

December 10, 2018

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:

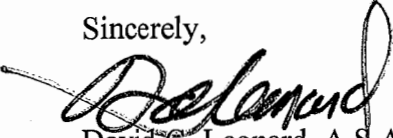
We are pleased to enclose the Annual Valuation Report for the above plan as of July 1, 2018. Our report contains a review of plan operations for the 2017-2018 plan year as well as presenting the results of the current valuation and budget recommendations for the 2019-20 fiscal year.

We have not yet completed the "Supplemental" valuation report, which includes listings of active and retirement members, with their accrued and projected benefits, but will provide it as soon as it is ready.

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, 2018

Prepared by:

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

December 8, 2018

## **Town of Easton Retirement Plan**

### **ACTUARIAL CERTIFICATION**

This July 1, 2018 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-2017 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.

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

12/9/18  
\_\_\_\_\_  
Date

ANNUAL VALUATION REPORT  
FOR  
THE TOWN OF EASTON RETIREMENT PLAN  
AS OF JULY 1, 2018

Prepared by:

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

December 8, 2018

# 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 66 active and 101 inactive members. There was an 11% decline in active members, with the salary base decreasing slightly less (8.7%). In many ways the July 1, 2018 annual valuation was extremely similar to the 2017 version, with slightly less impact from the same types of actuarial experience.

For the 2017-18 plan year, the trust assets earned a return of 8.10%, which was less than 2017's 11.87% but still a plus return against the assumed 7% rate. The smoothed actuarial valuation assets produced earnings of only 4.6%, which resulted in actuarial losses of \$432,354 (vs. 7% assumed). This added about \$49,000 to the recommended contribution, against which other gains helped to keep the recommended contributions remarkably stable. We will discuss the reasons why such losses occurred in a year in which the trust assets performed well later in this commentary.

The table below lists the current year's recommended minimum budget request, the results of the July 1, 2018 valuation, and the recommended minimum and maximum budget requests for fiscal year 2019-20.

<u>Employee Group</u>	<u>Minimum</u> <u>2018-19</u>	<u>July 1, 2018 Valuation</u>		<u>Recommended</u> <u>2019-20 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	292,100	314,537	354,492	319,400	359,300
Board of Education	219,400	190,359	208,705	194,500	212,800
Plan Totals	\$ 511,500	\$ 504,896	\$ 563,198	\$513,900	\$ 572,100

(Actual in budget - \$520,000)

The actual contribution in the 2018-19 budget is \$520,000, which is within the minimum and maximum range produced by the 2018 valuation. Our recommendation for 2019-20 includes an increase in the maximum and minimum due to the passage of time from the valuation calculations to the expected dates of deposit, however we have modified the method of projection to more closely follow the funding method, which produced a milder increase on the projection compared to the method we used in prior years.

This year's actuarial experience, outside of the losses on valuation assets mentioned above, was mostly positive. The shifting from active participants to more retirees and other inactives will slowly modify the emphasis from normal costs (actives only) to amortization of unfunded liabilities. This means the experience from trust assets and longevity among your retirees will become greater influences in the changes in costs – but continued reductions in normal cost should at least offset any losses that occur.

If that experience is mostly positive, the required contributions to the plan could shrink significantly, and in a hurry. This year the unfunded liability increased from \$1,513,015 to \$1,686,225, mainly due to actuarial losses on the trust assets as mentioned above, which were more than twice as much as the total increase in unfunded liability.

## TOWN OF EASTON RETIREMENT PLAN

I. GENERAL COMMENTS  
(continued)

We have prepared the following table to visually display the changes from 2017 to 2018 in each portion of the contribution calculation. (Interest adjustments are not included.)

	<u>Town - 17</u>	<u>Town - 18</u>	<u>Bd.Ed.- 17</u>	<u>Bd.Ed.- 18</u>
Net Normal Cost	103,041	101,094	110,473	94,196
Amortizations (Min.)	154,117	190,960	82,763	82,321

Note that the Net Normal Cost reflects decreases in the annual benefit cost for active members, which are offset by the expected reduction in employee contributions.

The amortization pieces for both groups were impacted significantly by the trust asset losses, with the \$33,815 of the Town's \$36,843 increase directly from the asset piece. For the Board of Education, the amortization dropped very slightly in spite of a \$14,972 bump from the asset losses. Note also that some of the overall asset losses were absorbed by the Highway Department, which remains overfunded despite experiencing their share of the trust loss.

As mentioned last year, for the 2018 valuation we recognized \$410,000 of net losses from the past. This was offset slightly by a recognition of 20% of the 2018 gain, or about \$37,000. While this held down the overall valuation asset yield to only 4.6%, as of July 1, 2018 the total net unrecognized loss is down to \$279,000. So far in 2018-19, the markets have been churning downward, so next year's results are highly dependent on the next seven months however the smoothing of any new losses will at least prevent any but the most catastrophic market losses from severely impacting next year's results.

A brief review of the salary experience for the continuing active members shows a second straight year of decreases for the Board of Education participants, down 1.7%, while the Selectmans groups averaged increases of 7.5%. This average is spiked by a few very high increases due to promotions, but nevertheless these salary increases contributed to the normal cost and amortization levels shown above.

It is interesting to note that there were six retirees during the year, and the average age at retirement was just under 70. There was only one retiree under age 65 (at 64), thus indicating that our assumed 65 retirement age for non-Highway Union members of 65 seems to be appropriate.

The funded level of the accrued benefits, which we measure on Market Value (and an age 62 retirement assumption) stayed the same from last year to this, at 93.9%.

## TOWN OF EASTON RETIREMENT PLAN

## II.(a) PLAN ASSETS - Market Value Reconciliation

Beginning of Year <u>July 1, 2017</u>		End of Year <u>June 30, 2018</u>
\$0.00	Employee Cont. Rec.	\$12,510.65
238,000.00	Employer Receivable Contribution	0.00
2,755,749.80	Money Market Funds	2,613,561.18
14,730,231.98	Misc. Mutual Funds	16,226,315.25
73,352.40	Prepaid Benefits	80,392.43
<u>0.00</u>	Other payable/receivable	<u>0.00</u>
\$17,797,334.18	TOTAL (Market Value)	\$18,932,779.51

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 RECEIPTS

Employer Contribution	\$510,000.00
Employee Contribution	146,964.67
Investment Earnings	966,266.94
Realized Gains/(Losses)	<u>(0.00)</u>

TOTAL INCOME	\$1,623,231.61
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## DISBURSEMENTS

Periodic Benefit Payments (annual total of monthly bens.)	\$930,244.47
Refund of Employee Contributions and Interest	1,767.76
Expenses	<u>10,075.00</u>

TOTAL EXPENSES	\$942,087.23
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NET INCOME	\$681,144.38
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## CHANGE IN NET ASSETS

Realized and Unrealized Gains and Losses:	\$454,300.95
Net Income:	<u>681,144.38</u>
Net increase (decrease) in net assets for the year:	\$1,135,445.33
Net assets at beginning of year:	17,797,334.18
Net assets at end of year:	\$18,932,779.51



## 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, 2018:

1. Assumed market value yield at valuation rate*	\$1,224,068
2. Actual MV Yield for June 30, 2018 **	1,410,493
3. Current Year (Gain)/Loss on Market value yield* (1) - (2)	(186,425)
4. Portion of Curr. Yr. Loss to be Recognized in 2018 (3) x 20%	(37,285)
5. Portion of Current Years (Gain)/Loss Not Recognized in 2018	(149,140)
6. Prior Unrec. (Gains)/ losses - June 30, 2018 - see next page	428,632
7. Total Unrecognized (Gains)/Losses (5) + (6)	279,492
8. Market Value of Trust Assets as of June 30, 2018	18,932,780
9. Preliminary Actuarial Value of Assets - June 30, 2018 (7) + (8)	<b>\$19,212,272</b>
10. (a) 80% corridor of Market Value	15,146,224
(b) 120% corridor of Market Value	22,719,335
11. Final Actuarial Value of Assets - June 30, 2018***	<b>\$19,212,272</b>

The Preliminary Actuarial Value of Assets is 101.5% of the Market Value, and thus falls within the 80% to 120% corridor of actual June 30, 2018 Market Value.

The yield on Valuation Assets for the 2017-2018 Plan Year was 4.64%.

\* 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			
Expected Earnings at Market Value (7.00%)*	1,171,591	1,152,813	1,109,504	1,224,068			
Actual Earnings MV	(44,343)	(435,268)	1,859,149	1,410,493			
Actuarial (Gain)/Loss on MV	1,215,934	1,588,082	(749,645)	(186,425)			
Recognition of current years (Gain)/Loss	(243,187)	(317,616)	149,929	37,285			

#### 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					0	0	0
Total Unrecognized (Gains)/Losses	972,747	2,000,026	839,506	279,492	(94,097)	(224,499)	(37,285)
Market Value of Assets - EOY	16,705,436	16,165,062	17,797,334	18,932,780			
Total Unrecognized (Gain)/Loss	<u>972,747</u>	<u>2,000,026</u>	<u>839,506</u>	<u>279,492</u>			
Actuarial Value of Assets - EOY	\$17,678,183	\$18,165,088	\$18,636,841	\$19,212,272			

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

# TOWN OF EASTON RETIREMENT PLAN

## III. ANNUAL VALUATION SUMMARY - JULY 1, 2018 VALUATION DATE

	Highway Union (1)	Selectmen (2)	Board of Education (3)	Totals (1) + (2) + (3)
<b>A. DEVELOPMENT OF THE INITIAL ACCRUED LIABILITY FOR ENTRY AGE NORMAL FUNDING CALCULATIONS (EAN)</b>				
a) EAN Accrued Liability (7/1/2018)	\$3,771,514	\$11,826,222	\$5,300,761	\$20,898,497
b) Valuation Assets (7/1/2018)	3,928,454	10,480,271	4,803,547	19,212,272
c) Unfunded Liability (7/1/2018)	(156,940)	1,345,951	497,214	1,686,225
Additional Information				
d) Active Participant Payroll	\$485,362	\$1,486,016	\$1,289,114	\$3,260,492

## 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, 2018 VALUATION DATE

	Highway Union (1)	Selectmen (2)	Board of Education (3)	Totals (1) + (2) + (3)
<b>C. DEVELOPMENT OF THE NORMAL COST &amp; UNFUNDED ACCRUED LIABILITY</b>				
a) EAN Accrued Liability				
i Active Participants	\$2,013,178	\$4,023,685	\$2,455,755	\$8,492,618
ii Retired Participants	1,418,127	7,219,690	2,421,959	11,059,776
iii Terminated Participants	340,209	582,847	423,047	1,346,103
Total EAN Accrued Liability	\$3,771,514	\$11,826,222	\$5,300,761	\$20,898,497
b) Valuation Assets	\$3,928,454	\$10,480,271	\$4,803,547	\$19,212,272
d) Unfunded Accd. Liab. ((a) - (b))	-\$156,940	\$1,345,951	\$497,214	\$1,686,225
e) Expected Unfunded AL	0	1,069,068	500,541	1,569,608
f) 2018 Amortization Base	0	276,883	-3,327	273,556
g) Entry Age Normal Cost (Gross) (Sum of individual active members NC)	\$45,588	\$159,351	\$136,676	\$341,615
Summary of Funding Bases	<u>Initial Base</u>	<u>Rem. Bal. -18</u>	<u>Min. Amort.</u>	<u>Rem. Yrs (at minimum)</u>
Initial Base - 7/1/14	\$943,511	\$546,413	\$71,060	26
(Gain)/Loss/Amend/Changes - 2015	365,833	275,517	48,679	7
(Gain)/Loss/Amend/Changes - 2016	585,170	480,191	77,865	8
(Gain)/Loss/Amend/Changes - 2017	295,173	267,488	39,277	9
(Gain)/Loss/Amend/Changes - 2018	<u>273,556</u>	<u>273,556</u>	<u>36,400</u>	10
Totals	\$2,463,244	\$1,843,165	\$273,281	
Net off Highway Union (no bases as of 2018)		<u>-\$156,940</u>		
Check totals with Unfunded - 6/30/18		\$1,686,225		

# TOWN OF EASTON RETIREMENT PLAN

## III. ANNUAL VALUATION SUMMARY - JULY 1, 2018 VALUATION DATE

	Highway Union (1)	Selectmen (2)	Board of Education (3)	Totals (1) + (2) + (3)
<b>D. RANGE OF CONTRIBUTIONS</b>				
a) 2017 Calendar Year Payroll	\$485,362	\$1,486,016	\$1,289,114	\$3,260,492
b) Unfunded Entry Age Accrued Liability - 7/1/2018	(\$156,940)	\$1,345,951	\$497,214	\$1,686,225
c) Gross Normal Cost	\$45,588	\$159,351	\$136,676	\$341,615
d) Expected Employee Contributions	\$32,895	\$58,257	\$42,480	\$133,632
e) Net Normal Cost (c - d)	\$12,693	\$101,094	\$94,196	\$207,983
f) Recommended Maximum Plan Deposit - Net Normal Cost plus 10-year amortization of UAL. (2018-19 plan year)				
i. Maximum Amortization	\$0	\$228,301	\$99,467	\$327,768
ii. Interest* to Year End	\$0	\$25,097	\$15,043	\$40,140
iii. Maximum Deposit**	\$0	\$354,492	\$208,705	\$563,198
g) Recommended Minimum Plan Deposit - Net Normal Cost plus 30-year amortization of UAL. (2018-19 Plan Year)				
i. Minimum Amortization	\$0	\$190,960	\$82,321	\$273,281
ii. Interest* to Year End	\$0	\$22,483	\$13,843	\$36,326
iii. Minimum Deposit**	\$0	\$314,537	\$190,359	\$504,896
<i>Min. as % of payroll</i>	<i>0.00%</i>	<i>21.17%</i>	<i>14.77%</i>	<i>15.49%</i>

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

\*\* As of June 30, 2019. Budget amounts for 2019-2020 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, 2018

	Highway Union	Selectmen*	Board of Education	All Depart. Grand Total
I. Present Value of Accrued Benefits				
a. Actives				
i. Vested Employee Funded	\$586,327	\$980,735	\$589,647	\$2,156,709
ii. Vested Employer Funded	1,126,512	2,872,543	1,474,729	5,473,784
iii. Non-vested Employer Funded	0	0	123,903	123,903
b. Receiving Payment	1,418,127	7,219,690	2,421,959	11,059,776
c. Term Vested	340,209	582,847	423,047	1,346,103
	-----	-----	-----	-----
TOTAL	\$3,471,175	\$11,655,816	\$5,033,285	\$20,160,275
II. Assets - Market Value	\$3,866,608	\$10,302,696	\$4,763,475	\$18,932,780
III. Funded Ratio (II/I)	111.4%	88.4%	94.6%	93.9%
(Funded Ratio Last Year)	118.1%	86.5%	96.1%	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-2017)  
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, 2018

Participants	Highway	Selectmen*	Board of Ed.**	Totals
a. Active	7	25	34	66
b. Term Vested (a)	4	13	7	24
c. Retired	6	41	30	77
d. Totals	<u>17</u>	<u>79</u>	<u>71</u>	<u>167</u>
Average Age (actives)	49.5	55.8	55.8	55.2
Normal Retirement Age (b)	56.0	65.5	65.2	64.4
Average Past Years Service	19.6	14.6	12.0	13.8
Average Future Years Service	6.5	9.7	9.4	9.2
Total Compensation	\$485,362	\$1,486,016	\$1,289,114	\$3,260,492
Average Compensation	\$69,337	\$59,441	\$37,915	\$49,401
Gross Normal Cost (N.C.)	\$45,588	\$159,351	\$136,676	\$341,615
N.C. as % of Pay	9.4%	10.7%	10.6%	10.5%
Minimum Valuation Contribution (M.C.)	\$0	\$314,537	\$190,359	\$504,896
M.C. as % of Pay	0.0%	21.2%	14.8%	15.5%

\*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, 14 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, 2017	July 1, 2018
1. Participants		
a. Active	74	66
b. Term Vested*	22	24
c. Retired	74	77
d. Totals	<u>170</u>	<u>167</u>
2. Annual Compensation	\$3,572,486	\$3,260,492
3. Average Compensation	\$48,277	\$49,401
4. Average Age (actives)	54.8	55.2
5. Average Past Service	13.3	13.8
6. Accrued Pension Liability (EAN)**	\$20,149,855	\$20,898,497
7. Total Assets (Market Value)	\$17,797,334	\$18,932,780
8. Unfunded Accrued liab (Mkt. Val.(6 less 7)	\$2,352,521	\$1,965,717
9. Unfunded Accrued liab (Valuation assets)	\$1,513,015	\$1,686,225
10. Gross Normal Cost (Entry Age)**	390,937 10.9%	341,615 10.5%
11. Minimum Valuation Contribution	\$486,053 13.6%	\$504,896 15.5%

\* Represents refund of contributions for 9 terminated non-vested members, a transfer to MERF and, 14 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 Maximum</u>		(*)	Actual Contributions <u>Town 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
7/1/2008	106	82	3,976,756	11,594,813	443,603	506,433	( 11.15% )	254,000	187,906
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 - 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, 2018
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 \$87,200 for 2018, and increases 6% annually.</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 (\$128,400 for 2018), 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-2017 for future years  
 Post - Retirement: RP-2014 Projected with Scale MP-2017 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: EM	General Town:	Age 65 with 10 years of service (5 years for participants)
	Highway Dept.: & Mgmt.	Normal Retirement Date, or one year following Valuation Date if later.