

1. Retirement Commission Agenda & Backup

Documents:

[RETIREMENTAGENDA012125.PDF](#)

2. Retirement Additional Backup

Documents:

[RETIREMENTADD2024 MUNI OPEB VALUATION REPORT\\_WATERFORD.PDF](#)

FIFTEEN ROPE FERRY ROAD  
WATERFORD, CT 06385-2886



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**RETIREMENT COMMISSION  
SPECIAL MEETING AGENDA**

**TUESDAY JANUARY 21, 2025 7:00 P.M. BD OF EDUCATION CONFERENCE RM**

1. Establishment of quorum and call to order by Temporary Chair.
2. Election of Commission Chair for 2025.
3. Public Comment
4. Consideration of and action on minutes of the March 27, 2024, meeting.
5. Consideration of and action on the proposed FY26 Retirement Commission budget.
6. New Business
7. Adjournment

*encl:* RC Minutes, 3/27/24  
Proposed FY26 Retirement Commission Budget  
2024 OPEB Valuation Report  
Retirement Commission FY24 Annual Report

RECEIVED FOR RECORD  
WATERFORD, CT  
2025 JAN 17 A 10:21  
ATTEST: *D. J. Lamer*  
TOWN CLERK



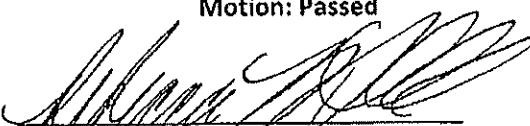
Retirement Commission  
Special Meeting Minutes

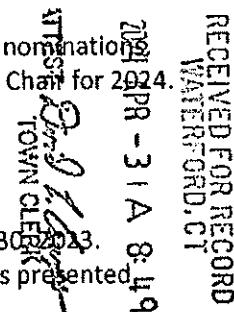
Wednesday, March 27, 2024  
5:30pm Waterford Town Hall

Present: Susan Driscoll, Mark Gelinas, Craig Merriman, Michael Rocchetti (*arrived 6:06pm*)  
Other: Devon Francis, Fiducient Advisors  
Absent: Linda Finnegan, Rob Brule, Paul Goldstein  
Staff: Kimberly Allen, Director of Finance, and Rebecca Hall, Secretary

1. Meeting called to order at 5:35pm. After confirmation of fourth member in transit, consensus of members present to move the Fiducient presentation to the first order of business, so that items requiring votes would be considered once quorum was achieved. (Note: Quorum established at 6:06pm.)
2. Devon Francis from Fiducient Advisors led discussion of the OPEB and pension portfolios' performance in the 4<sup>th</sup>-quarter of 2023 and explained data from their Jan/Feb 2024 Flash Report. Major takeaways were that despite lingering volatility in the stock market post-Covid, we met our targets in 2023; Fiducient adjusted our portfolio to increase fixed income investments because these traditional safety nets are now income generators since the Feds ended their interest rate hike campaign; and while we did not quite hit our benchmarks in the first two months of 2024, overall performance was good and benchmarks should be hit after the anticipated interest rate cut by the Feds. Fiducient will manage as necessary to provide sufficient diversity to weather any storms as inflation continues to fluctuate, the Feds set new rates, and we await the inevitable recession that, Francis said, rolls around about every 6.5 years.
3. Election of Commission Chair for 2024: Outgoing Chair Driscoll asked for nominations. Motion by Rocchetti and seconded by Merriman to nominate Driscoll as Chair for 2024.  
Vote: 3-1-0      No: Driscoll      Motion Passed
4. Public Comment: None
5. Approval and acceptance of minutes of Special Meeting on November 30, 2023. Motion by Gelinas and seconded by Rocchetti to approve the minutes as presented.  
Vote: 2-0-2      Abstain: Rocchetti, Gelinas      Motion: Passed
6. Consideration of Pension and OPEB Funds 4<sup>th</sup>-quarter 2023 status reports from Principal Custody Solutions. Director Allen briefly explained the reports in layperson's terms, noting that they track our cash flow and show where/when/whether expenses and income are occurring as reported elsewhere.
7. New Business: Chair noted the next biennial valuation of the pension plan's unfunded pension liability is scheduled for late this summer and asked Director Allen to invite a Hooker & Holcomb representative for a presentation of data at the October Retirement Commission meeting. Director Allen will follow up.
8. Adjournment:  
Motion by Rocchetti and seconded by Gelinas to adjourn at 6:31pm.  
Vote: 4-0-0      Motion: Passed

Respectfully submitted,

  
Rebecca L. Hall, Secretary



**TOWN OF WATERFORD  
GENERAL FUND  
2025-2026 PROPOSED BUDGET**

**DEPT/AGENCY:**

**10116 RETIREMENT COMMISSION**

LINE ITEM	DESCRIPTION	2023/2024 ACTUAL EXPENDED	2024/2025 APPROP.	2024/2025 ADDITIONAL/ TRANSFERS	ACTUAL EXPEND & ENCUMB AS OF 11/19/24	2025/2026 DEPT/ AGENCY REQUEST	2025/2026 APPROVED BD/COMM.	Department Request \$ Increase	Department Request % Increase
	<b>PERSONNEL COSTS</b>								
51930	HYPERTENSION/ HEART DISEASE	233,021	234,084		91,089	270,639		36,555	15.62%
51940	PENSION CONTRIBUTIONS	4,261,880	5,662,552		1,672,142	5,123,018		(539,534)	-9.53%
51945	RETIREE HEALTH BENEFITS	419,788	429,140		105,982	421,094		(8,046)	-1.87%
51949	OPEB TRUST FUND CONTRIBUTION	1,463,505	1,434,481		1,994,210	2,281,709		847,228	59.06%
	<b>SUBTOTAL</b>	<b>6,378,194</b>	<b>7,760,257</b>	<b>0</b>	<b>3,863,423</b>	<b>8,096,460</b>	<b>0</b>	<b>336,203</b>	<b>4.33%</b>
	<b>DEPARTMENT TOTAL</b>	<b>6,378,194</b>	<b>7,760,257</b>	<b>0</b>	<b>3,863,423</b>	<b>8,096,460</b>	<b>0</b>	<b>336,203</b>	<b>4.33%</b>

**Note:**

The OPEB Trust contribution is currently based on the July 2022 OPEB valuation. The valuation report provides an FY25 ADEC (Actuarially Determined Employer Contribution) figure of \$2,516,833. The town budgets on a "pay as you go" basis and funds the ADEC in the Retirement Commission and Insurance budgets as follows:

Trust Contribution (10116-51949)	2,281,709
Retiree Health Benefits (10116-51945)	421,094
Over 65 - fully insured (10112-52251)	101,529
	<u>2,804,332</u> FY36 ADEC



## **BUDGET FUNCTION**

The Retirement Commission is charged with the management of the retirement program for the Town. This budget represents the Commission's estimate of the employer cost required to fund our retirement plans on an actuarially sound basis.

The Retirement Commission voted to appoint an Investment Manager in April 2016 for both the pension trust and the OPEB trust fund. The trusts were set up in February 2017 and were funded for the first time in FY2018.

**TOWN OF WATERFORD**  
**FY2026 BUDGET REQUEST**  
**DEPARTMENT: RETIREMENT COMMISSION (10116)**



## **BUDGET SUMMARY**

The proposed FY26 budget of \$8,096,460 is 4.33% higher than FY25. The main driver of this increase is the reduced amount anticipated to be deposited into the pension (MERs).

### **51930 HEART/HYPERTENSION BENEFITS**

The Town is currently paying benefits to three individuals (one widow of a former police officer, one widow of a former firefighter, and one retired fire services employee) in accordance with judgments of the workers' compensation commission based upon Connecticut State Statute. In addition, the Town pays for treatment medications for several active police officers. A cost of living adjustment (COLA) is provided annually in October based on information provided by our actuary firm, Hooker & Holcombe.

### **51940 PENSION CONTRIBUTIONS**

Overall Budget is down by 9.53%. All general employees, police, and firefighters are covered by MERF B, a State administered plan. Employees who retired prior to the Town joining the MERF system are covered by the Town administered plan.

The employer contribution rates for MERF B for fiscal year 2025 have not been released to date. Rates used are based on expected rates for FY24 received from the State of Connecticut Retirement Division. Payroll has been estimated based on 2024-2025 projected payroll using staffing levels as of November 2024. The employee contribution rate for fiscal year 2025-2026 is 4.75% of payroll and is provided for informational purposes only.

The proposed budget includes an administrative assessment fee for all active and retired employees of \$130.00 per member. The 2025-2026 administrative fee of \$81,120 is based on 342 active participants and 282 retirees.

**TOWN OF WATERFORD**  
**FY2026 BUDGET REQUEST**  
**DEPARTMENT: RETIREMENT COMMISSION (10116)**



## **BUDGET SUMMARY (continued)**

The Public Employees Retirement System Fund (PERS) currently has 6 active participants. Effective fiscal year 2004, the RTM approved a change in benefit allowing for a minimum pension of \$6,000 annually and offered a one-time \$5,000 bonus. An annual increase linked to the CPI-U was approved with a cap of five (5%) percent per year. The June 30, 2023 Actuarial Valuation Report performed by Hooker & Holcombe, Inc. indicated that based upon the current population and the approved changes to the plan, the fund will carry an unfunded liability of \$163,286 in FY2025. The next actuary valuation is scheduled for June 2026.

### **51945 RETIREE HEALTH BENEFITS**

Overall Budget is down 1.87%. The main driver for the decrease is actual monthly cost to the Town for Retirees under 65. The Town currently has sixteen (16) retirees who receive post-retirement healthcare benefits. In addition, there are another 30 employees in the Over 65 classification that receive post-employment healthcare benefits. The current GGA contract allows for a buy-out of accrued sick time hours in excess of 1,400 per year for deposit into a Health Retirement Account to be used by the employee for medical costs incurred following retirement.

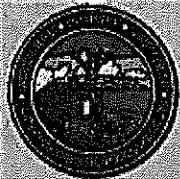
The cost of the third party administration of the HRA has been included in the line item. The annual cost of this excess, sick time accrual is included in the respective employee's department budget.

### **OTHER POST EMPLOYMENT BENEFITS (OPEB)**

The Governmental Accounting Standards Board (GASB) issued a Statement 45 requiring the cost of Other Post-Employment Benefits (OPEB) to be recognized in the year earned (when the employee is working) rather than when paid (when the employee retires). In addition, the Statement also requires the recording of a liability (implicit rate subsidy) for those retirees that remain on the Town's plan at their own cost. Since the cost of similar benefits for these employees would be greater if the retiree was not part of the group, the statement requires the recording of the liability for the difference. The effective date of Statement 45 was July 1, 2006.

On December 1, 2014, the RTM approved the establishment of a trust fund to account for the OPEB contributions. The Retirement Commission is responsible for the oversight and recommended funding of the OPEB Trust and appointed an Investment Manager in April 2016 for both the pension trust and the OPEB trust fund.

**TOWN OF WATERFORD**  
**FY2026 BUDGET REQUEST**  
**DEPARTMENT: RETIREMENT COMMISSION (10116)**



## **BUDGET SUMMARY (continued)**

Proposed Budget for Fiscal Year 2026 contains an increase of 4.33%.

As of the July 1, 2024, actuarial OPEB valuation, the Town's Unfunded Actuarial Accrued Liability is \$20,902,949. The annual required contribution (ARC) for FY2026 is \$2,804,332. This contribution is funded in the annual budgets of the Retirement Commission and Insurance Budgets as follows:

Trust Contribution (10116-51949)	2,281,709
Retiree Health Benefits (10116-51945)	421,529
Over 65 - fully insured (10112-52251)	101,529
<hr/>	
	2,804,332

### **Note:**

In FY 2024 (8/14/2024), the Board of Finance approved an additional payment of \$556,754 into the Town's OPEB account.

**TOWN OF WATERFORD**  
**RETIREE HEALTH BENEFITS -SUMMARY SHEET**  
**2025-2026 PROPOSED BUDGET**

**10116-51945 - RETIREE HEALTH BENEFITS**

	MONTHLY COST	NO. OF MONTHS	ANNUAL COST
RETIREES - OVER 65	\$0.00	12	\$0.00 <sup>1</sup>
RETIREES - UNDER 65	\$22,755.09	12	\$273,061.08 <sup>2</sup>
MEDICARE SUPPL. REIMB	\$12,236.04	12	\$146,832.48 <sup>3</sup>
PROSPECTIVE RETIREES	\$0.00	12	\$0.00
ADMINISTRATIVE COST - HRA	\$100.00	12	\$1,200.00 <sup>4</sup>
<b>TOTAL</b>	<b><u>\$35,091.13</u></b>		<b><u>\$421,093.56</u></b>
 <b>AMOUNT TO BUDGET</b>			<b><u>421,094</u></b>
 <b>2024-2025 ADOPTED BUDGET</b>			<b><u>429,140</u></b>
 <b>PERCENT INCREASE/DECREASE OVER P/Y</b>			<b><u>-1.88%</u></b>

<sup>1</sup> FY26 as we will no longer have group coverage for over 65 retirees. All over 65 retirees will now be reimbursed once a year for their individual Medicare supplement plans effective 1/1/2025.

<sup>2</sup> Budget calculation based on October 2024 rates.

<sup>3</sup> In 2023-243, 13 retirees were reimbursed for Non-BCBS supplement. The total reimbursement was \$33,537.12. The retiree must submit copies of paid invoices to receive the reimbursement.

<sup>4</sup> Third party fee for the administration of the HRA accounts allowed for in the current GGA contract. Third party vendor is Flores & Associates.

**TOWN OF WATERFORD**  
**HEART/HYPERTENSION 2025-2026 FISCAL YEAR PROPOSED BUDGET**

HEART/HYPERTENSION	2018-2019		2019-2020		2020-2021		2021-2022		2022-2023		2023-2024		2024-2025		2025-2026		
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	YTD (10/15/24)	PROPOSED	PROPOSED	PROPOSED	PROPOSED	PROPOSED	
WAGES <sup>1</sup>	203,002.00	163,225.33	167,099.92	64,269.20	226,224.79	194,910	64,539	230,639									
TREATMENT MEDICATION <sup>2</sup>	14,185.89	4,066.39	5,996.45	1,907.30	3,716.67	38,111	620	40,000									
<b>TOTALS</b>	<b>217,187.89</b>	<b>167,291.72</b>	<b>173,096.37</b>	<b>66,176.50</b>	<b>229,941.46</b>	<b>233,021.00</b>	<b>65,159.00</b>	<b>270,639.00</b>									

**NOTES:**

<sup>1</sup> COLA rates used as of October 1, 2024

<sup>2</sup> Treatment medication is based on prior year actual.

**TOWN OF WATERFORD  
PENSION CONTRIBUTIONS  
2025-2026 FISCAL YEAR PROPOSED BUDGET**

<b>PENSION CONTRIBUTIONS</b>	<b>2018-2019</b>			<b>2019-2020</b>			<b>2020-2021</b>			<b>2021-2022</b>			<b>2022-2023</b>			<b>2023-2024</b>			<b>2024-2025</b>			<b>2025-2026</b>			<b>PROPOSED</b>			<b>% INCREASE/ (DECREASE) OVER P/Y</b>		
	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>		
<b>TOWN OF WATERFORD PLAN</b>																														
EMPLOYER CONTRIBUTIONS	81,131.00	82,000.00	82,000.00	82,000.00	83,000.00	83,000.00	27,280.00	27,280.00	19,167.40	19,167.40	22,450.00	22,450.00	22,450.00	22,450.00	22,450.00	22,450.00	22,450.00	22,450.00	22,450.00	22,450.00	22,450.00	22,450.00	22,450.00	22,450.00	22,450.00	22,450.00	3,282.60	17.13%		
ACTUARIAL FEE	5,395.01	7,953.00	7,953.00	7,953.00	7,100.00	5,957.91	8,455.38	8,455.38	10,400.00	10,400.00	7,475.00	7,475.00	10,400.00	10,400.00	10,400.00	10,400.00	10,400.00	10,400.00	10,400.00	10,400.00	10,400.00	10,400.00	10,400.00	10,400.00	10,400.00	10,400.00	10,400.00	(2,925.00)	-28.13%	
	<b>86,526.01</b>	<b>89,953.00</b>	<b>89,953.00</b>	<b>89,953.00</b>	<b>89,100.00</b>	<b>88,957.91</b>	<b>35,735.38</b>	<b>35,735.38</b>	<b>29,567.40</b>	<b>29,567.40</b>	<b>29,925.00</b>	<b>29,925.00</b>	<b>32,850.00</b>	<b>32,850.00</b>	<b>32,850.00</b>	<b>357.60</b>	<b>1.21%</b>													
<b>MERS</b>																														
EMPLOYER CONTRIBUTIONS	2,735,169.99	0.00	3,615,776.00	3,839,599.51	3,948,069.18	4,190,567.73	4,581,251.29	4,581,251.29	4,581,251.29	4,581,251.29	4,581,251.29	4,581,251.29	4,581,251.29	4,581,251.29	4,581,251.29	4,581,251.29	4,581,251.29	4,581,251.29	4,581,251.29	4,581,251.29	4,581,251.29	4,581,251.29	4,581,251.29	4,581,251.29	4,581,251.29	4,581,251.29	390,683.56	9.37%		
AMORTIZATION/ADMIN COST	497,704.00	497,704.00	502,644.00	420,218.58	474,796.78	517,480.00	508,916.76	508,916.76	508,916.76	508,916.76	508,916.76	508,916.76	508,916.76	508,916.76	508,916.76	508,916.76	508,916.76	508,916.76	508,916.76	508,916.76	508,916.76	508,916.76	508,916.76	508,916.76	508,916.76	(8,563.24)	-1.65%			
	<b>3,232,873.99</b>	<b>497,704.00</b>	<b>497,704.00</b>	<b>4,118,420.00</b>	<b>4,259,818.09</b>	<b>4,422,865.96</b>	<b>4,708,047.73</b>	<b>5,090,168.05</b>	<b>382,120.32</b>	<b>8.12%</b>																				
<b>TOTALS</b>	<b>3,319,400.00</b>	<b>587,657.00</b>	<b>4,207,520.00</b>	<b>4,348,776.00</b>	<b>4,458,601.34</b>	<b>4,737,615.13</b>	<b>5,120,093.05</b>	<b>5,123,018.05</b>	<b>382,477.92</b>	<b>8.07%</b>																				

\*Includes fees for completing the GASB 67/68 disclosures.

**TOWN OF WATERFORD**  
**PROJECTED MERF CONTRIBUTION - ACTUAL 2022-2023 WAGES**  
**2025-2026 FISCAL YEAR**

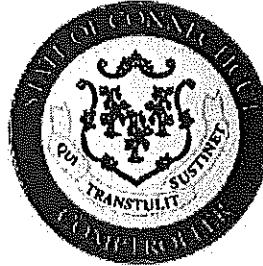
PROJECTED 2024-2025 WAGES				ACTUAL 2023-2024 WAGES			
MONTH	TOWN SALARIES	POLICE/FIRE SALARIES	BOE NON-CERT SALARIES	TOWN SALARIES	POLICE/FIRE SALARIES	BOE NON-CERT SALARIES	TOTAL
JULY 2024 ACTUAL	\$754,035.98	\$550,840.75	\$414,516.76	1,304,876.73	JULY 2023 ACTUAL	\$698,914.69	\$487,151.56
AUGUST 2024 ACTUAL	\$926,569.28	\$693,510.74	\$424,423.43	1,620,080.02	AUGUST 2023 ACTUAL	\$702,060.13	\$515,572.31
SEPTEMBER 2024 ACTUAL	\$731,135.03	\$544,018.30	\$673,987.43	1,275,153.33	SEPTEMBER 2023 ACTUAL	\$871,379.46	\$681,801.01
OCTOBER 2024 ACTUAL	\$712,410.87	\$540,919.01	\$777,452.76	1,253,329.88	OCTOBER 2023 ACTUAL	\$701,011.72	\$531,254.21
NOVEMBER 2024 PROJECTED	\$927,570.52	\$695,680.62	\$1,086,491.64	2,709,742.78	NOVEMBER 2023 ACTUAL	\$706,770.25	\$538,025.36
DECEMBER 2024 PROJECTED	\$742,056.42	\$676,542.49	\$724,327.76	2,142,928.67	DECEMBER 2023 ACTUAL	\$940,140.58	\$801,587.71
JANUARY 2025 PROJECTED	\$927,570.52	\$695,680.62	\$724,327.76	2,347,578.90	JANUARY 2024 ACTUAL	\$747,045.19	\$519,095.91
FEBRUARY 2025 PROJECTED	\$742,056.42	\$556,544.49	\$724,327.76	2,022,928.67	FEBRUARY 2024 ACTUAL	\$730,341.00	\$486,676.53
MARCH 2025 PROJECTED	\$742,056.42	\$556,544.49	\$724,327.76	2,022,928.67	MARCH 2024 PACTUAL	\$883,354.77	\$640,370.50
APRIL 2025 PROJECTED	\$742,056.42	\$556,544.49	\$724,327.76	2,022,928.67	APRIL 2024 ACTUAL	\$700,574.26	\$526,547.83
MAY 2025 PROJECTED	\$927,570.52	\$695,680.62	\$1,081,804.14	2,705,055.28	MAY 2024 ACTUAL	\$896,295.74	\$718,849.56
JUNE 2025 PROJECTED	\$742,056.42	\$556,544.49	\$724,327.76	2,022,928.67	JUNE 2024 ACTUAL	\$728,253.58	\$524,487.35
<b>TOTALS:</b>	<b>9,617,144.82</b>	<b>7,319,053.11</b>	<b>6,514,262.34</b>	<b>23,450,460.27</b>		<b>9,286,141.37</b>	<b>6,981,439.84</b>
Est wage increase FY26	2.50%	2.75%	3.50%				
Projected MERF salaries 2024-25	9,857,573.44	7,520,327.07	6,742,261.52	24,120,162.03			
2025-2026 Contribution Rate <sup>1</sup>	16.68%	24.10%	16.68%				
Est. Employer Contribution 2025-2026	\$1,644,243.25	\$1,812,398.82	\$1,124,609.22	\$4,581,251.29			
Amortization	0.00	427,247.68	549.08	427,796.76	0.00	416,827.00	537.00
Administrative Fee	31,980.00	12,650.00	36,530.00	81,120.00	31,200.00	12,740.00	36,400.00
<b>CONTRIBUTION</b>	<b>\$1,676,223.25</b>	<b>\$2,252,256.50</b>	<b>\$1,161,688.30</b>	<b>\$5,080,168.05</b>	<b>\$31,200.00</b>	<b>\$429,567.00</b>	<b>\$497,704.00</b>

**CONTRIBUTION RATE**

1. The contribution rate is based on the MERF Projection for FY 2025 from the State of CT. FY 2026 rates not expected until March 2025.

STATE of  
CONNECTICUT

RETIREMENT SERVICES  
DIVISION



RETIREMENT SERVICES DIVISION  
OFFICE of the STATE COMPTROLLER  
165 Capitol Ave.  
Hartford, CT 06106

February 29, 2024

Ms. Christy Gregg  
Director of HR  
Waterford Public Schools  
15 Rope Ferry Road  
Waterford, CT 06385  
cgregg@waterfordct.org

**RE: Waterford Police 152-P**

Dear Ms. Gregg:

The purpose of this letter is to advise you of the costs for the above referenced unit to participate in the Connecticut Municipal Employees Retirement System (CMERS) for the fiscal year beginning July 1, 2024. The State of Connecticut Retirement Commission has authorized the contributions rates below to be effective for the July 1, 2024 to June 30, 2025 fiscal year.

- Monthly contribution payments, as a percentage of payroll, will be as follows:

Normal Cost	8.21%
Unfunded Accrued Liability	<u>15.89%</u>
Total	24.10%

- As stated in the Retirement Services Division letter dated June 25, 2019, Public Act No. 19-124 includes an increase in employee contributions to MERS in each of the six subsequent fiscal years. Therefore, effective July 1, 2024, the employee contribution rates for members covered by Social Security will increase from 4.75% to 5.25%. Please note that the employee contribution rate for wages above the Social Security Wage Base is 8.00%.
- There is no annual amortization payment for prior service.
- The CMERS administrative charge is \$13,000. This charge is based on \$130 per active and retired member. Our most recent files show 47 active members and 53 retired members.

The State Employees Retirement Commission approved the above total contribution rate of 24.10% at its February 15, 2024 meeting. A copy of the June 30, 2023 actuarial valuation report can be found on the Office of the State Comptroller's website at <https://www.osc.ct.gov/rbsd/reports/index.html>.

If you have any questions regarding the information provided in this letter, please contact Kathryn Balut, a CMERS staff member, at (860)702-3565.

Very truly yours,

THE CONNECTICUT MUNICIPAL EMPLOYEES RETIREMENT SYSTEM

BY:

John Herrington, Director  
Retirement Services Division



RETIREMENT SERVICES DIVISION  
OFFICE of the STATE COMPTROLLER  
165 Capitol Ave.  
Hartford, CT 06106

February 29, 2024

Ms. Christy Gregg  
Director of HR  
Waterford Fire Department  
15 Rope Ferry Road  
Waterford, CT 06385  
cgregg@waterfordct.org

**RE: Waterford Fire 152-F**

Dear Ms. Gregg:

The purpose of this letter is to advise you of the costs for the above referenced unit to participate in the Connecticut Municipal Employees Retirement System (CMERS) for the fiscal year beginning July 1, 2024. The State of Connecticut Retirement Commission has authorized the contributions rates below to be effective for the July 1, 2024 to June 30, 2025 fiscal year.

- Monthly contribution payments, as a percentage of payroll, will be as follows:

Normal Cost	8.21%
Unfunded Accrued Liability	15.89%
Total	24.10%

- As stated in the Retirement Services Division letter dated June 25, 2019, Public Act No. 19-124 includes an increase in employee contributions to MERS in each of the six subsequent fiscal years. Therefore, effective July 1, 2024, the employee contribution rates for members covered by Social Security will increase from 4.75% to 5.25%. Please note that the employee contribution rate for wages above the Social Security Wage Base is 8.00%.
- There is no annual amortization payment for prior service.
- The CMERS administrative charge is \$2,600. This charge is based on \$130 per active and retired member. Our most recent files show 12 active members and 8 retired members.

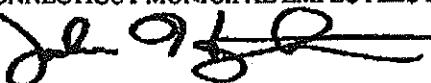
The State Employees Retirement Commission approved the above total contribution rate of 24.10% at its February 15, 2024 meeting. A copy of the June 30, 2023 actuarial valuation report can be found on the Office of the State Comptroller's website at <https://www.ctc.ct.gov/rhsd/report/index.html>.

If you have any questions regarding the information provided in this letter, please contact Kathryn Balut, a CMERS staff member, at (860)702-3565.

Very truly yours,

THE CONNECTICUT MUNICIPAL EMPLOYEES RETIREMENT SYSTEM

BY:



John Herrington, Director  
Retirement Services Division



RETIREMENT SERVICES DIVISION  
OFFICE of the STATE COMPTROLLER  
165 Capitol Ave.  
Hartford, CT 06106

February 29, 2024

Ms. Christy Gregg  
Director of HR  
Town of Waterford  
15 Rope Ferry Road  
Waterford, CT 06385  
cgregg@waterfordct.org

**RE: Waterford Town 152-W**

Dear Ms. Gregg:

The purpose of this letter is to advise you of the costs for the above referenced unit to participate in the Connecticut Municipal Employees Retirement System (CMERS) for the fiscal year beginning July 1, 2024. The State of Connecticut Retirement Commission has authorized the contributions rates below to be effective for the July 1, 2024 to June 30, 2025 fiscal year.

- Monthly contribution payments, as a percentage of payroll, will be as follows:

Normal Cost	5.60%
Unfunded Accrued Liability	11.08%
Total	16.68%

- As stated in the Retirement Services Division letter dated June 25, 2019, Public Act No. 19-124 includes an increase in employee contributions to MERS in each of the six subsequent fiscal years. Therefore, effective July 1, 2024, the employee contribution rates for members covered by Social Security will increase from 4.75% to 5.25%. Please note that the employee contribution rate for wages above the Social Security Wage Base is 8.00%.
- There is no annual amortization payment for prior service.
- The CMERS administrative charge is \$10,790. This charge is based on \$130 per active and retired member. Our most recent files show 39 active members and 44 retired members.

The State Employees Retirement Commission approved the above total contribution rate of 16.68% at its February 15, 2024 meeting. A copy of the June 30, 2023 actuarial valuation report can be found on the Office of the State Comptroller's website at <https://www.osc.ct.gov/rnsd/reports/index.html>.

If you have any questions regarding the information provided in this letter, please contact Kathryn Balut, a CMERS staff member, at (860)702-3565.

Very truly yours,

THE CONNECTICUT MUNICIPAL EMPLOYEES RETIREMENT SYSTEM

BY:

John Herrington, Director  
Retirement Services Division

STATE of  
CONNECTICUT  
RETIREMENT SERVICES  
DIVISION



RETIREMENT SERVICES DIVISION  
OFFICE of the STATE COMPTROLLER  
165 Capitol Ave.  
Hartford, CT 06106

February 29, 2024

Ms. Christy Gregg  
Director of HR  
Town of Waterford  
15 Rope Ferry Road  
Waterford, CT 06385  
cgregg@waterfordct.org

**RE: Waterford Gen Gov Admin 152-T**

Dear Ms. Gregg:

The purpose of this letter is to advise you of the costs for the above referenced unit to participate in the Connecticut Municipal Employees Retirement System (CMERS) for the fiscal year beginning July 1, 2024. The State of Connecticut Retirement Commission has authorized the contributions rates below to be effective for the July 1, 2024 to June 30, 2025 fiscal year.

- Monthly contribution payments, as a percentage of payroll, will be as follows:

Normal Cost	5.60%
Unfunded Accrued Liability	11.08%
Total	16.68%

- As stated in the Retirement Services Division letter dated June 25, 2019, Public Act No. 19-124 includes an increase in employee contributions to MERS in each of the six subsequent fiscal years. Therefore, effective July 1, 2024, the employee contribution rates for members covered by Social Security will increase from 4.75% to 5.25%. Please note that the employee contribution rate for wages above the Social Security Wage Base is 8.00%.
- There is no annual amortization payment for prior service.
- The CMERS administrative charge is \$7,020. This charge is based on \$130 per active and retired member. Our most recent files show 22 active members and 32 retired members.

The State Employees Retirement Commission approved the above total contribution rate of 16.68% at its February 15, 2024 meeting. A copy of the June 30, 2023 actuarial valuation report can be found on the Office of the State Comptroller's website at <https://www.ct.gov/osc/reports/index.html>.

If you have any questions regarding the information provided in this letter, please contact Kathryn Balut, a CMERS staff member, at (860)702-3565.

Very truly yours,

THE CONNECTICUT MUNICIPAL EMPLOYEES RETIREMENT SYSTEM

BY:

John Herrington, Director  
Retirement Services Division

STATE of  
CONNECTICUT  
  
RETIREMENT SERVICES  
DIVISION



RETIREMENT SERVICES DIVISION  
OFFICE of the STATE COMPTROLLER  
165 Capitol Ave.  
Hartford, CT 06106

February 29, 2024

Ms. Christy Gregg  
Director of HR  
Town of Waterford  
15 Rope Ferry Road  
Waterford, CT 06385  
cgregg@waterfordct.org

**RE: Waterford Local 1303 152-B**

Dear Ms. Gregg:

The purpose of this letter is to advise you of the costs for the above referenced unit to participate in the Connecticut Municipal Employees Retirement System (CMERS) for the fiscal year beginning July 1, 2024. The State of Connecticut Retirement Commission has authorized the contributions rates below to be effective for the July 1, 2024 to June 30, 2025 fiscal year.

- Monthly contribution payments, as a percentage of payroll, will be as follows:

Normal Cost	5.60%
Unfunded Accrued Liability	11.08%
Total	16.68%

- As stated in the Retirement Services Division letter dated June 25, 2019, Public Act No. 19-124 includes an increase in employee contributions to MERS in each of the six subsequent fiscal years. Therefore, effective July 1, 2024, the employee contribution rates for members covered by Social Security will increase from 4.75% to 5.25%. Please note that the employee contribution rate for wages above the Social Security Wage Base is 8.00%.
- There is no annual amortization payment for prior service.
- The CMERS administrative charge is \$18,460. This charge is based on \$130 per active and retired member. Our most recent files show 64 active members and 78 retired members.

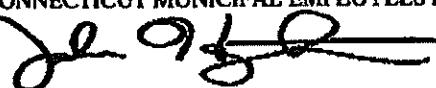
The State Employees Retirement Commission approved the above total contribution rate of 16.68% at its February 15, 2024 meeting. A copy of the June 30, 2023 actuarial valuation report can be found on the Office of the State Comptroller's website at <https://www.osc.ct.gov/rhd/reports/index.html>.

If you have any questions regarding the information provided in this letter, please contact Kathryn Balut, a CMERS staff member, at (860)702-3565.

Very truly yours,

THE CONNECTICUT MUNICIPAL EMPLOYEES RETIREMENT SYSTEM

BY:



John Herrington, Director  
Retirement Services Division



RETIREMENT SERVICES DIVISION  
OFFICE of the STATE COMPTROLLER  
165 Capitol Ave.  
Hartford, CT 06106

February 29, 2024

Ms. Christy Gregg  
Director of HR  
Waterford Public Schools  
15 Rope Ferry Road  
Waterford, CT 06385  
cgregg@waterfordct.org

**RE: Waterford Non-union Educ 152-S**

Dear Ms. Gregg:

The purpose of this letter is to advise you of the costs for the above referenced unit to participate in the Connecticut Municipal Employees Retirement System (CMERS) for the fiscal year beginning July 1, 2024. The State of Connecticut Retirement Commission has authorized the contributions rates below to be effective for the July 1, 2024 to June 30, 2025 fiscal year.

- Monthly contribution payments, as a percentage of payroll, will be as follows:

Normal Cost	5.60%
Unfunded Accrued Liability	11.08%
Total	16.68%

- As stated in the Retirement Services Division letter dated June 25, 2019, Public Act No. 19-124 includes an increase in employee contributions to MERS in each of the six subsequent fiscal years. Therefore, effective July 1, 2024, the employee contribution rates for members covered by Social Security will increase from 4.75% to 5.25%. Please note that the employee contribution rate for wages above the Social Security Wage Base is 8.00%.
- There is no annual amortization payment for prior service.
- The CMERS administrative charge is \$8,060. This charge is based on \$130 per active and retired member. Our most recent files show 39 active members and 23 retired members.

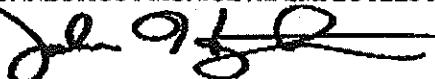
The State Employees Retirement Commission approved the above total contribution rate of 16.68% at its February 15, 2024 meeting. A copy of the June 30, 2023 actuarial valuation report can be found on the Office of the State Comptroller's website at <https://www.osc.ct.gov/rbd/reports/index.html>.

If you have any questions regarding the information provided in this letter, please contact Kathryn Balut, a CMERS staff member, at (860)702-3565.

Very truly yours,

THE CONNECTICUT MUNICIPAL EMPLOYEES RETIREMENT SYSTEM

BY:



John Herrington, Director  
Retirement Services Division

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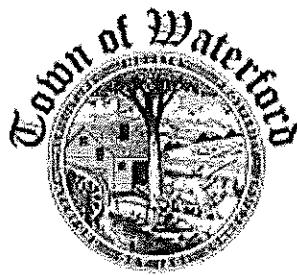
## Executive Summary

	July 1, 2023	July 1, 2021
<b>Number of members</b>		
Active employees	0	0
Terminated vested members	0	0
Retired, disabled and beneficiaries	<u>6</u>	<u>7</u>
Total	6	7
<b>Covered employee payroll</b>	N/A	N/A
<b>Average plan salary</b>	N/A	N/A
<b>Actuarial present value of future benefits</b>	717,948	786,000
<b>Actuarial accrued liability</b>	717,948	786,000
<b>Plan assets</b>		
Market value of assets	509,200	639,050
Actuarial value of assets	554,662	587,576
<b>Unfunded accrued liability</b>	163,286	198,424
<b>Funded ratio</b>	77.3%	74.8%
<b>Actuarially determined employer contribution (ADEC)</b>		
Fiscal year ending	2025	2023
ADEC	22,450	27,280
Fiscal year ending	2026	2024
ADEC	22,450	27,280

## Executive Summary

	July 1, 2024	July 1, 2022
<b>Number of members</b>		
Active members	414	368
Retired members and dependents	168	179
<b>Total</b>	<b>582</b>	<b>547</b>
<b>Covered employee payroll</b>	<b>31,264,486</b>	<b>29,029,526</b>
<b>Average plan salary</b>	<b>75,518</b>	<b>78,885</b>
<b>Actuarial present value of future benefits</b>	<b>36,779,727</b>	<b>32,284,998</b>
<b>Actuarial accrued liability</b>	<b>34,097,347</b>	<b>30,074,765</b>
<b>Plan assets</b>		
Market value of assets	13,311,529	8,465,847
Actuarial value of assets	13,194,398	9,206,097
<b>Unfunded accrued liability</b>	<b>20,902,949</b>	<b>20,868,668</b>
<b>Funded ratio</b>	<b>38.7%</b>	<b>30.6%</b>
<b>Actuarially determined employer contribution (ADEC)</b>		
Fiscal year ending ADEC	2026 2,804,332	2024 2,505,310
Fiscal year ending ADEC	2027 2,818,488	2025 2,516,833

FIFTEEN ROPE FERRY ROAD  
WATERFORD, CT 06385-2886



PHONE: 860-442-0553  
[www.waterfordct.org](http://www.waterfordct.org)

## **ANNUAL REPORT OF THE WATERFORD RETIREMENT COMMISSION FISCAL YEAR 2023-2024**

Pursuant to Connecticut General Statutes and Waterford Code of Ordinances, the Retirement Commission oversees the Municipal Employees Retirement System (MERS)—the State’s multiple-employer, cost-sharing, public employee retirement system—as well as the Public Employees Retirement System (PERS), the Town’s original defined benefit plan offered before the State’s creation of MERS.

### **MERS**

Waterford’s MERS data is included in the State of Connecticut’s financial report that may be obtained by contacting the Retirement Services Division of the Office of the State Comptroller by mail at 165 Capitol Ave., Hartford, CT 06106; by email to [osc.rsd@ct.gov](mailto:osc.rsd@ct.gov); or by phone at 860-702-3480.

Under MERS, any local government authority in the State of Connecticut (e.g., towns, cities, boroughs, regional school districts, housing authorities, or other special districts) may elect to have one or more of its departments, including elective officers, participate in the state-administered system. All eligible full-time employees of the Town and the Board of Education must enroll in the MERS plan. Teachers covered under the Connecticut State Teachers Retirement System are not eligible for the MERS.

MERS provides for retirement benefits, as well as death and disability benefits. Plan provisions are set by Connecticut General Statutes. MERS membership is mandatory for all regular full-time employees of participating departments, except for Police and Fire hired after age 60. A member is vested after 5 years of continuous active service during which the member is actively working and contributing to the MERS. Any employee who terminated prior to Oct. 1, 2001, must have 10 continuous years of service or 15 total years of active service to be vested in the MERS.

Members are entitled to an annual retirement benefit, payable monthly for life, when they reach normal retirement age (age 55 with 5 years of service or 15 years of non-continuous active service) OR at any age if they have a minimum of 25 years of total service. For members age 62 and covered by Social Security—or, if earlier, in receipt of an SSDA—the annual MERS retirement benefit is equal to 1.5% of their average final compensation not in excess of the year’s breakpoint, plus 2% of their average final compensation in excess of the year’s breakpoint, times their years of service.

MERS retirees are eligible for annual cost-of-living adjustments payable on each July 1 following their retirement date. The adjustment is 60% of the annual increase in CPI-W up to 6%, plus 75% of the annual increase in CPI-W above 6%. The minimum annual COLA is 2.5% and the maximum is 6%. Disability retirement benefits are adjusted each July 1 based upon the performance of the fund’s asset, with a minimum COLA of 3% and a maximum of 5%.

Retirement trust funds can be invested in various investment pools maintained by the State of Connecticut. Investments in the pooled funds are valued at cost. No investments in any organization represent 5% or more of net assets available for benefits.

Public Act 19-124 increased employee contributions to the MERS plan during FY20 and in each of the five subsequent fiscal years. Related reductions in the employer contribution rates were offset by the OSC Retirement Services Division's decision to reduce the assumed investment rate of return from 8% to 7%, resulting in increased employer contribution rate projections each year for FY20 through FY25. According to the OSC's most recent calculations the average cost of municipal employers' MERS contributions increased 75% from calendar years 2018-2023 and account for 25% of their payroll costs.

## **PERS**

The Public Employees Retirement System (PERS) is a single-employer defined benefit pension plan, established and administered by the Town, that covers employees who retired or terminated in a vested status prior to their department's participation in the MERS. No contributions are required from PERS members; the Town is required to contribute all amounts necessary to finance the benefits for PERS plan participants. The PERS is considered to be part of the Town of Waterford's financial reporting entity and is included in the Town's financial reports as the Pension Trust Fund.

Under PERS, members who retired at their normal retirement date (age 62 with 15 years of service) receive benefits equal to 1.5% of their final average earnings (i.e., the average of the highest 5 years of earnings within their last 10 years) per year of service, limited to 30 years of service. Members who retired at their service retirement date (age 50 with 25 years of service) receive benefits equal to 2% of their final average earnings per year, limited to 30 years of service, until age 62. Members who retired at their early retirement date (age 57 with 15 years of service) could elect either to receive benefits accrued to that date, reduced by 0.4167% for each month prior to their normal retirement date, or to defer benefits until their normal retirement date with no reduction. PERS benefit provisions are established, and can be amended, by the RTM.

The PERS plan provides retirement, disability, and death benefits to plan members and their beneficiaries. The PERS plan was closed to new members at various times over the years and there are no longer any current employees in that plan. According to the most recent biennial valuation report, as of July 1, 2023, the number of individuals receiving PERS plan benefits dropped to six.

The 2023 valuation report showed that in the previous two years, the PERS plan's net unfunded pension liability had dropped from \$198,424 to \$163,286 as of July 1, 2023. Since that figure is the main driver of our required employer contribution costs, the FY23 and FY24 budgets each included \$27,280 for employer contributions, a reduction (from \$87,000 in FY22) recommended by the actuarial firm to better reflect projected payments to the diminishing number of PERS plan recipients. If it is determined that there are any excess assets in the PERS plan, they may be used to fund past service costs for employees who transferred to the MERS pension plan.

The Town of Waterford financial statements for PERS are prepared using the accrual basis of accounting. Employer contributions are recognized as revenues in the period the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

## OPEB

In addition to retirement, death, and disability benefits, the Town is required to fund other post-employment benefits (OPEB) for eligible retirees. The Town recognizes the cost of post-employment healthcare in the year the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing demands on the Town's future cash flow. While the Town funds its OPEB costs annually on a pay-as-you-go basis, Governmental Accounting Standards Board (GASB) Statement 45 requires that municipalities recognize it as an actuarial accrued liability inclusive of implicit rate subsidies. The GASB does not require that the Town fund the liability, only that it disclose the liability on the Town's financial statements. However, as of fiscal year 2016, GASB Statements 74 and 75 require that the Town report the OPEB liability on the face of its financial statements rather than as a note to the statements. If the Town does not adequately fund the liability each year, the liability would continue to grow and could adversely affect the Town's bond rating.

On December 1, 2014, the RTM approved the establishment and funding of a trust for the purpose of reducing the Town's unfunded liability. The OPEB trust was established in February 2017 and the Retirement Commission contracted with outside firms to serve as custodians of the trust fund, invest annual trust fund contributions, and perform actuarial valuations of the unfunded liability to determine recommended annual contribution amounts to cover current-year expenses and pay down the liability.

Recognition of the liability accumulated from prior years, commencing with the 2006 liability, is being phased in over 30 years. The first OPEB Actuarial Valuation report—July 1, 2016—disclosed the net cost (i.e., the Town's unfunded accrued liability) of OPEB healthcare as \$22,530,000.

OPEB trust fund contributions of \$1,160,000 were made in FY18 and again in FY19. The Retirement Commission requested \$2,058,613 for OPEB trust fund contributions for FY20, as recommended by plan advisors due to actual and anticipated cost increases; the amount was reduced to \$758,613 during the budget hearing process. The July 1, 2020, valuation of the unfunded liability was \$19,277,319.

The Commission's FY21 request of \$1.4 million for OPEB trust fund contributions was reduced by \$300,000 during a round of Covid pandemic budget cuts. For FY22, based on the Finance Director's discovery of duplicated reporting, the Commission reduced its OPEB trust fund budget request to \$750,000, and contributions for fully insured members over age 65 were moved to the Insurance budget.

Subsequent in-depth review by the Finance Director and actuarial firm of actual and projected costs and investment performance resulted in an FY23 budget of \$1,143,311 for OPEB trust fund contributions. However, the biennial OPEB July 2022 valuation report determined that the unfunded accrued OPEB liability had *increased* to \$20,868,668. The actuarial firm attributed the uptick to higher-than-expected increases in premiums and Board of Education staff retirements and recommended that the FY24 and FY25 budgets each include \$1,458,305 for OPEB trust fund contributions. Both were approved intact.

While returns on investments have consistently hit or exceeded recommended targets, the Commission anticipates the need to increase budget requests for FY26, based on the pending MERS reforms coming in July 2025 and the most recent valuation report (received Jan. 2025) that showed the unfunded OPEB liability had increased again—to \$20,902,949 as of July 1, 2024.

Respectfully submitted,



Susan Driscoll, Chair  
Waterford Retirement Commission

January 2025



ACTUARIAL VALUATION REPORT  
REPORTING AS OF JULY 1, 2024

TOWN OF WATERFORD OPEB PLAN

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### Report Prepared By:

Stephen Chykirda  
Associate Vice President & Consulting Actuary  
860.856.2047  
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Jonathan Plumb  
Senior Actuarial Consultant  
860.856.2103  
[jon.plumb@usi.com](mailto:jon.plumb@usi.com)

## Executive Summary

	July 1, 2024	July 1, 2022
<b>Number of members</b>		
Active members	414	368
Retired members and dependents	168	179
Total	582	547
<b>Covered employee payroll</b>	31,264,486	29,029,526
<b>Average plan salary</b>	75,518	78,885
<b>Actuarial present value of future benefits</b>	36,779,727	32,284,998
<b>Actuarial accrued liability</b>	34,097,347	30,074,765
<b>Plan assets</b>		
Market value of assets	13,311,529	8,465,847
Actuarial value of assets	13,194,398	9,206,097
<b>Unfunded accrued liability</b>	20,902,949	20,868,668
<b>Funded ratio</b>	38.7%	30.6%
<b>Actuarially determined employer contribution (ADEC)</b>		
Fiscal year ending	2026	2024
ADEC	2,804,332	2,505,310
Fiscal year ending	2027	2025
ADEC	2,818,488	2,516,833

## Valuation Results and Highlights

### Purpose of the Valuation

The purpose of the valuation is to develop the Actuarially Determined Employer Contribution (ADEC). The ultimate cost of an OPEB plan is based primarily on the level of benefits promised by the plan. The OPEB fund's investment earnings serve to reduce the cost of plan benefits and expenses. Thus,

Ultimate cost = Benefits Paid + Expenses Incurred – Investment Return – Employee Contributions

The actuarial cost method distributes this ultimate cost over the working lifetime of current plan participants. By means of this budgeting process, costs are allocated to both past and future years, and a cost is assigned to the current year. The current year's allocated cost, or normal cost, is the building block upon which the actuarially determined employer contribution is developed. The July 1, 2024 valuation produces the contributions for the fiscal years ending 2026 and 2027.

### Information Available in the Valuation Report

The Executive Summary is intended to emphasize the notable results of the valuation from the perspective of the Plan Sponsor. Supporting technical detail is documented in Results of the Valuation, Supporting Exhibits and Description of Actuarial Methods and Assumptions. A concise summary of the principal provisions of the Plan is outlined in Summary of Plan Provisions.

### Changes Reflected in the Valuation

This valuation reflects changes in the medical trend rates, as well as the retirement/termination rates for the non-certified BOE group. These changes in assumptions increased the liability by 6.3%. Additionally, medical premiums increased more than expected resulting in a 6.2% increase in the total liability.

### Cash Contribution for Fiscal Years Ending 2026 and 2027

The Town cost is:	2026 Fiscal Year	2027 Fiscal Year
Town	\$621,679	\$621,679
Police and Fire	698,089	698,089
BOE Certified	1,396,117	1,407,943
BOE Non-Certified	88,447	90,777
<hr/>		
Total	\$2,804,332	\$2,818,488

### Liability Experience During Period Under Review

The accrued liability of \$34,097,347 is higher than expected primarily due to medical premiums that were higher than expected since the last valuation.

### **Asset Experience During Period Under Review**

The plan's assets provided the following rates of return during the past two fiscal years:

	2023 Fiscal Year	2024 Fiscal Year
Market Value Basis	10.1%	10.9%
Actuarial Value Basis	5.6%	6.8%

The Actuarial Value of assets, rather than the Market Value, is used to determine plan contributions. The Actuarial Value spreads the asset volatility over 5 years, thereby smoothing out fluctuations that are inherent in the Market Value.

## Certification

This report presents the results of the July 1, 2024 Actuarial Valuation for Town of Waterford OPEB Plan (the Plan) for the purpose of estimating the funded status of the Plan and determining the Actuarially Determined Employer Contribution (ADEC) for the fiscal years ending June 30, 2026 and June 30, 2027. This report is intended to satisfy the requirements of Connecticut General Statute 7-450a. This report may not be appropriate for any other purpose.

The valuation has been performed in accordance with generally accepted actuarial principles and practices. It is intended to comply with all applicable Actuarial Standards of Practice.

I certify that the actuarial assumptions and methods that were selected by me and represent my best estimate of anticipated actuarial experience under the Plan.

In preparing this valuation, I have relied on employee data provided by the Plan Sponsor, and on asset and contribution information provided by the Trustee. I have audited neither the employee data nor the financial information, although I have reviewed them for reasonableness.

The results in this valuation report are based on the Plan as summarized in the *Summary of Plan Provisions* section of this report and the actuarial assumptions and methods detailed in the *Description of Actuarial Methods and Assumptions* section of this report.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; 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. Due to the limited scope of this report, an analysis of the potential range of such future measurements has not been performed.

I have no relationship with the employer or the Plan that would impair, or appear to impair, my objectivity in performing the work presented in this report. I am a member of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.



Stephen Chykirda, ASA, FCA, MAAA  
Enrolled Actuary 23-07517

January 3, 2025

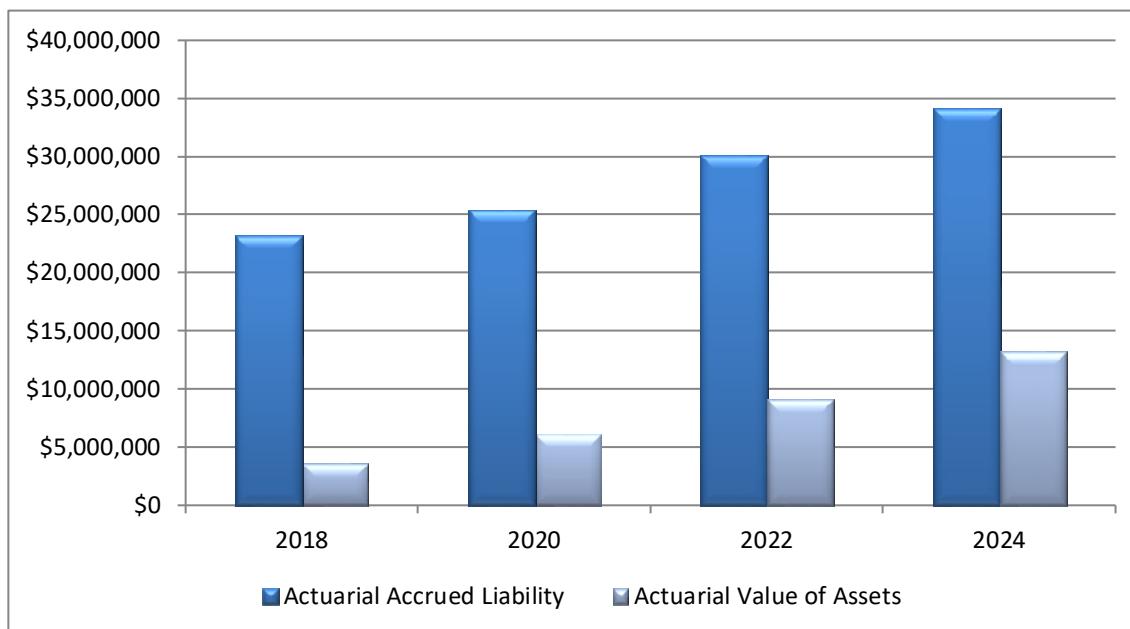
## Development of Unfunded Accrued Liability and Funded Ratio

	July 1, 2024	July 1, 2022
Actuarial accrued liability for active members		
Members under age 65	\$6,561,835	\$5,220,130
Members over age 65	141,669	358,063
Dependents under age 65	2,471,831	1,889,341
Dependents over age 65	<u>65,410</u>	<u>167,335</u>
Total	9,240,745	7,634,869
Actuarial accrued liability for inactive members		
Members under age 65	2,917,185	3,610,009
Members over age 65	13,677,377	11,169,636
Dependents under age 65	2,071,899	2,310,403
Dependents over age 65	<u>6,190,141</u>	<u>5,349,848</u>
Total	24,856,602	22,439,896
Total actuarial accrued liability	34,097,347	30,074,765
Actuarial value of assets	<u>13,194,398</u>	<u>9,206,097</u>
Unfunded accrued liability	20,902,949	20,868,668
Funded ratio	38.7%	30.6%

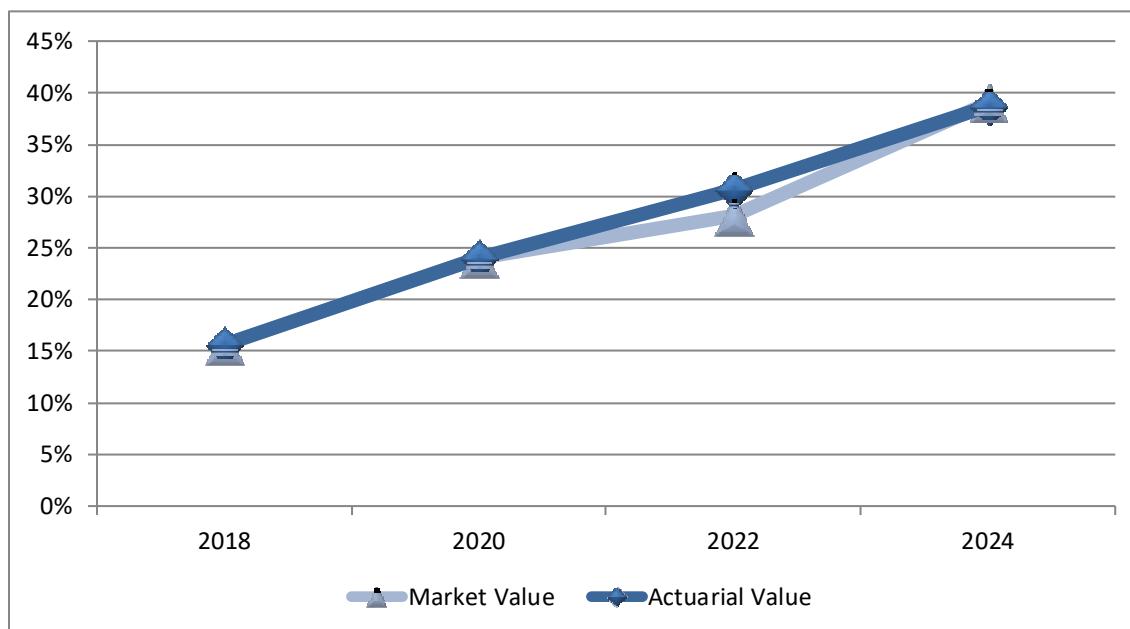
	Current Discount Rate (6.50%)	1% Decrease (5.50%)	1% Increase (7.50%)
Actuarial accrued liability for active members	9,240,745	10,082,239	8,468,000
Actuarial accrued liability for inactive members	<u>24,856,602</u>	<u>27,541,809</u>	<u>22,609,172</u>
Total actuarial accrued liability	34,097,347	37,624,048	31,077,172

	Healthcare Cost Trend Rates (7.00% decreasing to 4.40%)	1% Decrease (6.00% decreasing to 3.40%)	1% Increase (8.00% decreasing to 5.40%)
Actuarial accrued liability for active members	9,240,745	8,288,335	10,331,726
Actuarial accrued liability for inactive members	<u>24,856,602</u>	<u>22,960,626</u>	<u>27,093,261</u>
Total actuarial accrued liability	34,097,347	31,248,961	37,424,987

### Actuarial Accrued Liability vs. Actuarial Value of Assets



### Funded Ratio



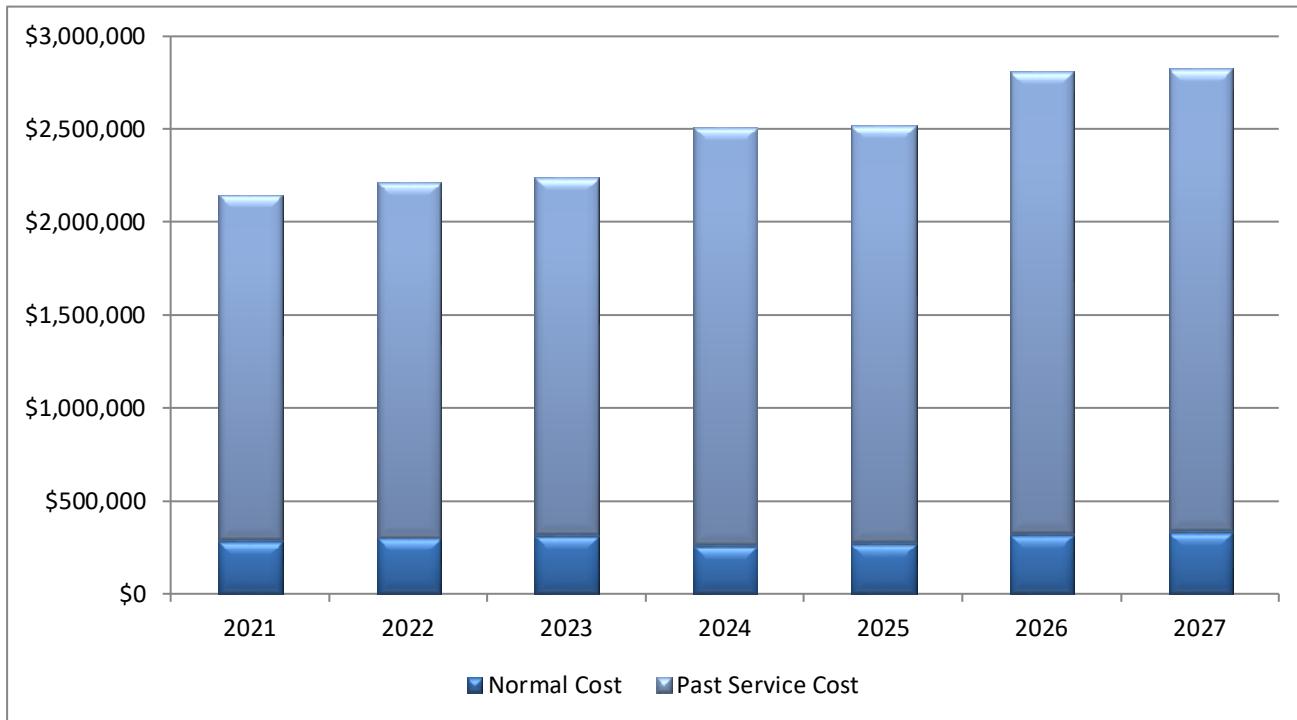
## Development of Unfunded Accrued Liability and Funded Ratio by Group

	Town	Police and Fire	BOE Certified	BOE Non-Certified	Total
Actuarial accrued liability for active members					
Members under age 65	\$0	\$0	\$6,223,599	\$338,236	\$6,561,835
Members over age 65	0	0	141,669	0	141,669
Dependents under age 65	0	0	2,322,540	149,291	2,471,831
Dependents over age 65	0	0	65,410	0	65,410
Total	0	0	8,753,218	487,527	9,240,745
Actuarial accrued liability for inactive members					
Members under age 65	784,678	1,413,626	718,881	0	2,917,185
Members over age 65	5,391,224	4,556,402	3,729,751	0	13,677,377
Dependents under age 65	240,818	1,031,105	799,976	0	2,071,899
Dependents over age 65	2,121,674	2,586,707	1,481,760	0	6,190,141
Total	8,538,394	9,587,840	6,730,368	0	24,856,602
Total actuarial accrued liability	8,538,394	9,587,840	15,483,586	487,527	34,097,347
Actuarial value of assets	3,304,039	3,710,136	5,991,569	188,654	13,194,398
Unfunded accrued liability	5,234,355	5,877,704	9,492,017	298,873	20,902,949
Funded ratio	38.7%	38.7%	38.7%	38.7%	38.7%

## Determination of Normal Cost and Actuarially Determined Employer Contribution

	July 1, 2024		July 1, 2022	
	Cost	Percent of payroll	Cost	Percent of payroll
Town's normal cost	\$298,600	1.0%	\$243,080	0.8%
Amortization of unfunded accrued liability	2,405,668	7.6%	2,173,878	7.5%
Contribution before adjustment as of the valuation date	2,704,268	8.6%	2,416,958	8.3%
Estimated valuation year payroll for actives not yet at 100% assumed retirement age	31,264,487		29,029,526	
Fiscal year ending	2026		2024	
Adjustment for interest and inflation	100,064		88,352	
Actuarially determined employer contribution	2,804,332		2,505,310	
Expected benefit payments	2,142,851		2,126,970	
Fiscal year ending	2027		2025	
Adjustment for interest and inflation	14,156		11,523	
Actuarially determined employer contribution	2,818,488		2,516,833	
Expected benefit payments	2,377,112		2,075,404	

### Actuarially Determined Employer Contribution



## Actuarially Determined Employer Contribution per Group

	Town	Police and Fire	BOE Certified	BOE Non-Certified	Total
Town's normal cost	\$0	\$0	\$249,454	\$49,146	\$298,600
Actuarial accrued liability	8,538,394	9,587,840	15,483,586	487,527	34,097,347
Actuarial value of assets	3,304,039	3,710,136	5,991,569	188,654	13,194,398
Unfunded accrued liability	5,234,355	5,877,704	9,492,017	298,873	20,902,949
Amortization of unfunded accrued liability	602,409	676,450	1,092,412	34,397	2,405,668
Contribution before adjustment as of the valuation date	602,409	676,450	1,341,866	83,543	2,704,268
Fiscal year ending June 30, 2026					
Adjustment for interest and inflation	19,270	21,639	54,251	4,904	100,064
Actuarially determined employer contribution	621,679	698,089	1,396,117	88,447	2,804,332
Expected benefit payments	679,631	714,729	731,393	17,098	2,142,851
Fiscal year ending June 30, 2027					
Adjustment for interest and inflation	0	0	11,826	2,330	14,156
Actuarially determined employer contribution	621,679	698,089	1,407,943	90,777	2,818,488
Expected benefit payments	710,002	751,805	882,927	32,378	2,377,112

## Development of Asset Values

Summary of Fund Activity		
	Market Value	Actuarial Value
<b>1. Beginning value of assets July 1, 2023</b>		
Trust assets	\$10,561,097	\$10,914,288
<b>2. Contributions</b>		
Town contributions during year	1,458,305	1,458,305
Employee contributions during year	0	0
Total for plan year	1,458,305	1,458,305
<b>3. Disbursements</b>		
Benefit payments during year	0	0
Administrative expenses during year	10,564	10,564
Total for plan year	10,564	10,564
<b>4. Net investment return</b>		
Interest and dividends	0	N/A
Realized and unrealized gain / (loss)	1,302,691	N/A
Expected return	N/A	773,769
Recognized gain / (loss)	N/A	58,600
Required adjustment due to corridor	N/A	0
Reversal of prior year required adjustment	N/A	0
Investment-related expenses	0	N/A
Total for plan year	1,302,691	832,369
<b>5. Ending value of assets July 1, 2024</b>		
Trust assets: (1) + (2) - (3) + (4)	13,311,529	13,194,398
<b>6. Approximate rate of return</b>	10.9%	6.8%

Relationship of Actuarial Value to Market Value					
1. Market value 7/1/2024					\$13,311,529
2. Gain / (loss) not recognized in actuarial value 7/1/2024					<u>117,131</u>
3. Preliminary actuarial value 7/1/2024: (1) - (2)					13,194,398
4. Preliminary actuarial value as a percentage of market value: (3) ÷ (1)					99.1%
5. Gain / (loss) recognized for corridor minimum / maximum					N/A
6. Actuarial value 7/1/2024 after corridor minimum / maximum: (3) + (5)					13,194,398
7. Actuarial value as a percentage of market value: (6) ÷ (1)					99.1%
Development of Market Value Gain / Loss for 2023-2024 Plan Year					
1. Market value 7/1/2023					\$10,561,097
2. Town contributions					1,458,305
3. Employee contributions					0
4. TRB reimbursements					0
4. Benefit payments					0
5. Administrative expenses					10,564
6. Expected return at 6.50%					<u>773,769</u>
7. Expected value 7/1/2024: (1) + (2) + (3) - (4) - (5) + (6)					12,782,607
8. Market value 7/1/2024					<u>13,311,529</u>
9. Market value gain / (loss) for 2023-2024 plan year: (8) - (7)					528,922
Recognition of Gain / Loss in Actuarial Value					
Year	(a) Gain / (loss)	(b) Total recognized as of 7/1/2023	(c) Recognized in current year: 20% of (a)	(d) Total recognized as of 7/1/2024: (b) + (c)	(e) Not recognized as of 7/1/2024: (a) - (d)
2019-2020	\$0	\$0	\$0	\$0	\$0
2020-2021	1,398,074	838,845	279,615	1,118,460	279,614
2021-2022	(1,973,868)	(789,548)	(394,774)	(1,184,322)	(789,546)
2022-2023	339,875	67,975	67,975	135,950	203,925
2023-2024	528,922	0	<u>105,784</u>	105,784	<u>423,138</u>
Total			58,600		117,131

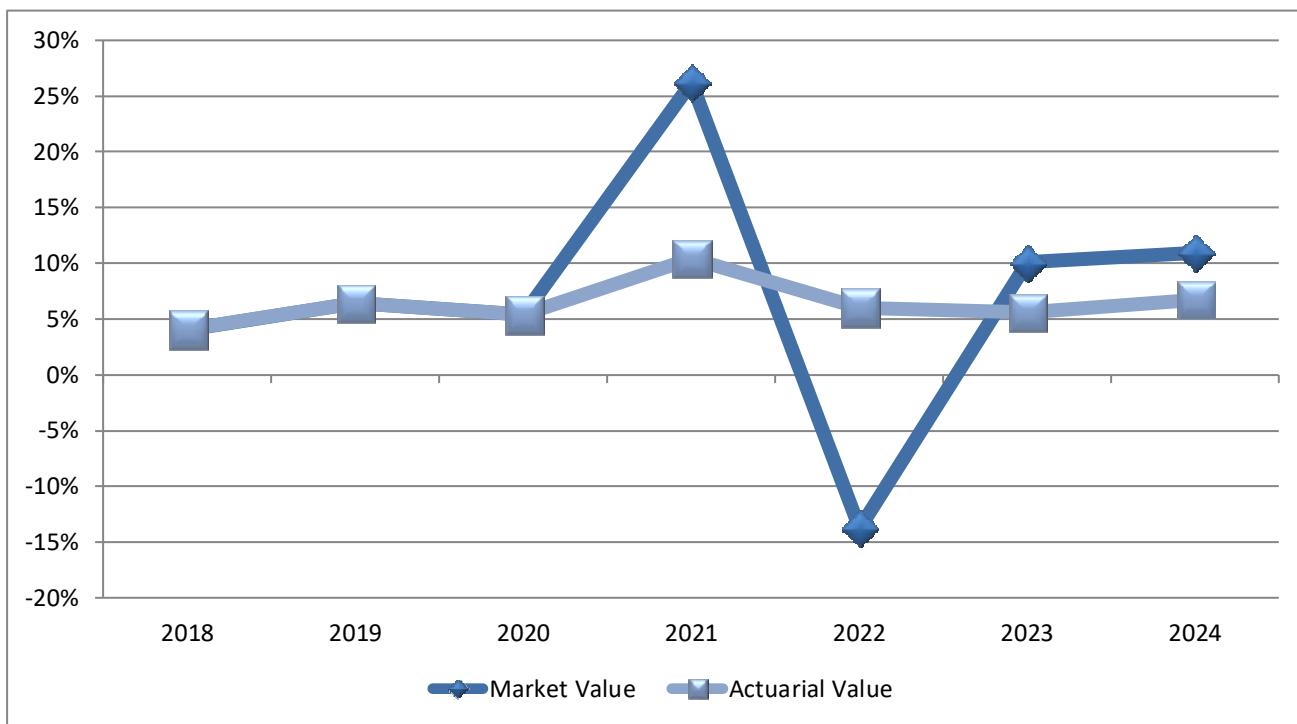
Summary of Fund Activity		
	Market Value	Actuarial Value
<b>1. Beginning value of assets July 1, 2022</b>		
Trust assets	\$8,465,847	\$9,206,097
<b>2. Contributions</b>		
Town contributions during year	1,143,311	1,143,311
Employee contributions during year	0	0
Total for plan year	1,143,311	1,143,311
<b>3. Disbursements</b>		
Benefit payments during year	0	0
Administrative expenses during year	8,056	8,056
Total for plan year	8,056	8,056
<b>4. Net investment return</b>		
Interest and dividends	0	N/A
Realized and unrealized gain / (loss)	959,995	N/A
Expected return	N/A	620,120
Recognized gain / (loss)	N/A	(47,184)
Required adjustment due to corridor	N/A	0
Reversal of prior year required adjustment	N/A	0
Investment-related expenses	0	N/A
Total for plan year	959,995	572,936
<b>5. Ending value of assets July 1, 2023</b>		
Trust assets: (1) + (2) - (3) + (4)	10,561,097	10,914,288
<b>6. Approximate rate of return</b>	10.1%	5.6%

Relationship of Actuarial Value to Market Value					
1. Market value 7/1/2023	\$10,561,097				
2. Gain / (loss) not recognized in actuarial value 7/1/2023	<u>(353,191)</u>				
3. Preliminary actuarial value 7/1/2023: (1) - (2)	10,914,288				
4. Preliminary actuarial value as a percentage of market value: (3) ÷ (1)	103.3%				
5. Gain / (loss) recognized for corridor minimum / maximum	N/A				
6. Actuarial value 7/1/2023 after corridor minimum / maximum: (3) + (5)	10,914,288				
7. Actuarial value as a percentage of market value: (6) ÷ (1)	103.3%				
Development of Market Value Gain / Loss for 2022-2023 Plan Year					
1. Market value 7/1/2022	\$8,465,847				
2. Town contributions	1,143,311				
3. Employee contributions	0				
4. TRB reimbursements	0				
4. Benefit payments	0				
5. Administrative expenses	8,056				
6. Expected return at 6.50%	<u>620,120</u>				
7. Expected value 7/1/2023: (1) + (2) + (3) - (4) - (5) + (6)	10,221,222				
8. Market value 7/1/2023	<u>10,561,097</u>				
9. Market value gain / (loss) for 2022-2023 plan year: (8) - (7)	339,875				
Recognition of Gain / Loss in Actuarial Value					
Year	(a) Gain / (loss)	(b) Total recognized as of 7/1/2022	(c) Recognized in current year: 20% of (a)	(d) Total recognized as of 7/1/2023: (b) + (c)	(e) Not recognized as of 7/1/2023: (a) - (d)
2018-2019	\$0	\$0	\$0	\$0	\$0
2019-2020	0	0	0	0	0
2020-2021	1,398,074	559,230	279,615	838,845	559,229
2021-2022	(1,973,868)	(394,774)	(394,774)	(789,548)	(1,184,320)
2022-2023	339,875	0	<u>67,975</u>	<u>67,975</u>	<u>271,900</u>
Total			(47,184)		(353,191)

Rate of Return on Market Value of Assets				
Period Ending June 30	Average Annual Effective Rate of Return			
	1 Year	3 Years	5 Years	10 Years
2015	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A
2017	2.1%	N/A	N/A	N/A
2018	4.1%	N/A	N/A	N/A
2019	6.4%	4.2%	N/A	N/A
2020	5.4%	5.3%	N/A	N/A
2021	26.2%	12.3%	8.5%	N/A
2022	-13.7%	4.7%	4.9%	N/A
2023	10.1%	6.2%	6.1%	N/A
2024	10.9%	1.8%	7.0%	N/A

Rate of Return on Actuarial Value of Assets				
Period Ending June 30	Average Annual Effective Rate of Return			
	1 Year	3 Years	5 Years	10 Years
2015	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A
2017	2.1%	N/A	N/A	N/A
2018	4.1%	N/A	N/A	N/A
2019	6.4%	4.2%	N/A	N/A
2020	5.4%	5.3%	N/A	N/A
2021	10.4%	7.4%	5.6%	N/A
2022	6.0%	7.2%	6.4%	N/A
2023	5.6%	7.3%	6.7%	N/A
2024	6.8%	6.1%	6.8%	N/A

### Actual Rate of Return on Assets



**Target Allocation and Expected Rate of Return  
July 1, 2024**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*	Weighting
TIPS	1.00%	2.60%	0.03%
Core Fixed Income	24.00%	3.10%	0.74%
Dynamic Bonds	7.50%	3.90%	0.29%
High Yield Bonds	1.00%	5.10%	0.05%
Global Bonds	1.50%	3.00%	0.05%
US Large Cap	25.00%	3.90%	0.98%
US Mid Cap	7.50%	3.80%	0.29%
US Small Cap	5.00%	3.40%	0.17%
International Equity Developed	21.00%	5.60%	1.18%
Emerging Markets	2.00%	7.50%	0.15%
Broad Real Assets	4.50%	4.90%	0.22%
	100.00%		4.15%
Long-Term Inflation Expectation			2.40%
Long-Term Expected Nominal Return			6.55%

*\*Long-Term Real Returns are provided by Fiducient Advisors. The returns are geometric means.*

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included in the OPEB plan's target asset allocation.

The information above is based on geometric means and does not reflect additional returns through investment selection, asset allocation and rebalancing. An expected rate of return of 6.50% was used.

## Amortization of Unfunded Liability

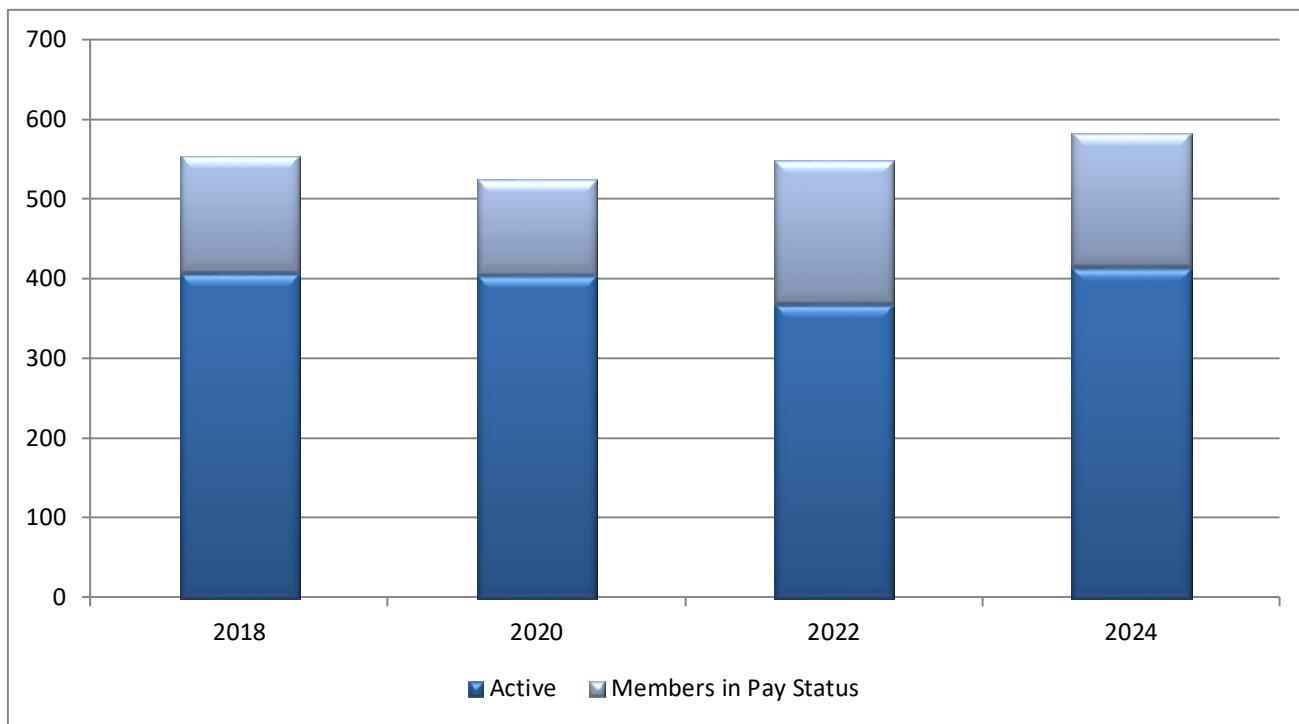
Schedule of Amortization Bases				
	Date established	Amortization installment	Years remaining	Present value of remaining installments as of July 1, 2024
2024 base	July 1, 2024	2,405,668	12	20,902,949

## Member Data

The data reported by the Plan Sponsor for this valuation includes 414 active employees who met the Plan's minimum age and service requirements as of July 1, 2024.

	Town	Police and Fire	BOE Certified	BOE Non-Certified	Total
<b>Total members July 1, 2024</b>					
Active members	0	0	251	163	414
Retirees	47	46	20	0	113
Dependents of current retirees	<u>20</u>	<u>25</u>	<u>10</u>	<u>0</u>	<u>55</u>
Total	67	71	281	163	582
<b>Average age July 1, 2024</b>					
Active members	N/A	N/A	46.9	49.5	47.9
Retirees	73.6	69.6	70.3	N/A	71.4
Dependents of current retirees	69.6	65.6	61.9	N/A	66.4
<b>Total members July 1, 2022</b>					
Active members	0	1	241	126	368
Retirees	46	46	26	0	118
Dependents of current retirees	<u>20</u>	<u>24</u>	<u>17</u>	<u>0</u>	<u>61</u>
Total	66	71	284	126	547
<b>Average age July 1, 2022</b>					
Active members	N/A	53.1	46.4	50.8	47.9
Retirees	72.5	67.6	67.7	N/A	69.5
Dependents of current retirees	70.7	63.8	63.9	N/A	66.1

### Member Counts by Status



## Expected Benefit Payments from Trust Fund

An important consideration in formulating short-term or intermediate-term investment policy is the need for liquidity to meet the payment requirements of the Plan. The Plan's investment advisors may wish to compare expected benefit payments and expenses with anticipated cash income from investments and employer contributions.

The table below presents projected annual benefit payments for the next twenty plan years. The following assumptions are reflected in this table:

- Retirements among active participants will occur consistent with the Plan's retirement assumption.
- Benefits will continue to accrue according to the provisions of the Plan.

Differences between actual experience and that assumed will affect the pattern of benefit payments.

Participant categories reflect status as of July 1, 2024.

Year	Active as of July 1, 2024	Retired and Terminated as of July 1, 2024	Total Benefit Payments
2024	\$53,647	\$2,008,809	\$2,062,456
2025	161,375	1,981,476	2,142,851
2026	304,342	2,072,771	2,377,113
2027	450,199	2,034,678	2,484,877
2028	625,758	1,966,133	2,591,891
2029	754,483	1,927,150	2,681,633
2030	934,931	1,928,518	2,863,449
2031	1,116,140	1,868,423	2,984,563
2032	1,176,335	1,787,331	2,963,666
2033	1,382,175	1,723,814	3,105,989
2034	1,383,746	1,717,897	3,101,643
2035	1,366,770	1,672,677	3,039,447
2036	1,312,761	1,678,750	2,991,511
2037	1,259,417	1,686,436	2,945,853
2038	1,303,916	1,632,966	2,936,882
2039	1,279,337	1,630,665	2,910,002
2040	1,228,395	1,626,153	2,854,548
2041	1,138,258	1,618,818	2,757,076
2042	1,180,190	1,608,063	2,788,253
2043	1,118,192	1,584,102	2,702,294

## Expected Per Capita Claims (without Medicare Integration)

### Non-RIP Town/Police/Fire

Sample Age	Expected Claim (Male)	Expected Claim (Female)
45	\$16,208	\$22,591
50	21,166	26,323
55	27,774	30,665
60	35,780	35,766
64	43,695	41,871

### RIP Town/Police/Fire

Sample Age	Expected Claim (Male)	Expected Claim (Female)
45	\$17,456	\$24,331
50	22,797	28,351
55	29,914	33,027
60	38,536	38,521
64	47,061	45,096

### BOE

Sample Age	Expected Claim (Male)	Expected Claim (Female)
45	\$14,903	\$20,773
50	19,463	24,205
55	25,539	28,197
60	32,901	32,888
65	41,890	39,863
70	50,392	46,625
75	57,828	52,337

The sample per capita claim for plans not integrated with Medicare was developed as follows: Using the total count of active participants eligible for post-retirement medical benefits and retirees currently electing medical coverage in a non-Medicare supplement plan, we calculate the total projected claims by multiplying the total count by the average annual premium. Using the cost increases derived from a study sponsored by the Society of Actuaries prepared by Dale H. Yamamoto from May 2013: "Health Care Costs from Birth to Death", we allocate the total projected claims by age and gender.

## Description of Actuarial Methods

### Asset Valuation Method

The Actuarial Value of assets used in the development of plan contributions phases in the recognition of differences between the actual return on Market Value and expected return on Market Value over a 5-year period at 20% per year. The Actuarial Value is adjusted, if necessary, to be within the range of 80% and 120% of the Market Value of assets.

### Actuarial Cost Method

Change in Actuarial Method: None.

Entry Age Normal (level percentage of salary).

Normal Cost: Under this method, the total normal cost is the sum of amounts necessary to fund each active member's normal retirement benefit if paid annually from entry age to assumed retirement age. Entry age is the age at which the employee would have been first eligible for the plan, if it had always been in effect. The normal cost for each participant is expected to remain a level percentage of the employee's salary. The normal cost for the plan is the difference between the total normal cost for the year and the anticipated member contributions for that year.

Past Service Liability: The present value of future benefits that relates to service before the valuation date is the total past service liability. The unfunded past service liability is the difference between the total past service liability and any assets (including accumulated member contributions).

The Unfunded Accrued liability is amortized each year over 30 years on a closed basis, as a level dollar amount. The amortization began July 1, 2006 and as of July 1, 2024, 12 years remain.

## Description of Actuarial Assumptions

The valuation reflects changes in the actuarial assumptions listed below. (The assumptions used before and after these changes are more fully described in the next section.)

- Retirement/Termination Rates
- Healthcare Cost Trend Rates

The assumptions indicated were changed to represent the Enrolled Actuary's current best estimate of anticipated experience of the plan.

### Interest

6.50%.

Since the OPEB plan's fiduciary net position and future contributions are projected to be sufficient to cover expected benefit payments for current plan members, the long-term expected rate of return on OPEB plan investments was used to discount liabilities.

### Rate of compensation increase (including inflation)

2.40%.

The plan does not have statistically credible data on which to form a rate of compensation increase assumption. This assumption is consistent with the inflation assumption.

### Inflation

2.40%.

This assumption is consistent with the Social Security Administration's current best estimate for the ultimate long-term (75-year horizon) annual percentage increase in the CPI, as published in the 2024 OASDI Trustee Report.

### Mortality

Pub-2010 Public Retirement Plans Mortality Tables (with separate tables for General employees, Public Safety employees and Teachers) and for non-annuitants and annuitants, projected to the valuation date with Scale MP-2021.

### Mortality Improvement

Projected to date of decrement using Scale MP-2021 (generational).

We have selected this mortality assumption because it is based on the latest published public retirement plan mortality study released by the Society of Actuaries. The plan does not have sufficiently credible data on which to perform a mortality experience study.

### Retirement

Town: Not applicable.

Police and Fire: Not applicable.

**Retirement (cont.)**

Non-Certified BOE:

Age	Years Of Service							
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years	35 Years	40 Years
45					18.40%	17.60%	19.60%	19.60%
50					8.80%	17.60%	19.60%	19.60%
55	6.30%	6.30%	4.40%	9.90%	8.80%	12.80%	19.60%	19.60%
60	9.70%	9.70%	8.90%	10.40%	16.30%	11.40%	24.50%	24.50%
65	17.70%	17.70%	19.00%	25.60%	30.60%	26.10%	24.50%	24.50%
70	13.20%	13.20%	13.20%	15.80%	15.80%	17.60%	24.50%	24.50%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Prior:

Age	Rate
45	13.00%
50	13.00%
55	7.50%
60	9.50%
65	18.00%
70	18.00%
75	100.00%

The actuarial assumption in regards to rates of retirement shown above are based on the rates used by the state of Connecticut Municipal Employee Retirement System actuaries.

Certified BOE: Per table below (from Connecticut State TRS 2020 Pension Valuation):

Age	Eligible for Normal (Unreduced) Retirement (Age 60 and 20 Yrs. Serv. Or 35 Yrs. Serv.) Less than 35 years of Serv.		Eligible for Normal (Unreduced) Retirement (Age 60 and 20 Yrs. Serv. Or 35 Yrs. Serv.) 35 or more years of Serv.		Eligible for Early (Reduced) Retirement (Age 50 and 20 Yrs. Serv. Or 25 Yrs. Serv.)	
	Male	Female	Male	Female	Male	Female
50			35.0%	30.0%	1.50%	1.25%
51			35.0%	30.0%	1.50%	1.25%
52			35.0%	30.0%	1.50%	1.25%
53			35.0%	30.0%	1.50%	1.75%
54			35.0%	30.0%	2.00%	2.25%
55			35.0%	30.0%	3.00%	3.00%
56			35.0%	30.0%	4.00%	3.75%
57			35.0%	30.0%	5.00%	4.50%
58			35.0%	30.0%	6.50%	5.50%
59			35.0%	30.0%	8.00%	7.00%
60	20.0%	20.0%	30.0%	30.0%		
61	20.0%	20.0%	30.0%	30.0%		
62	22.5%	20.0%	30.0%	30.0%		
63	22.5%	20.0%	30.0%	30.0%		
64	25.0%	25.0%	30.0%	30.0%		
65	27.5%	32.5%	35.0%	37.5%		
66	27.5%	30.0%	35.0%	37.5%		
67-68	27.5%	30.0%	30.0%	32.5%		
69-74	27.5%	30.0%	30.0%	32.5%		
75-80	100.0%	100.0%	100.0%	100.0%		

**Retirement (cont.)**

The actuarial assumption in regards to rates of retirement shown above are based on the rates used by the Connecticut State Teachers' Retirement System actuaries.

**Termination prior to retirement**

Town: Not applicable.

Police and Fire: Not applicable.

Non-Certified BOE:

Age	Male Rate		Female Rate	
	0-4 Years	5-24 Years	0-4 Years	5-24 Years
20	14.00%	12.00%	30.00%	15.00%
25	14.00%	12.00%	20.00%	13.00%
30	11.00%	8.50%	15.00%	10.00%
35	8.50%	6.50%	12.50%	10.00%
40	7.50%	5.00%	10.00%	8.00%
45	6.75%	4.50%	9.00%	6.50%
50	6.75%	4.50%	8.50%	5.00%
55	6.50%	0.00%	8.00%	0.00%
60	7.00%	0.00%	9.00%	0.00%
65	9.50%	0.00%	9.00%	0.00%
70	13.00%	0.00%	9.00%	0.00%
75	0.00%	0.00%	0.00%	0.00%

Prior:

Age	Male Rate		Female Rate	
	0-4 Years	5-24 Years	0-4 Years	5-24 Years
20	16.00%	12.00%	24.00%	18.00%
25	16.00%	12.00%	19.00%	18.00%
30	12.50%	10.00%	16.00%	12.00%
35	10.00%	8.00%	12.00%	10.00%
40	9.50%	5.75%	10.00%	8.00%
45	8.50%	5.00%	9.00%	6.00%
50	8.50%	4.50%	9.00%	4.50%
55	6.50%	0.00%	8.00%	0.00%
60	6.50%	0.00%	8.00%	0.00%
65	6.00%	0.00%	8.00%	0.00%
70	6.00%	0.00%	8.00%	0.00%

The actuarial assumption in regards to rates of withdrawal shown above are based on the rates used by the State of Connecticut Municipal Employee Retirement System actuaries.

**Termination prior to retirement (cont.)**

Certified BOE: Rates based on gender and length of service for first Ten years and gender and age thereafter (Connecticut State TRS 2020 Pension Valuation):

Service	Male Rate	Female Rate
0-1	15.00%	12.00%
1-2	11.00	11.00
2-3	8.50	9.50
3-4	7.00	8.00
4-5	5.50	7.50
5-6	4.50	7.00
6-7	4.00	6.50
7-8	3.50	6.00
8-9	3.50	5.50
9-10	3.50	5.00
10 +	use age-related rates until eligible to retire	

Sample Age-Based Withdrawal Rates (until eligible to retire):

Age	Male Rate	Female Rate
25	1.80%	6.00%
30	1.80	6.00
35	1.80	4.25
40	1.80	2.50
45	1.80	2.00
50	2.25	2.40
55	4.00	3.90
59+	5.50	4.00

The actuarial assumption in regards to rates of withdrawal shown above are based on the rates used by the Connecticut State Teachers' Retirement System actuaries.

**Utilization**

Town/RIP eligible Police/RIP eligible Fire: Percentage of actives who continue with medical coverage: 100% if retirement during RIP period. Percentage of suspended retirees who may elect medical coverage at a future date: 20%.

Non-Certified BOE and Non-RIP eligible Fire: 50% of current active members will elect medical coverage at retirement.

Certified BOE: 100% of current active members will elect medical coverage at retirement.

**Medicare Replacement**

30%.

**Medicare Eligibility**

25% of current Certified BOE members hired prior to April 1, 1986 are assumed to continue coverage post-65, without Medicare coverage.

### **Spousal Coverage**

50% of active members are assumed to be married and elect spousal benefits at retirement with wives 3 years younger than husbands.

### **Healthcare Cost Trend Rates**

7.00% in 2024, reducing by 0.20% each year to an ultimate rate of 4.40% per year for 2037 and later.

(Prior: 6.50% in 2022, reducing by 0.20% each year to an ultimate rate of 4.40% per year for 2033 and later.)

Dental is assumed to increase by 4.00% per year.

The trend rates were changed to align with the inflation assumption change and better reflect actual experience.

### Premiums/Allocation rates

Town/Non-RIP Police/Non-RIP Fire

Employee	Employee Plus Spouse
\$21,502.44	\$45,206.40

Town/RIP Police/RIP Fire

Employee	Employee Plus Spouse
\$23,500.08	\$49,406.16

BOE

Employee	Employee Plus Spouse
\$22,869.24	\$49,029.12

Post-65

Employee	Employee Plus Spouse
\$6,498.12	\$12,996.24

Premiums were used as the basis for per capita costs.

### Dental Premiums

Non-RIP Town/Non-RIP Police/Non-RIP Fire

Employee	Employee Plus Spouse
\$440.76	\$1,146.36

RIP Town/RIP Police/ RIP Fire

Employee	Employee Plus Spouse
\$493.56	\$1,283.16

BOE

Employee	Employee Plus Spouse
\$431.04	\$1,118.28

### Patient Protection and Affordable Care Act (PPACA)

For purposes of this valuation, extended coverage for adult children and 100% coverage of preventive care are assumed to be reflected in per capita costs.

For purposes of this valuation, elimination of lifetime maximum benefits and removal of the limits on essential healthcare are assumed to have no impact on plan liabilities.

## Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan. It is not intended to be, nor should it be interpreted as a complete statement of all plan provisions. To the extent that this summary does not accurately reflect the plan provisions, then the results of this valuation may not be accurate.

### For Town Employees

#### Eligibility

Town - Current retirees with medical benefits (no future retirees). In addition, there is a group of current retirees who have currently suspended benefits. These individuals and their spouse may elect medical at a future date.

Police and Fire - RIP eligible employees may qualify for subsidized benefits if they retire within a specific date range. Fire employees who are either not RIP eligible or retire outside the eligibility period may continue medical after retirement.

#### Benefits

Medical and dental benefits pre-65.

Medical benefits post-65.

#### Dependent Coverage

Coverage available for spouses at retirement for the spouse's lifetime.

#### Retiree Contributions

Pre-65: RIP eligible employees who are eligible for subsidized benefits pay the contribution percentage at time of retirement times the premium rate at retirement. The premium rate at retirement becomes the Town's cap and the retiree pays any premium above the Town's cap. All other Fire employees can continue coverage by paying 100% of the cost.

Post 65: The Town's cap is 50% of the Medicare supplement rate at the time of retirement and the retiree pays any premium above the cap. Fire employees who do not retire under the RIP may continue coverage by paying 100% of the cost.

All others are not eligible for post-retirement medical benefits.

For existing retirees: Individual caps were provided by the Town. For pre-65 retirees, the post-65 cost is capped at 50% of the pre-65 cap. For two retirees, the Town pays 100% of the cost.

## For Board of Education Employees

### Eligibility for Medical and Dental

Non-Certified Administrators and Supervisors: 25 years of teaching/administrative experience (the last 10 years in Waterford) and be eligible to collect CT Teacher Retirement Benefits.

Teachers and Certified Administrators: Age 55 with 20 years of teaching/administrative experience (the last 10 years in Waterford) and be eligible to collect CT Teacher Retirement Benefits.

Paraprofessionals: Age 60 with 20 years of service.

Secretaries: 10 years of service.

Contract Workers: Age 55 with 5 years of service or 25 years of service.

Custodians: Age 55 with 5 years of service or 25 years of service.

### Retiree/Spouse cost of medical coverage

Administrators: Administrators hired before 7/1/2004: Retirees and spouses pay 50% of the premium owed under age 65 and 100% on or after age 65. Administrators hired on or after 7/1/2004 but before July 1, 2014: Retirees and spouses pay 70% of the premium owed under age 65 and 100% on or after age 65. Administrators hired on or after 7/1/2014: Retirees and spouses pay 100% of the premium owed under age 65 and 100% on or after age 65.

Teachers: Teachers hired before 10/1/1993: Retirees and spouses pay 50% of the premium owed under age 65 and 100% on or after age 65. Teachers hired between October 1, 1993 and August 31, 2004: Retirees and spouses pay 60% of the premium under age 65 and 100% on or after age 65. Teachers hired between September 1, 2004 and June 30, 2012: Retirees and spouses pay 70% of the premium under age 65 and 100% on or after age 65. Teachers hired after July 1, 2012: Retirees and spouses pay 100% of the premium.

Non-Certified BOE: Retirees and spouses pay 100% of the premium owed for active employees while employee is under age 65. There are no benefits on or over 65. Food Service employees are not eligible for benefits.

Plan of Coverage: Assumed the same as Active's Plan. Assumed that retirees with current Medicare coverage are not participating in this plan.