



TOWN OF FAIRFIELD EMPLOYEES' RETIREMENT SYSTEM

ACTUARIAL VALUATION REPORT

JULY 1, 2019



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Executive Summary

	July 1, 2019	July 1, 2018
Number of members		
Active employees	471	519
Terminated vested members	57	52
Vested in employee contributions only	41	43
Retired, disabled and beneficiaries	456	447
Total	1,025	1,061
Covered employee payroll	26,771,545	27,907,025
Average plan salary	56,840	53,771
Actuarial present value of future benefits	258,638,819	254,275,627
Actuarial accrued liability	238,145,435	232,155,296
Plan assets		
Market value of assets	205,612,044	201,355,000
Actuarial value of assets	206,819,680	202,056,202
Unfunded accrued liability	31,325,755	30,099,094
Funded ratio	86.8%	87.0%
Actuarially determined employer contribution (ADEC)		
Fiscal year ending	2021	2020
ADEC	4,806,127	4,770,170



Valuation Results and Highlights

Purpose of the Valuation

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

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

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

The actuarial cost method distributes this ultimate cost over the working lifetime of current plan participants. By means of this budgeting process, costs are allocated to both past and future years, and a cost is assigned to the current year. The current year's allocated cost, or normal cost, is the building block upon which the actuarially determined employer contribution is developed. The July 1, 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 liabilities by 0.7%.

Cash Contribution for Fiscal Year Ending 2021

The Town cost is:	2021 Fiscal Year
	\$4,806,127

Liability Experience During Period Under Review

The plan experienced a net actuarial loss on liabilities of \$558,488 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
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Actuarial accrued liability for members currently in pay status as a percentage of the total actuarial accrued liability	51.4%	51.2%
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- 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%	13.1 years
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- 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
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Ratio of market value of assets to covered payroll	7.7	7.2
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- 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)	4,806,127
Overriding minimum contribution (OMC)*	<u>4,051,857</u>
Surplus (deficit) - ADEC vs. OMC	754,270

- 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)	176,689

- 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	86.3%	N/A
2018	7.00%	5.2%	86.7%	6.0%
2017	7.00%	8.5%	83.7%	6.1%
2016	7.00%	10.1%	80.7%	6.0%
2015	7.50%	1.2%	93.0%	6.2%



Certification

This report presents the results of the July 1, 2019 Actuarial Valuation for Town of Fairfield Employees' 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

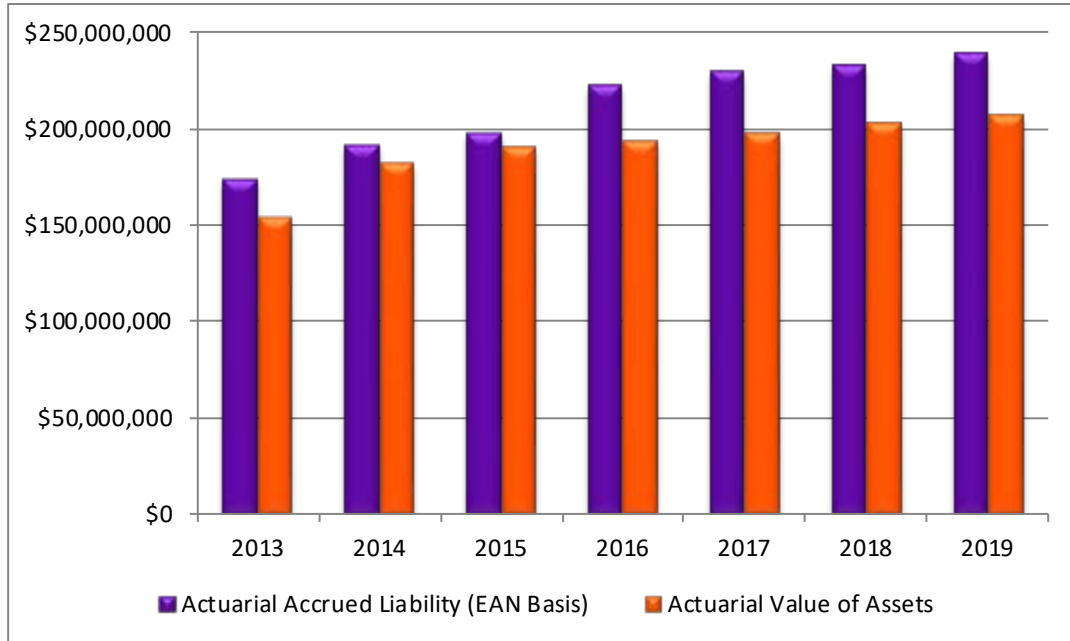


Development of Unfunded Accrued Liability and Funded Ratio

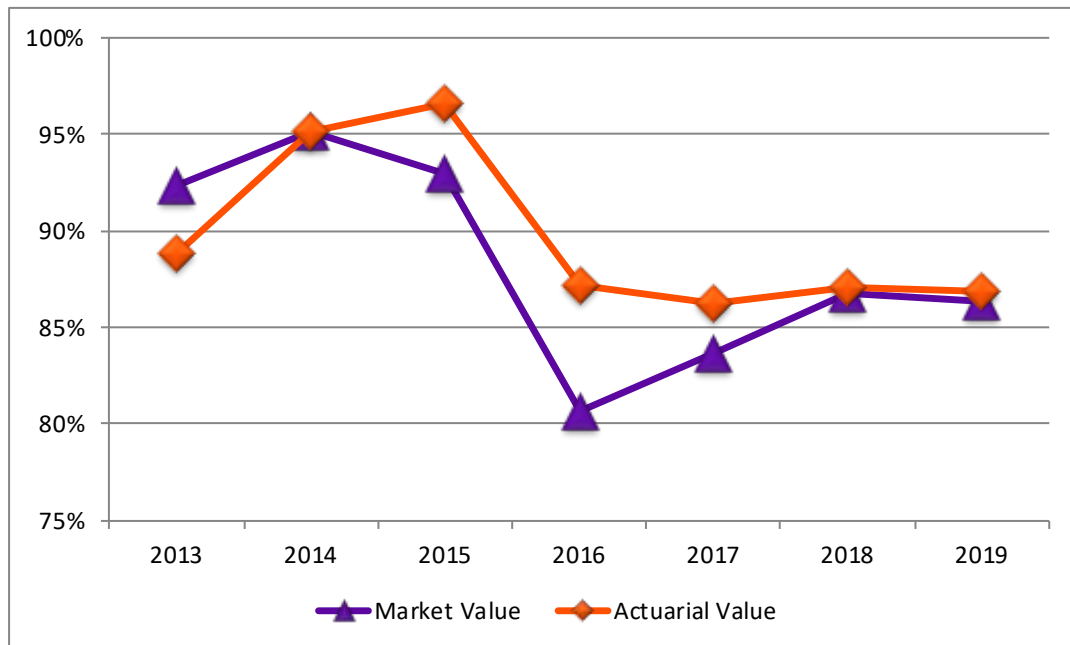
	July 1, 2019	July 1, 2018
Actuarial accrued liability for inactive members		
Retired pensioners	\$115,772,795	\$111,527,318
Disabled pensioners	2,284,028	2,717,539
Beneficiaries in payment status	4,250,066	4,569,360
Terminated vested members	10,398,450	8,080,489
Due refund of employee contributions only	125,970	562,735
Total	132,831,309	127,457,441
Actuarial accrued liability for active employees	105,314,126	104,697,855
Total actuarial accrued liability	238,145,435	232,155,296
Actuarial value of assets	206,819,680	202,056,202
Unfunded accrued liability	31,325,755	30,099,094
Funded ratio	86.8%	87.0%



Actuarial Accrued Liability vs. Actuarial Value of Assets



Funded Ratio



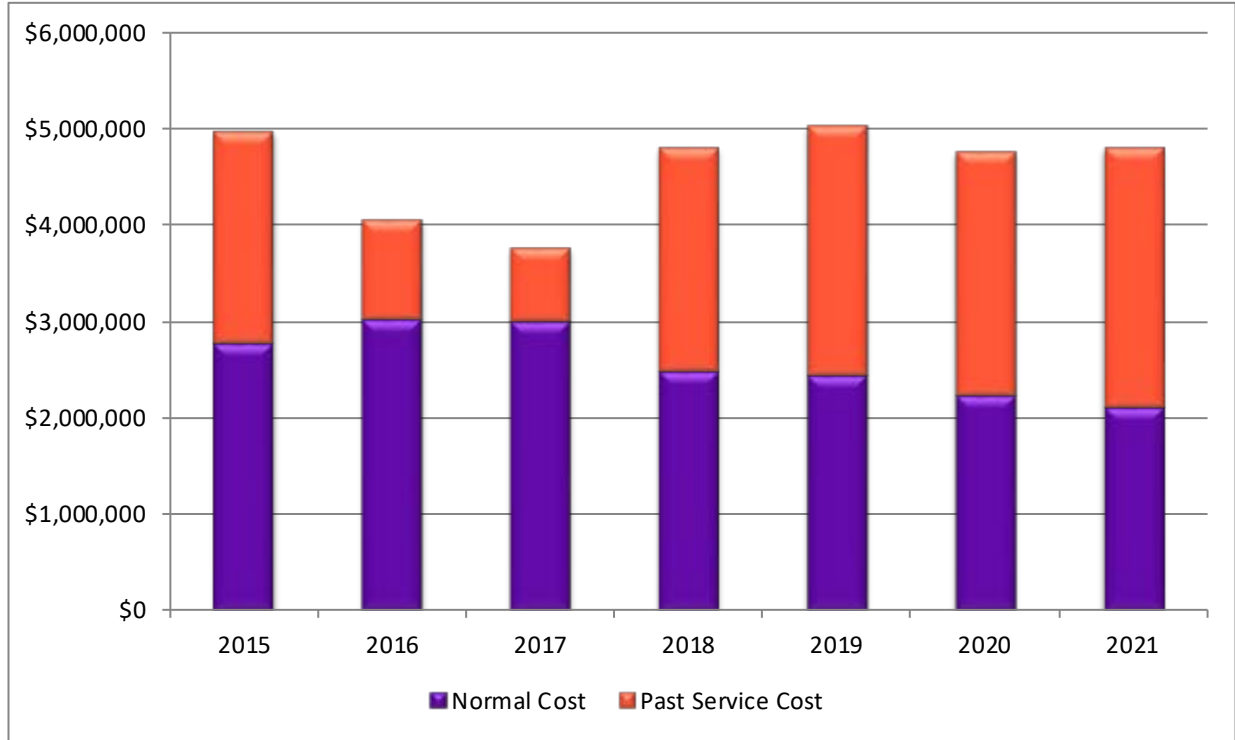


Determination of Normal Cost and Actuarially Determined Employer Contribution

	July 1, 2019		July 1, 2018	
	Cost	Percent of payroll	Cost	Percent of payroll
Gross normal cost	\$3,035,899	11.4%	\$3,193,860	11.4%
Estimated employee contributions	(1,106,934)	-4.1%	(1,153,344)	-4.1%
Estimated administrative expenses	146,000	0.5%	150,000	0.5%
Town's normal cost	2,074,965	7.8%	2,190,516	7.8%
Amortization of unfunded accrued liability	2,646,756	9.9%	2,495,522	9.0%
Contribution before adjustment as of the valuation date	4,721,721	17.7%	4,686,038	16.8%
Estimated valuation year payroll for actives not yet at 100% assumed retirement age	26,713,769		27,907,025	
Fiscal year ending	2021		2020	
Adjustment for interest and inflation	84,406		84,132	
Actuarially determined employer contribution	4,806,127		4,770,170	



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	\$30,099,094
Gross normal cost July 1, 2018	3,343,860
Town and employee contributions for 2018-2019	(6,174,747)
Interest at 7.00% to July 1, 2019	<u>2,002,838</u>
Expected unfunded accrued liability July 1, 2019	29,271,045
Actuarial (gain) / loss July 1, 2019	<u>3,660,837</u>
Actual unfunded accrued liability July 1, 2019, prior to plan provision, assumption and method changes	32,931,882
Sources of (gain) / loss	
Assets	3,102,349
Liabilities	<u>558,488</u>
Total (gain) / loss	3,660,837
Assumption and method changes since prior valuation	<u>(1,606,127)</u>
Actual unfunded accrued liability July 1, 2019, after plan provision, assumption and method changes	31,325,755



Development of Asset Values

Summary of Fund Activity		
	Market Value	Actuarial Value
1. Beginning value of assets July 1, 2018		
Trust assets	\$201,355,000	\$202,056,202
2. Contributions		
Town contributions during year	5,040,000	5,040,000
Employee contributions during year	1,134,747	1,134,747
Total for plan year	6,174,747	6,174,747
3. Disbursements		
Benefit payments during year	12,180,514	12,180,514
Administrative expenses during year	128,842	128,842
Total for plan year	12,309,356	12,309,356
4. Net investment return		
Interest and dividends	1,513,253	N/A
Realized and unrealized gain / (loss)	9,047,172	N/A
Expected return	N/A	13,973,803
Recognized gain / (loss)	N/A	(3,075,716)
Required adjustment due to corridor	N/A	0
Reversal of prior year required adjustment	N/A	0
Investment-related expenses	(168,772)	N/A
Total for plan year	10,391,653	10,898,087
5. Ending value of assets July 1, 2019		
Trust assets: (1) + (2) - (3) + (4)	205,612,044	206,819,680
6. Approximate rate of return	5.2%	5.4%



Relationship of Actuarial Value to Market Value

1. Market value 7/1/2019	\$205,612,044
2. Gain / (loss) not recognized in actuarial value 7/1/2019	<u>(1,207,636)</u>
3. Preliminary actuarial value 7/1/2019: (1) - (2)	206,819,680
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)	206,819,680
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	\$201,355,000
2. Town contributions	5,040,000
3. Employee contributions	1,134,747
4. Benefit payments	12,180,514
5. Administrative expenses	128,842
6. Expected return at 7.00%	<u>13,973,803</u>
7. Expected value 7/1/2019: (1) + (2) + (3) - (4) - (5) + (6)	209,194,194
8. Market value 7/1/2019	<u>205,612,044</u>
9. Market value gain / (loss) for 2018-2019 plan year: (8) - (7)	(3,582,150)

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	(\$8,836,356)	(\$7,069,084)	(\$1,767,272)	(\$8,836,356)	\$0
2015-2016	(11,303,816)	(6,782,289)	(2,260,763)	(9,043,052)	(2,260,764)
2016-2017	5,436,999	2,174,800	1,087,400	3,262,200	2,174,799
2017-2018	2,906,747	581,349	581,349	1,162,698	1,744,049
2018-2019	(3,582,150)	0	<u>(716,430)</u>	(716,430)	<u>(2,865,720)</u>
Total			(3,075,716)		(1,207,636)

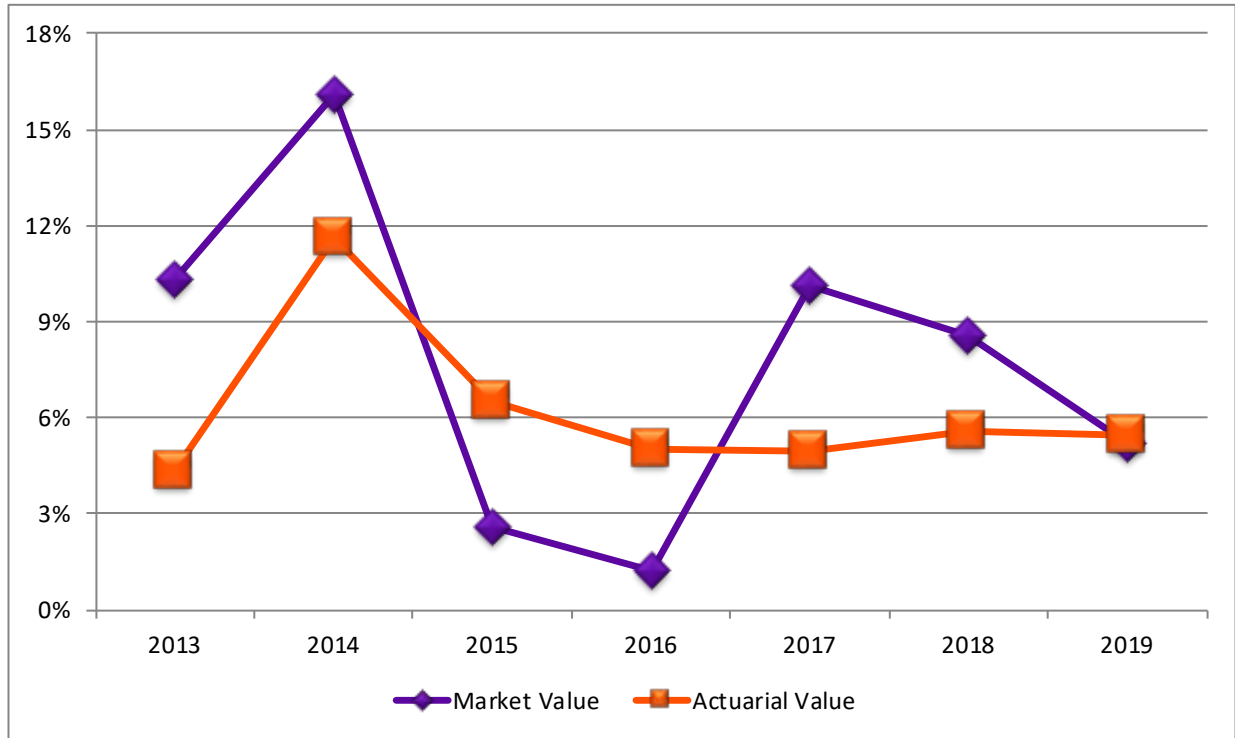


Rate of Return on Market Value of Assets				
Period Ending	Average Annual Effective Rate of Return			
June 30	1 Year	3 Years	5 Years	10 Years
2010	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A
2012	2.9%	N/A	N/A	N/A
2013	10.3%	N/A	N/A	N/A
2014	16.1%	9.6%	N/A	N/A
2015	2.6%	9.5%	N/A	N/A
2016	1.2%	6.4%	6.5%	N/A
2017	10.1%	4.6%	7.9%	N/A
2018	8.5%	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	0.2%	N/A	N/A	N/A
2013	4.3%	N/A	N/A	N/A
2014	11.6%	5.3%	N/A	N/A
2015	6.5%	7.4%	N/A	N/A
2016	5.0%	7.7%	5.5%	N/A
2017	5.0%	5.5%	6.4%	N/A
2018	5.6%	5.2%	6.7%	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	2,646,756	22	31,325,755



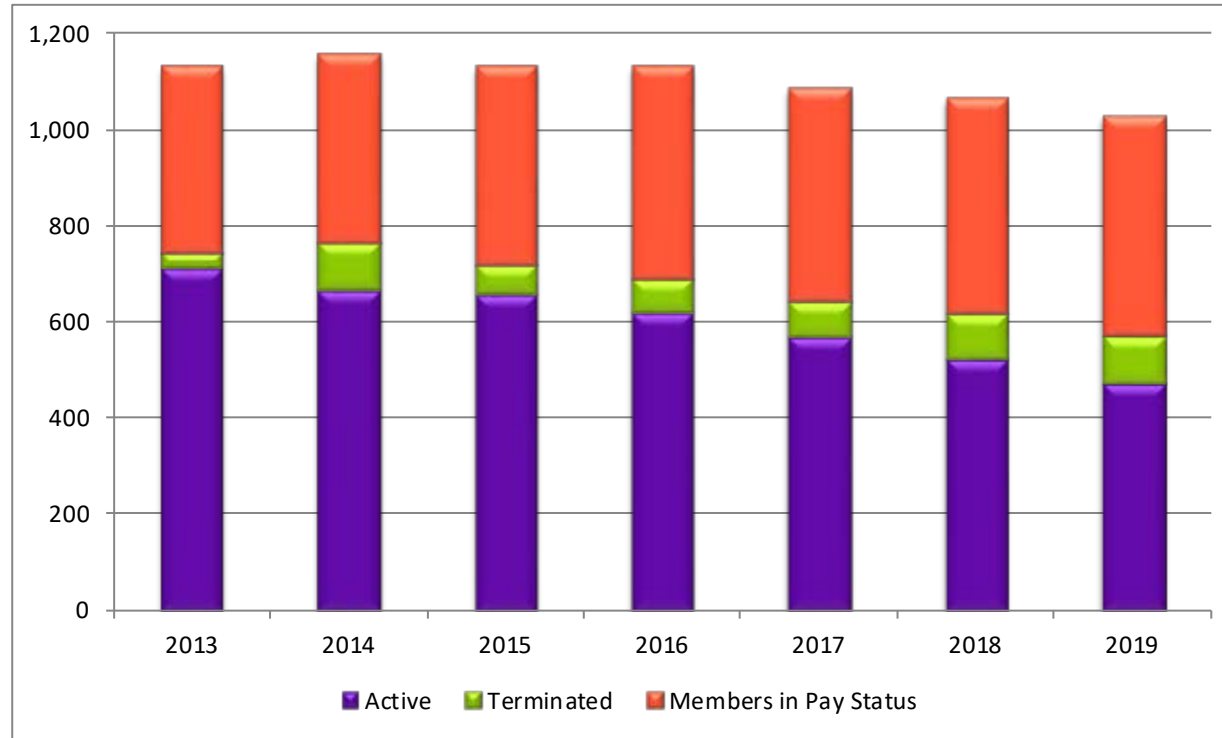
Member Data

The data reported by the Plan Sponsor for this valuation includes 471 active employees who met the Plan's minimum age and service requirements as of July 1, 2019.

Member Data							
	Active	Terminated vested	Due refund of contributions	Retirees	Disabilities	Beneficiaries	Total
Total members July 1, 2018	519	52	43	410	9	28	1,061
Adjustments - Not Vested	-12	-1	0	0	0	0	-13
Retirements	-22	-7	N/A	+29	N/A	N/A	0
Disabilities	0	N/A	N/A	N/A	0	N/A	0
Terminations							
Vested	-13	+13	0	N/A	N/A	N/A	0
Lump sum payments	-3	0	0	N/A	N/A	N/A	-3
Deaths							
With death benefit	0	0	0	-2	0	0	-2
Without death benefit	0	0	0	-20	-1	-1	-22
Transfers	0	0	0	N/A	N/A	N/A	0
Rehires	+2	0	-2	N/A	N/A	N/A	0
New beneficiaries	N/A	N/A	N/A	N/A	N/A	+3	+3
New entrants	0	N/A	0	+1	N/A	N/A	+1
Total members July 1, 2019	471	57	41	418	8	30	1,025



Member Counts by Status





Member Data						
	Active	Terminated vested	Due refund of contributions	Retirees	Disabilities	Beneficiaries
Average age						
July 1, 2018	54.1	55.5	40.7	75.1	69.1	73.7
July 1, 2019	54.9	55.3	41.8	75.0	71.8	76.0
Average service						
July 1, 2018	14.7	N/A	N/A	N/A	N/A	N/A
July 1, 2019	15.6	N/A	N/A	N/A	N/A	N/A
Covered employee payroll						
July 1, 2018	\$27,907,025	N/A	N/A	N/A	N/A	N/A
July 1, 2019	26,771,545	N/A	N/A	N/A	N/A	N/A
Total annual benefits						
July 1, 2018	N/A	\$919,316	N/A	\$10,645,537	\$280,791	\$576,554
July 1, 2019	N/A	1,121,536	N/A	11,094,335	249,992	586,951



Active Member Count by Age and Years of Service

Attained age	Completed Years of Credited Service										
	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											
25 to 29		8	4								12
30 to 34		6	7	3							16
35 to 39		2	7	7							16
40 to 44		5	10	7	5	1					28
45 to 49		3	10	17	9	6	1				46
50 to 54		4	11	24	23	10	7	3	1		83
55 to 59		11	16	29	25	18	8	9	5		121
60 to 64		5	6	21	34	17	9	5	1	1	99
65 to 69		2	8	4	11	7	1	1			34
70 & over			3	3	2	2	2	2	2		16
All ages		46	82	115	109	61	28	20	9	1	471



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)

Age	Town Non-DPW	Age	Town DPW
20-22	5.60%	20	7.10%
23-24	5.10%	21	7.00%
25	4.85%	22	6.90%
26-27	4.60%	23	6.80%
28	3.60%	24	6.70%
29-40	4.10%	25	6.60%
41	4.05%	26	6.50%
42	4.00%	27	6.40%
43	3.95%	28	6.30%
44	3.90%	29	6.20%
45	3.85%	30	6.10%
46	3.80%	31	6.00%
47	3.75%	32	5.90%
48	3.70%	33	5.80%
49	3.65%	34	5.70%
50	3.60%	35	5.60%
51	3.55%	36	5.40%
52	3.50%	37	5.20%
53	3.45%	38	5.00%
54	3.40%	39	4.80%
55	3.35%	40	4.60%
56	3.30%	41	4.10%
57	3.25%	42	3.60%
58	3.20%	43	3.35%
59	3.15%	44	3.15%
60+	3.10%	45-49	2.85%
		50+	2.60%

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 Total Dataset Mortality Table projected to valuation date with Scale MP-2019.

RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2019 used for DPW, BOE Custodians, and BOE Maintenance divisions (i.e., BU codes 21, 46, and 49).

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

Prior: RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2018.

RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2018 used for DPW, BOE Custodians, and BOE Maintenance divisions (i.e., BU codes 21, 46, and 49).

Disabled: RP-2014 Disabled Retiree Mortality Table projected to the valuation date with Scale 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 0.7%.

Retirement age

DPW

Age	Rate
55-58	2%
59	35%
60-69	20%
70+	100%

Non-DPW

Age	Rate
55-59	3.8%
60-61	7.0%
62	24.0%
63-64	17.4%
65	26.0%
66-74	24.0%
75-79	30.0%
80+	100.0%



Termination prior to retirement

DPW

Age	Town
20	10.0%
25	8.5%
30	7.0%
35	5.5%
40	4.0%
45	1.5%
50+	1.0%

Non-DPW

Age	Years of Service			
	0	5	10	>=15
20	60.0%	38.0%	15.0%	6.0%
25	52.0%	28.0%	10.0%	5.0%
30	30.0%	12.0%	7.0%	4.0%
35	26.0%	10.0%	7.0%	3.5%
40	26.0%	10.0%	7.0%	3.5%
45	26.0%	10.0%	7.0%	3.5%
50	20.0%	10.0%	6.0%	3.0%
55+	10.0%	6.0%	4.5%	3.0%

Disability

Age	Town Non-DPW	Town DPW
20	0.01%	0.02%
25	0.01%	0.03%
30	0.02%	0.04%
35	0.02%	0.05%
40	0.04%	0.07%
45	0.06%	0.12%
50	0.10%	0.20%
55	0.17%	0.34%
60	0.27%	0.54%

The actuarial assumptions in regards to rates of decrement shown above are based on the results of an actuarial experience study 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

Average of 2.4% per year.

Percent of active employees married

85%.

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.

Final Salary

Public Works: Base pay including longevity over period of highest two consecutive years divided by two.

All Others: Base pay including longevity.

Highest Salary

Highest Salary (including base pay plus longevity) earned over a period of 12 consecutive paid months during the active years of employment.

Normal Retirement

Eligibility: Public Works: Later of age 59½ and 10 years of service.

All Others: Later of age 62 and 10 years of service.

Benefit: Public Works: 2.2% of Final Salary times years of service.

Educational Office Professionals and Professional and Technical Employees: 2.275% of member's Highest Salary times years of service.

All Others: 1.25% of Final Salary up to \$7,800 plus 2.3% of the excess times years of service.

Early Retirement

Eligibility: Later of age 55 or 15 years of service.

Benefit: Normal Retirement Benefit reduced 5/9% for each month younger than age 62 (59½ for Public Works).

Disability Retirement Benefit

Job Related:

Benefit: 50% of final salary less Workers Compensation.

Not Job Related:

Eligibility: 10 years of continuous service.

Benefit: Accrued benefit at time of disability.

Post-Retirement Death Benefit

Balance of 60 total payments to participant and beneficiary, or according to terms of optional form of payment elected.



Pre-Retirement Death Benefit

Job Related:

Eligibility: All are eligible.

Benefit: 50% of final salary payable to spouse until death or remarriage, then continuing to surviving children younger than age 18.

Not Job Related:

Eligibility: Eligible to retire.

Benefit: Pension that employee would have received if retired day before death and elected the 100% Joint & Survivor form of benefit.

Deferred Vested Retirement Benefit

Eligibility: 10 years of full-time employment with the Town

Benefit: Accrued benefit at time of termination payable at age 62.

Cost of Living Increases

On July 1st based on CPI-U, not to exceed 3%.

Employee Contributions

4% of basic salary including longevity.

Division Freeze Dates

Group/BU	BU Code	Freeze date
Town	01 - NON-UNION	11/1/2015
Town	02 - PETA / Mid Mngmnt	4/23/2013
Town	03 - DEPARTMENT HEADS	11/1/2015
Town	11 - THEA	4/1/2011
Town	21 - DPW	9/9/2013
Town	40 - ECC	7/1/2012
Town	72 - Nurses	3/11/2013
BOE	04 – Secretaries	9/23/2014
BOE	05 – Paraprofessionals	12/8/2015
BOE	13 – Support Staff	7/1/2015
BOE	24 – IT Tech	3/7/2014
BOE	28 – Educational Trainers	3/7/2014
BOE	46- Custodians	11/6/2014
BOE	49 – Maintenance	11/6/2014

Employees hired after the freeze dates listed above are eligible for the 401A Plan.