

1. Retirement Commission Agenda & Backup

Documents:

[RETIREMENTAGENDA012125.PDF](#)

FIFTEEN ROPE FERRY ROAD
WATERFORD, CT 06385-2886



PHONE: 860-442-0553
www.waterfordct.org

**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: *David H. Langley*
TOWN CLERK

FIFTEEN ROPE FERRY ROAD
WATERFORD, CT 06385-2886



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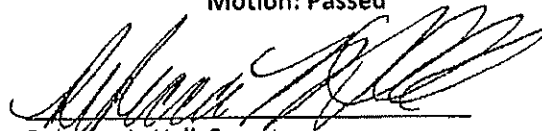
Retirement Commission
Special Meeting Minutes

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 4th-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 nomination. **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 4th-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

RECEIVED FOR RECORD
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2024 APR - 31 A 8:49
TOWN CLERK

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

DEPT/AGENCY:		10116	RETIREMENT COMMISSION						
LINE ITEM	DESCRIPTION	2023/2024 ACTUAL EXPENDED	2024/2025 RTM 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
PERSONNEL COSTS									
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%
	SUBTOTAL	6,378,194	7,760,257	0	3,863,423	8,096,460	0	336,203	4.33%
DEPARTMENT TOTAL		6,378,194	7,760,257	0	3,863,423	8,096,460	0	336,203	4.33%

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

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

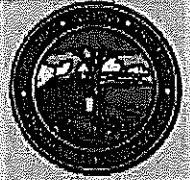


BUDGET FUNCTION

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 decrease 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.

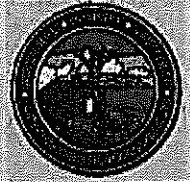
The cost of the third party administration of the HRA has been included in the line item. The annual cost of this excess, sick time accrual is included in the respective employee's department budget.

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
	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 ¹
RETIREES - UNDER 65	\$22,755.09	12	\$273,061.08 ²
MEDICARE SUPPL REIMB	\$12,236.04	12	\$146,832.48 ³
PROSPECTIVE RETIREES	\$0.00	12	\$0.00
ADMINISTRATIVE COST - HRA	\$100.00	12	\$1,200.00 ⁴
TOTAL	\$35,091.13		\$421,093.56

AMOUNT TO BUDGET

421,094

2024-2025 ADOPTED BUDGET

429,140

PERCENT INCREASE/DECREASE OVER P/Y

-1.88%

¹ 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.

² Budget calculation based on October 2024 rates.

³ 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.

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

NOTES:

¹ COLA rates used as of October 1, 2024

² Treatment medication is based on prior year actual.

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

PENSION CONTRIBUTIONS	2018-2019 ACTUAL	2019-2020 ACTUAL	2020-2021 ACTUAL	2021-2022 ACTUAL	2022-2023 ACTUAL	2023-2024 ACTUAL	2024-2025 BUDGETED	2025-2026 PROPOSED	INCREASE/ (DECREASE) OVER P/Y	% INCREASE/ (DECREASE) OVER P/Y
TOWN OF WATERFORD PLAN										
EMPLOYER CONTRIBUTIONS	81,131.00	82,000.00	82,000.00	83,000.00	27,280.00	19,167.40	22,450.00	22,450.00	3,282.60	17.13%
ACTUARIAL FEE	5,395.01	7,953.00	7,100.00	5,957.91	8,455.38	10,400.00	7,475.00	10,400.00	(2,925.00)	-28.13%
	86,526.01	89,953.00	89,100.00	88,957.91	35,735.38	29,567.40	29,925.00	32,850.00	357.60	1.21%
MERS										
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	390,683.56	9.32%
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	(8,563.24)	-1.65%
	3,232,873.99	497,704.00	4,118,420.00	4,259,818.09	4,422,865.96	4,708,047.73	5,090,168.05	5,090,168.05	382,120.32	8.12%
TOTALS	3,319,400.00	587,657.00	4,207,520.00	4,348,776.00	4,458,601.34	4,737,615.13	5,120,093.05	5,123,018.05	382,477.92	8.07%

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

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

MONTH	PROJECTED 2024-2025 WAGES				ACTUAL 2023-2024 WAGES			
	TOWN SALARIES	POLICE/FIRE SALARIES	BOE NON-CERT SALARIES	TOTAL	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	\$698,914.69	\$497,151.56	396,581.00	1,592,647.25
AUGUST 2024 ACTUAL	\$926,569.28	\$693,510.74	\$424,423.43	1,620,080.02	\$702,060.13	\$515,572.31	409,779.00	1,627,411.44
SEPTEMBER 2024 ACTUAL	\$731,135.03	\$544,018.30	\$673,987.43	1,275,153.33	\$871,379.46	\$681,801.01	599,751.00	2,152,931.47
OCTOBER 2024 ACTUAL	\$712,410.87	\$540,919.01	\$727,452.76	1,253,329.88	\$701,011.72	\$531,254.21	609,313.00	1,841,578.93
NOVEMBER 204 PROJECTED	\$927,570.52	\$695,680.62	\$1,086,491.64	2,709,742.78	\$706,770.25	\$538,025.36	609,313.00	1,854,108.61
DECEMBER 2024 PROJECTED	\$742,056.42	\$676,544.49	\$724,327.76	2,142,928.67	\$940,140.58	\$801,587.71	940,878.53	2,682,606.82
JANUARY 2025 PROJECTED	\$927,570.52	\$695,680.62	\$724,327.76	2,347,578.90	\$747,045.19	\$519,095.91	575,969.68	1,842,110.78
FEBRUARY 2025 PROJECTED	\$742,056.42	\$656,544.49	\$724,327.76	2,022,928.67	\$730,341.00	\$486,676.53	643,111.37	1,860,128.90
MARCH 2025 PROJECTED	\$742,056.42	\$556,544.49	\$724,327.76	2,022,928.67	\$883,354.77	\$640,370.50	649,890.95	2,173,616.22
APRIL 2025 PROJECTED	\$742,056.42	\$556,544.49	\$724,327.76	2,022,928.67	\$700,574.26	\$526,547.83	587,700.42	1,814,822.51
MAY 2025 PROJECTED	\$927,570.52	\$695,680.62	\$1,081,804.14	2,705,055.28	\$886,295.74	\$718,949.56	1,013,240.42	2,618,385.72
JUNE 2025 PROJECTED	\$742,056.42	\$556,544.49	\$724,327.76	2,022,928.67	\$728,253.58	\$524,487.35	605,785.05	1,858,525.98
TOTALS:	9,617,144.82	7,319,053.11	6,514,262.34	23,450,460.27	9,296,141.37	6,981,419.84	7,641,313.42	23,918,874.63

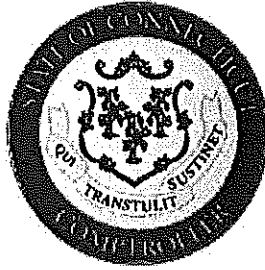
Est wage increase FY26 2.50% 2.75% 3.50%
Projected MERF salaries 2024-25 9,857,573.44 7,520,327.07 6,742,261.52 24,120,162.03

2025-2026 Contribution Rate ¹	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
Administrative Fee	31,980.00	12,610.00	36,530.00	81,120.00
CONTRIBUTION	\$1,676,223.25	\$2,252,256.50	\$1,161,688.30	\$5,090,168.05

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	<u>24.10%</u>

- 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:

A handwritten signature in black ink, appearing to read "John H.", followed by a stylized flourish.

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
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.osc.ct.gov/rtsd/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 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/rsd/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



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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.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

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/rhsd/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
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	<u>11.08%</u>
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/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



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ACTUARIAL VALUATION REPORT
TOWN OF WATERFORD RETIREMENT PLAN

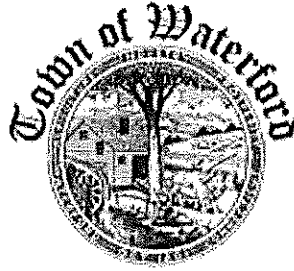
Executive Summary

	July 1, 2023	July 1, 2021
Number of members		
Active employees	0	0
Terminated vested members	0	0
Retired, disabled and beneficiaries	6	7
Total	6	7
Covered employee payroll	N/A	N/A
Average plan salary	N/A	N/A
Actuarial present value of future benefits	717,948	786,000
Actuarial accrued liability	717,948	786,000
Plan assets		
Market value of assets	509,200	639,050
Actuarial value of assets	554,662	587,576
Unfunded accrued liability	163,286	198,424
Funded ratio	77.3%	74.8%
Actuarially determined employer contribution (ADEC)		
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
Number of members		
Active members	414	368
Retired members and dependents	168	179
Total	582	547
Covered employee payroll	31,264,486	29,029,526
Average plan salary	75,518	78,885
Actuarial present value of future benefits	36,779,727	32,284,998
Actuarial accrued liability	34,097,347	30,074,765
Plan assets		
Market value of assets	13,311,529	8,465,847
Actuarial value of assets	13,194,398	9,206,097
Unfunded accrued liability	20,902,949	20,868,668
Funded ratio	38.7%	30.6%
Actuarially determined employer contribution (ADEC)		
Fiscal year ending	2026	2024
ADEC	2,804,332	2,505,310
Fiscal year ending	2027	2025
ADEC	2,818,488	2,516,833

FIFTEEN ROPE FERRY ROAD
WATERFORD, CT 06385-2886



PHONE: 860-442-0553
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; 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.

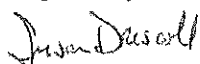
OPEB trust fund contributions of \$1,160,000 were made in FY18 and again in FY19. The Retirement Commission requested \$2,058,613 for OPEB trust fund contributions for FY20, as recommended by plan advisors due to actual and anticipated cost increases; the amount was reduced to \$758,613 during the budget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