

August 19, 2021

Ms. Christine Calvert
TOWN OF EASTON
Easton Town Hall
225 Center Road
Easton, CT 06612

Re: Town of Easton Retirement Plan
Our File No. 979

Dear Christine:

We are pleased to enclose the Annual Valuation Report for the above plan as of July 1, 2021. Our report contains a review of plan operations for the 2020-2021 plan year as well as presenting the results of the current valuation and budget recommendations for the 2022-23 fiscal year.

We will be preparing the "Supplemental" valuation report and the ASOP-51 disclosure at a later date.

Please see the Actuarial Certification following this cover letter, as recommended by the American Academy of Actuaries.

Please let me know if you have any questions or comments concerning this year's Valuation Report.

Sincerely,



David G. Leonard, A.S.A.
Account Executive

Town of Easton Retirement Plan

ACTUARIAL CERTIFICATION

This July 1, 2021 Annual Valuation Report has been prepared in accordance with generally accepted actuarial standards and procedures and conforms to the Guidelines for Professional Conduct of the American Academy of Actuaries.

The valuation is based on employee and plan financial data which were provided by the Plan Administrator, Plan Trustee, and various financial institutions. All information submitted to us has been reviewed for reasonableness and consistency, but has otherwise been accepted and relied upon without audit. The plan provisions and other material assumptions are disclosed in report in their respective sections.

The actuary has recognized future anticipated trends in mortality improvement by utilizing the RP-2014 Mortality Table (Blue) and the PUB-10 table, as appropriate for the covered groups, both adjusted generationally by Scale MP-2020 for all future years.

Other Actuarial Communications that are covered under the umbrella of the Annual Valuation process include disclosures under various GASB statements, including GAS-5, GAS-27 and GAS-67 & 68, and the 2020 ASOP-51 Disclosure.

To the best of our knowledge, the information supplied in these reports is complete and accurate.

Future actuarial measurements may differ significantly from the current measurement presented in this report due to such factors as the following: plan experience differing from that anticipated; 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.

I, David G. Leonard, A.S.A., E.A., am a member of the Society of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained here



David G. Leonard, A.S.A.

Enrollment #20-03604

8/19/2021

Date

ANNUAL VALUATION REPORT
FOR
THE TOWN OF EASTON RETIREMENT PLAN
AS OF JULY 1, 2021

Prepared by:

David G. Leonard, ASA
T R PAUL, INC.

August 19, 2021

TOWN OF EASTON RETIREMENT PLAN

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TOWN OF EASTON RETIREMENT PLAN

I. GENERAL COMMENTS

This year's valuation was run on a group of 53 active and 104 inactive members. The decrease of six active members consisted of one retiree in the Selectmen's group, and three retirees and two non-vested terminees in the Board of Education. There were four deaths among the prior retirees, with the number of retirees receiving benefits remaining stable at 82.

Again, the experience factors among the active and retired participants would have lead to lower contributions, as the actuarial liability decreased very slightly and the normal cost continued to decline commensurate with the reduction in active members.

The big story, of course, was the trust assets which returned 26.15% (using the GASB weighted method) and has caused the plan to be significantly overfunded on a market value basis (about \$2.5 million).

The valuation assets enjoyed a 10.65% yield, which lead to actuarial gains of almost \$700,000 and served to fully fund the plan on a valuation basis (by \$171,825).

Perhaps more significantly is the market value cushion inherent in the valuation asset process, which shifted from a deficit of \$665,310 last year to a surplus of \$2,318,273 as of July 1, 2021. We will discuss the implications of this surplus later on in the General Comments.

The table below lists the current year's recommended minimum budget request, the results of the July 1, 2021 valuation, and the recommended minimum and maximum budget requests for fiscal year 2022-23.

<u>Employee Group</u>	<u>Minimum</u> <u>2021-22</u>	<u>July 1, 2021 Valuation</u>		<u>Recommended</u> <u>2022-23 Budget</u>	
	<u>Recom.</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Minimum</u>	<u>Maximum</u>
Highway Union	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Selectmen	277,500	95,890	95,890	105,000	105,000
Board of Education	235,900	117,272	117,272	120,000	120,000
Plan Totals	\$ 513,400	\$ 213,162	\$ 213,162	\$225,000	\$ 225,000

(Actual in budget - \$513,400)

The contribution in the 2020-21 budget is \$513,400, which is significantly in excess of the valuation results. We have discussed the very logical possibility of reducing the 2021-22 deposit in light of the valuation results to a number closer to the July 2021 calculations. Given the valuation results our suggestion at this time would be an amount somewhere between \$220,000 and \$256,700, which is half of the budgeted amount.

Our valuation calculations for July 1, 2021 took into account the full funding to the extent that prior amortization bases have been removed from the Selectman's group, with the Board of Education re-amortized with a single 10 year base on the current unfunded level. Our recommendation for the Selectmen is to deposit just the expected net Normal Cost for 2022-23. We have continued to keep the Highway union members at \$0 based on the extent of their full funding, which is larger than their net normal cost.

TOWN OF EASTON RETIREMENT PLAN

I. GENERAL COMMENTS
(continued)

Our recommendation for 2021-22 assumes that the plan will continue to be mostly fully funded on a valuation asset basis, and simply includes an increase in the basic normal cost factors due to the passage of time from the valuation calculations, plus interest to the expected dates of deposit, and a smaller amortization piece for the Board of Education assuming some gain from the valuation asset calculation (see below).

A classic approach to a calculating a contribution for a fully funded plan would be to reduce the normal cost by the amount of the full funding, however for the Selectman's group we have chosen to recommend a contribution that covers the one year cost of benefits. If the trust assets continue to outperform our assumption it is possible in the future that we will recommend a steeper reduction in the recommended contribution, much as we do for the Highway Department now.

Participant salaries increased more than our 3% assumed rate in 2020, with average increases of 6% in the Selectmen's group and almost 4% for the Board of Education. These increases were offset by the reduction in active members for the Board of Education, and a significant death among the retirees for the Selectmen.

The net normal cost decreased by \$10,000 for the Selectmen and \$24,000 for the Board of Education, reflecting the shrinking status of the active population that occurs in a closed plan.

With the current funded status, it might be a good time to decrease the assumed interest rate, however the Pension committee has indicated that the trust's history of strong returns combined with the current year's significant gains has lead them to delay any decision to decrease the interest rate.

Backing up this concept is the cushion in the valuation asset calculation. The \$2.3 million in unrecognized gains will be "released" in the calculation over the next four years in slightly varying amounts. Generally speaking, the fund should see gains of more than 2% annually from the strong performance in 2020-21, which should help the valuation asset return hit the 7% goal even if the actual market levels are lower in some of those years.

We have removed the spreadsheet that shows each year's gain and loss on assets and replaced it with a concise history of the gains/losses and their impact on the valuation assets for 2021 and over the next four years. We hope you will find it useful.

The funded level of the accrued benefits, which we measure on Market Value (and an age 62 retirement assumption) is comfortably over 100%, at a plan wide level of 113.6%. This is an 16.9% increase in one year, which is fairly unprecedented.

You may notice the present value of accrued benefits for the Board of Education on page 9 increased more severely than the other groups. We discovered last year's Board present values were based on the age 65 calculations – whereas we like to display the funded level using the age 62 calculations to build in some conservatism to the results. Despite this change, the Board's funded level still increased from 100% to 108.9%.

TOWN OF EASTON RETIREMENT PLAN

II.(a) PLAN ASSETS - Market Value Reconciliation

Beginning of Year <u>July 1, 2020</u>		End of Year <u>June 30, 2021</u>
\$0.00	Employee Cont. Rec.	\$0.00
0.00	Employer Receivable Contribution	0.00
2,406,618.57	Cash and Money Market Funds	3,314,907.08
17,099,926.85	Misc. Mutual Funds	20,749,526.72
88,543.54	Prepaid Benefits	88,406.27
<u>0.00</u>	Other payable/receivable	<u>0.00</u>
\$19,595,088.96	TOTAL (Market Value)	\$24,152,840.07

 RECEIPTS

Employer Contribution	\$500,000.00
Employee Contribution	128,448.03
Investment Earnings	1,139,804.25
Realized Gains/(Losses) (included with unrealized g/l)	<u>0.00</u>
TOTAL INCOME	\$1,768,252.28

DISBURSEMENTS

Periodic Benefit Payments (annual total of monthly bens.)	\$1,079,714.74
Refund of Employee Contributions and Interest	2,446.74
Expenses	<u>5,072.94</u>
TOTAL EXPENSES	\$1,087,234.42
NET INCOME	\$681,017.86

CHANGE IN NET ASSETS

Realized and Unrealized Gains and Losses:	\$3,876,733.25
Net Income:	<u>681,017.86</u>
Net increase (decrease) in net assets for the year:	\$4,557,751.11
Net assets at beginning of year:	\$19,595,088.96
Net assets at end of year:	\$24,152,840.07

TOWN OF EASTON PENSION PLAN

II. PLAN ASSETS (Continued)

B. Development of Valuation Assets (Actuarial Value of Assets)

The Actuarial Valuation of Assets is calculated by recognizing 20% of the current year's actuarial gain or loss (to the 7.0% assumed rate of return), along with recognition of prior year's gains or losses that are also being recognized 20% per year. The final Valuation Asset level is subject to a corridor of 80% to

The Actuarial Value of Asset calculation was first instituted effective for the June 30, 2015 Plan Year to remove some of the volatility from the actuarial valuation calculations.

The following illustrates the calculation of the Actuarial Value of Assets for June 30, 2021:

1. Assumed market value return at valuation rate*	\$1,346,229
2. Actual MV Return for June 30, 2021 **	5,011,465
3. Current Year (Gain)/Loss on Market value yield* (1) - (2)	(3,665,236)
4. Portion of Curr. Yr. Loss to be Recognized in 2021 (3) x 20%	(733,047)
5. Portion of Current Years (Gain)/Loss Not Recognized in 2021	(2,932,189)
6. Prior Unrec. (Gains)/ losses - June 30, 2021 - see next page	613,916
7. Total Unrecognized (Gains)/Losses (5) + (6)	(2,318,273)
8. Market Value of Trust Assets as of June 30, 2021	24,152,840
9. Preliminary Actuarial Value of Assets - June 30, 2021 (7) + (8)	\$21,834,567
10. (a) 80% corridor of Market Value	19,322,272
(b) 120% corridor of Market Value	28,983,408
11. Final Actuarial Value of Assets - June 30, 2021***	\$21,834,567

The Preliminary Actuarial Value of Assets is 90.4% of the Market Value, and thus falls within the 80% to 120% corridor of actual June 30, 2021 Market Value.

The estimated yield on Valuation Assets for the 2020-2021 Plan Year was 10.65%.

* Assumed income is calculated based on a weighted balance which takes into account the date that the contributions and distributions are made to the fund.

TOWN OF EASTON PENSION PLAN

III. PLAN ASSETS (Continued)

B. History of Valuation Assets Gains & Loss Recognition

The Valuation Asset calculation spreads out gains and losses over a five year period. As such, in any given year gains or losses from five different years are in the process of being recognized, while amounts remain unrecognized waiting for future years' calculations.

The table below displays the bases in use this year, as well as reporting on the current unrecognized status of prior gains and losses, with their scheduled recognition dates.

Initial Year of Base	<u>(Gain) or Loss</u> (a)	Recognition for 2021 <u>Valuation</u> (b)	Amts. recog. in Val. Asset Calc. <u>thru 6/30/2021</u> (c)	Deferred Recognition as of <u>June 30, 2021</u> (a) - (c)	Remaining <u>Years</u>
2017	(\$749,645)	(\$149,929)	(\$749,645)	\$0	0
2018	(186,425)	(37,285)	(149,140)	(37,285)	1
2019	323,118	64,624	193,872	129,246	2
2020	869,922	173,984	347,968	521,954	3
2021	(3,665,236)	<u>(733,047)</u>	(733,047)	<u>(2,932,189)</u>	4
Totals		(\$681,653)		(\$2,318,274)	

Recognition for 2021 Valuation - a negative number indicates gains that impacted the valuation calculation this year. See below for the expected impact in future years.

Deferred recognition as of June 30, 2021 - this number is added to (subtracted from) the market value of the assets to determine the valuation basis.

Scheduled recognition dates for current bases in future actuarial value of assets calculations (negative indicates deferred gains to be recognized):

2022	(\$531,724)
2023	(494,439)
2024	(559,063)
2025	(733,047)

Note that future years' gains and losses will be added, as they are recognized, to the amounts shown in the above schedule.

TOWN OF EASTON RETIREMENT PLAN

III. ANNUAL VALUATION SUMMARY - JULY 1, 2021 VALUATION DATE

	Highway Union (1)	Selectmen (2)	Board of Education (3)	Totals (1) + (2) + (3)
A. DEVELOPMENT OF THE INITIAL ACCRUED LIABILITY FOR ENTRY AGE NORMAL FUNDING CALCULATIONS (EAN)				
a) EAN Accrued Liability (7/1/2021)	\$4,269,687	\$11,543,068	\$6,093,999	\$21,906,754
b) Valuation Assets (7/1/2021)	4,365,290	11,633,194	5,836,087	21,834,570
c) Unfunded Liability (7/1/2021)	(95,603)	(90,125)	257,912	72,184
Additional Information				
d) Active Participant Payroll	\$436,055	\$1,521,354	\$1,142,809	\$3,100,219

B. Summary of Employee Contribution Levels

	Total Employee%
Highway 760	6.58%
Local 818	6.00%
Local 1303	5.00%
Non Union Town and Bd. of Education	2.25%
Highway Management	2.25%
Board of Education Custodians	5.45%

*Note: Union Contribution Levels were fixed through June 30, 2010 with the exception of Local 818.
No new contribution levels have been reported to us.*

TOWN OF EASTON RETIREMENT PLAN

III. ANNUAL VALUATION SUMMARY - JULY 1, 2021 VALUATION DATE

	Highway Union (1)	Selectmen (2)	Board of Education (3)	Totals (1) + (2) + (3)
C. DEVELOPMENT OF THE NORMAL COST & UNFUNDED ACCRUED LIABILITY				
a) EAN Accrued Liability				
i Active Participants	\$1,817,975	\$4,571,919	\$2,733,696	\$9,123,590
ii Retired Participants	2,040,761	6,255,544	2,939,587	11,235,892
iii Terminated Participants	410,952	715,605	420,715	1,547,272
Total EAN Accrued Liability	\$4,269,687	\$11,543,068	\$6,093,999	\$21,906,754
b) Valuation Assets	\$4,365,290	\$11,633,194	\$5,836,087	\$21,834,570
d) Unfunded Accd. Liab. ((a) - (b))	(95,603)	(90,125)	257,912	72,184
e) Expected Unfunded AL	0	759,042	594,135	1,353,178
f) 2021 Amortization Base	0	0	34,319	34,319
g) Entry Age Normal Cost (Gross) (Sum of individual active members NC)	\$53,838	\$155,645	\$123,612	\$333,095
Summary of Funding Bases	<u>Initial Base</u>	<u>Rem. Bal. -21</u>	<u>Min. Amort.</u>	<u>Rem. Yrs (at minimum)</u>
Board of Education only for 2021	\$257,912	\$257,912	\$34,319	10
Totals	\$257,912	\$257,912	\$34,319	

TOWN OF EASTON RETIREMENT PLAN

III. ANNUAL VALUATION SUMMARY - JULY 1, 2021 VALUATION DATE

	Highway Union (1)	Selectmen (2)	Board of Education (3)	Totals (1) + (2) + (3)
D. RANGE OF CONTRIBUTIONS				
a) 2020 Calendar Year Payroll	\$436,055	\$1,521,354	\$1,142,809	\$3,100,219
b) Unfunded Entry Age Accrued Liability - 7/1/2021	(\$95,603)	(\$90,125)	\$257,912	\$72,184
c) Gross Normal Cost	\$53,838	\$155,645	\$123,612	\$333,095
d) Expected Employee Contributions	\$28,692	\$59,755	\$40,658	\$129,105
e) Net Normal Cost (c - d)	\$25,146	\$95,890	\$82,954	\$203,990
f) Recommended Maximum Plan Deposit - Net Normal Cost plus 10-year amortization of UAL. (2021-22 plan year)				
i. Maximum Amortization	\$0	\$0	\$34,319	\$34,319
ii. Maximum Deposit*	\$0	\$95,890	\$117,272	\$213,163
g) Recommended Minimum Plan Deposit - Net Normal Cost plus 30-year amortization of UAL. (2021-22 Plan Year)				
i. Minimum Amortization	\$0	\$0	\$34,319	\$34,319
ii. Minimum Deposit*	\$0	\$95,890	\$117,272	\$213,163
<i>Min. as % of payroll</i>	<i>0.00%</i>	<i>6.30%</i>	<i>10.26%</i>	<i>6.88%</i>

* As of July 1, 2021. Budget amounts for 2022-2023 include interest charge and adjustments for expected personnel changes.

Minimum Deposit for Highway reported as \$0 due to overwhelming "full funding limitation".

TOWN OF EASTON RETIREMENT PLAN

IV. PRESENT VALUE OF ACCRUED BENEFITS - JULY 1, 2021

	Highway Union	Selectmen*	Board of Education	All Depart. Grand Total
I. Present Value of Accrued Benefits				
a. Actives				
i. Vested Employee Funded	\$620,145	\$1,125,389	\$645,597	\$2,391,131
ii. Vested Employer Funded	991,036	3,144,022	1,802,558	5,937,616
iii. Non-vested Employer Funded	0	0	150,345	150,345
b. Receiving Payment	2,040,761	6,255,544	2,939,587	11,235,892
c. Term Vested	410,952	715,605	420,715	1,547,272
	-----	-----	-----	-----
TOTAL	\$4,062,893	\$11,240,560	\$5,958,802	\$21,262,255
II. Assets - Market Value	\$4,827,893	\$12,832,918	\$6,491,979	\$24,152,790
III. Funded Ratio (II/I)	118.8%	114.2%	108.9%	113.6%
(Funded Ratio Last Year)	104.1%	92.8%	99.6%	96.7%
Actives percent of total Accd. Bens.	39.7%	38.0%	43.6%	39.9%

* Includes former Fire Dept. Retirees, Police & Highway managment

*Present Values based on 7% interest and Pub-10 Post Retirement Mortality (M/F) with projections (MP-2020) - Sel/Bd. Ed
Highways Dept. Present Values based RP-2014 Post Retirement Mortality (M/F) with projections (MP-2020)
These amounts use an assumed retirement age of 62, as opposed to age 65 for the funding calculations.*

TOWN OF EASTON RETIREMENT PLAN

V. GROUP CHARACTERISTICS AND COST COMPARISONS

as of July 1, 2021

	Highway	Selectmen*	Board of Ed.**	Totals
Participants				
a. Active	6	21	26	53
b. Term Vested (a)	3	13	6	22
c. Retired	7	41	34	82
d. Totals	<u>16</u>	<u>75</u>	<u>66</u>	<u>157</u>
Average Age (actives)	49.8	57.2	57.8	56.6
Normal Retirement Age (b)	54.7	66.1	65.1	64.3
Average Past Years Service	19.1	17.2	14.6	16.2
Average Future Years Service	4.9	8.9	7.3	7.7
Total Compensation	\$436,055	\$1,521,654	\$1,142,809	\$3,100,519
Average Compensation	\$72,676	\$72,460	\$43,954	\$58,500
Gross Normal Cost (N.C.)	\$53,838	\$155,645	\$123,612	\$333,095
N.C. as % of Pay	12.3%	10.2%	10.8%	10.7%
Minimum Valuation Contribution (M.C.)	\$0	\$95,890	\$117,272	\$213,163
M.C. as % of Pay	0.0%	6.3%	10.3%	6.9%

*Includes employees formerly with Police, Hwy Management, & Fire Retirees

**Includes employees formerly with Cafeteria

- (a) Represents refund of contributions for 9 terminated non-vested members, a transfer to MERF and, 13 true vested terminated participants.
- (b) Normal Retirement Age reflects assumed ages. In most instances, this is age 65.
- (c) Total compensation includes active and deferred active participants.

TOWN OF EASTON RETIREMENT PLAN

VII. (a) COMPARISON OF DATA FROM PREVIOUS REPORT

This section will present a comparison of various data in this report with the same items from our previous report.

	July 1, 2020	July 1, 2021
1. Participants		
a. Active	59	53
b. Term Vested*	21	22
c. Retired	82	82
d. Totals	<u>162</u>	<u>157</u>
2. Annual Compensation	\$3,230,060	\$3,100,519
3. Average Compensation	\$54,747	\$58,500
4. Average Age (actives)	56.2	56.6
5. Average Past Service	14.7	16.2
6. Accrued Pension Liability (EAN)**	\$21,748,528	\$21,906,754
7. Total Assets (Market Value)	\$19,595,089	\$24,152,790
8. Unfunded Accrued liab (Mkt. Val.(6 less 7)	\$2,153,439	(\$2,246,036)
9. Unfunded Accrued liab (Valuation assets)	\$1,488,129	\$72,184
10. Gross Normal Cost (Entry Age)**	\$372,165 11.5%	\$333,095 10.7%
11. Minimum Valuation Contribution	\$501,441 15.5%	\$213,163 6.9%

* Represents refund of contributions for 9 terminated non-vested members, a transfer to MERF and, 13 true vested terminated participants.

** All funding figures are based on age 65 NRAs for non-Highway members.

Note percentages represent costs as a percentage of total compensation

TOWN OF EASTON RETIREMENT PLAN

VII (b). HISTORY OF PLAN CONTRIBUTIONS AND LIABILITIES

<u>Plan Year</u> <u>Beginning</u>	<u>Participants</u> <u>Act. - Other</u>		<u>Compensation</u>	<u>Market</u> <u>Value</u> <u>Assets</u>	<u>Range of Contributions</u> <u>Minimum</u> <u>Maximum</u>		<u>(*)</u>	<u>Actual Contributions</u> <u>Town</u>	<u>Employees</u>
7/1/1986	64	14	\$945,624	\$1,253,180	\$88,832	\$130,500	(9.39%)	\$117,500	\$20,899
7/1/1991	73	33	1,588,075	2,023,877	195,388	227,926	12.30%	220,000	32,516
7/1/1996	70	43	1,918,495	4,442,412	181,653	223,045	(9.47%)	252,000	47,595
7/1/2001	94	56	2,778,270	7,597,652	163,334	179,923	(5.88%)	125,000	74,729
7/1/2006	98	76	3,383,482	10,393,040	281,877	357,367	(8.33%)	415,000	151,167
7/1/2011	100	89	4,167,096	12,450,507	326,051	556,626	(7.82%)	640,421	179,562
7/1/2012	103	87	4,185,068	12,333,042	504,949	739,333	(12.07%)	590,000	190,442
7/1/2013	106	93	4,370,460	14,255,507	388,096	622,506	(8.88%)	620,000	186,906
7/1/2014	99	93	4,226,506	16,724,248	360,822	403,505	(8.54%)	574,570	171,338
7/1/2015	96	93	4,177,769	16,705,436	409,886	468,187	(9.81%)	424,000	191,745
7/1/2016	82	93	4,000,902	16,165,062	471,918	530,219	(11.80%)	484,000	161,500
7/1/2017	74	96	3,572,486	17,797,334	486,053	544,354	(13.61%)	510,000	146,965
7/1/2018	66	101	3,260,492	18,932,780	504,896	563,198	(15.49%)	520,000	136,297
7/1/2019	61	104	3,196,283	19,550,255	456,425	514,727	(14.28%)	525,000	132,340
7/1/2020	59	103	3,230,060	19,595,089	501,441	548,298	(15.52%)	500,000	128,448
7/1/2021	53	104	3,100,519	24,152,790	213,163	213,163	(6.88%)	\$513,400 - budgeted	

** Figures in parenthesis are Recommended Contribution as a percentage of compensation.

TOWN OF EASTON RETIREMENT PLAN

APPENDIX DPENSION TRUST SUMMARY

PLAN SPONSOR:	Town of Easton, Connecticut
EFFECTIVE DATE:	January 1 1970, October 1, 1984, July 1, 1995, July 1, 2003
ANNIVERSARY DATE:	July 1 of each year
VALUATION DATE:	July 1, 2021
ENHANCED MERS:	Denoted by (EM), Enhanced MERS benefits are effective July 1, 2003 for all employee groups with the exception of the Board of Education. Board Custodians were eligible for EM benefits effective July 1, 2005.
Compensation:	Calendar year W-2 compensation.
Participation:	Eligibility: Age: No minimum. Service: 1 month. The Plan is closed to new entrants (as of 2016).
	Entry Date: First day of the month coinciding with or following satisfaction of eligibility.
Normal Retirement Benefit	Eligibility: Earlier of 55 years of age with 10 years of service, or 25 years of service at any age. EM – years of service required for retirement is 5.
	Date Payable: First day of the month coinciding with or following satisfaction of eligibility.
Previous MERS Benefits Amount:	Payable from retirement to age 62 - 2% per year of service times highest three year average compensation. Payable from age 62 for life - 1.1667% per year of service times Soc. Sec. Earnings Base plus 2% per year of service times highest three year average compensation less the Soc. Sec. Earnings Base. Soc. Sec. Earnings Base equals the average of the highest ten years of the lesser of compensation or the annual Social Security Taxable Wage Base. A maximum benefit of 100% of pay less Social Security PIA benefits and a minimum benefit of \$1,000 per year for Normal Retirement applies

PENSION TRUST SUMMARY (Continued)

Previous MERS Benefits - COLA:	Benefits for retirees will increase at a rate determined annually by the State of Connecticut. Must be age 65 and have retired under Plan II.
Enhanced MERS Benefits -	<p>Amount: Payable from retirement to age 62 - 2% per year of service times highest three year average compensation.</p> <p>Payable from age 62 for life - 1.5% per year of service times lesser of ave. compensation or the "Yearly Breakpoint" plus 2% per year of service times final three year average compensation less the "Yearly Breakpoint".</p> <p>The Yearly Breakpoint is a tabled number that is \$103,800 for 2021, and increases 6% annually. (Originally \$10,700 in 1982)</p> <p>A maximum benefit of 100% of pay less Social Security PIA benefits and a minimum benefit of \$1,000 per year for Normal Retirement applies</p>
	COLA: Benefits for all retirees will increase at a rate determined annually by the State of Connecticut.
Accrued Benefit:	Normal Retirement Benefit based on service to date of determination.
Vesting:	A participant shall have a right to his accrued benefit upon completion of ten years of service. Benefits are payable at age 55 or as an actuarially reduced benefit anytime after termination. Vesting under EM is five years of service.
Disability Benefits:	A participant who is disabled and has completed ten (10) years of service is eligible for an immediate disability benefit equal to his accrued benefit. In no instance will a participant's benefit be more than 100% of his compensation in effect prior to his disability, reduced by any Workers Compensation and/or Social Security Disability benefits. If a disability is determined to have occurred in the course of the participant's employment, the ten year service requirement is waived.

PENSION TRUST SUMMARY (Continued)

Employee Contributions: Members will contribute 2.25% of compensation up to the Taxable Wage Base (\$132,900 for 2019), and 5% of compensation above the Taxable Wage Base.

Enhanced MERS participants will contribute an amount based on their collectively bargained or contractual agreements. We list the different rates in Section IIIB of this report. The remainder of EM participants contribute per the original MERS rates shown above.

Contribution and Interest
Account:

Members are always 100% vested in their contribution and interest account. Interest accumulates at 5% compounded annually, with partial year interest credited in the year of termination.

THE ABOVE PROVISIONS ARE PRESENTED AS A SUMMARY ONLY. FINAL
AUTHORITY RESTS WITH THE ACTUAL PLAN DOCUMENTS ONLY.

TOWN OF EASTON RETIREMENT PLAN

APPENDIX E.

ACTUARIAL ASSUMPTIONS/METHODSFUNDING METHOD

Entry Age Normal Method – Normal cost is the sum of the individual members EA normal costs. Unfunded accrued liabilities as of July 1, 2014 will be amortized over 30 years for the minimum contribution and 10 years for the maximum contribution. Future gains and losses will be amortized over 10 years.

VALUATION ASSETS

Market Value adjusted by 5 year recognition of actuarial gains and losses.

INTEREST ASSUMPTION

Pre & Post Retirement: 7% Compounded Annually

MORTALITY ASSUMPTION

Town and Bd. Of Ed:

Pre - Retirement: PUB-10 General with Scale MP-2020 for future years

Post - Retirement: PUB010 General with Scale MP-2020 for future years
Highway

Pre - Retirement: RP-2014 (Blue Collar) Proj. with Scale MP-2020 for future years

Post - Retirement: RP-2014 (Blue Collar) Proj. with Scale MP-2020 for future years

TURNOVER

T-2 Turnover

SALARY SCALE

Salaries are assumed to increase 3% per year.

COST OF LIVING ADJUSTMENT

Where applicable, a 3% cost of living adjustment is assumed for original MERS benefits, and 2.6% for Enhanced MERS benefits.

NORMAL RETIREMENT AGE

By EE group: General Town: Age 65 with 10 years of service (5 years for EM participants)

Highway Dept.: Normal Retirement Date,
& Mgmt.

Both: One year following Valuation Date if past Normal R.D.