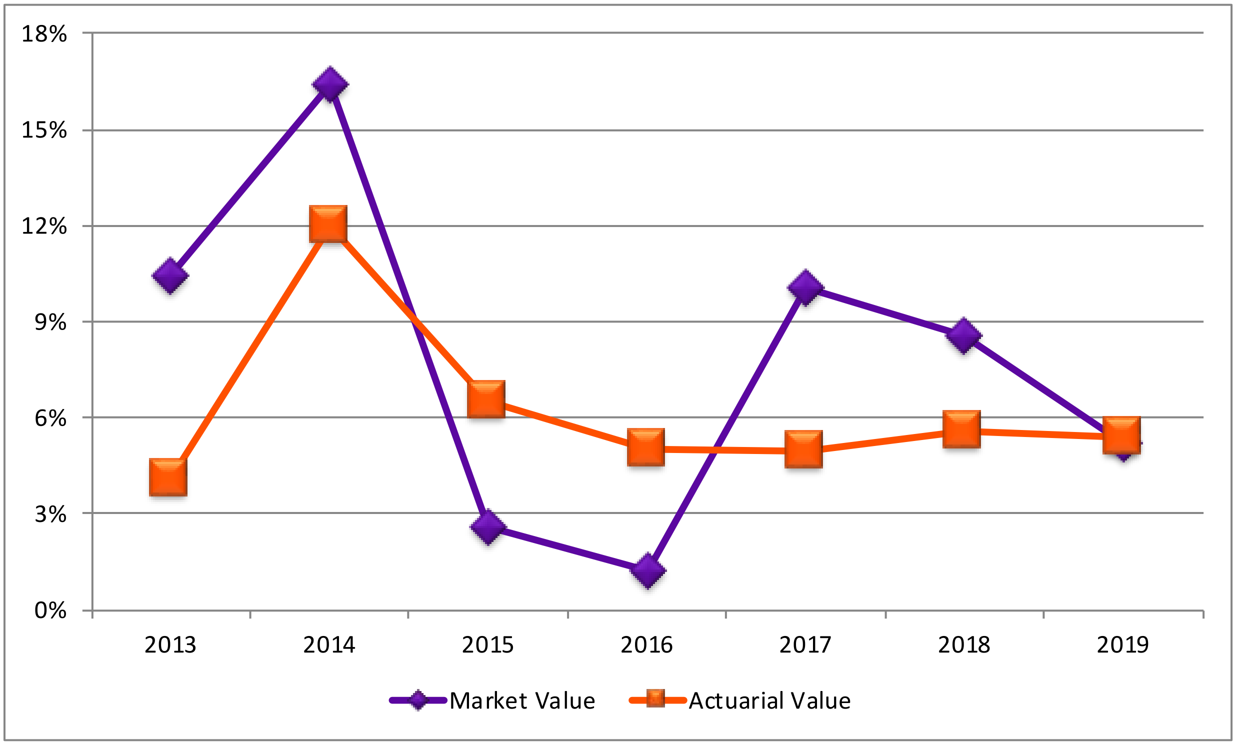
Recognition of Gain / Loss in Actuarial Value

Year	(a) Gain / (loss)	(b) Total recognized as of 7/1/2018	(c) Recognized in current year: 20% of (a)	(d) Total recognized as of 7/1/2019: (b) + (c)	(e) Not recognized as of 7/1/2019: (a) - (d)
2014-2015	($8,243,414)	($6,594,732)	($1,648,682)	($8,243,414)	$0
2015-2016	(10,535,435)	(6,321,261)	(2,107,087)	(8,428,348)	(2,107,087)
2016-2017	4,980,137	1,992,054	996,027	2,988,081	1,992,056
2017-2018	2,727,536	545,507	545,507	1,091,014	1,636,522
2018-2019	(3,273,100)	0	(654,620)	(654,620)	(2,618,480)
Total			(2,868,855)		(1,096,989)

Rate of Return on Market Value of Assets				
Period Ending	Average Annual Effective Rate of Return			
June 30	1 Year	3 Years	5 Years	10 Years
2010	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A
2012	2.9%	N/A	N/A	N/A
2013	10.4%	N/A	N/A	N/A
2014	16.4%	9.8%	N/A	N/A
2015	2.6%	9.7%	N/A	N/A
2016	1.2%	6.5%	6.5%	N/A
2017	10.1%	4.6%	8.0%	N/A
2018	8.6%	6.5%	7.6%	N/A
2019	5.2%	7.9%	5.5%	N/A

Rate of Return on Actuarial Value of Assets				
Period Ending	Average Annual Effective Rate of Return			
June 30	1 Year	3 Years	5 Years	10 Years
2010	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A
2012	-0.3%	N/A	N/A	N/A
2013	4.1%	N/A	N/A	N/A
2014	12.0%	5.1%	N/A	N/A
2015	6.5%	7.5%	N/A	N/A
2016	5.0%	7.8%	5.4%	N/A
2017	4.9%	5.5%	6.5%	N/A
2018	5.6%	5.2%	6.8%	N/A
2019	5.4%	5.3%	5.5%	N/A

Actual Rate of Return on Assets



Target Allocation and Expected Rate of Return
July 1, 2019

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*	Weighting
U.S. Equity	25.00%	4.90%	1.23%
Global Ex-U.S. Equity	15.00%	5.00%	0.75%
Emerging Markets Equity	5.00%	5.00%	0.25%
Private Equity	5.00%	6.25%	0.31%
Real Estate	5.00%	4.00%	0.20%
U.S. Fixed Income	30.00%	1.50%	0.45%
Hedge Funds	10.00%	3.25%	0.33%
Commodities	3.00%	0.95%	0.03%
Cash	2.00%	0.25%	0.01%
	100.00%		3.56%
Long-Term Inflation Expectation			2.60%
Long-Term Expected Nominal Return			6.16%

**Long-Term Real Returns are provided by Callan LLC. The returns are geometric means.*

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

The information above is based on geometric means. The investment return assumption was selected using the long term asset allocation shown above. An expected rate of return of 7.00% was used.

Amortization of Unfunded Liability

Schedule of Amortization Bases				
	Date established	Amortization installment	Years remaining	Present value of remaining installments as of July 1, 2019
2019 base	July 1, 2019	2,507,802	22	29,681,157

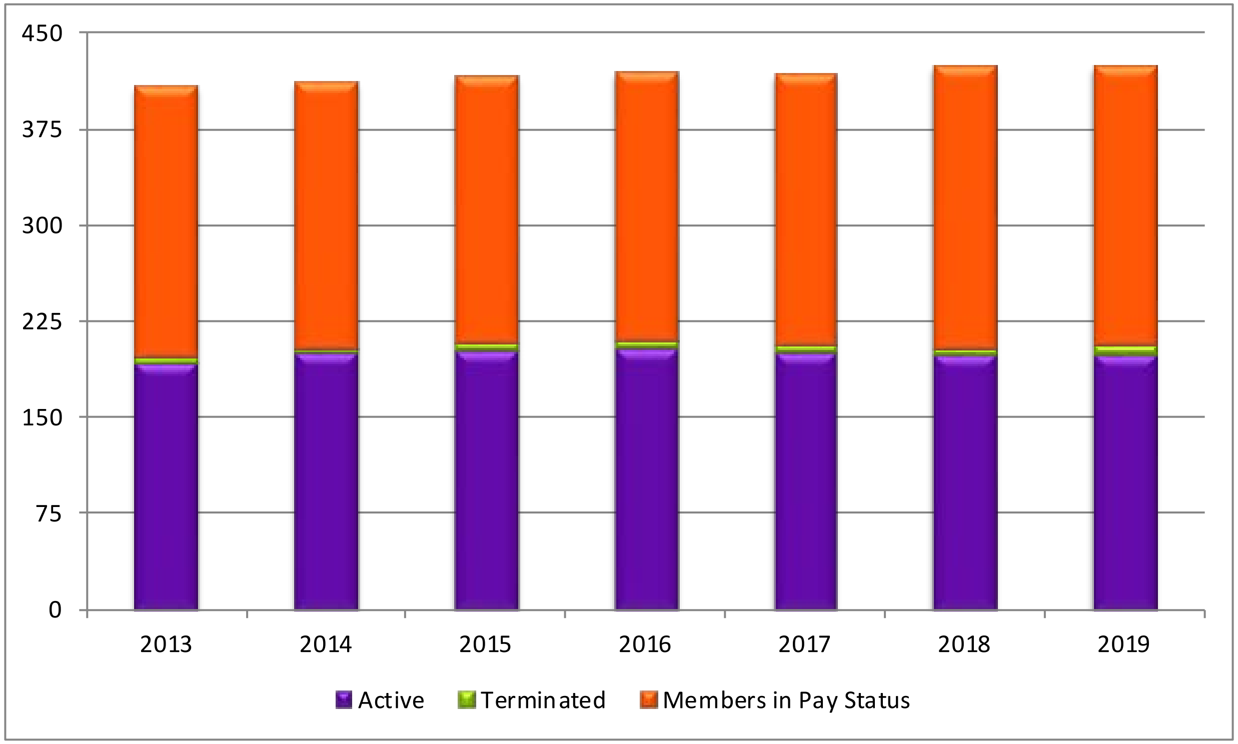
Member Data

The data reported by the Plan Sponsor for this valuation includes 198 active employees who met the Plan's minimum age and service requirements as of July 1, 2019.

Member Data				
	Active	**Terminated vested**	**Members in pay status**	**Total**
Total members July 1, 2018	197	6	220	423
Adjustments	0	0	0	0
Retirements	-4	-1	+5	0
Disabilities	0	N/A	0	0
Terminations				
Vested	-4	+4	N/A	0
Lump sum payments	0	-2	N/A	-2
Deaths				
With death benefit	0	0	-4	-4
Without death benefit	0	0	-7	-7
Transfers	0	0	N/A	0
Rehires	0	0	N/A	0
New beneficiaries	N/A	N/A	+4	+4
New entrants	+9	N/A	N/A	+9
Total members July 1, 2019	198	7	218*	423

** Includes 3 alternate payees receiving benefits*

Member Counts by Status



Member Data			
	Active	**Terminated vested**	**Members in pay status**
Average age			
July 1, 2018	44.6	41.8	71.3
July 1, 2019	44.4	46.4	71.6
Average service			
July 1, 2018	16.4	N/A	N/A
July 1, 2019	16.2	N/A	N/A
Covered employee payroll			
July 1, 2018	$16,301,605	N/A	N/A
July 1, 2019	16,892,093	N/A	N/A
Total annual benefits			
July 1, 2018	N/A	$176,259	$11,397,106
July 1, 2019	N/A	250,371	11,619,199

Active Member Count by Age and Years of Service

	Completed Years of Credited Service										
Attained age	**Under 1**	**1 to 4**	**5 to 9**	**10 to 14**	**15 to 19**	**20 to 24**	**25 to 29**	**30 to 34**	**35 to 39**	**40 and over**	**All years**
Under 25	1	5									6
25 to 29	3	9	3								15
30 to 34	2	11	14								27
35 to 39		2	6	7							15
40 to 44			5		18	7					30
45 to 49		1	1	2	16	18	6				44
50 to 54			2	3	6	6	18				35
55 to 59		1	1	1	2	1	5	3	2		16
60 to 64		1			1		1		2		5
65 to 69							2		1	2	5
70 & over											
All ages	**6**	**30**	**32**	**13**	**43**	**32**	**32**	**3**	**5**	**2**	**198**

Description of Actuarial Methods

Asset Valuation Method

The Actuarial Value of assets used in the development of plan contributions phases in the recognition of differences between the actual return on Market Value and expected return on Market Value over a 5-year period at 20% per year.

Actuarial Cost Method

Changes in Actuarial Cost Method: None.

Description of Current Actuarial Cost Method: Entry Age Normal (level percentage of salary)

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

Past Service Liability: The present value of future benefits that relates to service before the valuation date is the total past service liability. The unfunded past service liability is the difference between the total past service liability and any assets (including accumulated member contributions). This amount is amortized over 22 years on a closed basis.

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

Description of Actuarial Assumptions

Changes in Actuarial Assumptions

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

- Mortality

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

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

7.00%.

Rate of compensation increase (including inflation)

Service	Police & Fire
<1	12.75%
1	7.75%
2	5.75%
3	5.25%
4	5.00%
5	4.75%
6	4.65%
7	4.55%
8	4.45%
9	4.35%
10	4.25%
11	4.15%
12	4.05%
13	3.95%
14	3.85%
15-20	3.75%
21	3.65%
22	3.55%
23	3.45%
24	3.35%
25	3.25%

The actuarial assumption in regards to rate of compensation increases shown above are based on the results of an actuarial experience study for the period 2011 through 2016.

Inflation

2.60%.

This assumption is consistent with the Social Security Administration's current best estimate of the ultimate long-term (75-year horizon) annual percentage increase in CPI, as published in the 2019 OASDI Trustees Report.

Mortality

RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2019.

(Prior: RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2018.)

Disabled: RP-2014 Disabled Retiree Mortality Table projected to the valuation date with MP-2019.

(Prior: Disabled: RP-2014 Disabled Retiree Mortality Table projected to the valuation date with MP-2018.)

Mortality Improvement

Projected to date of decrement using Scale MP-2019 (generational).

Prior: Projected to date of decrement using Scale MP-2018 (generational).

We have selected this mortality assumption because it is based on the latest published pension mortality study released by the Society of Actuaries.

The mortality assumption was updated to better reflect anticipated experience. The change in assumption decreased liabilities by about 0.4%.

Retirement age

	Years of Service	
Age	25-30	30+
50-54	10%	25%
55-69	10%	20%
70+	100%	100%

Termination prior to retirement

Age	Rate
<25	10.0%
25-29	5.8%
30-35	2.5%
36+	0.2%

Disability

Age	Police & Fire
20	0.12%
25	0.17%
30	0.22%
35	0.29%
40	0.44%
45	0.72%
50	1.21%
55	0.00%
60	0.00%

The actuarial assumptions in regards to rates of decrement shown above are based on the results of an actuarial experience study dated for the period 2011 through 2016. Rationale and the impact of the changes can be found in the study.

Administrative expenses

The estimate is based on actual expenses paid from the trust in the past 4 years.

Cost of living increases

4.7% every other year for all except Police hired after March 18, 2013. 3.5% every other year for Police hired after March 18, 2013.

Percent of active employees married

60%.

Spouse's age

Husbands are assumed to be 3 years older than wives.

Summary of Plan Provisions

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

Plan identification

Single-employer pension plan.

Bargaining Agreement

Police: July 1, 2010 - June 30, 2013

Fire: July 1, 2010 - June 30, 2014

Final Salary

Police: Base pay including longevity

Fire: Base pay including longevity

Normal Retirement

Eligibility:

Police: 20 years of service as a police officer and age 51.

Fire: Hired on or before September 1, 2017: 20 years of service as a member of the Fire Department, (25 years of service as an employee of the Town) and age 51 or 30 years of service with no minimum age.

Hired after September 1, 2017: 25 years of service and age 56.

Benefit:

Police: Hired prior to March 18, 2013: 2% of Final Salary for each year of service up to 10 years, 2.5% for each year 11-20, plus 3% for each year 21-25, plus 4% for each year 26-30.

Hired after March 18, 2013: 2% of Final Salary for each year of service up to 15 years, 2.5% for each year 16-25, plus 3% for each year 26-30.

Maximum benefit: 80% of Final Salary if hired prior to March 18, 2013, 70% of Final Salary if hired after March 18, 2013.

Fire: Hired on or before March 10, 2012: 2% of Final Salary for each year of service up to 10 years, plus 2.5% for each year 11-20, plus 3% for each year 21-25, plus 4% for each year in excess of 25 years.

Hired after March 10, 2012: 2% of Final Salary for each year of service up to 10 years, plus 2.5% for each year 11-20, plus 3% for each year 21-30.

Maximum benefit: 80% of Final Salary if hired on or before March 10, 2012, 75% of Final Salary if Hired after March 10, 2012.

Early Retirement

Eligibility:

Police: N/A.

Fire: 20 years of service as a member of the Fire Department and age 45, or 25 years of service as a member of the Fire Department.

Benefit:

Police: N/A.

Fire: Normal Retirement Benefit reduced 5/9% for the greater of the number of months under age 51 or less than 25 years of service.

Disability Retirement Benefit - Job related

Police: Hired prior to March 18, 2013: 2% of Final Salary for each year of service up to 10 years, 2.5% for each year 11-20, plus 3% for each year 21-25, plus 4% for each year 26-30.

Hired after March 18, 2013: 2% of Final Salary for each year of service up to 15 years, 2.5% for each year 16-25, plus 3% for each year 26-30.

Maximum benefit: 80% of Final Salary if hired prior to March 18, 2013, 70% of Final Salary if hired after March 18, 2013.

Minimum benefit: 66⅔% of Final Salary.

Fire: Hired on or before March 10, 2012: 2% of Final Salary for each year of service up to 10 years, plus 2.5% for each year 11-20, plus 3% for each year 21-25, plus 4% for each year in excess of 25 years.

Hired after March 10, 2012: 2% of Final Salary for each year of service up to 10 years, plus 2.5% for each year 11-20, plus 3% for each year 21-30.

Maximum benefit: 80% of Final Salary if hired on or before March 10, 2012, 75% of Final Salary if Hired after March 10, 2012.

Minimum benefit: 66⅔% of Final Salary.

Disability Retirement Benefit - Not Job Related

Eligibility:

Police: 5 years of continuous service.

Fire: 5 years of continuous service.

Benefit:

Police: Normal retirement benefits calculated using basic annual salary.

Fire: Normal retirement benefits calculated using basic annual salary.

Post-Retirement Death Benefit

Police: 75% of pension paid to spouse until death or remarriage, and then to children until youngest child reaches age 18.

Fire: 75% of pension paid to spouse until death or remarriage, and then to children until youngest child reaches age 18.

Pre-Retirement Death Benefit - Job Related

Police: 50% of Final Salary paid to spouse, plus $500 per year for 10 years to widow or dependent children or dependent parents.

Fire: 50% of Final Salary paid to spouse, plus $500 per year for 10 years to widow or dependent children or dependent parents.

Pre-Retirement Death Benefit - Not Job Related

Eligibility:

Police: Eligible to retire.

Fire: Eligible to retire.

Benefit:

Police: 75% of pension that employee would have received if retired day before death. Paid to spouse until death or remarriage, and then to children until youngest child reaches age 18.

Fire: 75% of pension that employee would have received if retired day before death. Paid to spouse until death or remarriage, and then to children until youngest child reaches age 18.

Deferred Vested Retirement Benefit

Eligibility:

Police: 10 years of full-time employment with the Town.

Fire: 10 years of full-time employment with the Town.

Benefit:

Police: 2% of Final Earnings times service, payable at the earlier of 25th anniversary of date of hire or age 51.

Fire: 2% of Final Earnings times service, payable at the earlier of 25th anniversary of date of hire or age 51, if hired prior to September 1, 2017. Payable at the later of 25th anniversary date of hire or age 56 if hired after September 1, 2017.

Cost of Living Increases

Police: On July 1 of even numbered years, payable at the later of 25th anniversary of date of hire or age 56 if hired after September 1, 2017 based on CPI-U, not to exceed 3% per year. If hired after March 18, 2013 COLA not to exceed 2% per year. No increases prior to age 51. No increases if retired with less than 25 years. Disability retirees always receive the increase.

Fire: On July 1 of even numbered years, based on CPI-U, not to exceed 6% for the 2 year period. No increases prior to age 51 unless they have 30 years of service. No increases if retired with less than 25 years of service. Disability retirees always receive the increase.

Employee Contributions

Police: 4.75% of basic salary including longevity. If eligible for maximum pension, 2.5% of basic salary including longevity. If plan is projected to be at least 120% funded for upcoming fiscal year, contribution will be deposited into the postretirement health fund instead.

Fire:

Effective Date	Contribution Percentage	If eligible for Max Pension: Percent of Basic Salary Including Longevity
7/1/2017	4.75%	2.75%
7/1/2018	5.00%	3.00%
7/1/2019	5.25%	3.25%
7/1/2020	5.50%	3.50%

If plan is projected to be at least 120% funded for upcoming fiscal year, contribution will be deposited into the postretirement health fund instead.

Return of Contribution upon Termination or Death

Police: Excess of Contributions with Regular Interest over any pension payment received.

Fire: Excess of Contributions with Regular Interest over any pension payment received.