

November 14, 2023

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:

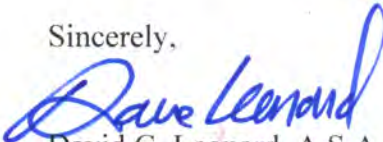
We are pleased to enclose the Annual Valuation Report for the above plan as of July 1, 2023. Our report contains a review of plan operations for the 2022-2023 plan year as well as presenting the results of the current valuation and budget recommendations for the 2024-25 fiscal year.

The "Supplemental" valuation report has also been forwarded to you. We will prepare the ASOP-51 and the new ASOP-4 disclosures 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, 2023 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 2023ASOP-51 and ASOP-4 Disclosures.

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 #23-03604

11/14/23

Date

ANNUAL VALUATION REPORT
FOR
THE TOWN OF EASTON RETIREMENT PLAN
AS OF JULY 1, 2023

Prepared by:

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

November 14, 2023

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 43 active and 106 inactive members. The decrease of three active members consisted of retirees, one each for the Selectmen, Board of Education and Highways groups. There were two deaths among the prior retirees, both in the Board of Education group with small life only benefits. With one vested terminated member retiring, the total retiree population increased by two from 86 to 88.

For the July 1, 2023 valuation, the participant experience was fairly neutral, meaning that for the most part it did not lead to a significant increase in the required contribution. Two of the retirees from active status did leave well before the assumed 65 retirement age, and the reduction in the prior retirees liabilities due to aging was minimal as the two deaths were minor and the cost of living increases boosted the cost to the plan (as expected).

Various other factors combined to increase the required contribution, as will be discussed below.

The table below lists the current year's recommended minimum budget request, the results of the July 1, 2023 valuation, and the recommended minimum budget request for fiscal year 2024-25.

<u>Employee Group</u>	Minimum	<u>July 1, 2023 Valuation</u>		<u>Recommended</u>	
	<u>2023-24</u> <u>Recom.</u>	<u>Minimum</u>	<u>Maximum</u> <i>(uses mkt. assets)</i>	<u>2024-25 Budget</u> <u>Minimum</u>	<u>ASOP 4 Calc</u> <i>(uses 5% int.)</i>
Highway Union	\$ 0	\$ 0	\$ 52,476	\$ 0	\$ 219,690
Selectmen	125,000	153,422	271,128	196,400	678,177
Bd of Education	107,000	161,705	212,280	188,300	471,361
Plan Totals	\$ 232,000	\$ 315,127	\$ 535,884	\$ 384,700	\$ 1,369,229

(Actual in 2023-24 budget - \$275,000)

The contribution in the 2023-24 budget is \$275,000, which is quite short of the minimum valuation result of \$362,544. Because the plan was very well funded just two years ago, the trust asset losses and an unexpected increase in the liabilities has a leveraged effect on the minimum contribution.

The Normal Cost, which is the one year cost of benefits for the active participants, increased only slightly from 2022. The bulk of the increase in the recommended contribution comes from new funding bases as the plan has moved firmly into an underfunded position.

We have prepared three calculations this year, which we are terming a Minimum, a Maximum and an ASOP-4 calculation. The minimum and maximum were calculated in the same manner as past years, with the maximum using the market value of assets rather than the smoothed valuation assets. The ASOP-4 is a new required disclosure, which employs a lower discount rate which really inflates the contribution calculations. The theory behind the ASOP-4 requirements is discussed below.

I. GENERAL COMMENTS
(continued)

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, 2024 valuation – a net loss of \$356,315 that will add a little over \$47,000 to the cost calculations.

We are projecting that the Highway Department will remain fully funded for the time being, even with the expected loss, so an actual increase has only been applied to the other two portions of the plan.

The actual market return for the 2022-23 plan year was approximately 8.3%, which did produce a small gain to help reduce the impact of the 2022 losses. Remember that the 2026 valuation will include the last recognition piece for the losses, and that will also be the year that the large gains from 2021 will not offset most of the 2022 loss. Barring large trust gains over the next two years you can expect that the 2026-27 budget will include a significant increase.

In comparing the results of the 2023 liability calculations against the 2022 figures, we noticed an unusual uptick for several members who are in the final five years or less until age 65. This led to a double check of the 2023 results and we are confident that this year's numbers are accurate.

The actuarial losses for active members for the Selectmen group was \$214,000, and the Board of Education even larger at \$270,000. Not all of these losses are due to the change in calculations, but the majority probably are. Salary levels among the Selectmen's group did increase almost 5%, but the Board of Education came in rather flat year to year.

The funded level of the accrued benefits, which we measure on Market Value (and an age 62 retirement assumption) stayed relatively constant, decreasing 0.5% on a plan wide basis (to 92.3%). This measure uses the market value of assets, and benefitted from the modest gains on market over the 7% assumption.

With the recommended minimum contribution increasing to nearly \$400,000, we expect the increasing trend to continue unless a few things happen – strong trust asset performance, normal mortality experience among the retirees, and active participants remaining in service at least to age 62.

Of the 43 active members of the plan, 28 are aged 55 or more and are eligible for immediate unreduced retirement. Fifteen (15) of those have reached their assumed “normal retirement” ages, nine of which are aged 65 or older.

ASOP-4 Disclosure – This new requirement focuses on a “low default risk obligation measure”. Simply speaking, the disclosure seeks to illustrate the funded position of the plan if the investments were reallocated to a low risk portfolio, and our actuarial discount rate assumption was modified to account for a lower expected return on assets going forward. We have prepared calculations at a 5% discount rate to illustrate the changes, and they are rather massive. The full ASOP-4 Disclosure will contain commentary, explanation and some additional calculated measures of the impact of a lower interest rate. The guidance clearly states, however, that this calculation is not to be seen as a recommended contribution, but rather to improve transparency and risk assessment measures going forward by presenting an alternate view.

TOWN OF EASTON RETIREMENT PLAN

II.(a) PLAN ASSETS - Market Value Reconciliation

Beginning of Year <u>July 1, 2022</u>		End of Year <u>June 30, 2023</u>
\$0.00	Employee Cont. Rec.	\$0.00
250,000.00	Employer Receivable Contribution*	225,000.00
5,062,960.17	Cash and Money Market Funds	5,716,666.66
15,090,654.46	Misc. Investments	15,241,626.08
96,077.17	Prepaid Benefits and PARS Balance	108,638.12
<u>0.00</u>	Other payable/receivable (Acc'd. Interest)	<u>13,833.98</u>
\$20,499,691.80	TOTAL (Market Value)	\$21,305,764.84

RECEIPTS

Employer Contribution	\$225,000.00
Employee Contribution	111,395.84
Investment Earnings	229,023.32
Realized Gains/(Losses) (included with unrealized g/l)	<u>0.00</u>
TOTAL INCOME	\$565,419.16

DISBURSEMENTS

Periodic Benefit Payments (annual total of monthly bens.)	\$1,191,910.92
Refund of Employee Contributions and Interest	824.05
Expenses	<u>70,520.33</u>
TOTAL EXPENSES	\$1,263,255.30
NET INCOME	(\$697,836.14)

CHANGE IN NET ASSETS

Realized and Unrealized Gains and Losses:	\$1,503,909.18
Net Income:	<u>(697,836.14)</u>
Net increase (decrease) in net assets for the year:	\$806,073.04
Net assets at beginning of year:	\$20,499,691.80
Net assets at end of year:	\$21,305,764.84

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 the 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 June 30, 2023:

1. Assumed market value return at valuation rate*	\$1,396,470
2. Actual MV Return for June 30, 2023	1,660,947
3. Current Year (Gain)/Loss on Market value yield* (1) - (2)	(264,478)
4. Portion of Curr. Yr. Loss to be Recognized in 2023 (3) x 20%	(52,896)
5. Portion of Current Years (Gain)/Loss Not Recognized in 2023	(211,582)
6. Prior Unrec. (Gains)/ losses - June 30, 2023 - see next page	1,612,711
7. Total Unrecognized (Gains)/Losses (5) + (6)	1,401,129
8. Market Value of Trust Assets as of June 30, 2023	21,305,765
9. Preliminary Actuarial Value of Assets - June 30, 2023 (7) + (8)	\$22,706,894
10. (a) 80% corridor of Market Value	17,044,612
(b) 120% corridor of Market Value	25,566,918
11. Final Actuarial Value of Assets - June 30, 2023	\$22,706,894

The Preliminary Actuarial Value of Assets is 106.6% of the Market Value, and thus falls within the 80% to 120% corridor of actual June 30, 2023 Market Value.

The estimated yield on Valuation Assets for the 2022-2023 Plan Year was 4.48%.

* 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 2023 <u>Valuation</u> (b)	Amts. recog. in Val. Asset Calc. <u>thru 6/30/2023</u> (c)	Deferred Recognition as of <u>June 30, 2023</u> (a) - (c)	<u>Remaining</u> <u>Years</u>
2019	323,118	64,624	323,118	0	0
2020	869,922	173,984	695,936	173,986	1
2021	(3,665,236)	(733,047)	(2,199,141)	(1,466,095)	2
2022	4,841,368	968,274	1,936,547	2,904,821	3
2023	(264,478)	<u>(52,896)</u>	(52,896)	<u>(211,582)</u>	4
Totals		\$420,939		\$1,401,130	

Recognition for 2023 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, 2023 - this number is added to (subtracted from) the market value of the assets to determine the valuation basis.

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

2024	\$356,315
2025	182,331
2026	915,378
2027	(52,896)

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, 2023 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 (7/1/2023)	\$4,455,766	\$12,466,073	\$6,813,772	\$23,735,611
b) Valuation Assets (7/1/2023)	4,572,644	11,957,015	6,177,235	22,706,894
c) Unfunded Liability (7/1/2023)	(116,878)	509,058	636,537	1,028,717
Additional Information				
d) Active Participant Payroll	\$370,746	\$1,378,926	\$943,820	\$2,693,492
e) Market Value of Assets (7/1/2023)	\$4,282,018	\$11,182,192	\$5,841,555	\$21,305,765
f) Unf. Liability on Market Val. (7/1/2023)	\$173,748	\$1,283,881	\$972,217	\$2,429,846

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, 2023 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	\$1,734,726	\$4,738,632	\$2,750,805	\$9,224,163
ii Retired Participants	2,263,176	6,925,571	3,985,139	13,173,887
iii Terminated Participants	457,864	801,869	77,828	1,337,561
Total EAN Accrued Liability	\$4,455,766	\$12,466,073	\$6,813,772	\$23,735,611
b) Valuation Assets	\$4,572,644	\$11,957,015	\$6,177,235	\$22,706,894
d) Unfunded Accd. Liab. ((a) - (b))	(116,878)	509,058	636,537	1,028,717
e) Expected Unfunded AL	0	0	97,258	97,258
f) 2023 Amortization Base	0	509,058	539,278	1,048,337
g) Entry Age Normal Cost (Gross) (Sum of individual active members NC)	\$50,226	\$139,271	\$107,904	\$297,402
Summary of Funding Bases	<u>Initial Base</u>	<u>Rem. Bal. -23</u>	<u>Min. Amort.</u>	<u>Remaining Yrs. (at minimum)</u>
Board of Education				
- July 1, 2022 Gain/Loss	\$138,546	\$97,258	\$18,435	6
- July 1, 2023 Gain/Loss	<u>\$539,278</u>	<u>\$539,278</u>	<u>\$71,758</u>	10
Totals		\$636,537	\$90,193	
Selectmen Groups				
- July 1, 2023 Gain/Loss	\$509,058	\$509,058	\$67,737	10

TOWN OF EASTON RETIREMENT PLAN

III. ANNUAL VALUATION SUMMARY - JULY 1, 2023 VALUATION DATE

	Highway Union (1)	Selectmen (2)	Board of Education (3)	Totals (1) + (2) + (3)
D. RANGE OF CONTRIBUTIONS				
a) 2022 Calendar Year Payroll	\$370,746	\$1,378,926	\$943,820	\$2,693,492
b) Unfunded Entry Age Accrued Liability - 7/1/2023	(\$116,878)	\$509,058	\$636,537	\$1,028,717
c) Gross Normal Cost	\$50,226	\$139,271	\$107,904	\$297,402
d) Expected Employee Contributions	\$24,395	\$53,586	\$36,392	\$114,373
e) Net Normal Cost (c - d)	\$25,831	\$85,685	\$71,512	\$183,028
f) Recommended Maximum Plan Deposit - Uses Market Value Assets (2024-25 plan year)				
i. Maximum Amortization (2023)	\$23,119	\$170,837	\$129,366	\$214,675
ii. Maximum Deposit*	\$52,500	\$271,000	\$212,000	\$535,500
g) Recommended Minimum Plan Deposit - Net Normal Cost plus 10-year amortization of UAL. (2024-25 Plan Year)				
i. Minimum Amortization (2023)	\$0	\$67,737	\$90,193	\$157,930
ii. Minimum Deposit*	\$0	\$196,400	\$188,300	\$384,700
<i>Min. as % of payroll</i>	<i>0.00%</i>	<i>14.24%</i>	<i>19.95%</i>	<i>14.28%</i>

* As of July 1, 2024. Budget amounts for 2024-2025 include interest charge and adjustments for expected personnel changes, as well as expected valuation asset losses as of July 1, 2024. 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, 2023

	Highway Union	Selectmen*	Board of Education	All Depart. Grand Total
I. Present Value of Accrued Benefits				
a. Actives				
i. Vested Employee Funded	\$526,940	\$1,096,965	\$682,273	\$2,306,178
ii. Vested Employer Funded	1,041,016	3,212,933	2,013,142	6,267,091
iii. Non-vested Employer Funded	0	0	0	0
b. Receiving Payment	2,263,176	6,925,571	3,985,139	13,173,887
c. Term Vested	457,864	801,869	77,828	1,337,561
	-----	-----	-----	-----
TOTAL	\$4,288,996	\$12,037,339	\$6,758,382	\$23,084,717
II. Assets - Market Value	\$4,281,018	\$11,182,192	\$5,841,556	\$21,304,765
III. Funded Ratio (II/I)	99.8%	92.9%	86.4%	92.3%
(Funded Ratio Last Year)	99.4%	93.3%	87.5%	92.8%
<i>Actives percent of total Accd. Bens.</i>	36.6%	35.8%	39.9%	37.1%

* 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-2021) - Sel/Bd. Ed
Highways Dept. Present Values based RP-2014 Post Retirement Mortality (M/F) with projections (MP-2021)*

TOWN OF EASTON RETIREMENT PLAN

V. GROUP CHARACTERISTICS AND COST COMPARISONS

as of July 1, 2023

	Highway	Selectmen*	Board of Ed.**	Totals
Participants				
a. Active	5	17	21	43
b. Term Vested (a)	3	13	2	18
c. Retired	6	41	41	88
d. Totals	<u>14</u>	<u>71</u>	<u>64</u>	<u>149</u>
Average Age (actives)	48.1	56.7	58.5	56.6
Normal Retirement Age (b)	52.5	65.9	65.3	64.1
Average Past Years Service	17.9	17.3	14.9	16.2
Average Future Years Service	4.4	9.2	6.8	7.5
Total Compensation (c)	\$370,746	\$1,378,926	\$943,820	\$2,693,492
Average Compensation	\$74,149	\$81,113	\$44,944	\$62,639
Gross Normal Cost (N.C.)	\$50,226	\$139,271	\$107,904	\$297,402
N.C. as % of Pay	13.5%	10.1%	11.4%	11.0%
Minimum Valuation Contribution (M.C.)	\$0	\$153,422	\$161,705	\$315,127
M.C. as % of Pay	0.0%	11.1%	17.1%	11.7%

*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, two transfers to MERF and 9 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, 2022	July 1, 2023
1. Participants		
a. Active	46	43
b. Term Vested*	20	18
c. Retired	86	88
d. Totals	<u>152</u>	<u>149</u>
2. Annual Compensation	\$2,807,486	\$2,693,492
3. Average Compensation	\$61,032	\$62,639
4. Average Age (actives)	56.0	56.6
5. Average Past Service	16.5	16.2
6. Accrued Pension Liability (EAN)**	\$22,102,975	\$23,735,611
7. Total Assets (Market Value)	\$20,489,642	\$21,304,765
8. Unfunded Accrued liab (Mkt. Val.(6 less 7)	\$1,613,333	\$2,430,846
9. Unfunded Accrued liab (Valuation assets)	(\$473,262)	\$1,028,717
10. Gross Normal Cost (Entry Age)**	\$293,272 10.4%	\$297,402 11.0%
11. Minimum Valuation Contribution	\$166,429 6.9%	\$315,127 11.7%

* Represents refund of contributions for 7 terminated non-vested members, two transfers to MERF and, 9 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%)	500,000	132,374
7/1/2022	46	106	2,807,486	20,489,642	166,429	389,517	(5.93%)	225,000	111,396
7/1/2023	43	106	2,693,492	21,304,765	315,127	535,884	(11.70%)	\$275,000 - 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, 2023

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: PUB-10 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,
& Hwy. Mgmt.

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