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December 6, 2017

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, 2017. Our report contains a review of plan operations for the 2016-2017 plan year as well as presenting the results of the current valuation and budget recommendations for the 2018-19 fiscal year.

We have enclosed eleven (11) copies of the full Valuation, and for your use and for the PEBC members. We have also enclosed three (3) copies of the "Supplemental" valuation report, which includes listings of active and retirement members, with their accrued and projected benefits.

Please see the expanded Actuarial Certification following this cover letter, as recommended by the American Academy of Actuaries.

Please let me know if you have any questions or comments concerning this year's Valuation Report.

Sincerely,

A handwritten signature in black ink that reads "Dave Leonard". The signature is written in a cursive, slightly slanted style.

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

Town of Easton Retirement Plan

ACTUARIAL CERTIFICATION

This July 1, 2017 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-2016 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

12/6/17

Date

ANNUAL VALUATION REPORT
FOR
THE TOWN OF EASTON RETIREMENT PLAN
AS OF JULY 1, 2017

Prepared by:

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

December 6, 2017

TOWN OF EASTON RETIREMENT PLAN

Table of Contents

	PAGE
I. GENERAL COMMENTS	1 - 2
II. PLAN ASSETS	
A. Market Value Reconciliation	3
B. Development of Valuation Assets	4
C. Smoothed Valuation Asset And Unrecognized (G)/L Detail	5
III. ANNUAL VALUATION SUMMARY - 7/1/2017	6 - 8
IV. PRESENT VALUE OF ACCRUED BENEFITS - 7/1/2017	9
V. GROUP CHARACTERISTICS & COST COMPARISONS	10
VIA. COMPARISON OF DATA FROM PREVIOUS REPORT	11
VIB. HISTORICAL DATA	12

APPENDICES

A. PENSION TRUST SUMMARY	13-15
B. ACTUARIAL ASSUMPTIONS	16

I. GENERAL COMMENTS

This year's valuation was run on a group of 74 active and 96 inactive members. The continued decline in active members reflects the freeze in new membership for all departments in the plan, including the Board of Education. There was a 10% decline in active members, with an even larger decrease in the salary base (11.8%).

For the 2016-17 plan year, the trust assets rebounded nicely, earning a return of 11.87% on the year (measured by the GASB weighted method). The smoothed actuarial valuation assets produced earnings of only 3.9%, which produced actuarial losses of \$550,876 against the assumed rate of 7%. This added almost \$58,000 to the recommended contribution, which is more than the total increase for the year. 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, 2017 valuation, and the recommended minimum and maximum budget requests for fiscal year 2018-19.

<u>Employee Group</u>	Minimum	<u>July 1, 2017 Valuation</u>		Recommended	
	2017-18 <u>Recom.</u>	<u>Minimum</u>	<u>Maximum</u>	2018-19 Budget <u>Minimum</u>	<u>Maximum</u>
Highway Union	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Selectmen	262,500	277,579	317,534	292,100	334,200
Board of Education	234,200	208,474	226,820	219,400	238,700
Plan Totals	\$ 496,700	\$ 486,053	\$ 544,354	\$511,500	\$ 572,900

(Actual in budget - \$510,000)

The actual contribution in the 2017-18 budget is \$510,000, which is within the minimum and maximum range produced by the 2017 valuation. Our recommendation for 2018-19 includes an increase in the maximum and minimum due to the passage of time from the valuation calculations to the expected dates of deposit.

Your annual contribution is made up of two pieces, a normal cost which approximates this year's portion of the overall pension liability, and an amortization to help pay down any underfunding of past service costs. The normal cost decreased by \$43,000 this year, to about \$391,000. However this decrease was offset by the amount of amortization of unfunded liabilities – the amortization increased from \$197,000 last year to \$236,900 this year. We expect the normal cost to keep decreasing as the active population shrinks, while the amortization piece can vary from year to year based on the actual experience of the plan's members and trust assets.

This year's actuarial experience, outside of the losses on valuation assets mentioned above, was mostly positive. This means, if the valuation asset yield had been exactly 7%, the annual contribution recommendation for next year could have decreased significantly. As it is, the declining active population is allowing the plan to weather the poor market value results from 2015 and 2016 without significant other increases in the Town's contribution amounts.

TOWN OF EASTON RETIREMENT PLAN

I. GENERAL COMMENTS

(continued)

During the prior year we completed the salary level updating project, with several retirees receiving additional benefits including retroactive payments. These changes did not have a significant impact on the valuation results.

The changes in salary levels from last year's report to this year varied from department to department, and it showed in the actuarial experience and the impact on the recommended contributions as broken down between the Selectman's group and the Board of Education.

The Highway department remains fully funded, as their total liabilities increased just a few percent and the total overfunding for this group increased slightly to more than \$223,565. Their Normal Costs remained constant, and the average salary for the group decreased by 1.8%.

The Selectman's group experienced some of the highest salary increases, and all told the continuing active members' salary on average increased 4.9%. The increase in average salaries was offset by three participants retiring, which reduced the overall Net Normal Cost for the group by about \$10,000.

The Board of Education's employees salaries in 2016 decreased (among continuing active members) by more than 2%, and as a result their Net Normal Cost decreased by more than \$15,000. The total minimum and maximum contributions for the Board of Education decreased slightly despite upward pressure from the valuation asset losses.

It should be noted that while the Gross Normal Costs decreased by \$43,000, the expected employee contributions are also decreasing as the number of active members dwindle. The expected employee deposit for the current year decreased by about \$18,000, which means the Net Normal Cost decrease was just \$25,000. Still, if the Valuation Assets can catch up to "even" at 7%, the Town should see reductions in the required contributions in the near future, not increases.

As mentioned previously, the valuation asset method in use defers recognition of 80% of each year's actuarial loss on assets over an additional four year period. This year's valuation assets include deferrals of \$839,506 in losses (and gains) from 2015 through 2017. While a \$560,000 loss was scheduled to be recognized for 2017, this year's gains helped reduce the impact on the July 1, 2017 valuation. Similarly, the scheduled recognition of losses for next year is about \$410,000, with the reduction in prior years' loss recognition thanks to this year's gains.

The smoothing of market value gains and losses helps keep the recommended contributions on a more even keel, but also result in "losses" impacting the costs even in years that the trust does well, such as 2017.

The funded level of the accrued benefits increased almost back to the levels from 2015. The increase this year plan wide, on a market value basis, was from 86.9% to 93.9%. This is just 0.4% less than the June 30, 2015 level.

TOWN OF EASTON RETIREMENT PLAN

II.(a) PLAN ASSETS - Market Value Reconciliation

Beginning of Year <u>July 1, 2016</u>		End of Year <u>June 30, 2017</u>
\$9,728.20	Employee Cont. Rec.	\$0.00
0.00	Employer Receivable Contribution	238,000.00
3,898,683.63	Money Market Funds	2,755,749.80
12,191,784.65	Misc. Mutual Funds	14,730,231.98
64,865.65	Prepaid Benefits	73,352.40
<u>0.00</u>	Other payable/receivable	<u>0.00</u>
\$16,165,062.13	TOTAL (Market Value)	\$17,797,334.18

 RECEIPTS

Employer Contribution	\$484,000.00
Employee Contribution	161,499.60
Investment Earnings	530,436.44
Realized Gains/(Losses)	<u>0.00</u>

TOTAL INCOME	\$1,175,936.04
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DISBURSEMENTS

Periodic Benefit Payments (annual total of monthly bens.)	\$860,537.19
Refund of Employee Contributions and Interest	11,839.83
Expenses	<u>10,250.00</u>

TOTAL EXPENSES	\$882,627.02
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NET INCOME	\$293,309.02
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CHANGE IN NET ASSETS

Realized and Unrealized Gains and Losses:	\$1,338,963.03
Net Income:	<u>293,309.02</u>
Net increase (decrease) in net assets for the year:	\$1,632,272.05
Net assets at beginning of year:	16,165,062.13
Net assets at end of year:	\$17,797,334.18

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, 2017:

1. Assumed market value yield at valuation rate*	\$1,109,504
2. Actual MV Yield for June 30, 2017 **	1,859,149
3. Current Year (Gain)/Loss on Market value yield* (1) - (2)	(749,645)
4. Portion of Curr. Yr. Loss to be Recognized in 2017 (3) x 20%	(149,929)
5. Portion of Current Years (Gain)/Loss Not Recognized in 2017	(599,716)
6. Prior Unrec. (Gains)/ losses - June 30, 2017 - see next page	1,439,223
7. Total Unrecognized (Gains)/Losses (5) + (6)	839,506
8. Market Value of Trust Assets as of June 30, 2017	17,797,334
9. Preliminary Actuarial Value of Assets - June 30, 2017 (7) + (8)	\$18,636,841
10. (a) 80% corridor of Market Value	14,237,867
(b) 120% corridor of Market Value	21,356,801
11. Final Actuarial Value of Assets - June 30, 2017***	\$18,636,841

The Preliminary Actuarial Value of Assets is 104.7% of the Market Value, and thus falls within the 80% to 120% corridor of actual June 30, 2017 Market Value.

The yield on Valuation Assets for the 2016-2017 Plan Year was 3.91%.

* 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>
Market Value of Assets	16,705,436	16,165,062	17,797,334			
Expected Earnings at Market Value (7.00%)*	1,171,591	1,152,813	1,109,504			
Actual Earnings MV	(44,343)	(435,268)	1,859,149			
Actuarial (Gain)/Loss on MV	1,215,934	1,588,082	(749,645)			
Recognition of current years (Gain)/Loss	(243,187)	(317,616)	149,929			

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
Remaining Unrecognized (G)/L - 6/30/16 (G)/L		1,270,465	952,849	635,233	317,616	0
Remaining Unrecognized (G)/L - 6/30/17 (G)/L			(599,716)	(449,787)	(299,858)	(149,929)
Remaining Unrecognized (G)/L - 6/30/18 (G)/L				0	0	0
Remaining Unrecognized (G)/L - 6/30/19 (G)/L					0	0
Total Unrecognized (Gains)/Losses	972,747	2,000,026	839,506	428,632	17,758	(149,929)
Market Value of Assets - EOY	16,705,436	16,165,062	17,797,334			
Total Unrecognized (Gain)/Loss	<u>972,747</u>	<u>2,000,026</u>	<u>839,506</u>			
Actuarial Value of Assets - EOY	\$17,678,183	\$18,165,088	\$18,636,841			

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

TOWN OF EASTON RETIREMENT PLAN

III. ANNUAL VALUATION SUMMARY - JULY 1, 2017 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 (7/1/2017)	\$3,596,725	\$11,452,447	\$5,100,684	\$20,149,855
b) Valuation Assets (7/1/2017)	3,820,290	10,301,009	4,515,541	18,636,840
c) Unfunded Liability (7/1/2017)	(223,565)	1,151,438	585,143	1,513,015
Additional Information				
d) Active Participant Payroll	\$470,187	\$1,620,659	\$1,481,641	\$3,572,486

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, 2017 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	\$1,836,448	\$4,464,040	\$2,558,221	\$8,858,709
ii Retired Participants	1,443,058	6,528,028	2,158,963	10,130,049
iii Terminated Participants	317,219	460,379	383,500	1,161,098
Total EAN Accrued Liability	\$3,596,725	\$11,452,447	\$5,100,684	\$20,149,855
b) Valuation Assets	\$3,820,290	\$10,301,009	\$4,515,541	\$18,636,840
d) Unfunded Accd. Liab. ((a) - (b))	-\$223,565	\$1,151,438	\$585,143	\$1,513,015
e) Expected Unfunded AL	0	873,353	568,054	1,441,407
f) 2017 Amortization Base	0	278,085	17,088	295,173
g) Entry Age Normal Cost (Gross) (Sum of individual active members NC)	\$59,422	\$172,160	\$159,355	\$390,937
Summary of Funding Bases	<u>Initial Base</u>	<u>Rem. Bal. -17</u>	<u>Min. Amort.</u>	<u>Rem. Yrs (at minimum)</u>
Initial Base - 7/1/14	\$943,511	\$596,502	\$71,060	27
Gain/(Loss)/Amend/Changes - 2015	365,833	309,830	48,679	8
Gain/(Loss)/Amend/Changes - 2016	585,170	535,076	77,865	9
Gain/(Loss)/Amend/Changes - 2017	<u>295,173</u>	<u>295,173</u>	<u>39,277</u>	10
Totals	\$2,189,688	\$1,736,581	\$236,881	
Net off Highway Union (no bases as of 2017)		<u>-\$223,565</u>		
Check totals with Unfunded - 6/30/17		\$1,513,015		

TOWN OF EASTON RETIREMENT PLAN

III. ANNUAL VALUATION SUMMARY - JULY 1, 2017 VALUATION DATE

	Highway Union (1)	Selectmen (2)	Board of Education (3)	Totals (1) + (2) + (3)
D. RANGE OF CONTRIBUTIONS				
a) 2016 Calendar Year Payroll	\$470,187	\$1,620,659	\$1,481,641	\$3,572,486
b) Unfunded Entry Age Accrued Liability - 7/1/2017	(\$223,565)	\$1,151,438	\$585,143	\$1,513,015
c) Gross Normal Cost	\$59,422	\$172,160	\$159,355	\$390,937
d) Expected Employee Contributions	\$31,866	\$69,119	\$48,882	\$149,867
e) Net Normal Cost (c - d)	\$27,556	\$103,041	\$110,473	\$241,070
f) Recommended Maximum Plan Deposit - Net Normal Cost plus 10-year amortization of UAL. (2017-18 plan year)				
i. Maximum Amortization	\$0	\$191,458	\$99,909	\$291,368
ii. Interest* to Year End	\$0	\$23,034	\$16,438	\$39,472
iii. Maximum Deposit**	\$0	\$317,534	\$226,820	\$544,354
g) Recommended Minimum Plan Deposit - Net Normal Cost plus 30-year amortization of UAL. (2017-18 Plan Year)				
i. Minimum Amortization	\$0	\$154,117	\$82,763	\$236,881
ii. Interest* to Year End	\$0	\$20,420	\$15,237	\$35,658
iii. Minimum Deposit**	\$0	\$277,579	\$208,474	\$486,053
<i>Min. as % of payroll</i>	<i>0.00%</i>	<i>17.13%</i>	<i>14.07%</i>	<i>13.61%</i>

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

** As of June 30, 2018. Budget amounts for 2018-2019 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, 2017

	Highway Union	Selectmen*	Board of Education	All Depart. Grand Total
I. Present Value of Accrued Benefits				
a. Actives				
i. Vested Employee Funded	\$526,082	\$1,124,221	\$583,611	\$2,233,915
ii. Vested Employer Funded	797,610	3,241,572	1,279,214	5,318,397
iii. Non-vested Employer Funded	0	0	107,045	107,045
b. Receiving Payment	1,443,058	6,528,028	2,158,963	10,130,049
c. Term Vested	317,219	460,379	383,500	1,161,098
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TOTAL	\$3,083,969	\$11,354,201	\$4,512,333	\$18,950,503
II. Assets - Market Value	\$3,642,562	\$9,817,604	\$4,337,168	\$17,797,334
III. Funded Ratio (II/I)	118.1%	86.5%	96.1%	93.9%
(Funded Ratio Last Year)	103.9%	81.1%	89.0%	86.9%

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

*Present Values based on 7% interest and RP-2014 Post Retirement Mortality (M/F)
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, 2017

	Highway	Selectmen*	Board of Ed.**	Totals
Participants				
a. Active	7	29	38	74
b. Term Vested (a)	4	12	6	22
c. Retired	6	39	29	74
d. Totals	<u>17</u>	<u>80</u>	<u>73</u>	<u>170</u>
Average Age (actives)	48.5	56.5	54.7	54.8
Normal Retirement Age (b)	55.7	66.2	65.2	64.7
Average Past Years Service	18.6	15.2	10.8	13.3
Average Future Years Service	7.2	9.7	10.5	9.9
Total Compensation	\$470,187	\$1,620,659	\$1,481,641	\$3,572,486
Average Compensation	\$67,170	\$55,885	\$38,991	\$48,277
Gross Normal Cost (N.C.)	\$59,422	\$172,160	\$159,355	\$390,937
N.C. as % of Pay	12.6%	10.6%	10.8%	10.9%
Minimum Valuation Contribution (M.C.)	\$0	\$277,579	\$208,474	\$486,053
M.C. as % of Pay	0.0%	17.1%	14.1%	13.6%

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

**Includes employees formerly with Cafeteria

- (a) Represents refund of contributions for 8 terminated non-vested members, a transfer to MERF and, 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, 2016	July 1, 2017
1. Participants		
a. Active	82	74
b. Term Vested*	22	22
c. Retired	71	74
d. Totals	<u>175</u>	<u>170</u>
2. Annual Compensation	\$4,000,902	\$3,572,486
3. Average Compensation	\$48,791	\$48,277
4. Average Age (actives)	53.9	54.8
5. Average Past Service	12.5	13.3
6. Accrued Pension Liability (EAN)**	\$19,516,741	\$20,149,855
7. Total Assets (Market Value)	\$16,165,062	\$17,797,334
8. Unfunded Accrued liab (Mkt. Val.(6 less 7)	\$3,351,679	\$2,352,521
9. Gross Normal Cost (Entry Age)**	433,945 10.8%	390,937 10.9%
10. Minimum Valuation Contribution	\$471,918 11.8%	\$486,053 13.6%

* Represents refund of contributions for 8 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 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
7/1/2007	101	79	3,653,516	12,148,662	226,574	289,343	(6.20%)	360,000	159,743
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 - 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, 2017

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 \$82,300 for 2017, 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 (\$127,200 for 2016), 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-2016 for future years
 Post - Retirement: RP-2014 Projected with Scale MP-2016 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)
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	Highway Dept.: & Mgmt.	Normal Retirement Date, or one year following Valuation Date if later.
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