

EAST LYME PENSION COMMITTEE  
MEETING of September 12, 2019  
MINUTES

PRESENT: K. Seery, A. Johnson, D. Connolly, P. Goulekas, J. LaFond, J. Wohler and B. Hogan at 3:10 pm

ABSENT: M. Stevens, B. Lucovich, M. Nickerson

ALSO PRESENT: Mr. David Woodmansee USI Consulting, Mr. J. McArraw & R. Macomb Representative Northstar Wealth Partners

Deputy Selectman Seery called the meeting to order at 3:00 pm.

Mr. Woodmansee presented a review of the January 1, 2019 Defined Benefit Pension Plan Valuation (see attached summary).

This valuation implemented the new Actuarial Tables adopted in August 2018 by the Society of Actuaries. The impact of mortality assumption change on the actuarially determined contribution is: \$158,125.

Discussion among committee members regarding the combined impacts of the implementation of the new mortality tables, five year averaging of shifts in investment returns, the continuing increase in the number of employees retiring and the impact of new hires to replace retiring employees in the plan. The committee members also discussed financial planning to ensure we have enough cash on hand for the monthly benefit payments relative to being forced to trade in negative return on investment periods.

It was decided for the plan actuary to do plan forecasting using a five year period. The committee will review this at their January 2020 meeting.

MOTION to adjourn meeting at 4:05 pm

Respectfully submitted,  
For the Committee:

Anna M. Johnson

FILED

September 13, 20 19 AT 3:51 AM/PM  
*Bruce Hogan* ATC  
EAST LYME TOWN CLERK



# **Town of East Lyme**

## **Review of the January 1, 2019 Actuarial Valuation Results**

**September 12, 2019**

**Presented by:**



**CONSULTING GROUP**

# Agenda

- Introduction
- Review of the January 1, 2019 Actuarial Valuation Results
- New Society of Actuaries Public Plans Mortality
- Questions

**USI**

CONSULTING GROUP

# **Review of the January 1, 2019 Actuarial Valuation**

# January 1, 2019 Valuation

- Key Economic Assumptions
  - 7.0% Investment Return / Discount Rate
  - 4.5% Salary Scale
  - 1.0% COLA for police and firefighters
  - 5.0% Interest on Employee Contributions
  
- Key Demographic Assumptions
  - Mortality
    - Police and FireFighters – SOA PUBS.H-2010 (headcount weighted Safety Employees Table) with Scale MP-2018
    - All others – SOA PUBG.H-2010 (headcount weighted General Employees Table) with Scale MP-2018
  - Retirement age
    - Police and Firefighters – Age 50 with 25 Years of Service
    - All others – Age 65 with 10 Years of Service
  - Withdrawal Rates – Harford Life Turnover – Table 1
  - Disability Rates – 1971 Society of Actuaries Disability Study

# January 1, 2019 Valuation (cont)

- Participant Data

	1/1/2018	1/1/2019
Active Employees	182	167
Deferred Vested	21	20
Retirees	55	73
<b>Total</b>	<b>258</b>	<b>260</b>

# January 1, 2019 Valuation (cont)

- January 1, 2019 Asset Information

	Actuarial	Market
Asset Value 1/1/2018	\$22,410,835	\$23,023,402
Contributions	1,237,803	1,237,803
Investment Return	915,922	(1,285,085)
Benefit Payments	(730,550)	(730,550)
Expenses	<u>(36,600)</u>	<u>(36,600)</u>
Asset Value 1/1/2019	\$23,797,410	\$22,208,970
<b>Investment Return</b>	<b>4.04%</b>	<b>(5.53%)</b>

# January 1, 2019 Valuation (cont)

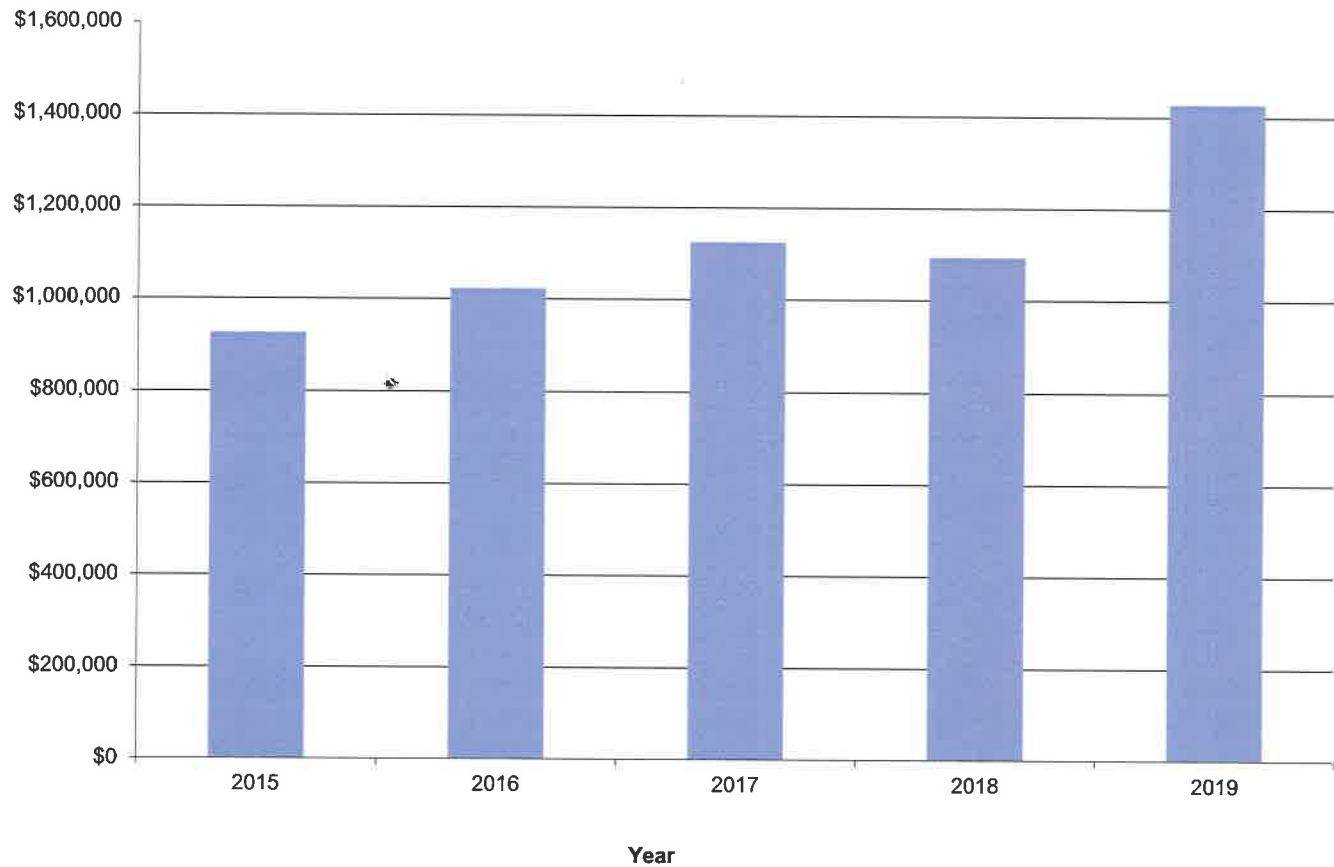
**Town of East Lyme  
Retirement Plan**

	<u>January 1, 2015 Valuation</u>	<u>January 1, 2016 Valuation</u>	<u>January 1, 2017 Valuation</u>	<u>January 1, 2018 Valuation</u>	<u>January 1, 2019 Valuation</u>
1. Market Value of Assets	16,889,261	17,453,459	19,502,318	23,023,402	22,208,970
2. Actuarial Value of Assets	16,763,882	18,314,045	20,228,477	22,410,835	23,797,410
3. Present Value of Future Benefits	27,127,999	29,232,576	31,739,352	33,232,437	35,659,241
4. Present Value of Accumulated Benefits	17,238,916	18,856,304	20,607,677	22,403,126	25,157,545
5. Entry Age Normal Accrued Liability	21,749,221	23,447,730	25,529,349	27,409,958	29,958,241
6. Valuation Assets	16,763,882	18,314,045	20,228,477	22,410,835	23,797,410
7. Unfunded Accrued Liability (5 - 6)	4,985,339	5,133,685	5,300,872	4,999,123	6,160,831
8. Recommended Contribution	926,720	1,023,637	1,125,805	1,094,494	1,428,172
9. Funding Ratio ( 1 / 4 )	98.0%	92.6%	94.6%	102.8%	88.3%



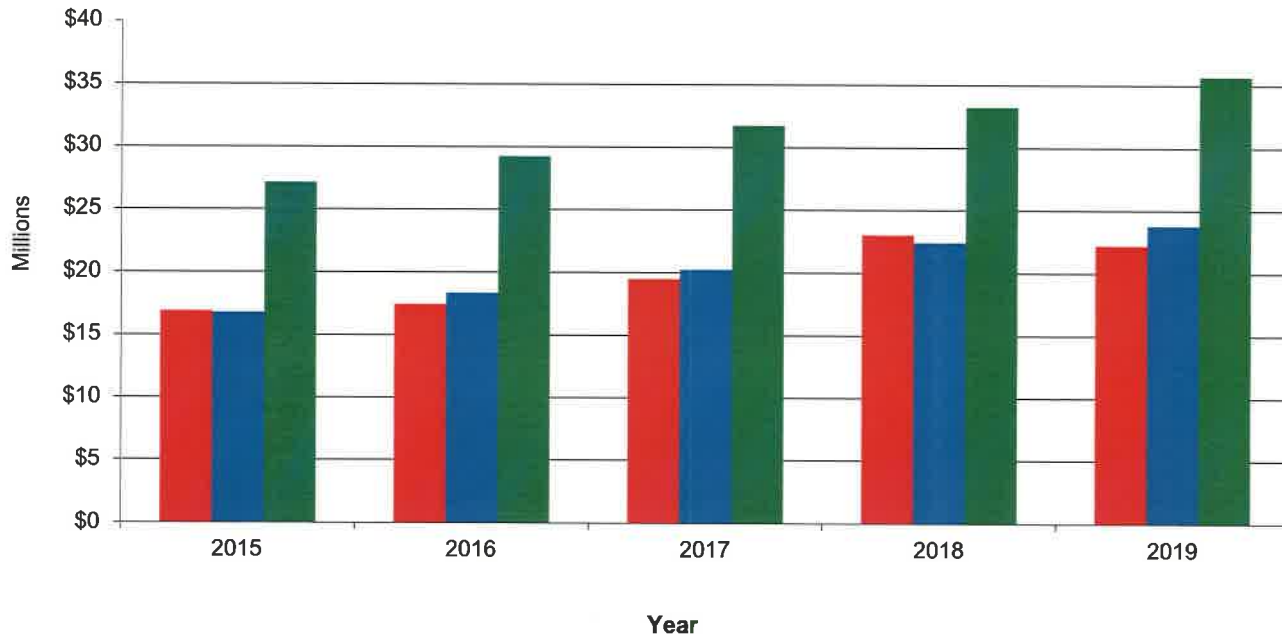
# January 1, 2019 Valuation (cont)

**Actuarially Determined Contribution**



# January 1, 2019 Valuation (cont)

**Asset and Liability History**



# January 1, 2019 Valuation (cont)

## Employer Contribution Allocated by Division

	<b>Total Contributions at Year-end</b>	<b>Expected Employee Contributions</b>	<b>Employer Contributions</b>
Firemen	\$ 96,177	\$ 4,593	\$ 91,584
Police	535,327	110,946	424,381
Unaffiliated	113,644	0	113,644
Municipal Government	282,951	0	282,951
Board of Education	371,062	0	371,062
Water & Sewer	69,966	0	69,966
Library	51,200	0	51,200
Dispatch	23,384	0	23,384
	<hr/>	<hr/>	<hr/>
Total	\$ 1,543,711	\$ 115,539	\$ 1,428,172

# SOA Public Plans Mortality Study

- In January 2019 the Society of Actuaries (“SOA”) released the PUB-2010 Mortality Study in its Final form
- The Study contains 3 separate mortality analyses
  - General Employees (PUBG-2010)
  - Safety Employees (PUBS-2010)
  - Teachers (PUBT-2010)
- The Study further breaks into Headcount-weighted and Amount-weighted sub tables within each of the above groups
- These tables are designed to be used in conjunction with the MP-20xx Projection Scales the SOA releases each year as part of the RP-2014 Mortality Study
  - We reviewed the impact of using the RP-2014 mortality study in 2017 and the Town decided not to update from the current RP-2000, fully generational with Scale AA
- We adopted the following changes:
  - For Police and FireFighters – the PUBS.H-2010 (headcount-weighted Safety Employees)
  - For all others – the PUBG.H-2010 (headcount-weighted General Employees)

# SOA Public Plans Mortality Study

- The table below illustrates the effect of these tables on the values of annuities deferred to age 62 (or immediate annuities if over age 62)

**Increase in deferred-to-62 annuities over RP-2000, fully generational with Scale BB (assuming 7% pre-62 and 5% post-62)**

	Age	PUBG-2010	PUBS-2010	PUBT-2010
<b>Females</b>	25	3.00%	0.70%	5.70%
	35	3.20%	0.90%	6.10%
	45	3.30%	0.90%	6.40%
	55	3.00%	0.60%	6.30%
	65	2.90%	0.00%	6.50%
	75	2.30%	-1.30%	6.90%
	85	-1.20%	-3.30%	4.10%
<b>Males</b>	25	1.10%	1.00%	5.80%
	35	1.30%	1.30%	6.20%
	45	1.50%	1.40%	6.50%
	55	1.40%	1.10%	6.40%
	65	1.60%	0.60%	6.90%
	75	2.80%	0.50%	9.10%
	85	3.80%	0.10%	10.10%

# SOA Public Plans Mortality Study

## Impact of Mortality Assumption Change on Actuarially Determined Contribution

	<b>New Mortality Assumption</b>	<b>Previous Mortality Assumption</b>	<b>Net Change Amount</b>	<b>Net Change %</b>
Firemen	\$ 96,177	\$ 84,244	\$ 11,933	14.16%
Police	535,327	494,564	40,763	8.24%
Unaffiliated	113,644	96,805	16,839	17.39%
Municipal Government	282,951	252,088	30,863	12.24%
Board of Education	371,062	329,596	41,466	12.58%
Water & Sewer	69,966	62,433	7,533	12.07%
Library	51,200	44,605	6,595	14.79%
Dispatch	23,384	21,251	2,133	10.04%
<b>Total</b>	<b>\$ 1,543,711</b>	<b>\$ 1,385,586</b>	<b>\$ 158,125</b>	<b>11.41%</b>

**Questions???**