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February 4, 2020

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, 2019. Our report contains a review of plan operations for the 2018-2019 plan year as well as presenting the results of the current valuation and budget recommendations for the 2020-21 fiscal year.

Also enclosed separately are your "Supplemental" valuation report, which includes listings of active and retirement members, with their accrued and projected benefits, and a new disclosure about the Plan's exposure to actuarial risk, called the ASOP-51, which is explained in the Commentary as well as on the disclosure itself.

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,

A handwritten signature in black ink, appearing to read "David G. Leonard", is written over the typed name.

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

Town of Easton Retirement Plan

ACTUARIAL CERTIFICATION

This July 1, 2019 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, adjusted generationally by Scale MP-2018 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 2019 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 #17-03604

2/4/2020
Date

ANNUAL VALUATION REPORT
FOR
THE TOWN OF EASTON RETIREMENT PLAN
AS OF JULY 1, 2019

Prepared by:

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

February 4, 2020

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 61 active and 104 inactive members. There was an 8% decline in active members (from 66), with the salary base decreasing slightly as well (2.0%). Most of the experience factors this year would have lead to slightly higher recommended contributions, however there was one significant death among the retirees that lead to a modest overall reduction for next year.

For the 2018-19 plan year, the trust assets earned a return of 5.27%, which was slightly less than the assumed 7%. The valuation asset calculation is continuing to absorb losses from 2015 and 2016, and as such the smoothed yield came in at 4.7% - up from last year but only slightly.

With the small market loss (against the assumed) this year, there is still a built in loss for 2020 of about 0.5%, however with the markets performing well generally since July 1, 2019, there is hope that an actuarial gain will arise from the averaging process for the 2020 Valuation calculations.

The table below lists the current year's recommended minimum budget request, the results of the July 1, 2019 valuation, and the recommended minimum and maximum budget requests for fiscal year 2020-21.

<u>Employee Group</u>	<u>Minimum</u> <u>2019-20</u> <u>Recom.</u>	<u>July 1, 2019 Valuation</u>		<u>Recommended</u> <u>2020-21 Budget</u>	
		<u>Minimum</u>	<u>Maximum</u>	<u>Minimum</u>	<u>Maximum</u>
Highway Union	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Selectmen	319,400	258,994	298,949	265,000	304,600
Board of Education	194,500	197,432	215,778	202,000	220,200
Plan Totals	\$ 513,900	\$ 456,425	\$ 514,727	\$467,000	\$ 524,800
(Actual in budget - \$525,000)					

The actual contribution in the 2019-20 budget is \$525,000, which is above the maximum level produced by the 2019 valuation. Our recommendation for 2020-21 includes a modest increase in the maximum and minimum due to the passage of time from the valuation calculations to the expected dates of deposit.

This year's actuarial experience, outside of the losses on valuation assets mentioned above, included the reduction in participant count but also significant salary increases from some members in both non-Highway employee groups. The average Board of Education increase was 8.4% and the average Selectmen's group increase was 6.7%. We feel a review of the five year history of increases is in order to make sure our 3% assumption is appropriate for the future.

The other big experience item mentioned above was the death of retiree Keith Rivoir at 64 years old, with a life only benefit. This resulted in an actuarial gain of about \$640,000, which when amortized over 10 years produces a reduction in contributions required of about \$85,100 per year. Without this gain, the Selectman's group would have increased by about \$30,000 from the remaining actuarial experience.

TOWN OF EASTON RETIREMENT PLAN

I. GENERAL COMMENTS
(continued)

We have prepared the following table to visually display the changes from 2018 to 2019 in each portion of the contribution calculation. (Interest adjustments are not included.)

	<u>Town - 18</u>	<u>Town - 19</u>	<u>Bd.Ed.- 18</u>	<u>Bd.Ed.- 19</u>
Net Normal Cost	101,094	91,207	94,196	96,945
Amortizations (Min.)	190,960	148,916	82,321	86,133

Note that the Net Normal Cost reflects decreases in the annual benefit cost for active members in the Town group, but the Board of Education's net normal cost increased. The salary base of the Board of Education increased by about 3% while the number of actives only went down by one.

The amortization pieces for the Board of Education increased modestly from participant experience and trust asset losses recognized, however as mentioned above the amortization on the Town side decreased sharply due to the actuarial gain from the retiree death.

The Highway Department is getting closer to losing its overfunded status, thanks to zero contributions and the trust asset experience. There is a chance that next year's valuation will point to a small contribution due for the Highway group.

Looking at the list of Participants Eligible to Retire in the next Five Years (in the Supplemental Report pages), we see that virtually half (30/61) of the active members are eligible to retire now with unreduced benefits. About a third of those are below age 62 and thus could also enjoy supplemental benefits which have not been accounted for. On the other hand, nine are above age 65 and their additional accruals are not costing the plan any money as they defer their retirement.

The message here is not that the cost of the plan could increase if there is a mass retirement, but rather the cash flow of the plan would be impacted if that unlikely even were to occur, even partially.

This year we have added a new disclosure to the annual valuation package. The Actuarial Standard's Board now requires a statement of the potential risks involved with pension funding calculations. The five page discourse, called the ASOP-51 Disclosure, is provided separately alongside this year's valuation. You may find some useful data in the ASOP-51, although the parameters of the information provided are really designed to assist very large public plan actuaries explain complex issues which then require (expensive) studies to make sure they are getting it just right.

The funded level of the accrued benefits, which we measure on Market Value (and an age 62 retirement assumption) increased thanks to the loss of a retiree, to 97.1%.

TOWN OF EASTON RETIREMENT PLAN

II.(a) PLAN ASSETS - Market Value Reconciliation

Beginning of Year <u>July 1, 2018</u>		End of Year <u>June 30, 2019</u>
\$12,510.65	Employee Cont. Rec.	\$22,988.40
0.00	Employer Receivable Contribution	0.00
2,613,561.18	Money Market Funds	291,238.26
16,226,315.25	Misc. Mutual Funds	19,149,993.79
80,392.43	Prepaid Benefits	86,034.54
<u>0.00</u>	Other payable/receivable	<u>0.00</u>
\$18,932,779.51	TOTAL (Market Value)	\$19,550,254.99

 RECEIPTS

Employer Contribution	\$520,000.00
Employee Contribution	136,297.06
Investment Earnings	1,162,674.56
Realized Gains/(Losses) (included with unrealized g/l)	<u>0.00</u>

TOTAL INCOME	\$1,818,971.62
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DISBURSEMENTS

Periodic Benefit Payments (annual total of monthly bens.)	\$1,010,487.35
Refund of Employee Contributions and Interest	5,821.85
Expenses	<u>10,000.00</u>

TOTAL EXPENSES	\$1,026,309.20
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NET INCOME	\$792,662.42
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CHANGE IN NET ASSETS

Realized and Unrealized Gains and Losses:	(\$175,186.94)
Net Income:	<u>792,662.42</u>
Net increase (decrease) in net assets for the year:	\$617,475.48
Net assets at beginning of year:	18,932,779.51
Net assets at end of year:	\$19,550,254.99

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 120% of current market value.

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 July 1, 2019:

1. Assumed market value return at valuation rate*	\$1,300,606
2. Actual MV Return for June 30, 2019 **	977,488
3. Current Year (Gain)/Loss on Market value yield* (1) - (2)	323,118
4. Portion of Curr. Yr. Loss to be Recognized in 2019 (3) x 20%	64,624
5. Portion of Current Years (Gain)/Loss Not Recognized in 2019	258,495
6. Prior Unrec. (Gains)/ losses - June 30, 2019 - see next page	(94,097)
7. Total Unrecognized (Gains)/Losses (5) + (6)	164,398
8. Market Value of Trust Assets as of June 30, 2019	19,550,255
9. Preliminary Actuarial Value of Assets - June 30, 2019 (7) + (8)	\$19,714,653
10. (a) 80% corridor of Market Value	15,640,204
(b) 120% corridor of Market Value	23,460,306
11. Final Actuarial Value of Assets - June 30, 2019***	\$19,714,653

The Preliminary Actuarial Value of Assets is 100.8% of the Market Value, and thus falls within the 80% to 120% corridor of actual June 30, 2019 Market Value.

The yield on Valuation Assets for the 2018-2019 Plan Year was 4.70%.

* 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

II. PLAN ASSETS (Continued)

C. SMOOTHED VALUATION ASSET AND UNRECONGNIZED (G)/L DETAIL

Smoothed Valuation Asset Calculation

	<u>06/30/2015</u>	<u>06/30/2016</u>	<u>06/30/2017</u>	<u>06/30/2018</u>	<u>06/30/2019</u>	<u>06/30/2020</u>	<u>06/30/2021</u>
Market Value of Assets	16,705,436	16,165,062	17,797,334	18,932,780	19,550,255		
Expected Earnings at Market Value (7.00%)*	1,171,591	1,152,813	1,109,504	1,224,068	1,300,606		
Actual Earnings MV	(44,343)	(435,268)	1,859,149	1,410,493	977,488		
Actuarial (Gain)/Loss on MV	1,215,934	1,588,082	(749,645)	(186,425)	323,118		
Recognition of current years Gain/(Loss)	(243,187)	(317,616)	149,929	37,285	(64,624)		

Anticipated Unrecognized (Gain)/Loss for Future Years

Remaining Unrecognized (G)/L - 6/30/15 (G)/L	972,747	729,560	486,374	243,187	0	0	0
Remaining Unrecognized (G)/L - 6/30/16 (G)/L		1,270,465	952,849	635,233	317,616	0	0
Remaining Unrecognized (G)/L - 6/30/17 (G)/L			(599,716)	(449,787)	(299,858)	(149,929)	0
Remaining Unrecognized (G)/L - 6/30/18 (G)/L				(149,140)	(111,855)	(74,570)	(37,285)
Remaining Unrecognized (G)/L - 6/30/19 (G)/L					258,495	193,871	129,247
Total Unrecognized (Gains)/Losses	972,747	2,000,026	839,506	279,492	164,398	(30,628)	91,962
Market Value of Assets - EOY	16,705,436	16,165,062	17,797,334	18,932,780	19,550,255		
Total Unrecognized (Gain)/Loss	<u>972,747</u>	<u>2,000,026</u>	<u>839,506</u>	<u>279,492</u>	<u>164,398</u>		
Actuarial Value of Assets - EOY	\$17,678,183	\$18,165,088	\$18,636,841	\$19,212,272	\$19,714,653		

* Calculated using weighted contributions - ER by date, EE at 50%, Distrib at 50%

The portion of the 2019 Loss still deferred as of 2022 is not shown above.

TOWN OF EASTON RETIREMENT PLAN

III. ANNUAL VALUATION SUMMARY - JULY 1, 2019 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 (7/1/2019)	\$3,942,104	\$11,575,040	\$5,497,125	\$21,014,268
b) Valuation Assets (7/1/2019)	4,005,812	10,645,627	5,063,214	19,714,653
c) Unfunded Liability (7/1/2019)	(63,708)	929,413	433,911	1,299,615
Additional Information				
d) Active Participant Payroll	\$424,387	\$1,442,370	\$1,329,525	\$3,196,283

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, 2019 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	\$1,579,945	\$3,898,845	\$2,690,420	\$8,169,209
ii Retired Participants	1,997,195	7,054,049	2,441,434	11,492,678
iii Terminated Participants	364,963	622,146	365,271	1,352,381
Total EAN Accrued Liability	\$3,942,104	\$11,575,040	\$5,497,125	\$21,014,268
b) Valuation Assets	\$4,005,812	\$10,645,627	\$5,063,214	\$19,714,653
d) Unfunded Accd. Liab. ((a) - (b))	-\$63,708	\$929,413	\$433,911	\$1,299,615
e) Expected Unfunded AL	0	1,245,386	405,257	1,650,643
f) 2019 Amortization Base	0	-315,973	28,654	-287,319
g) Entry Age Normal Cost (Gross) (Sum of individual active members NC)	\$54,218	\$150,119	\$140,879	\$345,216
Summary of Funding Bases	<u>Initial Base</u>	<u>Rem. Bal. -19</u>	<u>Min. Amort.</u>	<u>Rem. Yrs (at minimum)</u>
Initial Base - 7/1/14	\$943,511	\$496,352	\$71,060	25
(Gain)/Loss/Amend/Changes - 2015	365,833	241,223	48,679	6
(Gain)/Loss/Amend/Changes - 2016	585,170	425,336	77,865	7
(Gain)/Loss/Amend/Changes - 2017	295,173	239,818	39,277	8
(Gain)/Loss/Amend/Changes - 2018	273,556	247,913	36,400	9
(Gain)/Loss/Amend/Changes - 2019	<u>-287,319</u>	<u>-287,319</u>	<u>-38,232</u>	10
Totals	\$2,175,925	\$1,363,324	\$235,049	
Net off Highway Union (no bases as of 2019)		<u>-\$63,708</u>		
Check totals with Unfunded - 6/30/19		\$1,299,616		

TOWN OF EASTON RETIREMENT PLAN

III. ANNUAL VALUATION SUMMARY - JULY 1, 2019 VALUATION DATE

	Highway Union (1)	Selectmen (2)	Board of Education (3)	Totals (1) + (2) + (3)
D. RANGE OF CONTRIBUTIONS				
a) 2018 Calendar Year Payroll	\$424,387	\$1,442,370	\$1,329,525	\$3,196,283
b) Unfunded Entry Age Accrued Liability - 7/1/2019	(\$63,708)	\$929,413	\$433,911	\$1,299,615
c) Gross Normal Cost	\$54,218	\$150,119	\$140,879	\$345,216
d) Expected Employee Contributions	\$27,925	\$58,911	\$43,934	\$130,770
e) Net Normal Cost (c - d)	\$26,293	\$91,207	\$96,945	\$214,446
f) Recommended Maximum Plan Deposit - Net Normal Cost plus 10-year amortization of UAL. (2019-20 plan year)				
i. Maximum Amortization	\$0	\$186,257	\$103,279	\$289,536
ii. Interest* to Year End	\$0	\$21,484	\$15,553	\$37,038
iii. Maximum Deposit**	\$0	\$298,949	\$215,778	\$514,727
g) Recommended Minimum Plan Deposit - Net Normal Cost plus 30-year amortization of UAL. (2019-20 Plan Year)				
i. Minimum Amortization	\$0	\$148,916	\$86,133	\$235,049
ii. Interest* to Year End	\$0	\$18,871	\$14,353	\$33,224
iii. Minimum Deposit**	\$0	\$258,994	\$197,432	\$456,425
<i>Min. as % of payroll</i>	<i>0.00%</i>	<i>17.96%</i>	<i>14.85%</i>	<i>14.28%</i>

* Interest reflects full year at 7% for employer contributions less 3.5% credit for EE contributions.

** As of June 30, 2020. Budget amounts for 2020-2021 include additional interest charge.

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

TOWN OF EASTON RETIREMENT PLAN

IV. PRESENT VALUE OF ACCRUED BENEFITS - JULY 1, 2019

	Highway Union	Selectmen*	Board of Education	All Depart. Grand Total
I. Present Value of Accrued Benefits				
a. Actives				
i. Vested Employee Funded	\$513,060	\$955,703	\$631,927	\$2,100,691
ii. Vested Employer Funded	776,702	2,704,482	1,539,097	5,020,281
iii. Non-vested Employer Funded	0	0	166,584	166,584
b. Receiving Payment	1,997,195	7,054,049	2,441,434	11,492,678
c. Term Vested	364,963	622,146	365,271	1,352,381
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TOTAL	\$3,651,921	\$11,336,380	\$5,144,313	\$20,132,615
II. Assets - Market Value	\$3,967,512	\$10,529,099	\$5,053,644	\$19,550,255
III. Funded Ratio (II/I)	108.6%	92.9%	98.2%	97.1%
(Funded Ratio Last Year)	111.4%	88.4%	94.6%	93.9%

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

*Present Values based on 7% interest and RP-2014 Post Retirement Mortality (M/F) with projections (MP-2018)
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, 2019

Participants	Highway	Selectmen*	Board of Ed.**	Totals
a. Active	6	22	33	61
b. Term Vested (a)	4	13	5	22
c. Retired	7	43	32	82
d. Totals	<u>17</u>	<u>78</u>	<u>70</u>	<u>165</u>
Average Age (actives)	47.8	55.6	56.8	55.5
Normal Retirement Age (b)	54.6	65.6	65.3	64.4
Average Past Years Service	16.1	14.0	11.8	13.0
Average Future Years Service	6.7	10.0	8.6	8.9
Total Compensation	\$424,387	\$1,442,370	\$1,329,525	\$3,196,283
Average Compensation	\$70,731	\$65,562	\$40,289	\$52,398
Gross Normal Cost (N.C.)	\$54,218	\$150,119	\$140,879	\$345,216
N.C. as % of Pay	12.8%	10.4%	10.6%	10.8%
Minimum Valuation Contribution (M.C.)	\$0	\$258,994	\$197,432	\$456,425
M.C. as % of Pay	0.0%	18.0%	14.8%	14.3%

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

**Includes employees formerly with Cafeteria

(a) Represents refund of contributions for 8 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, 2018	July 1, 2019
1. Participants		
a. Active	66	61
b. Term Vested*	24	22
c. Retired	77	82
d. Totals	<u>167</u>	<u>165</u>
2. Annual Compensation	\$3,260,492	\$3,196,283
3. Average Compensation	\$49,901	\$52,398
4. Average Age (actives)	55.2	55.5
5. Average Past Service	13.8	13.0
6. Accrued Pension Liability (EAN)**	\$20,898,497	\$21,014,268
7. Total Assets (Market Value)	\$18,932,780	\$19,550,255
8. Unfunded Accrued liab (Mkt. Val.(6 less 7)	\$1,965,717	\$1,464,013
9. Unfunded Accrued liab (Valuation assets)	\$1,686,225	\$1,299,615
10. Gross Normal Cost (Entry Age)**	341,615 10.5%	345,216 10.8%
11. Minimum Valuation Contribution	\$504,896 15.5%	\$456,425 14.3%

* Represents refund of contributions for 8 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

Plan Year <u>Beginning</u>	Participants <u>Act. - Other</u>		<u>Compensation</u>	Market Value <u>Assets</u>	Range of Contributions <u>Minimum</u> <u>Maximum</u>		(*)	Actual Contributions <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
7/1/2009	106	84	4,192,581	9,129,252	574,604	801,346	(13.71%)	540,000	186,486
7/1/2010	105	82	4,481,699	10,177,663	573,152	799,894	(12.79%)	691,269	191,095
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 - 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, 2019
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 \$92,400 for 2019, 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.

Through July 1, 2013, the Frozen Initial Liability was used.

VALUATION ASSETS

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

INTEREST ASSUMPTION

Pre & Post Retirement: 7% Compounded Annually

MORTALITY ASSUMPTION

Pre - Retirement: RP-2014 Projected with Scale MP-2018 for future years
 Post - Retirement: RP-2014 Projected with Scale MP-2018 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, or one year following
 & Mgmt. Valuation Date if later.