

November 25, 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, 2020. Our report contains a review of plan operations for the 2019-2020 plan year as well as presenting the results of the current valuation and budget recommendations for the 2021-22 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

ANNUAL VALUATION REPORT
FOR
THE TOWN OF EASTON RETIREMENT PLAN
AS OF JULY 1, 2020

Prepared by:

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

November 25, 2020

Town of Easton Retirement Plan

ACTUARIAL CERTIFICATION

This July 1, 2020 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-2019 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

11/25/2020

Date

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 59 active and 103 inactive members. The decrease among active members consisted of two retirees, who replaced two deaths among the existing retirees. There was also one refund for a previously non-vested terminated member.

Most of the experience factors among the participants this year would have lead to slightly lower recommended contributions for next year, however the trust asset performance and a change in assumptions has lead to an increase in the recommended contributions of about \$50,000 (some of which should have been included last year – see page 2 regarding a mistake in last year's report.)

For the 2019-20 plan year, the trust assets earned a return of 2.35% (using the GASB weighted method), which created an actuarial loss of \$869,922 against the assumed 7% rate of return.

The valuation asset calculation again smoothed this loss and combined with past gains and losses produced a valuation asset yield of 5.0% - again up from last year but only slightly. The current unrecognized loss now sits at \$665,310, with \$52,000 due to be recognized for the July 1, 2021 valuation. The losses added \$50,633 to this year's minimum contribution calculation.

The table below lists the current year's recommended minimum budget request, the results of the July 1, 2020 valuation, and the recommended minimum and maximum budget requests for fiscal year 2021-22.

<u>Employee Group</u>	Minimum 2020-21 <u>Recom.</u>	<u>July 1, 2020 Valuation</u>		Recommended 2021-22 Budget	
		<u>Minimum</u>	<u>Maximum</u>	<u>Minimum</u>	<u>Maximum</u>
Highway Union	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Selectmen	265,000	269,768	307,108	277,500	316,300
Board of Education	202,000	231,673	248,819	235,900	253,700
Plan Totals	\$ 467,000	\$ 501,441	\$ 555,928	\$513,400	\$ 570,000
(Actual in budget - \$500,000)					

The actual contribution in the 2020-21 budget is \$500,000, which is very close to the minimum calculated contributon as produced by the 2020 valuation. Being short by \$1,441 is not a problem, especially since the contribution has been at or above the maximum level regularly in recent years.

Our recommendation for 2021-22 includes an increase in the maximum and minimum due to the passage of time from the valuation calculations to the expected dates of deposit, and other adjustments based on expected plan experience.

The participants' actuarial experience for the July 1, 2020 valuation generally would have lead to a decrease in contributions of about \$40,000 plan wide, based on the two retirees and two deaths mentioned above. Salaries in the Highway group increased at 1.1%, while the Board of Education exceeded our 3% assumption with a 4.2% increase. The Selectmen group included increases of 2.28%. The plan continues to enjoy actuarial gains from members beyond retirement age who continue working, rather than collecting pensions.

TOWN OF EASTON RETIREMENT PLAN

I. GENERAL COMMENTS(continued)

We made a couple of changes to the mortality assumptions in the valuation, to bring the plan up to date with the most appropriate tables available. The new table is called the PUB-10 table, and it is the first set of tables available based on the actual experience of municipal and other public plan participants. We have applied that table to the Town Plan and Board of Education groups, and it resulted in an increase in the contribution of about \$34,000 plan wide.

The Highway Department is being valued under a table specifically based on Blue Collar workers – that change did not have much impact on the contribution this year. Had the PUB-10 General table been used for the Highway Department there would have been a recommended contribution for that department for the first time in recent memory (of about \$35,000). I think we can count on a contribution for Highway starting with 2022 or very soon thereafter.

At some point we need to address the assumed interest rate, which we have held at 7%. If your auditors don't have a problem with it, we can stick with 7% and see if rates (or results) turn around. All of our other municipal plans are current using rates from 6.625% to 6.75%. Of course lowering the interest rate would create a increased need for funding.

Using some basic metrics from other studies we have prepared, moving to 6.75% would result in an increase in your contribution of about \$93,000, and moving to 6.50% would more than double that bump up to about \$193,000. These increases can be phased in over two or three years, but we do recommend that you seriously consider reducing the assumed interest rate.

As a closed plan, your contribution should decrease as participants retire, but that has happened only modestly over the past few years. If you were to decrease the interest rate other contractions in the plan would help offset the increases.

While preparing this year's report, we noted a mistake in last year's valuation in which one retiree's liabilities were inadvertently excluded from the totals. The amount of the liability was about 1% of the total for the plan, and would have resulted in an extra \$20,000 in recommended contributions for the Board of Education. The 2020-21 budgeted contribution is still more than what the minimum recommendation would have been, had all of the liabilities been recognized.

The funded level of the accrued benefits, which we measure on Market Value (and an age 62 retirement assumption) decreased only slightly, despite the recognition of last year's mistake and the asset return under the assumed rate. As of July 1, 2020, the funded ratio on market value is 96.7%.

We added a new item to the present value display on page 9, which is the Actives liability as a percentage of the total. The current level is 36%, which is an indication that the plan is "mature", with most of the benefits due to past employees. Another indication of the plan's maturity is the net cash flow drain – with benefits last year exceeding new contributions by more than \$400,000.

TOWN OF EASTON RETIREMENT PLAN

II.(a) PLAN ASSETS - Market Value Reconciliation

Beginning of Year <u>July 1, 2019</u>		End of Year <u>June 30, 2020</u>
\$22,988.40	Employee Cont. Rec.	\$0.00
0.00	Employer Receivable Contribution	0.00
2,151,238.26	Cash and Money Market Funds	2,406,618.57
17,289,993.79	Misc. Mutual Funds	17,099,926.85
86,034.54	Prepaid Benefits	88,543.54
<u>0.00</u>	Other payable/receivable	<u>0.00</u>
\$19,550,254.99	TOTAL (Market Value)	\$19,595,088.96

 RECEIPTS

Employer Contribution	\$525,000.00
Employee Contribution	132,340.06
Investment Earnings	847,183.78
Realized Gains/(Losses) (included with unrealized g/l)	<u>0.00</u>
TOTAL INCOME	\$1,504,523.84

DISBURSEMENTS

Periodic Benefit Payments (annual total of monthly bens.)	\$1,071,507.58
Refund of Employee Contributions and Interest	12,831.69
Expenses	<u>10,025.00</u>
TOTAL EXPENSES	\$1,094,364.27
NET INCOME	\$410,159.57

CHANGE IN NET ASSETS

Realized and Unrealized Gains and Losses:	(\$365,325.60)
Net Income:	<u>410,159.57</u>
Net increase (decrease) in net assets for the year:	\$44,833.97
Net assets at beginning of year:	\$19,550,254.99
Net assets at end of year:	\$19,595,088.96

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 July 1, 2020:

1. Assumed market value return at valuation rate*	\$1,341,756
2. Actual MV Return for June 30, 2020 **	471,833
3. Current Year (Gain)/Loss on Market value yield* (1) - (2)	869,922
4. Portion of Curr. Yr. Loss to be Recognized in 2020 (3) x 20%	173,984
5. Portion of Current Years (Gain)/Loss Not Recognized in 2020	695,938
6. Prior Unrec. (Gains)/ losses - June 30, 2020 - see next page	(30,628)
7. Total Unrecognized (Gains)/Losses (5) + (6)	665,310
8. Market Value of Trust Assets as of June 30, 2020	19,595,089
9. Preliminary Actuarial Value of Assets - June 30, 2020 (7) + (8)	\$20,260,399
10. (a) 80% corridor of Market Value	15,676,071
(b) 120% corridor of Market Value	23,514,107
11. Final Actuarial Value of Assets - June 30, 2020***	\$20,260,399

The Preliminary Actuarial Value of Assets is 103.4% of the Market Value, and thus falls within the 80% to 120% corridor of actual June 30, 2020 Market Value.

The yield on Valuation Assets for the 2019-2020 Plan Year was 5.03%.

* 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	19,595,089	
Expected Earnings at Market Value (7.00%)*	1,171,591	1,152,813	1,109,504	1,224,068	1,300,606	1,341,756	
Actual Earnings MV	(44,343)	(435,268)	1,859,149	1,410,493	977,488	471,833	
Actuarial (Gain)/Loss on MV	1,215,934	1,588,082	(749,645)	(186,425)	323,118	869,922	
Recognition of current years Gain/(Loss)	(243,187)	(317,616)	149,929	37,285	(64,624)	(173,984)	

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					258,494	193,871	129,247
Remaining Unrecognized (G)/L - 6/30/20 (G)/L						695,938	521,953
Total Unrecognized (Gains)/Losses	972,747	2,000,026	839,506	279,492	164,398	665,310	613,916
Market Value of Assets - EOY	16,705,436	16,165,062	17,797,334	18,932,780	19,550,255	19,595,089	
Total Unrecognized (Gain)/Loss	972,747	2,000,026	839,506	279,492	164,398	665,310	
Actuarial Value of Assets - EOY	\$17,678,183	\$18,165,088	\$18,636,841	\$19,212,272	\$19,714,653	\$20,260,399	

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

The portion of the 2019 & 2020 Losses still deferred as of 2022/23 is not shown above.

TOWN OF EASTON RETIREMENT PLAN

III. ANNUAL VALUATION SUMMARY - JULY 1, 2020 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 (7/1/2020)	\$4,035,100	\$11,749,367	\$5,964,061	\$21,748,528
b) Valuation Assets (7/1/2020)	4,075,695	10,875,023	5,309,681	20,260,399
c) Unfunded Liability (7/1/2020)	(40,595)	874,344	654,380	1,488,129
Additional Information				
d) Active Participant Payroll	\$429,105	\$1,475,324	\$1,325,641	\$3,230,069

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, 2020 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	\$1,664,318	\$4,255,409	\$2,848,620	\$8,768,347
ii Retired Participants	1,988,201	6,823,481	2,718,867	11,530,550
iii Terminated Participants	382,580	670,477	396,574	1,449,631
Total EAN Accrued Liability	\$4,035,100	\$11,749,367	\$5,964,061	\$21,748,528
b) Valuation Assets	\$4,075,695	\$10,875,023	\$5,309,681	\$20,260,399
d) Unfunded Accd. Liab. ((a) - (b))	-\$40,595	\$874,344	\$654,380	\$1,488,129
e) Expected Unfunded AL	0	759,499	365,500	1,124,999
f) 2020 Amortization Base	0	114,845	288,880	403,725
g) Entry Age Normal Cost (Gross) (Sum of individual active members NC)	\$54,898	\$165,643	\$151,625	\$372,165
Summary of Funding Bases	<u>Initial Base</u>	<u>Rem. Bal. -20</u>	<u>Min. Amort.</u>	<u>Rem. Yrs (at minimum)</u>
Initial Base - 7/1/14	\$943,511	\$430,195	\$71,060	24
(Gain)/Loss/Amend/Changes - 2015	365,833	188,987	48,679	5
(Gain)/Loss/Amend/Changes - 2016	585,170	344,546	77,865	6
(Gain)/Loss/Amend/Changes - 2017	295,173	200,834	39,277	7
(Gain)/Loss/Amend/Changes - 2018	273,556	213,580	36,400	8
(Gain)/Loss/Amend/Changes - 2019	-287,319	-253,144	-38,232	9
(Gain)/Loss/Amend/Changes - 2020	<u>403,725</u>	<u>403,725</u>	<u>53,721</u>	10
Totals	\$2,579,651	\$1,528,725	\$288,770	
Net off Highway Union (no bases as of 2020)		<u>-\$40,595</u>		
Check totals with Unfunded - 6/30/20		\$1,488,129		

TOWN OF EASTON RETIREMENT PLAN

III. ANNUAL VALUATION SUMMARY - JULY 1, 2020 VALUATION DATE

	Highway Union (1)	Selectmen (2)	Board of Education (3)	Totals (1) + (2) + (3)
D. RANGE OF CONTRIBUTIONS				
a) 2019 Calendar Year Payroll	\$429,105	\$1,475,324	\$1,325,641	\$3,230,069
b) Unfunded Entry Age Accrued Liability - 7/1/2020	(\$40,595)	\$874,344	\$654,380	\$1,488,129
c) Gross Normal Cost	\$54,898	\$165,643	\$151,625	\$372,165
d) Expected Employee Contributions	\$28,235	\$60,073	\$44,524	\$132,832
e) Net Normal Cost (c - d)	\$26,662	\$105,570	\$107,101	\$239,333
f) Recommended Maximum Plan Deposit - Net Normal Cost plus 10-year amortization of UAL. (2020-21 plan year)				
i. Maximum Amortization	\$0	\$201,539	\$141,719	\$343,257
ii. Maximum Deposit*	\$0	\$307,108	\$248,819	\$555,928
g) Recommended Minimum Plan Deposit - Net Normal Cost plus 30-year amortization of UAL. (2020-21 Plan Year)				
i. Minimum Amortization	\$0	\$164,198	\$124,573	\$288,770
ii. Minimum Deposit*	\$0	\$269,767	\$231,673	\$501,441
<i>Min. as % of payroll</i>	<i>0.00%</i>	<i>18.29%</i>	<i>17.48%</i>	<i>15.52%</i>

* As of July 1, 2020. Budget amounts for 2021-2022 include interest charge and adjustments for expected personnel changes.

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, 2020

	Highway Union	Selectmen*	Board of Education	All Depart. Grand Total
I. Present Value of Accrued Benefits				
a. Actives				
i. Vested Employee Funded	\$564,543	\$1,065,846	\$677,666	\$2,308,055
ii. Vested Employer Funded	844,842	2,743,122	1,232,039	4,820,002
iii. Non-vested Employer Funded	0	0	165,483	165,483
b. Receiving Payment	1,988,201	6,823,481	2,718,867	11,530,550
c. Term Vested	382,580	670,477	396,574	1,449,631
	-----	-----	-----	-----
TOTAL	\$3,780,167	\$11,302,925	\$5,190,629	\$20,273,722
II. Assets - Market Value	\$3,934,719	\$10,488,663	\$5,171,706	\$19,595,089
III. Funded Ratio (II/I)	104.1%	92.8%	99.6%	96.7%
(Funded Ratio Last Year)	108.6%	92.9%	98.2%	97.1%
Actives percent of total Accd. Bens.	37.3%	33.7%	40.0%	36.0%

* 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-2019) - Sel/Bd. Ed
Highways Dept. Present Values based RP-2014 Post Retirement Mortality (M/F) with projections (MP-2019)
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, 2020

	Highway	Selectmen*	Board of Ed.**	Totals
Participants				
a. Active	6	22	31	59
b. Term Vested (a)	3	13	5	21
c. Retired	7	42	33	82
d. Totals	<u>16</u>	<u>77</u>	<u>69</u>	<u>162</u>
Average Age (actives)	48.8	56.6	57.4	56.2
Normal Retirement Age (b)	54.7	65.8	65.2	64.4
Average Past Years Service	18.1	16.0	13.1	14.7
Average Future Years Service	5.9	9.2	7.9	8.1
Total Compensation	\$429,096	\$1,475,324	\$1,325,641	\$3,230,060
Average Compensation	\$71,516	\$67,060	\$42,763	\$54,747
Gross Normal Cost (N.C.)	\$54,898	\$165,643	\$151,625	\$372,165
N.C. as % of Pay	12.8%	11.2%	11.4%	11.5%
Minimum Valuation Contribution (M.C.)	\$0	\$269,767	\$231,673	\$501,441
M.C. as % of Pay	0.0%	18.3%	17.5%	15.5%

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

**Includes employees formerly with Cafeteria

- (a) Represents refund of contributions for 7 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, 2019	July 1, 2020
1. Participants		
a. Active	61	59
b. Term Vested*	22	21
c. Retired	82	82
d. Totals	<u>165</u>	<u>162</u>
2. Annual Compensation	\$3,196,283	\$3,230,060
3. Average Compensation	\$52,398	\$54,747
4. Average Age (actives)	55.5	56.2
5. Average Past Service	14.0 ***	14.7
6. Accrued Pension Liability (EAN)**	\$21,014,268	\$21,748,528
7. Total Assets (Market Value)	\$19,550,255	\$19,595,089
8. Unfunded Accrued liab (Mkt. Val.(6 less 7)	\$1,464,013	\$2,153,439
9. Unfunded Accrued liab (Valuation assets)	\$1,299,615	\$1,488,129
10. Gross Normal Cost (Entry Age)**	345,216 10.8%	372,165 11.5%
11. Minimum Valuation Contribution	\$456,425 14.3%	\$501,441 15.5%

* Represents refund of contributions for 7 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.

*** Corrected from last year's report (13.0 was reported in error).

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
7/1/2010	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	132,340
7/1/2020	59	103	3,230,060	19,595,089	501,441	548,298	(15.52%)	\$500,000 - 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, 2020
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 \$98,000 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.

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-2019 for future years

Post - Retirement: PUB010 General with Scale MP-2019 for future years

Highway:

Pre - Retirement: RP-2014 (Blue Collar) Proj. with Scale MP-2019 for future years

Post - Retirement: RP-2014 (Blue Collar) Proj. with Scale MP-2019 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.