

September 13, 2022

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, 2022. Our report contains a review of plan operations for the 2021-2022 plan year as well as presenting the results of the current valuation and budget recommendations for the 2023-24 fiscal year.

The "Supplemental" valuation report has also been forwarded to you. We will prepare 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, 2022 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-2021 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 2021ASOP-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



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David G. Leonard, A.S.A.

Enrollment #20-03604

9/13/22

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Date

ANNUAL VALUATION REPORT  
FOR  
THE TOWN OF EASTON RETIREMENT PLAN  
AS OF JULY 1, 2022

Prepared by:

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

September 12, 2022

# 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 46 active and 106 inactive members. The decrease of seven active members consisted of three retirees in the Selectmen's group, and four retirees in the Board of Education. There were six deaths among the prior retirees, with two of those leaving survivor benefits to their spouses. With one vested terminated member retiring, the total retiree population increased by four from 82 to 86.

In an interesting anomaly, the overall valuation results produced a slight reduction in the minimum valuation contribution requirements as of July 1, 2022. This, despite a market value loss of 13.6% for the year.

This occurred for a few reasons, but the most prominent was the valuation asset smoothing, which both recognized 20% of the 2021 gains and deferred 80% of the 2022 losses. More on this below as we look to the next few years.

In the end the valuation assets earned 5.72%, which lead to an actuarial loss of about \$274,000. By itself such a loss would add about \$36,500 to the annual contribution requirement.

Various other factors combined to help reduce the required contribution, which will be discussed below.

The table below lists the current year's recommended minimum budget request, the results of the July 1, 2022 valuation, and the recommended minimum and maximum budget requests for fiscal year 2023-24.

<u>Employee Group</u>	Minimum	<u>July 1, 2022 Valuation</u>		Recommended	
	2022-23 <u>Recom.</u>	<u>Minimum</u>	<u>Maximum</u>	2023-24 Budget <u>Minimum</u>	<u>Maximum</u>
Highway Union	\$ 0	\$ 0	\$ 48,602	\$ 0	\$ 51,000
Selectmen	105,000	83,495	188,151	125,000	200,000
Board of Education	120,000	82,934	152,764	107,000	163,000
Plan Totals	\$ 225,000	\$ 166,924	\$ 389,517	\$232,000	\$ 414,000

(Actual in 2022-23 budget - \$225,000)

The contribution in the 2022-23 budget is \$225,000, which is still in excess of the valuation results. Given the impact of the trust losses as they come into the cost calculations over the next four years, we are happy to see some pre-funding against future increases.

We have prepared two calculations this year, which we are terming a Minimum and a Maximum. They are not, however, the traditional actuarial Min/Max distinguished by varying amortization periods. The minimum has been calculated in the same manner as in prior years, however the maximum was run using market value assets rather than the smoothed valuation total. This would, in effect, eliminate the smoothing effect and immediately recognize all prior gains and losses, including the 2022 losses.

# TOWN OF EASTON RETIREMENT PLAN

## I. GENERAL COMMENTS (continued)

While not recommending the maximum amount, we felt it would be useful to have an idea of where the funding needs would be if market value was used.

Our minimum recommendation for 2023-24 includes an increase in the contribution to account for the known net loss reconciliation that will come from the valuation asset calculations for the July 1, 2023 valuation – a net loss of \$473,835 that will add a little over \$50,000 to the cost calculations. We are projecting the Highway Department will remain fully funded even with the expected loss, so an actual increase has only been applied to the other two portions of the plan.

Last item on the assets – the deferral of 80% of the losses for 2022 has lead to another flip-flop in the deferred gain/loss totals – last years surplus of \$2,318,273 has now become a deficit of \$2,086,544 as of July 1, 2022. This will be recognized gradually over the next four years, with new gains or losses added in to the calculations.

The other factors that served to produce the favorable valuation results included a significant number of deaths among the retired members, the reduction in active members, and a W-2 salary anomaly that served to create virtually level salaries among the continuing active members. Offsetting these factors slightly was a 6% cost of living increase for most of the retirees, which served to increase many of their liabilities even as the retirees aged by a year.

The six retiree deaths lead to actuarial gains of about \$480,000, which is about a 2% reduction in liabilities for the plan. This gain was offset to some extent by the aforementioned 6% COLA (about a \$150,000 increase in liability) as well some small longevity losses for all of the retirees who survived the year.

The active members who continued on from 2021 to 2022 saw their average salary stay almost constant. This occurred because the 2020 W-2s were based on 27 payrolls, whereas in most years, including 2021, the pension income is derived from 26 biweekly payroll periods.

This, along with the six retirees, lead to a direct reduction in the Normal Cost component of the valuation calculation from \$333,095 to \$293,272, a decrease of almost \$40,000.

The funded level of the accrued benefits, which we measure on Market Value (and an age 62 retirement assumption) has dipped back below 100% to a plan wide level of 92.8%. Most of the decrease was due to the market value losses, but we also discovered that we had not included “projected mortality” in the present value of accrued benefit calculations – which we should. That added about 4% to the accrued benefit values that was not in last year’s results.

Overall, we expect the contribution level to stay in the \$200,000 to \$250,000 range for a few years if the trust assets earn something close to the 7% assumed return. After the 2022 loss washes out, the annual deposit could decrease as more participants retire.

Of the 46 active members of the plan, 32 are aged 55 or more and are eligible for immediate unreduced retirement. Half of those have reached “normal retirement” ages, and ten are aged 65 or older.

## TOWN OF EASTON RETIREMENT PLAN

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

Beginning of Year <u>July 1, 2021</u>		End of Year <u>June 30, 2022</u>
\$0.00	Employee Cont. Rec.	\$0.00
0.00	Employer Receivable Contribution	240,000.00
1,659,907.08	Cash and Money Market Funds	5,054,657.13
22,404,526.72	Misc. Investments	15,090,654.46
88,406.27	Prepaid Benefits and PARS Balance	96,077.17
<u>0.00</u>	Other payable/receivable (Acc'd. Interest)	<u>8,303.04</u>
\$24,152,840.07	TOTAL (Market Value)	\$20,489,691.80

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 RECEIPTS

Employer Contribution	\$490,000.00
Employee Contribution	132,374.43
Investment Earnings	1,464,635.97
Realized Gains/(Losses) (included with unrealized g/l)	<u>0.00</u>
TOTAL INCOME	\$2,087,010.40

## DISBURSEMENTS

Periodic Benefit Payments (annual total of monthly bens.)	\$1,081,410.92
Refund of Employee Contributions and Interest	19,542.50
Expenses	<u>45,568.79</u>
TOTAL EXPENSES	\$1,146,522.21
NET INCOME	\$940,488.19

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## CHANGE IN NET ASSETS

Realized and Unrealized Gains and Losses:	(\$4,603,636.46)
Net Income:	<u>940,488.19</u>
Net increase (decrease) in net assets for the year:	(\$3,663,148.27)
Net assets at beginning of year:	\$24,152,840.07
Net assets at end of year:	\$20,489,691.80

## 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, 2022:

1. Assumed market value return at valuation rate*	\$1,656,799
2. Actual MV Return for June 30, 2022	(3,184,569)
3. Current Year (Gain)/Loss on Market value yield* (1) - (2)	4,841,368
4. Portion of Curr. Yr. Loss to be Recognized in 2022 (3) x 20%	968,274
5. Portion of Current Years (Gain)/Loss Not Recognized in 2022	3,873,094
6. Prior Unrec. (Gains)/ losses - June 30, 2022 - see next page	(1,786,549)
7. Total Unrecognized (Gains)/Losses (5) + (6)	2,086,545
8. Market Value of Trust Assets as of June 30, 2022	20,489,692
9. Preliminary Actuarial Value of Assets - June 30, 2022 (7) + (8)	<b>\$22,576,237</b>
10. (a) 80% corridor of Market Value	16,391,753
(b) 120% corridor of Market Value	24,587,630
11. Final Actuarial Value of Assets - June 30, 2022	<b>\$22,576,237</b>

The Preliminary Actuarial Value of Assets is 110.2% of the Market Value, and thus falls within the 80% to 120% corridor of actual June 30, 2022 Market Value.

The estimated yield on Valuation Assets for the 2021-2022 Plan Year was 5.72%.

\* 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 2022 <u>Valuation</u> (b)	Amts. recog. in Val. Asset Calc. <u>thru 6/30/2022</u> (c)	Deferred Recognition as of <u>June 30, 2022</u> (a) - (c)	Remaining <u>Years</u>
2018	(186,425)	(37,285)	(186,425)	0	0
2019	323,118	64,624	258,496	64,622	1
2020	869,922	173,984	521,952	347,970	2
2021	(3,665,236)	(733,047)	(1,466,094)	(2,199,142)	3
2022	4,841,368	<u>968,274</u>	968,274	<u>3,873,094</u>	4
Totals		\$436,550		\$2,086,544	

Recognition for 2022 Valuation - a positive number indicates losses that impacted the valuation calculation this year. See below for the expected impact in future years.

Deferred recognition as of June 30, 2022 - 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 (positive indicates deferred losses to be recognized):

2023	\$473,835
2024	409,211
2025	235,227
2026	968,274

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, 2022 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 (7/1/2022)	\$4,241,328	\$11,612,297	\$6,249,350	\$22,102,975
b) Valuation Assets (7/1/2022)	4,503,869	11,961,563	6,110,805	22,576,237
c) Unfunded Liability (7/1/2022)	(262,542)	(349,266)	138,546	(473,262)
Additional Information				
d) Active Participant Payroll	\$440,036	\$1,367,093	\$996,047	\$2,803,176

**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, 2022 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	\$1,938,955	\$4,233,646	\$2,360,036	\$8,532,637
ii Retired Participants	1,860,474	6,620,935	3,574,025	12,055,434
iii Terminated Participants	441,899	757,716	315,289	1,514,904
Total EAN Accrued Liability	\$4,241,328	\$11,612,297	\$6,249,350	\$22,102,975
b) Valuation Assets	\$4,503,869	\$11,961,563	\$6,110,805	\$22,576,237
d) Unfunded Accd. Liab. ((a) - (b))	(262,542)	(349,266)	138,546	(473,262)
e) Expected Unfunded AL - n/a for 2022	0	0	135,024	135,024
f) 2022 Amortization Base	0	0	18,435	18,435
g) Entry Age Normal Cost (Gross) (Sum of individual active members NC)	\$54,177	\$137,142	\$101,953	\$293,272
Summary of Funding Bases	<u>Initial Base</u>	<u>Rem. Bal. -22</u>	<u>Min. Amort.</u>	<u>Rem. Yrs (at minimum)</u>
Board of Education only for 2022	\$138,546	\$138,546	\$18,435	10
Totals	\$138,546	\$138,546	\$18,435	

TOWN OF EASTON RETIREMENT PLAN

III. ANNUAL VALUATION SUMMARY - JULY 1, 2022 VALUATION DATE

	Highway Union (1)	Selectmen (2)	Board of Education (3)	Totals (1) + (2) + (3)
<b>D. RANGE OF CONTRIBUTIONS</b>				
a) 2021 Calendar Year Payroll	\$440,036	\$1,367,093	\$996,047	\$2,803,176
b) Unfunded Entry Age Accrued Liability - 7/1/2022	(\$262,542)	(\$349,266)	\$138,546	(\$473,262)
c) Gross Normal Cost	\$54,177	\$137,142	\$101,953	\$293,272
d) Expected Employee Contributions	\$28,954	\$53,647	\$37,454	\$120,055
e) Net Normal Cost (c - d)	\$25,222	\$83,495	\$64,499	\$173,217
f) Recommended Maximum Plan Deposit - Uses Market Value Assets (2023-24 plan year)				
i. Maximum Amortization (2022)	\$21,755	\$104,655	\$88,265	\$214,675
ii. Maximum Deposit*	\$51,000	\$200,000	\$163,000	\$414,000
g) Recommended Minimum Plan Deposit - Net Normal Cost plus 10-year amortization of UAL. (2023-24 Plan Year)				
i. Minimum Amortization (2022)	\$0	\$0	\$18,435	\$18,435
ii. Minimum Deposit*	\$0	\$125,000	\$107,000	\$232,000
<i>Min. as % of payroll</i>	<i>0.00%</i>	<i>9.14%</i>	<i>10.74%</i>	<i>8.28%</i>

\* As of July 1, 2023. Budget amounts for 2023-2024 include interest charge and adjustments for expected personnel changes, as well as expected valuation asset losses as of July 1, 2023.. Maximum Recommended Deposit uses Market Value of Assets rather than Smoothed Valuation Assets. 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, 2022

	Highway Union	Selectmen*	Board of Education	All Depart. Grand Total
I. Present Value of Accrued Benefits				
a. Actives				
i. Vested Employee Funded	\$620,145	\$814,270	\$577,913	\$2,012,327
ii. Vested Employer Funded	1,180,222	3,409,902	1,816,013	6,406,136
iii. Non-vested Employer Funded	0	0	99,930	99,930
b. Receiving Payment	1,860,474	6,620,935	3,574,025	12,055,434
c. Term Vested	441,899	757,716	315,289	1,514,904
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TOTAL	\$4,102,739	\$11,602,822	\$6,383,170	\$22,088,732
II. Assets - Market Value	\$4,077,836	\$10,825,787	\$5,586,019	\$20,489,642
III. Funded Ratio (II/I)	99.4%	93.3%	87.5%	92.8%
(Funded Ratio Last Year)	118.8%	114.2%	108.9%	113.6%
<i>Actives percent of total Accd. Bens.</i>	43.9%	36.4%	39.1%	38.6%

\* Includes former Fire Dept. Retirees, Police & Highway management

*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)*

*Note 2021 Ratios were inflated by about 5% due to use of unprojected mortality tables.*

TOWN OF EASTON RETIREMENT PLAN

V. GROUP CHARACTERISTICS AND COST COMPARISONS

as of July 1, 2022

	Highway	Selectmen*	Board of Ed.**	Totals
Participants				
a. Active	6	18	22	46
b. Term Vested (a)	3	13	4	20
c. Retired	5	42	39	86
d. Totals	<u>14</u>	<u>73</u>	<u>65</u>	<u>152</u>
Average Age (actives)	50.8	55.8	57.4	56.0
Normal Retirement Age (b)	54.7	65.9	65.1	64.1
Average Past Years Service	20.1	17.3	14.9	16.5
Average Future Years Service	3.9	10.0	7.7	8.1
Total Compensation	\$440,036	\$1,367,093	\$1,000,357	\$2,807,486
Average Compensation	\$73,339	\$75,950	\$45,471	\$61,032
Gross Normal Cost (N.C.)	\$54,177	\$137,142	\$101,953	\$293,272
N.C. as % of Pay	12.3%	10.0%	10.2%	10.4%
Minimum Valuation Contribution (M.C.)	\$0	\$83,495	\$82,934	\$166,429
M.C. as % of Pay	0.0%	6.1%	8.3%	5.9%

\*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, two transfers to MERF and 10 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, 2021	July 1, 2022
1. Participants		
a. Active	53	46
b. Term Vested*	22	20
c. Retired	82	86
d. Totals	<u>157</u>	<u>152</u>
2. Annual Compensation	\$3,100,519	\$2,807,486
3. Average Compensation	\$58,500	\$61,032
4. Average Age (actives)	56.6	56.0
5. Average Past Service	16.2	16.5
6. Accrued Pension Liability (EAN)**	\$21,906,754	\$22,102,975
7. Total Assets (Market Value)	\$24,152,790	\$20,489,642
8. Unfunded Accrued liab (Mkt. Val.(6 less 7)	(\$2,246,036)	\$1,613,333
9. Unfunded Accrued liab (Valuation assets)	\$72,184	(\$473,262)
10. Gross Normal Cost (Entry Age)**	\$333,095 10.7%	\$293,272 10.4%
11. Minimum Valuation Contribution	\$213,163 6.9%	\$166,429 5.9%

\* Represents refund of contributions for 8 terminated non-vested members, two transfers to MERF and, 10 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 Beginning	Participants		Compensation	Market Value Assets	Range of Contributions		(*)	Actual Contributions	
	Act. -	Other			Minimum	Maximum		Town	Employees
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
7/1/2013	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% )	490,000	132,374
7/1/2022	46	106	2,807,486	20,489,642	231,048	412,557	( 8.23% )	\$225,000 - 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, 2022

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 \$110,100 for 2022, 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 (\$147,900 for 2022), 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-2021 for future years

Post - Retirement: PUB010 General with Scale MP-2021 for future years  
Highway

Pre - Retirement: RP-2014 (Blue Collar) Proj. with Scale MP-2021 for future years

Post - Retirement: RP-2014 (Blue Collar) Proj. with Scale MP-2021 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.